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**As filed with the Securities and Exchange Commission on March 31, 2015**

**Registration Statement No. 333-202113**

# SECURITIES AND EXCHANGE COMMISSION

**Washington, D.C. 20549**

**AMENDMENT NO. 1**
**TO**

# FORM S-11

**FOR REGISTRATION**
**UNDER**
**THE SECURITIES ACT OF 1933**
**OF CERTAIN REAL ESTATE COMPANIES**

# National Storage Affiliates Trust

(Exact name of registrant as specified in its governing instruments)

**National Storage Affiliates Trust**
**5200 DTC Parkway**
**Suite 200**
**Greenwood Village, Colorado 80111**
**(720) 630-2600**
(Address, including Zip Code, and Telephone Number, including Area Code, of Registrant's Principal Executive Offices)

**Arlen D. Nordhagen**
**Chief Executive Officer**
**National Storage Affiliates Trust**
**5200 DTC Parkway**
**Suite 200**
**Greenwood Village, Colorado 80111**
**(720) 630-2600**
(Name, Address, including Zip Code, and Telephone Number, including Area Code, of Agent for Service)

**Copies to:**

| | |
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**Approximate date of commencement of proposed sale to the public:**
**As soon as practicable after the effective date of this registration statement.**

If any of the Securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act, check the following box☐

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If delivery of the prospectus is expected to be made pursuant to Rule 434, check the following box. ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

| Large accelerated filer ☐ | Accelerated filer ☐ | Non-accelerated filer ☒ (Do not check if a smaller reporting company) | Smaller reporting company ☐ |
|---|---|---|---|

**CALCULATION OF REGISTRATION FEE**

| Title of each class of securities to be registered | Proposed maximum aggregate offering price[(1)(2)] | Amount of registration fee[(3)] |
|---|---|---|
| Common shares, $0.01 par value per share | $100,000,000 | $11,620.00 |

(1) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(o) under the Securities Act of 1933, as amended.

(2) Includes the offering price of common shares that may be sold if the option to purchase additional shares granted by the Registrant to the underwriters is exercised.

(3) Calculated pursuant to Rule 457(o) based on an estimate of the proposed maximum aggregate offering price.

**The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until the Registration Statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to Section 8(a), may determine.**

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**The information in this preliminary prospectus is not complete and may be changed. We may not sell these common shares until the registration statement filed with the Securities and Exchange Commission becomes effective. This preliminary prospectus is not an offer to sell these common shares and it is not soliciting an offer to buy these common shares in any jurisdiction where the offer or sale is not permitted.**

**Subject to Completion**
**Preliminary Prospectus, dated , 2015**

**PROSPECTUS**

**Shares**


# National Storage Affiliates Trust

## Common Shares of Beneficial Interest

This is our initial public offering. We are offering common shares of beneficial interest, $0.01 par value per share. We expect the initial public offering price of our common shares to be between $ and $ per share. Prior to this offering, there has been no public market for our common shares. We intend to apply to have our common shares listed on the New York Stock Exchange, under the symbol "NSA."

We are an "emerging growth company" as defined in the Jumpstart Our Business Startups Act of 2012.

We intend to elect and qualify to be taxed as a real estate investment trust, or a REIT, for U.S. federal income tax purposes, commencing with our taxable year ending December 31, 2015. To assist us in qualifying as a REIT, among other purposes, shareholders are generally restricted from owning more than 9.8% by value or number of shares, whichever is more restrictive, of our aggregate outstanding shares of all classes and series, the outstanding shares of any class or series of our preferred shares or our outstanding common shares. Our declaration of trust contains various other restrictions on the ownership and transfer of our shares, see "Description of Shares of Beneficial Interest—Restrictions on Ownership and Transfer."

**Investing in our common shares involves risks that are described in the "Risk Factors" section beginning on page 29 of this prospectus.**

| | Per share | Total |
|---|---|---|
| Initial public offering price | $ | $ |
| Underwriting discount | $ | $ |
| Proceeds, before expenses,[1] to us | $ | $ |

(1) See "Underwriting" for a detailed description of compensation payable to the underwriters.

We have granted the underwriters the option to purchase up to additional common shares from us at the initial public offering price, less the underwriting discount, within 30 days after the date of this prospectus.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these shares or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The shares sold in this offering will be ready for delivery on or about , 2015.

**Jefferies** **Morgan Stanley** **Wells Fargo Securities**

**KeyBanc Capital Markets**

The date of this prospectus is , 2015


STORAGE
NATIONAL STORAGE
AFFILIATES
STORE MORE!
SELF STORAGE
CROWN VALLEY SELF STORAGE

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**You should rely only on the information contained in this prospectus, any free writing prospectus prepared by us or information to which we have referred you. We have not, and the underwriters have not, authorized anyone to provide you with additional information or information different from that contained in this prospectus. We are offering to sell, and seeking offers to buy, our common shares only in jurisdictions where offers and sales are permitted. The information contained in this prospectus is accurate only as of the date of this prospectus, regardless of the time of delivery of this prospectus or of any sale of common shares.**

## MARKET AND INDUSTRY DATA AND FORECASTS

Certain market and industry data included in this prospectus has been obtained from third-party sources that we believe to be reliable. Market estimates are calculated by using independent industry publications, government publications and third-party forecasts in conjunction with our assumptions about our markets. We have not independently verified such third-party information. While we are not aware of any misstatements regarding any market, industry or similar data presented herein, such data involves risks and uncertainties and is subject to change based on various factors, including those discussed under the headings "Forward-Looking Statements" and "Risk Factors" in this prospectus.

## CERTAIN DEFINED TERMS

Except where the context suggests otherwise, references in this prospectus to (1) "NSA," "our company," "we," "us" and "our" refer to National Storage Affiliates Trust, a Maryland real estate investment trust, together with its subsidiaries, (2) "our operating partnership" or "our operating partnership subsidiary" refer to NSA OP, LP, a Delaware limited partnership, together with its subsidiaries, and (3) "our predecessor" refer to the combined subsidiaries of SecurCare Self Storage, Inc. In addition, unless the context otherwise requires, the following terms used throughout this prospectus have the following meanings:

| | |
|---|---|
| common shares | our company's common shares of beneficial interest, $0.01 par value per share |
| contributed portfolio | with respect to each PRO, the portfolio of properties that such PRO manages on our behalf, which were (i) contributed by such PRO to us or (ii) sourced by such PRO from a third-party seller and acquired by us |
| DownREIT partnerships | limited partnership subsidiaries of our operating partnership that issue units of limited partner interest intended to be economically equivalent to the OP units and subordinated performance units issued by our operating partnership |
| exclusive MSA | an MSA granted to a PRO wherein our operating partnership has agreed not to acquire additional self-storage properties in such MSA without first offering such PRO the opportunity to co-invest in, and manage, such properties |
| Guardian | Guardian Storage Centers, LLC and its controlled affiliates |
| in-place portfolio | 246 self-storage properties, which includes 225 properties that we currently own, 16 properties that we expect to acquire prior to or concurrently with the completion of this offering, and five properties that we expect to acquire upon the receipt of lender consents, which may occur prior to, concurrently with, or following the completion of this offering. These properties comprise approximately 13.7 million rentable square feet and are diversified across 16 states in more than 100,000 storage units |
| LTIP units | long-term incentive plan units in our operating partnership |
| Move It | Move It Self Storage, LP and its controlled affiliates |
| MSA | metropolitan statistical area |
| NOI | net operating income |
| non-exclusive MSA | an MSA granted to a PRO that may in the future, at the option of our operating partnership, become a shared MSA |
| Northwest | Kevin Howard Real Estate Inc., d/b/a Northwest Self Storage and its controlled affiliates |

| | |
|---|---|
| operating partnership agreement | the Third Amended and Restated Limited Partnership Agreement of our operating partnership |
| Optivest | Optivest Properties, LLC and its controlled affiliates |
| OP units | common equity interests in our operating partnership or DownREIT partnerships |
| pipeline | 114 self-storage properties, comprising approximately 7.3 million rentable square feet. Of these, one is a property that our company has under contract to acquire, 30 are properties in which our PROs have a controlling ownership interest that we have a right to acquire (i) in the event that our PRO seeks to transfer such interest or (ii) upon maturity of outstanding indebtedness encumbering such property so long as the occupancy of such property is consistent with average local market levels at such time, 20 are properties in which our PROs currently have an ownership interest but do not control, and 63 are properties that our PROs manage without an ownership interest. With respect to the 113 properties in our pipeline that are not under contract to be acquired, there can be no assurance that definitive agreements relating to the acquisition of these properties will be entered into by our company and the current property owner(s). All such pipeline properties are subject to additional due diligence by our company, the determination by us to pursue the acquisition of the property and the decision of the current owner(s) to contribute the property to our company. There can be no assurance that we will be able to acquire any of the properties in our pipeline |
| PROs | our participating regional operators, which currently consist of Guardian, Move It, Northwest, Optivest and SecurCare, and will, upon the completion of this offering and the formation transactions, also include Storage Solutions |
| same store portfolio | properties owned and operated for the entirety of the applicable periods presented |
| SecurCare | SecurCare Self Storage, Inc. and its controlled affiliates |
| shared MSA | an MSA granted to more than one PRO wherein our operating partnership has agreed not to acquire additional self-storage properties in such MSA without first offering one of the PROs, in our operating partnership's discretion, the opportunity to co-invest in, and manage, such properties, and if such first PRO declines, our operating partnership must offer the same opportunity to a different PRO assigned to the shared MSA |
| subordinated performance units | subordinated performance units in our operating partnership or DownREIT partnerships |
| Storage Solutions | Arizona Mini Storage Management Company d/b/a Storage Solutions and its controlled affiliates |

## PROSPECTUS SUMMARY

*This summary highlights some of the information in this prospectus. It does not contain all of the information that you should consider before investing in our common shares. You should carefully read the more detailed information set forth under "Risk Factors" and the other information included in this prospectus. Certain technical and other terms used in this prospectus are defined under the heading "Certain Defined Terms" on p. ii above.*

*Unless otherwise indicated, the information contained in this prospectus assumes that (1) the formation transactions described under "The Formation and Structure of our Company" have been completed, (2) the common shares to be sold in the offering are sold at $ per share, which is the mid-point of the initial public offering price range shown on the cover page of this prospectus, and (3) the underwriters' option to purchase additional shares is not exercised.*

### Company Overview

#### *Our Company*

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, or MSAs, throughout the United States. According to the 2014 Self-Storage Almanac, we are the sixth largest owner and operator of self-storage properties and the largest privately-owned operator of self-storage properties in the United States based on number of properties, units, and rentable square footage. Upon the completion of this offering and the formation transactions, our in-place portfolio of 246 self-storage properties will comprise approximately 13.7 million rentable square feet and will be diversified across 16 states in more than 100,000 storage units. In addition, we have a pipeline of potential additional acquisitions consisting of 114 properties, comprising approximately 7.3 million rentable square feet.

Our chief executive officer, Arlen D. Nordhagen, co-founded SecurCare Self Storage, Inc. in 1988 to invest in and manage self-storage properties. While growing SecurCare to over 150 self-storage properties, Mr. Nordhagen recognized a market opportunity for a differentiated public self-storage REIT that would leverage the benefits of national scale by integrating multiple experienced regional self-storage operators with local operational focus and expertise. We believe that his vision, which is the foundation of our company, aligns the interests of regional self-storage operators with those of public shareholders by allowing the operators to participate alongside shareholders in the financial performance of our company and their contributed portfolios. A key component of this strategy is to capitalize on the local market expertise and knowledge of regional self-storage operators by maintaining the continuity of their roles as property managers.

We believe that our structure creates the right financial incentives to accomplish these objectives. We require our participating regional operators, or PROs, to exchange the self-storage properties they contribute to our company for a combination of common equity interests, or OP units, and subordinated performance units in our operating partnership or DownREIT partnerships. OP units, which are economically equivalent to our common shares, create alignment with the performance of our company as a whole. Subordinated performance units, which are linked to the performance of specific contributed portfolios, incentivize our PROs to drive operating performance and support the sustainability of the operating cash flow, generated by the contributed self-storage properties that they continue to manage on our behalf. Because subordinated performance unit holders receive distributions only after portfolio-specific minimum performance thresholds are satisfied, subordinated performance units play a key role in aligning the interests of our PROs with us and our shareholders. Our structure thus offers PROs a unique opportunity to serve as regional property managers for their contributed properties and directly participate in the potential upside of those properties while simultaneously diversifying their investment to include a broader portfolio of self-storage properties. We believe our

structure provides us with a competitive growth advantage over self-storage companies that do not offer property owners the ability to participate in the performance and potential future growth of their contributed portfolios.

We believe that our national platform has significant potential for external and internal growth. We seek to expand our platform by recruiting additional established self-storage operators, while integrating our operations through the implementation of centralized initiatives, including management information systems, revenue enhancement, and cost optimization programs. We are currently engaged in preliminary discussions with additional self-storage operators and believe that we could add several additional PROs over the next two to three years. These additional operators will enhance our existing geographic footprint and allow us to enter regional markets in which we currently have limited or no market share. In addition, we believe that the implementation of best practices across our portfolio and leveraging economies of scale will allow us to more effectively grow internally through increased occupancy, rents, and margins, which will drive cash flow growth across our portfolio. As of December 31, 2014, our occupancy rate across our in-place portfolio was approximately 85%.

We are organized as a Maryland real estate investment trust and intend to elect to be taxed as a real estate investment trust for U.S. federal income tax purposes, or REIT, commencing with our taxable year ending December 31, 2015. We generally will not be subject to U.S. federal income tax on our net taxable income to the extent that we distribute annually all of our net taxable income to our shareholders and maintain our intended qualification as a REIT. We serve as the sole general partner of, and operate our business through, our operating partnership subsidiary, NSA OP, LP, a Delaware limited partnership. Our operating partnership enables us to facilitate additional tax deferred acquisitions using both OP units and subordinated performance units as currency for these transactions.

***Our PROs***

SecurCare has been operating since 1988 and, in connection with the launch of our company in April 2013, was joined by two additional PROs: Northwest, which has been operating since 1977, and Optivest, which has been operating since 2007. Guardian, which has been operating since 1999, joined our company as a PRO in February 2014. In July 2014, Move It was added as our fifth PRO. Upon the completion of this offering and the formation transactions, Storage Solutions will become our sixth PRO. Our PROs have collectively contributed the vast majority of their properties to our company as part of the formation transactions.

We believe our structure allows our PROs to optimize their established property management platforms while addressing financial and operational hurdles. Before joining us, our PROs faced challenges in securing low cost capital and had to manage multiple investors and lending relationships, making it difficult to compete with larger competitors, including public REITs, for acquisition and investment opportunities. Our PROs were also limited in their ability to raise growth capital through the sale of assets, a portfolio refinancing, or capital contributions from new equity partners. Serving as our on-the-ground acquisition teams, our PROs now have access to our broader financing sources and lower cost of capital while our national platform allows them to benefit from our economies of scale to drive operating efficiencies in a rapidly evolving, technology-driven industry.

We benefit from the local market knowledge and active presence of our PROs, allowing us to build and foster important customer and industry relationships. These local relationships provide attractive off-market acquisition opportunities that we believe will continue to fuel additional external growth. Newly acquired properties are integrated into our national platform and managed by our PROs.

The following table summarizes the properties in our in-place portfolio by PRO as of December 31, 2014:

| | In-Place Portfolio | | | |
|---|---|---|---|---|
| PRO | Properties | Units | Rentable Square Feet[1] | Occupancy[2] |
| SecurCare[3] | 116 | 44,963 | 5,788,150 | 86% |
| Northwest | 63 | 24,191 | 3,039,286 | 89% |
| Optivest | 27 | 13,824 | 1,832,921 | 77% |
| Guardian | 26 | 16,104 | 1,828,940 | 86% |
| Move It[4] | 11 | 6,564 | 1,059,084 | 77% |
| Storage Solutions[5] | 3 | 1,375 | 178,955 | 87% |
| **Total/Weighted Average[6]** | **246[7]** | **107,021** | **13,727,336** | **85%** |

(1) Rentable square feet includes all enclosed self-storage units but excludes commercial, residential, and covered parking space of over 440,000 square feet in our in-place portfolio.

(2) Represents total occupied rentable square feet divided by total rentable square feet.

(3) Includes 17 properties not owned by us as of the date of this prospectus, containing 7,642 units with 1,065,655 rentable square feet and average occupancy of 87%.

(4) Move It is currently a manager of these properties pursuant to an agreement with SecurCare, which is the contributor of these properties. See "The Formation and Structure of our Company—SecurCare Contributions." Includes one property not owned by us as of the date of this prospectus, containing 332 units with 51,629 rentable square feet and average occupancy of 79%

(5) None of these properties are owned by us as of the date of this prospectus.

(6) Four properties in our in-place portfolio will be held as long-term leasehold interests with an average remaining lease term, including extension options, ranging from 19 to 60 years.

(7) Of the 246 self-storage properties in our in-place portfolio, there are 219 that we acquired as of December 31, 2014, six that we acquired between January 1, 2015 and the date of this prospectus, 16 that we expect to acquire prior to or concurrently with the completion of this offering, and five that we expect to acquire upon the receipt of lender consents, which may occur prior to, concurrently with, or following the completion of this offering. Of the 21 properties that we expect to acquire, 17 are in SecurCare's contributed portfolio, one is in Move It's contributed portfolio, and three are in Storage Solution's contributed portfolio.

To capitalize on their recognized and established local brands, our PROs will continue to function as property managers for their contributed properties under their existing brands (which include various brands in addition to those appearing below). Over the long-run, we may seek to brand or co-brand each location as part of NSA.

| | |
|---|---|
|  | SecurCare is one of our PROs responsible for covering the mountain and southeast regions. SecurCare provides property management services to 116 of our properties located in 11 states, including California, Colorado, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, Oklahoma, South Carolina and Texas. Prior to contributing properties to us, SecurCare was ranked by the 2013 Self-Storage Almanac as the sixth largest operator of self-storage properties in the United States. Headquartered in Lone Tree, Colorado, SecurCare was founded in 1988 and is currently managed by David Cramer, who has worked in the self-storage industry for more than 17 years. Mr. Cramer is our mountain and southeast regional president and also leads our Technology and Best Practices Group, which is described under "Business and Properties—Our Technology and Best Practices." |
|  | Northwest is our PRO responsible for covering the northwest region. Northwest provides property management services to 63 of our properties located in Oregon and Washington. Prior to contributing properties to us, Northwest was ranked by the 2014 Self-Storage Almanac as the 16th largest operator of self-storage properties in the United States. Headquartered in Portland, Oregon, Northwest is run by Kevin Howard, who founded the company over 30 years ago. Mr. Howard is our northwest regional president and is recognized in the industry for his successful track record as a self-storage specialist in the areas of design and development, operation and property management, consultation, and brokerage. |
|  | Optivest is one of our PROs responsible for covering the southwest region. Based in Dana Point, California, Optivest currently manages 27 of our properties across five states, including Arizona, California, Nevada, New Hampshire and Texas. Prior to contributing properties to us, Optivest was ranked by the 2014 Self-Storage Almanac as the 21st largest operator of self-storage properties in the United States. Optivest is run by its co-founder, Warren Allan, who has more than 25 years of financial and operational management experience in the self-storage industry. Mr. Allan is our southwest regional president and is recognized as a self-storage acquisition and development specialist. |
| **Guardian Storage Centers** | Guardian is one of our PROs responsible for covering portions of the southern California region and the Arizona market. Based in Irvine, California, Guardian currently manages 26 of our properties located in California and Arizona. Prior to contributing properties to us, according to guidance from Guardian, if the 2014 Self-Storage Almanac had reported its size, it would have been ranked as the 36th largest operator of self-storage properties in the United States. This operator is led by John Minar, who has over 30 years of self-storage acquisition and operational management experience. Mr. Minar is our southern California regional president and brings close to 40 years of real estate acquisition, rehabilitation, ownership, and development experience to our company. |


Move It is one of our PROs responsible for covering certain portions of the Texas market. Based in Addison, Texas, Move It currently manages 11 of our properties in Texas. Prior to contributing properties to us, Move It was ranked by the 2014 Self-Storage Almanac as the 34th largest operator of self-storage properties in the United States. This operator is led by its founder, Tracy Taylor, who has more than 40 years of experience in self-storage development, acquisition and management. Mr. Taylor is our Texas market executive vice president and is currently on the board of directors for the Large Owners Council of the Self Storage Association.


Storage Solutions, upon the completion of this offering and the formation transactions, will be our PRO responsible for covering most of the Arizona market. Based in Chandler, Arizona, Storage Solutions manages three of our properties in Arizona. Prior to contributing properties to us, Storage Solutions was ranked by the 2014 Self-Storage Almanac as the 29th largest operator of self-storage properties in the United States. This operator is led by its founder, Bill Bohannan, who is one of the largest operators in Phoenix and has more than 34 years of self-storage acquisition, development and management experience. Mr. Bohannan is our Arizona market executive vice president and is recognized in the industry as a self-storage acquisition, development and management specialist.

Each PRO representative who serves as regional president or executive vice president of our company receives no compensation from us for serving in these roles.

**Our Competitive Strengths**

We believe our unique PRO structure allows us to differentiate ourselves from other self-storage operators, and the following competitive strengths enable us to effectively compete against our industry peers:

***High Quality Properties in Key Growth Markets.*** Upon the completion of this offering and the formation transactions, we expect to own a large, geographically diversified portfolio of 246 self-storage properties, which includes 225 properties that we currently own, 16 properties that we expect to acquire prior to or concurrently with the completion of this offering, and five properties that we expect to acquire upon the receipt of lender consents, which may occur prior to, concurrently with, or following the completion of this offering. These 246 properties are located in 16 states and over 50 MSAs. Over 75% of our in-place portfolio is located in the top 100 MSAs based on our 2014 pro forma net operating income, or NOI. We believe that these properties are primarily located in high quality growth markets that have attractive supply and demand characteristics and are less sensitive to the fluctuations of the general economy. The U.S. Department of Labor's Bureau of Labor Statistics expects our top 10 states (which we determined based on our property count for our in-place portfolio), to grow approximately 50% faster than the national average for population and job growth. These 10 states accounted for over 95% of the 2014 pro forma NOI for our in-place portfolio. Many of these markets have multiple barriers to entry against increased supply, including zoning restrictions against new construction and new construction costs that we believe are higher than our properties' fair market value. We seek to own properties that are well located in high quality sub-markets with highly accessible street access, providing our properties with strong and stable cash flows. Furthermore, we

believe that our significant size and the overall geographic diversification of our portfolio reduces risks associated with specific local or regional economic downturns or natural disasters.

***Differentiated, Growth Oriented Strategy Focused on Established Operators.*** We are a self-storage REIT with a unique structure that supports our differentiated external growth strategy. Our structure appeals to operators who are looking for access to growth capital while maintaining an economic stake in the self-storage properties that each has contributed to our company and continues to manage on our behalf. These attributes entice operators to join our company rather than sell their properties for cash consideration. Our strategy is to attract operators who are confident in the future performance of their properties and desire to participate in the growth of our company. We are focused on recruiting established institutional operators across the United States with a history of efficient property management and a track record of successful acquisitions. Our structure and differentiated strategy have enabled us to build a substantial pipeline from existing operators as well as potentially create external growth from the recruitment of additional PROs.

***Integrated Platform Utilizing Advanced Technology for Enhanced Operational Performance and Best Practices.*** Our national platform allows us to capture cost savings through integration and centralization, thereby eliminating redundancies and utilizing economies of scale across the property management platforms of our PROs. As compared to a stand-alone operator, our national platform has greater access to lower-cost capital, reduced Internet marketing costs per customer lead, discounted property insurance expense, and reduced overhead costs. In addition, our company has sufficient scale for national and bulk purchasing and has centralized various functions, including financial reporting, call center operations, marketing, information technology, legal support, and capital market functions, to achieve substantial cost savings over smaller, individual operators.

Our national platform utilizes advanced technology for Internet marketing, call center operations, financial and property analytic dashboards, revenue optimization analytics and expense management tools to enhance operational performance. These centralized programs, which are run through our Technology and Best Practices Group, are positively impacting our business performance, and we believe that they will be a driver of organic growth going forward. We will utilize our Technology and Best Practices Group to help us benefit from the collective sharing of key operating strategies among our PROs in areas like human resource management, local marketing and operating procedures.

***Aligned Incentive Structure with Shareholder Downside Protection.*** Our structure promotes operator accountability as subordinated performance units issued to our PROs in exchange for the contribution of their properties are entitled to distributions only after those properties satisfy minimum performance thresholds. In the event of a material reduction in operating cash flow, distributions on our subordinated performance units will be reduced before distributions on our common shares held by our common shareholders. In addition, we expect our PROs will generally co-invest subordinated equity in the form of subordinated performance units in each acquisition that they source, and the value of these subordinated performance units will fluctuate with the performance of their contributed properties. Therefore, our PROs are incentivized to select acquisitions that are expected to exceed minimum performance thresholds, thereby increasing the value of their subordinated equity stake. We expect that our shareholders will benefit from the higher levels of property performance that our PROs are incentivized to deliver.

***Attractive Sector with Strong Underlying Fundamentals and Historic Outperformance.*** Self-storage industry fundamentals are robust, with many properties operating at optimal revenue-producing occupancy and favorable industry dynamics resulting in pricing power for self-storage operators. Operators are able to achieve high same store occupancy levels through a diverse base of customer demand from individuals as well as businesses. Based on these favorable supply and demand dynamics, we believe that disciplined self-storage operators will generate revenue growth in the near term and will continue to drive revenue performance throughout various economic cycles. We believe that overhead costs and maintenance capital expenditures are considerably lower in the self-storage industry as compared to other real estate sectors,

and as a result, self-storage companies are able to achieve comparatively higher operating and cash flow margins. The self-storage sector's fundamentals have consistently established it as one of the strongest performing sectors among all classes of real estate over the last twenty years. The National Association of Real Estate Investment Trusts, or NAREIT, has tracked total return performance of the real estate equity sector since 1994, and from that time through December 31, 2014, the self-storage equity REIT sector has returned an average of over 18% on an annual total return basis compared to the average annual total return of approximately 13% for all other equity REIT sectors.

***Experienced Senior Management Team with Deep Operating and Public Company Experience.*** Our senior management team has an established executive leadership track record, aided by their extensive knowledge of the self-storage sector and experience in the ownership, management, and development of self-storage properties. Our chief executive officer, Arlen D. Nordhagen, and chief financial officer, Tamara D. Fischer, bring accomplished backgrounds with an average of 25 years of experience in multiple management capacities at both public and private companies. As a successful entrepreneur involved in the start-up and growth of several public and private companies, Mr. Nordhagen was one of the founders of SecurCare in 1988 and led the company through a period of rapid growth. In addition to SecurCare, Mr. Nordhagen was a founder of MMM Healthcare, Inc., the largest provider of Medicare Advantage health insurance in Puerto Rico. He has also served as managing member of various private investment funds and held various managerial positions at E. I. DuPont De Nemours and Company, or DuPont, and Synthetech, Inc. Ms. Fischer also brings substantial managerial and public company experience to us. Prior to joining us, Ms. Fischer was executive vice president and chief financial officer of Vintage Wine Trust Inc., a REIT formed for the purpose of providing triple-net lease financing to owners and operators of wineries, vineyards, and other wine-related facilities. Ms. Fischer also served as executive vice president and chief financial officer of Chateau Communities Inc., one of the largest public REITs in the manufactured home community sector. In that capacity, Ms. Fischer oversaw the company's initial public offering, multiple merger and acquisition transactions, as well as ongoing capital markets activities, investor relations, financial reporting, and administrative responsibilities. Ms. Fischer remained at Chateau through its sale to Hometown America LLC in 2003.

Our seasoned PROs also have highly experienced management teams averaging over 30 years of industry experience as well as deep industry knowledge of key markets and extensive national networks of industry relationships.

- David Cramer, a principal of SecurCare, joined the company in 1998, and has more than 17 years of experience in the self-storage industry, growing SecurCare's portfolio from 11 properties to over 150 properties during his tenure. He is an active member of the Large Owners Council of the Self Storage Association and is a board member of FindLocalStorage.com, an industry digital marketing consortium.

- Kevin Howard, a principal of Northwest, founded the company in 1977 and built it into one of the largest privately-owned portfolios of self-storage properties in the Pacific Northwest. He was one of the earliest members of the Self Storage Association in the mid-1970s, serving on its board of directors during several of the early years of its existence.

- Warren Allan, principal of Optivest, has over 25 years of financial and operational management experience, during which time he helped structure over 25 real estate partnerships to acquire self-storage properties in various regions nationwide. Prior to founding Optivest in 2007, Mr. Allan served as both chief operating officer and chief financial officer of another self-storage management company, Platinum Storage, since its founding in 2000.

- John Minar, principal of Guardian, has been involved in the self-storage industry since 1984. Mr. Minar formed Guardian in 1999 and is the owner and manager of Guardian's portfolio, which has properties located in southern California and Arizona. Mr. Minar has been involved

in the acquisition, rehabilitation, ownership, and development of real estate since 1977, and is active in the Large Owners Council of the Self Storage Association.

- Tracy Taylor, principal of Move It, has been involved in the self-storage industry for more than 40 years. He founded Move It and is the manager of Move It's portfolio, which has properties in Texas, Tennessee and North Carolina. He served on the board of directors of the Self Storage Association from 2006 through 2011, serving as chairman of the board in 2010. He has also served on the board of directors for the Large Owners Council of the Self Storage Association since 2012.

- Bill Bohannan, principal of Storage Solutions, has been involved in the self-storage industry for more than 30 years and is one of the largest operators of self-storage properties in the Phoenix, Arizona MSA. A recognized industry expert, Mr. Bohannan has been a speaker, and has instructed various courses, for the Self Storage Association for several years.

We believe our deep and cohesive management structure has the relevant skills and experience necessary to effectively grow our company. Upon the completion of this offering and the formation transactions, we expect that our senior management team, including our chief executive officer, representatives of our PROs who serve on our board of trustees and PRO advisory committee, and our chief financial officer, will own approximately % of our equity on a fully diluted basis.

**Our Business and Growth Strategies**

By capitalizing on our competitive strengths, we seek to increase scale, achieve optimal revenue-producing occupancy and rent levels, and increase long-term shareholder value by achieving sustainable long-term growth. Our business and growth strategies to achieve these objectives are as follows:

***Increase Occupancy of In-Place Portfolio.*** Existing public self-storage REITs were operating with a weighted average occupancy level of approximately 91% as of December 31, 2014, which we believe is at or near optimal revenue-producing occupancy. Our in-place portfolio occupancy was approximately 85% as of December 31, 2014, reflecting a gap of approximately 6% compared to the average occupancy of the existing public self-storage REITs. Through utilization of our centralized call centers, integrated Internet marketing strategies and best practices protocols, we expect our PROs will be able to increase rental conversion rates resulting in increasing occupancy levels. Based on pro forma results of operations for the year ended December 31, 2014, we believe that a 1% improvement in our occupancy for our in-place portfolio would have translated into an approximate $1.2 million improvement in pro forma rental revenue for the period. We would expect a similar increase in NOI subject to marginal increases in operating expenses.

***Maximize Property Level Cash Flow.*** We strive to maximize the cash flows at our properties by leveraging the economies of scale provided by our national platform, including through the implementation of new ideas derived from our Technology and Best Practices Group. We believe that our unique PRO structure, centralized infrastructure and efficient national platform will enable us to achieve optimal market rents and occupancy, reduce operating expenses and increase the sale of ancillary products and services, including tenant insurance, rental moving equipment and packing supplies.

***Acquire Built-in Pipeline of Target Properties from Existing PROs.*** We have an attractive, high quality pipeline of 114 self-storage properties, one of which is a development property under contract comprising approximately 20,000 rentable square feet that we expect to acquire in late 2016 once occupancy reaches average local market levels and financial performance is acceptable. The other 113 properties in our pipeline represent potential acquisitions, comprising approximately 7.3 million rentable square feet, that we anticipate will drive our future growth. We consider a property to be in our pipeline if (i) it is under a management service agreement with one of our PROS, (ii) it meets the property quality criteria described under "The Formation and Structure of our Company—Valuation Methodology for Contributed Portfolios," and (iii) it is either required to be offered to us under the applicable facilities portfolio management agreement or a PRO has a reasonable basis to believe that the owner of the property intends to sell the property in the next seven years.

The following table summarizes the properties in our pipeline by PRO as of December 31, 2014:

| | Pipeline | | |
|---|---|---|---|
| PRO | Properties | Units | Rentable Square Feet[1] |
| SecurCare | 25 | 12,351 | 1,539,671 |
| Northwest | 7 | 2,170 | 269,579 |
| Optivest | 24 | 13,528 | 1,632,792 |
| Guardian | 9 | 6,657 | 762,920 |
| Move-It | 21 | 9,377 | 1,367,578 |
| Storage Solutions | 28 | 16,017 | 1,752,220 |
| **Total[2]** | **114** | **60,100** | **7,324,760** |

(1) Rentable square feet includes all enclosed self-storage units but excludes commercial, residential, and covered parking space of over 250,000 square feet in our pipeline.

(2) Three properties in our pipeline, if acquired, would be held as long-term leasehold interests.

Our PROs have management service agreements with all of the properties in our pipeline and hold controlling ownership interests in 30 of these properties and non-controlling ownership interests in 20 of these properties. With respect to each property in our pipeline in which a PRO holds a controlling ownership interest, such PRO has agreed that it will not transfer (or permit the transfer of, to the extent possible) any interest in such self-storage property without first offering or causing to be offered (if permissible) such interest to us. In addition, upon maturity of the outstanding mortgage indebtedness encumbering such property or if no such indebtedness is in place, so long as occupancy is consistent with or exceeds average local market levels, which we determine in our sole discretion, such PRO has agreed to offer or cause to be offered (if permissible) such interest to us. With respect to pipeline properties in which our PROs have a non-controlling ownership interest or no ownership interest, each PRO has agreed to use commercially reasonable good faith efforts to facilitate our purchase of such property. We preserve the discretion to accept or reject any of the properties that our PROs are required to, or elect to, offer (or cause to be offered) to us. See "The Formation and Structure of Our Company—Facilities Portfolio and Asset Management Agreements—Controlled Properties Purchase Option Upon PRO Determination to Transfer" and "—Non-Controlled Properties Notice and Facilitation."

The following table summarizes, by each category of property in our pipeline, the years in which we expect to either acquire, have an offer to acquire, or make an offer to acquire such properties.

| | Pipeline | | | | |
|---|---|---|---|---|---|
| | Under Contract | PRO Controlling Ownership Interest[1] | PRO Non-controlling Ownership Interest | PRO without Ownership Interest | Total |
| 2015 | — | 3 | 15 | 17 | 35 |
| 2016 | 1 | 8 | 5 | 39 | 53 |
| 2017 | — | 9 | — | 5 | 14 |
| 2018 and beyond | — | 10 | — | 2 | 12 |
| **Total** | **1** | **30** | **20** | **63** | **114** |

(1) Three properties in our pipeline, if acquired, would be held as long-term leasehold interests.

We have organized our pipeline into annual time periods in the above table based on our assessment of (i) the pending maturity dates of the mortgages encumbering such properties or when

pre-payment of such mortgage is economical, (ii) our PROs' understanding, as managers of these properties, as to when the owners of the controlling interests in these properties might be interested in selling, and/or (iii) a particular property having occupancy consistent with average local market levels, along with acceptable financial performance. For 24 of the 30 properties in which our PROs have a controlling ownership interest, properties are organized into annual time periods based primarily on the pending maturity dates of the underlying mortgages. The remaining six of these 30 properties, including four development properties, are included in annual time periods based on our estimate as to when each such property is expected to have occupancy consistent with average local market levels and acceptable financial performance.

With respect to the 83 pipeline properties in which our PROs have a non-controlling ownership interest or no ownership interest, we have included 44 of such properties into annual time periods based primarily on the pending maturity dates of their underlying mortgages and one such development property in an annual time period based on our estimate as to when such property is expected to have occupancy consistent with average local market levels and acceptable financial performance. The annual time periods for the remaining 38 properties are based largely on our PROs' understanding as to when the owners of the controlling interests in these properties might be interested in selling their properties.

For all of the 113 potential acquisitions in our pipeline, we have not entered into negotiations with the respective owners and there can be no assurance as to whether we will acquire any of these properties or the actual timing of any such acquisitions. Each pipeline property is subject to additional due diligence and the determination by us to pursue the acquisition of the property. In addition, with respect to the 83 pipeline properties in which our PROs have a non-controlling ownership interest or no ownership interest, the current owner of each property is not required to offer such property to us and there can be no assurance that we will acquire these properties.

***Access Additional Off-Market Acquisition Opportunities.*** Our PROs and their "on-the-ground" personnel have established an extensive network of industry relationships and contacts in their respective markets. Through these local connections, our PROs are able to access acquisition opportunities that are not publicly marketed or sold through auctions. Our structure incentivizes our PROs to source acquisitions in their markets and consolidate these properties into our company. Other public self-storage companies generally have acquisition teams located at their central offices, which in many instances are far removed from regional and local markets. We believe our operators' networks and close familiarity with the other operators in their markets provide us clear competitive advantages in identifying and selecting attractive acquisition opportunities. Our PROs have already sourced 47 acquisitions since our inception, comprising approximately 3.2 million rentable square feet within our in-place portfolio.

***Recruit New PROs in Target Markets.*** We intend to continue to execute on our external growth strategy through additional acquisitions and contributions from future PROs in key markets. With the approximately 50,000 total self-storage properties in the United States owned by over 30,000 operators, we believe there is significant opportunity for growth through consolidation of the highly fragmented composition of the market. We believe that future operators will be attracted to our unique structure, providing them with lower cost of capital, better economies of scale, and greater operational and overhead efficiencies while preserving their existing property management platforms. Over ten private operators, each with portfolios of over 20 properties, have expressed interest in exploring the possibility of joining our company as future PROs. We have not entered into any agreements with these operators in respect of them joining our company or contributing their properties to us and there can be no assurance that we will enter into any such agreements in the future. We intend to add additional PROs to complement our existing geographic footprint and to achieve our goal of creating a highly diversified nationwide portfolio of properties in the top 100 MSAs. When considering a PRO candidate, we consider various factors, including the size of the potential PRO's portfolio, its market exposure, its operating expertise, its ability to grow its business, and its reputation with industry participants. Following our

inception, we recruited an additional three PROs who manage 106 self-storage properties across six states, 40 of which are part of our in-place portfolio. For example, we recruited Move It, which manages 37 self-storage properties in three states. This PRO manages 11 properties in our in-place portfolio and 21 in our pipeline.

**Our Technology and Best Practices**

Our technology and best practices programs, which are overseen by our Technology and Best Practices Group, are designed to take advantage of the scale and sophistication afforded to a large national storage operator while benefiting from the local expertise and relationships of experienced PROs. These programs deliver value for us and our PROs through a number of methods, tools, and platforms: (1) a common data platform for financial, operational, and marketing data collection, reporting, analysis and dissemination, (2) a common online marketing platform to deliver economies of scale for Internet search rankings and customer lead generation, (3) a centralized call center supporting property operations, (4) a joint purchasing program for products such as property insurance, retail merchandise, office supplies, merchant credit and debit card processing, and online auction services in order to achieve economies of scale, and (5) a forum for sharing management techniques and engaging in high-level collaboration across decentralized operations.

Our unique structure allows for effective best practices collaboration among our experienced PROs. We provide the methods, tools, and platforms for our PROs to share management techniques and resources with each other in order to promote greater experimentation, faster iteration, and a level of flexibility not easily achieved by large competitors operating in a more monolithic fashion. These techniques span the spectrum of property management from employee training, sourcing, and retention to operational audits, selling techniques, data analytics, document digitization, and the pursuit of additional revenue streams such as rooftop solar and cellular antenna contracts. We believe that over time, the open sharing of best practices will deliver consistent, incremental organic improvements and drive better financial results throughout our portfolio.

**The Formation and Structure of Our Company**

Upon the completion of this offering and the formation transactions, our in-place portfolio will consist of 246 self-storage properties located in 16 states, comprising approximately 13.7 million rentable square feet. Of these properties, four will be held as long-term leasehold interests with an average remaining lease term, including extension options, ranging from 19 to 60 years.

***Acquisition of In-Place Portfolio.*** For our in-place portfolio, pursuant to separate contribution agreements described under "The Formation and Structure of our Company—Contribution Agreements," we have issued or expect to issue in connection with the formation transactions an aggregate of million OP units in our operating partnership, 1.4 million OP units in our DownREIT partnerships (excluding OP units in our DownREIT partnerships held by our operating partnership), million subordinated performance units in our operating partnership, and 3.7 million subordinated performance units in our DownREIT partnerships. The properties included in our in-place portfolio by our PROs were or will be contributed pursuant to a policy adopted by our board of trustees that standardizes the methodology that we use for valuing self-storage properties that are contributed to us by our PROs. See "The Formation and Structure of our Company—Valuation Methodology for Contributed Portfolios." In connection with these transactions, we assumed or will assume an aggregate of approximately $65.8 million of mortgage indebtedness. In addition, we have acquired or will acquire an aggregate of 47 properties, which were sourced by our PROs, pursuant to purchase and sale agreements with certain third-party owners for $ million in cash and OP units. In connection with these acquisitions, we assumed or will assume an aggregate of approximately $34.5 million of mortgage indebtedness. As of December 31, 2014, our operating partnership had also granted approximately 2.5 million LTIP units to our PROs, representatives of our

PROs, trustee nominees, officers and certain employees under the Prior Incentive Plan (see "Our Management—Prior Incentive Plan") and approximately 200,000 LTIP units to a third-party consultant.

***Facilities Portfolio and Asset Management Agreements.*** Each self-storage property that was contributed to our operating partnership or one of its subsidiaries by a PRO will continue to be managed by the PRO that contributed the property. Each PRO has entered into a facilities portfolio management agreement with us with respect to its contributed portfolio together with asset management agreements for each property. We believe this consistency in post-contribution portfolio and property management, together with our technology and best practices programs, will allow us to fully leverage each PRO's local market knowledge and expertise and mitigate transitional disruptions to operations. Pursuant to the asset management agreements, the PROs receive reimbursements for certain expenses and a market rate supervisory and administrative fee for their services, which in total will be not less than 5% nor more than 6% of gross revenue generated by each property that they manage for us. Each facilities portfolio management agreement also contains a number of terms relating to, among other things, exclusivity and non-competition, management and retirement (including the "Key Person Standards" described below under "—Key Person Standards"), and performance. For a further description of the terms of the facilities portfolio and asset management agreements, see "The Formation and Structure of Our Company—Facilities Portfolio and Asset Management Agreements."

***Assignment of PRO Territories.*** Our company plans to primarily rely on our PROs to source acquisitions of self-storage properties from third-party sellers that operate in the same regional and local markets as our PROs. However, under some circumstances, we may learn about an acquisition opportunity from a source other than a PRO within an exclusive MSA or non-exclusive MSA granted to such PRO. In such circumstances, pursuant to the facilities portfolio management agreements, our operating partnership has agreed not to acquire additional self-storage properties without first offering such PRO the opportunity to co-invest in, and manage, the property in its assigned MSA. In shared MSAs, where more than one PRO is assigned, the operating partnership is permitted to choose the PRO that will get the co-investment and management opportunity. This permits us to reward a PRO that sources an acquisition for us. In the event that a PRO determines not to accept a co-investment and management opportunity, our operating partnership must offer the same opportunity to a different PRO assigned to the shared MSA. If all PROs in an MSA decline the opportunity, we are free to enter into alternative co-investment and management arrangements.

- SecurCare is assigned 18 exclusive MSAs within Colorado, Georgia, Louisiana, North Carolina, Oklahoma, South Carolina, and Texas, five shared MSAs within California and Texas, and one non-exclusive MSA within Georgia.
- Northwest is assigned five exclusive MSAs within Oregon and one non-exclusive MSA in Washington.
- Optivest is assigned two exclusive MSAs within Arizona and New Hampshire and seven shared MSAs within Arizona, California, Nevada, and Texas.
- Guardian is assigned one exclusive MSA within California and three shared MSAs within Arizona and California.
- Move It is assigned four exclusive MSAs within Texas, five shared MSAs within Texas, and one non-exclusive MSA within Tennessee.
- Storage Solutions is assigned two shared MSAs within Arizona and Nevada.

Each PRO is prohibited from entering into new agreements or arrangements for self-storage properties that they do not currently own or manage without our operating partnership's prior written consent. In addition to the reimbursements of expenses and fees paid under the asset management

agreements, we also pay our PROs an insignificant underwriting and due diligence fee in connection with the sourcing of third-party acquisitions. We do not intend to pay our PROs any other fees.

***Company Lock-out Periods.*** We utilize a number of different lock-out periods with respect to our PROs' equity interests in order to maintain their long-term incentive to continue to improve and grow the portfolio of properties that they contributed to us.

- *Subordinated Performance Unit Conversion.* PROs are restricted from converting any of their subordinated performance units into OP units for a minimum of two years from the later of the completion of this offering or the initial contribution of their properties to us. Following such two-year period, other than at our election in connection with a retirement event or certain qualifying terminations, a PRO may only convert subordinated performance units into OP units upon the achievement of certain performance thresholds and at a specified conversion discount. See "Limited Partnership Agreement of our Operating Partnership—Conversion of Subordinated Performance Units into OP Units."

- *Retirement.* PROs are prevented from "retiring" for a minimum of two years from the later of completion of this offering or the initial contribution of their properties to us. Upon certain retirement events, the management of the properties in such PRO's contributed portfolio will be transferred to us (or our designee) in exchange for OP units with a value equal to four times the average of the normalized annual EBITDA from the management contracts related to such PRO's contributed portfolio over the immediately preceding 24-month period. See "Formation and Structure of our Company—Facilities Portfolio and Asset Management Agreements—Management and Retirement."

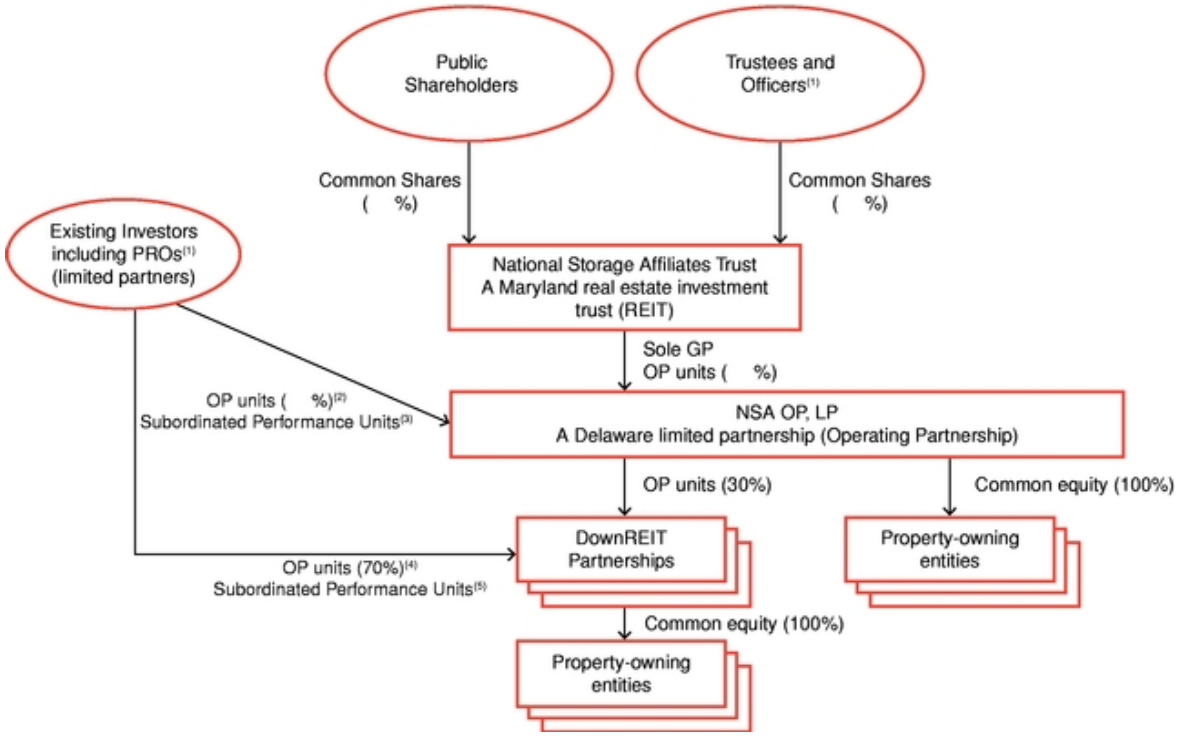
- *Redemption.* Existing holders of OP units in our operating partnership, including our PROs, are restricted from redeeming their OP units for a minimum of one year from the completion of this offering. See "Limited Partnership Agreement of our Operating Partnership—Redemption of OP Units." Existing holders of OP units in our DownREIT partnerships have a longer lock-out period before they can redeem. See "The Formation and Structure of our Company—DownREIT Partnerships."

***Key Person Standards.*** Each facilities portfolio management agreement contains provisions, which we refer to as the "Key Person Standards," which relate to each PRO's key persons (as defined in each facilities portfolio management agreement). Our operating partnership, in its sole discretion, may consent to changes in the key persons designated with respect to each PRO from time to time. Pursuant to the facilities portfolio management agreements, each PRO's key persons are required to remain active in and devote a sufficient portion of each such person's business time to the business and affairs of the PRO with respect to such PRO's contributed portfolio which is consistent with past practice. In addition, other than as a result of death or legal incapacity, at least 50% of the subordinated performance units issued in respect of each PRO's contributed portfolio are required to be beneficially owned by such PRO's key persons and such key persons are required to collectively own at least 50% of the beneficial interest in and control the management company relating to the contributed portfolio. We may elect to terminate our facilities portfolio and asset management agreements and transfer property management responsibilities over the properties managed by a PRO to us (or our designee), if, subject to specified cure provisions, a PRO breaches its Key Person Standards. Upon termination of the facilities portfolio management agreement for a PRO in the case of breach of Key Person Standards, we will be permitted to require that the subordinated performance units issued in respect of such PRO's contributed portfolio be converted into OP units applying a specified conversion penalty on the terms described herein under "Limited Partnership Agreement of our Operating Partnership—Conversion of Subordinated Performance Units into OP Units." See "The Formation and Structure of our Company—Management and Retirement" and "—Performance."

***Registration Rights Agreements.*** We have granted registration rights to those persons who will be eligible to receive common shares issuable upon exchange of OP units (or securities convertible into or exchangeable for OP units) issued in our formation transactions. The registration rights agreement requires that as soon as practicable after the date on which we first become eligible to register the resale of securities of our company pursuant to Form S-3 under the Securities Act, but in no event later than 60 calendar days thereafter, we file a shelf registration statement registering the offer and resale of the common shares issuable upon exchange of OP units (or securities convertible into or exchangeable for OP units) issued in our formation transactions on a delayed or continuous basis. See "Shares Eligible for Future Sale—Registration Rights Agreement."

**Our Structure**

The following diagram illustrates our anticipated structure upon the completion of this offering and the formation transactions:




(1) In addition to PROs, various third-party investors who do not manage the properties and certain of our trustees and officers will own OP units and subordinated performance units in our operating partnership.

(2) OP units in our operating partnership are redeemable for cash or, at our option, exchangeable for common shares on a one-for-one basis, subject to certain adjustments. The diagram above excludes 2.7 million OP units issuable upon conversion of 2.7 million outstanding LTIP units.

(3) After giving effect to the completion of the formation transactions, our operating partnership will have million subordinated performance units outstanding. As disclosed under "Limited Partnership Agreement of our Operating Partnership—Conversion of Subordinated Performance Units into OP Units," subordinated performance units are only convertible into OP units, beginning two years following the completion of this offering and then (i) at the holder's election only upon the achievement of certain performance thresholds relating to the properties to which such subordinated performance units relate or (ii) at our election upon a retirement event of a PRO that holds such subordinated performance units or upon certain qualifying terminations. Consequently, subordinated performance units or the earnings allocable to them will not initially be taken into account in calculating our earnings allocable to common shareholders or our diluted earnings per share, and we have not included such subordinated performance units in the percentage calculations included in the above chart. However, we estimate, notwithstanding the two-year lock out period on

conversions referred to above, that if such subordinated performance units were convertible into OP units as of December 31, 2014, each subordinated performance unit would on average convert into OP units at a ratio of to one, or into an aggregate of OP units. This estimate is based on dividing the average cash available for distribution, or CAD, per subordinated performance unit on a pro forma basis over the one-year period ended December 31, 2014 by 110% of the CAD per OP unit on a pro forma basis over the same period. We anticipate that as our CAD grows over time, the conversion ratio will also grow, including to levels that may exceed one-to-one. For example, we estimate that (assuming this offering prices at the mid-point of the initial public offering price range shown on the cover page of this prospectus, no further issuances of OP units or subordinated performance units and a conversion penalty of 110%) if our CAD to our OP unit holders and subordinated performance unit holders and shareholders were to grow at annual rate of 1.0%, 3.0% and 5.0% per annum above the 2014 level in each of the three following years, the conversion ratio would on average grow to to one, to one, or to one, respectively, as of December 31, 2017. These estimates are provided for illustrative purposes only. The actual number of OP units into which such subordinated performance units will become convertible after the completion of this offering may vary significantly from these estimates and will depend upon the applicable conversion penalty and the actual CAD to the OP units and the actual CAD to the converted subordinated performance units in the one-year period ending prior to conversion. See "Limited Partnership Agreement of Our Operating Partnership—Conversion of Subordinated Performance Units into OP Units."

(4) OP units in our DownREIT partnerships are redeemable for cash or, at our option, exchangeable for OP units in our operating partnership on a one-for-one basis, subject to certain adjustments.

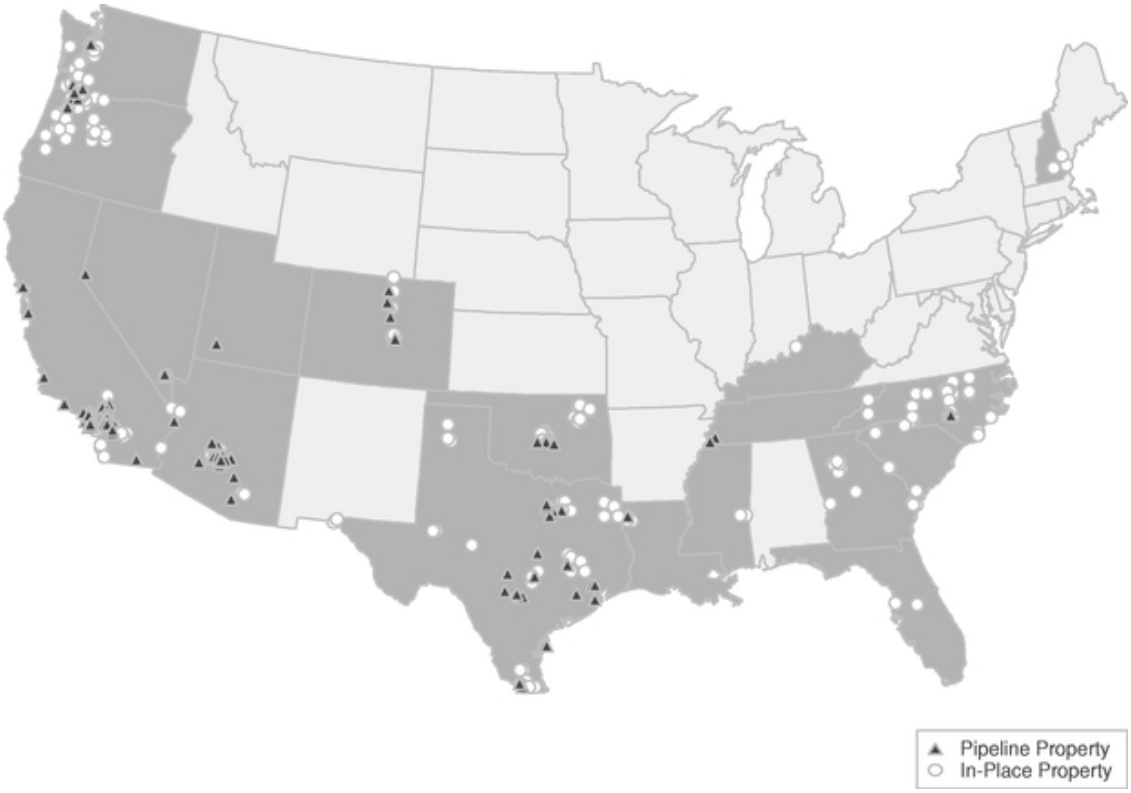
(5) Subordinated performance units in our DownREIT partnerships are exchangeable for subordinated performance units in our operating partnership on a one-for-one basis on the terms set forth in the DownREIT partnership's organizational documents, which are then convertible into OP units in our operating partnership as specified in note 3 to this chart above.

We believe that our structure provides meaningful advantages, including the strong alignment of financial incentives between PROs and shareholders, accelerated acquisition growth opportunities and a disciplined approach to new acquisitions.

**Our Properties**

Our PROs have contributed high quality portfolios of self-storage properties that are designed to offer customers convenient, affordable, and secure storage units. Generally, our properties are in highly visible locations clustered in states or markets with strong population and job growth and are specifically designed to accommodate residential and commercial tenants with features such as security systems, electronic gate entry, easy access, climate control, and pest control. Our units typically range from 25 square feet to 300 square feet, and some of our properties also offer outside storage for vehicles, boats, and equipment. We provide 24-hour access to many storage units through computer controlled access systems, as well as alarm and sprinkler systems on many of our individual storage units. Our portfolio upon the completion of this offering and the formation transactions is expected to have more than 100,000 storage units, almost all of which are leased on a month-to-month basis providing us the flexibility to increase rental rates over time as market conditions permit.

The following map depicts the geographic diversification of our in-place portfolio and pipeline as of December 31, 2014:




The following table summarizes information about our in-place portfolio by state as of December 31, 2014:

| | In-Place Portfolio | | | | | |
|---|---|---|---|---|---|---|
| Location | Properties | Units | Rentable Square Feet[1] | % of Rentable Square Feet | Occupancy[2] | Pro Forma Annualized Effective Rental Revenue Per Square Foot[3] |
| Oregon | 50 | 19,671 | 2,468,424 | 18% | 89% | $ 11.26 |
| Texas[4] | 46 | 17,837 | 2,523,618 | 18% | 82% | $ 9.19 |
| California | 28 | 16,600 | 2,016,167 | 15% | 84% | $ 12.98 |
| North Carolina[5] | 27 | 12,007 | 1,490,183 | 11% | 84% | $ 9.71 |
| Oklahoma | 26 | 12,231 | 1,631,374 | 12% | 87% | $ 8.39 |
| Georgia | 16 | 5,293 | 677,101 | 5% | 87% | $ 7.96 |
| Arizona[6] | 13 | 7,316 | 836,870 | 6% | 80% | $ 11.41 |
| Washington | 13 | 4,520 | 570,862 | 4% | 88% | $ 10.57 |
| Colorado | 8 | 3,741 | 453,166 | 3% | 87% | $ 11.17 |
| Louisiana[7] | 5 | 2,316 | 350,009 | 3% | 87% | $ 7.96 |
| Other[8] | 14 | 5,489 | 709,562 | 5% | 82% | $ 9.52 |
| **Total/Weighted Average[9]** | **246[10]** | **107,021** | **13,727,336** | **100%** | **85%** | **$ 10.27** |

(1) Rentable square feet includes all enclosed self-storage units but excludes over 440,000 square feet in our in-place portfolio of commercial, residential, and covered parking space.

(2) Represents total occupied rentable square feet divided by total rentable square feet.

(3) Represents pro forma rental revenue (net of any rent concessions) for the three months ended December 31, 2014 annualized and divided by occupied rentable square feet. For properties not owned by the Company for part or all of the three months ended December 31, 2014, pro forma rental revenue is derived from financial information provided by the PROs or third-party sellers. For additional information on our pro forma rental revenue, see our unaudited pro forma condensed consolidated financial statements and the consolidated and combined financial statements and related notes included elsewhere in this prospectus.

(4) Includes one property not owned by us as of the date of this prospectus, containing 332 units with 51,629 rentable square feet and average occupancy of 79%.

(5) Includes eight properties not owned by us as of the date of this prospectus, containing 3,846 units with 517,000 rentable square feet and average occupancy of 87%.

(6) Includes three properties not owned by us as of the date of this prospectus, containing 1,375 units with 178,955 rentable square feet and average occupancy of 87%.

(7) Includes five properties not owned by us as of the date of this prospectus, containing 2,316 units with 350,009 rentable square feet and average occupancy of 87%.

(8) Other states include Florida, Kentucky, Mississippi, Nevada, New Hampshire and South Carolina. Includes four properties not owned by us as of the date of this prospectus, containing 1,480 units with 198,646 rentable square feet and average occupancy of 89%.

(9) Four properties in our in-place portfolio will be held as long-term leasehold interests with an average remaining lease term, including extension options, ranging from 19 to 60 years.

(10) Of the 246 self-storage properties in our in-place portfolio, there are 219 that we acquired as of December 31, 2014, six that we acquired between January 1, 2015 and the date of this prospectus, 16 that we expect to acquire prior to or concurrently with the completion of this offering, and five that we expect to acquire upon the receipt of lender consents, which may occur prior to, concurrently with, or following the completion of this offering. Of the 21 properties that we expect to acquire, 17 are in SecurCare's contributed portfolio, one is in Move It's contributed portfolio, and three are in Storage Solution's contributed portfolio.

The following table summarizes our pipeline by state as of December 31, 2014:

| | Pipeline[1] | | | |
|---|---|---|---|---|
| Location | Properties | Units | Rentable Square Feet[2] | % of Rentable Square Feet |
| California | 33 | 19,770 | 2,281,471 | 31% |
| Arizona | 31 | 18,546 | 2,027,771 | 28% |
| Texas | 23 | 10,453 | 1,511,997 | 21% |
| Colorado | 6 | 3,978 | 469,808 | 6% |
| Oregon | 6 | 1,808 | 221,447 | 3% |
| Oklahoma | 5 | 1,688 | 254,085 | 3% |
| Nevada | 3 | 1,033 | 188,630 | 3% |
| Other[3] | 7 | 2,824 | 369,551 | 5% |
| **Total[4]** | **114** | **60,100** | **7,324,760** | **100%** |

(1) Our pipeline consists of 114 self-storage properties, comprised of one property under contract, 30 properties in which our PROs have a controlling ownership interest which we have a right to acquire (i) in the event that our PRO seeks to transfer such interest or (ii) upon maturity of outstanding indebtedness encumbering such property so long as the occupancy of such property is consistent with average local market levels at such time, 20 properties in which our PROs currently have an ownership interest but do not control, and 63 properties that our PROs manage without an ownership interest. There can be no assurance that we will be able to acquire any of the properties in our pipeline.

(2) Rentable square feet includes all enclosed self-storage units but excludes over 250,000 square feet in our pipeline of commercial, residential, and covered parking space.

(3) Other states include Louisiana, North Carolina, Tennessee, Utah and Washington.

(4) Three properties in our pipeline, if acquired, would be held as long-term leasehold interests.

**Our Industry and Market Opportunity**

The self-storage industry is a large and highly fragmented real property sector. According to the Self Storage Association, the industry as of December 31, 2013, consisted of an estimated $24 billion in annual revenue and over $200 billion in private market value across approximately 52,000 properties operated by over 30,000 operators. Less than 10% of the industry consists of operators with more than one property. The 100 largest operators manage less than 18% of self-storage industry properties; the largest public self-storage companies are Public Storage, Extra Space Storage Inc., U-Haul, CubeSmart, and Sovran Self Storage, Inc., which comprise roughly 10% of the self-storage market share. The larger operators enjoy economies of scale in administration, marketing, and purchasing and often have greater access to capital to fund development and acquisitions. The high level of fragmentation and the opportunity to achieve economies of scale present ample opportunity for growth through consolidation in the industry.

According to NAREIT, the self-storage sector has been one of the strongest-performing real estate sectors over the past 20 years. The sector's outperformance has been especially strong since the beginning of the recent financial crisis and through the subsequent recovery (January 1, 2008 to December 31, 2013). Throughout this six-year period, the self-storage sector performed better than any other NAREIT equity sub-sector in terms of cumulative total return, average annual total return and volatility of returns. Every year during this period, the cumulative total return in the self-storage NAREIT sub-sector was above 5%.

While difficult economic times caused some vacancy, it also created new users by way of downsizing, job loss, and foreclosure, which often necessitate the need for self-storage. The combination of the fluidity in rental rates, the diverse and changing mix of tenants, and operational flexibility enabled operators to actively manage through a tough operating environment. We believe the self-storage sector also typically has a lower expense ratio relative to other real estate asset classes, which enabled it to be more resilient to downward pressure on revenue and better able to maintain strong positive cash flow during the downturn. In addition to experiencing smaller declines in cash flow during 2008 and 2009, as the economy began improving in 2010, self-storage property cash flows recovered more quickly than other property types because of the industry's ability to rapidly reset rental rates commensurate with the improving economy. Because self-storage is a short-term operating business, the sector holds an advantage over retail, office, industrial, and virtually all other property types that operate with long-term lease obligations, primarily driven by the ability of operators to adjust rents to market conditions on a daily, weekly, and monthly basis.

**Indebtedness Outstanding Upon the Completion of this Offering and the Formation Transactions**

Upon the completion of this offering and the formation transactions, our existing credit facility will automatically convert to a $425 million unsecured credit facility with a syndicate of lenders led by KeyBank National Association, comprised of a revolving line of credit of approximately $280.4 million and a term loan of approximately $144.6 million. At such time, we expect to have the entire term loan amount drawn and approximately $ million drawn on our revolving line of credit. In addition, we expect to have approximately $182.6 million in mortgage debt outstanding upon the completion of this offering and the formation transactions. For further description of our indebtedness, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Indebtedness Outstanding Upon the Completion of this Offering and the Formation Transactions."

**Summary Risk Factors**

An investment in our common shares involves various risks. You should carefully consider the risks discussed below and under "Risk Factors" before purchasing our common shares. If any of the following risks or risks discussed under "Risk Factors" occurs, our business, financial condition or

results of operations could be materially and adversely affected. In that case, the trading price of our common shares could decline, and you may lose some or all of your investment.

- Adverse economic or other conditions in the markets in which we do business and more broadly could negatively affect our occupancy levels and rental rates and therefore our operating results.
- We may not be successful in identifying and consummating suitable acquisitions, adding suitable new PROs or integrating and operating such acquisitions, including integrating them into our financial and operational reporting infrastructure in a timely manner, which may impede our growth.
- We face competition for tenants and the acquisition of self-storage properties, which may impede our ability to make future acquisitions or may increase the cost of these acquisitions.
- Rental revenues are significantly influenced by demand for self-storage space generally, and a decrease in such demand would likely have a greater adverse effect on our rental revenues than if we owned a more diversified real estate portfolio.
- Increases in taxes and regulatory compliance costs may reduce our income and adversely impact our cash flows.
- Our storage leases are relatively short-term in nature, which exposes us to the risk that we may have to re-lease our units and we may be unable to do so on attractive terms, on a timely basis or at all.
- We face system security risks, as we depend upon automated processes and the Internet.
- We may become subject to litigation or threatened litigation that may divert management's time and attention, require us to pay damages and expenses or restrict the operation of our business.
- The acquisition of new properties that lack operating history with us will make it more difficult to predict our operating results.
- A material weakness has been identified in our internal control over financial reporting. If we fail to implement and maintain effective internal control over financial reporting, investors could lose confidence in our reported financial information, the trading price of our common shares could decline and our access to the capital markets or other financing sources could become limited.
- Our management and PROs have limited experience operating under our company's capital structure, and we may not be able to achieve the desired outcomes that the structure is intended to produce.
- We are restricted in making property sales on account of agreements with our PROs that may require us to keep certain properties that we would otherwise sell.
- Our ability to terminate our facilities portfolio management agreements and asset management agreements with a PRO is limited, which may adversely affect our ability to execute our business plan.
- We may less vigorously pursue enforcement of terms of agreements entered into with our PROs because of conflicts of interest with our PROs.
- We own self-storage properties in some of the same geographic regions as our PROs and may compete for tenants with other properties managed by our PROs.
- Our PROs have limited experience with our technology and best practices programs, and such programs may not be able to achieve the desired outcomes they are intended to produce.

- Our management has limited experience operating a REIT and operating a public company and therefore may have difficulty in successfully and profitably operating our business, or complying with regulatory requirements.
- Conflicts of interest could arise with respect to certain transactions between the holders of OP units (including subordinated performance units), which include our PROs, on the one hand, and us and our shareholders, on the other.
- The partnership agreement of our operating partnership contains provisions that may delay, defer or prevent a change in control.
- There are risks associated with our indebtedness.
- Our failure to qualify or remain qualified as a REIT would subject us to U.S. federal income tax and applicable state and local taxes, which would reduce the amount of operating cash flow to our shareholders.

**Dividend Reinvestment Plan**

In the future, we may adopt a dividend reinvestment plan that will permit shareholders who elect to participate in the plan to have their cash dividends reinvested in additional common shares.

**Operating and Regulatory Structure**

***REIT qualification***

In connection with this offering, we intend to elect to qualify as a REIT under the Internal Revenue Code of 1986, as amended, or the Code, commencing with our taxable year ending on December 31, 2015. We believe that we have been organized in conformity with the requirements for qualification and taxation as a REIT under the Code, and that our intended manner of operation will enable us to meet the requirements for qualification and taxation as a REIT on an ongoing basis. To qualify, and maintain our qualification, as a REIT, we must meet on a continuing basis, through our organization and actual investment and operating results, various requirements under the Code relating to, among other things, the sources of our gross income, the composition and values of our assets, our distribution levels and the diversity of ownership of our common shares. If we fail to qualify as a REIT in any taxable year and do not qualify for certain statutory relief provisions, we will be subject to U.S. federal income tax at regular corporate rates and may be precluded from qualifying as a REIT for the subsequent four taxable years following the year during which we failed to qualify as a REIT. Even if we qualify for taxation as a REIT, we may be subject to some U.S. federal, state and local taxes on our income or property. Dividends paid by us generally will not be eligible for taxation at the preferential U.S. federal income tax rates that currently apply to certain distributions received by individuals from taxable corporations.

**Restrictions on Ownership and Transfer of Our Shares**

To assist us in complying with the limitations on the concentration of ownership of a REIT imposed by the Code, among other purposes, our declaration of trust prohibits, with certain exceptions, any shareholder from beneficially or constructively owning, applying certain attribution rules under the Code, more than 9.8% in value or in number of shares, whichever is more restrictive, of our aggregate outstanding shares of all classes and series, the outstanding shares of any class or series of our preferred shares or our outstanding common shares. Our board of trustees may, in its sole discretion, subject to the receipt of certain agreements and such conditions and restrictions as it may determine, waive any or all of these 9.8% ownership limits with respect to a particular shareholder if such waiver will not jeopardize our qualification as a REIT. Our declaration of trust also prohibits any person from, among other things, beneficially or constructively owning shares that would result in our being "closely

held" under Section 856(h) of the Code (without regard to whether the ownership interest is held during the last half of a taxable year), or would otherwise cause us to fail to qualify as a REIT.

Our declaration of trust provides that any ownership or purported transfer of common shares in violation of the foregoing restrictions will result in the shares so owned or transferred being automatically transferred to a charitable trust for the benefit of a charitable beneficiary, and the purported owner or transferee acquiring no rights in such shares. If a transfer of shares would result in our shares being beneficially owned by fewer than 100 persons or the transfer to a charitable trust would be ineffective for any reason to prevent a violation of the other restrictions on ownership and transfer of our shares, the transfer resulting in such violation will be void.

**Implications of Being an Emerging Growth Company**

We are an "emerging growth company" as defined in the Jumpstart Our Business Startups Act of 2012, or the JOBS Act, and we are eligible to take advantage of certain specified reduced disclosure and other requirements that are otherwise generally applicable to public companies that are not "emerging growth companies" including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act of 2002, or the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements, and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and shareholder approval of any golden parachute payments not previously approved.

Although we have not made a determination whether to take advantage of any or all of these exemptions, we expect to remain an "emerging growth company" for up to five years, or until the earliest of (1) the last day of the first fiscal year in which our annual gross revenues exceed $1.0 billion, (2) December 31 of the fiscal year that we become a "large accelerated filer" as defined in Rule 12b-2 under the Securities Exchange Act of 1934, as amended, or the Exchange Act, which would occur if the market value of our common shares that is held by non-affiliates exceeds $700.0 million as of the last business day of our most recently completed second fiscal quarter and we have been publicly reporting for at least 12 months or (3) the date on which we have issued more than $1.0 billion in non-convertible debt securities during the preceding three-year period. In addition, we have irrevocably opted out of the extended transition period provided in Section 7(a)(2)(B) of the Securities Act for complying with new or revised accounting standards. As a result, we will comply with new or revised accounting standards on the same time frames as other public companies that are not "emerging growth companies."

**The Offering**

| | |
|---|---|
| Common shares offered by us | shares (plus up to an additional common shares that we may issue and sell upon the exercise of the underwriters' option to purchase additional shares). |
| Common shares and OP units to be outstanding upon the completion of this offering and the formation transactions | shares (plus up to an additional shares that we may issue and sell upon the exercise of the underwriters' option to purchase additional shares) and OP units.[1] |
| Use of proceeds | We estimate that we will receive net proceeds from this offering of approximately $ million, or approximately $ million if the underwriters' option to purchase additional shares is exercised in full, assuming an initial public offering price of $ per share, which is the mid-point of the initial public offering price range shown on the cover page of this prospectus, and after deducting the underwriting discount, and estimated expenses of this offering payable by us. We intend to contribute the net proceeds of this offering to our operating partnership, which we expect will subsequently use the net proceeds as follows:<br>• approximately $41.9 million to acquire 21 self-storage properties within our in-place portfolio;<br>• approximately $134.0 million to repay in full our US Bank senior term loans, our unsecured term loan, and our mezzanine loan (including prepayment penalties); and<br>• approximately $ million to pay down our revolving line of credit.<br>The net proceeds remaining after the uses described above will be used for general corporate and working capital purposes. See "Use of Proceeds."<br>If the public offering price is below the mid-point of the initial public offering price range shown on the cover page of this prospectus, or if we sell fewer shares than are set forth on the cover page of this prospectus, repayment of our existing revolving line of credit will be correspondingly reduced. |

(1) Excludes (i) common shares available for future issuance under our 2015 Equity Incentive Plan, as described under "Our Management—2015 Equity Incentive Plan," (ii) common shares issuable upon exchange of OP units (including 2.7 million OP units issuable upon conversion of 2.7 million outstanding LTIP units, 522,900 of which vest only upon the future contribution of properties by PROs ), (iii) any OP units issuable upon conversion of outstanding subordinated performance units, and (iv) OP units held by NSA. For a description of terms related to the conversion of subordinated performance units into OP units, including the application of the conversion penalty, see "Limited Partnership Agreement of our Operating Partnership—Conversion of Subordinated Performance Units into OP Units."

| | |
|---|---|
| Distribution policy | We intend to make regular quarterly distributions to holders of our common shares. U.S. federal income tax law generally requires that a REIT distribute annually at least 90% of its REIT taxable income, without regard to the deduction for dividends paid and excluding net capital gains, and that it pay tax at regular corporate rates to the extent that it annually distributes less than 100% of its taxable income. We intend to pay quarterly distributions, which on an annual basis will equal all or substantially all of our taxable income.<br><br>Any distributions we make will be at the discretion of our board of trustees and will depend upon, among other things, our actual results of operations. These results and our ability to pay distributions will be affected by various factors, including our revenues, operating expenses and the occupancy levels of our existing self-storage properties, the ability of our tenants to meet their obligations and unanticipated expenditures. For more information, see "Distribution Policy."<br><br>We cannot assure you that we will make any distributions to our shareholders. |
| Proposed New York Stock Exchange symbol | "NSA" |
| Ownership and transfer restrictions | To assist us in complying with the limitations on the concentration of ownership of a REIT imposed by the Code, among other purposes, our declaration of trust prohibits, with certain exceptions, any shareholder from beneficially or constructively owning, applying certain attribution rules under the Code, more than 9.8% in value or in number of shares, whichever is more restrictive, of our aggregate outstanding shares of all classes and series, the outstanding shares of any class or series of our preferred shares or our outstanding common shares and imposes other restrictions on ownership and transfer of our shares. See "Description of Shares of Beneficial Interest—Restrictions on Ownership and Transfer." |
| Risk factors | An investment in our common shares involves various risks. You should consider carefully the risks discussed below and under "Risk Factors" before purchasing our common shares. |

**Our Corporate Information**

Our principal executive offices are located at 5200 DTC Parkway, Suite 200, Greenwood Village, CO 80111. Our telephone number is (720) 630-2600. Our website is www.nationalstorageaffiliates.com. The information on our website is not intended to form a part of or be incorporated by reference into this prospectus.

**Summary Pro Forma and Historical Financial and Operating Data**

The following table sets forth our summary pro forma and historical financial and operating data as of and for the periods indicated. You should read the information below in conjunction with the unaudited pro forma condensed consolidated financial statements and the consolidated and combined financial statements and related notes included elsewhere in this prospectus, and the sections entitled "Selected Pro Forma and Historical Financial and Operating Data" and "Management's Discussion and Analysis of Financial Condition and Results of Operations."

In order to present certain of our summary pro forma and historical financial and operating data in a way that offers investors a period to period comparison, the historical results of operations, cash flows, and certain other information for the year ended December 31, 2013 are presented on a basis that combines the results of operations, cash flows, and certain other information of National Storage Affiliates Trust and its consolidated subsidiaries for the nine months ended December 31, 2013 with those of our predecessor for the three months ended March 31, 2013. The stand-alone historical financial data used to derive the combined amounts are presented in respective tables under the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations." The combination of our historical financial data with the historical financial data of our predecessor does not comply with U.S. GAAP and is not intended to represent what our consolidated results of operations and cash flows would have been if our company had commenced operations as of January 1, 2013. We have not included or excluded revenues or expenses that would have resulted if we had commenced operations on January 1, 2013.

The historical statements of operations and cash flows data for the year ended December 31, 2014 has been derived from the historical audited consolidated statement of operations and statement of cash flows of our company for such period, in each case included elsewhere in this prospectus. The historical statements of operations and cash flows data for the year ended December 31, 2013 is presented on a combined basis and is derived by combining the historical audited consolidated statement of operations and statement of cash flows of our company for the nine months ended December 31, 2013 with the historical audited consolidated and combined statement of operations and statement of cash flows of our predecessor for the three months ended March 31, 2013, in each case included elsewhere in this prospectus. The historical statements of operations and cash flows data for the year ended December 31, 2012 has been derived from the historical audited consolidated and combined statement of operations and statement of cash flows of our predecessor included elsewhere in this prospectus. The consolidated balance sheet data (i) as of December 31, 2014 and 2013 has been derived from the historical audited consolidated balance sheets of our company as of such dates and (ii) as of December 31, 2012 has been derived from the historical audited consolidated and combined balance sheet of our predecessor as of such date, in each case included elsewhere in this prospectus. Our financial statements have been prepared in accordance with GAAP. Dollars in the table below are in thousands, except per share amounts.

| | Pro Forma Year Ended December 31, 2014 | Historical Year Ended December 31, NSA 2014 | Combined[1] 2013 | Predecessor 2012 |
|---|---|---|---|---|
| **Revenue** | | | | |
| Rental revenue | $ 117,147 | $ 74,837 | $ 39,235 | $ 28,671 |
| Other property-related revenue[2] | 3,938 | 2,133 | 929 | 608 |
| Total revenue | 121,085 | 76,970 | 40,164 | 29,279 |
| **Operating Expenses** | | | | |
| Property operating expenses | 43,111 | 27,913 | 14,812 | 11,728 |
| General and administrative | 12,454 | 8,189 | 4,660 | 1,889 |
| Depreciation and amortization | 47,090 | 23,785 | 9,375 | 3,826 |
| Total operating expenses | 102,655 | 59,887 | 28,847 | 17,443 |
| Income from operations | 18,430 | 17,083 | 11,317 | 11,836 |
| **Other Income (Expense)** | | | | |
| Interest expense | | (24,053) | (19,605) | (17,054) |
| Acquisition costs | — | (9,558) | (3,383) | — |
| Organizational and offering costs | — | (1,320) | (50) | — |
| Gains on | | | | |
| Sale of self-storage properties | — | 1,427 | — | 218 |
| Debt forgiveness | — | — | — | 1,509 |
| Non-operating income (expense), net | 64 | 64 | (13) | 39 |
| **Net income (loss)** | | **(16,357)** | **(11,734)** | **(3,452)** |
| **Net loss attributable to noncontrolling interests[3]** | | **16,357** | **10,481** | **—** |
| **Net income (loss) attributable to the Company and our predecessor** | **$** | **$ —** | **$ (1,253)** | **$ (3,452)** |
| **Earnings (loss) per share (basic and diluted)[4]** | | **$ —** | **$ —** | |
| **Weighted average shares outstanding (basic and diluted)[4]** | | **1,000** | **753** | |
| **Non-GAAP Financial Measures[5]** | | | | |
| NOI | $ | $ 49,057 | $ 25,352 | $ 17,551 |
| Adjusted EBITDA | $ | $ 42,400 | $ 21,783 | $ 15,701 |
| Core FFO attributable to common shareholders and OP unitholders | $ | $ 10,414 | $ (490) | $ (1,353) |
| **Cash Flow Data** | | | | |
| Cash provided by operating activities | | $ 16,423 | $ 7,134 | $ 4,926 |
| Cash provided by (used in) investing activities | | $ (231,999) | $ (102,326) | $ 2,818 |
| Cash provided by (used in) financing activities | | $ 213,389 | $ 107,147 | $ (8,730) |
| **Balance Sheet Data (at end of period)** | | | | |
| Self-storage properties, net | $ 930,847 | $ 799,327 | $ 346,319 | $ 172,304 |
| Cash and equivalents | $ 9,009 | $ 9,009 | $ 11,196 | $ 2,769 |
| Debt financing | $ | $ 597,691 | $ 298,748 | $ 187,610 |
| Equity (deficit) | | | | |
| NSA / Predecessor | $ | $ — | $ — | $ (12,151) |
| Noncontrolling interests[3] | | 214,104 | 55,197 | — |
| Total | $ | $ 214,104 | $ 55,197 | $ (12,151) |
| **Other Data (at end of period)** | | | | |
| Number of properties[6] | 246 | 219 | 137 | 88 |
| Rentable square feet (in thousands)[7] | 13,727 | 12,067 | 6,626 | 3,976 |
| Occupancy percentage[8] | 85% | 85% | 83% | 80% |

(1) Combined in the table above for the year ended December 31, 2013 are our predecessor's historical results for the three months ended March 31, 2013 and our company's historical results for the nine months ended December 31, 2013. For a discussion of our predecessor's and our company's historical results for these periods, see "Management's Discussion and Analysis of Financial Condition and Results of Operations."

(2) Other property-related revenue represents ancillary income from our self-storage properties, such as tenant insurance-related access fees and commissions and storage supplies.

(3) While we control our operating partnership, we will not have an ownership interest or share in our operating partnership's profits and losses prior to the completion of this offering. As a result, all of our operating partnership's profits and losses for the periods presented were allocated to owners other than us. Upon the completion of this offering and the formation transactions, we will hold million OP units out of an aggregate of OP units outstanding. In addition, there will be million subordinated performance units and 2.7 million LTIP units outstanding, none of which will be held by us.

(4) Earnings per share for the year ended December 31, 2013 has been computed by excluding our predecessor's net loss for the three months ended March 31, 2013. In addition, the weighted average shares outstanding has been computed for the period beginning on April 1, 2013, the date our company commenced its operations.

(5) The reconciliations of our Non-GAAP Financial Measures are set forth below.

The following table presents a reconciliation of net income (loss) to NOI for the periods presented (dollars in thousands):

| | | Historical Year Ended December 31, | | |
|---|---|---|---|---|
| | Pro Forma Year Ended December 31, 2014 | NSA | Combined[a] | Predecessor |
| | 2014 | 2014 | 2013 | 2012 |
| Net income (loss) | $ | $ (16,357) | $ (11,734) | $ (3,452) |
| Add (subtract) | | | | |
| General and administrative expense | 12,454 | 8,189 | 4,660 | 1,889 |
| Depreciation and amortization | 47,090 | 23,785 | 9,375 | 3,826 |
| Interest expense | | 24,053 | 19,605 | 17,054 |
| Acquisition costs | — | 9,558 | 3,383 | — |
| Organizational and offering costs | — | 1,320 | 50 | — |
| Gain on sale of self-storage properties | — | (1,427) | — | (218) |
| Gain on debt forgiveness | — | — | — | (1,509) |
| Non-operating expense (income), net | (64) | (64) | 13 | (39) |
| **Net Operating Income** | **$** | **$ 49,057** | **$ 25,352** | **$ 17,551** |

(a) Our NOI for the year ended December 31, 2013 reflects the NOI of NSA and our predecessor for the nine months ended December 31, 2013 and the three months ended March 31, 2013, respectively, which are presented on a combined basis for this period. For additional information regarding net income (loss) and the items used in calculating NOI for NSA and our predecessor on a stand-alone basis for these periods, see "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the financial statements and related notes included elsewhere in this prospectus.

The following table presents a reconciliation of net income (loss) to earnings before interest, taxes, depreciation and amortization, or EBITDA, and Adjusted EBITDA for the periods presented (dollars in thousands):

| | | Historical | | |
|---|---|---|---|---|
| | | Year Ended December 31, | | |
| | Pro Forma Year Ended December 31, 2014 | NSA 2014 | Combined[a] 2013 | Predecessor 2012 |
| Net income (loss) | $ | $ (16,357) | $ (11,734) | $ (3,452) |
| Add | | | | |
| Depreciation and amortization | 47,090 | 23,785 | 9,375 | 3,826 |
| Interest expense | | 24,053 | 19,605 | 17,054 |
| **EBITDA** | | **31,481** | **17,246** | **17,428** |
| Add (subtract) | | | | |
| Acquisition costs | — | 9,558 | 3,383 | — |
| Organizational and offering costs | — | 1,320 | 50 | — |
| Gain on sale of self-storage properties | — | (1,427) | — | (218) |
| Gain on debt forgiveness | — | — | — | (1,509) |
| Equity-based compensation expense[b] | 1,468 | 1,468 | 1,104 | — |
| **Adjusted EBITDA** | **$** | **$ 42,400** | **$ 21,783** | **$ 15,701** |

(a) Our EBITDA and Adjusted EBITDA for the year ended December 31, 2013 reflect the EBITDA and Adjusted EBITDA of NSA and our predecessor for the nine months ended December 31, 2013 and the three months ended March 31, 2013, respectively, which are presented on a combined basis for this period. For additional information regarding net income (loss) and the items used in calculating EBITDA and Adjusted EBITDA for NSA and our predecessor on a stand-alone basis for these periods, see "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the financial statements and related notes included elsewhere in this prospectus.

(b) Equity-based compensation expense is a non-cash compensation item that is included in our general and administrative expenses in our historical and pro forma statements of operations.

The following table presents a reconciliation of net income (loss) to funds from operations, or FFO, and Core FFO for the periods presented (dollars in thousands):

| | | Historical | | |
|---|---|---|---|---|
| | | Year Ended December 31, | | |
| | Pro Forma Year Ended December 31, 2014 | NSA 2014 | Combined[a] 2013 | Predecessor 2012 |
| Net income (loss) | $ | $(16,357) | $ (11,734) | $ (3,452) |
| Add (subtract): | | | | |
| Real estate depreciation and amortization[b] | 46,910 | 23,605 | 9,375 | 3,826 |
| Gains from sale of self-storage properties | — | (1,427) | — | (218) |
| Distributions on subordinated performance units[c] | | (7,305) | (1,564) | — |
| **FFO attributable to common shareholders and OP unitholders** | | **(1,484)** | **(3,923)** | **156** |
| Add (subtract) | | | | |
| Acquisition costs | — | 9,558 | 3,383 | — |
| Organizational and offering costs | — | 1,320 | 50 | — |
| Gain on debt forgiveness | — | — | — | (1,509) |
| Loss on early extinguishment of debt[d] | — | 1,020 | — | — |
| **Core FFO attributable to common shareholders and OP unitholders** | **$** | **$ 10,414** | **$ (490)** | **$ (1,353)** |

(a) Our FFO and Core FFO for the year ended December 31, 2013 reflect the FFO and Core FFO of NSA and our predecessor for the nine months ended December 31, 2013 and the three months ended March 31, 2013, respectively, which are presented on a combined basis for this period. For additional information regarding net income (loss) and the items used in calculating FFO and Core FFO for NSA and our predecessor on a stand-alone basis for these periods, see "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the financial statements and related notes included elsewhere in this prospectus.

(b) Excludes depreciation related to furniture and equipment.

(c) Distributions on subordinated performance units represent our allocation of FFO to noncontrolling interests held by subordinated performance unitholders in order to calculate FFO attributable to common shareholders and OP unitholders. For the pro forma period, we have assumed payment of the maximum allowable percentage, as permitted by our debt agreements, of cash available for distribution allocable to the subordinated performance unitholders.

(d) Loss on early extinguishment of debt relates to prepayment penalties and the write off of unamortized debt issuance costs associated with the payoff of debt. Such amounts are included in interest expense in our historical statements of operations.

(6) Of the 246 self-storage properties in our in-place portfolio, there are 219 that we acquired as of December 31, 2014, six that we acquired between January 1, 2015 and the date of this prospectus, 16 that we expect to acquire prior to or concurrently with the completion of this offering, and five that we expect to acquire upon the receipt of lender consents, which may occur prior to, concurrently with, or following the completion of this offering. Of the 21 properties that we expect to acquire, 17 are in SecurCare's contributed portfolio, one is in Move It's contributed portfolio, and three are in Storage Solution's contributed portfolio. For more information about our properties in each period, see "Management's Discussion and Analysis of Financial Condition and Results of Operations."

(7) Rentable square feet includes all enclosed self-storage units but excludes commercial, residential, and covered parking space.

(8) Represents total occupied rentable square feet divided by total rentable square feet as of the end of the period.

## RISK FACTORS

*An investment in our common shares involves a high degree of risk. Before making an investment decision, you should carefully consider the following risk factors, together with the other information contained in this prospectus. If any of the risks discussed in this prospectus occurs, our business, financial condition, liquidity and results of operations could be materially and adversely affected. If this were to happen, the price of our common shares could decline significantly and you could lose a part or all of your investment*.

### Risks Related to Our Business

***Adverse economic or other conditions in the markets in which we do business and more broadly could negatively affect our occupancy levels and rental rates and therefore our operating results.***

Our operating results are dependent upon our ability to achieve optimal occupancy levels and rental rates at our self-storage properties. Adverse economic or other conditions in the markets in which we do business, particularly in California, North Carolina, Oklahoma, Oregon and Texas, which accounted for approximately 18%, 7%, 11%, 23% and 18%, respectively, of our combined revenues for the three months ended December 31, 2014, may lower our occupancy levels and limit our ability to maintain or increase rents or require us to offer rental discounts. The following adverse developments, among others, in the markets in which we do business may adversely affect the operating performance of our properties:

- business layoffs or downsizing, industry slowdowns, relocation of businesses and changing demographics;
- periods of economic slowdown or recession, declining demand for self-storage or the public perception that any of these events may occur;
- local or regional real estate market conditions, such as competing properties, the oversupply of self-storage or a reduction in demand for self-storage in a particular area; and
- perceptions by prospective tenants of the safety, convenience and attractiveness of our properties and the neighborhoods in which they are located.

We are also susceptible to the effects of adverse macro-economic events and business conditions that can result in higher unemployment, shrinking demand for products, large-scale business failures and tight credit markets. Our results of operations are sensitive to changes in overall economic conditions that impact consumer spending, including discretionary spending, as well as to increased bad debts due to recessionary pressures. Adverse economic conditions affecting disposable consumer income, such as employment levels, business conditions, interest rates, tax rates, fuel and energy costs, could reduce consumer spending or cause consumers to shift their spending to other products and services. A general reduction in the level of discretionary spending or shifts in consumer discretionary spending could adversely affect our growth and profitability.

***We may not be successful in identifying and consummating suitable acquisitions, adding suitable new PROs, or integrating and operating such acquisitions, including integrating them into our financial and operational reporting infrastructure and internal control framework in a timely manner, which may impede our growth.***

Our ability to expand through acquisitions is integral to our business strategy and requires us to identify suitable acquisition candidates or investment opportunities that meet our criteria and are compatible with our growth strategy. We may not be successful in identifying suitable properties or other assets that meet our acquisition criteria or in consummating acquisitions on satisfactory terms or at all. Failure to identify or consummate acquisitions will slow our growth, which could in turn adversely affect our share price.

For the 113 potential acquisitions in our pipeline, which does not include our one development property under contract, we have not entered into negotiations with the respective owners of these properties and there can be no assurance as to whether we will acquire any of these properties or the actual timing of any such acquisitions. Each pipeline property is subject to additional due diligence and the determination by us to pursue the acquisition of the property. In addition, with respect to the 83 pipeline properties in which our PROs have a non-controlling ownership interest or no ownership interest, the current owner of each property is not required to offer such property to us and there can be no assurance that we will acquire these properties.

Our ability to acquire properties on favorable terms and successfully integrate and operate them, including integrating them into our financial and operational reporting infrastructure in a timely manner, may be constrained by the following significant risks:

- we face competition from national (e.g., large public and private self-storage companies, institutional investors and private equity funds), regional and local owners, operators and developers of self-storage properties, which may result in higher property acquisition prices and reduced yields;
- we may not be able to achieve satisfactory completion of due diligence investigations and other customary closing conditions;
- we may fail to finance an acquisition on favorable terms or at all;
- we may spend more time and incur more costs than budgeted to make necessary improvements or renovations to acquired properties;
- we may experience difficulties in effectively integrating the financial and operational reporting systems of the properties or portfolios we acquire into (or supplanting such systems with) our financial and operational reporting infrastructure and internal control framework in a timely manner; and
- we may acquire properties subject to liabilities without any recourse, or with only limited recourse, with respect to unknown liabilities such as liabilities for clean-up of undisclosed environmental contamination, claims by persons dealing with the former owners of the properties and claims for indemnification by general partners, trustees, officers and others indemnified by the former owners of the properties.

***We face competition for tenants and the acquisition of self-storage properties, which may impede our ability to make future acquisitions or may increase the cost of these acquisitions.***

We compete with many other entities engaged in real estate investment activities for tenants and acquisitions of self-storage properties, including national, regional and local owners, operators and developers of self-storage properties. Our primary national competitors for both tenants in many of our markets and for acquisition opportunities are the large public and private self-storage companies, institutional investors, and private equity funds. Actions by our competitors may decrease or prevent increases in the occupancy and rental rates, while increasing the operating expenses of our properties. These competitors may also drive up the price we pay for self-storage properties or other assets we seek to acquire or may succeed in acquiring those properties or assets themselves. In addition, our potential acquisition targets may find our competitors to be more attractive bidders because they may have greater resources, may be willing to pay more or may have a more compatible operating philosophy. The number of entities and the amount of funds competing for suitable investment properties may increase in the future. This competition may result in higher property acquisition prices and reduced yields.

***Rental revenues are significantly influenced by demand for self-storage space generally, and a decrease in such demand would likely have a greater adverse effect on our rental revenues than if we owned a more diversified real estate portfolio.***

Because our portfolio of properties consists primarily of self-storage properties, we are subject to risks inherent in investments in a single industry. A decrease in the demand for self-storage space would have a greater adverse effect on our rental revenues than if we owned a more diversified real estate portfolio. Demand for self-storage space has been and could be adversely affected by ongoing weakness in the national, regional and local economies, changes in supply of, or demand for, similar or competing self-storage properties in an area and the excess amount of self-storage space in a particular market. To the extent that any of these conditions occur, they are likely to affect market rents for self-storage space, which could cause a decrease in our rental revenue. Any such decrease could impair our operating results, ability to satisfy debt service obligations and ability to make cash distributions to our shareholders.

***Increases in taxes and regulatory compliance costs may reduce our income and adversely impact our cash flows.***

Increases in income or other taxes generally are not passed through to tenants under leases and may reduce our net income, FFO, cash flow, financial condition, ability to pay or refinance our debt obligations, ability to make cash distributions to shareholders, and the trading price of our securities. Similarly, changes in laws increasing the potential liability for environmental conditions existing on properties or increasing the restrictions on discharges or other conditions may result in significant unanticipated expenditures, which could result in similar adverse effects.

Many states and jurisdictions are facing severe budgetary problems. Action that may be taken in response to these problems, such as changes to sales taxes or other governmental efforts, including mandating medical insurance for employees, could adversely impact our business and results of operations.

***Our property taxes could increase due to various reasons, including a reassessment as a result of our formation transactions, which could adversely impact our operating results and cash flow.***

The value of our properties may be reassessed for property tax purposes by taxing authorities including as a result of our formation transactions. Accordingly, the amount of property taxes we pay in the future may increase substantially from what we have paid in the past. If the property taxes we pay increase, our operating results and cash flow would be adversely impacted, and our ability to pay any expected dividends to our shareholders could be adversely affected.

***Our storage leases are relatively short-term in nature, which exposes us to the risk that we may have to re-lease our units and we may be unable to do so on attractive terms, on a timely basis or at all.***

Our storage leases are relatively short-term in nature, typically month-to-month, which exposes us to the risk that we may have to re-lease our units frequently and we may be unable to do so on attractive terms, on a timely basis or at all. Because these leases generally permit the tenant to leave at the end of the month without penalty, our revenues and operating results may be impacted by declines in market rental rates more quickly than if our leases were for longer terms. In addition, any delay in re-leasing units as vacancies arise would reduce our revenues and harm our operating results.

***We face system security risks as we depend upon automated processes and the Internet.***

We are increasingly dependent upon automated information technology processes and Internet commerce, and some of our new tenants come from the telephone or over the Internet. Moreover, the nature of our business involves the receipt and retention of personal information about our tenants. We also rely extensively on third-party vendors to retain data, process transactions and provide other

systems services. These systems and our systems are subject to damage or interruption from power outages, computer and telecommunications failures, computer worms, viruses and other destructive or disruptive security breaches and catastrophic events, such as a natural disaster or a terrorist event or cyber-attack. In addition, experienced computer programmers may be able to penetrate our network security and misappropriate our confidential information, create system disruptions or cause shutdowns.

***We may become subject to litigation or threatened litigation that may divert management's time and attention, require us to pay damages and expenses or restrict the operation of our business.***

We may become subject to disputes with commercial parties with whom we maintain relationships or other parties with whom we do business. Any such dispute could result in litigation between us and the other parties. Whether or not any dispute actually proceeds to litigation, we may be required to devote significant management time and attention to its successful resolution (through litigation, settlement or otherwise), which would detract from our management's ability to focus on our business. Any such resolution could involve the payment of damages or expenses by us, which may be significant. In addition, any such resolution could involve our agreement with terms that restrict the operation of our business.

There are other commercial parties, at both a local and national level, that may assert that our use of our brand names and other intellectual property conflict with their rights to use brand names and other intellectual property that they consider to be similar to ours. Any such commercial dispute and related resolution would involve all of the risks described above, including, in particular, our agreement to restrict the use of our brand name or other intellectual property.

We also could be sued for personal injuries and/or property damage occurring on our properties. The liability insurance we maintain may not cover all costs and expenses arising from such lawsuits.

***The acquisition of new properties that lack operating history with us will make it more difficult to predict our operating results.***

We intend to continue to acquire additional properties, including those committed to be contributed to us. These acquisitions could fail to perform in accordance with our expectations. If we fail to accurately estimate occupancy levels, rental rates, operating costs or costs of improvements to bring an acquired property up to the standards established for our intended market position, the performance of the property may be below expectations. Acquired properties may have characteristics or deficiencies affecting their valuation or profitability potential that we have not yet discovered. We cannot assure that the performance of properties acquired by us will increase or be maintained following our acquisition.

***A material weakness has been identified in our internal control over financial reporting. If we fail to implement and maintain effective internal control over financial reporting, investors could lose confidence in our reported financial information, the trading price of our common shares could decline and our access to the capital markets or other financing sources could become limited.***

In connection with the audit of our financial statements as of and for the year ended December 31, 2014, our independent registered public accounting firm identified a deficiency in our system of internal control over financial reporting that it considered to be a material weakness. The Public Company Accounting Oversight Board's Auditing Standard No. 5 defines a material weakness as a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of annual or interim financial statements will not be prevented or detected on a timely basis. The identified material weakness related exclusively to management's failure to design controls for the timely review of estimates made in purchase price allocations and review its determination of acquisition dates relating to certain business combinations. We believe that this material weakness primarily arose as a result of the high volume of real property

acquisitions that we completed during calendar year 2014. We believe that we have designed appropriate controls over the timely review of estimates made in purchase price allocations and established appropriate review procedures regarding the determination of acquisition dates relating to certain business combinations. In addition, we believe we have added resources with the appropriate level of technical experience and training to our accounting and finance department to implement these controls. However, there is no assurance that the actions have in fact fully remediated this material weakness, or that other deficiencies will not be raised by our independent public accounting firm in the future. If we have failed to implement and maintain effective internal controls over financial reporting (including promptly and effectively remediating the foregoing material weakness), investors could lose confidence in our reported financial information and the trading price of our common shares could be adversely affected.

***We do not always obtain third-party appraisals of our properties, and thus the consideration paid for these properties may exceed the value that may be indicated by third-party appraisals.***

We do not always obtain third-party appraisals in connection with our acquisition of properties. As a result, the consideration we pay in exchange for such properties may exceed the value a third-party appraiser would estimate for the property.

***Costs associated with complying with the Americans with Disabilities Act of 1990, or the ADA, may result in unanticipated expenses.***

Under the ADA, places of public accommodation are required to meet certain federal requirements related to access and use by disabled persons. These requirements became effective in 1992. A number of additional U.S. federal, state and local laws may also require modifications to our properties, or restrict certain further renovations of the properties, with respect to access thereto by disabled persons. Noncompliance with the ADA could result in the imposition of fines or an award of damages to private litigants and also could result in an order to correct any non-complying feature, which could result in substantial capital expenditures. We have not conducted an audit or investigation of all of our properties to determine our compliance and we cannot predict the ultimate cost of compliance with the ADA or other legislation. If one or more of our properties is not in compliance with the ADA or other legislation, then we would be required to incur additional costs to bring the property into compliance. If we incur substantial costs to comply with the ADA or other legislation, our financial condition, results of operations, cash flow, per share trading price of our common shares and our ability to satisfy our debt service obligations and to make cash distributions to our shareholders could be adversely affected.

***Environmental compliance costs and liabilities associated with operating our properties may affect our results of operations.***

Under various U.S. federal, state and local laws, ordinances and regulations, owners and operators of real estate may be liable for the costs of investigating and remediating certain hazardous substances or other regulated materials on or in such property. Such laws often impose such liability without regard to whether the owner or operator knew of, or was responsible for, the presence of such substances or materials. The presence of such substances or materials, or the failure to properly remediate such substances, may adversely affect the owner's or operator's ability to lease, sell or rent such property or to borrow using such property as collateral. Persons who arrange for the disposal or treatment of hazardous substances or other regulated materials may be liable for the costs of removal or remediation of such substances at a disposal or treatment facility, whether or not such facility is owned or operated by such person. Certain environmental laws impose liability for release of asbestos-containing materials into the air and third-parties may seek recovery from owners or operators of real properties for personal injury associated with asbestos-containing materials.

Certain environmental laws also impose liability, without regard to knowledge or fault, for removal or remediation of hazardous substances or other regulated materials upon owners and operators of contaminated property even after they no longer own or operate the property. Moreover, the past or present owner or operator from which a release emanates could be liable for any personal injuries or property damages that may result from such releases, as well as any damages to natural resources that may arise from such releases.

Certain environmental laws impose compliance obligations on owners and operators of real property with respect to the management of hazardous materials and other regulated substances. For example, environmental laws govern the management of asbestos-containing materials and lead-based paint. Failure to comply with these laws can result in penalties or other sanctions.

No assurances can be given that existing environmental studies with respect to any of our properties reveal all environmental liabilities, that any prior owner or operator of our properties did not create any material environmental condition not known to us, or that a material environmental condition does not otherwise exist as to any one or more of our properties. There also exists the risk that material environmental conditions, liabilities or compliance concerns may have arisen after the review was completed or may arise in the future. Finally, future laws, ordinances or regulations and future interpretations of existing laws, ordinances or regulations may impose additional material environmental liability.

***Rising operating expenses could adversely impact our operating results and ability to make cash distributions to our shareholders.***

Our properties and any other properties we acquire in the future are and will be subject to operating risks common to real estate in general, any or all of which may negatively affect us. Our properties are subject to increases in operating expenses such as real estate and other taxes, personnel costs including the cost of providing specific medical coverage to our employees, utilities, insurance, administrative expenses and costs for repairs and maintenance. If operating expenses increase without a corresponding increase in revenues, our operating results and ability to make cash distributions to our shareholders could be adversely affected.

***We rely on our PROs' on-site personnel to maximize tenant satisfaction at each of our properties, and any difficulties they encounter in hiring, training and maintaining skilled on-site personnel may harm our operating performance.***

Our PROs had over 550 personnel in the management and operation of our in-place portfolio as of December 31, 2014. The general professionalism of site managers and staff are contributing factors to a site's ability to successfully secure rentals and retain tenants. We rely on our PROs' on-site personnel to maintain clean and secure self-storage properties. If our PROs are unable to successfully recruit, train and retain qualified on-site personnel, the quality of service we and our PROs strive to provide at our properties could be adversely affected, which could lead to decreased occupancy levels and reduced operating performance of our properties.

***Our PROs have tenant insurance-related arrangements that are subject to state-specific governmental regulation, which may adversely affect our results.***

Our PROs have tenant insurance-related arrangements with regulated insurance companies who pay our PROs access fees and commissions to help them procure business at our properties. These arrangements are managed by certain of our PROs who have developed marketing programs and management procedures to navigate the regulatory environment. The tenant insurance business, including the fees associated with these arrangements, is subject to state specific governmental regulation. The regulatory authorities generally have broad discretion to grant, renew and revoke licenses and approvals, to promulgate, interpret and implement regulations, and to evaluate compliance

with regulations through periodic examinations, audits and investigations of the affairs of insurance providers. As a result of regulatory or private action in any jurisdiction, we may be temporarily or permanently suspended from continuing some or all of our insurance-related activities, or otherwise fined or penalized or suffer an adverse judgment, which could adversely affect our business and results of operations.

***Privacy concerns could result in regulatory changes that may harm our business.***

Personal privacy has become a significant issue in the jurisdictions in which we operate. Many jurisdictions in which we operate have imposed restrictions and requirements on the use of personal information by those collecting such information. Changes to law or regulations affecting privacy, if applicable to our business, could impose additional costs and liability on us and could limit our use and disclosure of such information.

***Uninsured losses or losses in excess of our insurance coverage could adversely affect our financial condition, operating results and cash flow.***

We maintain comprehensive liability, fire, flood, earthquake, wind (as deemed necessary or as required by our lenders), extended coverage and rental loss insurance with respect to our properties. Certain types of losses, however, may be either uninsurable or not economically insurable, such as losses due to earthquakes, hurricanes, tornadoes, riots, acts of war or terrorism. Should an uninsured loss occur, we could lose both our investment in and anticipated profits and cash flow from a property. In addition, if any such loss is insured, we may be required to pay significant amounts on any claim for recovery of such a loss prior to our insurer being obligated to reimburse us for the loss, or the amount of the loss may exceed our coverage for the loss. As a result, our operating results may be adversely affected.

***Illiquidity of real estate investments could significantly impede our ability to respond to adverse changes in the performance of our properties.***

Because real estate investments are relatively illiquid, our ability to promptly sell one or more properties in our portfolio in response to changing economic, financial and investment conditions is limited. The real estate market is affected by many factors, such as general economic conditions, availability of financing, interest rates and other factors, including supply and demand, that are beyond our control. We cannot predict whether we will be able to sell any property for the price or on the terms set by us or whether any price or other terms offered by a prospective purchaser would be acceptable to us. We also cannot predict the length of time needed to find a willing purchaser and to close the sale of a property. In addition, we may be required to expend funds to correct defects or to make improvements before a property can be sold. We cannot assure you that we will have funds available to correct those defects or to make those improvements.

In acquiring a property, we may agree to transfer restrictions that materially restrict us from selling that property for a period of time or impose other restrictions, such as a limitation on the amount of debt that can be placed or repaid on that property. For example, we are party to certain agreements with our PROs that provide that, until March 31, 2023, our operating partnership shall not, and shall cause its subsidiaries not to, sell, dispose or otherwise transfer any property that is a part of the applicable self-storage property portfolio relating to a series of subordinated performance units without the consent of the partners (including us) holding at least 50% of the then outstanding OP units and the partners holding at least 50% of the then outstanding series of subordinated performance units that relate to the applicable property, except for sales, dispositions or other transfers of a property to wholly owned subsidiaries of our operating partnership. These restrictions may require us to keep certain properties that we would otherwise sell, which could have an adverse effect on our results of operations, financial condition, cash flow and ability to execute our business plan.

***Our performance and the value of our self-storage properties are subject to risks associated with the real estate industry.***

Our rental revenues and operating costs and the value of our real estate assets, are subject to the risk that if our properties do not generate revenues sufficient to meet our operating expenses, including debt service and capital expenditures, our cash flow and ability to pay distributions to our shareholders will be adversely affected. Events or conditions beyond our control that may adversely affect our operations or the value of our properties include but are not limited to:

- downturns in the national, regional and local economic climate;
- local or regional oversupply, increased competition or reduction in demand for self-storage space;
- vacancies or changes in market rents for self-storage space;
- inability to collect rent from customers;
- increased operating costs, including maintenance, insurance premiums and real estate taxes;
- changes in interest rates and availability of financing;
- hurricanes, earthquakes and other natural disasters, civil disturbances, terrorist acts or acts of war that may result in uninsured or underinsured losses;
- significant expenditures associated with acquisitions, such as debt service payments, real estate taxes, insurance and maintenance costs, which are generally not reduced when circumstances cause a reduction in revenues from a property;
- costs of complying with changes in laws and governmental regulations, including those governing usage, zoning, the environment and taxes; and
- the relative illiquidity of real estate investments.

In addition, prolonged periods of economic slowdown or recession, rising interest rates or declining demand for self-storage space, or the public perception that any of these events may occur, could result in a general decline in rental revenues, which could impair our ability to satisfy our debt service obligations and to make distributions to our shareholders.

***We may assume unknown liabilities in connection with the acquisition of self-storage properties in the formation transactions, which, if significant, could materially and adversely affect our operating results, financial condition and business.***

Our company has acquired and plans to further acquire, through our operating partnership, additional self-storage properties, or legal entities owning self-storage properties, from third-party contributors that are subject to existing liabilities, some of which may be unknown at the time the contribution is consummated. Unknown liabilities might include liabilities for cleanup or remediation of undisclosed environmental conditions, claims of tenants, vendors or other persons dealing with such entities, tax liabilities and accrued but unpaid liabilities incurred in the ordinary course of business. As part of such transactions, these contributors make and have made limited representations and warranties to us regarding the entities, properties and other assets to be acquired by our operating partnership and generally agree to indemnify our operating partnership for 12 months after the closing of the consolidation for breaches of such representations. Because many liabilities may not be identified within such period, we may have no recourse against the contributors for such liabilities. Moreover, to the extent the contributors are or become PROs, we may choose not to enforce, or to enforce less vigorously, our rights against them due to our desire to maintain our ongoing relationship with our PROs, which could adversely affect our operating results and business. Any unknown or unquantifiable

liability that we assume in connection with the formation transactions for which we have no or limited recourse could materially and adversely affect our operating results, financial condition and business.

***Our business could be harmed if key personnel terminate their employment with us.***

Our success depends, to a significant extent, on the continued services of Arlen D. Nordhagen and Tamara D. Fischer and the other members of our senior management team. Mr. Nordhagen and Ms. Fischer will enter into new employment agreements with us to be effective as of the completion of this offering. These employment agreements provide for an initial three-year term of employment for these executives. Notwithstanding these agreements, there can be no assurance that any of them will remain employed by us. The loss of services of one or more members of our senior management team could harm our business and our prospects.

***Pursuant to the JOBS Act, we are eligible to take advantage of certain specified reduced disclosure and other requirements that are otherwise generally applicable to public companies for so long as we are an "emerging growth company."***

We are an "emerging growth company" as defined in the JOBS Act and we are eligible to take advantage of certain specified reduced disclosure and other requirements that are otherwise generally applicable to public companies that are not "emerging growth companies" including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements, and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and shareholder approval of any golden parachute payments not previously approved. We may take advantage of these exemptions for up to five years or such earlier time that we are no longer an "emerging growth company." We would cease to be an "emerging growth company" if we have more than $1 billion in annual gross revenues, we have more than $700 million in market value of our shares held by non-affiliates, or we issue more than $1 billion of non-convertible debt over a three-year period. If we take advantage of any or all of these exceptions, we cannot predict if some investors will find our common shares less attractive. As a result, there may be a less active trading market for our common shares and our share price may be more volatile.

**Risks Related to Our Structure and Our Relationships with Our PROs**

***Our management and PROs have limited experience operating under our company's capital structure, and we may not be able to achieve the desired outcomes that the structure is intended to produce.***

Our management and PROs have conducted their business under different capital structures and have limited experience operating under our capital structure. As a means of incentivizing our PROs to drive operating performance and support the sustainability of the operating cash flow from their contributed properties that they continue to manage on our behalf, we issued each PRO subordinated performance units aimed at aligning the interests of our PROs with our interests and those of our shareholders. The subordinated performance units are entitled to distributions exclusively tied to the performance of each PRO's contributed portfolios but only after minimum performance thresholds are satisfied. Our issuance of such units, however, could be based on inaccurate valuations and thus misallocated, which would limit or eliminate the effectiveness of our intended incentive-based program. Moreover, difficulties in aligning incentives and implementing our structure could allow a PRO to underperform without triggering our right to terminate the applicable facilities portfolio and asset management agreements and transfer management rights of the PRO to us (or a designee) or cause our management to be distracted from other aspects of our business, which could adversely affect our operating results and business.

***We are restricted in making property sales on account of agreements with our PROs that may require us to keep certain properties that we would otherwise sell.***

The partnership unit designations related to our subordinated performance units provide that, until March 31, 2023, our operating partnership may not sell, dispose or otherwise transfer any property that is a part of the applicable self-storage property portfolio relating to a series of subordinated performance units without the consent of the partners (including us) holding at least 50% of the then outstanding OP units and the consent of partners holding at least 50% of the then outstanding series of subordinated performance units that relate to the applicable property, except for sales, dispositions or other transfers of a property to wholly owned subsidiaries of our operating partnership. This restriction may require us to keep certain properties that we would otherwise sell, which could have an adverse effect on our results of operations, financial condition, cash flow and ability to execute our business plan. In addition, we may enter into agreements with future PROs that contain the same or similar restrictions or that impose such restrictions for different periods.

***Our ability to terminate our facilities portfolio management agreements and asset management agreements with a PRO is limited, which may adversely affect our ability to execute our business plan.***

We may elect to terminate our facilities portfolio management agreements and asset management agreements with a PRO and transfer property management responsibilities over the properties managed by such PRO to us (or our designee), (i) upon certain defaults by a PRO as set forth in these agreements, or (ii) if the PRO's properties, on a portfolio basis, fail to meet certain pre-determined performance thresholds for more than two consecutive calendar years or if the operating cash flow generated by the properties of the PRO for any calendar year falls below a level that will enable us to fund minimum levels of distributions, debt service payments attributable to the properties, and fund the properties' allocable operating expenses. Consequently, to the extent a PRO complies with these covenants, standards, and minimum requirements, we may not be able to terminate the applicable facilities portfolio management agreements and asset management agreements and transfer property management responsibilities over such properties even if our board of trustees believes that such PRO is not properly executing our business plan and/or is failing to operate its properties to their full potential. Moreover, transferring the management responsibilities over the properties managed by a PRO may be costly or difficult to implement or may be delayed, even if we are able to and believe that such a change in portfolio and property management would be beneficial to us and our shareholders. For additional information regarding our facilities portfolio management agreements and asset management agreements with our PROs, see "The Formation and Structure of Our Company—Facilities Portfolio and Asset Management Agreements."

***We may less vigorously pursue enforcement of terms of agreements entered into with our PROs because of conflicts of interest with our PROs.***

Our PROs are entities that have contributed or will contribute through contribution agreements, self-storage properties, or legal entities owning self-storage properties, to our operating partnership or DownREIT partnerships in exchange for ownership interests in our operating partnership or DownREIT partnerships. As part of each transaction, our PROs make and have made limited representations and warranties to our operating partnership regarding the entities, properties and other assets to be acquired by our operating partnership or DownREIT partnerships in the contribution and generally agree to indemnify our operating partnership for 12 months after the closing of the contribution for breaches of such representations. Such indemnification is limited, however, and our operating partnership is not entitled to any other indemnification in connection with the contributions. In addition, following each contribution, the day-to-day operations of each of the contributed properties will be managed by the PROs who were the principals of the applicable self-storage property portfolios prior to the contribution. In addition, certain of our PROs are members of our board of trustees, members of our PRO advisory committee, or are executive officers of our company. Consequently, we

may choose not to enforce, or to enforce less vigorously, our rights under these agreements and any other agreements with our PROs due to our desire to maintain our ongoing relationship with our PROs, which could adversely affect our operating results and business.

***We own self-storage properties in some of the same geographic regions as our PROs and may compete for tenants with other properties managed by our PROs.***

Pursuant to the facilities portfolio management agreements with our PROs, each PRO has agreed that, without our consent, the PRO will not, and it will cause its affiliates not to, enter into any new agreements or arrangements for the management of additional self-storage properties, other than the properties we are not acquiring and the properties each PRO contributes to our operating partnership. Although our PROs have collectively contributed the vast majority of their properties to our company as part of the formation transactions and may contribute or sell additional properties to us in the future, we have not and will not acquire all of the self-storage properties of our PROs. We will therefore own self-storage properties in some of the same geographic regions as our PROs, and, as a result, we may compete for tenants with our PROs. This competition may affect our ability to attract and retain tenants and may reduce the rental rates we are able to charge, which could adversely affect our operating results and business.

***Our PROs have limited experience with our technology and best practices programs, and such programs may not be able to achieve the desired outcomes they are intended to produce.***

Before contributing their portfolios to our company, our PROs operated their portfolios under independent, regional property management companies. In order to take advantage of the scale and operational efficiencies afforded a large national operator while benefiting from the local expertise and relationships of our experienced PROs, we developed our technology and best practices programs, which use a number of methods, tools and platforms, including: (1) a common data platform for financial, operational and marketing data collection, reporting, analysis and dissemination, (2) a common online marketing platform to deliver economies of scale for Internet search rankings and customer lead generation, (3) a centralized call center supporting property operations, (4) economies of scale for purchasing products such as property insurance, retail merchandise, office supplies, merchant credit and debit card processing and online auction services and (5) a forum for sharing management techniques with the power of high-level collaboration across decentralized operations. We believe that the successful implementation of our technology and best practices programs across our portfolio will allow us to more effectively achieve optimal rental and occupancy rates and increase margins, which will drive cash flow growth across our portfolio. However, our PROs have limited experience with the methods, tools and platforms of our technology and best practices programs and may not be able to implement them on a timely basis or at all, which could adversely impact the effectiveness of the programs. In addition, as we acquire additional self-storage properties from third-party sellers, we will attempt to implement our technology and best practices programs at such properties. There can be no assurance that we will be able to do so effectively or on a timely basis. Moreover, even if these programs are fully implemented, there can be no assurance that they will achieve the desired outcomes they are intended to produce.

***Our PROs may engage in other activities, diverting their attention from the management of our properties, which could adversely affect the execution of our business plan and our operating results.***

Our PROs and their employees and personnel are in the business of managing self-storage properties. As of December 31, 2014, our PROs managed more than 140 self-storage properties which are not included in our in-place portfolio. We have agreed that our PROs may continue to manage such properties, and our PROs are not obligated to dedicate any specific employees or personnel exclusively to the management of our properties. As a result, their time and efforts may be diverted

from the management of our properties, which could adversely affect the execution of our business plan and our operating results.

***When a PRO elects or is required to "retire" we may become exposed to new and additional costs and risks.***

Under the facilities portfolio management agreements, after a two year period following the later of completion of this offering or the initial contribution of their properties to us, a PRO may elect, or be required, to "retire" from the self-storage business. Upon a retirement event, management of the properties will be transferred to us (or our designee) in exchange for OP units with a value equal to four times the average of the normalized annual EBITDA from the management contracts related to such PRO's contributed portfolio over the immediately preceding 24-month period. As a result of this transfer, we may become exposed to new and additional costs and risks. Accordingly, the retirement of a PRO may adversely affect our financial condition and operating results.

***The formation transactions and related agreements were not negotiated on an arm's-length basis and may not be as favorable to us as if they had been negotiated with unaffiliated third-parties.***

We did not conduct arm's-length negotiations with certain of the parties involved regarding the terms of the formation transactions and related agreements, including the contribution agreements, facilities portfolio management agreements, asset management agreements and registration rights agreements. In the course of structuring the formation transactions and related agreements, certain members of our senior management team and other contributors had the ability to influence the type and level of benefits that they received from us. Accordingly, the terms of the formation transactions and related agreements may not solely reflect the best interests of us or our shareholders and may be overly favorable to the other party to such transactions and agreements.

***Our management has limited experience operating a REIT and operating a public company and therefore may have difficulty in successfully and profitably operating our business, or complying with regulatory requirements.***

Prior to the closing of this offering, our management has had limited experience operating a REIT and operating a public company. As a result, we cannot assure you that we will be able to successfully operate as a REIT, execute our business strategies as a public company, or comply with regulatory requirements applicable to public companies.

***Conflicts of interest could arise with respect to certain transactions between the holders of OP units (including subordinated performance units), which include our PROs, on the one hand, and us and our shareholders, on the other.***

Following completion of this offering and the formation transactions, conflicts of interest could arise with respect to the interests of holders of OP units (including subordinated performance units), on the one hand, which include members of our senior management team, PROs, trustees and trustee nominees (including Arlen D. Nordhagen, our chief executive officer, president and expected chairman of the board of trustees) and us and our shareholders, on the other. In particular, the consummation of certain business combinations, the sale, disposition or transfer of certain of our assets or the repayment of certain indebtedness that may be desirable to us and our shareholders could have adverse tax consequences to such unit holders. In addition, our trustees and officers have duties to our company under applicable Maryland law in connection with their management of our company. At the same time, we have fiduciary duties, as a general partner, to our operating partnership and to the limited partners under Delaware law in connection with the management of our operating partnership. Our duties as a general partner to our operating partnership and its partners may come into conflict with the duties of our trustees and officers to our company and our shareholders. The partnership agreement of our operating partnership does not require us to resolve such conflicts in favor of either our company or the limited partners in our operating partnership. Further, there can be no assurance

that any procedural protections we implement to address these or other conflicts of interest will result in optimal outcomes for us and our shareholders.

***The partnership agreement of our operating partnership contains provisions that may delay, defer or prevent a change in control.***

The partnership agreement of our operating partnership provides that subordinated performance unit holders holding more than 50% of the voting power of the subordinated performance units (other than those held by our company or its subsidiaries) must approve certain change of control transactions involving our operating partnership unless, as a result of such transactions, the holders of subordinated performance units are offered an opportunity (1) to allow their subordinated performance units to remain outstanding without the terms thereof being materially and adversely changed or the subordinated performance units are converted into or exchanged for equity securities of the surviving entity having terms and conditions that are substantially similar to those of the subordinated performance units (it being understood that we may not be the surviving entity and that the parent of the surviving entity or the surviving entity may not be publicly traded) and (2) to receive for each subordinated performance unit an amount of cash, securities or other property payable to a holder of OP units had such holder exercised its right to exchange its subordinated performance units for OP units taking into consideration a specified conversion penalty associated with such an exchange. In addition, as described in more detail under "Limited Partnership Agreement of our Operating Partnership—Transferability of the General Partner Interest in our Operating Partnership; Extraordinary Transactions," in the case of any such change of control transactions in which we have not received the consent of OP unit holders holding more than 50% of the OP units (other than those held by our company or its subsidiaries) and of subordinated performance unit holders holding more than 50% of the voting power of the subordinated performance units (other than those held by our company or its subsidiaries), such transaction is required to be approved in a separate partnership vote by limited partners holding a majority of outstanding partnership units in which OP units (not held by us and our subsidiaries) are voted and subordinated performance units (not held by us and our subsidiaries) are voted on an applicable as converted basis and in which we are required to vote the OP units held by us and our subsidiaries in proportion to the manner in which all of our outstanding common shares were voted at a shareholders meeting relating to such transaction. These approval rights could delay, deter, or prevent a transaction or a change in control that might involve a premium price for our common shares or otherwise be in the best interests of our shareholders.

***We may change our investment and financing strategies and enter into new lines of business without shareholder consent, which may subject us to different risks.***

We may change our business and financing strategies and enter into new lines of business at any time without the consent of our shareholders, which could result in our making investments and engaging in business activities that are different from, and possibly riskier than, the investments and businesses described in this document. A change in our strategy or our entry into new lines of business may increase our exposure to other risks or real estate market fluctuations.

***Certain provisions of Maryland law could inhibit a change in our control.***

Certain provisions of the Maryland General Corporation Law, or the MGCL, applicable to a Maryland real estate investment trust may have the effect of inhibiting a third-party from making a proposal to acquire us or of impeding a change in our control under circumstances that otherwise could provide the holders of our common shares with the opportunity to realize a premium over the then prevailing market price of such shares. The "business combination" provisions of the MGCL, subject to limitations, prohibit certain business combinations between a REIT and an "interested shareholder" (defined generally as any person who beneficially owns 10% or more of the voting power of our then outstanding voting shares or an affiliate or associate of ours who, at any time within the two-year

period prior to the date in question, was the beneficial owner, directly or indirectly, of 10% or more of our then outstanding voting shares) or an affiliate thereof for five years after the most recent date on which the shareholder becomes an interested shareholder and, thereafter, imposes special appraisal rights and special shareholder voting requirements on these combinations. These provisions of the MGCL do not apply, however, to business combinations that are approved or exempted by the board of trustees of a REIT prior to the time that the interested shareholder becomes an interested shareholder. Pursuant to the statute, our board of trustees has by resolution exempted business combinations between us and (1) any other person, provided that the business combination is first approved by our board of trustees (including a majority of trustees who are not affiliates or associates of such person), (2) Arlen D. Nordhagen and any of his affiliates and associates and (3) any person acting in concert with the foregoing, from these provisions of the MGCL. As a result, such persons may be able to enter into business combinations with us that may not be in the best interests of our shareholders without compliance by us with the supermajority vote requirements and other provisions of the statute. This resolution, however, may be altered or repealed in whole or in part at any time. If this resolution is repealed, or our board of trustees does not otherwise approve a business combination, this statute may discourage others from trying to acquire control of us and increase the difficulty of consummating any offer. See "Certain Provisions of Maryland Law and of Our Declaration of Trust and Bylaws—Business Combinations."

The "control share" provisions of the MGCL provide that holders of "control shares" of a Maryland real estate investment trust (defined as voting shares which, when aggregated with all other shares controlled by the shareholder, entitle the shareholder to exercise one of three increasing ranges of voting power in the election of trustees) acquired in a "control share acquisition" (defined as the direct or indirect acquisition of ownership or control of issued and outstanding "control shares," subject to certain exceptions) have no voting rights with respect to such shares except to the extent approved by our shareholders by the affirmative vote of at least two-thirds of all the votes entitled to be cast on the matter, excluding votes entitled to be cast by the acquirer of control shares, our officers and our trustees who are also our employees. Our bylaws contain a provision exempting from the control share acquisition statute any and all acquisitions by any person of our shares. There can be no assurance that this provision will not be amended or eliminated at any time in the future. See "Certain Provisions of Maryland Law and of Our Declaration of Trust and Bylaws—Control Share Acquisitions."

***Our authorized but unissued common and preferred shares may prevent a change in our control.***

Our declaration of trust authorizes us to issue additional authorized but unissued common shares and preferred shares. In addition, our board of trustees may, without common shareholder approval, increase the aggregate number of our authorized shares or the number of shares of any class or series that we have authority to issue and classify or reclassify any unissued common shares or preferred shares, and may set or change the preferences, rights and other terms of any unissued classified or reclassified shares. As a result, among other things, our board may establish a class or series of common shares or preferred shares that could delay or prevent a transaction or a change in our control that might involve a premium price for our common shares or otherwise be in the best interests of our shareholders.

***Our rights and the rights of our shareholders to take action against our trustees and officers are limited, which could limit your recourse in the event of actions not in your best interest.***

Our declaration of trust limits the liability of our present and former trustees and officers to us and our shareholders for money damages to the maximum extent permitted under Maryland law.

Under current Maryland law, our present and former trustees and officers will not have any liability to us or our shareholders for money damages other than liability resulting from:

- actual receipt of an improper benefit or profit in money, property or services; or
- active and deliberate dishonesty by the trustee or officer that was established by a final judgment and is material to the cause of action.

Our declaration of trust authorizes us to indemnify our present and former trustees and officers for actions taken by them in those capacities to the maximum extent permitted by Maryland law. Our bylaws require us to indemnify each present and former trustee or officer, to the maximum extent permitted by Maryland law, in connection with any proceeding to which he or she is made, or threatened to be made, a party to or witness in by reason of his or her service to us as a trustee or officer or in certain other capacities. In addition, we may be obligated to pay or reimburse the expenses incurred by our present and former trustees and officers without requiring a preliminary determination of their ultimate entitlement to indemnification. As a result, we and our shareholders may have more limited rights against our present and former trustees and officers than might otherwise exist absent the current provisions in our declaration of trust and bylaws or that might exist with other companies, which could limit your recourse in the event of actions not in your best interest.

***Our declaration of trust contains provisions that make removal of our trustees difficult, which could make it difficult for our shareholders to effect changes to our management.***

Our declaration of trust provides that, subject to the rights of holders of one or more classes or series of preferred shares, a trustee may be removed with or without cause, by the affirmative vote of at least two-thirds of the votes entitled to be cast generally in the election of trustees. Vacancies on our board of trustees generally may be filled only by a majority of the remaining trustees in office, even if less than a quorum. These requirements make it more difficult to change our management by removing and replacing trustees and may prevent a change in our control that is in the best interests of our shareholders.

***Restrictions on ownership and transfer of our shares may restrict change of control or business combination opportunities in which our shareholders might receive a premium for their shares.***

In order for us to qualify as a REIT for each taxable year after 2015, no more than 50% in value of our outstanding shares may be owned, directly or constructively, by five or fewer individuals during the last half of any calendar year, and at least 100 persons must beneficially own our shares during at least 335 days of a taxable year of 12 months, or during a proportionate portion of a shorter taxable year. "Individuals" for this purpose include natural persons, private foundations, some employee benefit plans and trusts, and some charitable trusts. To assist us in preserving our REIT qualification, among other purposes, our declaration of trust generally prohibits, among other limitations, any person from beneficially or constructively owning more than 9.8% in value or in number of shares, whichever is more restrictive, of our aggregate outstanding shares of all classes and series, the outstanding shares of any class or series of our preferred shares or our outstanding common shares. These ownership limits and the other restrictions on ownership and transfer of our shares contained in our declaration of trust could have the effect of discouraging a takeover or other transaction in which holders of our common shares might receive a premium for their shares over the then prevailing market price or which holders might believe to be otherwise in their best interests.

**Risks Related to Our Debt Financings**

***There are risks associated with our indebtedness.***

Upon the completion of this offering and the formation transactions, our existing credit facility will automatically convert to a $425 million unsecured credit facility with a syndicate of lenders led by KeyBank National Association, comprised of a revolving line of credit of approximately $280.4 million

and a term loan of approximately $144.6 million. At such time, we expect to have the entire term loan amount drawn and approximately $ million drawn on our revolving line of credit. In addition, we expect to have approximately $182.6 million in mortgage debt outstanding upon the completion of this offering and the formation transactions. Our level of debt and the limitations imposed on us by our debt agreements could have significant adverse consequences, including the following:

- our cash flow may be insufficient to meet our required principal and interest payments;
- we may be unable to borrow additional funds as needed or on favorable terms, including to make acquisitions or to continue to make distributions required to maintain our qualification as a REIT;
- we may be unable to refinance our indebtedness at maturity or the refinancing terms may be less favorable than the terms of our original indebtedness;
- because a portion of our debt that bears interest at variable rates is not hedged, an increase in interest rates could materially increase our interest expense;
- we may be forced to dispose of one or more of our properties, possibly on disadvantageous terms;
- after debt service, the amount available for cash distributions to our shareholders is reduced;
- our debt level could place us at a competitive disadvantage compared to our competitors with less debt;
- we may experience increased vulnerability to economic and industry downturns, reducing our ability to respond to changing business and economic conditions;
- we may default on our obligations and the lenders or mortgagees may foreclose on our properties that secure their loans and receive an assignment of rents and leases;
- we may default on our obligations and the lenders or mortgagees may enforce our guarantees;
- we may violate restrictive covenants in our loan documents, which would entitle the lenders to accelerate our debt obligations; and
- our default under any one of our mortgage loans with cross-default or cross-collateralization provisions could result in a default on other indebtedness or result in the foreclosures of other properties.

***Disruptions in the financial markets could affect our ability to obtain debt financing on reasonable terms or at all and have other adverse effects on us.***

Uncertainty in the credit markets may negatively impact our ability to access additional debt financing or to refinance existing debt maturities on favorable terms (or at all), which may negatively affect our ability to make acquisitions. A downturn in the credit markets may cause us to seek alternative sources of potentially less attractive financing, and may require us to adjust our business plans accordingly. In addition, these factors may make it more difficult for us to sell properties or may adversely affect the price we receive for properties that we do sell, as prospective buyers may experience increased costs of debt financing or difficulties in obtaining debt financing.

***We depend on external sources of capital that are outside of our control, which could adversely affect our ability to acquire or develop properties, satisfy our debt obligations and/or make distributions to shareholders.***

We depend on external sources of capital to acquire properties, to satisfy our debt obligations and to make distributions to our shareholders required to maintain our qualification as a REIT, and these sources of capital may not be available on favorable terms, or at all. Our access to external sources of capital depends on a number of factors, including the market's perception of our growth potential and our current and potential future earnings and our ability to continue to qualify as a REIT for U.S. federal income tax purposes. If we are unable to obtain external sources of capital, we may not be able to acquire properties when strategic opportunities exist, satisfy our debt obligations or make cash distributions to our shareholders that would permit us to qualify as a REIT or avoid paying tax on all of our net taxable income.

***Increases in interest rates may increase our interest expense and adversely affect our cash flow and our ability to service our indebtedness and make cash distributions to our shareholders.***

Upon the completion of this offering and the formation transactions, we expect to have approximately $ million of debt outstanding, approximately $ million, or %, of which is subject to variable interest rates (excluding debt with interest rate swaps). Upon the completion of this offering and the formation transactions, this variable-rate debt will have a weighted average interest rate of approximately % per annum (based on one-month London InterBank Offered Rate, or LIBOR, rates in effect as of December 31, 2014 and giving effect to our expected corporate leverage ratio, which determines future pricing under the credit facility). The credit markets have recently experienced historic lows in interest rates. As the overall economy strengthens, it is possible that monetary policy will continue to tighten further, resulting in higher interest rates. Interest rates on variable-rate debt could be higher than current levels, which could increase our financing costs and decrease our cash flow and our ability to pay cash distributions to our shareholders. For example, if market rates of interest on this variable-rate debt increased by 100 basis points (excluding variable-rate debt with interest rate floors), the increase in interest expense would decrease future earnings and cash flows by approximately $ million annually.

***Failure to hedge effectively against interest rate changes may adversely affect our results of operations.***

We have historically sought, and may in the future seek, to manage our exposure to interest rate volatility by using interest rate hedging arrangements. These arrangements may not be effective in reducing our exposure to interest rate changes and involve risks, such as the risk that the counterparty may fail to honor its obligations under an arrangement. There is no assurance that a potential counterparty will perform its obligations under a hedging arrangement or that we will be able to enforce such an arrangement. Failure to hedge effectively against interest rate changes may adversely affect our financial condition, results of operations and ability to make cash distributions to our shareholders.

***We could become more highly leveraged in the future because our organizational documents contain no limitation on the amount of debt we may incur.***

Our organizational documents contain no limitations on the amount of indebtedness that we or our operating partnership may incur. We could alter the balance between our total outstanding indebtedness and the value of our portfolio at any time. If we become more highly leveraged, the resulting increase in debt service could adversely affect our ability to make payments on our outstanding indebtedness and to pay our anticipated cash distributions and/or to continue to make cash distributions to maintain our REIT qualification, and could harm our financial condition.

***The terms and covenants relating to our indebtedness could adversely impact our economic performance.***

Our credit facility contains (and any new or amended facility we may enter into from time to time will likely contain) customary affirmative and negative covenants, including financial covenants that, among other things, cap our total leverage at 70% of our gross asset value, which will decrease to 60% upon the completion of this offering, require us to have a minimum fixed charge coverage ratio of 1.5 to 1, and require us to have a minimum net worth (as defined in our credit facility) of approximately $133 million plus 75% of the net proceeds of equity issuances. In the event that we fail to satisfy our covenants, we would be in default under our credit agreement and may be required to repay such debt with capital from other sources. Under such circumstances, other sources of debt or equity capital may not be available to us, or may be available only on unattractive terms. Moreover, the presence of such covenants could cause us to operate our business with a view toward compliance with such covenants, which might not produce optimal returns for shareholders.

**Risks Related to Our Qualification as a REIT**

***Our failure to qualify or remain qualified as a REIT would subject us to U.S. federal income tax and applicable state and local taxes, which would reduce the amount of operating cash flow to our shareholders.***

We believe that we have been organized and intend to operate in a manner that will enable us to qualify as a REIT for U.S. federal income tax purposes commencing with our taxable year ending December 31, 2015. We have not requested, and do not intend to request a ruling from the IRS, that we qualify as a REIT. Qualification as a REIT involves the application of highly technical and complex Code provisions and Treasury Regulations promulgated thereunder for which there are limited judicial and administrative interpretations. The complexity of these provisions and of applicable Treasury Regulations is greater in the case of a REIT that, like us, holds its assets through partnerships, and judicial and administrative interpretations of the U.S. federal income tax laws governing REIT qualification are limited. To qualify as a REIT, we must meet, on an ongoing basis, various tests regarding the nature and diversification of our assets and our income, the ownership of our outstanding shares and the amount of our distributions. Our compliance with the REIT income and quarterly asset requirements also depends upon our ability to manage successfully the composition of our income and assets on an ongoing basis. Our ability to satisfy these asset tests depends upon our analysis of the characterization and fair market values of our assets, some of which are not susceptible to a precise determination, and for which we will not obtain independent appraisals. Moreover, new legislation, court decisions or administrative guidance may, in each case possibly with retroactive effect, make it more difficult or impossible for us to qualify as a REIT. Thus, while we believe that we have been organized and intend to operate so that we will qualify as a REIT, given the highly complex nature of the rules governing REITs, the ongoing importance of factual determinations and the possibility of future changes in our circumstances, no assurance can be given that we have qualified or will so qualify for any particular year. These considerations also might restrict the types of assets that we can acquire or services that we can provide in the future.

If we fail to qualify as a REIT in any taxable year, and we do not qualify for certain statutory relief provisions, we would be required to pay U.S. federal income tax, including any applicable alternative minimum tax, on our taxable income at regular corporate rates, and distributions to our shareholders would not be deductible by us in determining our taxable income. In such a case, we might need to borrow money, sell assets, or reduce or even cease making distributions in order to pay our taxes. Our payment of income tax would reduce significantly the amount of operating cash flow to our shareholders. Furthermore, if we fail to maintain our qualification as a REIT, we no longer would be required to make distributions to our shareholders. In addition, unless we were eligible for certain statutory relief provisions, we could not re-elect to be taxed as a REIT until the fifth calendar year following the year in which we failed to qualify.

***Even if we qualify as a REIT, we may face other tax liabilities that reduce our cash flow.***

Even if we qualify for taxation as a REIT, we may be subject to certain U.S. federal, state and local taxes on our income and assets, including taxes on any undistributed income, alternative minimum taxes, state or local income and property and transfer taxes, including real property transfer taxes. In addition, we could, in certain circumstances, be required to pay an excise or penalty tax (which could be significant in amount) in order to utilize one or more relief provisions under the Code to maintain our qualification as a REIT. See "U.S. Federal Income Tax Considerations—Taxation of REITs in General." Any of these taxes would decrease operating cash flow to our shareholders. In addition, in order to meet the REIT qualification requirements, or to avert the imposition of a 100% tax that applies to certain gains derived by a REIT from dealer property or inventory, we may hold some of our assets or provide certain services to our tenants through one or more taxable REIT subsidiaries, or TRSs, or other subsidiary corporations that will be subject to corporate-level income tax at regular corporate rates. Any TRSs or other taxable corporations in which we invest will be subject to U.S.

federal, state and local corporate taxes. Furthermore, if we acquire appreciated assets from a corporation that is or has been a subchapter C corporation in a transaction in which the adjusted tax basis of such assets in our hands is less than the fair market value of the assets, determined at the time we acquired such assets, and if we subsequently dispose of any such assets during the 10-year period following the acquisition of the assets from the C corporation, we will be subject to tax at the highest corporate tax rates on any gain from the disposition of such assets to the extent of the excess of the fair market value of the assets on the date that we acquired such assets over the basis of such assets on such date, which we refer to as built-in gains. Payment of these taxes generally could materially and adversely affect our income, cash flow, results of operations, financial condition, liquidity and prospects, and could adversely affect the value of our common shares and our ability to make distributions to our shareholders.

***Failure to make required distributions would subject us to tax, which would reduce the operating cash flow to our shareholders.***

In order to qualify as a REIT, we must distribute to our shareholders each calendar year at least 90% of our net taxable income (excluding net capital gain). To the extent that we satisfy the 90% distribution requirement, but distribute less than 100% of our net taxable income (including net capital gain), we would be subject to U.S. federal corporate income tax on our undistributed net taxable income. In addition, we will incur a 4% non-deductible excise tax on the amount, if any, by which our distributions in any calendar year are less than a minimum amount specified under U.S. federal income tax laws. Although we intend to distribute our net taxable income to our shareholders in a manner intended to satisfy the REIT 90% distribution requirement and to avoid the 4% non-deductible excise tax, it is possible that we, from time to time, may not have sufficient cash to distribute 100% of our net taxable income. There may be timing differences of our actual receipt of cash and the inclusion of items in our income for U.S. federal income tax purposes. Accordingly, there can be no assurance that we will be able to distribute net taxable income to shareholders in a manner that satisfies the REIT distribution requirements and avoids the 4% non-deductible excise tax.

***To maintain our REIT qualification, we may be forced to borrow funds during unfavorable market conditions.***

In order to maintain our REIT qualification and avoid the payment of income and excise taxes, we may need to borrow funds to meet the REIT distribution requirements even if the then prevailing market conditions are not favorable for these borrowings. These borrowing needs could result from, among other things, timing differences between the actual receipt of cash and inclusion of income for federal income tax purposes, or the effect of non-deductible capital expenditures, the creation of reserves or required debt or amortization payments. These sources, however, may not be available on favorable terms or at all. Our access to third-party sources of capital depends on a number of factors, including the market's perception of our growth potential, our current debt levels, the per share trading price of our common shares, and our current and potential future earnings. We cannot assure you that we will have access to such capital on favorable terms at the desired times, or at all, which may cause us to curtail our investment activities and/or to dispose of assets at inopportune times, and could adversely affect our financial condition, results of operations, cash flows and our ability to pay distributions on, and the per share trading price of, our common shares.

***Complying with the REIT requirements may cause us to forgo and/or liquidate otherwise attractive investments.***

To qualify as a REIT, we must ensure that at least 75% of our gross income for each taxable year, excluding certain amounts, is derived from certain real property-related sources, and at least 95% of our gross income for each taxable year, excluding certain amounts, is derived from certain real property-related sources and passive income such as dividends and interest. In addition, we must ensure

that, at the end of each calendar quarter, at least 75% of the value of our total assets consists of cash, cash items, U.S. government securities and qualified real estate assets. The remainder of our investment in securities generally cannot include more than 10% of the outstanding voting securities of any one issuer (other than U.S. government securities, securities of corporations that are treated as TRSs and qualified real estate assets) or more than 10% of the total value of the outstanding securities of any one issuer (other than government securities, securities of corporations that are treated as TRSs and qualified real estate assets). In addition, in general, no more than 5% of the value of our assets can consist of the securities of any one issuer (other than U.S. government securities, securities of corporations that are treated as TRSs and qualified real estate assets), and no more than 25% of the value of our total assets can be represented by securities of one or more TRSs. See "U.S. Federal Income Tax Considerations—Requirements for Qualification—General—Asset Tests." If we fail to comply with these asset requirements at the end of any calendar quarter, we must correct the failure within 30 days after the end of the calendar quarter or qualify for certain statutory relief provisions to avoid losing our REIT qualification and suffering adverse tax consequences.

To meet these tests, we may be required to take or forgo taking actions that we would otherwise consider advantageous. For instance, in order to satisfy the gross income or asset tests applicable to REITs under the Code, we may be required to forgo investments that we otherwise would make. Furthermore, we may be required to liquidate from our portfolio otherwise attractive investments. In addition, we may be required to make distributions to shareholders at disadvantageous times or when we do not have funds readily available for distribution. These actions could reduce our income and amounts available for distribution to our shareholders. Thus, compliance with the REIT requirements may hinder our investment performance.

***We may be subject to a 100% tax on income from "prohibited transactions," and this tax may limit our ability to sell assets or require us to restructure certain of our activities in order to avoid being subject to the tax.***

We will be subject to a 100% tax on any income from a prohibited transaction. "Prohibited transactions" generally include sales or other dispositions of property (other than property treated as foreclosure property under the Code) that is held as inventory or primarily for sale to customers in the ordinary course of a trade or business by a REIT, either directly or indirectly through certain pass-through subsidiaries. Although we do not intend to hold a significant amount of assets as inventory or primarily for sale to customers in the ordinary course of our business, the characterization of an asset sale as a prohibited transaction depends on the particular facts and circumstances.

The 100% tax will not apply to gains from the sale of inventory that is held through a TRS or other taxable corporation, although such income will be subject to tax in the hands of the corporation at regular corporate income tax rates.

***Our TRSs will be subject to federal income tax and will be required to pay a 100% penalty tax on certain income or deductions if our transactions with our TRSs are not conducted on arm's length terms.***

We may conduct certain activities (such as facilitating sales of tenant insurance, selling packing supplies and locks and renting trucks or other moving equipment) through one or more TRSs.

A TRS is a corporation other than a REIT in which a REIT directly or indirectly holds stock, and that has made a joint election with such REIT to be treated as a TRS. If a TRS owns more than 35% of the total voting power or value of the outstanding securities of another corporation, such other corporation will also be treated as a TRS. Other than some activities relating to lodging and health care properties, a TRS may generally engage in any business, including the provision of customary or non-customary services to tenants of its parent REIT. A TRS is subject to U.S. federal income tax as a regular C corporation.

No more than 25% of the value of a REIT's total assets may consist of stock or securities of one or more TRSs. This requirement limits the extent to which we can conduct our activities through TRSs. The values of some of our assets, including assets that we hold through TRSs, may not be subject to precise determination, and values are subject to change in the future. Furthermore, if a REIT lends money to a TRS, the TRS may be unable to deduct all or a portion of the interest paid to the REIT, which could increase the tax liability of the TRS. In addition, the Code imposes a 100% tax on certain transactions between a TRS and its parent REIT that are not conducted on an arm's length basis. We intend to structure transactions with any TRS on terms that we believe are arm's length to avoid incurring the 100% excise tax described above. There can be no assurances, however, that we will be able to avoid application of the 100% tax.

***If our operating partnership is treated as a corporation for U.S. federal income tax purposes, we will cease to qualify as a REIT.***

We believe our operating partnership qualifies as a partnership for U.S. federal income tax purposes. As a partnership for U.S. federal income tax purposes, our operating partnership will not be subject to U.S. federal income tax on its income. Instead, each of its partners, including us, will be required to pay tax on its allocable share of our operating partnership's income. No assurance can be provided, however, that the IRS will not challenge our operating partnership's status as a partnership for U.S. federal income tax purposes, or that a court would not sustain such a challenge. If the IRS were successful in treating our operating partnership as a corporation for U.S. federal income tax purposes, we would fail to meet the gross income tests and certain of the asset tests applicable to REITs. As a result, we would cease to qualify as a REIT and our operating partnership would become subject to U.S. federal, state and local income tax. The payment by our operating partnership of income tax would reduce significantly the amount of cash available to our operating partnership to satisfy obligations to make principal and interest payments on its debt and to make distribution to its partners, including us.

***Dividends payable by REITs do not qualify for the reduced tax rates on dividend income from regular corporations, which could adversely affect the value of our common shares.***

The maximum U.S. federal income tax rate for certain qualified dividends payable to U.S. shareholders that are individuals, trusts and estates is 20%. Dividends payable by REITs, however, are generally not eligible for the reduced rates and therefore may be subject to up to a 39.6% maximum U.S. federal income tax rate on ordinary income. Although the reduced U.S. federal income tax rate applicable to dividend income from regular corporate dividends does not adversely affect the taxation of REITs or dividends paid by REITs, the more favorable rates applicable to regular corporate dividends could cause investors who are individuals, trusts and estates to perceive investments in REITs to be relatively less attractive than investments in the stocks of non-REIT corporations that pay dividends, which could adversely affect the value of the shares of REITs, including our common shares.

***Complying with REIT requirements may limit our ability to hedge effectively and may cause us to incur tax liabilities.***

The REIT provisions of the Code may limit our ability to hedge our assets and operations. Under these provisions, any income that we generate from transactions intended to hedge our interest rate risk will be excluded from gross income for purposes of the REIT 75% and 95% gross income tests if the instrument hedges interest rate risk on liabilities used to carry or acquire real estate assets, and such instrument is properly identified under applicable Treasury regulations. Income from hedging transactions that do not meet these requirements will generally constitute non-qualifying income for purposes of both the REIT 75% and 95% gross income tests. See "U.S. Federal Income Tax Considerations—Requirements for Qualification—General—Gross Income Tests" and "U.S. Federal

Income Tax Considerations—Requirements for Qualification—General—Hedging Transactions." As a result of these rules, we may have to limit our use of hedging techniques that might otherwise be advantageous or implement those hedges through a TRS. This could increase the cost of our hedging activities because our TRS would be subject to tax on gains or expose us to greater risks associated with changes in interest rates than we would otherwise want to bear. In addition, losses in our TRS will generally not provide any tax benefit, except for being carried back or forward against past or future taxable income in the TRS.

***The ability of our board of trustees to revoke our REIT election without shareholder approval may cause adverse consequences to our shareholders.***

Our declaration of trust provides that the board of trustees may revoke or otherwise terminate our REIT election, without the approval of our shareholders, if the board determines that it is no longer in our best interest to attempt to, or continue to, qualify as a REIT. If we cease to qualify as a REIT, we would become subject to U.S. federal income tax on our net taxable income and we generally would no longer be required to distribute any of our net taxable income to our shareholders, which may have adverse consequences on our total return to our shareholders.

***Legislative or regulatory tax changes related to REITs could materially and adversely affect our business.***

At any time, the U.S. federal income tax laws or regulations governing REITs or the administrative interpretations of those laws or regulations may be changed, possibly with retroactive effect. We cannot predict if or when any new U.S. federal income tax law, regulation or administrative interpretation, or any amendment to any existing U.S. federal income tax law, regulation or administrative interpretation, will be adopted, promulgated or become effective or whether any such law, regulation or interpretation may take effect retroactively. We and our shareholders could be adversely affected by any such change in, or any new, U.S. federal income tax law, regulation or administrative interpretation.

***Your investment has various tax risks.***

Although provisions of the Code generally relevant to an investment in our common shares are described in "U.S. Federal Income Tax Considerations," you should consult your tax advisor concerning the effects of U.S. federal, state, local and foreign tax laws to you with regard to an investment in our common shares.

**Risks Related to Our Common Shares**

***If you purchase common shares in this offering, you will experience immediate and significant dilution in the net tangible book value per share.***

We expect the initial public offering price of our common shares to be substantially higher than the tangible book value per share of our outstanding common shares immediately after this offering. If you purchase our common shares in this offering, you will incur immediate dilution of approximately $ in the tangible book value per share of common shares from the price you pay for our common shares in this offering.

From time to time we also may issue common shares or securities convertible into or exchangeable for common shares, such as OP units or subordinated performance units, in connection with property, portfolio or business acquisitions. We may grant registration rights in connection with these issuances. Sales of substantial amounts of our common shares, or the perception that these sales could occur, may adversely affect the prevailing market price for our common shares or may adversely affect the terms upon which we may be able to obtain additional capital through the sale of equity securities.

***There is no public market for our common shares and a market may never develop, which could cause our common shares to trade at a discount and make it difficult for holders of our common shares to sell their shares.***

Our common shares are newly-issued securities for which there is no established trading market. We expect that our common shares will be approved for listing on the NYSE. However, there can be no assurance that an active trading market for our common shares will develop, or if one develops, be maintained. Accordingly, no assurance can be given as to the ability of our shareholders to sell their common shares or the price that our shareholders may obtain for their common shares.

Some of the factors that could negatively affect the market price of our common shares include:

- our actual or projected operating results, financial condition, cash flows and liquidity or changes in business strategy or prospects;
- our actual or projected revenues, operating expenses and occupancy levels relating to our existing self-storage properties;
- the ability of our tenants to meet their obligations and unanticipated expenditures;
- actual or perceived conflicts of interest with individuals, including our executives;
- our ability to arrange financing for acquisitions;
- equity issuances by us, or share resales by our shareholders, or the perception that such issuances or resales may occur;
- actual or anticipated accounting problems;
- publication of research reports about us or the self-storage industry;
- changes in market valuations of similar companies;
- adverse market reaction to any increased indebtedness we may incur in the future;
- additions to or departures of our key personnel;
- speculation in the press or investment community about us or the self-storage industry;
- our failure to meet, or the lowering of, our earnings estimates or those of any securities analysts;
- increases in market interest rates, which may lead investors to demand a higher distribution yield for our common shares, if we have begun to make distributions to our shareholders, and would result in increased interest expenses on our debt;
- changes in governmental policies, regulations or laws;
- failure to qualify, or maintain our qualification, as a REIT;
- price and volume fluctuations in the stock market generally; and
- general market and economic conditions, including the current state of the credit and capital markets.

Market factors unrelated to our performance could also negatively impact the market price of our common shares. One of the factors that investors may consider in deciding whether to buy or sell our common shares is our distribution rate as a percentage of our share price relative to market interest rates. If market interest rates increase, prospective investors may demand a higher distribution rate or seek alternative investments paying higher dividends or interest. As a result, interest rate fluctuations and conditions in capital markets can affect the market value of our common shares.

***Common shares and preferred shares eligible for future sale may have adverse effects on our share price.***

Subject to applicable law and the rules of any stock exchange on which our shares may be listed or traded, our board of trustees, without common shareholder approval, may authorize us to issue additional authorized and unissued common shares and preferred shares on the terms and for the consideration it deems appropriate and may amend our declaration of trust to increase the total number of shares, or the number of shares of any class or series, that we are authorized to issue. In addition, in connection with the formation transactions, our operating partnership issued or will issue a total of million OP units, which are redeemable for cash or, at our option exchangeable on a one-for-one basis into common shares after an agreed period of time and certain other conditions. In addition, the subordinated performance units that we issued as part of our formation transactions, are convertible into OP units. As disclosed under "Limited Partnership Agreement of our Operating Partnership—Conversion of Subordinated Performance Units into OP Units," subordinated performance units are only convertible into OP units beginning two years following the completion of this offering and then (i) at the holder's election only upon the achievement of certain performance thresholds relating to the properties to which such subordinated performance units relate or (ii) at our election upon a retirement event of a PRO that holds such subordinated performance units or upon certain qualifying terminations. However, we estimate, notwithstanding the two-year lock out period on conversions referred to above, that if such subordinated performance units were convertible into OP units as of December 31, 2014, each subordinated performance unit would on average convert into OP units at a ratio of to one, or into an aggregate of OP units. This estimate is based on dividing the average cash available for distribution, or CAD, per subordinated performance unit on a pro forma basis over the one-year period ended December 31, 2014 by 110% of the CAD per OP unit on a pro forma basis over the same period. We anticipate that as our CAD grows over time, the conversion ratio will also grow, including to levels that may exceed one-to-one. For example, we estimate that (assuming this offering prices at the mid-point of the initial public offering price range shown on the cover page of this prospectus, no further issuances of OP units or subordinated performance units and a conversion penalty of 110%) if our CAD to our OP unit holders and subordinated performance unit holders and shareholders were to grow at annual rate of 1.0%, 3.0% or 5.0% per annum above the 2014 level in each of the three following years, the conversion ratio would on average grow to to one, to one, or to one, respectively, as of December 31, 2017. These estimates are provided for illustrative purposes only. The actual number of OP units into which such subordinated performance units will become convertible after the completion of this offering may vary significantly from these estimates and will depend upon the applicable conversion penalty and the actual CAD to the OP units and the actual CAD to the converted subordinated performance units in the one-year period ending prior to conversion. See "Limited Partnership Agreement of our Operating Partnership—Conversion of Subordinated Performance Units into OP Units." We have granted registration rights to those persons who will be eligible to receive common shares issuable upon exchange of OP units issued in our formation transactions.

The registration rights agreement requires that as soon as practicable after the date on which we first become eligible to register the resale of securities of our company pursuant to Form S-3 under the Securities Act, but in no event later than 60 calendar days thereafter, we file a shelf registration statement registering the offer and resale of the common shares issuable upon exchange of OP units (or securities convertible into or exchangeable for OP units) issued in our formation transactions on a delayed or continuous basis. We have the right to include common shares to be sold for our own account or other holders in the shelf registration statement. We are required to use all commercially reasonable efforts to cause the shelf registration statement to be declared effective by the SEC as promptly as reasonably practicable after the filing thereof, and to keep such shelf registration statement continuously effective for a period ending when all common shares covered by the shelf registration statement are no longer Registrable Shares, as defined in the shelf registration statement.

We intend to bear the expenses incident to these registration requirements except that we will not bear the costs of (i) any underwriting fees, discounts or commissions, (ii) out-of-pocket expenses of the persons exercising the registration rights or (iii) transfer taxes.

We cannot predict the effect, if any, of future sales of our common shares or the availability of shares for future sales, on the market price of our common shares. The market price of our common shares may decline significantly when the restrictions on resale by certain of our shareholders lapse. Sales of substantial amounts of common shares or the perception that such sales could occur may adversely affect the prevailing market price for our common shares.

***We cannot assure our ability to pay dividends in the future.***

Historically, we have paid quarterly distributions to the limited partners of our operating partnership, and we intend to continue to pay quarterly dividends and to make distributions to our shareholders in amounts such that all or substantially all of our net taxable income in each year is distributed. This, along with other factors, should enable us to continue to qualify for the tax benefits accorded to a REIT under the Code. We have not established a minimum dividends payment level, and all future distributions will be made at the discretion of our board of trustees. Our ability to pay dividends will depend upon, among other factors:

- the operational and financial performance of our properties;
- capital expenditures with respect to existing and newly acquired properties;
- general and administrative expenses associated with our operation as a publicly-held REIT;
- maintenance of our REIT qualification;
- the amount of, and the interest rates on, our debt and the ability to refinance our debt;
- the absence of significant expenditures relating to environmental and other regulatory matters; and
- other risk factors described in this prospectus.

Certain of these matters are beyond our control and any significant difference between our expectations and actual results could have a material adverse effect on our cash flow and our ability to make distributions to shareholders.

***Future offerings of debt or equity securities, which may rank senior to our common shares, may adversely affect the market price of our common shares.***

If we decide to issue debt securities in the future, which would rank senior to our common shares, it is likely that they will be governed by an indenture or other instrument containing covenants restricting our operating flexibility. Additionally, any equity securities or convertible or exchangeable securities that we issue in the future may have rights, preferences and privileges more favorable than those of our common shares and may result in dilution to owners of our common shares. We and, indirectly, our shareholders will bear the cost of issuing and servicing such securities. Because our decision to issue debt or equity securities in any future offering will depend on market conditions and other factors beyond our control, we cannot predict or estimate the amount, timing or nature of our future offerings. Thus, holders of our common shares will bear the risk of our future offerings reducing the market price of our common shares and diluting the value of their share holdings in us.

## FORWARD-LOOKING STATEMENTS

We make forward-looking statements in this prospectus that are subject to risks and uncertainties. These forward-looking statements include information about possible or assumed future results of our business, financial condition, liquidity, results of operations, plans and objectives. When we use the words "believe," "expect," "anticipate," "estimate," "plan," "continue," "intend," "should," "may" or similar expressions, we intend to identify forward-looking statements.

The forward-looking statements contained in this prospectus reflect our current views about future events and are subject to numerous known and unknown risks, uncertainties, assumptions and changes in circumstances that may cause our actual results to differ significantly from those expressed in any forward-looking statement.

Statements regarding the following subjects, among others, may be forward-looking:

- the use of the net proceeds of this offering;
- market trends in our industry, interest rates, the debt and lending markets or the general economy;
- our business and investment strategy;
- the acquisition of properties, including the timing of acquisitions;
- our relationships with, and our ability to attract additional, PROs;
- our ability to effectively align the interests of our PROs with us and our shareholders;
- the integration of our PROs and their contributed portfolios into our company, including into our financial and operational reporting infrastructure and internal control framework;
- our operating performance and projected operating results, including our ability to achieve market rents and occupancy levels, reduce operating expenditures and increase the sale of ancillary products and services;
- the operating performance and projected operating results of any other company in our industry;
- our ability to access additional off-market acquisitions;
- actions and initiatives of the U.S. federal, state and local government and changes to U.S. federal, state and local government policies and the execution and impact of these actions, initiatives and policies;
- the state of the U.S. economy generally or in specific geographic regions, states or municipalities;
- economic trends and economic recoveries;
- our ability to obtain and maintain financing arrangements on favorable terms;
- general volatility of the securities markets in which we participate;
- changes in the value of our assets;
- projected capital expenditures;
- the impact of technology on our products, operations, and business;
- the implementation of our technology and best practices programs (including our ability to effectively implement our integrated Internet marketing strategy);

- changes in interest rates and the degree to which our hedging strategies may or may not protect us from interest rate volatility;
- impact of and changes in governmental regulations, tax law and rates, accounting guidance and similar matters;
- our ability to qualify, and maintain our qualification, as a REIT for U.S. federal income tax purposes;
- availability of qualified personnel;
- estimates relating to our ability to make distributions to our shareholders in the future; and
- our understanding of our competition.

The forward-looking statements are based on our beliefs, assumptions and expectations of our future performance, taking into account all information currently available to us. Forward-looking statements are not predictions of future events. These beliefs, assumptions and expectations can change as a result of many possible events or factors, not all of which are known to us. Some of these factors are described in this prospectus under the headings "Prospectus Summary," "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Business." If a change occurs, our business, financial condition, liquidity and results of operations may vary materially from those expressed in our forward-looking statements. Any forward-looking statement speaks only as of the date on which it is made. New risks and uncertainties arise over time, and it is not possible for us to predict those events or how they may affect us. Except as required by law, we are not obligated to, and do not intend to, update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

## USE OF PROCEEDS

We estimate that we will receive net proceeds from this offering of approximately $ million, or approximately $ million if the underwriters' option to purchase additional shares is exercised in full, assuming an initial public offering price of $ per share, which is the mid-point of the initial public offering price range shown on the cover page of this prospectus, and, after deducting the underwriting discount, and estimated expenses of this offering. We intend to contribute the net proceeds of this offering to our operating partnership, which we expect will subsequently use the net proceeds as follows:

- approximately $41.9 million to acquire 21 self-storage properties within our in-place portfolio;
- approximately $134.0 million to repay in full our US Bank senior term loans, our unsecured term loan, and our mezzanine loan (including prepayment penalties); and
- approximately $ million to pay down our revolving line of credit.

The net proceeds remaining after the uses described above will be used for general corporate and working capital purposes.

If the public offering price is below the mid-point of the initial public offering price range shown on the cover page of this prospectus, or if we sell fewer shares than are set forth on the cover page of this prospectus, repayment of our existing revolving line of credit will be correspondingly reduced.

As of December 31, 2014, the two US Bank senior term loans we intend to repay with the net proceeds from this offering had outstanding balances of $52 million and $6.5 million, respectively, bearing interest at one-month LIBOR plus margins of 2.10% and 2.25%, respectively (effective rates of 2.26% and 2.41% per annum, respectively, as of December 31, 2014), and were scheduled to mature in June 2015 and October 2015, respectively. As of December 31, 2014, the unsecured term loan we intend to repay had an outstanding balance of $50 million, bearing interest at one-month LIBOR plus a margin of 5.00% (an effective rate of 5.16% per annum, as of December 31, 2014) and was scheduled to mature in October 2015, following an extension option we exercised in early 2015. The proceeds from the unsecured term loan were used to fund acquisitions. As of December 31, 2014, the mezzanine loan we intend to repay had an outstanding balance of $25 million, bearing interest at 9.65% per annum and was scheduled to mature in June 2015.

As of December 31, 2014, our credit facility consisted of a term loan with an outstanding balance of $144.6 million and a revolving line of credit with an outstanding balance of $166.2 million. The term loan bears interest at one-month LIBOR plus 2.40% (an effective rate of 2.56% per annum as of December 31, 2014) and the revolving line of credit bears interest at one-month LIBOR plus 2.50% (an effective rate of 2.66% per annum as of December 31, 2014). The term loan matures in March 2018 and the revolving line of credit matures in March 2017. On July 21, 2014, our credit facility was amended to provide for total borrowings of $144.6 million under the term loan and $280.4 million under the revolving line of credit for a total credit facility of $425 million. Upon the completion of this offering and the formation transactions, this credit facility, which was secured, will become an unsecured credit facility. We expect to have the entire term loan amount outstanding and $ million drawn on our credit facility upon the completion of this offering and the formation transactions. For further description of our indebtedness, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Indebtedness Outstanding Upon the Completion of this Offering and the Formation Transactions."

Until appropriate investments can be identified, we may invest the net proceeds from this offering in interest-bearing short-term investments, including money market accounts and/or U.S. treasury securities which are consistent with our intention to qualify as a REIT. These investments are expected to provide a lower net return than we will seek to achieve from our self-storage properties. We currently expect to use substantially all of the net proceeds from this offering within six months from the completion of this offering and the formation transactions.

## DISTRIBUTION POLICY

U.S. federal income tax law generally requires that a REIT distribute annually at least 90% of its REIT taxable income, without regard to the deduction for dividends paid and excluding net capital gains, and that it pay tax at regular corporate rates to the extent that it annually distributes less than 100% of its taxable income. We currently do not intend to use the proceeds of this offering to make distributions to our shareholders.

To date, we have declared and paid the following six distributions with respect to our OP units:

| Period | Record Date | Pay Date | Amount per OP unit |
|---|---|---|---|
| April 1, 2013—December 31, 2013 | Varies(1) | Varies(1) | $ 0.578 |
| Q1 2014 | 3/31/14 | 4/30/14 | $ 0.180 |
| Q2 2014 | 6/30/14 | 7/31/14 | $ 0.190 |
| Q3 2014 | 9/30/14 | 10/31/14 | $ 0.190 |
| Q4 2014 | 12/31/14 | 1/31/15 | $ 0.190 |

(1) The distribution of $0.578 in respect of the period from April 1, 2013 to December 31, 2013 consisted of: (i) a $0.140 distribution paid on July 26, 2013 to OP unit holders of record on May 31, 2013, (ii) a $0.250 distribution paid on October 31, 2013 to OP unit holders of record on September 30, 2013 and (iii) a $0.188 distribution paid on January 31, 2014 to OP unit holders of record on December 31, 2013.

Subject to the terms of our operating partnership's partnership agreement, our OP units are redeemable for cash or, at our election, common shares. See "Limited Partnership Agreement of our Operating Partnership—Redemption of OP Units."

To the extent that in respect of any calendar year, cash available for distribution is less than our taxable income, we could be required to sell assets or borrow funds to make cash distributions or make a portion of the required distribution in the form of a taxable share distribution or distribution of debt securities. We currently do not intend to use the proceeds of this offering to make distributions to our shareholders. We will generally not be required to make distributions with respect to activities conducted through our TRSs. For more information, see "U.S. Federal Income Tax Considerations—Taxation of Our Company."

To satisfy the requirements to qualify as a REIT and generally not be subject to U.S. federal income and excise tax, we intend to make regular quarterly distributions of all or substantially all of our taxable income to holders of our common shares out of assets legally available therefor. Any distributions we make will be at the discretion of our board of trustees and will depend upon our earnings and financial condition, any debt covenants, funding or margin requirements under secured debt agreements or other borrowings, maintenance of our REIT qualification, applicable provisions of Maryland law and such other factors as our board of trustees deems relevant. Our earnings and financial condition will be affected by various factors, including the revenue generated by our properties, our operating expenses and any other expenditures. For more information regarding risk factors that could materially and adversely affect our earnings and financial condition, see "Risk Factors."

If we pay a taxable share distribution, our shareholders would be sent a form that would allow each shareholder to elect to receive its proportionate share of such distribution in all cash or in all shares, and the distribution will be made in accordance with such elections, provided that if our shareholders' elections, in the aggregate, would result in the payment of cash in excess of the maximum amount of cash to be distributed, then cash payments to shareholders who elected to receive cash will be prorated, and the excess of each such shareholder's entitlement in the distribution, less such prorated cash payment, would be paid to such shareholder in common shares.

We anticipate that our distributions generally will be taxable as ordinary income to our shareholders, although a portion of the distributions may be designated by us as qualified dividend income or capital gain or may constitute a return of capital. In addition, a portion of such distributions may be taxable share dividends payable in our shares. We intend to furnish annually to each of our shareholders a statement setting forth distributions paid during the preceding year and their characterization as ordinary income, return of capital, qualified dividend income or capital gain. For more information, see "U.S. Federal Income Tax Considerations—Taxation of Shareholders—Taxation of Taxable U.S. Shareholders."

## CAPITALIZATION

The following table presents our capitalization as of December 31, 2014 on a (1) historical basis for our company, (2) pro forma basis taking into account the formation transactions, but before this offering, and (3) pro forma as adjusted basis taking into account the formation transactions and this offering (assuming an offering price at the mid-point of the initial public offering price range shown on the cover page of this prospectus). The pro forma adjustments give effect to this offering and the formation transactions as if each had occurred on December 31, 2014 and the application of the net proceeds as described in "Use of Proceeds." You should read this table in conjunction with "Use of Proceeds," "Selected Pro Forma and Historical Financial and Operating Data," "Management's Discussion and Analysis of Financial Condition and Results of Operations," and the more detailed information contained in the consolidated financial statements and notes thereto included elsewhere in this prospectus (dollars in thousands, except share data).

| | As of December 31, 2014 | | |
|---|---|---|---|
| | Historical (audited) | Pro Forma (unaudited) | Pro Forma As Adjusted (unaudited) |
| Cash and cash equivalents | $ 9,009 | | |
| Debt financing | | | |
| Fixed-rate mortgages | $ 153,416 | | |
| Variable-rate mortgages | 83,500 | | |
| Variable-rate unsecured term loan | 50,000 | | |
| Variable-rate credit facilities | 310,775 | | |
| Total mortgages and notes payable | 597,691 | | |
| Shareholders' equity | | | |
| Preferred shares of beneficial interest, $0.01 par value per share, no shares authorized, no shares issued and outstanding on a historical basis and pro forma basis; 50,000,000 shares authorized, no shares issued and outstanding on a pro forma as adjusted basis | — | | |
| Common shares of beneficial interest, $0.01 par value per share, 1,000 shares authorized, 1,000 shares issued and outstanding on a historical basis and pro forma basis; 250,000,000 shares authorized, shares issued and outstanding on a pro forma as adjusted basis[1] | — | | |
| Additional paid in capital | — | | |
| Retained earnings | — | | |
| Accumulated other comprehensive income (loss) | — | | |
| Noncontrolling interests[2] | 214,104 | | |
| Total shareholders' equity | 214,104 | | |
| Total capitalization | $ 811,795 | | |

(1) Our outstanding common shares exclude (i) up to common shares that we may issue and sell upon the exercise of the underwriter's option to purchase additional shares, (ii) common shares available for future issuance under our 2015 Equity Incentive Plan, as described under "Our Management—2015 Equity Incentive Plan", (iii) common shares issuable upon exchange of OP units (including 2.7 million OP units issuable upon conversion of 2.7 million outstanding LTIP units, 522,900 of which vest only upon the future contribution of properties by PROs) and (iv) any OP units issuable upon conversion of outstanding subordinated performance units. For a description of terms related to the conversion of subordinated performance units into OP units, including the application of the

conversion penalty, see "Limited Partnership Agreement of our Operating Partnership—Conversion of Subordinated Performance Units into OP Units."

(2) While we control our operating partnership, we will not have an ownership interest or share in our operating partnership's profits and losses until the completion of this offering and the formation transactions. As a result, all of our operating partnership's profits and losses for the historical periods presented were allocated to owners other than us. As of December 31, 2014, (A) on a historical basis, we had outstanding 20.1 million OP units, 11.5 million subordinated performance units, and 2.7 million LTIP units (of which 1.7 million LTIP units were vested as of December 31, 2014), (B) on a pro forma basis, we had outstanding million OP units, million subordinated performance units, and 2.7 million LTIP units (of which 1.7 million LTIP units were vested as of December 31, 2014), and (C) on a pro forma as adjusted basis, we had outstanding million OP units (of which we will hold million), million subordinated performance units, and 2.7 million LTIP units (of which 1.7 million LTIP units were vested as of December 31, 2014). For a description of the conversion of subordinated performance units into OP units, see "The Limited Partnership Agreement of our Operating Partnership—Conversion of Subordinated Performance Units into OP Units."

## DILUTION

Purchasers of our common shares will experience an immediate and significant dilution of the net tangible book value of our common shares from the initial public offering price. On a pro forma basis at December 31, 2014, after giving effect to the formation transactions, but before giving effect to the offering, the net tangible book value of our company was $ million or $ per share, assuming the exchange of OP units into common shares on a one-for-one basis but excluding the conversion of subordinated performance units into OP units on an as-converted basis applying a specified conversion penalty on the terms described herein under "Limited Partnership Agreement of our Operating Partnership—Conversion of Subordinated Performance Units into OP Units." After giving effect to the sale of common shares in the offering, the receipt by us of the net proceeds from the offering, the deduction of underwriting discounts and estimated offering expenses payable by us, the pro forma net tangible book value of our company at December 31, 2014 would have been $ million or $ per share or an increase in pro forma net tangible book value attributable to the sale of common shares to new investors of $ million or $ per share. This amount represents an immediate dilution in pro forma net tangible book value of $ per share from the assumed initial public offering price of $ per share, which is the mid-point of the initial public offering price range shown on the cover page of this prospectus of common shares to new public shareholders. The following table illustrates this per share dilution:

| | |
|---|---|
| Initial public offering price per share | |
| Pro forma net tangible book value per share of our company as of December 31, 2014, after giving effect to the formation transactions, but before this offering[1] | |
| Increase in pro forma net tangible book value per share attributable to the offering[2] | |
| Pro forma net tangible book value per share after giving effect to this offering and the formation transactions[3] | |
| Dilution in pro forma net tangible book value per share to new investors[4] | |

(1) Determined by dividing the pro forma net tangible book value after giving effect to the formation transactions, but before this offering, by the number of .

(2) Determined by dividing the difference between (a) the pro forma net tangible book value after giving effect to the formation transactions, but before the offering, and (b) the pro forma net tangible book value after giving effect to the formation transactions and the offering, by .

(3) Determined by dividing pro forma net tangible book value of approximately $ by common shares, which amount excludes (i) up to common shares that we may issue and sell upon the exercise of the underwriters' option to purchase additional shares, (ii) common shares available for future issuance under our 2015 Equity Incentive Plan as described under "Our Management—2015 Equity Incentive Plan", (iii) 2.7 million OP units issuable upon conversion of 2.7 million outstanding LTIP units and (iv) any OP units issuable upon conversion of outstanding subordinated performance units. For a description of terms related to the conversion of subordinated performance units into OP units, including the application of the conversion penalty, see "Limited Partnership Agreement of our Operating Partnership—Conversion of Subordinated Performance Units into OP Units."

(4) Determined by subtracting pro forma net tangible book value per share of common shares after giving effect to this offering and the formation transactions from the assumed initial public offering price paid by a new investor for a common share.

### Differences Between New Investors and Partners of Our Operating Partnership in Number of Shares / OP Units and Amount Paid

The table below summarizes, as of December 31, 2014, on a pro forma basis after giving effect to this offering and the formation transactions, the differences between (A) the number of common shares, and OP units issued by us, the total consideration paid and the average price per share/OP unit

paid in connection with the formation transactions and (B) cash paid by the new investors purchasing shares in this offering.

| | Shares/OP Units Issued Assuming No Exercise of Underwriters' Option to Purchase Additional Shares | | Net Tangible/Book Value of Contribution/Cash | | Average Price per Share/OP Unit |
|---|---|---|---|---|---|
| | Number | Percentage | Amount | Percentage | |
| OP units issued in connection with the formation transactions | | | | | |
| New investors[1] | | | | | |
| Total | | | | | |

(1) We used a price of $ per share, which is the mid-point of the price range on the cover of this prospectus, and we have not deducted estimated underwriting discount and estimated offering expenses in our calculations.

This table excludes (i) up to common shares that we may issue and sell upon the exercise of the underwriters' option to purchase additional shares, (ii) common shares available for future issuance under our 2015 Equity Incentive Plan, as described under "Our Management—2015 Equity Incentive Plan, (iii) 2.7 million OP units issuable upon conversion of 2.7 million outstanding LTIP units in our operating partnership, (iv) any OP units issuable upon conversion of outstanding subordinated performance units, and (v) OP units held by us. The table above does not give effect to the conversion of subordinated performance units into OP units. For a description of terms related to the conversion of subordinated performance units into OP units, including the application of the conversion penalty, see "Limited Partnership Agreement of our Operating Partnership—Conversion of Subordinated Performance Units into OP Units."

## SELECTED PRO FORMA AND HISTORICAL FINANCIAL AND OPERATING DATA

The following table sets forth our selected pro forma and historical financial and operating data as of and for the periods indicated. You should read the information below in conjunction with the unaudited pro forma condensed and consolidated financial statements and the consolidated and combined financial statements and related notes included elsewhere in this prospectus, and the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations."

In order to present certain of our selected pro forma and historical financial and operating data in a way that offers investors a period to period comparison, the historical results of operations, cash flows, and certain other information for the year ended December 31, 2013 are presented on a basis that combines the results of operations, cash flows, and certain other information of National Storage Affiliates Trust and its consolidated subsidiaries for the nine months ended December 31, 2013 with those of our predecessor for the three months ended March 31, 2013. The stand-alone historical financial data used to derive the combined amounts are presented in respective tables under the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations." The combination of our historical financial data with the historical financial data of our predecessor does not comply with U.S. GAAP and is not intended to represent what our consolidated results of operations and cash flows would have been if our company had commenced operations as of January 1, 2013. We have not included or excluded revenues or expenses that would have resulted if we had commenced operations on January 1, 2013.

The historical statements of operations and cash flows data for the year ended December 31, 2014 has been derived from the historical audited consolidated statement of operations and statement of cash flows of our company for such period, in each case included elsewhere in this prospectus. The historical statements of operations and cash flows data for the year ended December 31, 2013 is presented on a combined basis and is derived by combining the historical audited consolidated statement of operations and statement of cash flows of our company for the nine months ended December 31, 2013 with the historical audited consolidated and combined statement of operations and statement of cash flows of our predecessor for the three months ended March 31, 2013, in each case included elsewhere in this prospectus. The historical statements of operations and cash flows data for the year ended December 31, 2012 has been derived from the historical audited consolidated and combined statement of operations and statement of cash flows of our predecessor included elsewhere in this prospectus. The consolidated balance sheet data (i) as of December 31, 2014 and 2013 has been derived from the historical audited consolidated balance sheets of our company as of such dates, and (ii) as of December 31, 2012 has been derived from the historical audited consolidated and combined balance sheet of our predecessor as of such date, in each case included elsewhere in this prospectus. Our financial statements have been prepared in accordance with GAAP. Dollars in the table below are in thousands, except per share amounts.

| | Pro Forma Year Ended December 31, 2014 | Historical Year Ended December 31, NSA 2014 | Historical Year Ended December 31, Combined[1] 2013 | Historical Year Ended December 31, Predecessor 2012 |
|---|---|---|---|---|
| **Revenue** | | | | |
| Rental revenue | $ 117,147 | $ 74,837 | $ 39,235 | $ 28,671 |
| Other property-related revenue[2] | 3,938 | 2,133 | 929 | 608 |
| Total revenue | 121,085 | 76,970 | 40,164 | 29,279 |
| **Operating Expenses** | | | | |
| Property operating expenses | 43,111 | 27,913 | 14,812 | 11,728 |
| General and administrative | 12,454 | 8,189 | 4,660 | 1,889 |
| Depreciation and amortization | 47,090 | 23,785 | 9,375 | 3,826 |
| Total operating expenses | 102,655 | 59,887 | 28,847 | 17,443 |
| Income from operations | 18,430 | 17,083 | 11,317 | 11,836 |
| **Other Income (Expense)** | | | | |
| Interest expense | | (24,053) | (19,605) | (17,054) |
| Acquisition costs | — | (9,558) | (3,383) | — |
| Organizational and offering costs | — | (1,320) | (50) | — |
| Gains on | | | | |
| Sale of self-storage properties | — | 1,427 | — | 218 |
| Debt forgiveness | — | — | — | 1,509 |
| Non-operating income (expense), net | 64 | 64 | (13) | 39 |
| **Net income (loss)** | | **(16,357)** | **(11,734)** | **(3,452)** |
| **Net loss attributable to noncontrolling interests[3]** | | **16,357** | **10,481** | — |
| **Net income (loss) attributable to the Company and our predecessor** | **$** | **$ —** | **$ (1,253)** | **$ (3,452)** |
| **Earnings (loss) per share (basic and diluted)[4]** | | **$ —** | **$ —** | |
| **Weighted average shares outstanding (basic and diluted)[5]** | | **1,000** | **753** | |
| **Non-GAAP Financial Measures[5]** | | | | |
| NOI | $ | $ 49,057 | $ 25,352 | $ 17,551 |
| Adjusted EBITDA | $ | $ 42,400 | $ 21,783 | $ 15,701 |
| Core FFO attributable to common shareholders and OP unitholders | $ | $ 10,414 | $ (490) | $ (1,353) |
| **Cash Flow Data** | | | | |
| Cash provided by operating activities | | $ 16,423 | $ 7,134 | $ 4,926 |
| Cash provided by (used in) investing activities | | $ (231,999) | $ (102,326) | $ 2,818 |
| Cash provided by (used in) financing activities | | $ 213,389 | $ 107,147 | $ (8,730) |
| **Balance Sheet Data (at end of period)** | | | | |
| Self-storage properties, net | $ 930,847 | $ 799,327 | $ 346,319 | $ 172,304 |
| Cash and equivalents | $ 9,009 | $ 9,009 | $ 11,196 | $ 2,769 |
| Debt financing | $ | $ 597,691 | $ 298,748 | $ 187,610 |
| Equity (deficit) | | | | |
| NSA / Predecessor | $ | $ — | $ — | $ (12,151) |
| Noncontrolling interests[3] | | 214,104 | 55,197 | — |
| Total | $ | $ 214,104 | $ 55,197 | $ (12,151) |
| **Other Data (at end of period)** | | | | |
| Number of properties[6] | 246 | 219 | 137 | 88 |
| Rentable square feet (in thousands)[7] | 13,727 | 12,067 | 6,626 | 3,976 |
| Occupancy percentage[8] | 85% | 85% | 83% | 80% |

(1) Combined in the table above for the year ended December 31, 2013 are our predecessor's historical results for the three months ended March 31, 2013 and our company's historical results for the nine months ended December 31, 2013. For a discussion of our predecessor's and our company's historical results for these periods, see "Management's Discussion and Analysis of Financial Condition and Results of Operations."

(2) Other property-related revenue represents ancillary income from our self-storage properties, such as tenant insurance-related access fees and commissions and storage supplies.

(3) While we control our operating partnership, we will not have an ownership interest or share in our operating partnership's profits and losses prior to the completion of this offering. As a result, all of our operating partnership's profits and losses for the periods presented were allocated to owners other than us. Upon the completion of this offering and the formation transactions, we will hold million OP units out of an aggregate of OP units outstanding. In addition, there will be million subordinated performance units and 2.7 million LTIP units outstanding, none of which will be held by us.

(4) Earnings per share for the year ended December 31, 2013 has been computed by excluding our predecessor's net loss for the three months ended March 31, 2013. In addition, the weighted average shares outstanding has been computed for the period beginning on April 1, 2013, the date our company commenced its operations.

(5) The reconciliations of our Non-GAAP Financial Measures are set forth below.

The following table presents a reconciliation of net income (loss) to NOI for the periods presented (dollars in thousands):

| | | Historical | | |
|---|---|---|---|---|
| | | Year Ended December 31, | | |
| | Pro Forma Year Ended December 31, 2014 | NSA | Combined[a] | Predecessor |
| | 2014 | 2014 | 2013 | 2012 |
| Net income (loss) | $ | $ (16,357) | $ (11,734) | $ (3,452) |
| Add (subtract) | | | | |
| General and administrative expense | 12,454 | 8,189 | 4,660 | 1,889 |
| Depreciation and amortization | 47,090 | 23,785 | 9,375 | 3,826 |
| Interest expense | | 24,053 | 19,605 | 17,054 |
| Acquisition costs | — | 9,558 | 3,383 | — |
| Organizational and offering costs | — | 1,320 | 50 | — |
| Gain on sale of self-storage properties | — | (1,427) | — | (218) |
| Gain on debt forgiveness | — | — | — | (1,509) |
| Non-operating expense (income), net | (64) | (64) | 13 | (39) |
| **Net Operating Income** | **$** | **$ 49,057** | **$ 25,352** | **$ 17,551** |

(a) Our NOI for the year ended December 31, 2013 reflects the NOI of NSA and our predecessor for the nine months ended December 31, 2013 and the three months ended March 31, 2013, respectively, which are presented on a combined basis for this period. For additional information regarding net income (loss) and the items used in calculating NOI for NSA and our predecessor on a stand-alone basis for these periods, see "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the financial statements and related notes included elsewhere in this prospectus.

The following table presents a reconciliation of net income (loss) to earnings before interest, taxes, depreciation and amortization, or EBITDA, and Adjusted EBITDA for the periods presented (dollars in thousands):

| | | Historical | | |
|---|---|---|---|---|
| | | Year Ended December 31, | | |
| | Pro Forma Year Ended December 31, 2014 | NSA 2014 | Combined[a] 2013 | Predecessor 2012 |
| Net income (loss) | $ | $(16,357) | $ (11,734) | $ (3,452) |
| Add | | | | |
| Depreciation and amortization | 47,090 | 23,785 | 9,375 | 3,826 |
| Interest expense | | 24,053 | 19,605 | 17,054 |
| **EBITDA** | | **31,481** | **17,246** | **17,428** |
| Add (subtract) | | | | |
| Acquisition costs | — | 9,558 | 3,383 | — |
| Organizational and offering costs | — | 1,320 | 50 | — |
| Gain on sale of self-storage properties | — | (1,427) | — | (218) |
| Gain on debt forgiveness | — | — | — | (1,509) |
| Equity-based compensation expense[b] | 1,468 | 1,468 | 1,104 | — |
| **Adjusted EBITDA** | **$** | **$ 42,400** | **$ 21,783** | **$ 15,701** |

(a) Our EBITDA and Adjusted EBITDA for the year ended December 31, 2013 reflect the EBITDA and Adjusted EBITDA of NSA and our predecessor for the nine months ended December 31, 2013 and the three months ended March 31, 2013, respectively, which are presented on a combined basis for this period. For additional information regarding net income (loss) and the items used in calculating EBITDA and Adjusted EBITDA for NSA and our predecessor on a stand-alone basis for these periods, see "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the financial statements and related notes included elsewhere in this prospectus.

(b) Equity-based compensation expense is a non-cash compensation item that is included in our general and administrative expenses in our historical and pro forma statements of operations.

The following table presents a reconciliation of net income (loss) to funds from operations, or FFO, and Core FFO for the periods presented (dollars in thousands):

| | Pro Forma Year Ended December 31, 2014 | Historical Year Ended December 31, NSA 2014 | Combined[a] 2013 | Predecessor 2012 |
|---|---|---|---|---|
| Net income (loss) | $ | $(16,357) | $ (11,734) | $ (3,452) |
| Add (subtract): | | | | |
| Real estate depreciation and amortization[b] | 46,910 | 23,605 | 9,375 | 3,826 |
| Gain on sale of self-storage properties | — | (1,427) | — | (218) |
| Distributions on subordinated performance units[c] | | (7,305) | (1,564) | — |
| **FFO attributable to common shareholders and OP unitholders** | | **(1,484)** | **(3,923)** | **156** |
| Add (subtract) | | | | |
| Acquisition costs | — | 9,558 | 3,383 | — |
| Organizational and offering costs | — | 1,320 | 50 | — |
| Gain on debt forgiveness | — | — | — | (1,509) |
| Loss on early extinguishment of debt[d] | — | 1,020 | — | — |
| **Core FFO attributable to common shareholders and OP unitholders** | **$** | **$ 10,414** | **$ (490)** | **$ (1,353)** |

(a) Our FFO and Core FFO for the year ended December 31, 2013 reflect the FFO and Core FFO of NSA and our predecessor for the nine months ended December 31, 2013 and the three months ended March 31, 2013, respectively, which are presented on a combined basis for this period. For additional information regarding net income (loss) and the items used in calculating FFO and Core FFO for NSA and our predecessor on a stand-alone basis for these periods, see "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the financial statements and related notes included elsewhere in this prospectus.

(b) Excludes depreciation expense related to furniture and equipment.

(c) Distributions on subordinated performance units represent our allocation of FFO to noncontrolling interests held by subordinated performance unitholders in order to calculate FFO attributable to common shareholders and OP unitholders. For the pro forma period, we have assumed payment of the maximum allowable percentage, as permitted by our debt agreements, of cash available for distribution allocable to the subordinated performance unitholders.

(d) Loss on early extinguishment of debt relates to prepayment penalties and the write off of unamortized debt issuance costs associated with the payoff of debt. Such amounts are included in interest expense in our historical statements of operations.

(6) Of the 246 self-storage properties in our in-place portfolio, there are 219 that we acquired as of December 31, 2014, six that we acquired between January 1, 2015 and the date of this prospectus, 16 that we expect to acquire prior to or concurrently with the completion of this offering, and five that we expect to acquire upon the receipt of lender consents, which may occur prior to, concurrently with, or following the completion of this offering. Of the 21 properties that we expect to acquire, 17 are in SecurCare's contributed portfolio, one is in Move It's contributed portfolio, and three are in Storage Solution's contributed portfolio. For more information about our properties in each period, see "Management's Discussion and Analysis of Financial Condition and Results of Operations."

(7) Rentable square feet includes all enclosed self-storage units but excludes commercial, residential, and covered parking space.

(8) Represents total occupied rentable square feet divided by total rentable square feet as of the end of the period.

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

*You should read the following discussion and analysis of our financial condition and results of operations in conjunction with "Selected Pro Forma and Historical Financial and Operating Data," "Business and Properties" and the historical and pro forma financial statements and related notes included elsewhere in this prospectus.*

*The historical financial statements included in this prospectus reflect the financial position, results of operations and cash flows of National Storage Affiliates Trust and its consolidated subsidiaries as of and for the year ended December 31, 2014, and as of and for the nine months ended December 31, 2013, and of our predecessor for the three months ended March 31, 2013 and for the year ended December 31, 2012. The consolidated and combined financial statements are presented in this manner because our operating partnership commenced its substantive operations on April 1, 2013. In order to present this discussion and analysis in a way that offers investors a period to period comparison, the historical results of operations, cash flows, and certain other information for the year ended December 31, 2013 are presented and discussed on a basis that combines the results of operations, cash flows, and certain other information of National Storage Affiliates Trust and its consolidated subsidiaries for the nine months ended December 31, 2013 with those of our predecessor for the three months ended March 31, 2013. The stand-alone historical financial data used to derive the combined amounts are presented in respective tables under "—Results of Operations" set forth below. As a result, any reference to "NSA," "our," "we," and "us" in this discussion and analysis and in "Summary Pro Forma and Historical Financial and Operating Data" and "Selected Pro Forma and Historical Financial and Operating Data" refers to National Storage Affiliates Trust and its consolidated subsidiaries as of and for the year ended December 31, 2014, and as of and for the nine months ended December 31, 2013, and any reference to our predecessor refers to our predecessor for the three months ended March 31, 2013 and as of and for the year ended December 31, 2012. The combination of our historical financial information with the historical financial information of our predecessor does not comply with U.S. GAAP and is not intended to represent what our consolidated results of operations and cash flows would have been if we had commenced operations as of January 1, 2013. We have not included or excluded revenues or expenses that would have resulted if we had commenced operations on January 1, 2013.*

*Where appropriate, the following discussion and analysis includes the effects of the formation transactions and this offering. These effects are reflected in the pro forma financial statements and related notes included elsewhere in this prospectus.*

### Overview

*Our Company.* 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 MSAs throughout the United States. According to the 2014 Self-Storage Almanac, we are the sixth largest owner and operator of self-storage properties and the largest privately-owned operator of self-storage properties in the United States based on number of properties, self-storage units, and rentable square footage.

Our chief executive officer, Arlen D. Nordhagen, co-founded SecurCare Self Storage, Inc. in 1988 to invest in and manage self-storage properties. While growing SecurCare to over 150 self-storage properties, Mr. Nordhagen recognized a market opportunity for a differentiated public self-storage REIT that would leverage the benefits of national scale by integrating multiple experienced regional self-storage operators with local operational focus and expertise. We believe that his vision, which is the foundation of our company, aligns the interests of regional self-storage operators with those of public shareholders by allowing the operators to participate alongside shareholders in our financial performance and their contributed portfolios.

*Formation and Structure.* We operate our business through, and are the sole general partner of, our operating partnership, NSA OP, LP, a Delaware limited partnership. Our operating partnership commenced its substantive operations on April 1, 2013 following the contribution of 12 properties from our initial PROs to our operating partnership.

Upon the completion of this offering and the formation transactions, our in-place portfolio will consist of 246 self-storage properties, located in 16 states, comprising approximately 13.7 million rentable square feet, configured in over 100,000 storage units. Of these properties, 199 were or will be acquired by us from our PROs and 47 will have been acquired by us from third-party sellers. In addition, we have a pipeline of 114 properties, comprising approximately 7.3 million rentable square feet.

*In-Place Portfolio.* For our in-place portfolio, pursuant to separate contribution agreements described under "The Formation and Structure of our Company—Contribution Agreements," we have issued or expect to issue in connection with the formation transactions an aggregate of million OP units in our operating partnership, 1.4 million OP units in our DownREIT partnerships (excluding OP units in our DownREIT partnerships held by our operating partnership), million subordinated performance units in our operating partnership, and 3.7 million subordinated performance units in our DownREIT partnerships. The properties included in our in-place portfolio by our PROs were or will be contributed pursuant to a policy adopted by our board of trustees that standardizes the methodology that we use for valuing self-storage properties that are contributed to us by our PROs. See "The Formation and Structure of our Company—Valuation Methodology for Contributed Portfolios." In connection with these transactions, we assumed or will assume an aggregate of approximately $65.8 million of mortgage indebtedness. In addition, we have acquired or will acquire an aggregate of 47 properties, which were sourced by our PROs, pursuant to purchase and sale agreements with certain third-party owners for $ million in cash and OP units. In connection with these 47 acquisitions, we have assumed or will assume an aggregate of approximately $34.5 million of mortgage indebtedness. As of December 31, 2014, our operating partnership had also granted approximately 2.5 million LTIP units to our PROs, representatives of our PROs, trustee nominees, officers and certain employees under our Prior Incentive Plan (see "Our Management—Prior Incentive Plan") and approximately 200,000 LTIP units to a third-party consultant.

We believe that our in-place properties are primarily located in high quality growth markets in the top 100 MSAs with attractive supply and demand characteristics and are less sensitive to the fluctuations of the general economy. Our top 10 states are expected to grow approximately 50% faster than the national average for population and job growth, as projected by the U.S. Department of Labor's Bureau of Labor Statistics. These 10 states accounted for over 95% of our fourth quarter 2014 NOI. Many of these markets have multiple barriers to entry against increased supply, including zoning restrictions against new construction and new construction costs that we believe are higher than our properties' fair market value. We seek to own properties that are well located in high quality sub-markets with highly accessible street access, providing our properties with strong and defensible cash flows. Furthermore, we believe that our significant size and the overall geographic diversification of our portfolio reduces risks associated with specific local economic downturns or natural disasters.

**Factors that May Influence Our Operating Results**

Our approach to the management and operations of our properties combines centralized marketing and call center support, revenue management and other operational support with local operations teams that provide market-level oversight and control. We believe this approach allows us to maximize revenues by managing occupancy levels and rental rates and responding quickly and effectively to changes in general economic and regional market conditions and the competitive landscape. The following describes various factors that may influence our operating results.

*Growth Strategy.* We plan to focus our growth strategy on acquiring mature self-storage properties. As of December 31, 2014, we had a pipeline of 114 self-storage properties. Of these, one is a development property that we have under contract to acquire, 30 are properties in which our PROs have a controlling ownership interest that we have a right to acquire (i) in the event that our PRO seeks to transfer such interest or (ii) upon maturity of outstanding indebtedness encumbering such property so long as the occupancy of such property is consistent with average local market levels at such time, 20 are properties in which our PROs currently have an ownership interest but do not control, and 63 are properties that our PROs manage without an ownership interest. In addition, our PROs' "on-the-ground" personnel have established an extensive network of industry relationships and contacts in our markets.

Our PROs have already sourced 47 acquisitions since our inception, comprising approximately 3.2 million rentable square feet and we plan in the future to continue to primarily rely on our PROS to source additional acquisitions of self-storage properties. For more information about the process by which we source acquisitions, see "The Formation and Structure of our Company—Facilities Portfolio and Asset Management Agreements—Exclusivity and Non-Competition."

*General Economic and Regional Market Conditions.* The United States continues to recover from an economic downturn that resulted in higher unemployment, stagnant employment growth, shrinking demand for products, large-scale business failures and tight credit markets. Our results of operations are sensitive to changes in overall economic conditions that impact consumer spending, including discretionary spending, as well as to higher levels of bad debt expense due to recessionary pressures. A continuation of, or slow recovery from, ongoing adverse economic conditions affecting disposable consumer income, such as employment levels, business conditions, interest rates, tax rates, fuel and energy costs, and other matters could reduce consumer spending or cause consumers to shift their spending to other products and services. Furthermore, our 10 largest states account for over 95% of our fourth quarter 2014 NOI. Positive or negative changes in economic or other conditions in these states, including the state budgetary shortfall, employment levels, natural hazards and other factors, may impact our overall performance.

*Competition.* We operate in competitive markets, often where tenants have multiple self-storage properties from which to choose. Actions by our competitors, such as increased development, may decrease or prevent increases in our occupancy and rental rates, while increasing the operating expenses of our properties. These competitors may also drive up the price we pay for self-storage properties or other assets we seek to acquire or may succeed in acquiring those properties or assets themselves.

*Rental Revenue.* We derive revenues principally from rents received from tenants who rent units at our self-storage properties under month-to-month leases. Therefore, our operating results substantially depend on our ability to retain our existing tenants and lease our available self-storage units to new tenants. As of December 31, 2014, our occupancy rate across our in-place portfolio was approximately 85%. Existing public self-storage REITs are operating with a weighted average occupancy level of approximately 91% as of December 31, 2014. We experience minor seasonal fluctuations in occupancy levels, with occupancy levels generally higher in the summer months due to increased moving activity. Based on pro forma results of operations for the year ended December 31, 2014, we believe that a 1% improvement in our occupancy for our in-place portfolio would have translated into an approximate $1.2 million improvement in pro forma rental revenue for the period. We would expect a similar increase in NOI, subject to marginal increases in operating expenses. The amount of rental revenue generated by us also depends on our ability to maintain or increase rental rates at our properties. We believe that the average realized rental rates for our properties generally are slightly below the current average realized market rates of our public company competitors in most of our markets. Negative trends in our occupancy levels or rental rates could adversely affect our rental

revenue in future periods. In addition, growth in rental revenue will also partially depend on our ability to acquire additional properties that meet our investment criteria.

*Operating Expenses.* Our operating expenses consist of the following:

- *Property Operating Expenses.* Property operating expenses include salaries and wages for personnel assigned to manage and operate our properties, as well as utilities, property taxes, repairs and maintenance and other property-level costs.

- *General and Administrative Expenses.* General and administrative expenses include salaries, wages and equity-based compensation for our corporate employees, supervisory and administrative services provided by our PROs, and other administrative expenses primarily related to our corporate operations. As a public company, we estimate our annual general and administrative expenses will increase due to increased legal, insurance, accounting and other expenses related to corporate governance, periodic SEC reporting and other compliance matters.

- *Depreciation and Amortization.* When we acquire a property, a portion of the purchase price is allocated to an intangible asset attributed to the value of customer in-place leases. This intangible asset is amortized to expense using the straight-line method over a period of 12 months after the acquisition date. The amount of depreciation and amortization we recognize in the future will partially depend on our ability to acquire additional properties that meet our investment criteria and the depreciable cost basis of those properties.

*Interest Expense.* Since we have relied heavily on debt to finance our activities to date, interest expense has a significant impact on our results of operations. The majority of our debt financing provides for interest at variable rates based on LIBOR. Historically, we have limited our exposure to variable rates through the use of derivatives and we intend to hedge the vast majority of our variable-rate debt in the future, but we will remain subject to interest rate risk on the unhedged portion.

*Acquisition Costs.* We incur title, legal and consulting fees, and other costs associated with the completion of self-storage property acquisitions. Such costs are charged to acquisition costs in the period in which they are incurred. Accordingly, certain acquisition costs may be incurred in periods prior to the date in which an acquisition is completed and we begin reflecting its performance in our operating results.

*Organizational and Offering Costs.* Certain costs related to equity offerings, such as audit fees associated with the operations of our properties for periods preceding the related contribution and formation transactions, are charged to expense in the period incurred. We expect to continue to incur organizational and offering costs that will be charged to expense as we prepare for the completion of this offering and the formation transactions.

**Critical Accounting Policies and Use of Estimates**

Our financial statements have been prepared on the accrual basis of accounting in accordance with principles generally accepted in the United States, or GAAP. The preparation of these financial statements requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. On an ongoing basis, we evaluate our estimates and assumptions, including those that impact our most critical accounting policies. We base our estimates and assumptions on historical experience and on various other factors that we believe are reasonable under the circumstances. Actual results may differ from these estimates. We believe the following are our most critical accounting policies.

***Principles of Consolidation, Combination and Presentation of Noncontrolling Interests***

Our consolidated financial statements include the accounts of our operating partnership and its controlled subsidiaries. The combined financial statements of our predecessor include the accounts of our predecessor and all entities which were under its common control. All significant intercompany balances and transactions have been eliminated in the consolidation and combination of entities.

The limited partner ownership interests in our operating partnership that are held by owners other than us are referred to as noncontrolling interests. Noncontrolling interests in a subsidiary are generally reported as a separate component of equity in our consolidated balance sheets. In our statements of operations, the revenues, expenses and net income or loss related to noncontrolling interests in our operating partnership are included in the consolidated amounts, with the impact on net loss attributable to the noncontrolling interests deducted separately to arrive at the net loss solely attributable to us.

When we obtain an economic interest in an entity, we evaluate the entity to determine if the entity is deemed a variable interest entity, or VIE, and if we are deemed to be the primary beneficiary, in accordance with authoritative guidance issued on the consolidation of VIEs. When an entity is not deemed to be a VIE, we consider the provisions of additional guidance to determine whether the applicable general partner controls a limited partnership or similar entity when the limited partners have certain rights. We consolidate (i) entities that are VIEs and of which we are deemed to be the primary beneficiary, and (ii) entities that are non-VIEs which we control and which the limited partners do not have the ability to dissolve or remove us without cause or substantive participating rights.

***Self-Storage Properties and Customer In-Place Leases***

Self-storage properties are carried at historical cost less accumulated depreciation and any impairment losses. Expenditures for ordinary repairs and maintenance are expensed as incurred. Major replacements and betterments that improve or extend the life of an asset are capitalized. Estimated depreciable lives of self-storage properties are determined by considering the age and other indicators about the condition of the assets at the respective dates of acquisition, resulting in a range of estimated useful lives for assets within each category. All storage properties are depreciated using the straight-line method. Buildings and improvements are generally depreciated over estimated useful lives between seven and 40 years. Furniture and equipment are generally depreciated over estimated useful lives between three and 10 years.

When self-storage properties are acquired in business combinations, the purchase price (including any equity-based consideration issued in connection with the acquisition) is allocated to the tangible and intangible assets acquired and liabilities assumed based on estimated fair values. The purchase price is allocated to the individual properties based on the fair value determined using an income approach or a cash flow analysis using appropriate risk adjusted capitalization rates, which take into account the relative size, age and location of the individual properties along with current and projected occupancy and relative rental rates or appraised values, if available. Tangible assets are allocated to land, buildings and related improvements, and furniture and equipment.

In allocating the purchase price for an acquisition accounted for as a business combination, we determine whether the acquisition includes intangible assets. We allocate a portion of the purchase price to an intangible asset attributed to the value of customer in-place leases. Because the majority of tenant leases are on a month-to-month basis, this intangible asset represents the estimated value of the leases in effect on the acquisition date. This intangible asset is amortized to expense using the straight-line method over 12 months, the estimated average rental period for our customers.

We evaluate long-lived assets for impairment when events and circumstances indicate that there may be impairment. When events or changes in circumstances indicate that our long-lived assets may not be recoverable, the carrying value of these long-lived assets is compared to the undiscounted future

net operating cash flows, plus a terminal value attributable to the assets. If an asset's carrying value is not considered recoverable, an impairment loss is recorded to the extent the net carrying value of the asset exceeds the fair value.

***Revenue Recognition***

We have determined that all of our leases are operating leases. Substantially all leases may be terminated on a month-to-month basis and rental income is recognized ratably over the lease term using the straight-line method. Rents received in advance are deferred and recognized on a straight-line basis over the related lease term associated with the prepayment. Promotional discounts and other incentives are recognized as a reduction to rental income over the applicable lease term. Other property-related income consists of late fees, administrative charges, tenant insurance-related access fees and commissions, sales of storage supplies and other ancillary revenues which are recognized in the period earned.

We recognize gains from disposition of facilities only upon closing in accordance with the guidance on sales of real estate. Payments received from purchasers prior to closing are recorded as deposits. Profit on real estate sold is recognized using the full accrual method upon closing when the collectability of the sales price is reasonably assured and we are not obligated to perform significant activities after the sale. Profit may be deferred in whole or part until the sale meets the requirements of profit recognition on sales under this guidance.

***Income Taxes***

We intend to elect to be taxed as a REIT under sections 856 through 860 of the Code commencing with our taxable year ending December 31, 2015. To qualify as a REIT, among other things, we are required to distribute at least 90% of our net taxable income (excluding net capital gains) to our shareholders and meet certain tests regarding the nature of our income and assets. So long as we qualify as a REIT, we are not subject to U.S. federal income tax on our earnings distributed currently to our shareholders. If we fail to qualify as a REIT in any taxable year, and are unable to avail ourselves of certain provisions set forth in the Code, all of our taxable income would be subject to federal and state income taxes at regular corporate rates, including any applicable alternative minimum tax.

We will not be required to make distributions with respect to income derived from the activities conducted through subsidiaries that we elect to treat as TRSs for U.S. federal income tax purposes, including NSA TRS, LLC which we formed in June 2014. Certain activities that we undertake must be conducted by a TRS, such as performing non-customary services for our customers and holding assets that we are not permitted to hold directly, including personal property held as inventory. A TRS is subject to U.S. federal, state and local income taxes.

Earnings and profits, which determine the taxability of distributions to shareholders, differ from net income reported for financial reporting purposes due to differences in cost basis, the estimated useful lives used to compute depreciation, and the allocation of net income and loss for financial versus tax reporting purposes.

***Recent Accounting Pronouncements***

In April 2014, the Financial Accounting Standards Board, or FASB, issued Accounting Standards Update No. 2014-08, "Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity," or ASU 2014-08. ASU 2014-08 changes the criteria for determining which disposals can be presented as discontinued operations and modifies related disclosure requirements. ASU 2014-08 was adopted for all periods presented in our financial statements, including those relating to our predecessor. Under this standard, we anticipate that dispositions of properties, as well as the classification of properties held for sale, will generally be classified within continuing operations.

In May 2014, the FASB issued Accounting Standard Update No. 2014-09, "Revenue from Contracts with Customers," or ASU 2014-09, which requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. ASU 2014-09 will replace most existing revenue recognition guidance in GAAP when it becomes effective. The new standard is effective for us on January 1, 2017, and early application is not permitted. The standard permits the use of either the retrospective or cumulative effect transition method. We are evaluating the effect that ASU 2014-09 will have on our consolidated financial statements and related disclosures. We have not yet selected a transition method nor have we determined the effect of the standard on our ongoing financial reporting.

**Material Weakness in Internal Control Over Financial Reporting**

In connection with the audit of our financial statements as of and for the year ended December 31, 2014, our independent registered public accounting firm identified certain deficiencies in our system of internal control over financial reporting that it considered to be a material weakness. The Public Company Accounting Oversight Board's Auditing Standard No. 5 defines a material weakness as a deficiency, or a combination of deficiencies, in internal controls over financial reporting, such that there is a reasonable possibility that a material misstatement of annual or interim financial statements will not be prevented or detected on a timely basis. The identified material weakness related exclusively to management's failure to design controls for the timely review of estimates made in purchase price allocations and review its determination of acquisition dates relating to certain business combinations. We believe that this material weakness primarily arose as a result of the high volume of real property acquisitions that we completed during calendar year 2014. We believe that we have designed appropriate controls over the timely review of estimates made in purchase price allocations and established appropriate review procedures regarding the determination of acquisition dates relating to certain business combinations. In addition, we believe we have added resources with the appropriate level of technical experience and training to our accounting and finance department to implement these controls. If we have not been successful in promptly and effectively remediating this material weakness, investors could lose confidence in our reported financial information and the trading price of our common shares could be adversely affected.

**REIT Qualification and Distribution Requirements**

We will be subject to a number of operational and organizational requirements to qualify and maintain our qualification as a REIT. If we are subject to audit and if the Internal Revenue Service determines that we failed to meet one or more of these requirements, we could lose our REIT qualification. If we did not qualify as a REIT, our net income would become subject to federal, state and local income taxes, which would be substantial, and the resulting adverse effects on our results of operations, liquidity and amounts distributable to our shareholders would be material.

As a REIT, we must derive at least 95% of our total gross income from income related to real property, interest, dividends and certain other real estate related or passive sources. Although we currently intend to operate in a manner designed to qualify as a REIT, it is possible that future economic, market, legal, tax or other considerations may cause our board of trustees to authorize us to revoke our REIT election.

**Results of Operations**

Our predecessor's financial statements for the year ended December 31, 2012 and for the three months ended March 31, 2013 include all self-storage properties controlled by our predecessor as of and for the periods presented, including 22 self-storage properties that have not been and will not be contributed to our operating partnership or any DownREIT partnership in the formation transactions. We expect to elect and qualify to be taxed as a REIT for U.S. federal income tax purposes

commencing with our taxable year ending December 31, 2015. Further, during the years ended December 31, 2014 and 2013, we acquired 83 and 49 self-storage properties, respectively, and we expect to acquire 27 additional self-storage properties through the completion of this offering and the formation transactions. Our predecessor contributed 88 properties to our operating partnership, including one property that we disposed of in May 2014. As a result of these and other factors, we do not believe that our historical results of operations or our predecessor's discussed and analyzed below are comparable or necessarily indicative of our future results of operations or cash flows.

To help analyze the operating performance of our self-storage properties, we also discuss and analyze operating results relating to our same store portfolio.

Certain figures, such as interest rates and other percentages, included in this section have been rounded for ease of presentation. Percentage figures included in this section have not in all cases been calculated on the basis of such rounded figures but on the basis of such amounts prior to rounding. For this reason, percentage amounts in this section may vary slightly from those obtained by performing the same calculations using the figures in our consolidated financial statements or in the associated text. Certain other amounts that appear in this section may similarly not sum due to rounding.

***Comparison of our Statement of Operations for the Year Ended December 31, 2014 to our Combined Statement of Operations for the Year Ended December 31, 2013***

Presented below is our statement of operations for the year ended December 31, 2014 and our combined statement of operations for the year ended December 31, 2013 (dollars in thousands):

| | Year Ended December 31, | |
|---|---|---|
| | 2014 NSA | 2013 Combined[1] |
| **Revenue** | | |
| Rental revenue | $ 74,837 | $ 39,235 |
| Other property-related revenue[2] | 2,133 | 929 |
| Total revenue | 76,970 | 40,164 |
| **Operating Expenses** | | |
| Property operating expenses | 27,913 | 14,812 |
| General and administrative | 8,189 | 4,660 |
| Depreciation and amortization | 23,785 | 9,375 |
| Total operating expenses | 59,887 | 28,847 |
| Income from operations | 17,083 | 11,317 |
| **Other Income (Expense)** | | |
| Interest expense | (24,053) | (19,605) |
| Acquisition costs | (9,558) | (3,383) |
| Organizational and offering costs | (1,320) | (50) |
| Gain on sale of self-storage properties | 1,427 | — |
| Non-operating income (expense), net | 64 | (13) |
| **Net loss** | (16,357) | (11,734) |
| **Net loss attributable to noncontrolling interests[3]** | 16,357 | 10,481 |
| **Net loss attributable to NSA and our predecessor** | $ — | $ (1,253) |

(1) Our results of operations for the year ended December 31, 2013 reflects the combined results of operations of our predecessor for the three months ended March 31, 2013 and NSA for the nine months ended December 31, 2013, which are presented below on a stand-alone basis (dollars in thousands).

(2) Other property-related revenue represents ancillary income from our self-storage properties, such as tenant insurance-related access fees and commissions and storage supplies.

(3) While we control our operating partnership for the periods presented, we will not have an ownership interest or share in our operating partnership's profits and losses prior to the completion of this offering. As a result, all of our operating partnership's profits and losses for the periods presented were allocated to owners other than us.

| | | Stand-alone Historical Periods | |
|---|---|---|---|
| | Combined Year Ended December 31, 2013 | NSA Nine Months Ended December 31, 2013 | Predecessor Three Months Ended March 31, 2013 |
| **Revenue** | | | |
| Rental revenue | $ 39,235 | $ 32,078 | $ 7,157 |
| Other property-related revenue | 929 | 782 | 147 |
| Total revenue | 40,164 | 32,860 | 7,304 |
| **Operating Expenses** | | | |
| Property operating expenses | 14,812 | 11,886 | 2,926 |
| General and administrative | 4,660 | 4,149 | 511 |
| Depreciation and amortization | 9,375 | 8,403 | 972 |
| Total operating expenses | 28,847 | 24,438 | 4,409 |
| Income from operations | 11,317 | 8,422 | 2,895 |
| **Other Income (Expense)** | | | |
| Interest expense | (19,605) | (15,439) | (4,166) |
| Acquisition costs | (3,383) | (3,383) | — |
| Organizational and offering costs | (50) | (50) | — |
| Non-operating income (expense), net | (13) | (31) | 18 |
| **Net loss** | (11,734) | (10,481) | (1,253) |
| **Net loss attributable to noncontrolling interests** | 10,481 | 10,481 | — |
| **Net loss attributable to NSA and our predecessor** | $ (1,253) | $ — | $ (1,253) |

*Overview*

When reviewing our results of operations for the year ended December 31, 2014 compared to the year ended December 31, 2013, it is important to consider the timing of acquisition activity during both periods as well as the fact that 22 of our predecessor's properties, which have not been and will not be contributed to us, were included in our predecessor's operating results for the three months ended March 31, 2013. The number of properties that comprise our same store portfolio and our 2014 and

2013 acquisitions, along with the revenue and expenses directly related to such properties for the years ended December 31, 2014 and 2013, are presented in the tables below (dollars in thousands):

| | | Revenue | | Expenses | |
|---|---|---|---|---|---|
| | Properties | Rental | Other Property-Related | Property Operating | Depreciation and Amortization |
| **NSA for the Year Ended December 31, 2014**: | | | | | |
| Properties contributed by our predecessor: | | | | | |
| Same store portfolio | 87 | $ 29,453 | $ 731 | $ 11,619 | $ 3,900 |
| Disposed of in May 2014 | 1 | 113 | 2 | 53 | 14 |
| Properties acquired during the three months ended: | | | | | |
| June 30, 2013 | 34 | 15,797 | 405 | 5,649 | 5,362 |
| September 30, 2013 | 7 | 4,234 | 149 | 1,727 | 1,545 |
| December 31, 2013 | 8 | 4,188 | 109 | 1,438 | 1,877 |
| March 31, 2014 | 1 | 353 | 10 | 138 | 224 |
| June 30, 2014 | 36 | 11,679 | 385 | 4,225 | 6,159 |
| September 30, 2014 | 31 | 7,169 | 249 | 2,408 | 3,819 |
| December 31, 2014 | 15 | 1,851 | 93 | 656 | 859 |
| **Total for NSA during 2014** | **220** | **$ 74,837** | **$ 2,133** | **$ 27,913** | **$ 23,759**(1) |
| Less property disposed of in May 2014 | (1) | | | | |
| **Total for NSA as of December 31, 2014** | **219** | | | | |
| **Combined for the Year Ended December 31, 2013**: | | | | | |
| **Our predecessor for the three months ended March 31, 2013**: | | | | | |
| Predecessor properties: | | | | | |
| Same store portfolio | 87 | $ 6,450 | $ 133 | $ 2,495 | $ 898 |
| Disposed of in May 2014 | 1 | 70 | 1 | 28 | 9 |
| Properties not contributed | 22 | 637 | 13 | 403 | 65 |
| **Total for our predecessor** | **110** | **$ 7,157** | **$ 147** | **$ 2,926** | **$ 972** |
| **NSA for the nine months ended December 31, 2013**: | | | | | |
| Properties contributed by our predecessor: | | | | | |
| Same store portfolio | 87 | $ 20,948 | $ 527 | $ 7,905 | $ 2,851 |
| Disposed of in May 2014 | 1 | 237 | 3 | 60 | 19 |
| Properties acquired during the three months ended: | | | | | |
| June 30, 2013 | 34 | 8,902 | 188 | 3,210 | 4,495 |
| September 30, 2013 | 7 | 1,665 | 61 | 625 | 876 |
| December 31, 2013 | 8 | 326 | 3 | 86 | 162 |
| **Total for NSA** | **137** | **$ 32,078** | **$ 782** | **$ 11,886** | **$ 8,403** |
| **Combined total** | | **$ 39,235** | **$ 929** | **$ 14,812** | **$ 9,375** |

(1) Excludes depreciation of corporate furniture and equipment of $26,000.

For the years ended December 31, 2014 and 2013, our same store portfolio consists of 87 self-storage properties contributed by our predecessor (exclusive of one self-storage property disposed of in May 2014).

Since January 1, 2015, we have acquired six properties included in our in-place portfolio and, prior to, concurrently with, or following the completion of this offering, we expect to acquire 21 additional properties within our in-place portfolio, bringing our total in-place portfolio to 246 properties.

*Total Revenue*

Total revenue for the year ended December 31, 2014 was $77.0 million compared to $40.2 million for the year ended December 31, 2013, an increase of $36.8 million, or 92%. As discussed below, this increase was primarily due to an increase of $35.6 million in rental revenue as a result of additional properties acquired.

*Rental Revenue*

Rental revenue for the year ended December 31, 2014 was $74.8 million compared to $39.2 million for the year ended December 31, 2013, an increase of $35.6 million, or 91%. This increase was attributable to (i) incremental rental revenue of $13.3 million from 49 properties acquired during the year ended December 31, 2013, which generated revenue for the entire year ended December 31, 2014 but only for a portion of the year ended December 31, 2013, (ii) incremental rental revenue of $21.1 million from an additional 83 self-storage properties acquired between January 1, 2014 and December 31, 2014, and (iii) an increase in rental revenue from our same store portfolio of $2.1 million ($29.5 million for the year ended December 31, 2014 compared to $27.4 million for the year ended December 31, 2013), or 7%. Approximately $1.3 million of this same store portfolio increase was due to a 4% increase in occupied square feet from an average of 3.2 million square feet to 3.4 million square feet. The remainder of the increase was primarily attributable to a 3% increase in average rental revenue per occupied square foot from $8.49 to $8.72. The increase in rental revenue per square foot was driven by an approximate increase of 3% in average contractual rents, which resulted from a combination of increased market rates as well as regular rental increases for tenants who have been in place for at least five to nine months. These increases, which total $36.5 million, were partially offset by the impact of the 22 self-storage properties not contributed by our predecessor, which accounted for $637,000 of rental revenue for the year ended December 31, 2013 and were entirely excluded from our results of operations in 2014, and a decrease in rental revenue of $194,000 related to a self-storage property sold in May 2014.

*Other Property-Related Revenue*

Other property-related revenue represents ancillary income from our self-storage properties, such as tenant insurance-related access fees and commissions and storage supplies. For the year ended December 31, 2014, other property-related revenue was $2.1 million compared to $929,000 for the year ended December 31, 2013, an increase of $1.2 million, or 130%. This increase was attributable to (i) incremental other property-related revenue of $411,000 from 49 properties that we acquired during the year ended December 31, 2013, which generated revenue for the entire year ended December 31, 2014 but for only a portion of the year ended December 31, 2013, (ii) incremental other property-related revenue of $737,000 from an additional 83 self-storage properties that we acquired during 2014, and (iii) an increase in other property-related revenue $71,000, or 11%, from our same store portfolio for the year ended December 31, 2014 as compared to the year ended December 31, 2013.

*Total Operating Expenses*

Total operating expenses for the year ended December 31, 2014 were $59.9 million compared to $28.8 million for the year ended December 31, 2013, an increase of $31.1 million, or 108%. As discussed below, this change was primarily due to an increase of $13.1 million in property operating expenses, $3.5 million in general and administrative expenses, and $14.4 million in depreciation and amortization as compared to the year ended December 31, 2013.

*Property Operating Expenses*

Property operating expenses were $27.9 million for the year ended December 31, 2014 compared to $14.8 million for the year ended December 31, 2013, an increase of $13.1 million, or 88%. This increase was primarily attributable to (i) incremental property operating expense of $4.9 million from 49 self-storage properties that we acquired during the year ended December 31, 2013, which incurred property operating expenses for the entire year ended December 31, 2014 but for only a portion of the year ended December 31, 2013, (ii) incremental property operating expense of $7.4 million from an additional 83 self-storage properties that we acquired during 2014, and (iii) an increase in property operating expenses of $1.2 million from our same store portfolio for the year ended December 31, 2014 as compared to the year ended December 31, 2013. These increases which total $13.5 million were partially offset by the impact of the 22 self-storage properties not contributed by our predecessor, which accounted for $403,000 of property operating expenses for the year ended December 31, 2013.

*General and Administrative Expenses*

General and administrative expenses for the year ended December 31, 2014 were $8.2 million compared to $4.7 million for the year ended December 31, 2013, an increase of $3.5 million, or 76%. This increase was primarily attributable to an increase in (i) salaries and benefits of approximately $1.1 million, consisting of $751,000 related to additional personnel and $364,000 associated with equity-based incentive compensation, (ii) supervisory and administrative fees charged by our PROs of $2.0 million, and (iii) $508,000 in professional fees that were primarily related to increased audit and tax costs associated with the growth of our portfolio.

The increase in supervisory and administrative fees of $2.0 million was attributable to (i) incremental fees of $802,000 related to 49 properties acquired during the year ended December 31, 2013, which generated revenue (and therefore supervisory and administrative fees under our asset management agreements) for the entire year ended December 31, 2014 but only for a portion of the year ended December 31, 2013, and (ii) incremental fees of $1.2 million related to 83 properties acquired during 2014.

Upon the completion of this offering and the formation transactions, we expect that our general and administrative expenses will range between $14 million and $16 million for the year ending December 31, 2015 due to increased legal, insurance, accounting and other expenses related to corporate governance, periodic SEC reporting and other compliance matters.

*Depreciation and Amortization*

Depreciation and amortization for the year ended December 31, 2014 was $23.8 million compared to $9.4 million for the year ended December 31, 2013, an increase of $14.4 million, or 154%. This increase was primarily attributable to (i) incremental depreciation and amortization of $3.3 million related to 49 self-storage properties that we acquired during the year ended December 31, 2013, which recognized depreciation and amortization expense for the entire year ended December 31, 2014 but only for a portion of the year ended December 31, 2013, and (ii) incremental depreciation and amortization of $11.1 million related to 83 self-storage properties that we acquired during 2014.

Customer in-place leases are being amortized over the 12-month period following the respective acquisition dates of our self-storage properties. Accordingly, amortization of customer in-place leases amounted to $8.3 million and $2.6 million for the years ended December 31, 2014 and 2013, respectively. As of December 31, 2014, the unamortized balance of customer in-place leases totaled $7.7 million and this entire amount will be charged to amortization expense during the year ending December 31, 2015.

*Interest Expense*

Interest expense for the year ended December 31, 2014 was $24.1 million compared to $19.6 million for the year ended December 31, 2013, an increase of $4.5 million, or 23%. This increase in interest expense was driven by higher weighted average borrowings, a prepayment fee of $676,000 related to the early extinguishment of debt, losses on interest rate swaps of $1.4 million and an increase in amortization of debt issuance costs of $2.2 million. Our weighted average interest rate decreased from 7.48% for the year ended December 31, 2013 to 4.30% for the year ended December 31, 2014, which partially offset the impact of higher weighted average borrowings.

For the year ended December 31, 2014, our weighted average borrowings were $422.9 million at a weighted average interest rate of 4.30%, compared to weighted average borrowings of $246.6 million at a weighted average interest rate of 7.48% during the year ended December 31, 2013. The increase in our weighted average borrowings for the year ended December 31, 2014 was primarily attributable to additional borrowings to support the acquisition of 83 self-storage properties acquired during 2014. As a result of debt that was refinanced on April 1, 2014, our weighted average interest rate declined from 6.72% for the first quarter of 2014 to 3.78% for the remainder of 2014. The reduction in our weighted average interest rate was primarily due to $143.2 million of borrowings under our credit facility that were used to repay (i) $72.2 million of outstanding fixed-rate mortgages with rates ranging from 5.40% to 6.50%, (ii) debt of $59.4 million outstanding at an effective rate of 14.11% under our participating mortgage (discussed below), and (iii) outstanding variable-rate debt of $11.6 million that provided for interest at 3.14% and was scheduled to mature in June 2014.

Our predecessor was indebted under a participating mortgage, which had a net carrying value of $58.5 million and $75.4 million as of December 31, 2013 and 2012, respectively. The participating mortgage included a feature that provided the lender with the opportunity to share in increases in the fair value of the mortgaged properties, the results of operations of the mortgaged properties, or both. The participation liability was periodically adjusted to equal the fair value of the participation feature as of the inception of the loan. The corresponding increase in fair value was recorded as a debt discount which was amortized using the effective interest method to result in a rate of interest of 14.11% over the entire term of the loan. Accordingly, interest expense includes amortization of the debt discount related to this mortgage, which amounted to $918,000 for the year ended December 31, 2014 and $4.7 million for year ended December 31, 2013, a decrease of $3.8 million. The reduction in amortization of the debt discount was primarily due to repayment of the loan on April 1, 2014.

An increase in amortization of debt issuance costs of $2.2 million also contributed to the increase in interest expense for the year ended December 31, 2014 compared to the year ended December 31, 2013. The increase in amortization of debt issuance costs includes $344,000 for costs associated with the early extinguishment of debt.

*Acquisition Costs*

Acquisition costs were $9.6 million for the year ended December 31, 2014 compared to $3.4 million for the year ended December 31, 2013, an increase of $6.2 million, or 183%. This increase was primarily due to 83 property acquisitions during the year ended December 31, 2014 compared to 49 property acquisitions during the year ended December 31, 2013. For the year ended December 31, 2014, acquisition costs include transaction expenses of $3.0 million payable to related parties and $6.6 million for consulting fees and other costs incurred to identify, qualify and close acquisition portfolios with PROs and other parties. For the year ended December 31, 2013, acquisition costs included a transaction expense of $548,000 payable to an affiliate of our predecessor and $2.8 million for consulting fees and other costs incurred to identify, qualify and close acquisition portfolios with PROs and other parties.

*Organizational and Offering Costs*

Organizational and offering costs for the year ended December 31, 2014 were $1.3 million compared to $50,000 for the year ended December 31, 2013, an increase of $1.3 million. This increase was primarily attributable to audit fees associated with the operations of our properties for periods preceding the related contribution and formation transactions.

*Gain on Sale of Self-Storage Properties*

Gain on sale of self-storage properties for the year ended December 31, 2014 was $1.4 million. In May 2014, we sold to an unrelated party one of the self-storage properties contributed by our predecessor. The gross selling price for the property was approximately $3.0 million, and we recognized a gain on sale of approximately $1.4 million. Net proceeds from this sale were invested in the acquisition of another self-storage property in a tax-deferred exchange.

*Net Income (Loss)*

Net loss was $16.4 million for the year ended December 31, 2014 compared to $11.7 million for the year ended December 31, 2013, an increase of $4.7 million, or 39%. This change was primarily attributable to an increase in the number of properties in our portfolio resulting in an increase in property operating expense of $13.1 million, an increase in general and administrative expenses of $3.5 million, increased depreciation and amortization expense of $14.4 million, increased interest expense of $4.5 million, increased acquisition costs of $6.2 million, and increased organizational and offering costs of $1.3 million. The increases in these expenses which total $43.0 million were partially offset by an increase in revenue of $36.8 million and a gain on sale of self-storage properties of $1.4 million.

*Net Loss Attributable to Noncontrolling Interests*

Net loss attributable to noncontrolling interests was $16.4 million for the year ended December 31, 2014 compared to $10.5 million for the year ended December 31, 2013, an increase of $5.9 million, or 56%. Our entire net loss for the year ended December 31, 2014 was attributable to noncontrolling interests, as NSA did not have an economic ownership interest in our operating partnership since its inception on April 1, 2013.

***Comparison of our Combined Statement of Operations for the Year Ended December 31, 2013 to our Predecessor's Statement of Operations for the Year Ended December 31, 2012***

Presented below is our combined statement of operations for the year ended December 31, 2013 and our predecessor's statement of operations for the year ended December 31, 2012 (dollars in thousands):

| | Year Ended December 31, | |
|---|---|---|
| | 2013 Combined[1] | 2012 Predecessor |
| **Revenue** | | |
| Rental revenue | $ 39,235 | $ 28,671 |
| Other property-related revenue[2] | 929 | 608 |
| Total revenue | 40,164 | 29,279 |
| **Operating Expenses** | | |
| Property operating expenses | 14,812 | 11,728 |
| General and administrative | 4,660 | 1,889 |
| Depreciation and amortization | 9,375 | 3,826 |
| Total operating expenses | 28,847 | 17,443 |
| Income from operations | 11,317 | 11,836 |
| **Other Income (Expense)** | | |
| Interest expense | (19,605) | (17,054) |
| Acquisition costs | (3,383) | — |
| Organizational and offering costs | (50) | — |
| Gain on: | | |
| Sale of self-storage properties | — | 218 |
| Forgiveness of debt | — | 1,509 |
| Non-operating income (expense), net | (13) | 39 |
| **Net loss** | (11,734) | (3,452) |
| **Net loss attributable to noncontrolling interests[3]** | 10,481 | — |
| **Net loss attributable to NSA and our predecessor** | $ (1,253) | $ (3,452) |

(1) Our results of operations for the year ended December 31, 2013 reflect the combined results of operations of NSA for the nine months ended December 31, 2013 and of our predecessor for the three months ended March 31, 2013, which are also presented below on a stand-alone basis (dollars in thousands):

(2) Other property-related revenue represents ancillary income from our self-storage properties, such as tenant insurance-related access fees and commissions and storage supplies.

(3) While we control our operating partnership for the periods presented, we will not have an ownership interest or share in our operating partnership's profits and losses prior to the completion of this offering. As a result, all of our operating partnership's profits and losses for the periods presented were allocated to owners other than us.

| | Combined Year Ended December 31, 2013 | Stand-Alone Historical Periods: NSA Nine Months Ended December 31, 2013 | Stand-Alone Historical Periods: Predecessor Three Months Ended March 31, 2013 |
|---|---|---|---|
| **Revenue** | | | |
| Rental revenue | $ 39,235 | $ 32,078 | $ 7,157 |
| Other property-related revenue | 929 | 782 | 147 |
| Total revenue | 40,164 | 32,860 | 7,304 |
| **Operating Expenses** | | | |
| Property operating expenses | 14,812 | 11,886 | 2,926 |
| General and administrative | 4,660 | 4,149 | 511 |
| Depreciation and amortization | 9,375 | 8,403 | 972 |
| Total operating expenses | 28,847 | 24,438 | 4,409 |
| Income from operations | 11,317 | 8,422 | 2,895 |
| **Other Income (Expense)** | | | |
| Interest expense | (19,605) | (15,439) | (4,166) |
| Acquisition costs | (3,383) | (3,383) | — |
| Organizational and offering costs | (50) | (50) | — |
| Non-operating income (expense), net | (13) | (31) | 18 |
| **Net loss** | (11,734) | (10,481) | (1,253) |
| **Net loss attributable to noncontrolling interests** | 10,481 | 10,481 | — |
| **Net loss attributable to NSA and our predecessor** | $ (1,253) | $ — | $ (1,253) |

*Overview*

When reviewing our results of operations for the year ended December 31, 2013 compared to the year ended December 31, 2012, it is important to consider the timing of acquisition activity that occurred in 2013, as well as the fact that 22 of our predecessor's properties, which have not been and will not be contributed to us, were included in our predecessor's operating results for the three months ended March 31, 2013 and for the year ended December 31, 2012. The number of properties that comprise our same store portfolio and our 2013 acquisitions, along with the revenue and expenses directly related to those properties for the years ended December 31, 2013 and 2012, are presented in the tables below (dollars in thousands):

| | Properties | Revenue: Rental | Revenue: Other Property-Related | Expenses: Property Operating | Expenses: Depreciation and Amortization |
|---|---|---|---|---|---|
| **Combined for the Year Ended December 31, 2013**: | | | | | |
| **Our predecessor for the three months ended March 31, 2013**: | | | | | |
| Predecessor properties: | | | | | |
| Same store portfolio | 88 | $ 6,520 | $ 134 | $ 2,523 | $ 907 |
| Properties not contributed | 22 | 637 | 13 | 403 | 65 |
| **Total for our predecessor** | **110** | **$ 7,157** | **$ 147** | **$ 2,926** | **$ 972** |
| **NSA for the Nine Months Ended December 31, 2013**: | | | | | |
| Properties contributed by our predecessor: | | | | | |
| Same store portfolio | 88 | $ 21,185 | $ 530 | $ 7,965 | $ 2,870 |
| Properties acquired during the quarter ended: | | | | | |
| June 30, 2013 | 34 | 8,902 | 188 | 3,210 | 4,495 |
| September 30, 2013 | 7 | 1,665 | 61 | 625 | 876 |
| December 31, 2013 | 8 | 326 | 3 | 86 | 162 |
| **Total for NSA** | **137** | **$ 32,078** | **$ 782** | **$ 11,886** | **$ 8,403** |
| **Combined Total for the year ended December 31, 2013** | | **$ 39,235** | **$ 929** | **$ 14,812** | **$ 9,375** |
| **Our predecessor for the Year Ended December 31, 2012**: | | | | | |
| Properties contributed by our predecessor: | | | | | |
| Same store portfolio | 88 | $ 26,100 | $ 550 | $ 10,190 | $ 3,562 |
| Properties not contributed | 22 | 2,571 | 58 | 1,538 | 264 |
| **Total for our predecessor** | **110** | **$ 28,671** | **$ 608** | **$ 11,728** | **$ 3,826** |

For purposes of the years ended December 31, 2013 and 2012, our same store portfolio consists of 88 self-storage properties contributed by our predecessor.

*Total Revenue*

Total revenue for the year ended December 31, 2013 was $40.2 million compared to $29.3 million for the year ended December 31, 2012, an increase of $10.9 million, or 37%. As discussed below, this increase was primarily due to an increase of $10.6 million in rental revenues as a result of additional properties acquired in 2013.

*Rental Revenue*

Rental revenue for the year ended December 31, 2013 was $39.2 million compared to $28.7 million for the year ended December 31, 2012, an increase of $10.6 million, or 37%. This increase was primarily attributable to (i) rental revenue of $10.9 million from 49 self-storage properties that we acquired between April 2013 and December 2013 and (ii) an increase in rental revenue from our same store portfolio of $1.6 million ($27.7 million in the year ended December 31, 2013 compared to $26.1 million in the year ended December 31, 2012), or 6%. Approximately 36% of this increase was due to a 2% increase in occupied square feet from an average of 3.2 million square feet to 3.3 million square feet. Approximately 64% of the increase was due to a 4% increase in average rental revenue per occupied square foot from $8.14 to $8.45. The increase in rental revenue per square foot was driven by an approximate increase of 4% in average contractual rents between 2013 and the end of

2012, which resulted from a combination of increased market rates as well as regular rental increases for tenants who have been in place for at least five to nine months. These increases, which total $12.5 million, were partially offset by the impact of the 22 self-storage properties not contributed by our predecessor, which accounted for a reduction in rental revenue of $1.9 million for the year ended December 31, 2013 compared to the year ended December 31, 2012.

*Other Property-Related Revenue*

Other property-related revenue for the year ended December 31, 2013 was $929,000 compared to $608,000 for the year ended December 31, 2012, an increase of $321,000 or 53%. This increase was attributable to incremental other property-related revenue of $252,000 from 49 self-storage properties that were acquired between April 2013 and December 2013, and an increase in other property-related revenue of $114,000 from our same store portfolio for the year ended December 31, 2013 as compared to the year ended December 31, 2012. These increases, which total $368,000, were partially offset by a reduction in other property-related revenue of $45,000 for the 22 self-storage properties not contributed by our predecessor.

*Total Operating Expenses*

Total operating expenses for the year ended December 31, 2013 were $28.8 million compared to $17.4 million for the year ended December 31, 2012, an increase of $11.4 million, or 65%. As discussed below, this increase was due to an increase of $3.1 million in property operating expenses, an increase of $2.8 million in general and administrative expenses, and an increase of $5.6 million in depreciation and amortization.

*Property Operating Expenses*

Property operating expenses were $14.8 million for the year ended December 31, 2013 compared to $11.7 million for the year ended December 31, 2012, an increase of $3.1 million, or 26%. This increase was primarily attributable to incremental property operating expenses of $3.9 million from 49 properties that were acquired between April 2013 and December 2013 and an increase in property operating expenses of $298,000 from our same store portfolio for the year ended December 31, 2013 as compared to the year ended December 31, 2012. These increases, which total $4.2 million, were largely offset by the impact of the 22 self-storage properties not contributed by our predecessor which accounted for a reduction in property operating expenses of $1.1 million for the year ended December 31, 2013 compared to the year ended December 31, 2012.

*General and Administrative Expenses*

General and administrative expenses for the year ended December 31, 2013 were $4.7 million compared to $1.9 million for the year ended December 31, 2012, an increase of $2.8 million, or 147%. This increase was primarily due to an increase in (i) salaries and benefits of $1.4 million, consisting of $292,000 related to additional personnel and $1.1 million associated with the vesting of equity-based compensation, (ii) supervisory and administrative fees charged by our PROs of $690,000, and (iii) $381,000 in professional fees that were primarily related to auditing of our financial statements. The remaining increase in general and administrative expenses of $314,000 was for incremental administrative expenses to support the contribution and acquisition of self-storage properties during the year ended December 31, 2013.

The increase in supervisory and administrative fees charged by our PROs of $690,000 was primarily attributable to fees of $664,000 incurred for 49 properties that were acquired between April 2013 and December 2013. Fees for our same store portfolio increased by $144,000 for the year ended December 31, 2013 compared to the year ended December 31, 2012. The increases attributable to acquired properties and our same store portfolio total $808,000, and were partially offset by the impact of the 22 self-storage properties not contributed by our predecessor which accounted for a reduction in fees of $118,000 for the year ended December 31, 2013 compared to the year ended December 31, 2012.

*Depreciation and Amortization*

Depreciation and amortization for the year ended December 31, 2013 was $9.4 million compared to $3.8 million for the year ended December 31, 2012, an increase of $5.6 million, or 145%. This increase was primarily due to incremental depreciation of $3.0 million and amortization of customer in-place leases of $2.6 million related to 49 properties that were acquired between April 2013 and December 2013, and an increase in depreciation expense of $215,000 from our same store portfolio the year ended December 31, 2013 compared to the year ended December 31, 2012. These increases, which total $5.8 million, were partially offset by the impact of the 22 self-storage properties not contributed by our predecessor, which resulted in a reduction in depreciation expense of $199,000 for the year ended December 31, 2013 compared to the year ended December 31, 2012.

*Interest Expense*

Interest expense for the year ended December 31, 2013 was $19.6 million compared to $17.1 million for the year ended December 31, 2012, an increase of $2.5 million, or 15%. This increase in interest expense was driven primarily by higher weighted average borrowings and an increase in amortization of debt issuance costs of $780,000, partially offset by an increase in gains on interest rate swaps of $223,000. Our weighted average interest rate decreased from 8.74% in 2012 to 7.48% in 2013, which partially offset the impact of higher weighted average borrowings.

For the year ended December 31, 2013, our weighted average borrowings were $246.6 million at a weighted average interest rate of 7.48%, compared to weighted average borrowings of $190.5 million at a weighted average interest rate of 8.74% for the year ended December 31, 2012. The increase in our weighted average borrowings for year ended December 31, 2013 was primarily attributable to additional borrowings to support the acquisition of 49 self-storage properties. The decrease in our weighted average interest rate was primarily due to $20.8 million of reductions to principal payments in June 2013 under our participation mortgage which provided for effective interest at 14.11%, and new borrowings of $52.0 million under a US Bank senior term loan that provided for interest at approximately 2.30%.

Interest expense includes amortization of debt discount related to a participating mortgage which amounted to $4.6 million for the year ended December 31, 2013 and $5.7 million for the year ended December 31, 2012, a decrease of $1.1 million. The reduction in amortization of debt discount was primarily due to $20.8 million of principal payments in June 2013.

An increase in amortization of debt issuance costs of $780,000 also contributed to the increase in interest expense for the year ended December 31, 2013 compared to the year ended December 31, 2012. The increase in amortization of debt issuance costs was related to higher amortization expense associated with our new debt agreements.

*Acquisition Costs*

Acquisition costs were $3.4 million for the year ended December 31, 2013. Our predecessor did not complete any acquisitions during 2012, and, accordingly, no acquisition costs were incurred for the year ended December 31, 2012. Acquisition costs in 2013 primarily related to 49 self-storage properties acquired between April 2013 and December 2013. For the year ended December 31, 2013, acquisition costs included a transaction expense of $548,000 payable to an affiliate of our predecessor and $2.8 million for consulting fees and other costs incurred to identify, qualify and close acquisition portfolios with our PROs.

*Organizational and Offering Costs*

Organizational and offering costs were $50,000 for the year ended December 31, 2013. Our predecessor did not incur any organizational and offering costs for the year ended December 31, 2012. The costs incurred in 2013 were related to the formation of NSA and our operating partnership.

*Gains on Sale of Self-storage Properties and Forgiveness of Debt*

We did not have any gains on sale of self-storage properties or debt forgiveness for the year ended December 31, 2013. For the year ended December 31, 2012, our predecessor sold two self-storage properties for net proceeds of $3.7 million and recognized a gain on sale of $218,000. The net proceeds from the sale of one of the self-storage properties was $1.5 million less than the related non-recourse debt, which resulted in a gain on debt forgiveness of $1.5 million.

*Net Income (Loss)*

Net loss was $11.7 million for the year ended December 31, 2013 compared to $3.5 million for the year ended December 31, 2012, an increase of $8.3 million. The increase in our net loss was primarily attributable to an increase in the number of properties in our portfolio, resulting in an increase of $3.1 million in property operating expenses, $5.6 million in depreciation and amortization expense, increased interest expense of $2.5 million, and an increase in acquisition costs of $3.4 million. The increases in these expenses were partially offset by an increase in rental and other property-related revenue and gains on sale of self-storage properties and forgiveness of debt.

*Net Loss Attributable to Noncontrolling Interests*

Net loss attributable to noncontrolling interests was $10.5 million for the year ended December 31, 2013. There was no net loss attributable to noncontrolling interests for our predecessor during the year ended December 31, 2012. Our entire net loss of $10.5 million for the nine months ended December 31, 2013 was attributable to noncontrolling interests, as we did not have an economic ownership interest in our operating partnership since its inception on April 1, 2013.

**Non-GAAP Financial Measures**

***Net Operating Income***

We define net operating income, or NOI, as net income (loss), as determined under GAAP, plus general and administrative expense, depreciation and amortization, interest expense, acquisition costs, organizational and offering costs, impairment of long-lived assets, losses on the sale of properties and non-operating expense and by subtracting gains on sale of properties, debt forgiveness, and non-operating income. NOI is not a measure of performance calculated in accordance with GAAP.

We believe NOI is useful to investors in evaluating our operating performance because:

- NOI is one of the primary measures used by our management and our PROs to evaluate the economic productivity of our properties, including our ability to lease our properties, increase pricing and occupancy and control our 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 our capital structure; and
- We believe NOI helps our investors to meaningfully compare the results of our operating performance from period to period by removing the impact of our capital structure (primarily interest expense on our outstanding indebtedness) and depreciation of the cost basis of our assets from our 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 our net loss. We compensate for these limitations by considering the economic effect of the excluded expense items

independently as well as in connection with our 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.

The following table presents a reconciliation of net income (loss) to NOI for the periods presented (dollars in thousands).

| | Year Ended December 31, | | |
|---|---|---|---|
| | NSA 2014 | Combined[(1)] 2013 | Predecessor 2012 |
| Net loss | $ (16,357) | $ (11,734) | $ (3,452) |
| Add (subtract) | | | |
| General and administrative expense | 8,189 | 4,660 | 1,889 |
| Depreciation and amortization | 23,785 | 9,375 | 3,826 |
| Interest expense | 24,053 | 19,605 | 17,054 |
| Acquisition costs | 9,558 | 3,383 | — |
| Organizational and offering costs | 1,320 | 50 | — |
| Gain on sale of self-storage properties | (1,427) | — | (218) |
| Gain on debt forgiveness | — | — | (1,509) |
| Non-operating expense (income), net | (64) | 13 | (39) |
| **Net Operating Income** | **$ 49,057** | **$ 25,352** | **$ 17,551** |

(1) Our NOI for the year ended December 31, 2013 reflects the NOI of NSA and our predecessor for the nine months ended December 31, 2013 and the three months ended March 31, 2013, respectively, which are presented on a combined basis for this period.

The following table presents NOI on a stand-alone basis for the combined 2013 period referenced in the table above for NSA and our predecessor (dollars in thousands):

| | Year Ended December 31, 2013 | | |
|---|---|---|---|
| | Combined | NSA Nine Months Ended December 31 | Predecessor Three Months Ended March 31 |
| Net loss | $ (11,734) | $ (10,481) | $ (1,253) |
| Add (subtract) | | | |
| General and administrative expense | 4,660 | 4,149 | 511 |
| Depreciation and amortization | 9,375 | 8,403 | 972 |
| Interest expense | 19,605 | 15,439 | 4,166 |
| Acquisition costs | 3,383 | 3,383 | — |
| Organizational and offering costs | 50 | 50 | — |
| Non-operating expense (income), net | 13 | 31 | (18) |
| **Net Operating Income** | **$ 25,352** | **$ 20,974** | **$ 4,378** |

**EBITDA and Adjusted EBITDA**

We define EBITDA as net income (loss), as determined under GAAP, plus interest expense, income taxes, depreciation and amortization expense. We define Adjusted EBITDA as EBITDA plus acquisition costs, organizational and offering costs, 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 we do not consider indicative of our core operating performance. In evaluating EBITDA and Adjusted EBITDA, you should be aware that in the future we may incur expenses that are the same as or similar to some of the adjustments in this presentation. Our presentation of EBITDA and Adjusted EBITDA should not

be construed as an inference that our future results will be unaffected by unusual or non-recurring items.

We present EBITDA and Adjusted EBITDA because we believe they assist investors and analysts in comparing our performance across reporting periods on a consistent basis by excluding items that we do not believe are indicative of our 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 our 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 our 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 our overall long-term incentive compensation package, although we exclude it as an expense when evaluating our ongoing operating performance for a particular period;
- EBITDA and Adjusted EBITDA do not reflect the impact of certain cash charges resulting from matters we consider not to be indicative of our ongoing operations; and
- other companies in our industry may calculate EBITDA and Adjusted EBITDA differently than we do, limiting its usefulness as a comparative measure.

We compensate for these limitations by considering the economic effect of the excluded expense items independently as well as in connection with our 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).

The following table presents a reconciliation of net income (loss) to EBITDA and Adjusted EBITDA for the periods presented (dollars in thousands):

| | Year Ended December 31, | | |
|---|---|---|---|
| | NSA 2014 | Combined[1] 2013 | Predecessor 2012 |
| Net loss | $ (16,357) | $ (11,734) | $ (3,452) |
| Add | | | |
| Depreciation and amortization | 23,785 | 9,375 | 3,826 |
| Interest expense | 24,053 | 19,605 | 17,054 |
| **EBITDA** | **31,481** | **17,246** | **17,428** |
| Add (subtract) | | | |
| Acquisition costs | 9,558 | 3,383 | — |
| Organizational and offering costs | 1,320 | 50 | — |
| Gain on sale of self-storage properties | (1,427) | — | (218) |
| Gain on debt forgiveness | — | — | (1,509) |
| Equity-based compensation expense[2] | 1,468 | 1,104 | — |
| **Adjusted EBITDA** | **$ 42,400** | **$ 21,783** | **$ 15,701** |

(1) Our EBITDA and Adjusted EBITDA for the year ended December 31, 2013 reflect the EBITDA and Adjusted EBITDA of NSA and our predecessor for the nine months ended December 31, 2013 and the three months ended March 31, 2013, respectively, which are presented on a combined basis for this period.

(2) Equity-based compensation expense is a non-cash item that is included in general and administrative expenses in our statements of operations.

The following table presents EBITDA and Adjusted EBITDA on a stand-alone basis for the combined 2013 period referenced in the table above for NSA and our predecessor (dollars in thousands).

| | Year Ended December 31, 2013 | | |
|---|---|---|---|
| | Combined | NSA Nine Months Ended December 31 | Predecessor Three Months Ended March 31 |
| Net loss | $ (11,734) | $ (10,481) | $ (1,253) |
| Add | | | |
| Depreciation and amortization | 9,375 | 8,403 | 972 |
| Interest expense | 19,605 | 15,439 | 4,166 |
| **EBITDA** | **17,246** | **13,361** | **3,885** |
| Add (subtract) | | | |
| Acquisition costs | 3,383 | 3,383 | — |
| Organizational and offering costs | 50 | 50 | — |
| Equity-based compensation expense | 1,104 | 1,104 | — |
| **Adjusted EBITDA** | **$ 21,783** | **$ 17,898** | **$ 3,885** |

***FFO and Core FFO***

Funds from operations, or FFO, is a widely used performance measure for real estate companies and is provided here as a supplemental measure of our operating performance. The April 2002 National Policy Bulletin of NAREIT, which we refer 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. We also include amortization of customer in-place leases in our definition of FFO because we believe 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. We define Core FFO as FFO, as further adjusted to eliminate the impact of certain items that we do not consider indicative of our core operating performance. These further adjustments consist of acquisition costs, organizational and offering costs, gains on debt forgiveness and gains (losses) on early extinguishment of debt.

Management uses FFO and Core FFO as a key performance indicator in evaluating the operations of our properties. Given the nature of our business as a real estate owner and operator, we consider FFO and Core FFO as key supplemental measures of our operating performance that are not specifically defined by GAAP. We believe that FFO and Core FFO are useful to management and investors as a starting point in measuring our 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 our 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. Our 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 our ability to make cash distributions. We believe that to further understand our performance, FFO and Core FFO should be compared with our reported net income (loss) and

considered in addition to cash flows computed in accordance with GAAP, as presented in our Consolidated Financial Statements.

The following table presents a reconciliation of net income (loss) to FFO and Core FFO for the periods presented (dollars in thousands).

| | Year Ended December 31, | | |
|---|---|---|---|
| | NSA 2014 | Combined[1] 2013 | Predecessor 2012 |
| Net loss | $ (16,357) | $ (11,734) | $ (3,452) |
| Add (subtract) | | | |
| Real estate depreciation and amortization[2] | 23,605 | 9,375 | 3,826 |
| Gain on sale of self-storage properties | (1,427) | — | (218) |
| Distributions on subordinated performance units[3] | (7,305) | (1,564) | — |
| **FFO attributable to common shareholders and OP unitholders** | **(1,484)** | **(3,923)** | **156** |
| Add (subtract) | | | |
| Acquisition costs | 9,558 | 3,383 | — |
| Organizational and offering costs | 1,320 | 50 | — |
| Gain on forgiveness of debt | — | — | (1,509) |
| Loss on early extinguishment of debt[4] | 1,020 | — | — |
| **Core FFO attributable to common shareholders and OP unitholders** | **$ 10,414** | **$ (490)** | **$ (1,353)** |

(1) Our FFO and Core FFO for the year ended December 31, 2013 reflect the FFO and Core FFO of NSA and our predecessor for the nine months ended December 31, 2013 and the three months ended March 31, 2013, respectively, which are presented on a combined basis for this period.

The following table presents FFO and Core FFO on a stand-alone basis for the combined 2013 period referenced in the table above for NSA and our predecessor (dollars in thousands):

| | Year Ended December 31, 2013 | | |
|---|---|---|---|
| | Combined[1] | NSA Nine Months Ended December 31 | Predecessor Three Months Ended March 31 |
| Net loss | $ (11,734) | $ (10,481) | $ (1,253) |
| Add real estate depreciation and amortization | 9,375 | 8,403 | 972 |
| Distributions on subordinated performance units[3] | (1,564) | (1,564) | — |
| **FFO attributable to common shareholders and OP unitholders** | **(3,923)** | **(3,642)** | **(281)** |
| Add | | | |
| Acquisition costs | 3,383 | 3,383 | — |
| Organizational and offering costs | 50 | 50 | — |
| **Core FFO attributable to common shareholders and OP unitholders** | **$ (490)** | **$ (209)** | **$ (281)** |

(2) Excludes depreciation expense related to furniture and equipment.

(3) Distributions on subordinated performance units represent our allocation of FFO to noncontrolling interests held by subordinated performance unitholders in order to calculate FFO attributable to common shareholders and OP unitholders. For the pro forma period, we have assumed payment of the maximum allowable percentage, as permitted by our debt agreements, of cash available for distribution allocable to the subordinated performance unitholders.

(4) Loss on early extinguishment of debt relates to prepayment penalties and the write off of unamortized debt issuance costs associated with the payoff of debt. Such amounts are included in interest expense in our historical statements of operations.

**Cash Flows**

***Comparison of our cash flows for the Year Ended December 31, 2014 to our combined cash flows for the Year Ended December 31, 2013***

Presented below is a comparison of our cash flows for the year ended December 31, 2014 and our combined cash flows for the year ended December 31, 2013.

| | Year Ended December 31, | | |
|---|---|---|---|
| | NSA 2014 | Combined[(1)] 2013 | Change |
| Cash provided by operating activities | $ 16,423 | $ 7,134 | $ 9,289 |
| Cash used in investing activities | $ (231,999) | $ (102,326) | $ (129,673) |
| Cash provided by financing activities | $ 213,389 | $ 107,147 | $ 106,242 |

(1) Cash flows for the year ended December 31, 2013 reflect the cash flows of NSA and our predecessor for the nine months ended December 31, 2013 and the three months ended March 31, 2013, respectively, which are presented on a combined basis for the year ended December 31, 2013.

The following table presents this cash flow data on a stand-alone basis for the combined 2013 period referenced in the table above for NSA and our predecessor (dollars in thousands).

| | Year Ended December 31, 2013 | | |
|---|---|---|---|
| | Combined | NSA Nine Months Ended December 31, 2013 | Predecessor Three Months Ended March 31, 2013 |
| Cash provided by operating activities | $ 7,134 | $ 5,788 | $ 1,346 |
| Cash provided by (used in) investing activities | $ (102,326) | $ (102,367) | $ 41 |
| Cash provided by (used in) financing activities | $ 107,147 | $ 107,775 | $ (628) |

*Operating Cash Flows.* Cash provided by our operating activities was $16.4 million for the year ended December 31, 2014 compared to $7.1 million for the year ended December 31, 2013, an increase of $9.3 million. Our operating cash flow increased by $8.0 million due to 49 self-storage properties that were acquired between April 2013 and December 2013 that generated cash flow for the entire year ended December 31, 2014, and an additional $13.2 million related to 83 self-storage properties acquired during the year ended December 31, 2014. The positive impact on our operating cash flows from these acquisitions was offset by higher cash payments for acquisition expenses, interest expense, and general and administrative expenses. In addition, the positive impact on operating cash flow resulting from acquisitions was partially offset by the impact of the 22 self-storage properties not contributed by our predecessor which are excluded from the combined results beginning on April 1, 2013.

*Investing Cash Flows.* Cash used in investing activities was $232.0 million for the year ended December 31, 2014 compared to cash used in investing activities of $102.3 million for the year ended December 31, 2013. The primary uses of cash for the year ended December 31, 2014 were for our acquisition of 83 self-storage properties for cash consideration of $217.9 million, loans to related parties of $12.8 million associated with subsequent self-storage property acquisitions, and deposits of $913,000 on properties to be acquired. Post-acquisition additions and improvements to self-storage properties amounted to $3.8 million for the year ended December 31, 2014. Additions and improvements to self-storage properties were primarily focused on modifications and upgrades to newly acquired properties to achieve a consistent level of quality in our portfolio. The primary source of cash flow from investing activities for the year ended December 31, 2014 was due to the sale of a self-storage property to an unrelated party for cash proceeds of $3.0 million.

The primary use of cash in investing activities for the year ended December 31, 2013 was for the cash component of our acquisition of 49 self-storage properties of $103.8 million. Post-acquisition additions and improvements to self-storage properties amounted to $2.4 million for the year ended December 31, 2013. The primary source of cash flow from investing activities for the year ended December 31, 2013 consisted of cash acquired from our predecessor for $3.5 million in the reorganization of entities under common control that was effective April 1, 2013.

*Financing Cash Flows.* Cash provided by our financing activities was $213.4 million for the year ended December 31, 2014 compared to cash provided by financing activities of $107.1 million for the year ended December 31, 2013. Our sources of financing cash flows for the year ended December 31, 2014 consisted of $372.8 million for borrowings under our credit facility and new mortgage financing, and subscription proceeds of $438,000 related to the issuance of OP Units. Our primary uses of financing cash flows for the year ended December 31, 2014 were for (i) distributions to limited partners of our operating partnership of $12.6 million, (ii) scheduled principal payments on existing debt of $144.0 million, (iii) payments of $1.8 million for debt issuance costs, and (iv) payments of $1.7 million for costs related to this offering.

The primary source of financing cash flows for the year ended December 31, 2013 was provided by significant new debt financings which resulted in aggregate proceeds from borrowings of $150.4 million, including $68.2 million from two fixed-rate mortgages, borrowings under a US Bank senior term loan for $52.0 million, and borrowings under our mezzanine loan for $25.0 million. Our primary uses of financing cash flows for the year ended December 31, 2013 were for principal payments to retire indebtedness of $48.7 million and payments for debt issuance costs of $2.5 million to obtain new debt agreements.

***Comparison of our combined cash flows for the Year Ended December 31, 2013 to our Predecessor's cash flows for the Year Ended December 31, 2012***

Presented below is a comparison of our combined cash flows for the year ended December 31, 2013 and our predecessor's cash flows for the year ended December 31, 2012 (dollars in thousands):

| | Year Ended December 31, | | |
|---|---|---|---|
| | Combined[(1)] 2013 | Predecessor 2012 | Change |
| Cash provided by operating activities | $ 7,134 | $ 4,926 | $ 2,208 |
| Cash provided by (used in) investing activities | $ (102,326) | $ 2,818 | $ (105,144) |
| Cash provided by (used in) financing activities | $ 107,147 | $ (8,730) | $ 115,877 |

(1) Cash flows for the year ended December 31, 2013 reflect the cash flows of NSA for the nine months ended December 31, 2013 and our predecessor's cash flows for the three months ended March 31, 2013, respectively, which are presented on a combined basis for the year ended December 31, 2013.

The following table presents this cash flow data on a stand-alone basis for the combined 2013 period referenced in the table above for NSA and our predecessor (dollars in thousands).

| | Year Ended December 31, 2013 | | |
|---|---|---|---|
| | Combined | NSA Nine Months Ended December 31, 2013 | Predecessor Three Months Ended March 31, 2013 |
| Cash provided by operating activities | $ 7,134 | $ 5,788 | $ 1,346 |
| Cash provided by (used in) investing activities | $ (102,326) | $ (102,367) | $ 41 |
| Cash provided by (used in) financing activities | $ 107,147 | $ 107,775 | $ (628) |

*Operating Cash Flows.* Cash provided by operating activities was $7.1 million for the year ended December 31, 2013 compared to $4.9 million for the year ended December 31, 2012, an increase of

$2.2 million. This increase was primarily attributable to operating cash flow of $6.5 million for the year ended December 31, 2013 that was generated by the 49 self-storage properties that were acquired between April 2013 and December 2013. The positive impact on our operating cash flows from these acquisitions was offset by higher cash payments for acquisition expenses, interest expense, and general and administrative expenses. Additionally, the positive impact on operating cash flow resulting from acquisitions was partially offset by the impact of the 22 self-storage properties not contributed by our predecessor, which are excluded from the combined results beginning on April 1, 2013.

*Investing Cash Flows.* Cash used in investing activities was $102.3 million for the year ended December 31, 2013, compared to cash provided by investing activities of $2.8 million for the year ended December 31, 2012. The primary use of cash for the year ended December 31, 2013 was for our acquisition of 49 self-storage properties for cash consideration of $103.8 million. Post-acquisition additions and improvements to self-storage properties amounted to $2.3 million for the year ended December 31, 2013. The primary source of cash flow from investing activities for the year ended December 31, 2013 consisted of cash acquired from our predecessor for $3.5 million in the reorganization of entities under common control that was effective April 1, 2013.

The primary use of cash for the year ended December 31, 2012 was for additions and improvements to self-storage properties, which amounted to $880,000. For the year ended December 31, 2012, the only source of investing cash flows was $3.8 million of net proceeds from the sale of two of our predecessor's self-storage properties.

*Financing Cash Flows.* Cash provided by financing activities was $107.1 million for the year ended December 31, 2013 compared to cash used in financing activities of $8.7 million for the year ended December 31, 2012. The primary source of financing cash flows for the year ended December 31, 2013 was $150.4 million of borrowings under new mortgages, a US Bank senior term loan, and a mezzanine loan. A portion of the proceeds from these borrowings was used to repay outstanding debt of $48.7 million, including a mortgage that matured in April 2013 of $14.5 million, repayments under our lender participation loan of $20.8 million, and a senior term loan for $10.7 million when certain self-storage properties were legally transferred to us from our predecessor.

Other uses of cash in our financing activities for the year ended December 31, 2013 were for (i) distributions of $2.2 million to the limited partners of our operating partnership, (ii) distributions of $1.6 million to our predecessor's investors prior to the date title transferred to us for the respective self-storage properties, and (iii) payments for debt issuance costs of $2.5 million to obtain new debt agreements.

The primary use of cash in our financing activities for the year ended December 31, 2012, was for principal payments under mortgages and notes payable amounting to $8.1 million (including principal payments of $2.6 million related to the lender participation loan).

**Liquidity and Capital Resources**

Upon the completion of this offering and the formation transactions, we expect to have approximately $ million in cash on hand, including $ in net proceeds from this offering (assuming an initial public offering price of $ per share, which is the mid-point of the initial public offering price range shown on the cover page of this prospectus, and no exercise of the underwriters' option to purchase additional shares). In addition, upon the completion of this offering and the formation transactions, we will have up to $425 million in available borrowing capacity under our credit facility with a syndicate of lenders led by KeyBank National Association. See "—Indebtedness Outstanding Upon the Completion of this Offering and the Formation Transactions."

Our short-term liquidity requirements consist primarily of property operating expenses, property acquisitions, capital improvements and expenditures, general and administrative expenses, acquisition

pursuit costs, distributions to our shareholders, OP unit holders and subordinated performance unit holders, and principal and interest on our outstanding indebtedness. We expect to use proceeds from this offering to repay approximately $134.0 million of debt that matures in 2015 (including a prepayment penalty) and to acquire 21 self-storage properties within our in-place portfolio for cash consideration of approximately $41.9 million. We expect to fund the remainder of our short-term liquidity requirements from our operating cash flow, cash on hand and borrowings under our credit facility.

Our long-term liquidity needs consist primarily of the repayment of debt, property acquisitions and capital improvements. We expect to meet our long-term liquidity requirements with operating cash flow, cash on hand, secured and unsecured indebtedness and the issuance of equity and debt securities.

We intend to elect and qualify to be taxed as a REIT for U.S. federal income tax purposes commencing with our taxable year ending December 31, 2015. As a REIT, under U.S. federal income tax law we will be required to distribute annually at least 90% of our REIT taxable income, determined without regard to the deduction for dividends paid and excluding net capital gains, and we will be required to pay a tax at regular corporate rates to the extent that we annually distribute less than 100% of our net taxable income. Subject to the requirements of Maryland law, our current policy is to pay quarterly distributions, which on an annual basis will equal all or substantially all of our net taxable income.

We believe that, upon the completion of this offering and the formation transactions, and as a publicly-traded REIT, we will have access to multiple sources of capital to fund our long-term liquidity requirements, including the incurrence of additional debt and the issuance of debt and additional equity securities. However, as a new public company, we cannot assure you that this will be the case. Our ability to incur additional debt will be dependent on a number of factors, including our degree of leverage, the value of our unencumbered assets and borrowing restrictions that may be imposed by lenders. Our ability to access the equity capital markets will be dependent on a number of factors as well, including general market conditions for REITs and market perceptions about us.

Our liquidity plans are subject to a number of risks and uncertainties, including those described under the heading "Risk Factors," some of which are outside of our control. Macroeconomic conditions could hinder our business plans, which could, in turn, adversely affect our financing strategy.

**Indebtedness Outstanding Upon the Completion of this Offering and the Formation Transactions**

Upon the completion of this offering and the formation transactions, we expect to have $ million of indebtedness outstanding. The following table sets forth certain information with respect to

our pro forma indebtedness as of December 31, 2014 after giving effect to this offering and the anticipated use of proceeds therefrom (dollars in thousands, except in footnotes):

| | Balance[1] | Effective Rate | Annual Debt Service[2] | Maturity Date | Balance at Maturity |
|---|---|---|---|---|---|
| **Fixed-rate mortgages**: | | | | | |
| Seven assumed mortgages | $ 44,922 | 3.71% | $ 3,352 | October 2020 | $ 34,539 |
| Commercial mortgage-backed securities | 41,104 | 4.60% | 2,267[3] | July 2023 | 32,975 |
| Commercial mortgage-backed securities | 27,084 | 4.65% | 1,506[4] | July 2023 | 21,759 |
| Originated mortgage | 15,828 | 4.34% | 696 | November 2024 | 15,828 |
| Two assumed mortgages[5] | 15,305 | 4.00% | 930 | January 2023 | 12,288 |
| Five assumed mortgages | 10,129 | 2.43% | 788 | Varies[6] | 9,224 |
| Three assumed mortgages[5] | 9,329 | 2.85% | 664 | January 2017 | 8,575 |
| Assumed mortgage | 4,345 | 5.00% | 335 | July 2021 | 3,441 |
| Two assumed mortgages | 4,100 | 2.23% | 328 | May 2016 | 3,816 |
| Assumed mortgage | 3,790 | 2.97% | 312 | May 2018 | 3,088 |
| Assumed mortgage[5] | 3,061 | 3.33% | 188 | November 2018 | 2,722 |
| Assumed mortgage[5] | 2,388 | 4.17% | 149 | February 2024 | 1,847 |
| Assumed mortgage | 2,114 | 2.55% | 161 | August 2017 | 1,856 |
| **Total fixed-rate mortgages** | **183,499** | | **11,676** | | **151,958** |
| **Variable-rate credit facilities:** | | | | | |
| Revolving line of credit | [7] | 2.66%[8] | [9] | March 2017[10] | |
| Term loan | 144,558 | 2.56%[11] | 3,752[9] | March 2018 | 144,558 |
| **Total variable-rate credit facilities** | | | | | |
| **Total debt financing** | **$** | | **$** | | **$** |

(1) Includes unamortized premiums.

(2) Consists of the required principal and interest payments for the year ending December 31, 2015. For variable-rate debt, the annual debt service is based on the interest rate that was in effect on December 31, 2014.

(3) Effective August 1, 2015, the annual debt service increases to $2.8 million through the maturity date.

(4) Effective August 1, 2015, the annual debt service increases to $1.8 million through the maturity date.

(5) Mortgages expected to be assumed in connection with 11 self-storage properties under contract that are considered probable of acquisition.

(6) The maturity dates for these five loans range from November 2016 through February 2017.

(7) As amended in July 2014, the revolving line of credit provides for a total borrowing commitment of up to $280.4 million subject to periodic borrowing base calculations. The principal balance of $ million consists of (i) the outstanding balance as of December 31, 2014 of $166.2 million, plus (ii) $64.9 million, which is the expected amount that will be paid to acquire self-storage properties that are included in our in-place portfolio but have not been acquired as of December 31, 2014, less (iii) the estimated net proceeds from this offering of $ million (based on the mid-point of the initial public offering price range shown on the cover page of this prospectus), which will initially be used to pay down our revolving line of credit. If the initial public offering price is below the mid-point of the initial public offering price range shown on the cover page of this prospectus, repayment of our existing revolving line of credit will be correspondingly reduced.

(8) As of December 31, 2014, the interest rate is calculated at one-month LIBOR plus 2.50% (an effective rate of 2.66%). Upon the completion of this offering and the formation transactions, we expect the interest rate will be reduced to one-month LIBOR plus 1.60% (an effective rate of 1.76% based on one-month LIBOR as of December 31, 2014).

(9) Annual debt service has been computed based on the pricing grid in effect as of December 31, 2014.

(10) We may elect one 12 month extension of the maturity date by paying a fee equal to 0.2% of the revolving line of credit commitment.

(11) As of December 31, 2014, the interest rate is calculated at one-month LIBOR plus 2.40% (an effective rate of 2.56%). Upon the completion of this offering and the formation transactions, we expect the interest rate will be reduced to one-month LIBOR plus 1.50% (an effective rate of 1.66% based on one-month LIBOR as of December 31, 2014).

On April 1, 2014, we entered into a credit facility, which consisted of a term loan and a revolving line of credit of $367.5 million from a syndicate of lenders led by KeyBank National Association. In July 2014, we exercised our expansion option and our credit facility was amended to provide for total borrowings of $144.6 million under a term loan and up to $280.4 million under a revolving line of credit for a total credit facility of $425.0 million. Upon the completion of this offering and the formation transactions, this credit facility, which was secured, will automatically become unsecured.

As of December 31, 2014, our credit facility consisted of a term loan with an outstanding balance of $144.6 million and a revolving line of credit with an outstanding balance of $166.2 million. The term loan bears interest at one-month LIBOR plus 2.40% (an effective rate of 2.56% per annum as of December 31, 2014) and the revolving line of credit bears interest at one-month LIBOR plus 2.50% (an effective rate of 2.66% per annum as of December 31, 2014). The term loan matures in March 2018 and the revolving line of credit matures in March 2017. We expect to have $ million drawn on our credit facility upon the completion of this offering and the formation transactions.

Upon the completion of this offering, the term loan under our credit facility will bear interest at one-month LIBOR plus a margin that is between 1.50% and 2.75% and the revolving line of credit under our credit facility will bear interest at one-month LIBOR plus a margin that is between 1.60% and 2.85%, in each case based on our leverage ratio. The availability of the loans extended under our credit facility is based on the value of a borrowing base of our real property. Upon the completion of this offering and the formation transactions, such availability is equal to the lesser of 60% of the aggregate value of such real property and the aggregate implied debt service coverage ratio of such real property.

Our credit facility contains customary affirmative and negative covenants, including financial covenants that, among other things, cap our total leverage at 70%, which will decrease to 60% upon the completion of this offering, require us to have a minimum fixed charge coverage ratio of 1.5 to 1, and require us to have a minimum net worth (as defined in our credit facility) of approximately $133.3 million plus 75% of the net proceeds of equity issuances. In the event that we fail to satisfy our covenants, we would be in default under our credit facility and may be required to repay such debt with capital from other sources.

**Contractual Obligations and Commitments**

The following table summarizes our contractual obligations and capital commitments on an undiscounted basis as of December 31, 2014 and the period in which each contractual obligation and commitment is due (without giving effect to this offering or the anticipated use of proceeds) (dollars in thousands):

| | Year Ending December 31, | | | | | | |
|---|---|---|---|---|---|---|---|
| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 and Thereafter | Total |
| Debt financings: | | | | | | | |
| Principal | $ 136,999 | $ 17,140 | $ 171,844 | $ 151,388 | $ 3,815 | $ 116,505 | $ 597,691 |
| Interest[1] | 17,208 | 14,438 | 10,519 | 6,290 | 5,181 | 14,052 | 67,688 |
| Real estate leasehold interests[2] | 780 | 824 | 832 | 832 | 832 | 25,304 | 29,404 |
| Office and equipment leases | 95 | 98 | 100 | 102 | 104 | 61 | 560 |
| Self-storage properties under contract[3] | 135,528 | — | — | — | — | — | 135,528 |
| Total | $ 290,610 | $ 32,500 | $ 183,295 | $ 158,612 | $ 9,932 | $ 155,922 | $ 830,871 |

(1) Interest is calculated until the maturity date (without regard to any extension that may be elected by our company) based on the outstanding principal balance and the effective interest rate as of December 31, 2014.

(2) Minimum payments under leasehold interest agreements include our obligations related to one self-storage property acquired in 2014 and three self-storage properties acquired in January 2015.

(3) Consists of the aggregate fair value of consideration for 27 self-storage properties under contract as of December 31, 2014. Six of these self-storage properties were acquired in January 2015 for consideration of $41.0 million, of which $25.1 million has been or will be paid in cash. The remaining 21 self-storage properties are under contract for consideration of $94.5 million, of which $41.9 million is expected to be paid in cash using proceeds from this offering.

The following table summarizes our contractual obligations and capital commitments on an undiscounted basis as of December 31, 2014 and the period in which each contractual obligation and commitment is expected to be settled in cash after giving effect to this offering and the anticipated use of proceeds (dollars in thousands).

| | Year Ending December 31, | | | | | | |
|---|---|---|---|---|---|---|---|
| | 2015 | 2016 | 2017 | 2018 | 2019 | Thereafter | Total |
| Debt financings: | | | | | | | |
| Principal | $ | $ | $ | $ 151,388 | $ 3,815 | $ 116,505 | $ |
| Interest[1] | | | | 6,290 | 5,181 | 14,052 | |
| Real estate leasehold interests[2] | 780 | 824 | 832 | 832 | 832 | 25,304 | 29,404 |
| Office and equipment leases | 45 | 98 | 100 | 102 | 104 | 61 | 560 |
| Employment agreements[3] | | | | | | | |
| **Total** | $ | $ | $ | $ | $ | $ | $ |

(1) Interest is calculated until the maturity date (without regard to any extension that may be elected by our company) based on the outstanding principal balance and the effective interest rate as of December 31, 2014.

(2) Minimum payments under leasehold interest agreements include our obligations related to one self-storage property acquired in 2014 and three self-storage properties acquired in January 2015.

(3) In 2015, we entered into employment agreements with Mr. Nordhagen, Ms. Fischer and Mr. Treadwell to be effective upon the completion of this offering. See "Our Management—Employment Agreements."

**Off-Balance Sheet Arrangements**

We do not currently have any relationships with unconsolidated entities or financial partnerships, such as entities often referred to as structured finance or special purposes entities, which typically are established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes. Further, except as disclosed in the notes to our financial statements, we have not guaranteed any obligations of unconsolidated entities nor do we have any commitments or intent to provide funding to any such entities. Accordingly, we are not materially exposed to any financing, liquidity, market or credit risk that could arise if we had engaged in these relationships.

**Seasonality**

The self-storage business is subject to minor seasonal fluctuations. A greater portion of revenues and profits are realized from May through September. Historically, our highest level of occupancy has typically been in July, while our lowest level of occupancy has typically been in February. Results for any quarter may not be indicative of the results that may be achieved for the full fiscal year.

**Inflation**

Inflation in the United States has been relatively low in recent years and did not have a material impact on our results of operations for the years ended December 31, 2014, 2013 and 2012. Although the impact of inflation has been relatively insignificant in recent years, it remains a factor in the U.S. economy and may increase the cost of acquiring or replacing self-storage properties and related improvements, as well as real estate property taxes, employee salaries, wages and benefits, utilities, and

other expenses. Because our tenant leases are month-to-month, we may be able to rapidly adjust our rental rates to minimize the adverse impact of any inflation which could mitigate our exposure to increases in costs and expenses resulting from inflation.

**Quantitative and Qualitative Disclosures About Market Risk**

***Market Risks***

Market risk refers to the risk of loss from adverse changes in market prices and interest rates. Our future income, cash flows and fair values of financial instruments are dependent upon prevailing market interest rates.

***Interest Rate Risks***

Interest rate risk is highly sensitive to many factors, including governmental monetary and tax policies, domestic and international economic and political considerations and other factors beyond our control.

Upon the completion of this offering and the formation transactions, we expect to have approximately $ million in total face value debt, of which approximately $ million will be subject to variable interest rates (excluding debt with interest rate hedges). If one-month LIBOR were to increase or decrease by 100 basis points, the increase or decrease in interest expense on the variable-rate debt (excluding variable-rate debt with interest rate floors) would increase or decrease future earnings and cash flows by approximately $ annually.

Interest rate risk amounts were determined by considering the impact of hypothetical interest rates on our financial instruments. These analyses do not consider the effect of any change in overall economic activity that could occur. Further, in the event of a change of that magnitude, we may take actions to further mitigate our exposure to the change. However, due to the uncertainty of the specific actions that would be taken and their possible effects, these analyses assume no changes in our financial structure.

## INDUSTRY OVERVIEW AND MARKET OPPORTUNITY

The self-storage industry offers an array of storage options to individuals and businesses, typically on a short-term basis. To accommodate a diverse customer base, storage properties are constructed in various configurations. Tenants rent fully enclosed spaces of varying sizes and are fully responsible for moving their items in and out of the units. According to the Self Storage Association, popular traditional self-storage units typically range in size from 25 square feet to 300 square feet, with an interior height of 8 feet to 12 feet. Rental rates vary according to the location of the property, the size of the storage space, and other characteristics that affect the relative attractiveness of each particular space, such as security and climate control.

The mix of residential tenants using a self-storage property is determined by a property's local demographics and often includes people who have downsized their living space, who are not yet settled into a permanent residence, or those who are going through life-events such as marriage, divorce, death or birth in the family, relocation, or military service. Residential tenants place a number of different items in self-storage properties which range from furniture, household items, and appliances to cars, boats, and recreational vehicles. Commercial tenants tend to store excess inventory, business records, seasonal goods, equipment, and fixtures.

Self-storage properties provide an accessible storage alternative at a relatively low cost. Properties generally have on-site managers who supervise and run the day-to-day operations, providing tenants with assistance as needed. In addition to rental revenues, many self-storage properties generate ancillary revenue through the sale of, among other things, tenant insurance, rental moving equipment, and packing supplies that complement a customer's use of the properties.

According to the Self-Storage Almanac, the self-storage industry in the United States consisted of approximately 48,000 primary facilities, containing over 2.3 billion rentable square feet, in addition to approximately 4,000 secondary facilities. Primary facilities are those properties where self-storage is the primary source of income; whereas, secondary facilities are those that have a primary source of income that is not considered to be self-storage, such as a consumer service, retail products or commercial space rental.

***Sector Attractiveness.*** The self-storage industry brings with it attractive characteristics, including:

- Self-storage properties generally have lower maintenance costs and capital expenditures compared to other sectors within the commercial real estate landscape due to the lack of requisite habitability infrastructure, and the comparative simplicity of building materials and systems within most properties. Typical expenditures include structural work such as roofing and pavement repair, the occasional addition of units to the property, landscaping maintenance, and general repairs.

- Demand for self-storage tends to remain relatively stable because the causes of such demand are present throughout the various stages of an economic cycle. Shorter tenant lease durations allow operators to optimize revenue through a mix of rate and marketing promotions, and to take advantage of an inflationary period through price increases.

- Large operators within the self-storage industry benefit from significant economies of scale, including a reduced cost of capital and expense savings, by leveraging call centers, umbrella insurance policies, Internet marketing, and technologies that are spread across the operator's portfolio.

- Competition and predatory acts within the industry are limited by geography and the lack of incentive through small customer contract sizes.

- There is little threat of industry substitution. Home storage sheds are unsightly and often prohibited by zoning regulations. Similarly, portable storage containers, such as PODS, are often

prohibited by zoning and are usually not priced competitively or universally available. Storage within a home is often limited and impractical as homeowners try to make the best use of available living space.

- Well-run self-storage properties tend to operate with a comparatively low level of bad debt and collection expense. Tenant evictions for non-payment of rent can be effective in most situations without any formal judicial proceeding, and the contents of individual storage units can be sold to offset the costs of any unpaid rents in accordance with state lien laws.

- Ancillary products contribute incremental revenue. Moving and packing supplies, such as locks and boxes, and the offering of other services, such as property insurance and truck rentals, all help to increase revenues for the self-storage operator.

- According to the 2014 Self-Storage Almanac, on average, self-storage facilities draw at least 75% of their tenants from within a three-mile radius of the property. Therefore, marketing and development of a positive local and regional brand identity will take on a beneficial role in the success of a self-storage operator.

- We believe that capital investments for a new self-storage property typically range between $3 million and $15 million. Therefore, for a relatively modest capital investment, self-storage companies have an opportunity for a great deal of geographic diversification, which could enhance the stability and predictability of cash flows.

- Self-storage properties are rarely dependent on large tenants whose vacating can have a significant impact on rental revenue. This greatly reduces both industry rivalry and the bargaining power of the industry's customers.

- Many self-storage customers have a relatively inelastic sensitivity to pricing partly due to the low cost of self-storage relative to other storage alternatives, as well as the high switching costs to relocate goods to another property.

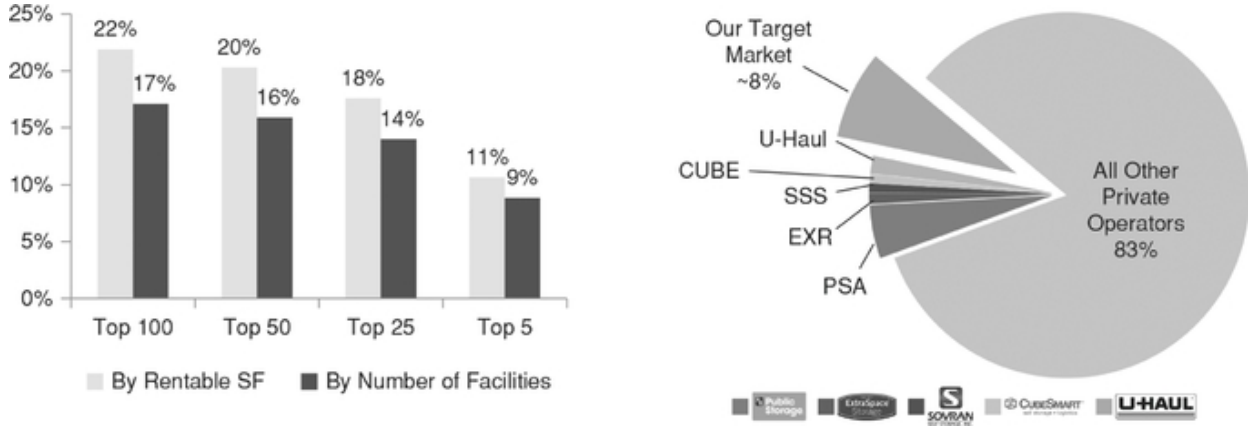
- The growth of the commercial customer base, with small businesses being the main driver of the U.S. economy, is a favorable industry demand trend. Commercial customers, who are increasingly employing self-storage for their distribution logistics, favor self-storage for its relatively low cost, ease of access, security, flexible lease terms, climate control features, and proximity to their distribution destinations.

- As more sophisticated self-storage operators continue to develop innovative technology products, marketing, and services, local operators may be increasingly unable to meet higher tenant expectations, which could encourage further consolidation in the industry.

- The demand base for self-storage is large and diverse. Self-storage properties serve a wide spectrum of residential and commercial customers, ranging from college students to high-income property owners, to local businesses, to large national corporations. Their use is driven by a broad variety of events and circumstances. This results in steady demand for self-storage within all parts of an economic cycle.

*Industry Profile.* The self-storage industry is a large and highly fragmented real property sector. According to the Self Storage Association, the industry as of December 31, 2013, consisted of an estimate $24 billion in annual revenue and over $200 billion in private market value across approximately 52,000 properties operated by over 30,000 operators. Less than 10% of the industry consists of operators with more than one property. The 100 largest operators manage less than 18% of self-storage industry properties; the largest public self-storage companies are Public Storage, Extra Space Storage Inc., U-Haul, CubeSmart, and Sovran Self Storage, Inc. which comprise roughly 10% of the self-storage market share. The larger operators enjoy economies of scale in administration, marketing, and purchasing and often have greater access to capital to fund development and acquisitions. The high level of fragmentation and the opportunity to achieve economies of scale presents ample opportunity for growth through consolidation in the industry.

**Figure 1: Market Share of Top Operators**




*Source: 2014 Self-Storage Almanac.*

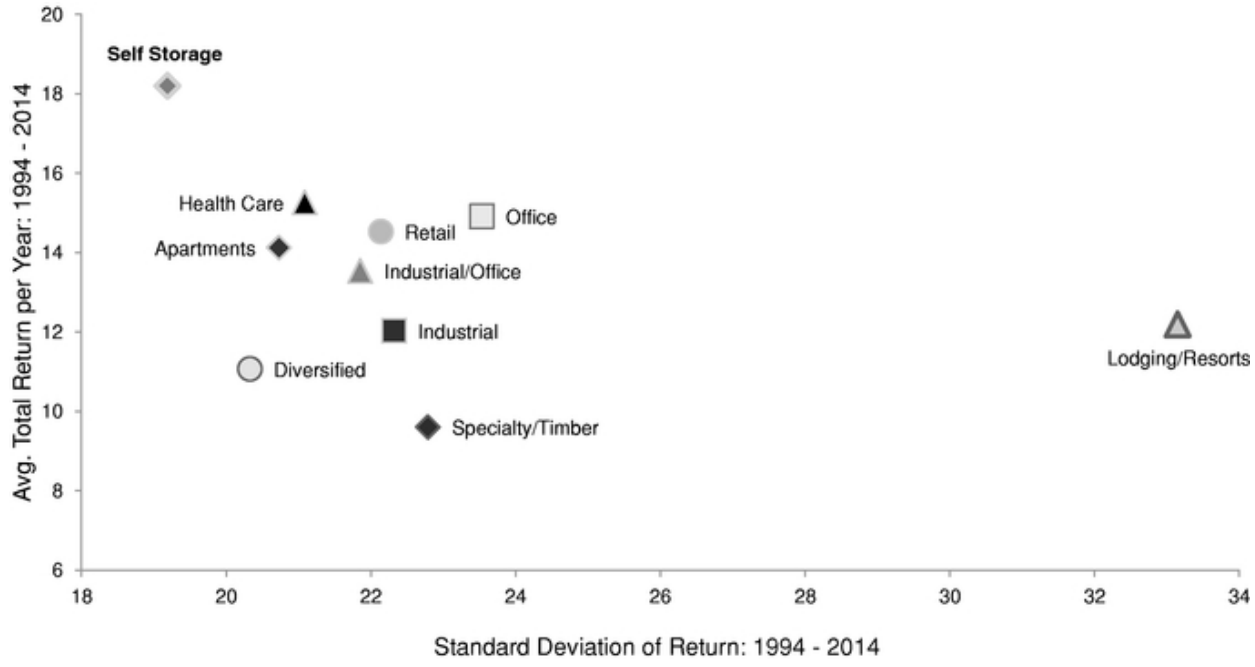
*Favorable Sector Performance.* According to NAREIT, the self-storage sector has been one of the strongest performing real estate sectors over the past 20 years. The sector's outperformance has been especially strong since the beginning of the recent financial crisis and through the subsequent recovery (January 1, 2008 to December 31, 2013). Throughout this six-year period, the self-storage sector performed better than any other NAREIT equity sub-sector in terms of cumulative total return, average annual total return and volatility of returns. Every year during this period, the cumulative total return in the self-storage NAREIT sub-sector was above 5%.

While difficult economic times caused some vacancy, it also created new users by way of downsizing, job loss, and foreclosure, which often necessitate the need for self-storage. The combination of the fluidity in rental rates, the diverse and changing mix of tenants, and operational flexibility enabled operators to actively manage through a tough operating environment. We believe the self-storage sector also typically has a lower expense ratio relative to other real estate asset classes, which enabled it to be more resilient to downward pressure on revenue and better able to maintain strong positive cash flow during the downturn. In addition to experiencing smaller declines in cash flow during 2008 and 2009, as the economy began improving in 2010, self-storage property cash flows recovered more quickly than other property types because of the industry's ability to rapidly reset rental rates commensurate to the improving economy. Because self-storage is a short-term operating business, the sector holds an advantage over retail, office, industrial, and virtually all other property types that operate with long-term lease obligations, primarily driven by the ability of operators to adjust rents to market conditions on a daily, weekly, and monthly basis.

Despite a lack of significant development activity, transaction volume is up as self-storage REITs and PROs continue to grow their portfolios through acquisition of storage properties. As a result, cap rates have compressed and asset values have risen, especially in top-tier markets that have been heavily targeted by the large, public self-storage REITs.

As reflected in Figure 2, between 1994 and 2013, the self-storage sector produced an average total return on investment that was approximately 40% higher than other real estate sectors, while experiencing, on average, approximately 13% less volatility, measured by the standard deviation of return, than other real estate sectors. Many industry participants believe that the self-storage industry will continue to generate strong NOI growth.

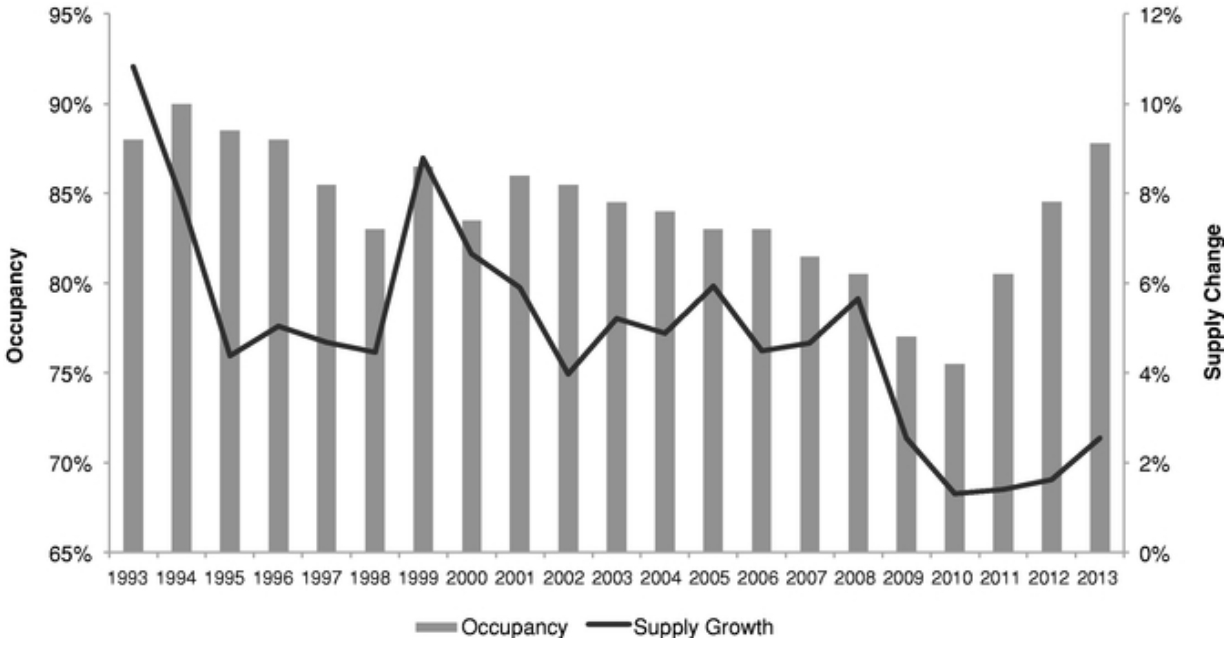
**Figure 2: Public Self-Storage Average Total Return and Standard Deviation**




*Source: NAREIT*

***Occupancy Snapshot.*** As shown in Figure 3, in 2008, the national average physical occupancy rate has increased by almost 9% since 2009. While the fall in occupancy rates in 2009 and 2010 was partly the result of a flattening demand due to the economic downturn, it was primarily the result of a significant supply increase. The industry added approximately 10,000 new properties between 2004 and 2009. Following the dramatic increase in supply, the downturn caused a sharp pullback in the number of new properties, and supply has since been relatively stable. Consequently, we believe that the occupancy statistics illustrated below more accurately reflect the glut and consequent correction in supply as opposed to an influence of volatile demand.

**Figure 3: National Occupancy & Supply Growth Rates**



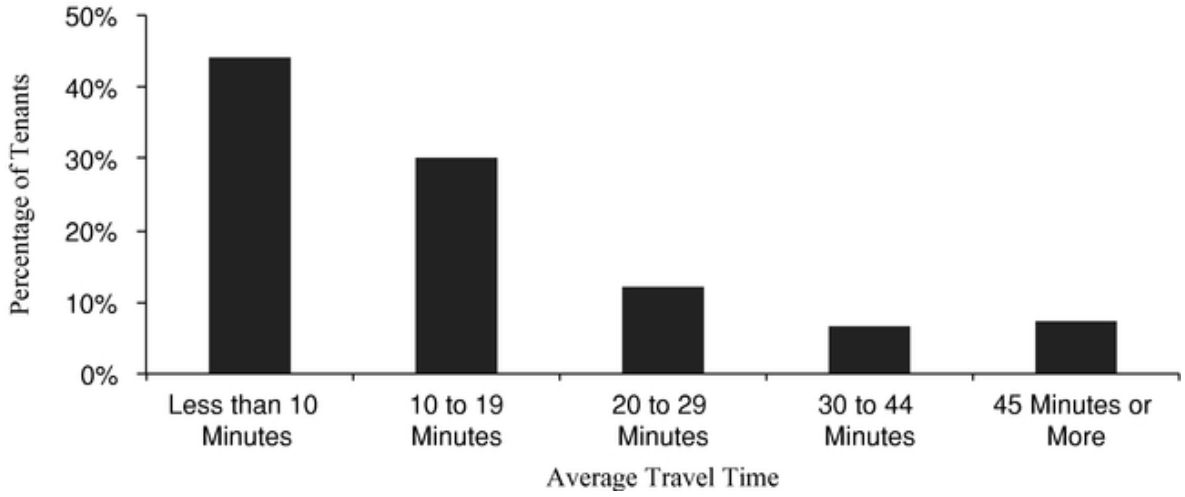

*Source: 2014 Self-Storage Almanac. Data through June 30, 2013.*

***Low Supply, High Demand.*** Construction between 2009 and 2013 has been minimal, which has helped demand catch up with supply in most markets following the doubling of the industry from one billion to two billion square feet between 1995 and 2006. Development of new properties has been constrained by the lack of available financing to local operators, restrictive zoning laws and other regulations on real estate development and self-storage specifically, and substantial start-up and pre-development costs. As a result, occupancy rates have improved dramatically and operators have decreased concessions and increased rental rates to drive revenue growth.

Demand for self-storage will likely remain strong due to favorable demographic trends which include population growth, the aging of the Baby Boomer generation, and the high-propensity to rent among the Echo Boomer generation, all of which should positively affect demand for self-storage. We believe that the strengthening macroeconomic environment will further bolster demand and drive rental rates higher, especially in those markets with significant population growth.

***Tenant Preferences.*** Tenants generally choose a self-storage property based on the convenience of the site to their home or business, making high-density, high-traffic population centers ideal locations for a self-storage property. According to the Self-Storage Almanac, as reflected in Figure 4, approximately 45% of self-storage renters surveyed stated that their unit was less than 10 minutes from their homes, and an additional 30% of customers stated that they drive only 10 to 19 minutes to access their storage space. A property's perceived security and the general professionalism of the site managers and staff are also contributing factors to a site's ability to successfully secure rentals. Although most self-storage units are leased to tenants on a short-term basis, tenants tend to continue their leases for extended periods of time.

**Figure 4: Travel Time to Storage Unit**




*Source: Self-Storage Almanac 2013 Self Storage Demand Study.*

Although Internet marketing is an expanding focus within the industry and its usage has increased exponentially in a relatively short time period, in-person visits still serve as the predominant form of first contact. According to the Self-Storage Almanac, in 2013, 47% of customers made their first contact with a storage business by making an in-person visit. The phone was the second most popular method for connecting with a property with 43% of customers reported reaching out to their storage properties by telephone. Only 9% of tenants said that they made their first contact with a property online, either by accessing a self-storage company's website or by sending an email inquiry. When asked how customers heard about their self-storage operator, approximately 66% of tenants indicated that they became aware of the business after driving by the storage store or through recommendations by family members or friends.

***Technology and Marketing.*** Although technology's impact on the industry is still evolving, it has had a pronounced effect in changing the way self-storage operators run their businesses, increasing the benefits of economies of scale. For example, with the advent of cloud computing, owners and operators can run client server software used at one or more self-storage properties from a remote location. This type of distributed design facilitates the sharing of resources, which allows self-storage operations to enjoy reduced upfront IT infrastructure costs and often improves the integration of software applications. Call centers have also provided a form of technological scale to the self-storage industry. Customers often have an immediate need for storage. Having a centralized call center to cover multiple properties allows owners and operators to ensure that all customer inquiries are captured. In addition, operators, similar to those in the multifamily sector, have begun to use revenue management software that seeks to maximize rental revenue by setting rental rates daily, taking into account local market conditions, competitors' actions, and trends throughout the operator's portfolio. As more sophisticated self-storage operators continue to develop innovative technology products and services, local operators may be increasingly unable to meet higher tenant expectations, which could encourage further consolidation in the industry.

## BUSINESS AND PROPERTIES

### *Our Company*

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 MSAs throughout the United States. According to the 2014 Self-Storage Almanac, we are the sixth largest owner and operator of self-storage properties and the largest privately-owned operator of self-storage properties in the United States based on number of properties, units, and rentable square footage. Upon the completion of this offering and the formation transactions, our in-place portfolio of 246 self-storage properties will comprise approximately 13.7 million rentable square feet and will be diversified across 16 states in more than 100,000 storage units. In addition, we have a pipeline of potential additional acquisitions consisting of 114 properties, comprising approximately 7.3 million rentable square feet.

Our chief executive officer, Arlen D. Nordhagen, co-founded SecurCare Self Storage, Inc. in 1988 to invest in and manage self-storage properties. While growing SecurCare to over 150 self-storage properties, Mr. Nordhagen recognized a market opportunity for a differentiated public self-storage REIT that would leverage the benefits of national scale by integrating multiple experienced regional self-storage operators with local operational focus and expertise. We believe that his vision, which is the foundation of our company, aligns the interests of regional self-storage operators with those of public shareholders by allowing the operators to participate alongside shareholders in the financial performance of our company and their contributed portfolios. A key component of this strategy is to capitalize on the local market expertise and knowledge of regional self-storage operators by maintaining the continuity of their roles as property managers.

We believe that our structure creates the right financial incentives to accomplish these objectives. We require our PROs to exchange the self-storage properties they contribute to our company for a combination of OP units and subordinated performance units in our operating partnership or DownREIT partnerships. OP units, which are economically equivalent to our common shares, create alignment with the performance of our company as a whole. Subordinated performance units, which are linked to the performance of specific contributed portfolios, incentivize our PROs to drive operating performance and support the sustainability of the operating cash flow generated by the contributed self-storage properties that they continue to manage on our behalf. Because subordinated performance unit holders receive distributions only after portfolio-specific minimum performance thresholds are satisfied, subordinated performance units play a key role in aligning the interests of our PROs with us and our shareholders. Our structure thus offers PROs a unique opportunity to serve as regional property managers for their contributed properties and directly participate in the potential upside of those properties while simultaneously diversifying their investment to include a broader portfolio of self-storage properties. We believe our structure provides us with a competitive growth advantage over self-storage companies that do not offer property owners the ability to participate in the performance and potential future growth of their contributed portfolios.

We believe that our national platform has significant potential for external and internal growth. We seek to expand our platform by recruiting additional established self-storage operators, while integrating our operations through the implementation of centralized initiatives, including management information systems, revenue enhancement, and cost optimization programs. We are currently engaged in preliminary discussions with additional self-storage operators and believe that we could add several additional PROs over the next two to three years. These additional operators will enhance our existing geographic footprint and allow us to enter regional markets in which we currently have limited or no market share. In addition, we believe that the implementation of best practices across our portfolio and leveraging economies of scale will allow us to more effectively grow internally through increased

occupancy, rents, and margins, which will drive cash flow growth across our portfolio. As of December 31, 2014, our occupancy rate across our in-place portfolio was approximately 85%.

We are organized as a Maryland real estate investment trust and intend to elect to be taxed as a REIT for U.S. federal income tax purposes, commencing with our taxable year ending December 31, 2015. We generally will not be subject to U.S. federal income tax on our net taxable income to the extent that we distribute annually all of our net taxable income to our shareholders and maintain our intended qualification as a REIT. We serve as the sole general partner of, and operate our business through, our operating partnership subsidiary, NSA OP, LP, a Delaware limited partnership. Our operating partnership enables us to facilitate additional tax deferred acquisitions using both OP units and subordinated performance units as currency for these transactions.

***Our PROs***

SecurCare has been operating since 1988 and, in connection with the launch of our company in April 2013, was joined by two additional PROs: Northwest, which has been operating since 1977, and Optivest, which has been operating since 2007. Guardian, which has been operating since 1999, joined our company as a PRO in February 2014. In July 2014, Move It was added as our fifth PRO. Upon the completion of this offering and the formation transactions, Storage Solutions will become our sixth PRO. Our PROs have collectively contributed the vast majority of their properties to our company as part of the formation transactions.

We believe our structure allows our PROs to optimize their established property management platforms while addressing financial and operational hurdles. Before joining us, our PROs faced challenges in securing low cost capital and had to manage multiple investors and lending relationships, making it difficult to compete with larger competitors, including public REITs, for acquisition and investment opportunities. Our PROs were also limited in their ability to raise growth capital through the sale of assets, a portfolio refinancing, or capital contributions from new equity partners. Serving as our on-the-ground acquisition teams, our PROs now have access to our broader financing sources and lower cost of capital while our national platform allows them to benefit from our economies of scale to drive operating efficiencies in a rapidly evolving, technology-driven industry.

We benefit from the local market knowledge and active presence of our PROs, allowing us to build and foster important customer and industry relationships. These local relationships provide attractive off-market acquisition opportunities that we believe will continue to fuel additional external growth. Newly acquired properties are integrated into our national platform and managed by our PROs.

The following table summarizes the properties in our in-place portfolio by PRO as of December 31, 2014:

| | In-Place Portfolio | | | |
|---|---|---|---|---|
| PRO | Properties | Units | Rentable Square Feet[1] | Average Occupancy[2] |
| SecurCare[3] | 116 | 44,963 | 5,788,150 | 86% |
| Northwest | 63 | 24,191 | 3,039,286 | 89% |
| Optivest | 27 | 13,824 | 1,832,921 | 77% |
| Guardian | 26 | 16,104 | 1,828,940 | 86% |
| Move It[4] | 11 | 6,564 | 1,059,084 | 77% |
| Storage Solutions[5] | 3 | 1,375 | 178,955 | 87% |
| **Total/Weighted Average[6]** | **246[7]** | **107,021** | **13,727,336** | **85%** |

(1) Rentable square feet includes all enclosed self-storage units but excludes commercial, residential, and covered parking space of over 440,000 square feet in our in-place.

(2) Represents total occupied rentable square feet divided by total rentable square feet.

(3) Includes 17 properties not owned by us as of the date of this prospectus, containing 7,642 units with 1,065,655 rentable square feet and average occupancy of 87%.

(4) Move It is currently a manager of these properties pursuant to an agreement with SecurCare, which is the contributor of these properties. See "The Formation and Structure of our Company—SecurCare Contributions." Includes one property not owned by us as of the date of this prospectus, containing 332 units with 51,629 rentable square feet and average occupancy of 79%.

(5) None of these properties are owned by us as of the date of this prospectus.

(6) Four properties in our in-place portfolio will be held as long-term leasehold interests with an average remaining lease term, including extension options, ranging from 19 to 60 years.

(7) Of the 246 self-storage properties in our in-place portfolio, there are 219 that we acquired as of December 31, 2014, six that we acquired between January 1, 2015 and the date of this prospectus, 16 that we expect to acquire prior to or concurrently with the completion of this offering, and five that we expect to acquire upon the receipt of lender consents, which may occur prior to, concurrently with, or following the completion of this offering. Of the 21 properties that we expect to acquire, 17 are in SecurCare's contributed portfolio, one is in Move It's contributed portfolio, and three are in Storage Solution's contributed portfolio.

To capitalize on their recognized and established local brands, our PROs will continue to function as property managers for their contributed properties under their existing brands (which include various brands in addition to those appearing below). Over the long-run, we may seek to brand or co-brand each location as part of NSA.

SecurCare is one of our PROs responsible for covering the mountain and southeast regions. SecurCare provides property management services to 116 of our properties located in 11 states, including California, Colorado, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, Oklahoma, South Carolina and Texas. Prior to contributing properties to us, SecurCare was ranked by the 2013 Self-Storage Almanac as the sixth largest operator of self-storage properties in the United States. Headquartered in Lone Tree, Colorado, SecurCare was founded in 1988 and is currently managed by David Cramer, who has worked in the self-storage industry for more than 17 years. Mr. Cramer is our mountain and southeast regional president and also leads our Technology and Best Practices Group, which is described under "Business and Properties—Our Technology and Best Practices."

Northwest is our PRO responsible for covering the northwest region. Northwest provides property management services to 63 of our properties located in Oregon and Washington. Prior to contributing properties to us, Northwest was ranked by the 2014 Self-Storage Almanac as the 16th largest operator of self-storage properties in the United States. Headquartered in Portland, Oregon, Northwest is run by Kevin Howard, who founded the company over 30 years ago. Mr. Howard is our northwest regional president and is recognized in the industry for his successful track record as a self-storage specialist in the areas of design and development, operation and property management, consultation, and brokerage.

Optivest is one of our PROs responsible for covering the southwest region. Based in Dana Point, California, Optivest currently manages 27 of our properties across five states, including Arizona, California, Nevada, New Hampshire and Texas. Prior to contributing properties to us, Optivest was ranked by the 2014 Self-Storage Almanac as the 21st largest operator of self-storage properties in the United States. Optivest is run by its co-founder, Warren Allan, who has more than 25 years of financial and operational management experience in the self-storage industry. Mr. Allan is our southwest regional president and is recognized as a self-storage acquisition and development specialist.

**Guardian Storage Centers**

Guardian is one of our PROs responsible for covering portions of the southern California region and the Arizona market. Based in Irvine, California, Guardian currently manages 26 of our properties located in California and Arizona. Prior to contributing properties to us, according to guidance from Guardian, if the 2014 Self-Storage Almanac had reported its size, it would have been ranked as the 36th largest operator of self-storage properties in the United States. This operator is led by John Minar, who has over 30 years of self-storage acquisition and operational management experience. Mr. Minar is our southern California regional president and brings close to 40 years of real estate acquisition, rehabilitation, ownership, and development experience to our company.

Move It is one of our PROs responsible for covering certain portions of the Texas market. Based in Addison, Texas, Move It currently manages 11 of our properties in Texas. Prior to contributing properties to us, Move It was ranked by the 2014 Self-Storage Almanac as the 34th largest operator of self-storage properties in the United States. This operator is led by its founder, Tracy Taylor, who has more than 40 years of experience in self-storage development, acquisition and management. Mr. Taylor is our Texas market executive vice president and is currently on the board of directors for the Large Owners Council of the Self Storage Association.

Storage Solutions, upon the completion of this offering and the formation transactions, will be our PRO responsible for covering most of the Arizona market. Based in Chandler, Arizona, Storage Solutions manages three of our properties in Arizona. Prior to contributing properties to us, Storage Solutions was ranked by the 2014 Self-Storage Almanac as the 29th largest operator of self-storage properties in the United States. This operator is led by its founder, Bill Bohannan, who is one of the largest operators in Phoenix and has more than 34 years of self-storage acquisition, development and management experience. Mr. Bohannan is our Arizona market executive vice president and is recognized in the industry as a self-storage acquisition, development and management specialist.

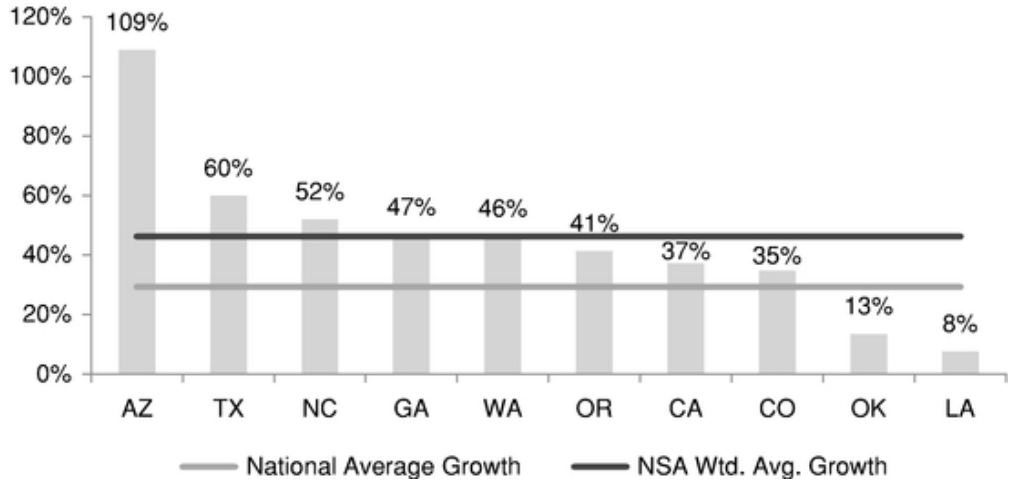
Each PRO representative who serves as regional president or executive vice president of our company receives no compensation from us for serving in these roles.

**Our Competitive Strengths**

We believe our unique PRO structure allows us to differentiate ourselves from other self-storage operators, and the following competitive strengths enable us to effectively compete against our industry peers:

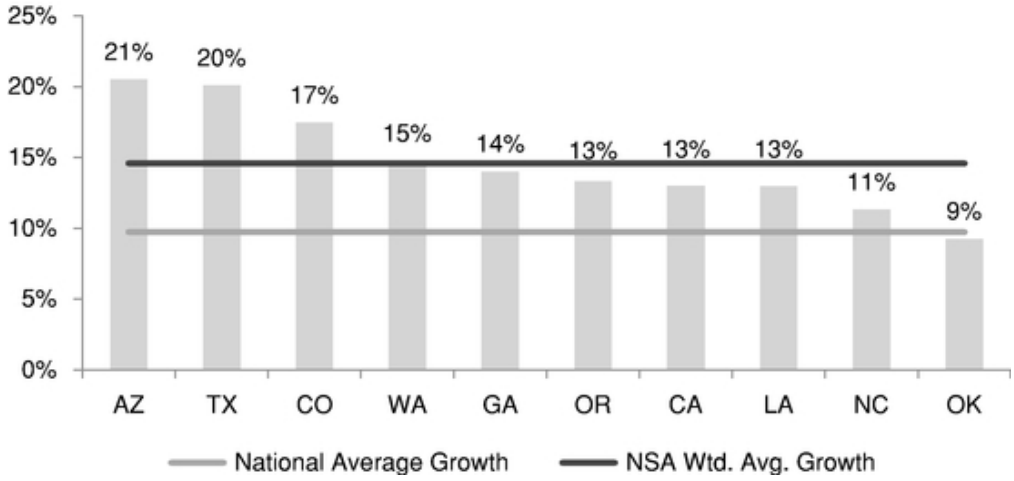
***High Quality Properties in Key Growth Markets.*** Upon the completion of this offering and the formation transactions, we expect to own a large, geographically diversified portfolio of 246 self-storage properties, which includes 225 properties that we currently own, 16 properties that we expect to acquire prior to or concurrently with the completion of this offering, and five properties that we expect to acquire upon the receipt of lender consents, which may occur prior to, concurrently with, or following the completion of this offering. These 246 properties are located in 16 states and over 50 MSAs. Over 75% of our in-place portfolio is located in the top 100 MSAs based on our 2014 pro forma NOI. We believe that these properties are primarily located in high quality growth markets that have attractive supply and demand characteristics and are less sensitive to the fluctuations of the general economy. As reflected in Figure A and Figure B below, the U.S. Department of Labor's Bureau of Labor Statistics expects our top 10 states (which we determined, based on our property count for our in-place portfolio), to grow approximately 50% faster than the national average for population and job growth. These 10 states accounted for over 95% of the 2014 pro forma NOI for our in-place portfolio. Many of these markets have multiple barriers to entry against increased supply, including zoning restrictions against new construction and new construction costs that we believe are higher than our properties' fair market value. We seek to own properties that are well located in high quality sub-markets with highly accessible street access, providing our properties with strong and stable cash flows. Furthermore, we believe that our significant size and the overall geographic diversification of our portfolio reduces risks associated with specific local or regional economic downturns or natural disasters.

**Figure A: Projected Population Growth in Our Top 10 States**




*Source: U.S. Department of Labor's Bureau of Labor Statistics and 2013 Self-Storage Almanac. Reflects projected population growth through 2030. NSA's weighted average is based on the 10 states shown in the above graph, which represents NSA's top 10 states according to their property count for our in-place portfolio.*

**Figure B: Projected Job Growth in Our Top 10 States**




*Source: U.S. Department of Labor's Bureau of Labor Statistics in cooperation with each state's employment security agency. Reflects an average projection period from 2012 through 2022 for the U.S. and for each state represented in the above graph, except Arizona, North Carolina and Texas, for which the average projection period is from 2010 to 2020. NSA's weighted average is based on the 10 states shown in the above graph, which represents NSA's top 10 states according to their property count for our in-place portfolio.*

***Differentiated, Growth Oriented Strategy Focused on Established Operators.*** We are a self-storage REIT with a unique structure that supports our differentiated external growth strategy. Our structure appeals to operators who are looking for access to growth capital while maintaining an economic stake in the self-storage properties that each has contributed to our company and continues to manage on our behalf. These attributes entice operators to join our company rather than sell their properties for cash consideration. Our strategy is to attract operators who are confident in the future performance of their properties and desire to participate in the growth of our company. We are focused on recruiting established institutional operators across the United States with a history of efficient property management and a track record of successful acquisitions. Our structure and differentiated strategy have enabled us to build a substantial pipeline from existing operators as well as potentially create external growth from the recruitment of additional PROs.

***Integrated Platform Utilizing Advanced Technology for Enhanced Operational Performance and Best Practices.*** Our national platform allows us to capture cost savings through integration and centralization, thereby eliminating redundancies and utilizing economies of scale across the property management platforms of our PROs. As compared to a stand-alone operator, our national platform has greater access to lower-cost capital, reduced Internet marketing costs per customer lead, discounted property insurance expense, and reduced overhead costs. In addition, our company has sufficient scale for national and bulk purchasing and has centralized various functions, including financial reporting, call center operations, marketing, information technology, legal support, and capital market functions, to achieve substantial cost savings over smaller, individual operators.

Our national platform utilizes advanced technology for Internet marketing, call center operations, financial and property analytic dashboards, revenue optimization analytics and expense management tools to enhance operational performance. These centralized programs, which are run through our Technology and Best Practices Group, are positively impacting our business performance, and we believe that they will be a driver of organic growth going forward. We will utilize our Technology and

Best Practices Group to help us benefit from the collective sharing of key operating strategies among our PROs in areas like human resource management, local marketing and operating procedures.

***Aligned Incentive Structure with Shareholder Downside Protection.*** Our structure promotes operator accountability as subordinated performance units issued to our PROs in exchange for the contribution of their properties are entitled to distributions only after those properties satisfy minimum performance thresholds. In the event of a material reduction in operating cash flow, distributions on our subordinated performance units will be reduced before distributions on our common shares held by our common shareholders. In addition, we expect our PROs will generally co-invest subordinated equity in the form of subordinated performance units in each acquisition that they source, and the value of these subordinated performance units will fluctuate with the performance of their contributed properties. Therefore, our PROs are incentivized to select acquisitions that are expected to exceed minimum performance thresholds, thereby increasing the value of their subordinated equity stake. We expect that our shareholders will benefit from the higher levels of property performance that our PROs are incentivized to deliver.

***Attractive Sector with Strong Underlying Fundamentals and Historic Outperformance.*** Self-storage industry fundamentals are robust with many properties operating at optimal revenue-producing occupancy and favorable industry dynamics resulting in pricing power for self-storage operators. Operators are able to achieve high same store occupancy levels through a diverse base of customer demand from individuals as well as businesses. Based on these favorable supply and demand dynamics, we believe that disciplined self-storage operators will generate revenue growth in the near term and will continue to drive revenue performance throughout various economic cycles. We believe that overhead costs and maintenance capital expenditures are considerably lower in the self-storage industry as compared to other real estate sectors, and as a result, self-storage companies are able to achieve comparatively higher operating and cash flow margins. The self-storage sector's fundamentals have consistently established it as one of the strongest performing sectors among all classes of real estate over the last twenty years. NAREIT has tracked total return performance of the real estate equity sector since 1994, and from that time through December 31, 2014, the self-storage equity REIT sector has returned an average of over 18% on an annual total return basis compared to the average annual total return of approximately 13% for all other equity REIT sectors.

***Experienced Senior Management Team with Deep Operating and Public Company Experience.*** Our senior management team has an established executive leadership track record, aided by their extensive knowledge of the self-storage sector and experience in the ownership, management, and development of self-storage properties. Our chief executive officer, Arlen D. Nordhagen, and chief financial officer, Tamara D. Fischer, bring accomplished backgrounds with an average of 25 years of experience in multiple management capacities at both public and private companies. As a successful entrepreneur involved in the start-up and growth of several public and private companies, Mr. Nordhagen was one of the founders of SecurCare in 1988 and led the company through a period of rapid growth. In addition to SecurCare, Mr. Nordhagen was a founder of MMM Healthcare, Inc., the largest provider of Medicare Advantage health insurance in Puerto Rico. He has also served as managing member of various private investment funds and held various managerial positions at E. I. DuPont De Nemours and Company, or DuPont, and Synthetech, Inc. Ms. Fischer also brings substantial managerial and public company experience to us. Prior to joining us, Ms. Fischer was executive vice president and chief financial officer of Vintage Wine Trust Inc., a REIT formed for the purpose of providing triple-net lease financing to owners and operators of wineries, vineyards, and other wine-related facilities. Ms. Fischer also served as executive vice president and chief financial officer of Chateau Communities Inc., one of the largest public REITs in the manufactured home community sector. In that capacity, Ms. Fischer oversaw the company's initial public offering, multiple merger and acquisition transactions, as well as ongoing capital markets activities, investor relations, financial reporting, and administrative responsibilities. Ms. Fischer remained at Chateau through its sale to Hometown America LLC in 2003.

Our seasoned PROs also have highly experienced management teams averaging over 30 years of industry experience as well as deep industry knowledge of key markets and extensive national networks of industry relationships.

- David Cramer, a principal of SecurCare, joined the company in 1998, and has more than 17 years of experience in the self-storage industry, growing SecurCare's portfolio from 11 properties to over 150 properties during his tenure. He is an active member of the Large Owners Council of the Self Storage Association and is a board member of FindLocalStorage.com, an industry digital marketing consortium.

- Kevin Howard, a principal of Northwest, founded the company in 1977 and built it into one of the largest privately-owned portfolios of self-storage properties in the Pacific Northwest. He was one of the earliest members of the Self Storage Association in the mid-1970s, serving on its board of directors during several of the early years of its existence.

- Warren Allan, principal of Optivest, has over 25 years of financial and operational management experience, during which time he helped structure over 25 real estate partnerships to acquire self-storage properties in various regions nationwide. Prior to founding Optivest in 2007, Mr. Allan served as both chief operating officer and chief financial officer of another self-storage management company, Platinum Storage, since its founding in 2000.

- John Minar, principal of Guardian, has been involved in the self-storage industry since 1984. Mr. Minar formed Guardian in 1999 and is the owner and manager of Guardian's portfolio, which has properties located in southern California and Arizona. Mr. Minar has been involved in the acquisition, rehabilitation, ownership, and development of real estate since 1977, and is active in the Large Owners Council of the Self Storage Association.

- Tracy Taylor, principal of Move It, has been involved in the self-storage industry for more than 40 years. He founded Move It and is the manager of Move It's portfolio, which has properties in Texas, Tennessee and North Carolina. He served on the board of directors of the Self Storage Association from 2006 through 2011, serving as chairman of the board in 2010. He has also served on the board of directors for the Large Owners Council of the Self Storage Association since 2012.

- Bill Bohannan, principal of Storage Solutions, has been involved in the self-storage industry for more than 30 years and is one of the largest operators of self-storage properties in the Phoenix, Arizona MSA. A recognized industry expert, Mr. Bohannan has been a speaker, and has instructed various courses, for the Self Storage Association for several years.

We believe our deep and cohesive management structure has the relevant skills and experience necessary to effectively grow our company. Upon the completion of this offering and the formation transactions, we expect that our senior management team, including our chief executive officer, representatives of our PROs who serve on our board of trustees and PRO advisory committee, and our chief financial officer, will own approximately % of our equity on a fully diluted basis.

**Our Business and Growth Strategies**

By capitalizing on our competitive strengths, we seek to increase scale, achieve optimal revenue-producing occupancy and rents levels, and increase long-term shareholder value by achieving sustainable long-term growth. Our business and growth strategies to achieve these objectives are as follows:

***Increase Occupancy of In-Place Portfolio.*** Existing public self-storage REITs were operating with a weighted average occupancy level of approximately 91% as of December 31, 2014, which we believe is at or near optimal revenue-producing occupancy. Our in-place portfolio occupancy was approximately 85% as of December 31, 2014, reflecting a gap of approximately 6% compared to the average occupancy of the existing public self-storage REITs. Our same store average occupancy (which is

weighted by square foot) for the quarter ended December 31, 2014 was approximately 87%. Through utilization of our centralized call centers, integrated Internet marketing strategies and best practices protocols, we expect our PROs will be able to increase rental conversion rates resulting in increasing occupancy levels. Based on pro forma results of operations for the year ended December 31, 2014, we believe that a 1% improvement in our occupancy for our in-place portfolio would have translated into an approximate $1.2 million improvement in pro forma rental revenue for the period. We would expect a similar increase in NOI subject to marginal increases in operating expenses.

***Maximize Property Level Cash Flow.*** We strive to maximize the cash flows at our properties by leveraging the economies of scale provided by our national platform including through the implementation of new ideas derived from our Technology and Best Practices Group. We believe that our unique PRO structure, centralized infrastructure and efficient national platform will enable us to achieve optimal market rents and occupancy, reduce operating expenses and increase the sale of ancillary products and services, including tenant insurance, rental moving equipment and packing supplies.

***Acquire Built-in Pipeline of Target Properties from Existing PROs.*** We have an attractive, high quality pipeline of 114 self-storage properties, one of which is a development property under contract comprising approximately 20,000 rentable square feet that we expect to acquire in late 2016 once occupancy reaches average local market levels and financial performance is acceptable. The other 113 properties in our pipeline represent potential acquisitions, comprising approximately 7.3 million rentable square feet, that we anticipate will drive our future growth. We consider a property to be in our pipeline if (i) it is under a management service agreement with one of our PROS, (ii) it meets the property quality criteria described under "The Formation and Structure of our Company—Valuation Methodology for Contributed Portfolios," and (iii) it is either required to be offered to us under the applicable facilities portfolio management agreement or a PRO has a reasonable basis to believe that the owner of the property intends to sell the property in the next seven years.

The following table summarizes the properties in our pipeline by PRO as of December 31, 2014:

| | Pipeline | | |
|---|---|---|---|
| PRO | Properties | Units | Rentable Square Feet[1] |
| SecurCare | 25 | 12,351 | 1,539,671 |
| Northwest | 7 | 2,170 | 269,579 |
| Optivest | 24 | 13,528 | 1,632,792 |
| Guardian | 9 | 6,657 | 762,920 |
| Move-It | 21 | 9,377 | 1,367,578 |
| Storage Solutions | 28 | 16,017 | 1,752,220 |
| **Total[2]** | **114** | **60,100** | **7,324,760** |

(1) Rentable square feet includes all enclosed self-storage units but excludes commercial, residential, and covered parking space of over 250,000 square feet in our pipeline.

(2) Three properties in our pipeline, if acquired, would be held as long-term leasehold interests.

Our PROs have management service agreements with all of the properties in our pipeline and hold controlling ownership interests in 30 of these properties and non-controlling ownership interests in 20 of these properties. With respect to each property in our pipeline in which a PRO holds a controlling ownership interest, such PRO has agreed that it will not transfer (or permit the transfer of, to the extent possible), any interest in such self-storage property without first offering or causing to be offered (if permissible) such interest to us. In addition, upon maturity of the outstanding mortgage indebtedness encumbering such property or if no such indebtedness is in-place, so long as occupancy is consistent with average local market levels, which we determine in our sole discretion, such PRO has

agreed to offer or cause to be offered (if permissible) such interest to us. With respect to pipeline properties in which our PROs have a non-controlling ownership interest or no ownership interest, each PRO has agreed to use commercially reasonable good faith efforts to facilitate our purchase of such property. We preserve the discretion to accept or reject any of the properties that our PROs are required to, or elect to, offer (or cause to be offered) to us. See "The Formation and Structure of Our Company—Facilities Portfolio and Asset Management Agreements—Controlled Properties Purchase Option Upon PRO Determination to Transfer" and "—Non-Controlled Properties Notice and Facilitation."

The following table summarizes, by each category of property in our pipeline, the years in which we expect to either acquire, have an offer to acquire, or make an offer to acquire such properties.

| | Pipeline | | | | |
|---|---|---|---|---|---|
| | Under Contract | PRO Controlling Ownership Interest[1] | PRO Non-controlling Ownership Interest | PRO without Ownership Interest | Total |
| 2015 | — | 3 | 15 | 17 | 35 |
| 2016 | 1 | 8 | 5 | 39 | 53 |
| 2017 | — | 9 | — | 5 | 14 |
| 2018 and beyond | — | 10 | — | 2 | 12 |
| **Total** | **1** | **30** | **20** | **63** | **114** |

(1) Three properties in our pipeline, if acquired, would be held as long-term leasehold interests.

We have organized our pipeline into annual time periods in the above table based on our assessment of (i) the pending maturity dates of the mortgages encumbering such properties or when pre-payment of such mortgage is economical, (ii) our PROs' understanding, as managers of these properties, as to when the owners of the controlling interests in these properties might be interested in selling, and/or (iii) a particular property having occupancy consistent with average local market levels, along with acceptable financial performance. For 24 of the 30 properties in which our PROs have a controlling ownership interest, properties are organized into annual time periods based primarily on the pending maturity dates of the underlying mortgages. The remaining six of these 30 properties, including four development properties, are included in annual time periods based on our estimate as to when each such property is expected to have occupancy consistent with average local market levels and acceptable financial performance.

With respect to the 83 pipeline properties in which our PROs have a non-controlling ownership interest or no ownership interest, we have included 44 of such properties into annual time periods based primarily on the pending maturity dates of their underlying mortgages and one such development property in an annual time period based on our estimate as to when such property is expected to have occupancy consistent with average local market levels and acceptable financial performance. The annual time periods for the remaining 38 properties are based largely on our PROs' understanding as to when the owners of the controlling interests in these properties might be interested in selling their properties.

For all of the 113 potential acquisitions in our pipeline, we have not entered into negotiations with the respective owners and there can be no assurance as to whether we will acquire any of these properties or the actual timing of any such acquisitions. Each pipeline property is subject to additional due diligence and the determination by us to pursue the acquisition of the property. In addition, with respect to the 83 pipeline properties in which our PROs have a non-controlling ownership interest or no ownership interest, the current owner of each property is not required to offer such property to us and there can be no assurance that we will acquire these properties.

***Access Additional Off-Market Acquisition Opportunities.*** Our PROs and their "on-the-ground" personnel have established an extensive network of industry relationships and contacts in their

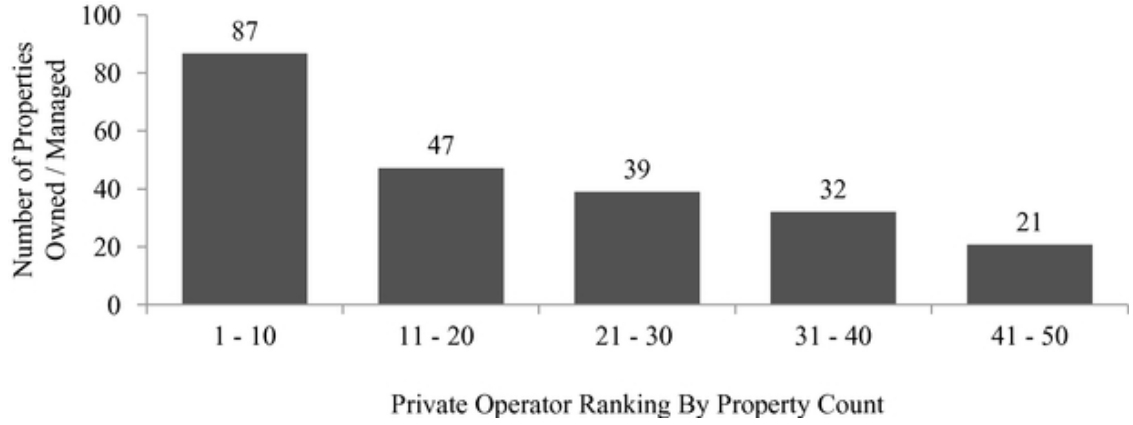
respective markets. Through these local connections, our PROs are able to access acquisition opportunities that are not publicly marketed or sold through auctions. For example, during 2014, one of our PROs, who had a long-standing relationship with owner-operators of a large self-storage portfolio in south Texas, offered to buy the properties. Within 90 days, the properties were placed under contract and assigned to us, which avoided the competition, cost, and timing of a marketed deal. We used our existing credit facility to purchase the properties, which closed in September 2014.

Our structure incentivizes our PROs to source acquisitions in their markets and consolidate these properties into our company. Other public self-storage companies generally have acquisition teams located at their central office, which in many instances are far removed from regional and local markets. We believe our operators' networks and close familiarity with the other operators in their markets provide us clear competitive advantages in identifying and selecting attractive acquisition opportunities. Our PROs have already sourced 47 acquisitions since our inception, comprising approximately 3.2 million rentable square feet within our in-place portfolio.

***Recruit New PROs in Target Markets.*** We intend to continue to execute on our external growth strategy through additional acquisitions and contributions from future PROs in key markets. With the approximately 50,000 total self-storage properties in the United States owned by over 30,000 operators, we believe there is significant opportunity for growth through consolidation of the highly fragmented composition of the market. We believe that future operators will be attracted to our unique structure, providing them with lower cost of capital, better economies of scale, and greater operational and overhead efficiencies while preserving their existing property management platforms. Over ten private operators, each with portfolios of over 20 properties, have expressed interest in exploring the possibility of joining our company as future PROs. We have not entered into any agreements with these operators in respect of them joining our company or contributing their properties to us and there can be no assurance that we will enter into any such agreements in the future. We intend to add additional PROs to complement our existing geographic footprint and to achieve our goal of creating a highly diversified nationwide portfolio of properties in the top 100 MSAs. When considering a PRO candidate, we consider various factors, including the size of the potential PRO's portfolio, its market exposure, its operating expertise, its ability to grow its business, and its reputation with industry participants. Following our inception, we recruited an additional three PROs who manage 106 self-storage properties across six states, 40 of which are part of our in-place portfolio. For example, we recruited Move It, which manages 37 self-storage properties in three states. This PRO manages 11 properties in our in-place portfolio and 21 in our pipeline.

Figures C below reflects the average portfolio size held by the top 50 private operators of self-storage properties excluding us, our affiliates, and our PROs.

**Figure C: Average Portfolio Size Held by Private Operators**




*Source: 2014 Self-Storage Almanac. Private operator rankings are based on the top 50 operator's owned or managed properties excluding those owned or managed by our company, our affiliates, or our PROs.*

**Our Technology and Best Practices**

Our technology and best practices programs, which are overseen by our Technology and Best Practices Group, are designed to take advantage of the scale and sophistication afforded a large national storage operator while benefiting from the local expertise and relationships of experienced PROs. These advantages position our PROs to more effectively compete with our national, publicly-traded peers. In addition, we believe our structure allows us to be more nimble than many of our publicly-traded peers. Our PROs retain responsibility for property management and acquisition sourcing while benefiting from the scale, support, and market knowledge derived from our technology and best practices programs. We believe our combination of both scale and flexibility will drive occupancy gains, revenue growth and NOI margin improvements.

The keystone for our technology and best practices programs is our data warehouse platform, which is designed to accelerate and enhance information flow throughout the management team, from our senior management team to on-site managers, as well as across the breadth of the contributed portfolios among the various PROs. We developed a highly customized data warehouse to uniformly present operational and financial data and analytics. This platform integrates multiple databases, which are operated at the PRO level. In addition to full financial and operational reporting capability, the platform delivers dynamic, real-time, management dashboards to provide key business intelligence. These reporting tools improve revenue management practices with a higher level of sophistication than was previously accessible to PROs, due to the cost and time required to develop such tools.

We deliver information and decision-making tools to our PROs to achieve optimal results within each of their respective markets and contributed portfolios. We believe that the sophistication of our technology will provide a competitive advantage compared to smaller, local competitors, and our decentralized operating strategy allows us to adapt to local market conditions more quickly than our competitors. As new PROs join NSA, they will be able to quickly reap the benefits of our technology program and cross-regional information sharing, and we believe that this will translate directly into both occupancy and revenue gains.

Large regional and national players have significant scale advantages over small operators in garnering leads and rentals through highly advanced Internet marketing programs. Customers increasingly shop for storage on the Internet and the latest trends point to the growing importance of mobile Internet marketing. Our PROs gain immediate access to a national marketing platform through GoStorageUnits.com, which is owned by our company and builds Internet traffic and search engine page rank by leveraging local and regional brands and also offering multiple NSA brands on the same

platform. Our PROs typically maintain their branding as an additional Internet marketing channel, and they can potentially more than double their exposure to rental leads by tapping into the GoStorageUnits.com platform. Each property is allocated a portion of the cost necessary to cover the expenses associated with the GoStorageUnits.com platform. PROs do not pay any fees associated with the platform.

For PROs with less developed Internet marketing programs, our company offers a proven approach to Internet marketing. Our national platform utilizes a multi-channel approach to rapidly grow the effectiveness of lead generation through:

- increased flow of unpaid search traffic;
- optimization of pay-per-click advertising programs;
- access to efficient national call referral programs;
- social media programs;
- website development and enhancements;
- refined Internet traffic analytics; and
- mobile campaigns and website optimization for mobile technology.

For the three months ended December 31, 2014, GoStorageUnits along with PROs leveraging our platform have experienced year over year gains in organic site traffic of 22%, increases in lead conversions of 62% and increases in mobile traffic of 55%. Mobile traffic on our sites currently accounts for 40% of total traffic. We believe that these results will improve over time as GoStorageUnits.com builds traffic, improves page rank and creates a multiplier effect with the various PRO Internet platforms.

Competition in Internet and mobile marketing continues to intensify and incremental benefits will accrue to the largest and most sophisticated players. Independent, third-party aggregators have become significant players in both driving and controlling rental leads for the self-storage industry. We believe that our company will have the scale to compete with these aggregators and larger storage operators through advanced pay-per-click, search engine optimization and other lead generation programs. As we gain market share from these aggregators and become less reliant on them, we expect that average costs per lead and costs per rental will be reduced.

Another benefit of our platform is the integration of our PROs into our established national call center, which handles rental calls from new leads, calls for support from existing customers and rollover calls from individual properties. Local store managers can rely on our call center to communicate with customers and potential customers, while the manager is helping others or tending to property needs. In addition, call center staff makes outbound calls to drive revenue collection efforts and sets up automatic payment plans for customers, both of which deliver direct improvements to property NOI. Our call center training ensures that call center staff are intimately familiar with property operations and customer needs and are not simply operating from a call script or a telephone sales training guide. As of December 31, 2014, our call center supported 177 properties within our in-place portfolio across all PROs and has the capacity to provide support to all of our properties.

We believe that when PROs utilize the call center as a leasing and service resource, occupancy improves, rental rates increase, ancillary income grows and more collections are captured. For the full year of 2014, approximately 57% of leads were converted to rentals or reservations by call center staff and on a monthly basis, between 53% and 67% of them were full-priced rentals without promotions, generally outperforming similar in-store lead generation metrics. Call center staff have also proven to be very effective at cross-selling both merchandise and facilitating sales of tenant insurance with new rentals. Our centralized call center provides an effective leasing tool to PROs that takes advantage of its up-to-date regional market knowledge.

Information sharing among PROs is fundamental to our technology and best practices programs. Tenant insurance-related revenues have grown markedly as our PROs share lessons learned relative to building tenant insurance programs and procedures. Laws and regulations surrounding tenant insurance are complex, and our PROs are able to more effectively navigate the regulatory environment by working together to establish proper procedures. Tenant insurance enrollment at some of our properties exceeds 70%. As PROs refine their relationships with insurance providers, marketing programs and management procedures, we believe additional properties will be able to reach or exceed this level. As we increase our penetration, we believe that we have the opportunity to increase our tenant insurance-related revenues from the current average of approximately 1.7% of total revenue. As an example, our PRO with the highest penetration achieved a level of approximately 5% of total revenue during the fourth quarter of 2014.

Our technology and best practices program also drives cost savings through scale purchasing. We are currently working on a national property insurance program, which we expect will save significantly on annual insurance costs. Other savings have been garnered through a national credit card processing program, giving PROs access to deeper discounts than they would normally enjoy. These types of savings accrue directly to property NOI and will continue to be impactful over time as new PROs join our company and get plugged into these established programs. Based on pro forma operating results for 2014, we estimate that an annual decrease of 1% in property level expenses for our in-place portfolio would equate to an increase of approximately $430,000 of NOI.

We believe there is true economic value created for PROs by having access to the scale benefits of our company as well as the benefits of our technology and best practices programs. For example, we have tracked the growth of average occupancy and other factors for the first 33 properties contributed to our in-place portfolio by Northwest and Optivest prior to June 30, 2013. Comparing the performance of these properties for the six months ended December 31, 2014 to the six months ended December 31, 2013, average occupancy (which is weighted by square foot) grew by 2.2%. In addition, over the same period, rental revenue, other revenue, and NOI for these properties grew more than 13%, 18%, and 17%, respectively. While the results and gains for each PRO will vary, we believe the improvements are both real and repeatable as our company grows through the addition of new PROs.

**Marketing**

Our PROs execute marketing programs customized for each property, and they build and leverage brand recognition on a regional level. On a national level, our company is leveraging our marketing scale through the growth of GoStorageUnits.com as a common lead-generating platform utilized by all PROs. This platform provides customers with the ability to search storage unit availability and to compare unit features and pricing in one place. Our Internet marketing programs utilize multiple channels and strategies to generate leads, including: (1) pay-per-click campaigns, (2) call referral campaigns, (3) organic lead sourcing through search engine optimization and (4) lead purchasing from third-party aggregators. As GoStorageUnits.com grows its traffic, and as our PROs continue to develop their branded Internet platforms, we expect to enhance our Internet marketing efficiency and drive down our cost per lead.

In addition to Internet marketing, we continue to employ traditional grass roots marketing tools. These marketing tools include Yellow Pages advertising as well as targeted direct response marketing programs, such as direct mail and coupon mailers. We also continue to maintain long-standing involvement in the local community through event sponsorship and event hosting.

Our call center supplements our integrated marketing efforts and provides a scale advantage not accessible by smaller competitors. Through our call center, we use tracking phone lines to analyze the sources of leads for each property and distinguish between the various Internet marketing, Yellow Pages, and direct marketing channels. This capability makes us more efficient and effective with our

advertising expenditures. Our call center supports lead conversion by handling both direct calls from prospective customers as well as rollover calls from individual properties when on-site personnel are not available. With our increased call handling capacity, we expect to convert more leads to rentals and drive down our marketing cost per rental.

**Portfolio Management and Operations**

Pursuant to the facilities portfolio management agreements, within certain MSAs granted to our PROs, our operating partnership has agreed not to acquire additional self-storage properties without first offering the PRO the opportunity to co-invest in, and manage, the property. In the event that a PRO determines not to co-invest and manage a property, we can still acquire and assign management rights to the property. See "The Formation and Structure of Our Company—Facilities Portfolio and Asset Management Agreements—Exclusivity and Non-Competition."

Our operating structure provides leadership, management support and information systems to our PROs. Through our national platform, we optimize cost savings through integration and centralization, thereby eliminating redundancies and utilizing economies of scale across the property management platforms of our PROs. As compared to a stand-alone operator, our national platform has greater access to lower cost capital, reduced Internet marketing costs per customer lead, discounted property insurance expense, and reduced overhead costs. In addition, our company has sufficient scale for national and bulk purchasing and has centralized various functions, including financial reporting, call center operations, marketing, information technology, legal support, and capital markets, to achieve substantial cost savings over smaller, individual operators.

We benefit from the collective sharing of key operating strategies among our PROs in areas like human resource management, local marketing and operating procedures. Our centralized programs, which are run through our Technology and Best Practices Group, include advanced technology for Internet marketing, call center operations, financial and property analytic dashboards, revenue optimization analytics and expense management tools to enhance operational performance. These centralized programs are positively impacting our business performance, and we believe that they will be a driver of organic growth going forward.

Our operating objectives include the following:

- aggressively managing our properties to increase operating cash flow and margins through occupancy and rate increases and expense controls;
- incorporating tactical business initiatives and controls through strategic business and budget planning at the PRO and NSA levels;
- maintaining and improving strong internal controls covering cash management, accounting procedures and other financial activities;
- providing good tenant service through on-site managers to maximize tenant retention, fostering a sense of pride in the property and minimizing tenant turnover;
- maintaining and upgrading our properties on a continuous basis through a regular preventative maintenance program and supporting the curb appeal of our properties by making them clean, attractive, secure and professional looking; and
- continuing to focus on our marketing strategy by further developing our tenant research database and increasing brand awareness through targeted direct response marketing and broad-based advertisements.

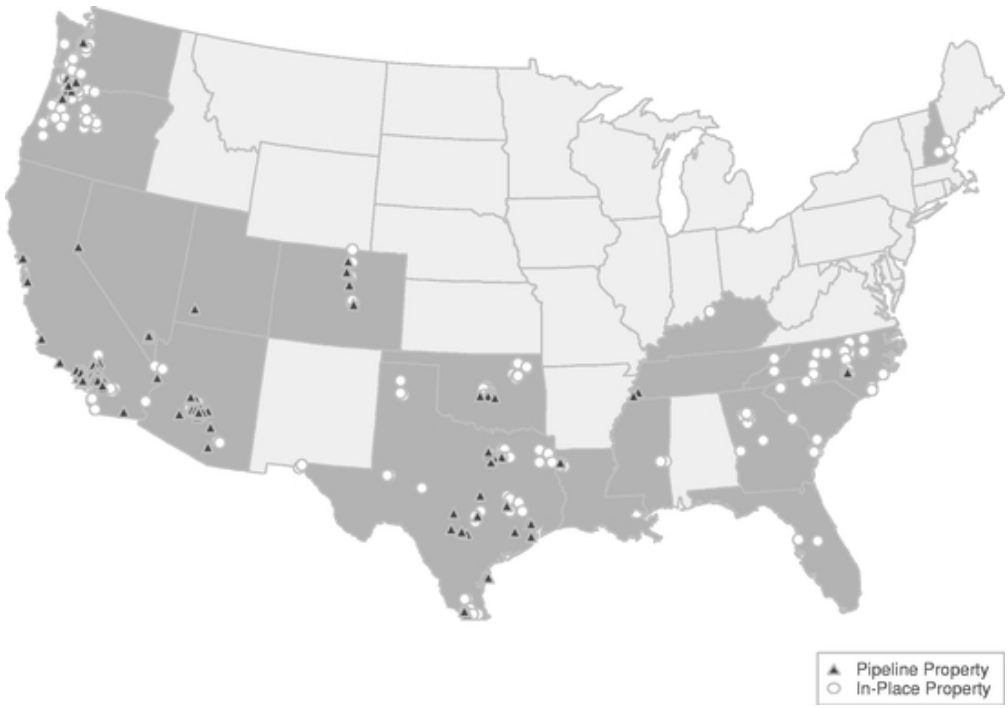
Each property is subject to planning and budgeting processes which take into account local market, economic and industry conditions. These budgets are used to measure financial performance and to

reward employee performance. We have developed an incentive-based compensation system in which we measure and reward executives, managers and other employees based on specific performance criteria linked to our operating objectives.

**Our Properties**

Our PROs have contributed high quality portfolios of self-storage properties that are designed to offer customers convenient, affordable, and secure storage units. Generally, our properties are in highly visible locations clustered in states or markets with strong population and job growth and are specifically designed to accommodate residential and commercial tenants with features such as security systems, electronic gate entry, easy access, climate control, and pest control. Our units typically range from 25 square feet to 300 square feet, and some of our properties also offer outside storage for vehicles, boats, and equipment. We provide 24-hour access to many storage units through computer controlled access systems, as well as alarm and sprinkler systems on many of our individual storage units. Our portfolio upon the completion of this offering and the formation transactions is expected to have more than 100,000 storage units, almost all of which are leased on a month-to-month basis providing us the flexibility to increase rental rates over time as market conditions permit.

The following map depicts the geographic diversification of our in-place portfolio and pipeline as of December 31, 2014:



The following table summarizes information about our in-place portfolio by state as of December 31, 2014:

| | In-Place Portfolio | | | | | |
|---|---|---|---|---|---|---|
| Location | Properties | Units | Rentable Square Feet[1] | % of Rentable Square Feet | Occupancy[2] | Pro Forma Annualized Effective Rental Revenue Per Square Foot[3] |
| Oregon | 50 | 19,671 | 2,468,424 | 18% | 89% | $ 11.26 |
| Texas[4] | 46 | 17,837 | 2,523,618 | 18% | 82% | $ 9.19 |
| California | 28 | 16,600 | 2,016,167 | 15% | 84% | $ 12.98 |
| North Carolina[5] | 27 | 12,007 | 1,490,183 | 11% | 84% | $ 9.71 |
| Oklahoma | 26 | 12,231 | 1,631,374 | 12% | 87% | $ 8.39 |
| Georgia | 16 | 5,293 | 677,101 | 5% | 87% | $ 7.96 |
| Arizona[6] | 13 | 7,316 | 836,870 | 6% | 80% | $ 11.41 |
| Washington | 13 | 4,520 | 570,862 | 4% | 88% | $ 10.57 |
| Colorado | 8 | 3,741 | 453,166 | 3% | 87% | $ 11.17 |
| Louisiana[7] | 5 | 2,316 | 350,009 | 3% | 87% | $ 7.96 |
| Other[8] | 14 | 5,489 | 709,562 | 5% | 82% | $ 9.52 |
| **Total/Weighted Average[9]** | **246[10]** | **107,021** | **13,727,336** | **100%** | **85%** | **$ 10.27** |

(1) Rentable square feet includes all enclosed self-storage units but excludes over 440,000 square feet in our in-place portfolio of commercial, residential, and covered parking space.

(2) Represents total occupied rentable square feet divided by total rentable square feet.

(3) Represents pro forma rental revenue (net of any rent concessions) for the three months ended December 31, 2014 annualized and divided by occupied rentable square feet. For properties not owned by the Company for part or all of the three months ended December 31, 2014, pro forma rental revenue is derived from financial information provided by the PROs or third-party sellers. For additional information on our pro forma rental revenue, see our unaudited pro forma condensed consolidated financial statements and the consolidated and combined financial statements and related notes included elsewhere in this prospectus.

(4) Includes one property not owned by us as of the date of this prospectus, containing 332 units with 51,629 rentable square feet and average occupancy of 79%.

(5) Includes eight properties not owned by us as of the date of this prospectus, containing 3,846 units with 517,000 rentable square feet and average occupancy of 87%.

(6) Includes three properties not owned by us as of the date of this prospectus, containing 1,375 units with 178,955 rentable square feet and average occupancy of 87%.

(7) Includes five properties not owned by us as of the date of this prospectus, containing 2,316 units with 350,009 rentable square feet and average occupancy of 87%.

(8) Other states include Florida, Kentucky, Mississippi, Nevada, New Hampshire and South Carolina. Includes four properties not owned by us as of the date of this prospectus, containing 1,480 units with 198,646 rentable square feet and average occupancy of 89%.

(9) Four properties in our in-place portfolio will be held as long-term leasehold interests with an average remaining lease term, including extension options, ranging from 19 to 60 years.

(10) Of the 246 self-storage properties in our in-place portfolio, there are 219 that we acquired as of December 31, 2014, six that we acquired between January 1, 2015 and the date of this prospectus, 16 that we expect to acquire prior to or concurrently with the completion of this offering, and five that we expect to acquire upon the receipt of lender consents, which may occur prior to, concurrently with, or following the completion of this offering. Of the 21 properties that we expect to acquire, 17 are in SecurCare's contributed portfolio, one is in Move It's contributed portfolio, and three are in Storage Solution's contributed portfolio.

The following table summarizes our pipeline by state as of December 31, 2014:

| | Pipeline[1] | | | |
|---|---|---|---|---|
| Location | Properties | Units | Rentable Square Feet[2] | % of Rentable Square Feet |
| California | 33 | 19,770 | 2,281,471 | 31% |
| Arizona | 31 | 18,546 | 2,027,771 | 28% |
| Texas | 23 | 10,453 | 1,511,997 | 21% |
| Colorado | 6 | 3,978 | 469,808 | 6% |
| Oregon | 6 | 1,808 | 221,447 | 3% |
| Oklahoma | 5 | 1,688 | 254,085 | 3% |
| Nevada | 3 | 1,033 | 188,630 | 3% |
| Other[3] | 7 | 2,824 | 369,551 | 5% |
| **Total[4]** | **114** | **60,100** | **7,324,760** | **100%** |

(1) Our pipeline consists of 114 self-storage properties, comprised of one property under contract, 30 properties in which our PROs have a controlling ownership interest which we have a right to acquire (i) in the event that our PRO seeks to transfer such interest or (ii) upon maturity of outstanding indebtedness encumbering such property so long as the occupancy of such property is consistent with average local market levels at such time, 20 properties in which our PROs currently have an ownership interest but do not control, and 63 properties that our PROs manage without an ownership interest. There can be no assurance that we will be able to acquire any of the properties in our pipeline.

(2) Rentable square feet includes all enclosed self-storage units but excludes over 250,000 square feet in our pipeline of commercial, residential, and covered parking space.

(3) Other states include Louisiana, North Carolina, Tennessee, Utah and Washington.

(4) Three properties in our pipeline, if acquired, would be held as long-term leasehold interests.

**Property Summary**

The following table summarizes our in-place portfolio by MSA as of December 31, 2014:

| | In-Place Portfolio[1] | | | | |
|---|---|---|---|---|---|
| Location | Properties | Units | Rentable Square Feet[2] | % of Rentable Square feet | Occupancy[3] |
| **Oregon** | | | | | |
| Portland | 30 | 12,151 | 1,514,734 | 11% | 91% |
| Bend | 7 | 2,224 | 315,750 | 2% | 92% |
| Eugene | 6 | 2,947 | 313,538 | 2% | 80% |
| Other | 7 | 2,349 | 324,402 | 2% | 88% |
| **Oregon Subtotal:** | **50** | **19,671** | **2,468,424** | **18%** | **89%** |
| **Texas** | | | | | |
| Dallas—Fort Worth | 13 | 4,780 | 650,233 | 5% | 85% |
| McAllen | 8 | 5,351 | 869,685 | 6% | 82% |
| College Station | 6 | 1,553 | 180,490 | 1% | 81% |
| Longview | 5 | 1,815 | 236,271 | 2% | 88% |
| Other | 14 | 4,338 | 586,939 | 4% | 76% |
| **Texas Subtotal:** | **46** | **17,837** | **2,523,618** | **18%** | **82%** |
| **California** | | | | | |
| Riverside—San Bernardino | 16 | 8,668 | 1,189,905 | 9% | 81% |
| Los Angeles | 8 | 5,484 | 601,354 | 4% | 88% |
| Other | 4 | 2,448 | 224,908 | 2% | 89% |
| **California Subtotal:** | **28** | **16,600** | **2,016,167** | **15%** | **84%** |

| Location | In-Place Portfolio[1] Properties | Units | Rentable Square Feet[2] | % of Rentable Square feet | Occupancy[3] |
|---|---|---|---|---|---|
| **North Carolina** | | | | | |
| Raleigh—Durham | 7 | 2,360 | 263,247 | 2% | 89% |
| Fayetteville | 5 | 3,121 | 384,241 | 3% | 73% |
| Other | 15 | 6,526 | 842,695 | 6% | 87% |
| **North Carolina Subtotal:** | **27** | **12,007** | **1,490,183** | **11%** | **84%** |
| **Oklahoma** | | | | | |
| Tulsa | 13 | 6,209 | 818,410 | 6% | 87% |
| Oklahoma City | 13 | 6,022 | 812,964 | 6% | 87% |
| **Oklahoma Subtotal:** | **26** | **12,231** | **1,631,374** | **12%** | **87%** |
| **Georgia** | | | | | |
| Atlanta | 8 | 3,128 | 404,122 | 3% | 88% |
| Other | 8 | 2,165 | 272,979 | 2% | 87% |
| **Georgia Subtotal:** | **16** | **5,293** | **677,101** | **5%** | **87%** |
| **Arizona** | | | | | |
| Phoenix | 9 | 5,576 | 601,468 | 4% | 83% |
| Other | 4 | 1,740 | 235,402 | 2% | 71% |
| **Arizona Subtotal:** | **13** | **7,316** | **836,870** | **6%** | **80%** |
| **Washington** | | | | | |
| Vancouver (Portland OR MSA) | 6 | 1,964 | 238,523 | 2% | 89% |
| Other | 7 | 2,556 | 332,339 | 2% | 88% |
| **Washington Subtotal:** | **13** | **4,520** | **570,862** | **4%** | **88%** |
| **Colorado** | | | | | |
| Colorado Springs | 5 | 2,262 | 264,342 | 2% | 84% |
| Other | 3 | 1,479 | 188,824 | 1% | 91% |
| **Colorado Subtotal:** | **8** | **3,741** | **453,166** | **3%** | **87%** |
| **Louisiana** | | | | | |
| Shreveport—Bossier City | 5 | 2,316 | 350,009 | 3% | 87% |
| **Louisiana Subtotal:** | **5** | **2,316** | **350,009** | **3%** | **87%** |
| **Other[4]** | | | | | |
| Other | 14 | 5,489 | 709,562 | 5% | 82% |
| **Other Subtotal:** | **14** | **5,489** | **709,562** | **5%** | **82%** |
| **Total/Weighted Average[5]** | **246[6]** | **107,021** | **13,727,336** | **100%** | **85%** |

(1) MSAs are based on the boundaries set forth by the 2010 US Census, except that properties located in Cary, North Carolina, which is a separate MSA, are included in the Raleigh/Durham MSA classification in this table. For properties that do not fall within the boundaries of an MSA, we made best efforts to assign them to the MSA in closest proximity.

(2) Rentable square feet includes all enclosed self-storage units but excludes over 440,000 square feet in our in-place portfolio of commercial, residential, and covered parking space.

(3) Represents total occupied rentable square feet divided by total rentable square feet as of December 31, 2014.

(4) Other states include Florida, Kentucky, Mississippi, Nevada, New Hampshire, and South Carolina.

(5) Four properties in our in-place portfolio will be held as long-term leasehold interests with an average remaining lease term, including extension options, ranging from 19 to 60 years.

(6) Of the 246 self-storage properties in our in-place portfolio, there are 219 that we acquired as of December 31, 2014, six that we acquired between January 1, 2015 and the date of this prospectus, 16 that we expect to acquire prior to or concurrently with the completion of this offering, and five that we expect to acquire upon the receipt of lender consents, which may occur prior to, concurrently with, or following the completion of this offering. Of the 21 properties that we expect to acquire, 17 are in SecurCare's contributed portfolio, one is in Move It's contributed portfolio, and three are in Storage Solution's contributed portfolio.

The following table summarizes our pipeline by MSA as of December 31, 2014:

| | Pipeline[1] | | | |
|---|---|---|---|---|
| Location | Properties | Units | Rentable Square Feet[2] | % of Rentable Square Feet |
| California | | | | |
| Riverside—San Bernardino | 18 | 9,650 | 1,231,559 | 17% |
| Los Angeles | 11 | 8,773 | 914,044 | 12% |
| Other | 4 | 1,347 | 135,868 | 2% |
| **California Subtotal:** | **33** | **19,770** | **2,281,471** | **31%** |
| **Arizona** | | | | |
| Phoenix | 30 | 17,800 | 1,937,496 | 26% |
| Other | 1 | 746 | 90,275 | 1% |
| **Arizona Subtotal:** | **31** | **18,546** | **2,027,771** | **28%** |
| **Texas** | | | | |
| Dallas—Fort Worth | 6 | 1,748 | 260,152 | 4% |
| Other | 17 | 8,705 | 1,251,845 | 17% |
| **Texas Subtotal:** | **23** | **10,453** | **1,511,997** | **21%** |
| **Colorado** | | | | |
| Other | 6 | 3,978 | 469,808 | 6% |
| **Colorado Subtotal:** | **6** | **3,978** | **469,808** | **6%** |
| **Oregon** | | | | |
| Portland | 5 | 1,576 | 183,447 | 3% |
| Other | 1 | 232 | 38,000 | 1% |
| **Oregon Subtotal:** | **6** | **1,808** | **221,447** | **3%** |
| **Oklahoma** | | | | |
| Oklahoma City | 5 | 1,688 | 254,085 | 3% |
| **Oklahoma Subtotal:** | **5** | **1,688** | **254,085** | **3%** |
| **Nevada** | | | | |
| Other | 3 | 1,033 | 188,630 | 3% |
| **Nevada Subtotal:** | **3** | **1,033** | **188,630** | **3%** |
| **Other[3]** | | | | |
| Other | 7 | 2,824 | 369,551 | 5% |
| **Other Subtotal:** | **7** | **2,824** | **369,551** | **5%** |
| **Total/Weighted Average** | **114** | **60,100** | **7,324,760** | **100%** |

(1) Pipeline unit count and square footage figures are based on management's estimates and subject to change in connection with acquisition-related due diligence. There can be no assurance that we will be able to acquire any of the properties in our pipeline.

(2) Rentable square feet includes all enclosed self-storage units but excludes over 250,000 square feet in our pipeline of commercial, residential, and covered parking space.

(3) Other states include Louisiana, North Carolina, Tennessee, Utah and Washington.

**Acquisition and Market Selection Process**

We employ a disciplined approach to entering new markets and acquiring individual properties or a portfolio of properties within an established market. Our objective is to acquire properties that are capable of providing stable NOI growth and strategically fit within our portfolio. We generally underwrite our acquisitions seeking an unlevered internal rate of return, or IRR, of 8% to 12%. Our PROs have extensive knowledge of local market players and conditions, and they are able to leverage valuable relationships that have been established over several years of operating in a market. Our market knowledge can give us a significant advantage in identifying and pursuing off-market opportunities that may not be otherwise available to local and national players.

***Market Considerations.*** Our acquisition process is driven by our PROs at a local level and entails a rigorous review of market conditions, including:

- population density;
- population growth;
- job growth;
- median income;
- property accessibility;
- property visibility;
- supply and demand dynamics on a submarket level;
- economic dynamics and the tax and regulatory environment of the area;
- ability to attain or enhance our market share with an objective of becoming the market share leader in the target market;
- ability to achieve economies of scale with our existing self-storage properties or anticipated acquisitions;
- supply constraints marked by a difficult or expensive development approval process; and
- existing and potential competition from other self-storage properties and operators.

***Asset Considerations.*** Together with our PROs, we conduct a full diligence review of every acquisition, taking into account a broad variety of factors related to the asset including:

- institutional quality design and construction, current physical condition, occupancy and tenant quality;
- physical occupancy of the property consistent with average local market levels, or if not, a trend of increasing physical occupancy;
- revenue increase potential through improved marketing and professional management;
- potential to implement tenant insurance-related programs;
- terms and structure of tenant leases and other potential constraints in managing the property;
- below-market rental rates as compared to other self-storage properties in the area;
- potential NOI gains through improved operational efficiency;
- stable NOI margins or the potential to improve NOI margins;
- expansion and renovation opportunities; and

- opportunities to enhance value through and repositioning of the property.

We are continually actively considering self-storage property acquisition opportunities. Each acquisition opportunity is subject to due diligence, financing and negotiation of the purchase price and other key terms.

***Financing Considerations and Strategy.*** We expect to maintain a flexible approach in financing new property acquisitions. In general, we expect to fund our property acquisitions through a combination of borrowings under bank credit facilities (including term loans and revolving facilities), property-level debt and public and private equity and debt issuances. Future property acquisitions may entail the issuance of OP units, subordinated performance units or other equity securities. For a description of our indebtedness upon the completion of the offering, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Indebtedness Outstanding Upon the Completion of this Offering and the Formation Transactions."

We expect to employ leverage in our capital structure in amounts determined from time to time by our board of trustees. Although our board of trustees has not adopted a policy which limits the total amount of indebtedness that we may incur, it will consider a number of factors in evaluating our level of indebtedness from time to time, as well as the amount of such indebtedness that will be either fixed-and variable-rate, and in making financial decisions, including, among others, the following:

- the interest rate of the proposed financing;
- the extent to which the financing impacts our flexibility in managing our properties;
- prepayment penalties and restrictions on refinancing;
- the purchase price of properties we acquire with debt financing;
- our long-term objectives with respect to the financing;
- our target investment returns;
- the ability of particular properties, and our company as a whole, to generate cash flow sufficient to cover expected debt service payments;
- overall level of consolidated indebtedness;
- timing of debt and lease maturities;
- provisions that require recourse and cross-collateralization;
- corporate credit ratios including debt service coverage, debt to total market capitalization and debt to undepreciated assets; and
- the overall ratio of fixed- and variable-rate debt.

Our indebtedness may be recourse, non-recourse or cross-collateralized. If the indebtedness is non-recourse, the collateral will be limited to the particular properties to which the indebtedness relates. In addition, we may invest in properties subject to existing loans secured by mortgages or similar liens on our properties, or may refinance properties acquired on a leveraged basis. We may use the proceeds from any borrowings to refinance existing indebtedness, to refinance investments, including the redevelopment of existing properties, for general working capital or for other purposes when we believe it is advisable.

**Dividend Reinvestment Plan**

In the future, we may adopt a dividend reinvestment plan that will permit shareholders who elect to participate in the plan to have their cash dividends reinvested in additional common shares.

**Regulatory Considerations**

***General***

Generally, self-storage properties are subject to various laws, ordinances and regulations, including those relating to lien sale rights and procedures, public accommodations, insurance, and the environment. Changes in any of these laws, ordinances or regulations could increase the potential liability existing or created by tenants or others on our properties. Laws, ordinances, or regulations affecting development, construction, operation, upkeep, safety and taxation requirements may result in significant unanticipated expenditures, loss of self-storage sites or other impairments to operations, which would adversely affect our cash flows from operating activities.

Under the ADA, all places of public accommodation are required to meet certain federal requirements related to access and use by disabled persons. These requirements became effective in 1992. A number of additional U.S. federal, state and local laws also exist that may require modifications to properties, or restrict certain further renovations thereof, with respect to access thereto by disabled persons. Noncompliance with the ADA could result in the imposition of fines or an award of damages to private litigants and also could result in an order to correct any non-complying feature, and in substantial capital expenditures. To the extent our properties are not in compliance, we are likely to incur additional costs to comply with the ADA.

Insurance activities are subject to state insurance laws and regulations as determined by the particular insurance commissioner for each state in accordance with the McCarran-Ferguson Act, as well as subject to the Gramm-Leach-Bliley Act and the privacy regulations promulgated by the Federal Trade Commission pursuant thereto. For a description of our insurance coverage, see "—Insurance."

Under the Comprehensive Environmental Response Compensation and Liability Act of 1980, as amended, or CERCLA, and comparable state laws, we may be required to investigate and remediate regulated hazardous materials at one or more of our properties. CERCLA and comparable state laws typically impose strict joint and several liabilities without regard to whether a company knew of or caused the release of hazardous substances. The liability for the entire cost of clean-up could be imposed upon any responsible party. For further description of environmental matters, see "—Environmental Matters."

Property management activities are often subject to state real estate brokerage laws and regulations as determined by the particular real estate commission for each state.

Changes in any of the laws governing our conduct could have an adverse impact on our ability to conduct our business or could materially affect our financial position, operating income, expense or cash flow.

***REIT Qualification***

In connection with this offering, we intend to elect to qualify as a REIT under the Code, commencing with our taxable year ending on December 31, 2015. We believe that we have been organized in conformity with the requirements for qualification and taxation as a REIT under the Code, and that our intended manner of operation will enable us to meet the requirements for qualification and taxation as a REIT on an ongoing basis. To qualify, and maintain our qualification, as a REIT, we must meet on a continuing basis, through our organization and actual investment and operating results, various requirements under the Code relating to, among other things, the sources of our gross income, the composition and values of our assets, our distribution levels and the diversity of ownership of our shares. If we fail to qualify as a REIT in any taxable year and do not qualify for certain statutory relief provisions, we will be subject to U.S. federal income tax at regular corporate rates and may be precluded from qualifying as a REIT for the subsequent four taxable years following the year during which we failed to qualify as a REIT. Even if we qualify for taxation as a REIT, we still

may be subject to U.S. federal, state and local taxes on our income or property. Distributions paid by us generally will not be eligible for taxation at the preferential U.S. federal income tax rates that currently apply to certain distributions received by individuals from taxable corporations.

**Implications of Being an Emerging Growth Company**

We are an "emerging growth company" as defined in the JOBS Act, and we are eligible to take advantage of certain specified reduced disclosure and other requirements that are otherwise generally applicable to public companies that are not "emerging growth companies" including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements, and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and shareholder approval of any golden parachute payments not previously approved.

Although we have not made a determination whether to take advantage of any or all of these exemptions, we expect to remain an "emerging growth company" for up to five years, or until the earliest of (1) the last day of the first fiscal year in which our annual gross revenues exceed $1.0 billion, (2) December 31 of the fiscal year that we become a "large accelerated filer" as defined in Rule 12b-2 under the Exchange Act, which would occur if the market value of our common shares that is held by non-affiliates exceeds $700.0 million as of the last business day of our most recently completed second fiscal quarter and we have been publicly reporting for at least 12 months or (3) the date on which we have issued more than $1.0 billion in non-convertible debt securities during the preceding three-year period. In addition, we have irrevocably opted-out of the extended transition period provided in Section 7(a)(2)(B) of the Securities Act for complying with new or revised accounting standards. As a result, we will comply with new or revised accounting standards on the same time frames as other public companies that are not "emerging growth companies."

**Competition**

We compete with many other entities engaged in real estate investment activities for customers and acquisitions of self-storage properties and other assets, including national, regional, and local owners, operators, and developers of self-storage properties. Actions by our competitors may decrease or prevent increases in our occupancy levels, rental rates, and operating expenses of our properties. See "Risk Factors—Risks Related to Our Business—We face competition for tenants and the acquisition of self-storage properties, which may impede our ability to make future acquisitions or may increase the cost of these acquisitions." We compete based on a number of factors including location, rental rates, security, suitability of the property's design to prospective tenants' needs, and the manner in which the property is operated and marketed. We believe that the primary competition for potential customers comes from other self-storage properties within a three to five mile radius. We have positioned our properties within their respective markets as high-quality operations that emphasize tenant convenience, security, and professionalism.

We also may compete with numerous other potential buyers when pursuing a possible property for acquisition, which can increase the potential cost of a project. These competing bidders also may possess greater resources than us and therefore be in a better position to acquire a property. In addition, we structure acquisitions so that contributors are required to take, as part of the consideration for their contribution, OP units and subordinated performance units. As a result, potential targets who are seeking to sell their properties for cash might favor our competitors as suitors. However, our use of OP units and subordinated performance units as transactional currency allows us to structure our acquisitions in tax-deferred transactions. As a result, potential targets who are tax-sensitive might favor us as a suitor.

Our primary national competitors in many of our markets for both tenants and acquisition opportunities are the large public and private self-storage companies, institutional investors, private equity funds, and several regional and local operators in the industry. These entities also seek financing through similar channels to our company. Therefore, we will continue to compete for institutional investors in a market where funds for real estate investment may decrease.

**Employees**

As of December 31, 2014, our company had 13 employees, which does not include persons employed by our PROs. As of December 31, 2014, our PROs, collectively, had over 550 full-time and part-time employees involved in management, operations, and reporting with respect to our in-place portfolio.

**Insurance**

We believe that our properties are covered by adequate fire, flood, earthquake, wind (as deemed necessary or as required by our lenders) and property insurance as well as commercial liability insurance provided by reputable companies and with commercially reasonable deductibles and limits. Furthermore, we believe our businesses and business assets are likewise adequately insured against casualty loss and third-party liabilities.

**Environmental Matters**

Pursuant to U.S. federal, state and local environmental laws and regulations, a current or previous owner or operator of real property may be required to investigate, remove and/or remediate a release of hazardous substances or other regulated materials at or emanating from such property. Further, under certain circumstances, such owners or operators of real property may be held liable for property damage, personal injury and/or natural resource damage resulting from or arising in connection with such releases. Certain of these laws have been interpreted to be joint and several unless the harm is divisible and there is a reasonable basis for allocation of responsibility. The failure to properly remediate the property may also adversely affect the owner's ability to lease, sell or rent the property or to borrow using the property as collateral.

In connection with the ownership, operation and management of our current or past properties and any properties that we may acquire and/or manage in the future, we could be legally responsible for environmental liabilities or costs relating to a release of hazardous substances or other regulated materials at or emanating from such property. In order to assess the potential for such liability, we conduct an environmental assessment of each property prior to acquisition and manage our properties in accordance with environmental laws while we own or operate them. We have engaged qualified, reputable and adequately insured environmental consulting firms to perform environmental site assessments of all of our properties and are not aware of any environmental issues that are expected to have materially impact the operations of any property. See "Risk Factors—Risks Related to Our Business—Environmental compliance costs and liabilities associated with operating our properties may affect our results of operations."

**Legal Proceedings**

We are not currently subject to any legal proceedings that we consider to be material.

## OUR MANAGEMENT

### Our Trustees, Trustee Nominees, Executive Officers

Upon the completion of this offering and the formation transactions, our board of trustees will consist of eight trustees, including a majority of independent trustees for purposes of the NYSE corporate governance listing standards and Rule 10A-3 under the Exchange Act. Each of our trustees is elected by our shareholders to serve until the next annual meeting of our shareholders and until his or her successor is duly elected and qualifies. The first annual meeting of our shareholders after completion of this offering and the formation transactions will be held in 2016. Our declaration of trust and bylaws provide that a majority of the entire board of trustees may at any time increase or decrease the number of trustees. However, the number of trustees may never be less than the minimum number required by the Maryland REIT Law, or MRL, nor more than 15. Subject to rights pursuant to any employment agreements, officers serve at the pleasure of our board of trustees.

The following table sets forth certain information concerning the entities and individuals who are our executive officers, trustees, trustee nominees and certain other key employees:

| Name | Age | Position |
|---|---|---|
| National Storage Affiliates Holdings, LLC[1] | | trustee |
| Arlen D. Nordhagen | 58 | chief executive officer, president, and chairman nominee |
| Tamara D. Fischer | 59 | executive vice president, chief financial officer |
| Steven B. Treadwell | 45 | senior vice president, operations |
| George L. Chapman | 67 | trustee nominee |
| Kevin M. Howard | 67 | trustee nominee |
| Paul W. Hylbert, Jr. | 70 | trustee nominee |
| Chad Meisinger | 47 | trustee nominee |
| Steven G. Osgood | 58 | trustee nominee |
| Dominic M. Palazzo | 59 | trustee nominee |
| Mark Van Mourick | 58 | trustee nominee |

(1) Effective upon the completion of this offering, National Storage Affiliates Holdings, LLC, the sole current trustee, will resign as trustee of National Storage Affiliates Trust.

### Executive Officer, Trustee, and Trustee Nominee Biographical Information

The following sets forth the biographical information of the executive officers, trustees and trustee nominees listed above.

***Arlen D. Nordhagen***. Arlen D. Nordhagen is a co-founder of NSA and has served as chief executive officer and president of our company and chairman of the board of managers of our company's sole trustee since inception and has served as president and chief executive officer of our predecessor, SecurCare, since 2000. He co-founded SecurCare in 1988, is a majority owner and currently serves as its chairman and president. Since Mr. Nordhagen became president of SecurCare in 1999, the company rapidly grew to over 150 self-storage properties. In addition to SecurCare, Mr. Nordhagen was a founder of MMM Healthcare, Inc., the largest provider of Medicare Advantage health insurance in Puerto Rico. He has also served as managing member of various private investment funds and held various managerial positions at DuPont, and Synthetech, Inc. Mr. Nordhagen graduated from Harvard University with a masters in business administration and graduated summa cum laude from the University of North Dakota with a bachelor of science in chemical engineering.

Mr. Nordhagen is our chairman nominee and we believe Mr. Nordhagen will bring to our board of trustees valuable perspective as a founder and the chief executive officer of our company and, prior to

this offering, the chairman of the board of managers of our company's sole trustee. Mr. Nordhagen has over 25 years of experience in the self-storage industry. We believe his experience, leadership skills and extensive knowledge of our company qualify him to serve as one of our trustees.

***Tamara D. Fischer***. Tamara D. Fischer has served as the chief financial officer of NSA since its inception in 2013. Prior to this role, from 2004 to 2008, Ms. Fischer served as the executive vice president and chief financial officer of Vintage Wine Trust, Inc., a real estate investment trust, where she was involved in all aspects of the company's capital markets, investor relations and financial reporting activities. She continued to serve Vintage Wine Trust as a consultant through its dissolution in 2010 and served in various other consulting positions until becoming involved with NSA. From 1993 to 2003, Ms. Fischer served as the executive vice president and chief financial officer of Chateau Communities, Inc., one of the largest real estate investment trusts in the manufactured home community sector. There, she was responsible for overseeing the company's initial public offering, several mergers and acquisitions and was involved in capital markets activity, investor relations and financial reporting and administrative responsibilities. Ms. Fischer remained at Chateau through its sale to Hometown America LLC in 2003. Prior to her experience at Chateau Communities, Inc., Ms. Fischer spent nine years at Coopers & Lybrand (now PricewaterhouseCoopers), initially as an accountant in the real estate practice and later as an audit manager. Ms. Fischer is a certified public accountant (inactive) and graduated from Case Western Reserve University with a bachelor of arts in business administration.

***Steven B. Treadwell***. Steven B. Treadwell is the senior vice president for operations and has been with NSA since 2014. Prior to this role, between 2010 and 2014, Mr. Treadwell co-founded and served as managing partner of Energy Inspection Services, an oilfield services firm, and he also served as a financial and operational consultant to multiple firms in the real estate and energy industries. From 2005 to 2010, Mr. Treadwell served as a divisional chief financial officer and first vice president of finance at ProLogis, a global real estate investment trust in the industrial sector. Prior to his experience in the private sector, Mr. Treadwell served for 12 years in the U.S. Air Force in multiple assignments ranging from weapon system research and development to instructor pilot in the KC-10 Extender and the C-21 Learjet. Mr. Treadwell graduated from Harvard University with a masters in business administration, Massachusetts Institute of Technology with a master of science degree in aeronautical engineering, and the U.S. Air Force Academy with a bachelor of science degree in electrical engineering.

***George L. Chapman.*** George L. Chapman served as the chairman and chief executive officer of Health Care REIT, Inc. ("HCN") from 1995 to 2014 and the president of HCN from 2009 to 2014. Mr. Chapman also served on the board of the National Association of Real Estate Investment Trusts ("NAREIT") on two separate occasions, most recently until his retirement from HCN in April of 2014, when he served on the executive committee of NAREIT. He is also involved in various community charitable organizations, including the Toledo Museum of Art and the Toledo Symphony. Mr. Chapman graduated from the University of Chicago with a juris doctor and graduated from Cornell University with a bachelor of arts degree.

Mr. Chapman is a trustee nominee and we believe he will bring valuable experience from his time with HCN and NAREIT to our board of trustees. Mr. Chapman will serve as the chair of our compensation, nominating and corporate governance committee. We believe his experience and extensive knowledge of the REIT industry qualify him to serve as one of our trustees.

***Kevin M. Howard.*** Kevin M. Howard is the founder, and chief executive officer, of Kevin Howard Real Estate, Inc. doing business as Northwest Self Storage, a position he has held since 1986. Mr. Howard has been active in the self-storage industry since 1977 in various capacities. He has developed, managed and marketed self-storage facilities, listed and sold properties and has been employed as a consultant on a national basis. Mr. Howard has served as a guest lecturer for the

American Institute of Appraisers and served as a director in the Self Service Storage Association for eight years. Mr. Howard graduated from Brown University with a masters in education and graduated from the University of Notre Dame with a bachelor of arts degree.

Mr. Howard is a trustee nominee and we believe his extensive self storage experience will be valuable to our board of trustees. We believe his experience and knowledge of the self-storage industry qualify him to serve as one of our trustees.

***Paul W. Hylbert, Jr.*** Paul W. Hylbert, Jr. has served as an officer and/or director of a number of companies over the past 40 years. Most recently, Mr. Hylbert served as the chairman and chief executive officer of Kodiak Building Partners, LLC, from 2011 to 2014. Prior to this role, from 2007 to 2010, Mr. Hylbert served as the president and chief executive officer of ProBuild Holdings Inc., a national fabricator and distributor of building products and a subsidiary of Fidelity Capital. From 2000 until 2006, Mr. Hylbert served as the president and chief executive officer of Lanoga Corporation, one of the top U.S. retailers of lumber and building materials, until it was acquired by Fidelity Capital. Mr. Hylbert also served as the president and co-chief executive officer of PrimeSource Building Products, a national fabricator, packager and distributor of building products from 1991 to 1997, after which the company was sold and Mr. Hylbert served as president from 1997 to 2000. Earlier in his career, Mr. Hylbert served as the chief executive officer of the Wickes Europe, Wickes Lumber, and Sequoia Supply subsidiaries of Wickes, Inc. before leading a leveraged buy-out of Sequoia Supply to form PrimeSource Building Products in 1987. Mr. Hylbert graduated from the University of Michigan with a masters in business administration and graduated from Denison University with a bachelor of arts degree.

Mr. Hylbert is a trustee nominee and we believe his extensive experience in synergistic corporate acquisitions and "roll-ups" in the building products industry will bring valuable perspective to our board of trustees. Mr. Hylbert will serve on our audit committee. We believe his experience and leadership qualify him to serve as one of our trustees.

***Chad L. Meisinger.*** Chad L. Meisinger is the chief executive officer of Over The Top (OTT) Marketing, which he founded in 2006. OTT Marketing provides multi-location businesses with large scale, inbound digital customer acquisition services that are delivered through a proprietary software platform. In addition, Mr. Meisinger co-founded Thinique Medical Weight Loss in 2013 and built it to over 200 franchised units within a year before selling ownership interests to one of his co-founders. Mr. Meisinger also had the regional development rights for The Joint Corp. between 2011 and 2014, where he was developing more than 40 chiropractic clinics throughout Los Angeles County. Prior to founding OTT, Mr. Meisinger served as head of affiliate sales and marketing for Google Radio from 2006 to 2009. He joined Google Radio after serving as a key investor and chief marketing officer of dMarc Broadcasting, which was acquired by Google Radio in February of 2006 for $1.2 billion in cash and performance incentives. Mr. Meisinger also served as co-founder, chairman and chief executive officer of First MediaWorks from 1999 to 2005, which provided the radio industry with a proprietary software platform and marketing services to help increase ratings and revenue. First MediaWorks was sold to Mediaspan in 2005. Beginning in 1995, Mr. Meisinger served as co-founder, chief executive officer and board trustee of First Internet Franchise Corporation, the first Internet Service Providers (ISP) franchisor in the world with hundreds of franchise territories licensed worldwide.

Mr. Meisinger is a trustee nominee and we believe his unique experiences in digital marketing, technology and franchising, along with his strong entrepreneurial character will bring valuable perspective to our board of trustees. Mr. Meisinger will serve on our compensation, nominating and corporate governance committee. We believe his leadership, experiences, and unique business knowledge qualify him to serve as one of our trustees.

***Steven G. Osgood.*** Steven G. Osgood currently serves on the board of directors of Hannon Armstrong Sustainable Infrastructure Capital Inc. as an independent director and member of the audit

committee, a position he was elected to on January 8, 2015. He has also served as the chief executive officer of Square Foot Companies, LLC, a Cleveland, Ohio based private real estate company focused on self storage and single tenant properties since 2008. Mr. Osgood is primarily responsible for the acquisition and financing of properties, as well as overall responsibility for the organization. Mr. Osgood also serves as the chief executive officer of All Stor Storage, LLC, a California based limited liability company focused on the acquisition and ownership of self-storage and single tenant properties. From 2007 to 2008, Mr. Osgood served as chief financial officer of DuPont Fabros Technology, Inc., a Washington, DC based real estate investment trust that owns, operates and develops data center properties. Mr. Osgood was part of the management team that executed the company's initial public offering in 2007 which involved its transition from a private to public company. From 2006 to 2007 Mr. Osgood served as chief financial officer of Global Signal, Inc., a Sarasota, Florida based real estate investment trust that owned, leased, or managed approximately 11,000 towers and other wireless sites prior to its acquisition by Crown Castle International Corp. in 2007. Prior to Global Signal, Mr. Osgood served as president and chief financial officer of U-Store-It Trust (now CubeSmart), a Cleveland based self storage real estate investment trust, from the company's initial public offering in 2004 through 2006. Mr. Osgood served as chief financial officer of the Amsdell Companies, the predecessor of U-Store-It, from 1993 until 2004. Mr. Osgood is a former Certified Public Accountant and was a member of the auditing staff of Touche Ross & Co. from 1978 to 1982. Mr. Osgood graduated from the University of San Diego with a masters in business administration and graduated from Miami University with a bachelor of science degree.

Mr. Osgood is a trustee nominee and we believe he will bring valuable experience to our board of trustees because of his real estate, self storage, and public company experience. Mr. Osgood will serve on our audit committee and on our compensation, nominating and corporate governance committee. We believe his experiences, knowledge, and leadership qualify him to serve as one of our trustees.

***Dominic M. Palazzo.*** Dominic M. Palazzo has more than 34 years of combined experience in public accounting and industry, including 29 years at PricewaterhouseCoopers LLC ("PwC"). Mr. Palazzo most recently held the position of audit partner at PwC until his retirement in 2011. While at PwC Mr. Palazzo was responsible for the real estate practice in their Denver, Colorado office. His expertise is in due diligence, mergers and acquisitions, public equity and debt offerings, corporate restructurings and financings. While at PwC his clients included Chateau Communities, Affordable Residential Communities, and other private real estate companies. He also served real estate clients that developed a number of different types of real estate assets, including multi-family, office, hotels and resort properties. As a partner at PwC he was responsible for the initial public offering of Affordable Residential Communities in 2004 and was responsible for a significant consulting project for a multi-family public REIT in connection with an SEC investigation. In addition, Mr. Palazzo served in the PwC National Accounting and SEC Directorate in New York City where he performed technical accounting consultations and research for PwC. Mr. Palazzo was also the past president of the Executive Real Estate Roundtable and a former member of the Colorado Society of CPAs and the American Institute of Certified Public Accountants. Mr. Palazzo graduated from DePaul University with a bachelor of science degree in accounting.

Mr. Palazzo is a trustee nominee and we believe his public accounting experience with PwC will provide valuable experience and perspective to our board of trustees. Mr. Palazzo will serve as the chair of our audit committee. We believe his experience and knowledge of real estate public accounting qualify him to serve as one of our trustees.

***Mark Van Mourick.*** Mark Van Mourick currently serves as the chairman of the board of Optivest Properties, LLC, which he co-founded in 2007. He is also the founder and chief executive officer of Optivest Wealth Management an SEC registered wealth management firm serving wealthy families in southern California since 1987. In addition, Mr. Van Mourick currently serves as the chairman of the board of Optivest Foundation and serves on the boards of Simple Signal, Inc., Northrise University and

Forest Home Foundation. Mr. Van Mourick has been a principal, general partner, managing member and/or agent in more than 80 real estate syndications since 1991. Prior to founding Optivest Properties, LLC and Optivest Wealth Management, Mr. Van Mourick was a senior vice president and principal at Smith Barney, Harris, Upham. Mr. Van Mourick graduated from the University of Southern California with a dual bachelor of science degree in international finance and management.

Mr. Van Mourick is a trustee nominee and we believe his unique combination of real estate, self storage and Wall Street experience bring valuable perspective to our board of trustees. We believe his experience and knowledge qualify him to serve as one of our trustees.

**Our PRO Advisory Committee Biographical Information**

The following sets forth the biographical information of the members of our PRO advisory committee.

***Tamara D. Fischer.*** See "—Executive Officer, Trustee, and Trustee Nominee Biographical Information—Tamara D. Fischer" above.

***Warren Allan.*** Warren Allan is the founder of Optivest and has served as its president since 2007. Mr. Allan also serves as our southwest regional president. Mr. Allan has over 25 years of financial and operational management experience during which time he helped structure over 25 real estate partnerships to acquire self-storage properties in various regions nationwide. Prior to founding Optivest in 2007, Mr. Allan served as both chief operating officer and chief financial officer of another self-storage management company, Platinum Storage, since its founding in 1999. Mr. Allan attended Biola University.

***David Cramer.*** David Cramer currently serves as the president of SecurCare, where he has worked since 1998 and was also previously its Chief Operating Officer. Mr. Cramer is also our mountain and southeast regional president and also leads our Technology and Best Practices Group. Mr. Cramer has more than 17 years of experience in the self-storage industry, helping grow SecurCare's portfolio from 11 properties to over 150 properties during his tenure. He is an active member of the Large Owners Council of the Self Storage Association and is a board member of FindLocalStorage.com, an industry digital marketing consortium. Mr. Cramer graduated from the University of Phoenix with a bachelor of science degree in management.

***John Minar.*** John Minar founded Guardian in 1999 and currently serves as the manager of Guardian's portfolio. Mr. Minar is also our southern California regional president. He has been involved in the self-storage industry since 1984 and in the acquisition, rehabilitation, ownership, and development of real estate since 1977. Mr. Minar is active in the Large Owners Council of the Self Storage Association. Mr. Minar graduated from New York University with a bachelor of science degree in aeronautics and astronautics.

***J. Timothy Warren.*** J. Timothy Warren has served as president of Three Oaks Development Co. since 1996, where he has been involved in real estate development, specializing in building and leasing industrial business parks. Prior to joining Three Oaks Development Co., Mr. Warren founded JTW Computer Systems in 1976 where he served as president. Mr. Warren graduated from the University of Oregon with a bachelor of science degree in computer science and a minor in accounting.

***Bill Bohannan.*** Bill Bohannan has served as president of Storage Solutions since 1998. Mr. Bohannan is also our Arizona market executive vice president. Mr. Bohannon has been involved in the self-storage industry for more than 30 years and is one of the largest operators of self-storage properties in the Phoenix, Arizona MSA. Mr. Bohannan graduated from Ohio State University with a bachelor of science in industrial engineering.

***Tracy Taylor.*** Tracy Taylor is the founder of Move It and has served as its president since 2013. Prior to Move It, Mr. Taylor was the president of Watson & Taylor Management for approximately 30 years. Mr. Taylor is also our Texas market executive vice president. He has been involved in the self-storage industry for more than 40 years and served on the board of directors of the Self Storage Association from 2006 through 2011, serving as chairman of the board in 2010. Mr. Taylor has also served on the board of directors for the Large Owners Council of the Self Storage Association since 2012. Mr. Taylor graduated from Southern Methodist University with a bachelor of business administration.

**Corporate Governance Profile**

We have structured our corporate governance in a manner we believe closely aligns our interests with those of our shareholders. Notable features of our corporate governance structure include the following:

- our board of trustees is not staggered, with each of our trustees subject to re-election annually;
- of the eight persons who will serve on our board of trustees upon the completion of this offering and the formation transactions, we expect that our board of trustees will determine that five of our trustees are independent for purposes of the NYSE corporate governance listing standards and Rule 10A-3 under the Exchange Act;
- to avoid actual and perceived conflicts of interests between us and our PROs, certain decisions of our board of trustees must also be approved by a majority of our independent trustees;
- we anticipate that at least one of our trustees will qualify as an "audit committee financial expert" as defined by the SEC;
- we have opted out of the control share acquisition statute in the MGCL and have exempted from the business combinations statute in the MGCL transactions between us and (1) any other person, provided that the business combination is first approved by our board of trustees (including a majority of trustees who are not affiliates or associates of such person), (2) Arlen D. Nordhagen and any of his affiliates and associates and (3) any person acting in concert with the foregoing;
- we do not have a shareholder rights plan and our board of trustees has adopted a policy that our board may not adopt any shareholder rights plan unless the adoption of the plan has been approved by shareholders representing a majority of the votes cast on the matter by shareholders entitled to vote on the matter, except that our board of trustees may adopt a shareholder rights plan without the prior approval of our shareholders if our board, in the exercise of its duties, determines that seeking prior shareholder approval would not be in our best interests under the circumstances then existing. The policy further provides that if a shareholder rights plan is adopted by our board without the prior approval of our shareholders, the shareholder rights plan will expire on the date of the first annual meeting of shareholders held after the first anniversary of the adoption of the plan, unless an extension of the plan is approved by our common shareholders.
- We have opted out of the unsolicited takeover (Title 3, Subtitle 8) provisions of the MGCL (which we may not opt in to without the approval of our shareholders). See "Certain Provisions of Maryland Law and Our Declaration of Trust and Bylaws —Subtitle 8."

Our business is managed by our senior management team, subject to the supervision and oversight of our board of trustees. Our trustees will stay informed about our business by attending meetings of our board of trustees and its committees and through supplemental reports and communications. Our independent trustees will meet regularly in executive sessions without the presence of our officers or non-independent trustees.

**Our Board's Role in Risk Oversight**

Our board of trustees will play an active role in overseeing management of our risks. Upon the completion of this offering and the formation transactions, the committees of our board of trustees will assist our full board in risk oversight by addressing specific matters within the purview of each committee. Our audit committee will focus on oversight of financial risks relating to us and our compensation, nominating and corporate governance committee will focus primarily on risks relating to executive compensation plans and arrangements, along with reputational and corporate governance risks relating to our company, including the independence of the members of our board of trustees. While each committee will be responsible for evaluating certain risks and overseeing the management of such risks, our full board of trustees plans to keep itself regularly informed regarding such risks through committee reports and otherwise. We believe the leadership structure of our board of trustees supports effective risk management and oversight.

**Board Committees**

Our board of trustees will form an audit committee and a compensation, nominating and corporate governance committee and adopt charters for each of these committees. Each of these committees will consist of three trustees and will be composed exclusively of independent trustees, as defined by the listing standards of the NYSE or another national securities exchange. Moreover, the compensation, nominating and corporate governance committee will be composed exclusively of individuals intended to be, to the extent provided by Rule 16b-3 of the Exchange Act, non-employee trustees and will, at such times as we are subject to Section 162(m) of the Code, qualify as outside trustees for purposes of Section 162(m) of the Code.

***Audit Committee***

The audit committee will be comprised of Mr. Palazzo, Mr. Hylbert and Mr. Osgood, each of whom will be an independent trustee and "financially literate" under the rules of the NYSE or another national securities exchange. Mr. Palazzo will chair our audit committee and serve as our audit committee financial expert, as that term is defined by the applicable SEC regulations.

The audit committee assists our board of trustees in overseeing:

- our financial reporting, auditing and internal control activities, including the integrity of our financial statements;
- our compliance with legal and regulatory requirements and ethical behavior;
- the independent auditor's qualifications and independence;
- the performance of our internal audit function and independent auditor; and
- the preparation of audit committee reports.

The audit committee is also responsible for engaging our independent registered public accounting firm, reviewing with the independent registered public accounting firm the plans and results of the audit engagement, approving professional services provided by the independent registered public accounting firm, reviewing the independence of the independent registered public accounting firm, considering the range of audit and non-audit fees and reviewing the adequacy of our internal accounting controls.

***Compensation Consultant***

We have retained an independent third-party compensation consulting firm, to provide advice regarding the executive compensation program for our senior management team upon the completion of this offering and the formation transactions. This firm provided analysis and recommendations

regarding base salaries, annual bonuses and long-term incentive compensation for our executive management team, and a trustee compensation program for independent members of our board of trustees. This firm has not provided any other services to management or us.

***Compensation, Nominating and Corporate Governance Committee***

The compensation, nominating and corporate governance committee will be comprised of Mr. Chapman, Mr. Meisinger and Mr. Osgood, each of whom will be an independent trustee. Mr. Chapman will chair our compensation, nominating and corporate governance committee.

The principal functions of the compensation, nominating and corporate governance committee with respect to compensation will be to:

- review and approve on an annual basis the corporate goals and objectives relevant to the compensation paid by us to our chief executive officer and the other members of our senior management team, evaluate our chief executive officer's performance and the other members of our senior management team's performance in light of such goals and objectives and, either as a committee or together with our independent trustees (as directed by the board of trustees), determine and approve the remuneration of our chief executive officer and the other members of our senior management team based on such evaluation;
- oversee any equity-based remuneration plans and programs;
- assist the board of trustees and the chairman in overseeing the development of executive succession plans;
- determine from time to time the remuneration for our non-executive trustees; and
- prepare compensation, nominating and corporate governance committee reports.

The principal functions of the compensation, nominating and corporate governance committee with respect to its nominating and corporate governance responsibilities will be to:

- provide counsel to the board of trustees with respect to the organization, function and composition of the board of trustees and its committees;
- oversee the self-evaluation of the board of trustees as a whole and of the individual trustees and the board's evaluation of management and report thereon to the board;
- periodically review and, if appropriate, recommend to the board of trustees changes to, our corporate governance policies and procedures;
- identify and recommend to the board of trustees potential candidates for nomination; and
- recommend to the board of trustees the appointment of each of our executive officers.

***PRO Advisory Committee***

Recognizing the importance of input from all of our PROs, our board of trustees has approved the establishment of a PRO advisory committee. The PRO advisory committee will initially be comprised of our chief financial officer, representatives from each of our four founding PROs, and two other PRO representatives elected by the remainder of the PROs. It will review and recommend to the board of trustees the annual operating and capital budgets and acquisitions above a certain threshold established by the board from time to time. The committee is also responsible for the review of smaller acquisitions and the monitoring of and reporting to management and the board of trustees regarding certain potential acquisitions and PRO performance.

**Code of Business Conduct and Ethics**

Upon the completion of this offering and the formation transactions, our board of trustees will establish a code of business conduct and ethics that applies to our trustees, officers and employees. Among other matters, our code of business conduct and ethics will be designed to deter wrongdoing and to promote:

- honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- full, fair, accurate, timely and understandable disclosure in our SEC reports and other public communications;
- compliance with applicable governmental laws, rules and regulations;
- prompt internal reporting of violations of the code to appropriate persons identified in the code; and
- accountability for adherence to the code.

Any waiver of the code of business conduct and ethics for our trustees or officers may be made only by our board of trustees or one of our board committees and will be promptly disclosed as required by law or stock exchange regulations.

**Trustee Compensation**

Each of our independent trustees is entitled to receive an annual base fee for his or her service of $50,000 in cash payable in quarterly installments and 4,000 LTIP units, which vest in three installments beginning with the grant date (except for the initial grant which is expected to vest upon the closing of this offering) and over the next two annual meetings of our shareholders. In the future, long-term equity awards may come in the form of restricted shares, LTIP units, or other equity securities. We pay our independent trustees an additional $5,000 in cash and 400 LTIP units annually for each committee membership. We also pay an additional $20,000 in cash and 1,600 LTIP units annually to the chair of our audit committee and an additional $10,000 in cash and 800 LTIP units annually to the chair of our compensation, nominating and corporate governance committee. Because we expect that the chairman of our audit committee and the chairman of our compensation, nominating and corporate governance committee will undertake additional work in 2015 as compared with 2016 and 2017, we have granted each of them, respectively, 1,600 and 800 additional LTIP units to vest upon the completion of this offering. We will reimburse each of our independent trustees for his or her travel expenses incurred in connection with his or her attendance at full board of trustee and committee meetings. We have not made any cash payments to our sole trustee or trustee nominees to date. Non-independent trustees will not receive compensation for serving on our board of trustees.

**Executive Compensation**

Upon the completion of this offering and the formation transactions, Mr. Nordhagen, Ms. Fischer, and Mr. Treadwell will enter into employment agreements with us to be effective upon the completion of this offering and the formation transactions. The following table sets forth the annualized base salary and other compensation that would have been paid in the fiscal year ending December 31, 2014 to these executives, referred to as our "named executive officers," assuming the new employment agreements were in effect for the year ending December 31, 2014.

**Summary Compensation Table**

| Name and Principal Position | 2015 Annualized Compensation Salary/Bonus($)[1] | Share/Option Awards[2] | Non-Equity Incentive Plan Compensation | Change in Pension Value and Non-Qualified Deferred Compensation Earnings | All Other Compensation ($)[3] | Total ($) |
|---|---|---|---|---|---|---|
| Arlen D. Nordhagen chairman nominee of our board of trustees, president, and chief executive officer | 300,000 | | | | | |
| Tamara D. Fischer executive vice president, chief financial officer | 180,000 | | | | | |
| Steven B. Treadwell senior vice president, operations | 150,000 | | | | | |

(1) Salary amounts are annualized for the year ended December 31, 2015, based on the expected base salary levels to be effective upon the completion of this offering and the formation transactions. Bonus amounts will be awarded to our executive officers at the discretion of our compensation, nominating and corporate governance committee and will be awarded after the end of 2015 based on its evaluation of a combination of the executive officer's individual and corporate performance. No bonus amounts are included in this table.

(2) Our company does not expect to grant restricted shares, share options or other awards in connection with this offering. Following the completion of this offering, Mr. Nordhagen, Ms. Fischer, and Mr. Treadwell will be eligible for regular, annual grants of restricted shares, share options or other awards pursuant to our 2015 Equity Incentive Plan.

(3) The executive officers may receive certain perquisites or other personal benefits.

**Compensation Policies and Practices and Risk Management**

We consider in establishing and reviewing our compensation philosophy and programs whether such programs align the interests of our trustees and officers with our interests and those of our shareholders and whether such programs encourage unnecessary or excessive risk taking. Base salaries are fixed in amount and, consequently, we do not see them as encouraging risk taking. Employees are also eligible to receive a portion of their total compensation in the form of annual cash bonus awards. While the annual cash bonus awards focus on achievement of annual goals and could encourage the taking of short-term risks at the expense of long-term results, our annual cash bonus awards represent only a portion of eligible employees' total compensation and are tied to both corporate performance measures and the executive officer's individual performance and are at the discretion of our compensation, nominating and corporate governance committee. We believe that the annual cash bonus awards appropriately align the interests of our trustees and officers with our interests and those of our shareholders and balance risk with the desire to focus eligible employees on specific goals important to our success and do not encourage unnecessary or excessive risk taking.

We also provide our named executive officers and other members of senior management long-term equity awards to help further align their interests with our interests and those of our shareholders. See "—2015 Equity Incentive Plan" for additional discussion. We believe that these awards do not encourage unnecessary or excessive risk taking, since the awards are generally provided at the beginning of an employee's tenure or at various intervals to award achievements or provide additional incentive to build long-term value and are generally subject to vesting schedules to help ensure that executives and members of senior management have significant value tied to our long-term corporate success and performance.

We believe our compensation philosophy and programs encourage employees to strive to achieve both short- and long-term goals that are important to our success and building shareholder value, without promoting unnecessary or excessive risk taking. We intend to review our compensation policies and practices periodically to determine whether such policies and practices are appropriate in light of our risk management objectives.

**Employment Agreements**

The employment agreements we will enter into with our named executive officers upon the completion of this offering and the formation transactions will provide for Mr. Nordhagen to serve as the chairman of our board of trustees, and as our president and chief executive officer, Ms. Fischer to serve as our executive vice president and chief financial officer, and Mr. Treadwell to serve as our senior vice president for operations.

The employment agreements with Mr. Nordhagen, Ms. Fischer, and Mr. Treadwell, will have a term of three years. Each employment agreement will provide for automatic one -year extensions thereafter, unless either party provides at least 90 days' notice of non-renewal. These employment agreements will require Mr. Nordhagen, Ms. Fischer, and Mr. Treadwell to devote substantially all of their time to our affairs.

The employment agreements will provide for:

- an annual base salary of $300,000 for Mr. Nordhagen, $180,000 for Ms. Fischer, and $150,000 for Mr. Treadwell, subject to increases at the of our board of trustees or the compensation, nominating and corporate governance committee;
- eligibility for annual cash performance bonuses based on the satisfaction of performance goals established by our board of trustees or the compensation, nominating and corporate governance committee, which will be awarded at the discretion of the compensation, nominating and corporate governance committee;
- participation in our 2015 Equity Incentive Plan, as well as other incentive, savings and retirement plans applicable generally to our senior executives; and
- medical and other group welfare plan coverage and fringe benefits provided to our senior executives.

In addition, following the completion of this offering, Mr. Nordhagen, Ms. Fischer, and Mr. Treadwell will be eligible for regular, annual grants of restricted shares, share options or other awards pursuant to our 2015 Equity Incentive Plan.

The employment agreements will provide that, if an executive's employment is terminated by us without "cause" or by the executive for "good reason" (each as defined in the applicable employment agreement), or as a result of our notice of non-renewal of the applicable employment term, the executive will be entitled to the following severance payments and benefits, subject to his execution and non-revocation of a general release of claims:

- accrued but unpaid base salary, bonus and other benefits earned and accrued but unpaid prior to the date of termination;
- an amount equal to the sum of the executive's then-current annual base salary plus the greater of his annual average bonus over the prior two years (or such fewer years with respect to which the executive received an annual bonus) and the executive's target annual bonus for the year of termination, multiplied by three for Mr. Nordhagen, by two for Ms. Fischer, and by one for Mr. Treadwell, respectively;

- health benefits for the executive and his eligible family members for two years following the executive's termination of employment at the same level as in effect immediately preceding such termination, subject to reduction to the extent that the executive receives comparable benefits from a subsequent employer; and

- 100% of the unvested shares or share-based awards held by the executive will become fully vested and/or exercisable.

Each employment agreement will also provide that the executive or his estate will be entitled to certain severance benefits in the event of his death or disability. Specifically, each executive or, in the event of the executive's death, his beneficiaries will receive:

- accrued but unpaid base salary, bonus and other benefits earned and accrued but unpaid prior to the date of termination;

- upon death or disability, prorated annual bonus for the year in which the termination occurs;

- health benefits for the executive and/or his eligible family members for two years following the executive's termination of employment at the same level as in effect immediately preceding executive's death or disability; and

- for the initial awards granted or outstanding upon the completion of this offering and the formation transactions, 100% of the unvested share awards held by the executive will become fully vested and/or exercisable. For all outstanding unvested share awards held by the executive other than the initial restricted share award, a prorated portion (based on the number of days until death or disability, as applicable, over 365) of any share that would have vested for the year of the executive's death or disability, as applicable, will become vested and/or exercisable and any remaining portion of such awards will be forfeited.

The employment agreements for Mr. Nordhagen, Ms. Fischer, and Mr. Treadwell will provide for a definition of "good reason" following a change-in-control (as defined in the applicable employment agreement), and provide for 100% of the unvested shares (or share-based awards) held by the executive to become fully vested and/or exercisable if the executive's employment is terminated by our company without cause or if the executive quits for "good reason" following the effective date of a change in control.

The employment agreement will provide that if all, or any portion, of the payments provided under the employment agreements, either alone or together with other payments or benefits that the executive receives or is entitled to receive from us or an affiliate, would constitute a "parachute payment" within the meaning of Section 280G of the Code, then these payments may be reduced so that no portion of such compensation shall be subject to excise tax under the Code.

The employment agreements will also contain standard confidentiality provisions, which will apply indefinitely, and both non-competition and non-solicitation provisions, which will apply during the term of the employment agreements and for a period of six months following termination of employment.

**401(k) Plan**

We have a tax-qualified 401(k) Retirement Savings Plan, or the 401(k) Plan. All eligible employees are able to participate in our 401(k) plan, including our executive officers. We provide this plan to enable our employees to save some amount of their cash compensation for retirement in a tax efficient manner. Under our 401(k) plan, employees are eligible to defer a portion of their salary, and we currently match a portion of each eligible employee's contributions. We do not intend to provide an option for our employees to invest in our common shares through our 401(k) plan.

**2015 Equity Incentive Plan**

Prior to completion of this offering and the formation transactions, we will adopt an equity incentive plan, or our 2015 Equity Incentive Plan, which will replace our existing equity incentive plan, as described below, to provide equity based incentive compensation to members of our senior management team, our independent trustees, advisers, consultants and other personnel. Unless terminated earlier or renewed, our 2015 Equity Incentive Plan will terminate ten years after its adoption, but will continue to govern unexpired awards. Our 2015 Equity Incentive Plan allows for grants of share options, restricted common shares, phantom shares, dividend equivalent rights, LTIP units and other restricted limited partnership units issued by our operating partnership and other equity-based awards.

Our 2015 Equity Incentive Plan will be administered by the compensation, nominating and corporate governance committee appointed for such purposes. The compensation, nominating and corporate governance committee, as appointed by our board of trustees, has the full authority to (1) authorize the granting of awards to eligible persons, (2) determine the eligibility of trustees, members of our senior management team, advisors, consultants and other personnel to receive an equity award, (3) determine the number of common shares to be covered by each award (subject to the individual participant limitations provided in our 2015 Equity Incentive Plan), (4) determine the terms, provisions and conditions of each award (which may not be inconsistent with the terms of our 2015 Equity Incentive Plan), (5) prescribe the form of instruments evidencing such awards, (6) make recommendations to our board of trustees with respect to equity awards that are subject to board approval and (7) take any other actions and make all other determinations that it deems necessary or appropriate in connection with our 2015 Equity Incentive Plan or the administration or interpretation thereof. In connection with this authority, the compensation, nominating and corporate governance committee may, among other things, establish performance goals that must be met in order for awards to be granted or to vest, or for the restrictions on any such awards to lapse. From and after the consummation of this offering, the compensation, nominating and corporate governance committee will consist solely of independent trustees, each of whom is intended to be, to the extent required by Rule 16b-3 under the Exchange Act, a non-employee trustee and will, at such times as we are subject to Section 162(m) of the Code and intend for awards to be treated as performance-based compensation for purposes of Section 162(m), qualify as an outside trustee for purposes of Section 162(m) of the Code, or, if no committee exists, the board of trustees.

***Prior Incentive Plan***

Our operating partnership adopted our 2013 Long-Term Incentive Plan, or the Prior Incentive Plan, which will be terminated upon the completion of this offering and be replaced by our 2015 Equity Incentive Plan. However, the awards under the Prior Incentive Plan will remain outstanding.

The Prior Incentive Plan's purpose was to align the interests of officers, PROs, certain key employees and consultants, and others, with the interests of our operating partnership. The Prior Incentive Plan provided for grants of OP units and LTIP units in our operating partnership. Not more than a maximum of 2.5 million OP units and LTIP units were permitted to be granted under that plan.

As of December 31, 2014, our operating partnership granted an aggregate of approximately 2.5 million LTIP units under the Prior Incentive Plan to our PROs, representatives of our PROs, trustee nominees, officers and certain employees. LTIP units under the Prior Incentive Plan are a special class of partnership interest in our operating partnership that allow the holder to participate in the ordinary and liquidating distributions received by holders of the OP units (subject to the achievement of specified levels of profitability by our operating partnership or the achievement of certain goals or events). Some of the LTIP units that were granted vested immediately. Others vest

along a schedule at certain times prior to December 31, 2017, upon the achievement of certain performance goals, or upon the completion of this offering.

Initially, LTIP units issued under the Prior Incentive Plan do not have full parity with OP units, and do not receive quarterly distributions. Under the terms of the LTIP units, our operating partnership must revalue its assets upon the occurrence of certain specified events, and any increase in valuation from the time of grant until such event will be allocated first to the holders of LTIP units to equalize the capital accounts of such holders with the capital accounts of OP unit holders. Upon equalization of the capital accounts of the holders of LTIP units issued under the Prior Incentive Plan with other holders of OP units, the LTIP units, whether or not vested, achieve full parity with OP units of our operating partnership for all purposes, including with respect to liquidating distributions, and are entitled to receive quarterly distributions. If such parity is reached, upon vesting, vested LTIP units may be converted into an equal number of OP units, and thereafter enjoy all the rights of OP units, including redemption rights.

The Prior Incentive Plan is currently administered by our operating partnership. Following completion of this offering, our compensation, nominating and corporate governance committee will continue the administration of the awards made under the Prior Incentive Plan.

***Available Shares***

Our 2015 Equity Incentive Plan provides for grants of share options, restricted common shares, phantom shares, dividend equivalent rights, LTIP units and other restricted limited partnership units issued by our operating partnership and other equity-based awards up to an aggregate of 5% of the common shares issued and outstanding from time to time on a fully diluted basis (assuming, if applicable, the exercise of all outstanding options and the conversion of all warrants and convertible securities, including OP units and subordinated performance units, into common shares). If an award granted under our 2015 Equity Incentive Plan expires, is forfeited or terminates, the common shares subject to any portion of the award that expires, is forfeited or terminates without having been exercised or paid, as the case may be, will again become available for the issuance of additional awards. Unless previously terminated by our board of trustees, no new award may be granted under our 2015 Equity Incentive Plan after the tenth anniversary of the earlier of (1) the date that such plan was approved by our board of trustees and (2) the date that such plan was approved by the holders of our common shares.

To the extent the compensation, nominating and corporate governance committee deems appropriate, it will establish performance criteria and satisfy such other requirements as may be applicable in order to satisfy the requirements for performance-based compensation under Section 162(m) of the Code.

***Awards Under the Plan***

*Share Options.* The terms of specific share options, including whether share options shall constitute "incentive share options" for purposes of Section 422(b) of the Code, shall be determined by the compensation, nominating and corporate governance committee. The exercise price of a share option shall be determined by the committee and reflected in the applicable award agreement. The exercise price with respect to share options may not be lower than 100% (110% in the case of an incentive share option granted to a 10% shareholder, if permitted under our 2015 Equity Incentive Plan) of the fair market value of our common shares on the date of grant. Each share option will be exercisable after the period or periods specified in the award agreement, which will generally not exceed 10 years from the date of grant (or five years in the case of an incentive share option granted to a 10% shareholder, if permitted under our 2015 Equity Incentive Plan). Incentive share options may only be granted to our employees and employees of our subsidiaries. Share options will be exercisable

at such times and subject to such terms as determined by the compensation, nominating and corporate governance committee. We may also grant share appreciation rights, which are share options that permit the recipient to exercise the share option without payment of the exercise price and to receive common shares (or cash or a combination of the foregoing) with a fair market value equal to the excess of the fair market value of the common shares with respect to which the share option is being exercised over the exercise price of the share option with respect to those shares. The exercise price with respect to share appreciation rights may not be lower than 100% of the fair market value of our common shares on the date of grant.

*Restricted Common Shares.* A restricted share award is an award of common shares that are subject to restrictions on transferability and such other restrictions the compensation, nominating and corporate governance committee may impose at the date of grant. Grants of restricted common shares will be subject to vesting schedules and other restrictions as determined by the compensation, nominating and corporate governance committee. The restrictions may lapse separately or in combination at such times, under such circumstances, including, without limitation, a specified period of employment or the satisfaction of pre-established criteria, in such installments or otherwise, as the compensation, nominating and corporate governance committee may determine. 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. Although dividends will be paid on restricted common shares, whether or not vested, at the same rate and on the same date as on our common shares (unless otherwise provided in an award agreement), holders of restricted common shares are prohibited from selling such shares until they vest.

*Phantom Shares.* A phantom share represents a right to receive the fair market value of a common share, or, if provided by the compensation, nominating and corporate governance committee, the right to receive the fair market value of a common share in excess of a base value established by the compensation, nominating and corporate governance committee at the time of grant. Phantom shares may generally be settled in cash or by transfer of common shares (as may be elected by the participant or the compensation, nominating and corporate governance committee or as may be provided by the compensation, nominating and corporate governance committee at grant). The compensation, nominating and corporate governance committee may, in its discretion and under certain circumstances (taking into account, without limitation, Section 409A of the Code), permit a participant to receive as settlement of the phantom shares installment payments over a period not to exceed 10 years.

*Dividend Equivalents.* A dividend equivalent is a right to receive (or have credited) the equivalent value (in cash or common shares) of dividends paid on common shares otherwise subject to an award. The compensation, nominating and corporate governance committee may provide that amounts payable with respect to dividend equivalents shall be converted into cash or additional common shares. The compensation, nominating and corporate governance committee will establish all other limitations and conditions of awards of dividend equivalents as it deems appropriate.

*Long-Term Incentive Plan Units.* LTIP units are a special class of partnership interest in our operating partnership. Each LTIP unit awarded will be deemed equivalent to an award of one common share under the 2015 Equity Incentive Plan, reducing the availability for other equity awards on a one-for-one basis. The vesting period for LTIP units, if any, will be determined at the time of issuance. Initially, LTIP units will not have full parity with OP units with respect to liquidating distributions. Under the terms of the LTIP units, our operating partnership will revalue its assets upon the occurrence of certain specified events, and any increase in valuation from the time of grant until such event will be allocated first to the holders of LTIP units to equalize the capital accounts of such holders with the capital accounts of OP unit holders. Upon equalization of the capital accounts of the holders of LTIP units with other holders of OP units, the LTIP units will achieve full parity with OP units of

our operating partnership for all purposes, including with respect to liquidating distributions. Upon reaching parity, holders of LTIP units will be entitled to receive distributions from our operating partnership equal to those made on our common shares whether or not such LTIP units are vested. If such parity is reached, vested LTIP units may be converted into an equal number of OP units, and thereafter enjoy all the rights of OP units. However, there are circumstances under which such parity would not be reached. Until and unless such parity is reached, the value that will be realized for a given number of vested LTIP units will be less than the value of an equal number of common shares.

*Other Share-Based Awards.* Our 2015 Equity Incentive Plan authorizes the granting of other awards based upon our common shares (including the grant of securities convertible into common shares), subject to terms and conditions established at the time of grant.

We intend to file with the SEC a Registration Statement on Form S-8 covering our common shares issuable under our 2015 Equity Incentive Plan.

***Change in Control***

Under our 2015 Equity Incentive Plan, a change in control is defined as the occurrence of any of the following events: (1) the acquisition of more than 50% of our then outstanding common shares or the combined voting power of our outstanding securities by any person; (2) the sale or disposition of all or substantially all of our assets, other than certain sales and dispositions to entities owned by our shareholders; (3) a merger, consolidation, conversion, or statutory share exchange where our shareholders immediately prior to such event hold less than 50% of the voting power of the surviving or resulting entity; (4) during any consecutive 24 calendar month period, the members of our board of trustees at the beginning of such period, the "incumbent trustees," cease for any reason (other than due to death) to constitute at least a majority of the members of our board (for these purposes, any trustee whose election or nomination for election was approved or ratified by a vote of at least a majority of the incumbent trustees shall be deemed to be an incumbent trustee); or (5) shareholder approval of a plan or proposal for our liquidation or dissolution.

Upon a change in control, awards may be subject to accelerated automatic or conditional accelerated vesting depending on the terms of the grant agreement establishing the award. In addition, the compensation, nominating and corporate governance committee may make such adjustments as it, in its discretion, determines are necessary or appropriate in light of the change in control, but only if the compensation, nominating and corporate governance committee determines that the adjustments do not have an adverse economic impact on the participants (as determined at the time of the adjustments).

***Amendments and Termination***

Our board of trustees may amend, suspend, alter or discontinue our 2015 Equity Incentive Plan but cannot take any action that would impair the rights of an award recipient with respect to an award previously granted without such award recipient's consent unless such amendments are required in order to comply with applicable laws. Our board of trustees may not amend our 2015 Equity Incentive Plan without shareholder approval in any case in which amendment in the absence of such approval would cause our 2015 Equity Incentive Plan to fail to comply with any applicable legal requirement or applicable exchange or similar requirement, such as an amendment that would:

- other than through adjustment as provided in our 2015 Equity Incentive Plan, increase the total number of common shares reserved for issuance under our 2015 Equity Incentive Plan;
- materially expand the class of trustees, officers, employees, consultants and advisors eligible to participate in our 2015 Equity Incentive Plan;
- reprice any share options under our 2015 Equity Incentive Plan; or

- otherwise require such approval.

**Limitation of Liability and Indemnification**

Maryland law permits a Maryland real estate investment trust to include in its declaration of trust a provision eliminating the liability of its trustees and officers to the real estate investment trust and its shareholders for money damages, except for liability resulting from (1) actual receipt of an improper benefit or profit in money, property or services or (2) active and deliberate dishonesty that is established by a final judgment and is material to the cause of action. Our declaration of trust contains such a provision and eliminates the liability of our trustees and officers to the maximum extent permitted by Maryland law. For further details with respect to the limitation on the liability of our trustees and officers, the indemnification of our trustees and officers and the relevant provisions of Maryland law, see "Certain Provisions of Maryland Law and Our Declaration of Trust and Bylaws—Indemnification and Limitation of Trustee's and Officers' Liability."

We intend to obtain a policy of insurance under which our trustees and officers will be insured, subject to the limits of the policy, against certain losses arising from claims made against such trustees and officers by reason of any acts or omissions covered under such policy in their respective capacities as trustees or officers, including certain liabilities under the Securities Act of 1933, as amended, or the Securities Act. Additionally, we intend to enter into indemnification agreements with each of our trustees, executive officers and certain other parties upon the completion of this offering and the formation transactions.

**Rule 10b5-1 Sales Plans**

Our trustees and officers may adopt written plans, known as Rule 10b5-1 plans, in which they will contract with a broker to buy or sell our common shares on a periodic basis. Under a Rule 10b5-1 plan, a broker executes trades pursuant to parameters established by the trustee or officer when entering into the plan, without further direction from them. The trustee or officer may amend a Rule 10b5-1 plan in some circumstances and may terminate a plan at any time. Our trustees and officers also may buy or sell additional shares outside of a Rule 10b5-1 plan when they are not in possession of material non-public information subject to compliance with the terms of our insider trading policy.

**Compensation, Nominating and Corporate Governance Committee Interlocks and Insider Participation**

No member of the compensation, nominating and corporate governance committee is a current or former officer or employee of ours or any of our subsidiaries. None of our executive officers serves as a member of the board of trustees or compensation, nominating and corporate governance committee of any company that has one or more of its executive officers serving as a member of our board of trustees or compensation, nominating and corporate governance committee.

## THE FORMATION AND STRUCTURE OF OUR COMPANY

### Overview

Upon the completion of this offering and the formation transactions, our in-place portfolio will consist of 246 self-storage properties (199 acquired from our PROs and 47 acquired from other third party sellers) located in 16 states, comprising approximately 13.7 million rentable square feet. Of these properties, four will be held as long-term leasehold interests with an average remaining lease term, including extension options, ranging from 19 to 60 years. In addition, we have a pipeline of 114 properties comprising approximately 7.3 million rentable square feet.

### Acquisition of In-Place Portfolio

For our in-place portfolio, pursuant to separate contribution agreements described under "—Contribution Agreements," we have issued or expect to issue in connection with the formation transactions an aggregate of million OP units in our operating partnership, 1.4 million OP units in our DownREIT partnerships (excluding OP units in our DownREIT partnerships held by our operating partnership), million subordinated performance units in our operating partnership, and 3.7 million subordinated performance units in our DownREIT partnerships. The properties included in our in-place portfolio by our PROs were or will be contributed pursuant to a policy adopted by our board of trustees that standardizes the methodology that we use for valuing self-storage properties that are contributed to us by our PROs. See "—Valuation Methodology for Contributed Portfolios." In connection with these transactions, we assumed or will assume an aggregate of approximately $65.8 million of mortgage indebtedness. In addition, we have acquired or will acquire an aggregate of 47 properties, which were sourced by our PROs, pursuant to purchase and sale agreements with certain third-party owners for $ and OP units. In connection with these acquisitions, we have assumed or will assume an aggregate of approximately $34.5 million of mortgage indebtedness. As of December 31, 2014, our operating partnership had also granted approximately 2.5 million LTIP units to our PROs, representatives of our PROs, trustee nominees, officers and certain employees under the Prior Incentive Plan (see "Our Management—Prior Incentive Plan") and approximately 200,000 LTIP units to a third-party consultant.

### Property Contributions

Property contributions to the in-place portfolio were or will be contributed by or sourced from the following PROs:

- 127 self-storage properties from SecurCare, including 11 relating to Move It;
- 63 self-storage properties from Northwest;
- 27 self-storage properties from Optivest;
- 26 self-storage properties from Guardian; and
- 3 self-storage properties from Storage Solutions.

*SecurCare and Move It Contributions*

We have acquired or will acquire in connection with the formation transactions 127 self-storage properties from SecurCare, including 11 properties for which SecurCare has entered into a sub-management agreement and joint venture with Move It. We refer to these properties as the Move It-managed properties. Unlike the other PROs, Move It does not hold OP units or subordinated performance units directly. If the value of the Move It-managed properties exceeds certain thresholds, Move It will be offered the right to acquire OP units and/or subordinated performance units from SecurCare relating to these properties.

The SecurCare properties were or will be contributed for an aggregate of million OP units (including 478,000 LTIP units) and 2.3 million subordinated performance units, the assumption of an aggregate of $34.5 million in outstanding mortgage indebtedness and $318.3 million in cash. The historical net tangible book value of these properties immediately prior to their dates of contribution was approximately $332.7 million.

*Northwest Contributions*

We have acquired in connection with the formation transactions 63 self-storage properties from Northwest.

These properties were contributed for an aggregate of 11.5 million OP units (including 451,000 LTIP units) and 2.8 million subordinated performance units, the assumption of an aggregate of $20.5 million in outstanding mortgage indebtedness and $91.2 million in cash. The historical net tangible book value of these properties immediately prior to their dates of contribution is estimated to be approximately $137.8 million.

*Optivest Contributions*

We have acquired in connection with the formation transactions 27 self-storage properties from Optivest.

These properties were contributed for an aggregate of 2.7 million OP units (including 232,000 LTIP units) and 1.6 million subordinated performance units and $80.8 million in cash. We do not expect to assume any mortgage indebtedness in connection with these property contributions. The historical net tangible book value of these properties immediately prior to their dates of contribution is estimated to be approximately $91.4 million.

*Guardian Contributions*

We have acquired in connection with the formation transactions 26 self-storage properties from Guardian.

These properties were contributed for an aggregate of 4.0 million OP units and 5.9 million subordinated performance units, which includes the units issued in conjunction with the acquisition of certain of these properties in DownREIT partnerships, the assumption of an aggregate of $45.4 million in outstanding mortgage indebtedness and $94.1 million in cash. The historical net tangible book value of these properties immediately prior to their dates of contribution is estimated to be approximately $75.3 million.

*Storage Solutions Contributions*

We will acquire in connection with the formation transactions three self-storage properties from Storage Solutions.

These properties will be contributed for an aggregate of million OP units and million subordinated performance units and $3.6 million in cash. We do not expect to assume any indebtedness in connection with these property contributions. The historical net tangible book value of these properties immediately prior to their dates of contribution is estimated to be approximately $5.4 million.

Historical net tangible book value of the properties described above, which is based on the purchase price originally paid by the relevant PRO to acquire or develop the contributed properties as adjusted for depreciation and capital expenditures, is estimated to be approximately $642.6 million in the aggregate immediately prior to their dates of contribution.

**Properties Not Contributed**

Although our PROs have collectively contributed the vast majority of their self-storage properties to us as part of the formation transactions and may contribute or sell additional properties to us in the future, we may not acquire certain self-storage properties owned by our PROs because they do not meet our underwriting criteria. The following represent the number of self-storage properties owned or managed by each of our PROs, as of December 31, 2014, that we do not expect to acquire:

- 11 self-storage properties owned or managed by SecurCare, including 5 relating to Move It;
- 8 self-storage properties owned or managed by Northwest;
- 7 self-storage properties owned or managed by Optivest; and
- 3 self-storage properties owned or managed by Guardian.

**DownREIT Partnerships**

Included as part of the OP units and subordinated performance units issued or to be issued in connection with the self-storage contributions are units of limited partner interest in our DownREIT partnerships. In general, we use DownREIT partnerships where we and the applicable PRO determine that it would be advantageous for us to acquire self-storage properties through DownREIT partnerships. For example, in certain circumstances, such partnerships allow us to keep existing mortgages in place and address potential tax issues arising out of contribution transactions. Upon the completion of this offering and the formation transactions, OP units and subordinated performance units will be issued by 12 DownREIT partnerships that each hold one self-storage property. Accordingly, upon the completion of this offering and the formation transactions, approximately 5% of the properties in our in-place portfolio will be held through DownREIT partnerships.

The agreements of limited partnership for the DownREIT partnerships are modeled after the operating partnership agreement of our operating partnership and the units of limited partner interest in these DownREIT partnerships are intended to be economically equivalent to the OP units and subordinated performance units issued by our operating partnership and are redeemable in cash or exchangeable for such units, at our operating partnership's discretion, after an agreed upon period of time and certain other conditions. At our option and pursuant to a notice of redemption, units in our DownREIT partnerships that correspond to OP units may be redeemed in cash or, in our operating partnership's discretion, exchanged for OP units in our operating partnership after a lock-out period. The lock-out period that applies to our current DownREIT partnerships ends five years after the date of the contributor's initial contribution. Once such units have been redeemed or exchanged in this manner, the contributor may exchange its units in our DownREIT partnerships that correspond to subordinated performance units for an equal number of newly established subordinated performance units in our operating partnership.

**Consulting Services**

In connection with the formation transactions, we engaged Knightsbridge Realty Capital, Inc., or Knightsbridge, to support our efforts in identifying, screening, and educating our existing and prospective PROs. Pursuant to this engagement and in connection with our completed PRO contributions, we paid Knightsbridge through December 31, 2014 approximately $3.7 million in cash and issued Knightsbridge approximately 200,000 LTIP units in our operating partnership.

**Valuation Methodology for Contributed Portfolios**

Our board of trustees has adopted a policy which attempts to standardize the methodology we use for valuing self-storage properties that are contributed to us. This methodology is built around a

proprietary standardized property quality and property market criteria. At the time of contribution, a capitalization rate is selected for each property by an independent consultant based on property quality and market criteria which are summarized in the table below:

**Market Criteria**

- MSA size
- Historical 10-year population growth
- Forecasted 10-year population growth
- Home price index volatility
- Gross state product growth rate
- Current self-storage rentable square feet per household
- Barriers to entry

**Property Quality Criteria**

- Physical condition
- Age
- Security features
- Relative competitive ranking versus peers
- Traffic and visibility
- Accessibility

The value of the property is determined by applying this selected capitalization rate to the trailing 12-month "Stable Cash Flow" of the property, which is defined as NOI less property expenses, supervisory and administrative fees, and an amount for capital reserves determined by an independent consultant in a property condition audit. The capitalization rate is determined by matching a property quality rating and a market desirability rating on a matrix table.

The standardized valuation methodology adopted by our board of trustees also helps us determine the relative percentage of OP units and subordinated performance units that are issued in connection with property contributions. In general, the number of OP units that are issued in each contribution are capped at a level intended to provide a minimum level of return to our operating partnership from the contributed properties. The remaining equity issued in each contribution is required to be subordinated performance units.

Our board of trustees will periodically review the valuation methodology relating to contributed properties and will, with the approval of a majority of our independent trustees, adjust the methodology to take into account changing market and competitive conditions. Any such change will be prospective only and will not impact the contribution value in any already completed transaction or with respect to any properties that we may then have under contract.

**Facilities Portfolio and Asset Management Agreements**

Each self-storage property that was contributed to our operating partnership or one of its subsidiaries by a PRO will continue to be managed by the PRO that contributed the property. Each PRO has entered into a facilities portfolio management agreement with us with respect to its contributed portfolio together with asset management agreements for each property. We believe this consistency in post-contribution portfolio and property management, together with our technology and best practices programs, will allow us to fully leverage each PRO's local market knowledge and expertise and mitigate transitional disruptions to operations. These agreements also contain a number of important terms, including those described below.

***Exclusivity and Non-Competition.*** Our company plans to primarily rely on our PROs to source acquisitions of self-storage properties from third-party sellers that operate in the same regional and

local markets as our PROs. However, under some circumstances, we may learn about an acquisition opportunity from a source other than a PRO within an exclusive or non-exclusive MSA granted to such PRO. In such circumstances, pursuant to the facilities portfolio management agreements, our operating partnership has agreed not to acquire additional self-storage properties without first offering such PRO the opportunity to co-invest in, and manage, the property in its assigned MSA. In shared MSAs, where more than one PRO is assigned, the operating partnership is permitted to choose the PRO that will get the co-investment and management opportunity. This permits us to reward a PRO that sources an acquisition for us. In the event that a PRO determines not to accept a co-investment and management opportunity, our operating partnership must offer the same opportunity to a different PRO assigned to the shared MSA. If all PROs in an MSA decline the opportunity, we are free to enter into alternative co-investment and management arrangements.

- SecurCare is assigned 18 exclusive MSAs within Colorado, Georgia, Louisiana, North Carolina, Oklahoma, South Carolina, and Texas, five shared MSAs within California and Texas, and one non-exclusive MSA within Georgia.
- Northwest is assigned five exclusive MSAs within Oregon and one non-exclusive MSA in Washington.
- Optivest is assigned two exclusive MSAs within Arizona and New Hampshire and seven shared MSAs within Arizona, California, Nevada, and Texas.
- Guardian is assigned one exclusive MSA within California and three shared MSAs within Arizona and California.
- Move It is assigned four exclusive MSAs within Texas, five shared MSAs within Texas, and one non-exclusive MSA within Tennessee.
- Storage Solutions is assigned two shared MSAs within Arizona and Nevada.

Each PRO is prohibited from entering into new agreements or arrangements for self-storage properties that they do not currently own or manage without our operating partnership's prior written consent. In addition to the reimbursements of expenses and fees paid under the asset management agreements, we also pay our PROs an insignificant underwriting and due diligence fee in connection with the sourcing of third-party acquisitions. We do not intend to pay our PROs any other fees. Our operating partnership has the right to terminate a PRO's exclusivity right if the operator violates its non-competition obligations or fails to meet certain performance levels with respect to the properties it manages.

***Management and Retirement.*** Pursuant to the asset management agreements, the PROs receive reimbursements for certain expenses and a market rate supervisory and administrative fee for their services, which in total will be not less than 5% nor more than 6% of gross revenue generated by each property that they manage for us. We do not intend to pay our PROs any other fees.

Each facilities portfolio management agreement contains provisions, which we refer to as the "Key Person Standards," which relate to each PRO's key persons (as defined in each facilities portfolio management agreement). Our operating partnership, in its sole discretion, may consent to changes in the key persons designated with respect to each PRO from time to time. Pursuant to the facilities portfolio management agreements, each PRO's key persons are required to remain active in and devote a sufficient portion of each such person's business time to the business and affairs of the PRO with respect to such PRO's contributed portfolio, which is consistent with past practice. In addition, other than as a result of death or legal incapacity, at least 50% of the subordinated performance units issued in respect of each PRO's contributed portfolio are required to be beneficially owned by such PRO's key persons and such key persons are required to collectively own at least 50% of the beneficial interest in and control the management company relating to the contributed portfolio.

In addition, upon the occurrence of certain events, which are referred to as "retirement events" in the facilities portfolio management agreements, the management of the properties in such PRO's contributed portfolio will be transferred to us (or our designee) in exchange for OP units with a value equal to four times the average of the normalized annual EBITDA from the management contracts related to such PRO's contributed portfolio over the immediately preceding 24-month period. A retirement event for a PRO shall be deemed to occur:

- upon at least 180 days' notice given to us by the PRO after a minimum of two years from the later of the completion of this offering or the initial contribution to us by the PRO of any of its properties; or

- if, at any time during the term of the facilities portfolio management agreement, key persons owning more than 50% of the PRO's property management company die or otherwise become legally incapacitated.

Each retiring PRO will also be permitted to convert subordinated performance units for OP units on the terms described herein under "Limited Partnership Agreement of our Operating Partnership—Conversion of Subordinated Performance Units into OP Units."

***Performance.*** Under our facilities portfolio management agreements, we annually assess the financial and operating performance of each property. In the event that the financial performance for a particular property fails to meet certain pre-determined formulaic performance thresholds with respect to any calendar year, we may elect to place the applicable PRO on probation until the specific property is able to regain compliance with this performance threshold, during which time, the PRO will be required to take remedial actions specified by us to improve the performance of the property. In addition, we may elect to terminate these agreements and transfer property management responsibilities over the properties managed by a PRO to us (or our designee), if the PRO's contributed portfolio fails to meet this performance threshold for more than two consecutive calendar years or if the operating cash flow generated by the properties of a PRO for any calendar year falls below a level that will enable us to fund minimum levels of distributions, debt service payments attributable to the property, and fund the property's actual and allocable operating expenses. We may also elect to terminate these agreements and transfer property management responsibilities over the properties managed by a PRO to us (or our designee), if, subject to specified cure provisions, a PRO breaches its non-competition covenants or Key Person Standards. Upon any such termination we will be permitted to require that the subordinated performance units issued in respect of such PRO's contributed portfolio be converted into OP units on the terms described herein under "Limited Partnership Agreement of our Operating Partnership—Conversion of Subordinated Performance Units into OP Units."

***Controlled Properties Purchase Option Upon PRO Determination to Transfer.*** With respect to each property that a PRO controls that has not been previously contributed to us, such PRO has agreed that it will not transfer (or permit the transfer of, to the extent possible) any interest in such self-storage property without first offering or causing to be offered (if permissible) such interest to us in accordance with the terms and conditions of the facilities portfolio management agreements. In addition, upon maturity of the outstanding indebtedness, so long as occupancy is consistent with average local market levels, which we determine in our sole discretion, such PRO has agreed to offer or cause to be offered (if permissible) such interest to us in accordance with the facilities portfolio management agreements. There are currently 30 properties in our pipeline in which our PROs have a controlling ownership interest.

***Non-Controlled Properties Notice and Facilitation.*** With respect to properties in which our PROs have an ownership interest but do not control, and properties that our PROs manage in which they do not have an ownership interest (i.e., non-controlled properties), each PRO has agreed that, pursuant to

the facilities portfolio management agreements, such PRO will notify our operating partnership of any impending transfer and use commercially reasonable good faith efforts to facilitate an offer by our operating partnership to purchase such property, subject to the terms of the agreements. There are currently 20 are properties in which our PROs currently have an ownership interest but do not control, and 64 are properties that our PROs manage without an ownership interest.

**Contribution Agreements**

Our PROs (together with their affiliates) contributed self-storage properties to our operating partnership or one of its subsidiaries pursuant to contribution agreements in exchange for a combination of OP units and subordinated performance units in our operating partnership (or OP units and subordinated performance units in one of our DownREIT partnerships, respectively, which are intended to be economically equivalent). In each contribution agreement, we and our PROs provided standard representations and warranties, covenants, and indemnification. Indemnification provided by us and our PROs to each other covers, among other things, losses on account of the breach of representations and warranties for a period of 12 months after the closing of each contribution, except for certain fundamental representations and warranties provided by our PROs to us which survive indefinitely. In addition, indemnification provided by us and our PROs to each other covers all covenants for an indefinite period of time.

**Registration Rights Agreement**

We have granted registration rights to those persons who will be eligible to receive common shares issuable upon exchange of OP units (or securities convertible into or exchangeable for OP units) issued in our formation transactions. The registration rights agreement requires that as soon as practicable after the date on which we first become eligible to register the resale of securities of our company pursuant to Form S-3 under the Securities Act, but in no event later than 60 calendar days thereafter, we file a shelf registration statement registering the offer and resale of the common shares issuable upon exchange of OP units (or securities convertible into or exchangeable for OP units) issued in our formation transactions on a delayed or continuous basis. See "Shares Eligible for Future Sale—Registration Rights Agreement."

**Restriction on Sale of Properties**

The partnership unit designation applicable to each series of subordinated performance units provides that until March 31, 2023, our operating partnership shall not, and shall cause its subsidiaries not to, sell, dispose or otherwise transfer any property which is a part of the applicable self-storage property portfolio relating to such series of subordinated performance units without the consent of the partners (including us) holding at least 50% of the then outstanding OP units and the partners holding at least 50% of the then outstanding series of subordinated performance units that relate to the applicable property, except for sales, dispositions or other transfers of a property to wholly-owned subsidiaries of our operating partnership.

## PRINCIPAL SHAREHOLDERS

The following table presents information regarding the beneficial ownership of our common shares, after giving effect to the formation transactions but immediately prior to the completion of this offering and, following the completion of this offering and the formation transactions, with respect to:

- each person who is the beneficial owner of more than five percent of our outstanding common shares;
- each of our trustees, trustee nominees and named executive officers; and
- all of our trustees, trustee nominees and executive officers as a group.

Unless otherwise indicated, all shares are owned directly and the indicated person has sole voting and investment powers. Except as indicated in the footnotes to the table below, the business address for each of the persons named below is 5200 DTC Parkway, Suite 200, Greenwood Village, Colorado 80111.

| | Common Shares and OP Units Beneficially Owned[1] | | | |
|---|---|---|---|---|
| | Immediately Prior to this Offering but after giving effect to the Formation Transactions | | Upon the Completion of this Offering and the Formation Transactions | |
| Name of Beneficial Owner | Number of Common Shares and OP Units Beneficially Owned[2][3] | Percentage of Common Shares[3] | Number of Common Shares and OP Units Beneficially Owned[2][3] | Percentage of Common Shares[3][4] |
| **Trustees, Trustee Nominees and Named Executive Officers**: | | | | |
| National Storage Affiliates Holdings, LLC | 127,400 | | | |
| Arlen D. Nordhagen[5] | 2,575,947 | | | |
| Tamara D. Fischer[6] | 91,750 | | | |
| Steven B. Treadwell[7] | 10,000 | | | |
| George L. Chapman[8] | 6,000 | | | |
| Kevin M. Howard[9] | 3,798,045 | | | |
| Paul W. Hylbert, Jr.[10] | 4,400 | | | |
| Chad Meisinger[11] | 4,400 | | | |
| Steven G. Osgood[12] | | | | |
| Dominic M. Palazzo[13] | 7,600 | | | |
| Mark Van Mourick[14] | 632,023 | | | |
| **All Trustees, Trustee Nominees and Executive Officers as a Group (11 persons)** | | | | |
| **Beneficial Owners of more than 5% of outstanding common shares:** | | | | |
| John Minar[15] | 2,381,125 | | | |
| David Lamb[16] | 1,637,769 | | | |
| J. Timothy Warren[17] | 1,544,036 | | | |

* Denotes less than 1%.

(1) A person is deemed to be the beneficial owner of any common shares or OP units if that person has or shares voting power or investment power with respect to those common shares or OP units, or has the right to acquire beneficial ownership at any time within 60 days of the date of the table. As used herein, "voting power" is the power to vote or direct the voting of common shares or OP units and "investment power" is the power to dispose or direct the disposition of common shares or OP units.

(2) The number of common shares and OP units beneficially owned (i) immediately prior to the completion of this offering, but after giving effect to the formation transactions, and (ii) upon the completion of this offering and the formation transactions, includes OP units that we plan to issue in consideration for the 16 properties that we expect to acquire prior to or concurrently with the completion of this offering, and five properties that we expect to acquire upon the receipt of lender consents, which may occur prior to, concurrently with, or following the completion of this offering, in each case assuming such OP units are issued at the mid-point of the initial public offering price range shown on the cover page of this prospectus. The number of common shares and OP units beneficially owned (i) immediately prior to the completion of this offering, but after giving effect to the formation transactions, and (ii) upon the completion of this offering and the formation transactions, also includes 2.7 million LTIP units outstanding, which are vested, and excludes 1.7 million LTIP units outstanding, which are not vested.

(3) For purposes of determining the percentage of common shares beneficially owned, the table assumes that each OP unit (including each vested LTIP unit as if each such unit was converted into one OP unit) held by each beneficial owner is exchanged for one common share. Some of the LTIP units that were granted under our Prior Incentive Plan vested immediately. Others vest along a schedule at certain times prior to December 31, 2017, upon the achievement of certain performance goals, or upon the completion of this offering. References to "vested LTIP units" in the following footnotes include LTIP units that have vested and LTIP units that will vest upon the completion of this offering or within 60 days of the completion of the offering. The table above excludes an aggregate of 1.0 million unvested LTIP units and 12.8 million subordinated performance units, which are only convertible into OP units beginning two years following the completion of this offering, and then (i) at the holder's election only upon the achievement of certain performance thresholds relating to the properties to which such subordinated performance units relate or (ii) at our election upon a retirement event of a PRO or upon certain qualifying terminations. For a description of terms related to the conversion of subordinated performance units into OP units, including the application of the conversion penalty, see "Limited Partnership Agreement of our Operating Partnership—Conversion of Subordinated Performance Units into OP Units."

(4) For purposes of determining the percentage of common shares beneficially owned upon the completion of this offering and the formation transactions, the table excludes up to common shares that we may issue and sell upon the exercise of the underwriters' option to purchase additional shares.

(5) Includes 1,888,976 OP units for which Mr. Nordhagen has or shares voting and investment power directly or indirectly through entities he controls and 682,470 vested LTIP units. Excludes 437,860 unvested LTIP units and 2.25 million subordinated performance units held in entities controlled by Mr. Nordhagen. Mr. Nordhagen disclaims beneficial ownership over such units shown in the table, except to the extent of his pecuniary interest therein.

(6) Includes 81,750 vested LTIP units and excludes 102,000 unvested LTIP units.

(7) Includes 10,000 vested LTIP units and excludes 21,000 unvested LTIP units.

(8) Includes 6,000 vested LTIP units and excludes 10,400 unvested LTIP units.

(9) Includes 3,534,560 OP units for which Mr. Howard has or shares voting and investment power directly or indirectly through entities he controls and 253,485 vested LTIP units. Excludes 1.60 million subordinated performance units held in entities controlled by Mr. Howard. Mr. Howard disclaims beneficial ownership over such units shown in the table, except to the extent of his pecuniary interest therein

(10) Includes 4,400 vested LTIP units and excludes 8,800 unvested LTIP units.

(11) Includes 4,400 vested LTIP units and excludes 8,800 unvested LTIP units.

(12) Includes OP units and 4,800 vested LTIP units and excludes 9,600 unvested LTIP units.

(13) Includes 7,600 vested LTIP units and excludes 12,000 unvested LTIP units.

(14) All 632,023 OP units for which Mr. Van Mourick has or shares voting and investment power are held directly or indirectly through entities he controls. Excludes 1.12 million subordinated performance units held in entities controlled by Mr. Van Mourick. Mr. Van Mourick disclaims beneficial ownership over such units shown in the table, except to the extent of his pecuniary interest therein.

(15) All 2,381,125 OP units for which Mr. Minar has or shares voting and investment power are held directly or indirectly through entities he controls. Excludes 4.37 million subordinated performance units held in entities controlled by Mr. Minar. Mr. Minar disclaims beneficial ownership over such units shown in the table, except to the extent of his pecuniary interest therein.

(16) All 1,637,769 OP units for which Mr. Lamb has or shares voting and investment power are held directly or indirectly through entities he controls. Excludes 1.59 million subordinated performance units held in entities controlled by Mr. Lamb. Mr. Lamb disclaims beneficial ownership over such units shown in the table, except to the extent of his pecuniary interest therein.

(17) Includes 1,279,609 OP units for which Mr. Warren has or shares voting and investment power directly or indirectly through entities he controls and 206,885 vested LTIP units. Excludes 0.70 million subordinated performance units held in entities controlled by Mr. Warren. Mr. Warren disclaims beneficial ownership over such units shown in the table, except to the extent of his pecuniary interest therein.

## CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

### Material Benefits to Related Parties

Upon the completion of this offering and the formation transactions, our executive officers, trustees and trustee nominees will have received material financial and other benefits, as described below.

*Arlen D. Nordhagen*

In the case of Arlen D. Nordhagen, our chief executive officer, president, and chairman nominee:

- the issuance to him or to entities controlled by him of limited partner interests having a value (based on the mid-point of the initial public offering price range shown on the cover page of this prospectus) of $ (including 50,000 OP units in connection with SecurCare's sale of the call center to us); Mr. Nordhagen's pro rata portion of the aggregate historical net tangible book value of the properties underlying the interests contributed by him and such entities with respect to such limited partner interests was approximately $ as of their respective dates of contribution;

- the receipt of aggregate distributions of $ payable with respect to such OP units from the date of their issuance through , 2015;

- the receipt of aggregate distributions of $ payable with respect to such subordinated performance units from the date of their issuance through March 31, 2015;

- the issuance to him of an aggregate of 2,326,836 LTIP units as described herein under "Our Management—Prior Incentive Plan";

- the benefits of the employment, indemnification, contribution, and registration rights agreements with him as well as the facilities portfolio and asset management agreements with SecurCare (of which he remains the principal owner) described below; and

- during the term of the business services agreement between SecurCare and us, a fee to SecurCare in an amount equal to six percent of the monthly gross revenue from the call center's business which would have been approximately $37,000 in the year ended December 31, 2014 based on the monthly gross revenue during such period.

*Tamara D. Fischer*

In the case of Tamara D. Fischer, our executive vice president and chief financial officer:

- the issuance to her of OP units at an aggregate cash issuance price of $ ;

- the receipt of aggregate distributions of $ payable with respect to such OP units from the date of their issuance through , 2015;

- the issuance to her of an aggregate of 183,750 LTIP units as described herein under "Our Management—Prior Incentive Plan"; and

- the benefits of the employment, indemnification and registration rights agreements with her as described below.

*Steven B. Treadwell*

In the case of Steven B. Treadwell, our senior vice president for operations, the benefits of the employment and indemnification agreements with him as described below.

*George L. Chapman*

In the case of George L. Chapman, a trustee nominee:

- the issuance to him for his service as a trustee of an aggregate of 16,400 LTIP units as described herein under "Our Management—Prior Incentive Plan"; and
- The benefits of the indemnification agreement with him as described below.

*Kevin M. Howard*

In the case of Kevin M. Howard, a trustee nominee:

- the issuance to him or entities controlled by him of limited partner interests having a value (based on the mid-point of the initial public offering price range shown on the cover page of this prospectus) of $ in exchange for properties that we acquired as part of our in-place portfolio;
- the receipt of aggregate distributions of $ payable with respect to such OP units from the date of their issuance through , 2015;
- the receipt of aggregate distributions of $ payable with respect to such subordinated performance units from the date of their issuance through March 31, 2015;
- the issuance to him of an aggregate of 253,485 LTIP units as described herein under "Our Management—Prior Incentive Plan"; and
- the benefits of the indemnification contribution, and registration rights agreement with him as described below.

*Paul W. Hylbert, Jr.*

In the case of Paul W. Hylbert, Jr., a trustee nominee:

- the issuance to him for his service as a trustee of an aggregate of 13,200 LTIP units as described herein under "Our Management—Prior Incentive Plan"; and
- the benefits of the indemnification agreement with him as described below.

*Chad Meisinger*

In the case of Chad Meisinger, a trustee nominee:

- the issuance to him for his service as a trustee of an aggregate of 19,600 LTIP units as described herein under "Our Management—Prior Incentive Plan"; and
- the benefits of the indemnification agreement with him as described below.

*Steven G. Osgood*

In the case of Steven G. Osgood, a trustee nominee:

- the issuance to him or entities controlled by him of limited partner interests having a value (based on the mid-point of the initial public offering price range shown on the cover page of this prospectus) of $ in exchange for 12 properties that we acquired as part of our in-place portfolio;
- the issuance to him for his service as a trustee of an aggregate of 14,400 LTIP units as described herein under "Our Management—Prior Incentive Plan"; and
- the benefits of the indemnification agreement with him as described below.

- the payment to entities controlled by him of $100,000 in connection with the sourcing and underwriting of two properties that we acquired as part of our in-place portfolio;

*Dominic M. Palazzo*

In the case of Dominic M. Palazzo, a trustee nominee:

- the issuance to him for his service as a trustee of an aggregate of LTIP units as described herein under "Our Management—Prior Incentive Plan"; and
- the benefits of the indemnification agreement with him as described below.

*Mark Van Mourick*

In the case of Mark Van Mourick, a trustee nominee:

- the issuance to him or entities controlled by him of limited partner interests having a value (based on the mid-point of the initial public offering price range shown on the cover page of this prospectus) of $ in exchange for properties that we acquired as part of our in-place portfolio;
- the receipt of aggregate distributions of $ payable with respect to such OP units from the date of their issuance through , 2015;
- the receipt of aggregate distributions of $ payable with respect to such subordinated performance units from the date of their issuance through March 31, 2015;
- the issuance to him of an aggregate of LTIP units as described herein under "Our Management—Prior Incentive Plan"; and
- the benefits of the indemnification contribution, and registration rights agreement with him as described below.

**Employment Agreements**

We intend to enter into an employment agreement with Mr. Nordhagen, Ms. Fischer, , and Mr. Treadwell that will be effective upon the completion of this offering and the formation transactions. These employment agreements will provide for base salary, bonus and other benefits. See "Our Management—Employment Agreements."

**Indemnification Agreements for Officers and Trustees**

We intend to enter into indemnification agreements with our trustees and our executive officers that will be effective upon the completion of this offering and the formation transactions. These indemnification agreements will provide indemnification to these persons by us to the maximum extent permitted by Maryland law and certain procedures for indemnification, including advancement by us of certain expenses relating to claims brought against these persons under certain circumstances. See "Our Management—Limitation of Liability and Indemnification."

**Contribution Agreements**

Mr. Nordhagen, Mr. Howard, and Mr. Van Mourick, have either directly or through affiliates entered into contributions agreements with us to contribute self-storage properties to our operating partnership or one of its subsidiaries in exchange for a combination of OP units and subordinated performance units in our operating partnership (or OP units or subordinated performance units in one of our DownREIT partnerships, respectively, which are intended to be economically equivalent). See "The Formation and Structure of our Company—Contribution Agreements."

**Registration Rights Agreement**

We intend to provide registration rights to holders of our common shares (including common shares issuable upon redemption of OP units) that will be issued in connection with our formation transactions. See "Shares Eligible for Future Sale—Registration Rights Agreement."

**Facilities Portfolio and Asset Management Agreements**

Each self-storage property that was contributed to our operating partnership or one of its subsidiaries by a PRO will continue to be managed by the PRO that contributed the property. Each PRO has entered into a facilities portfolio management agreement with our company with respect to its contributed portfolio together with asset management agreements for each property. Each of our non-independent trustees is party to a facilities portfolio management agreement and various asset management agreements. The asset management agreements include payments of supervisory and administrative fees and expense reimbursements to SecurCare, Northwest, and Optivest. Upon certain retirement events, the management of the properties in such PRO's contributed portfolio will be transferred to us (or our designee) in exchange for OP units with a value equal to four times the average of the normalized annual EBITDA from the management contracts related to such PRO's contributed portfolio over the immediately preceding 24-month period. For a description of the terms of the facilities portfolio and asset management agreements, see "The Formation and Structure of Our Company—Facilities Portfolio and Asset Management Agreements."

**Tenant Insurance-Related Arrangements**

Through each of our PROs, we have various arrangements with regulated insurance companies to enable us to assist our tenants in obtaining insurance or tenant protection plans in association with storage rentals. These insurance companies typically pay us access fees and commissions to help them procure business at our properties, and these fees are recognized as revenue at our properties. Each PRO maintains its own program, and in some cases our PROs have an ownership interest in the insurance company which provides the coverage to our tenants at the properties that they manage. As such, the PROs may benefit from our success in improving tenant insurance penetration through both improved property performance and improved performance of the respective insurance companies in which they may have an ownership stake.

**Internet Marketing**

FindLocalStorage.com is an industry marketing consortium that provides an online self-storage search solution for customers and valuable leads for our properties. Our PROs determine how they will utilize the services of FindLocalStorage.com as well as other third-party marketing platforms in order to optimize revenues and profitability at our properties. We benefit from FindLocalStorage.com because we can acquire leads at a greatly reduced cost relative to marketing fees charged by other third-party lead aggregators serving the self-storage industry. Each property pays all marketing fees to FindLocalStorage.com. PROs do not pay any fees associated with FindLocalStorage.com. SecurCare, Northwest, and Optivest each own a small share of FindLocalStorage.com and may benefit from fees garnered through its lead-generating activities for our properties as well as for numerous other storage operators. In addition, David Cramer, a principal of SecurCare, is a member of the board at FindLocalStorage.com.

**Call Center Operations**

We have a centralized call center, which provides services to the majority of our properties. This call center was established by SecurCare and sold to our company effective April 1, 2015 in exchange for 50,000 OP units. It has been managed by SecurCare and, under a business services agreement with us, will continue to be managed by SecurCare for the benefit of our properties as well as some

properties that we do not yet own. One year after the completion of this offering, we have the right to terminate this agreement and assume management of the call center. The call center is not managed as a profit center for us; rather, each property that utilizes the call center is allocated a portion of the call center's expenses (or, in the case of some properties that we do not yet own, pays us a monthly fee), such that the aggregate of these fees closely matches the actual costs incurred by us to operate the call center. PROs do not pay any fees to us in respect of the call center. Our properties benefit from the various leasing, customer service, and collection activities of the call center, and the various PROs determine which properties receive these types of support services from the call center.

**Conflicts of Interest**

Following completion of this offering and the formation transactions, there will be conflicts of interest with respect to certain transactions between the holders of OP units and our shareholders. In particular, the consummation of certain business combinations, the sale of certain of our assets or a reduction of indebtedness could have adverse tax consequences to holders of OP units, which would make those transactions, which may be desirable to our shareholders, less desirable to our holders of OP units. Although we are not required to take into account any PRO's individual tax position in considering a transaction, we are not prohibited from doing so. Certain members of our senior management team, trustees and trustee nominees received OP units as part of the formation transactions.

In addition, the partnership unit designation applicable to each series of subordinated performance units issued in the formation transactions provides that, until March 31, 2023, our operating partnership shall not, and shall cause its subsidiaries not to, sell, dispose or otherwise transfer any property which is a part of the applicable self-storage property portfolio relating to such series of subordinated performance units without the consent of the partners (including us) holding at least 50% of the then outstanding OP units and the partners holding at least 50% of the then outstanding series of subordinated performance units that relate to the applicable property, except for sales, dispositions or other transfers of a property to wholly-owned subsidiaries of our operating partnership. Certain members of our senior management team, trustees and trustee nominees received subordinated performance units as part of the formation transactions.

To avoid actual and perceived conflicts of interests between us and our PROs, our operating partnership agreement and applicable partnership unit designations require that certain decisions of our board of trustees, such as any decision by us to increase or decrease allocations of capital contributions or to adjust the valuation methodology related to contributed properties, must also be approved by a majority of our independent trustees. In addition, in our facilities portfolio management agreements, with respect to properties we may seek to acquire, we and our PROs have agreed to certain procedures regarding exclusivity, non-competition, an option to purchase controlled properties, and a right to notice and facilitation for managed and minority interest properties. These provisions will govern situations where our PROs either have a direct or indirect pecuniary interest or may otherwise wish to engage in similar business activities to our own for their own account. See "The Formation and Structure of our Company—Facilities Portfolio and Asset Management Agreements." In our code of business conduct and ethics, we also have a conflicts of interest policy that prohibits our trustees, officers and employees who provide services to us, from engaging in any transaction that involves an actual conflict of interest with us unless approved by a majority of our independent trustees. Other than as set forth in these governing instruments and policies, there are no further restrictions or procedures related to the ability of our trustees, officers, shareholders and affiliates to (i) retain a direct or indirect pecuniary interest in assets which we are proposing to acquire or dispose of and (ii) engage for their own account in business activities similar to ours.

We did not conduct arm's-length negotiations with the parties involved regarding the terms of the formation transactions. In the course of structuring the formation transactions, certain members of our senior management team and other contributors had the ability to influence the type and level of benefits that they received from us.

## DESCRIPTION OF SHARES OF BENEFICIAL INTEREST

*The following is a summary of the material terms of our shares of beneficial interest. This summary does not purport to be complete and is subject to and qualified in its entirety by reference to the MRL, our amended and restated declaration of trust, which we refer to as our declaration of trust, and our amended and restated bylaws, which we refer to as our bylaws. Copies of our declaration of trust and bylaws are filed as exhibits to the registration statement of which this prospectus is a part. See "Where You Can Find More Information."*

### General

Our declaration of trust provides that we may issue up to 250,000,000 common shares of beneficial interest, $0.01 par value per share, and up to 50,000,000 preferred shares of beneficial interest, $0.01 par value per share. Our declaration of trust authorizes our board of trustees to amend our declaration of trust to increase or decrease the aggregate number of shares or the number of shares of any class or series that we are authorized to issue with the approval of a majority of our entire board of trustees and without common shareholder approval. As of December 31, 2014, we had 1,000 common shares issued and outstanding held by one shareholder of record and no preferred shares issued and outstanding. Under Maryland law, our shareholders are not generally liable for our debts or obligations.

### Common Shares

All of the common shares offered in this offering will, upon issuance, be duly authorized, fully paid and nonassessable. Subject to the preferential rights, if any, of holders of any other class or series of our shares and to the provisions of our declaration of trust regarding the restrictions on ownership and transfer of our shares, holders of our common shares are entitled to receive distributions out of assets legally available therefor if, as and when authorized by our board of trustees and declared by us, and the holders of our common shares are entitled to share ratably in our assets legally available for distribution to our shareholders in the event of our liquidation, dissolution or winding up after payment of or adequate provision for all of our known debts and liabilities.

Subject to the provisions of our declaration of trust regarding the restrictions on ownership and transfer of our shares and except as may otherwise be specified in the terms of any class or series of our shares, each outstanding common share entitles the holder to one vote on all matters submitted to a vote of shareholders, including the election of trustees, and the holders of common shares will possess the exclusive voting power. A plurality of the votes cast in the election of trustees is sufficient to elect a trustee and there is no cumulative voting in the election of trustees, which means that, subject to the rights of holders of any class or series of our shares to elect one or more trustees, the holders of a majority of our outstanding common shares can elect all of the trustees then standing for election, and the holders of the remaining common shares will not be able to elect any trustees.

Holders of common shares have no preference, conversion, exchange, sinking fund, redemption or appraisal rights and have no preemptive rights to subscribe for any of our securities. Subject to the restrictions on ownership and transfer of shares contained in our declaration of trust and the terms of any other class or series of common shares, all of our common shares will have equal dividend, liquidation and other rights.

Under the MRL, a Maryland real estate investment trust generally cannot amend its declaration of trust, merge with or convert into another entity, unless the action is advised by its board of trustees and approved by the affirmative vote of shareholders entitled to cast at least two-thirds of the votes entitled to be cast on the matter, unless a lesser percentage (but not less than a majority of all of the votes entitled to be cast on the matter) is specified in the declaration of trust. Our declaration of trust provides that these actions, as well as consolidations with other entities and certain sales of all or

substantially all of our assets, may be approved by shareholders entitled to cast a majority of all of the votes entitled to be cast on the matter, except that amendments to the provisions of our declaration of trust related to the removal of trustees and the restrictions on ownership and transfer of our shares, and the vote required to amend such provisions, must be approved by the affirmative vote of shareholders entitled to cast at least two-thirds of the votes entitled to be cast on the amendment. Our declaration of trust also permits us to transfer all or substantially all of our assets to an entity without the approval of our shareholders if all of the equity interests of the entity are owned, directly or indirectly, by us.

**Power to Reclassify Our Unissued Shares of Beneficial Interest**

Our declaration of trust authorizes our board of trustees to classify and reclassify any unissued common or preferred shares of beneficial interest into other classes or series of shares of beneficial interest. Prior to the issuance of shares of each class or series, our board of trustees is required by Maryland law and by our declaration of trust to set, subject to the provisions of our declaration of trust regarding the restrictions on ownership and transfer of shares of beneficial interest and the terms of any other class or series of our shares then outstanding, the terms, preferences, conversion and other rights, voting powers, restrictions, limitations as to dividends and other distributions, qualifications and terms and conditions of redemption of each class or series. Therefore, our board could authorize the issuance of a series of common shares or preferred shares that have priority over our common shares as to voting rights, dividends or upon liquidation or with terms and conditions that could have the effect of delaying, deferring or preventing a change in control or other transaction that might involve a premium price for our common shares or otherwise be in the best interests of our shareholders. No preferred shares are presently outstanding, and we have no present plans to issue any preferred shares.

**Power to Increase or Decrease Authorized Shares of Beneficial Interest and Issue Additional Common Shares and Preferred Shares of Beneficial Interest**

We believe that the power of our board of trustees to amend our declaration of trust to increase or decrease the number of authorized shares of beneficial interest, to authorize us to issue additional authorized but unissued common shares or preferred shares of beneficial interest and to classify or reclassify unissued common shares or preferred shares of beneficial interest and thereafter to issue such classified or reclassified shares of beneficial interest will provide us with increased flexibility in structuring possible future financings and acquisitions and in meeting other needs that might arise. The additional classes or series, as well as the additional common shares, will be available for issuance without further action by our common shareholders, unless such action is required by applicable law or the rules of any stock exchange or automated quotation system on which our securities may be listed or traded. Although our board of trustees does not intend to do so, it could authorize us to issue a class or series of shares that could, depending upon the terms of the particular class or series, delay, defer or prevent a change in control or other transaction that might involve a premium price for our common shares or otherwise be in the best interests of our shareholders.

**Restrictions on Ownership and Transfer**

In order for us to qualify as a REIT under the Code, our common shares must be owned by 100 or more persons during at least 335 days of a taxable year of 12 months (other than the first year for which an election to be a REIT has been made) or during a proportionate part of a shorter taxable year. Also, not more than 50% of the value of our outstanding shares may be owned, directly or indirectly, by five or fewer individuals (as defined in the Code to include certain entities) during the last half of a taxable year (other than the first year for which an election to be a REIT has been made). To qualify as a REIT, we must satisfy other requirements as well. See "U.S. Federal Income Tax Considerations—Requirements for Qualification as a REIT."

Our declaration of trust contains restrictions on the ownership and transfer of our shares that will become effective upon the completion of this offering. The relevant sections of our declaration of trust provide that, subject to the exceptions described below, no person, including a "group," as defined in Section 13(d)(3) of the Exchange Act, may own, or be deemed to own, beneficially or by virtue of the applicable constructive ownership provisions of the Code, more than 9.8% by value or number of shares, whichever is more restrictive, of our aggregate outstanding shares of all classes and series, the outstanding shares of any class or series of our preferred shares or our outstanding common shares from and after the completion of this offering. We refer to these limits collectively as the "ownership limit." An individual or entity that becomes subject to the ownership limit or any of the other restrictions on ownership and transfer of our shares described below is referred to as a "prohibited owner" if, had the violative transfer or other event been effective, the individual or entity would have been a beneficial or constructive owner or, if appropriate, a record owner of our shares in violation of the ownership limit or other restriction.

The constructive ownership rules under the Code are complex and may cause shares owned actually or constructively by a group of related individuals and/or entities to be owned constructively by one individual or entity. As a result, the acquisition of less than 9.8% by value or number of shares, whichever is more restrictive, of our outstanding common shares or any class or series of our preferred shares, or 9.8% by value or number of shares, whichever is more restrictive, of our aggregate outstanding shares of all classes and series (or the acquisition of an interest in an entity that owns, actually or constructively, our shares by an individual or entity), could, nevertheless, cause that individual or entity, or another individual or entity, to own constructively in excess of the ownership limit.

Our board of trustees may, in its sole discretion, subject to the receipt of certain agreements and such conditions and restrictions as it may determine, prospectively or retroactively, waive all or any component of the ownership limit and establish a different limit on ownership, or excepted holder limit, for a particular shareholder if the shareholder's ownership in excess of the ownership limit would not result in our being "closely held" within the meaning of Section 856(h) of the Code (without regard to whether the ownership interest is held during the last half of a taxable year) or otherwise would result in our failing to qualify as a REIT. As a condition of its waiver or grant of excepted holder limit, our board of trustees may, but is not required to, require an opinion of counsel or IRS ruling satisfactory to our board of trustees in order to determine or ensure our qualification as a REIT.

In connection with the creation of an excepted holder limit or at any other time, our board of trustees may from time to time increase or decrease the ownership limit or any component thereof unless, after giving effect to such increase, we would be "closely held" under Section 856(h) of the Code (without regard to whether the ownership interest is held during the last half of a taxable year) or we would otherwise fail to qualify as a REIT. Prior to the modification of the ownership limit, our board of trustees may require such opinions of counsel, affidavits, undertakings or agreements as it may deem necessary or advisable in order to determine or ensure our qualification as a REIT. A reduced ownership limit will not apply to any person or entity whose percentage ownership of our common shares, preferred shares of any class or series, or shares of all classes and series, as applicable, is in excess of such decreased ownership limit until such time as such individual's or entity's percentage ownership of our common shares, preferred shares of any class or series, or shares of all classes and series, as applicable, equals or falls below the decreased ownership limit, but any further acquisition of our common shares or shares of any other class or series, as applicable, in excess of such percentage ownership of our common shares, preferred shares or shares of all classes and series will be in violation of the ownership limit.

Our declaration of trust will further prohibit:

- any person from beneficially or constructively owning, applying certain attribution rules of the Code, our shares such that it would result in our being "closely held" under Section 856(h) of the Code (without regard to whether the ownership interest is held during the last half of a taxable year) or would otherwise cause us to fail to qualify as a REIT; and

- any person from transferring our shares if such transfer would result in our shares being beneficially owned by fewer than 100 persons (determined without reference to any rules of attribution).

Any person who acquires or attempts or intends to acquire beneficial or constructive ownership of our shares that will or may violate the ownership limit or any of the other foregoing restrictions on ownership and transfer of our shares, or who would have owned our shares transferred to a charitable trust as described below, must immediately give us written notice of the event or, in the case of an attempted or proposed transaction, must give at least 15 days' prior written notice to us, and provide us with such other information as we may request in order to determine the effect of such transfer on our qualification as a REIT. The foregoing restrictions on ownership and transfer of our shares will apply from and after the completion of this offering and will not apply if our board of trustees determines that it is no longer in our best interests to attempt to qualify, or to continue to qualify, as a REIT or that compliance with the applicable restriction or limitation on ownership and transfer of our shares as described above is no longer required in order for us to qualify as a REIT.

If any transfer of our shares would result in our shares being beneficially owned by fewer than 100 persons, such transfer will be void and the intended transferee will acquire no rights in such shares. In addition, if any purported transfer of our shares or any other event would otherwise result in any person violating the ownership limit or an excepted holder limit established by our board of trustees or in our being "closely held" under Section 856(h) of the Code (without regard to whether the ownership interest is held during the last half of a taxable year) or otherwise failing to qualify as a REIT, then that number of shares (rounded up to the nearest whole share) that would cause us to violate such restrictions will be automatically transferred to, and held by, a charitable trust for the exclusive benefit of one or more charitable organizations selected by us and the intended transferee will acquire no rights in such shares. The automatic transfer will be effective as of the close of business on the business day prior to the date of the proposed transfer or other event that results in a transfer to the charitable trust. Any dividend or other distribution paid to the prohibited owner prior to our discovery that the shares had been automatically transferred to a charitable trust as described above must be repaid to the charitable trustee upon demand for distribution to the beneficiary by the charitable trust. If the transfer to the charitable trust as described above is not automatically effective, for any reason, to prevent violation of the applicable ownership limit or our being "closely held" under Section 856(h) of the Code (without regard to whether the ownership interest is held during the last half of a taxable year) or otherwise failing to qualify as a REIT, then our declaration of trust provides that the transfer of the shares will be null and void and the prohibited owner will acquire no rights in the shares.

Shares transferred to the charitable trustee are deemed offered for sale to us, or our designee, at a price per share equal to the lesser of (i) the price per share in the transaction that caused the transfer to the charitable trust (or, if the event that resulted in the transfer to the charitable trust did not involve a purchase of such shares at the market price, the market price (as defined in our declaration of trust) on the day of the event causing the shares to be transferred to the charitable trust) and (ii) the market price on the date we, or our designee, accept the offer. We may reduce the price, however, by the amount of any dividends or distributions paid to the prohibited owner and owed by the prohibited owner to the charitable trustee and pay the amount of such reduction to the charitable trustee for the benefit of the charitable beneficiary. We have the right to accept such offer until the charitable trustee has sold our shares held in the charitable trust as discussed below. Upon a sale to us,

the interest of the charitable beneficiary in our shares sold terminates, the charitable trustee must distribute the net proceeds of the sale to the prohibited owner and pay any dividends or other distributions or other amounts held by the charitable trustee with respect to such shares to the charitable beneficiary.

If we do not buy the shares, the charitable trustee must, within 20 days of receiving notice from us of the transfer of shares to the charitable trust, sell the shares to a person or entity designated by the charitable trustee who could own the shares without violating the ownership limit or the other restrictions on ownership and transfer of our shares. After the sale of the shares, the interest of the charitable beneficiary in the shares transferred to the charitable trust will terminate and the charitable trustee must distribute to the prohibited owner an amount equal to the lesser of (i) the price paid by the prohibited owner for the shares or, if the event that resulted in the transfer to the charitable trust did not involve a purchase of such shares at the market price, the market price of the shares on the day of the event causing the shares to be transferred to the charitable trust and (ii) the net sale price received by the charitable trustee from the sale or other disposition of the shares. The charitable trustee may reduce the amount payable to the prohibited owner by the amount of any dividend or other distribution that we paid to the prohibited owner before we discovered that the shares had been automatically transferred to the charitable trust and that are then owed to the charitable trustee as described above. Any net sales proceeds in excess of the amount payable to the prohibited owner will be immediately paid to the beneficiary of the charitable trust, together with any other amounts held by the charitable trustee for the beneficiary of the charitable trust. In addition, if, prior to discovery by us that shares have been transferred to a charitable trust, such shares are sold by a prohibited owner, then such shares will be deemed to have been sold on behalf of the charitable trust and to the extent that the prohibited owner received an amount for or in respect of such shares that exceeds the amount that such prohibited owner was entitled to receive, such excess amount must be paid to the charitable trustee upon demand. The prohibited owner has no rights in the shares held by the charitable trustee.

The charitable trustee will be designated by us and will be unaffiliated with us and with any prohibited owner. Prior to the sale of any shares by the charitable trust, the charitable trustee will receive, in trust for the beneficiary of the charitable trust, all dividends and other distributions paid by us with respect to the shares held in trust and may also exercise all voting rights with respect to the shares held in trust. These rights will be exercised for the exclusive benefit of the beneficiary of the charitable trust.

Subject to Maryland law, effective as of the date that the shares have been transferred to the charitable trust, the charitable trustee will have the authority, at the charitable trustee's sole discretion:

- to rescind as void any vote cast by a prohibited owner prior to our discovery that the shares have been transferred to the charitable trust; and
- to recast the vote in accordance with the desires of the charitable trustee, acting for the benefit of the beneficiary of the charitable trust.

However, if we have already taken irreversible trust action, then the charitable trustee may not rescind and recast the vote.

In addition, if our board of trustees determines that a proposed transfer or other event would violate the restrictions on ownership and transfer of our shares set forth in our declaration of trust, our board of trustees may take such action as it deems advisable to refuse to give effect to or to prevent such transfer, including, but not limited to, causing us to redeem the shares, refusing to give effect to the transfer on our books or instituting proceedings to enjoin the transfer.

Every owner of more than 5% (or such lower percentage as required by the Code or the regulations promulgated thereunder) of our shares, within 30 days after the end of each taxable year, must give us written notice, stating the shareholder's name and address, the number of shares of each

class and series of our shares that the shareholder beneficially owns and a description of the manner in which the shares are held. Each such owner must provide to us in writing such additional information as we may request in order to determine the effect, if any, of the shareholder's beneficial ownership on our qualification as a REIT and to ensure compliance with the ownership limit. In addition, each shareholder must provide to us in writing such information as we may request in good faith in order to determine our qualification as a REIT and to comply with the requirements of any taxing authority or governmental authority or to determine such compliance.

Any certificates representing our shares will bear a legend referring to the restrictions described above.

These restrictions on ownership and transfer could delay, defer or prevent a transaction or a change in control that might involve a premium price for the common shares or otherwise be in the best interest of the shareholders.

**NYSE Listing**

We intend to apply to list our common shares on the NYSE under the symbol "NSA."

**Transfer Agent and Registrar**

We expect the transfer agent and registrar for our common shares to be Broadridge Financial Solutions, Inc.

## CERTAIN PROVISIONS OF MARYLAND LAW AND OF OUR DECLARATION OF TRUST AND BYLAWS

*The following summary of certain provisions of Maryland law and of our declaration of trust and bylaws does not purport to be complete and is subject to and qualified in its entirety by reference to Maryland law and our declaration of trust and bylaws. Copies of our declaration of trust and bylaws are filed as exhibits to the registration statement of which this prospectus is a part. See "Where You Can Find More Information."*

### Our Board of Trustees

Our declaration of trust provides that the number of trustees we have may be established only by our board of trustees and our bylaws provide that the number of our trustees may not be fewer than the minimum number required under the MRL, which is one, or more than 15. Because our board of trustees has the exclusive power to amend our bylaws, it could modify the bylaws to change that range. Subject to the terms of any class or series of preferred shares, vacancies on our board of trustees may be filled only by a majority of the remaining trustees, even if the remaining trustees do not constitute a quorum, and, if our board of trustees is classified, any trustee elected to fill a vacancy will hold office for the remainder of the full term of the trusteeship in which the vacancy occurred and until his or her successor is duly elected and qualifies.

Except as may be provided with respect to any class or series of our shares, at each annual meeting of our shareholders, each of our trustees will be elected by our common shareholders to serve until the next annual meeting of our shareholders and until his or her successor is duly elected and qualifies. A plurality of the votes cast in the election of trustees is sufficient to elect a trustee, and holders of common shares will have no right to cumulative voting in the election of trustees. Consequently, at each annual meeting of shareholders, and subject to the rights of holders of any other class or series of shares to elect one or more trustees, the holders of a majority of the common shares entitled to vote will be able to elect all of our trustees at any annual meeting.

### Removal of Trustees

Our declaration of trust provides that, subject to the rights of holders of any class or series of preferred shares, a trustee may be removed with or without cause, by the affirmative vote of at least two-thirds of the votes entitled to be cast generally in the election of trustees.

### Business Combinations

Under certain provisions of the MGCL applicable to a Maryland real estate investment trust, certain "business combinations," including a merger, consolidation, statutory share exchange or, in certain circumstances, an asset transfer or issuance or reclassification of equity securities, between a Maryland real estate investment trust and an "interested shareholder" or, generally, any person who beneficially owns, directly or indirectly, 10% or more of the voting power of the real estate investment trust's outstanding voting shares or an affiliate or associate of the real estate investment trust who, at any time within the two-year period prior to the date in question, was the beneficial owner of 10% or more of the voting power of the then outstanding voting shares of the real estate investment trust, or an affiliate of such an interested shareholder, are prohibited for five years after the most recent date on which the interested shareholder becomes an interested shareholder. Thereafter, any such business combination must be recommended by the board of trustees of the real estate investment trust and approved by the affirmative vote of at least (a) 80% of the votes entitled to be cast by holders of outstanding voting shares of the real estate investment trust and (b) two-thirds of the votes entitled to be cast by holders of voting shares of the real estate investment trust other than shares held by the interested shareholder with whom (or with whose affiliate) the business combination is to be effected

or held by an affiliate or associate of the interested shareholder, unless, among other conditions, the real estate investment trust's common shareholders receive a minimum price (as defined in the MGCL) for their shares and the consideration is received in cash or in the same form as previously paid by the interested shareholder for its shares. Under the MGCL, a person is not an "interested shareholder" if the board of trustees approved in advance the transaction by which the person otherwise would have become an interested shareholder. A real estate investment trust's board of trustees may provide that its approval is subject to compliance with any terms and conditions determined by it.

These provisions of the MGCL do not apply, however, to business combinations that are approved or exempted by the real estate investment trust's board of trustees prior to the time that the interested shareholder becomes an interested shareholder. Pursuant to the statute, our board of trustees has by resolution exempted business combinations between us and (1) any other person, provided that the business combination is first approved by our board of trustees (including a majority of trustees who are not affiliates or associates of such person), (2) Arlen D. Nordhagen and any of his affiliates and associates and (3) any person acting in concert with the foregoing, from these provisions of the MGCL. As a result, such persons may be able to enter into business combinations with us that may not be in the best interests of our shareholders without compliance by us with the supermajority vote requirements and other provisions of the statute. This resolution, however, may be altered or repealed in whole or in part at any time. If this resolution is repealed, or our board of trustees does not otherwise approve a business combination, this statute may discourage others from trying to acquire control of us and increase the difficulty of consummating any offer.

**Control Share Acquisitions**

Certain provisions of the MGCL applicable to Maryland real estate investment trusts provide that a holder of "control shares" of a Maryland real estate investment trust acquired in a "control share acquisition" has no voting rights with respect to such shares except to the extent approved by the affirmative vote of two-thirds of the votes entitled to be cast on the matter, excluding any of the following persons entitled to exercise or direct the exercise of the voting power of such shares in the election of trustees: (1) a person who makes or proposes to make a control share acquisition, (2) an officer of the real estate investment trust or (3) an employee of the real estate investment trust who is also a trustee of the real estate investment trust. "Control shares" are voting shares which, if aggregated with all other such shares owned by the acquirer, or in respect of which the acquirer is able to exercise or direct the exercise of voting power (except solely by virtue of a revocable proxy), would entitle the acquirer to exercise voting power in electing trustees within one of the following ranges of voting power: (A) one-tenth or more but less than one-third, (B) one-third or more but less than a majority or (C) a majority or more of all voting power. Control shares do not include shares acquired directly from the real estate investment trust or shares that the acquirer is then entitled to vote as a result of having previously obtained shareholder approval. A "control share acquisition" means the acquisition, directly or indirectly, of ownership of, or the power to direct the exercise of voting power with respect to, issued and outstanding control shares, subject to certain exceptions.

A person who has made or proposes to make a control share acquisition, upon satisfaction of certain conditions (including an undertaking to pay expenses and making an acquiring person statement (as described in the MGCL)), may compel the board of trustees to call a special meeting of shareholders to be held within 50 days of demand to consider the voting rights of the shares. If no request for a meeting is made, the real estate investment trust may itself present the question at any shareholders' meeting.

If voting rights are not approved at the meeting or if the acquirer does not deliver an acquiring person statement as required by the statute, then, subject to certain conditions and limitations, the real estate investment trust may redeem any or all of the control shares (except those for which voting rights have previously been approved) for fair value determined, without regard to the absence of

voting rights for the control shares, as of the date of any meeting of shareholders at which the voting rights of such shares are considered and not approved or, if no such meeting is held, the date of the last control share acquisition by the acquirer. If voting rights for control shares are approved at a shareholders' meeting and the acquirer becomes entitled to vote a majority of the shares entitled to vote, all other shareholders may exercise appraisal rights, unless the declaration of trust or bylaws provide otherwise. The fair value of the shares as determined for purposes of such appraisal rights may not be less than the highest price per share paid by the acquirer in the control share acquisition.

The control share acquisition statute does not apply to (a) shares acquired in a merger, consolidation or share exchange if the real estate investment trust is a party to the transaction or (b) acquisitions approved or exempted by the declaration of trust or bylaws of the real estate investment trust.

Our bylaws contain a provision exempting from the control share acquisition statute any and all acquisitions by any person of our shares. There is no assurance that such provision will not be amended or eliminated at any time in the future by our board of trustees.

**Subtitle 8**

Subtitle 8 of Title 3 of the MGCL permits a Maryland real estate investment trust with a class of equity securities registered under the Exchange Act and at least three independent trustees to elect to be subject, by provision in its declaration of trust or bylaws or a resolution of its board of trustees and notwithstanding any contrary provision in the declaration of trust or bylaws, to any or all of five provisions which provide for:

- a classified board;
- a two-thirds vote requirement for removing a trustee;
- a requirement that the number of trustees be fixed only by vote of the trustees;
- a requirement that a vacancy on the board be filled only by the remaining trustees in office and (if the board is classified) for the remainder of the full term of the class of trustees in which the vacancy occurred; and
- a majority requirement for the calling of a special meeting of shareholders.

We have not elected to be subject to any of the provisions of Subtitle 8. Moreover, our declaration of trust provides that, without the affirmative vote of a majority of the votes cast on the matter by our shareholders entitled to vote generally in the election of trustees, we may not elect to be subject to any of the provisions of Subtitle 8. Through provisions in our declaration of trust and bylaws unrelated to Subtitle 8, we already (1) require the affirmative vote of the holders of at least two-thirds of all of the votes entitled to be cast generally in the election of trustees for the removal of any trustee from the board, with or without cause, (2) vest in the board the exclusive power to fix the number of trustees, (3) require that a vacancy on the board be filled only by a majority of the remaining trustees even if less than a quorum and (4) require, unless called by our chairman of the board, our chief executive officer, our president or our board of trustees, the written request of shareholders entitled to cast a majority of the votes entitled to be cast at such meeting to call a special meeting of shareholders.

**Shareholder Rights Plan**

We do not have a shareholder rights plan and our board of trustees has adopted a policy that our board may not adopt any shareholder rights plan unless the adoption of the plan has been approved by the affirmative vote of a majority of the votes cast on the matter by shareholders entitled to vote generally in the election of trustees, except that our board of trustees may adopt a shareholder rights plan without the prior approval of our shareholders if our board, in the exercise of its duties,

determines that seeking prior shareholder approval would not be in our best interests under the circumstances then existing. The policy further provides that if a shareholder rights plan is adopted by our board without the prior approval of our shareholders, the shareholder rights plan will expire on the date of the first annual meeting of shareholders held after the first anniversary of the adoption of the plan, unless an extension of the plan is approved by our common shareholders.

**Meetings of Shareholders**

The first annual meeting of our shareholders after completion of this offering and the formation transactions will be held in 2016. Pursuant to our bylaws, a meeting of our shareholders for the purpose of the election of trustees and the transaction of any business will be held annually on a date and at the time and place set by or under the direction of our board of trustees. In addition, our chairman, chief executive officer, president or board of trustees may call a special meeting of our shareholders. Subject to the provisions of our declaration of trust and bylaws, a special meeting of our shareholders will also be called by our secretary upon the written request of the shareholders entitled to cast a majority of all the votes entitled to be cast at the meeting accompanied by the information required by our bylaws. Our secretary will inform the requesting shareholders of the reasonably estimated cost of preparing and delivering the notice of meeting (including our proxy materials), and the requesting shareholders must pay such estimated cost before our secretary is required to prepare and deliver the notice of the special meeting. Only the matters set forth in the notice of any special meeting may be considered and acted upon at such meeting.

**Exclusive Forum for Certain Litigation**

Our bylaws provide that, unless we consent in writing to the selection of an alternative forum, the Circuit Court for Baltimore City, Maryland, or if that court does not have jurisdiction, the U.S. District Court for the District of Maryland, Baltimore Division, will be the sole and exclusive forum for (a) any derivative action or proceeding brought on our behalf, (b) any action asserting a claim of breach of any duty owed by any trustee or officer or other employee to us or to our shareholders, (c) any action asserting a claim against us or any trustee or officer or other employee arising pursuant to any provision of the MRL or our declaration of trust or bylaws, or (d) any action asserting a claim against us or any trustee or officer or other employee that is governed by the internal affairs doctrine.

**Extraordinary Transactions**

Under the MRL, a Maryland real estate investment trust generally cannot merge with or convert into another entity unless advised by its board of trustees and approved by the affirmative vote of shareholders entitled to cast at least two-thirds of the votes entitled to be cast on the matter unless a lesser percentage (but not less than a majority of all of the votes entitled to be cast on the matter) is set forth in the trust's declaration of trust. Our declaration of trust provides that these mergers and conversions may be approved by a majority of all of the votes entitled to be cast on the matter. Our declaration of trust also provides that we may sell or transfer all or substantially all of our assets if advised by our board of trustees and approved by the affirmative vote of shareholders entitled to cast a majority of all the votes entitled to be cast on the matter. However, many of our operating assets will be held by our subsidiaries, and these subsidiaries may be able to sell all or substantially all of their assets or merge with another entity without the approval of our shareholders.

**Amendment to Our Declaration of Trust and Bylaws**

Under the MRL, a Maryland real estate investment trust generally cannot amend its declaration of trust unless advised by its board of trustees and approved by the affirmative vote of shareholders entitled to cast at least two-thirds of the votes entitled to be cast on the matter unless a different

percentage (but not less than a majority of all of the votes entitled to be cast on the matter) is set forth in the trust's declaration of trust.

Except for amendments to the provisions of our declaration of trust related to the removal of trustees and the restrictions on ownership and transfer of our shares and the vote required to amend the provision regarding amendments to such provisions (each of which require the affirmative vote of shareholders entitled to cast at least two-thirds of all the votes entitled to be cast on the matter), and certain amendments described in our declaration of trust that require only approval by our board of trustees, our declaration of trust may be amended only if advised by our board of trustees and approved by the affirmative vote of shareholders entitled to cast a majority of all of the votes entitled to be cast on the matter.

Our board of trustees has the exclusive power to adopt, alter or repeal any provision of our bylaws and to make new bylaws.

**Termination of our Company**

Our declaration of trust provides for us to have a perpetual existence. Our termination must be approved by a majority of our entire board of trustees and the affirmative vote of not less than a majority of all of the votes entitled to be cast on the matter.

**Advance Notice of Trustee Nominations and New Business**

Our bylaws provide that, with respect to an annual meeting of shareholders, nominations of individuals for election to our board of trustees and the proposal of business to be considered by shareholders may be made only (1) pursuant to our notice of the meeting, (2) by or at the direction of our board of trustees or (3) by a shareholder of record both at the time of the giving of the notice required by our bylaws and at the time of the meeting who is entitled to vote at the meeting in the election of each such nominee or on such other business and who has complied with the advance notice provisions set forth in our bylaws. Our bylaws currently require the shareholder generally to provide notice to the secretary containing the information and other materials required by our bylaws not less than 120 days nor more than 150 days prior to the first anniversary of the date our proxy statement for the solicitation of proxies for election of trustees at the preceding year's annual meeting is first released to our shareholders (or, in connection with our first annual meeting after the closing of this offering or in the event that the date of the annual meeting is advanced or delayed by more than 30 days from the first anniversary of the date of the preceding year's annual meeting, not less than 120 days nor more than 150 days prior to the date of such annual meeting or the tenth day following the day on which public announcement of the date of such meeting is first made).

With respect to special meetings of shareholders, only the business specified in our notice of meeting may be brought before the meeting. Nominations of individuals for election to our board of trustees at a special meeting may be made only (1) by or at the direction of our board of trustees or (2) provided that the meeting has been called in accordance with our bylaws for the purpose of electing trustees, by a shareholder of record both at the time of the giving of the notice required by our bylaws and at the time of the meeting who is entitled to vote at the meeting in the election of each such nominee and who has complied with the advance notice provisions set forth in our bylaws. Such a shareholder may nominate one or more individuals, as the case may be, for election as a trustee if the shareholder's notice containing the information and other materials required by our bylaws is delivered to the secretary not earlier than the 120th day prior to such special meeting and not later than 5:00 p.m., Mountain Time, on the later of (1) the 90th day prior to such special meeting or (2) the tenth day following the day on which public announcement is first made of the date of the special meeting and the nominees of our board of trustees to be elected at the meeting. The shareholder's

notice must include the same information required to be included in a notice delivered in connection with an annual meeting as described in the preceding paragraph.

**Anti-takeover Effect of Certain Provisions of Maryland Law and of Our Declaration of Trust and Bylaws**

If the applicable exemption in our bylaws is repealed and the applicable resolution of our board of trustees is repealed, the control share acquisition provisions and the business combination provisions of the MGCL, respectively, as well as the provisions in our declaration of trust and bylaws on removal of trustees and filling trustee vacancies, the provisions in our declaration of trust regarding the restrictions on ownership and transfer of our shares, together with the advance notice and shareholder-requested special meeting provisions of our bylaws, alone or in combination, could serve to delay, deter or prevent a transaction or a change in our control that might involve a premium price for holders of our common shares or otherwise be in their best interests.

**Indemnification and Limitation of Trustees' and Officers' Liability**

Maryland law permits a Maryland real estate investment trust to include in its declaration of trust a provision eliminating the liability of its trustees and officers to the real estate investment trust and its shareholders for money damages except for liability resulting from actual receipt of an improper benefit or profit in money, property or services or active and deliberate dishonesty that was established by a final judgment and was material to the cause of action. Our declaration of trust contains a provision that eliminates the liability of our trustees and officers to the maximum extent permitted by Maryland law.

Maryland law permits a Maryland real estate investment trust to indemnify and advance expenses to its trustees and officers to the same extent as permitted for directors and officers of Maryland corporations. The MGCL requires a Maryland corporation (unless its charter provides otherwise, which our declaration of trust does not) to indemnify a director or officer who has been successful, on the merits or otherwise, in the defense of any proceeding to which he or she is made a party by reason of his or her service in that capacity. The MGCL permits a Maryland corporation to indemnify its present and former directors and officers, among others, against judgments, penalties, fines, settlements and reasonable expenses actually incurred by them in connection with any proceeding to which they may be made or threatened to be made a party by reason of their service in those or other capacities unless it is established that:

- the act or omission of the director or officer was material to the matter giving rise to the proceeding and (i) was committed in bad faith or (ii) was the result of active and deliberate dishonesty;
- the director or officer actually received an improper personal benefit in money, property or services; or
- in the case of any criminal proceeding, the director or officer had reasonable cause to believe that the act or omission was unlawful.

Under the MGCL, a Maryland corporation may not indemnify a director or officer in a suit by or on behalf of the corporation in which the director or officer was adjudged liable to the corporation or in a suit in which the director or officer was adjudged liable on the basis that personal benefit was improperly received. Nevertheless, a court may order indemnification if it determines that the director or officer is fairly and reasonably entitled to indemnification, even though the director or officer did not meet the prescribed standard of conduct or was adjudged liable on the basis that personal benefit was improperly received. However, indemnification for an adverse judgment in a suit by or on behalf of

the corporation, or for a judgment of liability on the basis that personal benefit was improperly received, is limited to expenses.

In addition, the MGCL permits a Maryland corporation to advance reasonable expenses to a director or officer upon its receipt of:

- a written affirmation by the director or officer of his or her good faith belief that he or she has met the standard of conduct necessary for indemnification by the corporation; and
- a written undertaking by the director or officer or on the director's or officer's behalf to repay the amount paid or reimbursed by the corporation if it is ultimately determined that the director or officer did not meet the standard of conduct.

Our declaration of trust authorizes us to obligate ourselves and our bylaws obligate us, to the fullest extent permitted by Maryland law in effect from time to time, to indemnify and, without requiring a preliminary determination of such individual's ultimate entitlement to indemnification, to pay or reimburse reasonable expenses in advance of final disposition of a proceeding to any individual who is made or threatened to be made a party to, or witness in, a proceeding by reason of his or her service:

- as a present or former trustee or officer; or
- while a trustee or officer of our company and at our request, as a trustee, director, officer, partner, manager, or member of another corporation, real estate investment trust, partnership, joint venture, limited liability company, trust, employee benefit plan or any other enterprise

from and against any claim or liability to which he or she may become subject or that he or she may incur by reason of his or her service in any of these capacities. Our declaration of trust and bylaws also permit us to indemnify and advance expenses to any employee or agent of our company or a predecessor of our company.

We expect to enter into indemnification agreements with each of our trustees and executive officers that provide for indemnification to the maximum extent permitted by Maryland law.

Insofar as the foregoing provisions permit indemnification of trustees, officers or persons controlling us for liability arising under the Securities Act, we have been informed that, in the opinion of the SEC, this indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

**REIT Qualification**

Our declaration of trust provides that our board of trustees may revoke or otherwise terminate our REIT election, without approval of our shareholders, if it determines that it is no longer in our best interest to attempt to, or continue to, qualify as a REIT. Our declaration of trust also provides that our board of trustees may determine that compliance with any restriction or limitation on ownership and transfer of our shares contained in our declaration of trust is no longer required for us to qualify as a REIT.

## SHARES ELIGIBLE FOR FUTURE SALE

After giving effect to this offering and the other transactions described in this prospectus, including the formation transactions, we will have common shares outstanding (or common shares outstanding if the underwriters' option to purchase additional shares is exercised in full), and OP units outstanding, which are exchangeable on a one-for-one basis into common shares after an agreed period of time and certain other conditions. The total common shares and OP units outstanding does not include the subordinated performance units in our operating partnership that we issued as part of our formation transactions, which are convertible into OP units in our operating partnership. As disclosed under "Limited Partnership Agreement of our Operating Partnership—Conversion of Subordinated Performance Units into OP Units," subordinated performance units are only convertible into OP units beginning two years following the completion of this offering and then (i) at the holder's election only upon the achievement of certain performance thresholds relating to the properties to which such subordinated performance units relate or (ii) at our election upon a retirement event of a PRO that holds such subordinated performance units or upon certain qualifying terminations. However, we estimate, notwithstanding the two-year lock out period on conversions referred to above, that if such subordinated performance units were convertible into OP units as of December 31, 2014, each subordinated performance unit would on average convert into OP units at a ratio of to one, or into an aggregate of OP units. This estimate is based on dividing the average cash available for distribution, or CAD, per subordinated performance unit on a pro forma basis over the one-year period ended December 31, 2014 by 110% of the CAD per OP unit on a pro forma basis over the same period. We anticipate that as our CAD grows over time, the conversion ratio will also grow, including to levels that may exceed one-to-one. For example, we estimate that (assuming this offering prices at the mid-point of the initial public offering price range shown on the cover page of this prospectus, no further issuances of OP units or subordinated performance units and a conversion penalty of 110%) if our CAD to our OP unit holders and subordinated performance unit holders and shareholders were to grow at annual rate of 1.0%, 3.0% or 5.0% per annum above the 2014 level in each of the three following years, the conversion ratio would on average grow to to one, to one, or to one, respectively, as of December 31, 2017. These estimates are provided for illustrative purposes only. The actual number of OP units into which such subordinated performance units will become convertible after the completion of this offering may vary significantly from these estimates and will depend upon the applicable conversion penalty and the actual CAD to the OP units and the actual CAD to the converted subordinated performance units in the one-year period ending prior to conversion. The total common shares and OP units outstanding also does not include subordinated performance units in our DownREIT partnerships, which are convertible into subordinated performance units in our operating partnership on a one-for-one basis on the terms set forth in the DownREIT partnership's organizational documents and are then convertible into OP units in our operating partnership as specified in our operating partnership agreement and each applicable partnership unit designation. Our common shares are newly issued securities for which there is no established trading market. No assurance can be given as to (1) the likelihood that an active market for our common shares will develop, (2) the liquidity of any such market, (3) the ability of the shareholders to sell the shares or (4) the prices that shareholders may obtain for any of the shares. No prediction can be made as to the effect, if any, that future sales of shares or the availability of shares for future sale will have on the market price prevailing from time to time. Sales of substantial amounts of common shares, or the perception that such sales could occur, may affect adversely prevailing market prices of the common shares. See "Risk Factors—Risks Related to Our Common Shares."

For a description of certain restrictions on ownership and transfer of common shares, see "Description of Shares of Beneficial Interest—Restrictions on Ownership and Transfer."

**Equity Incentive Plans**

***2015 Equity Incentive Plan***

The 2015 Equity Incentive Plan provides for grants of share options, restricted shares, phantom shares, dividend equivalent rights, restricted share units, LTIP units and other equity awards in our subsidiaries and other equity-based awards up to an aggregate of 5% of Our common shares issued and outstanding from time to time on a fully diluted basis (and assuming, if applicable, the exercise of all outstanding options and the conversion of all warrants and convertible securities, including OP units, into common shares). If an option or other award granted under the 2015 Equity Incentive Plan expires or terminates, the shares subject to any portion of the award that forfeits, expires or terminates without having been exercised or paid, as the case may be, will again become available for the issuance of additional awards. Unless previously terminated by our board of trustees or any designated committee, no new award may be granted under the 2015 Equity Incentive Plan after the tenth anniversary of the date that such plan was initially approved by our board of trustees. No award may be granted under the 2015 Equity Incentive Plan to any person who, assuming exercise of all options and payment of all awards held by such person, would own or be deemed to own more than 9.8% in value or in number of shares, whichever is more restrictive, of our outstanding common shares, the outstanding shares of any preferred class or series or our aggregate outstanding shares of all classes and series or violate any of the other restrictions on ownership and transfer of our shares set forth in our declaration of trust. At the time of this offering, a total of common shares are reserved and available for issuance under the 2015 Equity Incentive Plan. There are currently no equity awards issued under our 2015 Equity Incentive Plan. For further description, see "Our Management—2015 Equity Incentive Plan."

***Prior Incentive Plan***

The Prior Incentive Plan provided for grants of OP units and LTIP units in our operating partnership. Not more than a maximum of 2.5 million OP units and LTIP units were permitted to be granted under that plan. The Prior Incentive Plan is currently administered by our operating partnership. Following the completion of this offering, our compensation, nominating and corporate governance committee will continue to administer the awards made under the Prior Incentive Plan, which will be terminated upon the completion of this offering and will be replaced by our 2015 Equity Incentive Plan. As of December 31, 2014, our operating partnership granted an aggregate of approximately 2.5 million LTIP units under the Prior Incentive Plan to our PROs, representatives of our PROs, trustee nominees, officers and certain employees. Some of the LTIP units that were granted vested immediately. Others vest along a schedule at certain times prior to December 31, 2017, upon the achievement of certain performance goals, or upon the completion of this offering. For further description, see "Our Management—Prior Incentive Plan."

**Rule 144**

In general, under Rule 144 under the Securities Act, a person (or persons whose shares are aggregated) who is not deemed to have been an affiliate of ours at any time during the three months preceding a sale, and who has beneficially owned restricted securities within the meaning of Rule 144 for at least six months (including any period of consecutive ownership of preceding non-affiliated holders) would be entitled to sell those shares, subject only to the availability of current public information about us. A non-affiliated person who has beneficially owned restricted securities within the meaning of Rule 144 for at least one year would be entitled to sell those shares without regard to the provisions of Rule 144.

A person (or persons whose shares are aggregated) who is deemed to be an affiliate of ours and who has beneficially owned restricted securities within the meaning of Rule 144 for at least six months would be entitled to sell within any three-month period a number of shares that does not exceed the

greater of one percent of the then outstanding common shares or the average weekly trading volume of our common shares during the four calendar weeks preceding such sale. Such sales are also subject to certain manner of sale provisions, notice requirements and the availability of current public information about us (which requires that we are current in our periodic reports under the Exchange Act).

**Redemption/Exchange Rights**

Upon the completion of this offering and the formation transactions, our operating partnership will have issued an aggregate of units of partnership interest (comprised of OP units, subordinated performance units, and 2.7 million LTIP units). Beginning on or after the date which is 12 months after the completion of this offering, such OP units (including any vested parity LTIP units) become redeemable for a cash amount equal to the value of a corresponding number of common shares, or, at our option, exchangeable, on a one-for-one basis, subject to certain adjustments, for such common shares, subject to the restrictions on ownership and transfer of our shares contained in our declaration of trust and described under the section entitled "Description of Shares of Beneficial Interest—Restrictions on Ownership and Transfer." Also see "Limited Partnership Agreement of our Operating Partnership." Our issued subordinated performance units are convertible into OP units as specified in our operating partnership agreement and each applicable partnership unit designation. See "Limited Partnership Agreement of our Operating Partnership—Conversion of Subordinated Performance Units into OP Units." In addition, OP units in our DownREIT partnerships that correspond to OP units in our operating partnership may be redeemed in cash or, in our operating partnership's discretion, exchanged for OP units in our operating partnership after a lock-out period. The lock-out period that applies to our current DownREIT partnerships ends five years after the date of the contributor's initial contribution. Once such units have been redeemed or exchanged in this manner, the contributor may exchange its subordinated performance units in our DownREIT partnerships that correspond to subordinated performance units in our operating partnership for an equal number of newly established subordinated performance units in our operating partnership. See "The Formation and Structure of our Company—DownREIT partnership Agreements."

**Registration Rights Agreement**

We have granted registration rights to those persons who will be eligible to receive common shares issuable upon exchange of OP units (or securities convertible into or exchangeable for OP units) issued in our formation transactions. The registration rights agreement requires that as soon as practicable after the date on which we first become eligible to register the resale of securities of our company pursuant to Form S-3 under the Securities Act, but in no event later than 60 calendar days thereafter, we file a shelf registration statement registering the offer and resale of the common shares issuable upon exchange of OP units (or securities convertible into or exchangeable for OP units) issued in our formation transactions on a delayed or continuous basis. We have the right to include common shares to be sold for our own account or other holders in the shelf registration statement. We are required to use all commercially reasonable efforts to cause the shelf registration statement to be declared effective by the SEC as promptly as reasonably practicable after the filing thereof, and to keep such shelf registration statement continuously effective for a period ending when all common shares covered by the shelf registration statement are no longer Registrable Shares, as defined in the shelf registration statement.

We intend to bear the expenses incident to these registration requirements except that we will not bear the costs of (i) any underwriting fees, discounts or commissions, (ii) out-of-pocket expenses of the persons exercising the registration rights or (iii) transfer taxes.

**Lock-up Agreements**

We, our operating partnership, our officers, trustees and holders of % of our outstanding common shares on a diluted basis (assuming that each OP unit is exchanged into a common share on a one-for-one basis) have entered into lock-up agreements with the underwriters prior to the commencement of this offering pursuant to which each of these persons or entities, with limited exceptions, for a period of days after the close of trading of the common shares on and including the day after the date of this prospectus, in the case of us and our operating partnership, or the day after the date of this prospectus, in the case of our officers, trustees, and shareholders, may not, without the prior written consent of the representatives of the underwriters, (1) sell, offer, contract or grant any option to sell (including any short sale), pledge, transfer, establish an open "put equivalent position" within the meaning of Rule 16a-l(h) under the Exchange Act, (2) otherwise dispose of any common shares, options or warrants to acquire common shares, or securities exchangeable or exercisable for or convertible into common shares (including OP units and subordinated performance units) currently or hereafter owned either of record or beneficially, or (3) publicly announce an intention to do any of the foregoing for a period of days after the date of this prospectus. In addition, we have agreed with the underwriters that we will not agree to any transfer of any limited partner interest for one year following the completion of the offering without the consent of of the underwriters. For further detail, see "Underwriting—No Sales of Similar Securities."

In addition, we, as the general partner of our operating partnership, will not be able to (i) voluntarily withdraw as the general partner of our operating partnership, or (ii) transfer our general partner interest in our operating partnership (except to a majority-owned or majority-controlled subsidiary). The limited partners will not be able to transfer their OP units or subordinated performance units, in whole or in part, without the general partner's written consent; provided, that (i) a limited partner may transfer all or any portion of their OP units or subordinated performance units for bona fide estate planning purposes to an immediate family member or the legal representative, estate, trustee or other successor in interest, as applicable, of such limited partner and (ii) the general partner will not unreasonably withhold its consent to any transfer beginning after one year after the completion of this offering. See "Limited Partnership Agreement of our Operating Partnership—Transferability of Interests."

## LIMITED PARTNERSHIP AGREEMENT OF OUR OPERATING PARTNERSHIP

*The following is a summary of certain key terms of the Third Amended and Restated Limited Partnership Agreement of our operating partnership, which we refer to as our "operating partnership agreement", including the partnership unit designations in effect. References in this section to "OP units" refer to Class A OP units and references to "subordinated performance units" refer to the Class B OP units, each as described in greater detail in our operating partnership agreement. This summary does not purport to be complete and is subject to and qualified in its entirety by reference to our operating partnership agreement, a copy of which is filed as an exhibit to the registration statement of which this prospectus is a part. See "Where You Can Find More Information." Capitalized terms not otherwise defined herein shall have the meaning ascribed to such terms of our operating partnership agreement.*

### General

Our operating partnership's partnership interests are currently classified as OP units, subordinated performance units and LTIP units. The subordinated performance units are currently sub-divided into different series that correspond to each of the PROs. NSA is currently the general partner of our operating partnership and is authorized to cause our operating partnership to issue additional partnership interests, including OP units and subordinated performance units, at such prices and on such other terms as we determine in our sole discretion.

Our operating partnership is structured to permit each OP unit holder (other than the general partner in its capacity as a limited partner), through the exercise of its redemption rights one year after the completion of this offering, to redeem its OP units in our operating partnership for cash in an amount equal to the product of the per share market value of our common shares multiplied by the number of OP units in our operating partnership to be redeemed by such holder, subject to certain adjustments, as described in our operating partnership agreement. However, we may determine, in our sole and absolute discretion, to satisfy any such redemption request in exchange for our common shares equal to the number of OP units in our operating partnership to be redeemed, subject to certain adjustments as described in our operating partnership agreement, in lieu of cash. For further detail on redemption and exchange, see "—Redemption of OP Units."

The general partner of our operating partnership is under no obligation to give priority to the separate interests of the limited partners in deciding whether to cause our operating partnership to take or decline to take any actions. The general partner has full, exclusive and complete responsibility and discretion in the management and control of our operating partnership; provided, however, that the approval of the holders of a majority of the OP units (including subordinated performance units and LTIP units) in our operating partnership may be required for certain actions, including amendments to our operating partnership agreement (except as discussed below and in our operating partnership agreement), any action in contravention of an express prohibition or limitation of our operating partnership agreement, and any act that would subject a limited partner to liability as a general partner in any jurisdiction or any other liability except as provided in our operating partnership agreement or under the Delaware Revised Uniform Limited Partnership Act.

Amendments to our operating partnership agreement may only be proposed by the general partner of our operating partnership. Under certain circumstances, our operating partnership agreement expressly provides that the general partner may amend our operating partnership agreement in its sole discretion, without the consent of the other partners, such as to (1) reflect sales, exchanges, conversions, transfers, redemptions, capital contributions, the issuance of additional partnership units or similar events having an effect on a partner's ownership of partnership units, (2) reflect the admission of additional partners to our operating partnership, (3) facilitate the redemption of subordinated performance units or any series of subordinated performance units in our operating partnership and (4) reflect the exchange of limited partnership interests in one or more of our DownREIT partnerships

for OP units or subordinated performance units in our operating partnership. Without the consent of the limited partners, the general partner may implement mergers involving our operating partnership through the issuance of OP units, subordinated performance units, or other partnership units in our operating partnership if the applicable merger agreement provides that the person merging into our operating partnership or any subsidiary is to receive OP units, subordinated performance units, or other partnership units in our operating partnership in exchange for its interests in such person merging into our operating partnership or any of its subsidiaries. The limited partners may not remove the general partner with or without cause without the general partner's consent.

**Regulatory Requirements**

Our operating partnership agreement provides that our operating partnership is to be operated in a manner that will (i) allow our company to satisfy the requirements for qualification and taxation as a REIT under the Code and avoid any U.S. federal income or excise tax liability and (ii) ensure that our operating partnership will not be classified as a "publicly traded partnership" taxable as a corporation for purposes of Section 7704 of the Code.

**Distributions**

We are entitled to cause our operating partnership to make distributions to our OP unit holders and subordinated performance unit holders in our operating partnership from time to time in our sole discretion. To the extent distributions are made, the holders of OP units are entitled to receive distributions with respect to all of our self-storage property portfolio and the holders of each series of subordinated performance units are entitled to receive distributions with respect to the portfolio of properties that such holder contributed to us. Operating cash flow is determined by subtracting property-related expenses from property revenues and capital transaction proceeds are determined by subtracting capital transaction expenses from capital transaction receipts, each of which is described in further detail below. To the extent that there is available operating cash flow or capital transaction proceeds, subject to maintaining our qualification as a REIT, we may cause our operating partnership to make distributions with respect to each in accordance with the priorities described below.

**Distributions of Operating Cash Flow**

Under our operating partnership agreement, operating cash flow available to be distributed to OP unit holders and subordinated performance unit holders with respect to a portfolio of properties is generally an amount determined by us, as general partner, equal to the excess of property revenues over property related expenses from that specific portfolio. In general, property revenue from the portfolio includes:

(i) all receipts, including rents and other operating revenues;

(ii) any incentive, financing, break-up and other fees paid to us by third-parties;

(iii) amounts released from previously set aside reserves; and

(iv) any other amounts received by us, which we allocate to the portfolio of properties.

In general, property-related expenses include all direct expenses related to the operation of the properties, including real property taxes, insurance, property-level general and administrative expenses, employee costs, utilities, property marketing expense, property maintenance and property reserves and other expenses incurred at the property level.

In addition, other expenses incurred by our operating partnership will also be allocated by us, as general partner, to individual property portfolios and will be included in the property-related expenses of that portfolio. Examples of such other expenses include:

(i) corporate-level general and administrative expenses;

(ii) out-of-pocket costs, expenses and fees of our operating partnership, whether or not capitalized;

(iii) the costs and expenses of organizing and operating our operating partnership;

(iv) amounts paid or due in respect of any loan or other indebtedness of our operating partnership during such period;

(v) extraordinary expenses of our operating partnership not previously or otherwise deducted under item (ii) above;

(vi) any third-party costs and expenses associated with identifying, analyzing, and presenting a proposed property to us and/or our operating partnership; and

(vii) reserves to meet anticipated operating expenditures of us or our operating partnership, as determined by us.

To the extent the general partner determines to distribute operating cash flow, operating cash flow from a property portfolio is required to be allocated to our OP units and to the series of subordinated performance units that relate to such property portfolio as follows:

First, an amount is set aside for our OP units in order to provide our OP unit holders (together with any prior allocations of capital transaction proceeds) with a cumulative preferred return on the unreturned capital contributions made by such holders in respect of such property portfolio. The preferred return for the in-place portfolio is 6%. The preferred return for newly contributed assets will be determined by the board of trustees at the time of contribution. As of December 31, 2014, the operating partnership had an aggregate of $205.9 million of such unreturned capital contributions invested in the various property portfolios.

Second, an amount is distributed to the holders of the series of subordinated performance units relating to such property portfolio in order to provide such holders with a non-cumulative subordinated return (together with prior distributions of capital transaction proceeds) on their unreturned capital contributions. The subordinated return for the outstanding subordinated performance units is 6%. The subordinated return for newly contributed assets will be determined by the board of trustees at the time of contribution, and will be the same as the preferred return relating to such contributed assets. As of December 31, 2014, an aggregate of $118.0 million in such unreturned capital contributions has been allocated to the various series of subordinated performance units.

Thereafter, the operating partnership and the applicable series of subordinated performance units share equally in any additional operating cash flow generated on an annual basis by the portfolio.

**Distributions of Capital Transaction Proceeds**

Capital transactions are transactions that are outside the ordinary course of our operating partnership's business, involve the sale, exchange, other disposition, or refinancing of any property, and are designated as capital transactions by us, as the general partner. To the extent the general partner determines to distribute capital transaction proceeds, the proceeds from capital transactions involving a

particular property portfolio are required to be allocated to our OP units and to the series of subordinated performance units that relate to such property portfolio as follows:

First, an amount determined by us, as the general partner, of such capital transaction proceeds is set aside for our OP units in order to provide our OP unit holders (together with any prior allocations of operating cash flow) with a cumulative preferred return on and a return of the unreturned capital contributions made by such holders in respect of such property portfolio that relate to such capital transaction.

Second, an amount determined by us, as the general partner, is distributed to the holders of the series of subordinated performance units relating to such property portfolio in order to provide such holders with a non-cumulative subordinated return on and a return of the unreturned capital contributions made by such holders in respect of such property portfolio that relate to such capital transaction.

The preferred return and subordinated return with respect to capital transaction proceeds for each portfolio is equal to preferred return and subordinated return for distributions of operating cash flow with respect to that portfolio.

Thereafter, the operating partnership and the applicable series of subordinated performance units share equally any additional capital transaction proceeds generated on an annual basis by the portfolio.

**Allocation of Capital Contributions**

We, as the general partner of our operating partnership, in our discretion, have the right to increase or decrease, as appropriate, the amount of capital contributions allocated to our operating partnership in general and to each series of subordinated performance units to reflect capital expenditures made by our operating partnership in respect of each portfolio, the sale or refinancing of all or a portion of the properties comprising the portfolio, the distribution of capital transaction proceeds by our operating partnership and other events impacting the amount of capital contributions allocated to the holders. In addition, to avoid conflicts of interests, any decision by us to increase or decrease allocations of capital contributions must also be approved by a majority of our independent trustees.

**Additional Distribution Considerations**

Notwithstanding the foregoing, we, as the general partner of our operating partnership shall make such reasonable efforts, as determined by us in our sole and absolute discretion and consistent with our qualification as a REIT to cause our operating partnership to distribute sufficient amounts to enable us to pay shareholder dividends that will (i) satisfy the requirements for our qualification as a REIT and (ii) except to the extent otherwise determined by us, as the general partner, in our sole and absolute discretion, avoid any U.S. federal income or excise tax liability.

**Conversion of Subordinated Performance Units into OP units**

Other than, at our election in connection with a retirement event or upon certain qualifying terminations, after a minimum of two years from the later of completion of this offering or the initial contribution of a PRO's properties to us, holders of subordinated performance units in our operating partnership may only voluntarily convert such units for OP units in our operating partnership upon the achievement of certain performance thresholds with respect to a specific self-storage portfolio. A holder of subordinated performance units in our operating partnership may then elect one time each year prior to December 1$^{st}$ to convert a pre-determined portion of such units into OP units in our operating partnership, with each subordinated performance unit being converted into the number of OP units determined by dividing the average cash available for distribution, or CAD, per unit on the series of

specific subordinated performance units over the one-year period prior to conversion by 110% of the CAD per unit on the OP units determined over the same period. CAD per unit on the series of specific subordinated performance units and OP units will be determined by us, as general partner, based upon the application of the provisions of the operating partnership agreement applicable to the distributions of operating cash flow and capital transactions proceeds described above.

In connection with a retirement of a PRO, after the same two-year lock-out period, that percentage will be set at 120% for conversions occurring in the first year in which a PRO is able to retire; 115% for conversions occurring in the second year; and 110% for conversions occurring thereafter. We refer to the applicable percentage used in calculating the conversion of subordinated performance units into OP units as the "conversion percentage" or the "conversion penalty." Imposing a greater conversion percentage in the first two years after a PRO is permitted to retire is intended to discourage retirement in those first two years.

Upon termination of the facilities portfolio management agreement for a PRO in the case of failure to meet performance thresholds or in the case of breach of non-competition covenants or Key Person Standards, we will be permitted, at any time following such termination, to require that the subordinated performance units issued in respect of such PRO's contributed portfolio be exchanged for OP units, with each subordinated performance unit being converted into the number of OP units determined by dividing the average CAD per unit on such subordinated performance units over the one-year period prior to conversion by 120% of the CAD per unit on the OP units determined over the most recently completed calendar year prior to conversion. See "The Formation and Structure of Our Company—Facilities Portfolio and Asset Management Agreements."

After giving effect to the completion of the formation transactions, our operating partnership will have million subordinated performance units outstanding. We estimate, notwithstanding the two-year lock out period on conversions referred to above, that if such subordinated performance units were convertible into OP units as of December 31, 2014, each subordinated performance unit would on average convert into OP units at a ratio of to one, or into an aggregate of OP units. This estimate is based on dividing the average CAD per subordinated performance unit on a pro forma basis over the one-year period ended December 31, 2014 by 110% of the CAD per OP unit on a pro forma basis over the same period. We anticipate that as our CAD grows over time, the conversion ratio will also grow, including to levels that may exceed one-to-one. For example, we estimate that (assuming no further issuances of OP units or subordinated performance units and a conversion penalty of 110%) if our CAD to our OP unit holders and subordinated performance unit holders and shareholders were to grow at annual rate of 1.0%, 3.0% or 5.0% per annum above the 2014 level in each of the three following years, the conversion ratio would on average grow to to one, to one, or to one, respectively, as of December 31, 2017. However, in any case, conversion of subordinated performance units to OP units will, due to the applicable conversion penalty that applies to any such conversion, be accretive to FFO per fully diluted common share. These estimates are provided for illustrative purposes only. The actual number of OP units into which such subordinated performance units will become convertible after the completion of this offering may vary significantly from these estimates and will depend upon the applicable conversion penalty and the actual CAD to the OP units and the actual CAD to the converted subordinated performance units in the one-year period ending prior to conversion.

**Restriction on Sale of Properties**

The partnership unit designation applicable to each series of subordinated performance units issued in the formation transactions provides that until March 31, 2023, our operating partnership shall not, and shall cause its subsidiaries not to, sell, dispose or otherwise transfer any property which is a part of the applicable self-storage property portfolio relating to such series of subordinated performance units without the consent of the partners (including us) holding at least 50% of the then

outstanding OP units in our operating partnership and the partners holding at least 50% of the then outstanding series of subordinated performance units in our operating partnership that relate to the applicable property, except for sales, dispositions or other transfers of a property to wholly-owned subsidiaries of our operating partnership.

**Redemption of OP Units**

Subject to certain limitations and exceptions as described in our operating partnership agreement one year after the date of the completion of this offering, each existing holder of OP units at the time of completion of this offering (other than the general partner in its capacity as a limited partner) will have the right to cause our operating partnership to redeem all or a portion of his, her or its OP units for cash in an amount equal to the product of the per share market value of our common shares multiplied by the number of OP units in our operating partnership to be redeemed by such holder, subject to certain adjustments, as described in our operating partnership agreement. The market value of a common share for this purpose will be equal to the average of the closing trading price of a common share on a U.S. national securities exchange for the ten trading days before the day on which the redemption notice is given to us. If a holder of OP units has tendered its OP units for redemption, we, in our sole and absolute discretion, may elect to assume and satisfy our operating partnership's obligation and acquire some or all of the tendered OP units in exchange for common shares, on a one-for-one basis, subject to certain adjustments, in lieu of our operating partnership paying cash for such tendered OP units. A tendering OP unit holder may elect to withdraw its redemption request at any time prior to the acceptance of cash or common shares from our company. Redemption rights of OP unit holders may not be exercised, however, if and to the extent that the delivery of shares upon such exercise would result in any person owning shares in excess of the ownership limit or any other restriction on ownership and transfer of our shares set forth in our declaration of trust.

**Transferability of Limited Partner Interests**

The limited partners of our operating partnership will not be able to transfer their OP units or subordinated performance units, in whole or in part, without the general partner's written consent; provided, that (i) a limited partner may transfer all or any portion of its OP units or subordinated performance units for bona fide estate planning purposes to an immediate family member or the legal representative, estate, trustee or other successor in interest, as applicable, of such limited partner and (ii) the general partner will not unreasonably withhold its consent to any transfer beginning after one year after the completion of this offering.

**Transferability of the General Partner Interest in our Operating Partnership; Extraordinary Transactions**

We, as general partner of our operating partnership, will not be able to (i) voluntarily withdraw from our operating partnership, or (ii) transfer or assign our general partner interest in our operating partnership, including our limited partner interest without the consent of more than (a) 50% of the OP unit holders and (b) 50% of the voting power (as defined below) of the subordinated performance unit holders (other than those held by us or our subsidiaries), unless the transfer is made in connection with any merger or sale of all or substantially all of the assets or shares of our company. In addition, subject to certain limited exceptions, we, as the general partner, will not engage in any merger, consolidation or other combination, or sale of substantially all of our assets, in a transaction which results in a change of control of our operating partnership unless:

- we receive the consent of OP unit holders holding more than 50% of the OP units (other than those held by our company or its subsidiaries); or as a result of such transaction all OP unit holders receive for each OP unit an amount of cash, securities or other property equal in value to the greatest amount of cash, securities or other property paid in the transaction to a holder of

one of our common shares, provided that if, in connection with the transaction, a purchase, tender or exchange offer shall have been made to and accepted by the holders of more than 50% of our outstanding common shares, each holder of OP units shall be given the option to exchange its OP units for the greatest amount of cash, securities or other property that an OP unit holder would have received had it (1) exercised its redemption right (described above) and (2) sold, tendered or exchanged pursuant to the offer, the common shares received upon exercise of the redemption right immediately prior to the expiration of the offer; and

- we receive the consent of the subordinated performance unit holders holding more than 50% of the voting power (as defined below) of the subordinated performance units (other than, except as provided below, those held by our company or its subsidiaries) unless, as a result of such transaction, the holders of subordinated performance units are offered an opportunity (1) to allow their subordinated performance units to remain outstanding without the terms thereof being materially and adversely changed or the subordinated performance units are converted into or exchanged for equity securities of the surviving entity having terms and conditions that are substantially similar to those of the subordinated performance units (it being understood that we may not be the surviving entity and that the parent of the surviving entity or the surviving entity may not be publicly traded) and (2) to receive for each subordinated performance unit an amount of cash, securities or other property payable to a holder of OP units as described above had such holder exercised its right to exchange its subordinated performance units for OP units taking into consideration a specified conversion penalty as described herein under "—Conversion of Subordinated Performance Units into OP Units." Voting power with respect to the subordinated performance units is based on the number of OP units in which the subordinated performance units would be convertible at the time of such vote, if the two-year restriction on conversion described above were not applicable. See "—Conversion of Subordinated Performance Units into OP Units." In determining whether we have received the consent of the subordinated performance unit holders holding more than 50% of the voting power of the subordinated performance units, our operating partnership agreement provides that we will have the right to exercise voting rights with respect to 50% of the subordinated performance units that are converted to OP units, as described herein under "—Conversion of Subordinated Performance Units into OP units," which will allow us (with respect to such converted subordinated performance units) to consent to the above or other matters that are presented to the holders of such units for their consideration and approval; and

- in the case of any such transaction in which we have not received the consent of OP unit holders holding more than 50% of the OP units (other than those held by our company or its subsidiaries) and of subordinated performance unit holders holding more than 50% of the voting power of the subordinated performance units (other than those held by our company or its subsidiaries), such transaction is approved by a companywide vote of limited partners holding more than 50% of our outstanding OP units, including for this purpose OP units held by us and our subsidiaries. For purposes of this partnership vote, we and our subsidiaries will be deemed to have cast all votes that we would otherwise have been entitled to cast in proportion to the manner in which all of our outstanding common shares were voted in our shareholder vote. In addition, limited partners holding subordinated performance units shall be entitled to cast a number of votes equal to the lesser of (i) the total votes they would have been entitled to cast at our shareholders meeting had they converted their subordinated performance units into OP units, if the two-year restriction on conversion described above were not applicable, and such OP units had been acquired by us for our common shares as of the record date for the shareholder meeting and (ii) the total votes they would have been entitled to cast at our shareholders meeting had they converted their subordinated performance units into OP units on a one-for-one basis and such OP units had been acquired by us for our common shares as of the record date for the shareholders meeting. Furthermore, limited partners holding OP units shall

be entitled to cast a number of votes equal to the total votes they would have been entitled to cast at our shareholders meeting had they converted their subordinated performance units into OP units, and such OP units had been acquired by us for our common shares as of the record date for the shareholders meeting.

Our operating partnership may also merge with or into or consolidate with another entity without the consent of the limited partners if immediately after such merger or consolidation (1) substantially all of the assets of the successor or surviving entity, other than partnership units held by us, are contributed, directly or indirectly, to the partnership as a capital contribution in exchange for partnership units with a fair market value equal to the value of the assets so contributed as determined by the survivor in good faith and (2) the survivor expressly agrees to assume all of the general partner's obligations under our operating partnership agreement and our partnership agreement shall be amended after any such merger or consolidation so as to arrive at a new method of calculating the amounts payable upon exercise of the redemption right that approximates the existing method for such calculation as closely as reasonably possible and the rights of the holders of subordinated performance units are substantially preserved (as determined by us) in any such transaction.

We also may (1) transfer all or any portion of our directly or indirectly held general partnership interest to (A) a majority-owned subsidiary or (B) a parent company, and following such transfer may withdraw as the general partner and (2) engage in a transaction required by law or by the rules of any national securities exchange on which our common shares are listed.

**Dissolution of our Operating Partnership**

Our operating partnership will continue in full force perpetually or until sooner dissolved in accordance with its terms or as otherwise provided by law.

## U.S. FEDERAL INCOME TAX CONSIDERATIONS

The following is a summary of certain U.S. federal income tax consequences relating to our qualification and taxation as a REIT and the acquisition, holding, and disposition of our common shares. For purposes of this section under the heading "U.S. Federal Income Tax Considerations," references to "the company," "we," "our" and "us" mean only National Storage Affiliates Trust, and not its subsidiaries or other lower-tier entities, except as otherwise indicated. You are urged to both review the following discussion and to consult your tax advisor to determine the effects of ownership and disposition of our shares on your individual tax situation, including any state, local or non-U.S. tax consequences.

This summary is based upon the Code, the regulations promulgated by the U.S. Treasury Department (the "Treasury Regulations"), current administrative interpretations and practices of the IRS (including administrative interpretations and practices expressed in private letter rulings which are binding on the IRS only with respect to the particular taxpayers who requested and received those rulings) and judicial decisions, all as currently in effect, and all of which are subject to differing interpretations or to change, possibly with retroactive effect. No assurance can be given that the IRS would not assert, or that a court would not sustain, a position contrary to any of the tax consequences described below. No advance ruling has been or will be sought from the IRS regarding any matter discussed in this summary. This summary is also based upon the assumption that the operation of the company, and of its subsidiaries and other lower-tier and affiliated entities, will in each case be in accordance with its applicable organizational documents or partnership agreements. This summary does not discuss the impact that U.S. state and local taxes and taxes imposed by non-U.S. jurisdictions could have on the matters discussed in this summary. This summary is for general information only, and does not purport to discuss all aspects of U.S. federal income taxation that may be important to a particular shareholder in light of its investment or tax circumstances, or to shareholders subject to special tax rules, such as:

- U.S. expatriates;
- persons who mark-to-market our common shares;
- subchapter S corporations;
- U.S. shareholders, as defined below under "—Taxation of Shareholders—Taxation of Taxable U.S. Shareholders," whose functional currency is not the U.S. dollar;
- financial institutions;
- insurance companies;
- broker-dealers;
- regulated investment companies, or RICs;
- REITs;
- holders who receive our common shares through the exercise of employee share options or otherwise as compensation;
- persons holding our common shares as part of a "straddle," "hedge," "conversion transaction," "synthetic security" or other integrated investment;
- persons subject to the alternative minimum tax provisions of the Code;
- persons holding their interest through a partnership or similar pass-through entity;
- persons holding a 10% or more (by vote or value) beneficial interest in us;

and, except to the extent discussed below:

- tax exempt organizations; and
- non-U.S. shareholders, as defined below under "—Taxation of Shareholders—Taxation of Taxable Non-U.S. Shareholders."

This summary assumes that shareholders hold our common shares as a capital asset, which generally means as property held for investment.

THE U.S. FEDERAL INCOME TAX TREATMENT OF US AND HOLDERS OF OUR COMMON SHARES DEPENDS IN SOME INSTANCES ON DETERMINATIONS OF FACT AND INTERPRETATIONS OF COMPLEX PROVISIONS OF U.S. FEDERAL INCOME TAX LAW FOR WHICH NO CLEAR PRECEDENT OR AUTHORITY MAY BE AVAILABLE. IN ADDITION, THE TAX CONSEQUENCES OF HOLDING OUR COMMON SHARES TO ANY PARTICULAR SHAREHOLDER WILL DEPEND ON THE SHAREHOLDER'S PARTICULAR TAX CIRCUMSTANCES. YOU ARE URGED TO CONSULT YOUR TAX ADVISOR REGARDING THE U.S. FEDERAL, STATE, LOCAL, AND FOREIGN INCOME AND OTHER TAX CONSEQUENCES TO YOU, IN LIGHT OF YOUR PARTICULAR INVESTMENT OR TAX CIRCUMSTANCES, OF ACQUIRING, HOLDING, AND DISPOSING OF OUR COMMON SHARES.

**Taxation of Our Company**

We intend to elect to be taxed as a corporation commencing with our taxable year ending December 31, 2015, and we intend to elect and qualify to be taxed as a REIT under the Code, commencing with our taxable year ending December 31, 2015. We believe that we are organized and intend to operate in a manner that will allow us to qualify for taxation as a REIT under the Code commencing with our taxable year ending December 31, 2015.

The law firm of Clifford Chance US LLP has acted as our counsel in connection with this offering. We will receive an opinion of Clifford Chance US LLP to the effect that, commencing with our taxable year ending December 31, 2015, we are organized in conformity with the requirements for qualification and taxation as a REIT under the Code, and that our current and proposed method of operation will enable us to continue to meet the requirements for qualification and taxation as a REIT under the Code. It must be emphasized that the opinion of Clifford Chance US LLP will be based on various assumptions relating to our organization and operation, including that all factual representations and statements set forth in all relevant documents, records and instruments are true and correct, all actions described in this Registration Statement are completed in a timely fashion and that we will at all times operate in accordance with the method of operation described in our organizational documents and this Registration Statement. Additionally, the opinion of Clifford Chance US LLP will be conditioned upon factual representations and covenants made by our management and affiliated entities regarding our organization, assets, present and future conduct of our business operations and other items regarding our ability to meet the various requirements for qualification as a REIT, and will assume that such representations and covenants are accurate and complete and that we will take no action inconsistent with such representations and covenants. While we believe that we are organized and operated and intend to continue to be organized and to operate so that we will continue to qualify as a REIT, given the highly complex nature of the rules governing REITs, the ongoing importance of factual determinations and the possibility of future changes in our circumstances or applicable law, no assurance can be given by Clifford Chance US LLP or us that we will so qualify for any particular year. Clifford Chance US LLP will have no obligation to advise us or the holders of our common shares of any subsequent change in the matters stated, represented or assumed or of any subsequent change in the applicable law. You should be aware that opinions of counsel are not binding on the IRS, and no assurance can be given that the IRS will not challenge the conclusions set forth in such opinions.

Clifford Chance US LLP's opinion does not foreclose the possibility that we may have to utilize one or more REIT savings provisions discussed below, which could require the payment of an excise or penalty tax (which could be significant in amount) in order to maintain REIT qualification.

Our qualification and taxation as a REIT depends on our ability to meet, on a continuing basis, through actual operating results, distribution levels, and diversity of share ownership, various qualification requirements imposed upon REITs by the Code. In addition, our ability to qualify as a REIT may depend in part upon the operating results, organizational structure and entity classification for U.S. federal income tax purposes of certain entities in which we invest, including our investment in our operating partnership. Our ability to qualify as a REIT for a particular year also requires that we satisfy certain asset and income tests during such year, some of which depend upon the fair market values of assets directly or indirectly owned by us. Such values may not be susceptible to a precise determination. Accordingly, no assurance can be given that the actual results of our operations for any taxable year will satisfy such requirements for qualification and taxation as a REIT.

**Taxation of REITs in General**

As indicated above, our qualification and taxation as a REIT for a particular year depend upon our ability to meet, on a continuing basis during such year, through actual results of operations, distribution levels, diversity of share ownership and various qualification requirements imposed upon REITs by the Code. The material qualification requirements are summarized below under "—Requirements for Qualification —General." While we intend to be organized and to operate so that we qualify as a REIT, no assurance can be given that the IRS will not challenge our qualification as a REIT, or that we will be able to operate in accordance with the REIT requirements in the future. See "—Failure to Qualify."

Provided that we qualify as a REIT, we will generally be entitled to a deduction for dividends that we pay and therefore will not be subject to U.S. federal corporate income tax on our net taxable income that we currently distribute to our shareholders. This treatment substantially eliminates the "double taxation" at the corporate and shareholder levels that generally results from investment in a C corporation. A "C corporation" is a corporation that generally is required to pay tax at the corporate level. Double taxation means taxation once at the corporate level when income is earned and once again at the shareholder level when the income is distributed. Income generated by a REIT generally is taxed only at the shareholder level upon a distribution of dividends by the REIT.

U.S. shareholders (as defined below) who are individuals, trusts and estates are generally taxed on corporate dividends at a maximum rate of 20% (the same as long-term capital gains), thereby substantially reducing, though not completely eliminating, the double taxation that has historically applied to corporate dividends.

With limited exceptions, however, dividends received by non-corporate U.S. shareholders from us or from other entities that are taxed as REITs will continue to be taxed at rates applicable to ordinary income, which are as high as 39.6%. Net operating losses, foreign tax credits and other tax attributes of a REIT generally do not pass through to the shareholders of the REIT, subject to special rules for certain items such as capital gains recognized by REITs. See "—Taxation of Shareholders."

If we qualify to be taxed as a REIT, we will nonetheless be subject to U.S. federal income tax as follows:

- We will be taxed at regular corporate rates on any undistributed income, including undistributed net capital gains.
- We may be subject to the "alternative minimum tax" on our items of tax preference, if any.

- If we have net income from prohibited transactions, which are, in general, sales or other dispositions of property held primarily for sale to customers in the ordinary course of business, other than foreclosure property, as described below, such income will be subject to a 100% tax. See "—Requirements for Qualification—General—Prohibited Transactions," and "—Requirements for Qualification—General—Foreclosure Property," below.

- If we elect to treat property that we acquire in connection with a foreclosure of a mortgage loan or leasehold as "foreclosure property," we may thereby avoid (1) the 100% tax on gain from a resale of that property (if the sale would otherwise constitute a prohibited transaction), and (2) the inclusion of any income from such property not qualifying for purposes of the REIT gross income tests discussed below, but the income from the sale or operation of the property may be subject to corporate income tax at the highest applicable rate (currently 35%).

- If we fail to satisfy the 75% gross income test or the 95% gross income test, as discussed below, but nonetheless maintain our qualification as a REIT because other requirements are met, we will be subject to a 100% tax on an amount equal to (1) the greater of (A) the amount by which we fail the 75% gross income test or (B) the amount by which we fail the 95% gross income test, as the case may be, multiplied by (2) a fraction intended to reflect our profitability.

- If we fail to satisfy any of the REIT asset tests, as described below, other than a failure of the 5% or 10% REIT asset tests that does not exceed a statutory de minimis amount as described more fully below, but our failure is due to reasonable cause and not due to willful neglect and we nonetheless maintain our REIT qualification because of specified cure provisions, we will be required to pay a tax equal to the greater of $50,000 or the highest corporate tax rate (currently 35%) of the net income generated by the nonqualifying assets during the period in which we failed to satisfy the asset tests.

- If we fail to satisfy any provision of the Code that would result in our failure to qualify as a REIT (other than a gross income or asset test requirement) and that violation is due to reasonable cause, we may retain our REIT qualification, but we will be required to pay a penalty of $50,000 for each such failure.

- If we fail to distribute during each calendar year at least the sum of (1) 85% of our REIT ordinary income for such year, (2) 95% of our REIT capital gain net income for such year and (3) any undistributed taxable income from prior periods, or the "required distribution," we will be subject to a 4% non-deductible excise tax on the excess of the required distribution over the sum of (A) the amounts actually distributed (taking into account excess distributions from prior years), plus (B) retained amounts on which U.S. federal income tax is paid at the corporate level.

- We may be required to pay monetary penalties to the IRS in certain circumstances, including if we fail to meet record-keeping requirements intended to monitor our compliance with rules relating to the composition of its shareholders, as described below in "—Requirements for Qualification—General."

- A 100% excise tax may be imposed on some items of income and expense that are directly or constructively paid between us, our tenants and/or any TRSs if and to the extent that the IRS successfully adjusts the reported amounts of these items.

- If we acquire any asset from a corporation that is not a REIT (i.e., a corporation taxable under subchapter C of the Code) in a transaction in which the adjusted tax basis of the asset in our hands is less than the fair market value of the asset, determined as of the date on which we acquired the asset, and we subsequently recognize gain on the disposition of the asset during the 10-year period beginning on the date on which we acquired the asset, then we will be required to pay tax at the highest regular corporate tax rate on this gain to the extent of the excess of

(1) the fair market value of the asset over (2) our adjusted tax basis in the asset, in each case determined as of the date on which we acquired the asset. The results described in the preceding sentence could occur if we failed to qualify as a REIT (and, thus, were treated as a subchapter C corporation) for a prior year and then re-qualified as a REIT in a later year, in which case the appreciation would be measured as of the beginning of the year in which we first re-qualified as a REIT. Any gain from the sale of property acquired by us in an exchange under Section 1031 (a like kind exchange) or 1033 (an involuntary conversion) of the Code is excluded from the application of this built-in gains tax.

- We may elect to retain and pay income tax on our net long-term capital gain. In that case, a shareholder would include its proportionate share of our undistributed long-term capital gain (to the extent we make a timely designation of such gain to the shareholder) in its income, would be deemed to have paid the tax that we paid on such gain, and would be allowed a credit for its proportionate share of the tax deemed to have been paid, and an adjustment would be made to increase the shareholder's basis in shares of our common shares. Shareholders that are U.S. corporations will also appropriately adjust their earnings and profits for the retained capital gain in accordance with Treasury Regulations to be promulgated.

- We may have subsidiaries or own interests in other lower-tier entities that are subchapter C corporations, including any TRSs, the earnings of which could be subject to U.S. federal and state corporate income tax.

In addition, we and our subsidiaries may be subject to a variety of taxes other than U.S. federal income tax, including state, local, and foreign income, transfer, franchise, property and other taxes. We could also be subject to tax in situations and on transactions not presently contemplated.

**Requirements for Qualification—General**

The Code defines a REIT as a corporation, trust or association:

(1) that is managed by one or more trustees or directors;

(2) the beneficial ownership of which is evidenced by transferable shares, or by transferable certificates of beneficial interest;

(3) that would be taxable as a domestic corporation but for the special Code provisions applicable to REITs;

(4) that is neither a financial institution nor an insurance company subject to specific provisions of the Code;

(5) the beneficial ownership of which is held by 100 or more persons;

(6) in which, during the last half of each taxable year, not more than 50% in value of the outstanding stock is owned, directly or indirectly, by five or fewer "individuals" (as defined in the Code to include specified entities);

(7) that meets other tests described below, including with respect to the nature of its income and assets and the amount of its distributions; and

(8) that makes an election to be a REIT for the current taxable year or has made such an election for a previous taxable year that has not been terminated or revoked.

The Code provides that conditions (1) through (4) must be met during the entire taxable year, and that condition (5) must be met during at least 335 days of a taxable year of 12 months, or during a proportionate part of a shorter taxable year. Conditions (5) and (6) do not need to be satisfied for the first taxable year for which an election to become a REIT has been made. Our declaration of trust

provides restrictions regarding the ownership and transfer of our shares, which are intended to assist in satisfying the share ownership requirements described in conditions (5) and (6) above. For purposes of condition (6), an "individual" generally includes a supplemental unemployment compensation benefit plan, a private foundation or a portion of a trust permanently set aside or used exclusively for charitable purposes, but does not include a qualified pension plan or profit sharing trust.

To monitor compliance with the share ownership requirements, we are required to maintain records regarding the actual ownership of our shares. To do so, we must demand written statements each year from the record holders of significant percentages of our shares in which the record holders are to disclose the actual owners of the shares (i.e., the persons required to include in gross income the dividends paid by us). A list of those persons failing or refusing to comply with this demand must be maintained as part of our records. Failure by us to comply with these record-keeping requirements could subject us to monetary penalties. If we satisfy these requirements and after exercising reasonable diligence would not have known that condition (6) is not satisfied, we will be deemed to have satisfied such condition. A shareholder that fails or refuses to comply with the demand is required by Treasury Regulations to submit a statement with its tax return disclosing the actual ownership of the shares and other information.

In addition, a corporation generally may not elect to become a REIT unless its taxable year is the calendar year. We satisfy this requirement. Furthermore, a corporation does not qualify as a REIT for a given taxable year if, as of the final day of the taxable year, the corporation has any undistributed earnings and profits that accumulated during a period that the corporation was not treated as a REIT for U.S. federal income tax purposes. We will elect to be taxed as a REIT commencing with our initial taxable year ending December 31, 2015, and therefore we believe that we will meet this requirement.

**Effect of Subsidiary Entities**

*Ownership of Partnership Interests.* In the case of a REIT that is a partner in a partnership (references herein to "partnership" include limited liability companies that are classified as partnerships for U.S. federal income tax purposes), Treasury Regulations provide that the REIT is deemed to own its proportionate share of the partnership's assets and to earn its proportionate share of the partnership's gross income based on its pro rata share of capital interests in the partnership for purposes of the asset and gross income tests applicable to REITs, as described below. However, solely for purposes of the 10% value test, described below, the determination of a REIT's interest in partnership assets will be based on the REIT's proportionate interest in any securities issued by the partnership, excluding, for these purposes, certain excluded securities as described in the Code. In addition, the assets and gross income of the partnership generally are deemed to retain the same character in the hands of the REIT. Thus, our proportionate share of the assets and items of income of our operating partnership and any other partnerships in which we own an equity interest (including such partnership's share of these items of other partnerships in which it owns an equity interest), is treated as our assets and items of income for purposes of applying the REIT requirements described below. Consequently, to the extent that we directly or indirectly hold a preferred or other equity interest in a partnership, the partnership's assets and operations may affect our ability to qualify as a REIT, even though we may have no control, or only limited influence, over the partnership. A summary of certain rules governing the U.S. federal income taxation of partnerships and their partners is provided below in "—Tax Aspects of Investments in Partnerships."

*Disregarded Subsidiaries.* If a REIT owns a corporate subsidiary that is a "qualified REIT subsidiary," that subsidiary is disregarded as a separate entity for U.S. federal income tax purposes, and all assets, liabilities and items of income, deduction and credit of the subsidiary are treated as assets, liabilities and items of income, deduction and credit of the REIT, including for purposes of the gross income and asset tests applicable to REITs as summarized below. A qualified REIT subsidiary is any corporation, other than a TRS, as described below under "—Requirements for Qualification—

General—Effect of Subsidiary Entities—Taxable REIT Subsidiaries," that is wholly owned by a REIT, or by other disregarded subsidiaries, or by a combination of the two. Single member limited liability companies that are wholly owned by a REIT are also generally disregarded as separate entities for U.S. federal income tax purposes, including for purposes of the REIT gross income and asset tests. Disregarded subsidiaries, along with partnerships in which we hold an equity interest, are sometimes referred to herein as "pass-through subsidiaries."

In the event that a disregarded subsidiary ceases to be wholly owned by us—for example, if any equity interest in the subsidiary is acquired by a person other than us or another disregarded subsidiary of ours—the subsidiary's separate existence would no longer be disregarded for U.S. federal income tax purposes. Instead, it would have multiple owners and would be treated as either a partnership or a taxable corporation. Such an event could, depending on the circumstances, adversely affect our ability to satisfy the various asset and gross income tests applicable to REITs, including the requirement that REITs generally may not own, directly or indirectly, more than 10% of the value or voting power of the outstanding securities of another corporation. See "—Requirements for Qualification—General—Asset Tests" and "—Requirements for Qualification—General—Gross Income Tests."

*Taxable REIT Subsidiaries.* A REIT generally may jointly elect with a subsidiary corporation, whether or not wholly owned, to treat the subsidiary corporation as a TRS. The separate existence of a TRS or other taxable corporation, unlike a disregarded subsidiary as discussed above, is not ignored for U.S. federal income tax purposes. Accordingly, such an entity would generally be subject to corporate U.S. federal, state and local income or franchise taxes on its earnings, which may reduce the cash flow generated by us and our subsidiaries in the aggregate, and our ability to make distributions to our shareholders.

A REIT is not treated as holding the assets of a TRS or other taxable subsidiary corporation or as receiving any income that the subsidiary earns. Rather, the stock issued by the subsidiary is an asset in the hands of the REIT, and the REIT recognizes as income the dividends, if any, that it receives from the subsidiary. This treatment can affect the gross income and asset test calculations that apply to the REIT, as described below. Because a REIT does not include the assets and income of such subsidiary corporations in determining the REIT's compliance with the REIT requirements, such entities may be used by the parent REIT to undertake indirectly activities that the REIT rules might otherwise preclude it from doing directly or through pass-through subsidiaries or render commercially unfeasible (for example, activities that give rise to certain categories of income such as management fees or fees for certain non-customary services to tenants of the REIT). If dividends are paid to us by one or more TRSs we may own, then a portion of the dividends that we distribute to shareholders who are taxed at individual rates may be eligible for taxation at the preferential tax rates applicable to qualified dividend income rather than at ordinary income rates. See "—Taxation of Taxable U.S. Shareholders" and "—Requirements for Qualification—General—Annual Distribution Requirements."

Certain restrictions imposed on TRSs are intended to ensure that such entities will be subject to appropriate levels of U.S. federal income taxation. First, if a TRS has a debt to equity ratio as of the close of the taxable year exceeding 1.5 to 1, it may not deduct interest payments made in any year to an affiliated REIT to the extent that such payments exceed, generally, 50% of the TRS's adjusted taxable income for that year (although the TRS may carry forward to, and deduct in, a succeeding year the disallowed interest amount if the 50% test is satisfied in that year). We may make loans to certain of our TRSs. The interest expense of a TRS in respect of such a loan may be subject to the foregoing limitations on deductions.

In addition, if amounts are paid to a REIT or deducted by a TRS due to transactions between a REIT, its tenants and/or a TRS, that exceed the amount that would be paid to or deducted by a party in an arm's-length transaction, the REIT generally will be subject to an excise tax equal to 100% of such excess.

Rents received by us that include amounts for services furnished by a TRS to any of our tenants will not be subject to the excise tax if such amounts qualify for the safe harbor provisions contained in the Code. Safe harbor provisions are provided where (1) amounts are excluded from the definition of impermissible tenant service income as a result of satisfying a 1% *de minimis* exception; (2) a TRS renders a significant amount of similar services to unrelated parties and the charges for such services are substantially comparable; (3) rents paid to us by tenants that are not receiving services from the TRS are substantially comparable to the rents by our tenants leasing comparable space that are receiving such services from the TRS and the charge for the services is separately stated; or (4) the TRS's gross income from the service is not less than 150% of the TRS's direct cost of furnishing the service.

We intend to structure transactions with any TRS on terms that we believe are arm's length to avoid incurring the 100% excise tax described above. There can be no assurances, however, that we will be able to avoid application of the 100% tax.

We expect to hold certain assets directly or indirectly in one or more TRSs. We may conduct certain activities (such as facilitating sales of tenant insurance, selling packing supplies and locks and renting trucks or other moving equipment) through one or more TRSs. We are subject to the limitation that securities in TRSs may not represent more than 25% of a REIT's assets. There can be no assurance that we will at all times be able to continue to comply with such limitation.

***Gross Income Tests***

In order to maintain our qualification as a REIT, we annually must satisfy two gross income tests. First, at least 75% of our gross income for each taxable year, excluding gross income from sales of inventory or dealer property in "prohibited transactions" and certain hedging and foreign currency transactions, must be derived from investments relating to real property or mortgages on real property, including "rents from real property," dividends received from and gain from the disposition of other shares of REITs, interest income derived from mortgage loans secured by real property (including certain types of mortgage-backed securities), and gains from the sale of real estate assets, as well as income from certain kinds of temporary investments. Second, at least 95% of our gross income in each taxable year, excluding gross income from prohibited transactions and certain hedging and foreign currency transactions, must be derived from some combination of income that qualifies under the 75% income test described above, as well as other dividends, interest, and gain from the sale or disposition of stock or securities, which need not have any relation to real property.

For purposes of the 75% and 95% gross income tests, a REIT is deemed to have earned a proportionate share of the income earned by any partnership, or any limited liability company treated as a partnership for U.S. federal income tax purposes, in which it owns an interest, which share is determined by reference to its capital interest in such entity, and is deemed to have earned the income earned by any qualified REIT subsidiary.

Rents received by us will qualify as "rents from real property" in satisfying the 75% gross income test described above only if several conditions are met, including the following:

- The rent must not be based in whole or in part on the income or profits of any person. However, an amount will not be excluded from rents from real property solely by being based on a fixed percentage or percentages of receipts or sales or being based on the net income or profits of a tenant that derives substantially all of its income with respect to such property from subleasing of substantially all of such property, to the extent that the rents paid by the sublessees would qualify as rents from real property, if earned directly by us.

- If rent is partly attributable to personal property leased in connection with a lease of real property, the portion of the total rent that is attributable to the personal property will not

qualify as rents from real property unless it constitutes 15% or less of the total rent received under the lease.

- Moreover, for rents received to qualify as rents from real property, we generally must not operate or manage the property or furnish or render certain services to the tenants of such property, other than through an "independent contractor" who is adequately compensated and from which we derive no income, or through a TRS, as discussed below. We are permitted, however, to perform services that are "usually or customarily rendered" in connection with the rental of space for occupancy only and are not otherwise considered rendered to the occupant of the property. Examples of these permitted services include the provision of light, heat or other utilities, trash removal, and general maintenance of common areas. In addition, we may directly or indirectly provide non-customary services to tenants of our properties if the gross income from such services does not exceed 1% of the total gross income from the property. In such a case, only the amounts for non-customary services are not treated as rents from real property and the provision of the services does not disqualify the rents from treatment as rents from real property. For purposes of this test, the gross income received from such non-customary services is deemed to be at least 150% of the direct cost of providing the services. Moreover, we are permitted to provide services to tenants through a TRS without disqualifying the rental income received from tenants as rents from real property.

- Also, rental income will qualify as rents from real property only to the extent that we do not directly or indirectly (through application of certain constructive ownership rules) own, (1) in the case of any tenant which is a corporation, stock possessing 10% or more of the total combined voting power of all classes of stock entitled to vote, or 10% or more of the total value of shares of all classes of stock of such tenant, or (2) in the case of any tenant which is not a corporation, an interest of 10% or more in the assets or net profits of such tenant (in each case, a "related party tenant"). However, rental payments from a TRS will qualify as rents from real property even if we own more than 10% of the total value or combined voting power of the TRS if at least 90% of the property is leased to unrelated tenants and the rent paid by the TRS is substantially comparable to the rent paid by the unrelated tenants for comparable space as determined at the time the lease with the TRS is entered into, extended and modified, if such modification increases the rent due under such lease.

Unless we determine that the resulting nonqualifying income under any of the following situations, taken together with all other nonqualifying income earned by us in the taxable year, will not jeopardize our qualification as a REIT, we do not intend to:

- charge rent for any property that is based in whole or in part on the income or profits of any person, except by reason of being based on a fixed percentage or percentages of receipts or sales, as described above;

- rent any property to a related party tenant, including a TRS, unless the rent from the lease to the TRS would qualify for the special exception from the related party tenant rule applicable to certain leases with a TRS;

- derive rental income attributable to personal property other than personal property leased in connection with the lease of real property, the amount of which is less than 15% of the total rent received under the lease; or

- directly perform services considered to be noncustomary or rendered to the occupant of the property.

As noted above, we may conduct certain activities, such as facilitating tenant insurance-related activities, selling packing supplies and renting trucks or other moving equipment through one or more TRSs. In addition, we will also provide certain other tenant services through our PROs and other third-

party contractors who we believe will qualify as independent contractors. We believe that all services provided by such parties to our tenants are customary. As a result, we do not believe that any of the income that we receive from the rental of storage units will be treated as impermissible tenant service income. However, if the IRS were to successfully challenge our treatment of any such services directly provided to tenants, or our PROs did not qualify as independent contractors, it could adversely affect our ability to qualify as a REIT.

Fee income received by a REIT from performing property management or similar services to third-parties (including a portion of any management fee income a REIT receives with respect to a joint venture in which the REIT holds an interest) is treated as nonqualifying income for purposes of both the 75% and 95% gross income tests. If we were to receive or be deemed to receive any third-party management fees other than through a TRS, it could adversely affect our ability to qualify as a REIT. To the extent that we are entitled to receive any such third-party management fees, we intend to earn any such management fee income through a TRS.

Any dividends we receive will generally be qualifying income for purposes of the 95% gross income test and any dividends we receive from a REIT will be qualifying income for purposes of both the 95% and 75% gross income tests.

We may directly or indirectly receive distributions from TRSs or other corporations that are not REITs or qualified REIT subsidiaries. These distributions will be classified as dividend income to the extent of the earnings and profits of the distributing corporation. Such distributions will generally constitute qualifying income for purposes of the 95% gross income test, but not for purposes of the 75% gross income test. We may from time to time need to make distributions from a TRS in order to keep the value of the TRSs below 25% of the REIT's total assets. See "—Asset Tests." While we will monitor our compliance with these income test and asset tests, and intend to conduct our affairs so as to comply with them, they may at times be in conflict with one another. For example, it is possible that we may wish to distribute a dividend from a TRS in order to reduce the value of TRS securities below 25% of our assets, but may be unable to do so without violating the 75% gross income test. Although there are other measures we can take in such circumstances in order to remain in compliance with the requirements for REIT qualification, there can be no assurance that we will be able to comply with these tests in all market conditions.

Interest income constitutes qualifying mortgage interest for purposes of the 75% gross income test (as described above) to the extent that the obligation is secured by a mortgage on real property. If we receive interest income with respect to a mortgage loan that is secured by both real property and other property, and the highest principal amount of the loan outstanding during a taxable year exceeds the fair market value of the real property on the date that we acquired or originated the mortgage loan, the interest income will be apportioned between the real property and the other property, and our income from the arrangement will qualify for purposes of the 75% gross income test only to the extent that the interest is allocable to the real property. Even if a loan is not secured by real property or is undersecured, the income that it generates may nonetheless qualify for purposes of the 95% gross income test.

To the extent that the terms of a loan provide for contingent interest that is based on the cash proceeds realized upon the sale of the property securing the loan (a "shared appreciation provision"), income attributable to the participation feature will be treated as gain from sale of the underlying property, which generally will be qualifying income for purposes of both the 75% and 95% gross income tests, provided that the property is not inventory or dealer property in the hands of the borrower or us.

***Hedging Transactions***

We may enter into hedging transactions with respect to one or more of our assets or liabilities. Hedging transactions could take a variety of forms, including interest rate swap agreements, interest rate cap agreements, options, futures contracts, forward rate agreements or similar financial instruments. Except to the extent provided by Treasury Regulations, any income from a hedging transaction we enter into (1) in the normal course of our business primarily to manage risk of interest rate or price changes or currency fluctuations with respect to borrowings made or to be made, or ordinary obligations incurred or to be incurred, to acquire or carry real estate assets, which we clearly identify as specified in Treasury Regulations before the close of the day on which it was acquired, originated, or entered into, including gain from the sale or disposition of such a transaction, or (2) primarily to manage risk of currency fluctuations with respect to any item of income or gain that would be qualifying income under the 75% or 95% income tests which is clearly identified as such before the close of the day on which it was acquired, originated, or entered into, will not constitute gross income for purposes of the 75% or 95% gross income test. To the extent that we enter into other types of hedging transactions, the income from those transactions is likely to be treated as non-qualifying income for purposes of both of the 75% and 95% gross income tests. We intend to structure any hedging transactions in a manner that does not jeopardize our qualification as a REIT.

***Failure to Satisfy the Gross Income Tests***

We intend to monitor our sources of income, including any non-qualifying income received by us, so as to ensure compliance with the gross income tests. If we fail to satisfy one or both of the 75% or 95% gross income tests for any taxable year, we may still qualify as a REIT for the year if we are entitled to relief under applicable provisions of the Code. These relief provisions will generally be available if the failure of our company to meet these tests was due to reasonable cause and not due to willful neglect and, following the identification of such failure, we set forth a description of each item of our gross income that satisfies the gross income tests in a schedule for the taxable year filed in accordance with the Treasury Regulations. It is not possible to state whether we would be entitled to the benefit of these relief provisions in all circumstances. If we fail to satisfy one or both of the gross income tests and these relief provisions are inapplicable to a particular set of circumstances, we will not qualify as a REIT. As discussed above under "—Taxation of Our Company—Taxation of REITs in General," even where these relief provisions apply, a tax would be imposed upon the profit attributable to the amount by which we fail to satisfy the particular gross income test, which could be significant in amount.

***Asset Tests***

At the close of each calendar quarter we must also satisfy four tests relating to the nature of our assets. First, at least 75% of the value of our total assets must be represented by some combination of "real estate assets," cash, cash items, U.S. government securities, and, under some circumstances, stock or debt instruments purchased with new capital. For this purpose, real estate assets include interests in real property, such as land, buildings, leasehold interests in real property, stock of other REITs, and certain kinds of mortgage-backed securities and mortgage loans. Assets that do not qualify for purposes of the 75% test are subject to the additional asset tests described below.

Second, the value of any one issuer's securities owned by us may not exceed 5% of the value of our total assets. Third, we may not own more than 10% of any one issuer's outstanding securities, as measured by either voting power or value. Fourth, the aggregate value of all securities of any TRSs held by us may not exceed 25% of the value of our total assets.

The 5% and 10% asset tests described above do not apply to securities of TRSs, qualified REIT subsidiaries or securities that are "real estate assets" for purposes of the 75% gross asset test described

above. The 10% value test does not apply to certain "straight debt" and other excluded securities, as described in the Code including, but not limited to, any loan to an individual or estate, any obligation to pay rents from real property and any security issued by a REIT. In addition, for purposes of applying the 10% value test, (1) a REIT's interest as a partner in a partnership is not considered a security issued by the partnership; (2) any debt instrument issued by a partnership (other than straight debt or another excluded security) will not be considered a security issued by the partnership if at least 75% of the partnership's gross income is derived from sources that would qualify for the 75% REIT gross income test; and (3) any debt instrument issued by a partnership (other than straight debt or another excluded security) will not be considered a security issued by the partnership to the extent of the REIT's interest as a partner in the partnership. For purposes of the 10% value test, "straight debt" means a written unconditional promise to pay on demand on a specified date a sum certain in money if (i) debt is not convertible, directly or indirectly, into stock, (ii) the interest rate and interest payment dates are not contingent on profits, the borrower's discretion, or similar factors other than certain contingencies relating to the timing and amount of principal and interest payments, as described in the Code and (iii) in the case of an issuer that is a corporation or a partnership, securities that otherwise would be considered straight debt will not be so considered if we, and any of our "controlled taxable REIT subsidiaries," as defined in the Code, hold any securities of the corporate or partnership issuer which (a) are not straight debt or other excluded securities (prior to the application of this rule), and (b) have an aggregate value greater than 1% of the issuer's outstanding securities (including, for the purposes of a partnership issuer, its interest as a partner in the partners).

The asset tests must be satisfied at the close of each calendar quarter of our taxable year in which we (directly or through our operating partnership) acquire securities in the applicable issuer, and also at the close of each calendar quarter in which we increase our ownership of securities of such issuer (including as a result of increasing our interest in our operating partnership). For example, our indirect ownership of securities of each issuer will increase as a result of our capital contributions to our operating partnership or as limited partners exercise their redemption/exchange rights. After initially meeting the asset tests at the close of any quarter, we will not lose our status as a REIT for failure to satisfy the asset tests at the end of a later quarter solely by reason of changes in asset values. If we fail to satisfy an asset test because we acquire securities or other property during a quarter (including as a result of an increase in our interest in our operating partnership), we may cure this failure by disposing of sufficient nonqualifying assets within 30 days after the close of that quarter. If we fail to cure any noncompliance with the asset tests within the 30 day cure period, we would cease to qualify as a REIT unless we are eligible for certain relief provisions discussed below. We believe that our holdings of securities and other assets will comply with the foregoing REIT asset requirements, and we intend to monitor compliance with such tests on an ongoing basis. There can be no assurance, however, that we will be successful in this effort.

Moreover, the values of some of our assets, including the securities of any TRSs or other nonpublicly traded investments, may not be susceptible to a precise determination and are subject to change in the future. Furthermore, the proper classification of an instrument as debt or equity for U.S. federal income tax purposes may be uncertain in some circumstances, which could affect the application of the REIT asset tests. Accordingly, there can be no assurance that the IRS will not successfully contend that our assets do not meet the requirements of the REIT asset tests.

Certain relief provisions may be available to us if we discover a failure to satisfy the asset tests described above after the 30 day cure period. Under these provisions, we will be deemed to have met the 5% and 10% asset tests if the value of our nonqualifying assets (i) does not exceed the lesser of (a) 1% of the total value of our assets at the end of the applicable quarter or (b) $10 million and (ii) we dispose of the nonqualifying assets or otherwise satisfy such tests within (a) six months after the last day of the quarter in which the failure to satisfy the asset tests is discovered or (b) the period of time prescribed by Treasury Regulations to be issued. For violations of any of the asset tests due to

reasonable cause and not due to willful neglect and that are, in the case of the 5% and 10% asset tests, in excess of the de minimis exception described above, we may avoid disqualification as a REIT after the 30 day cure period by taking steps including (i) the disposition of sufficient nonqualifying assets, or the taking of other actions, which allow us to meet the asset tests within (a) six months after the last day of the quarter in which the failure to satisfy the asset tests is discovered or (b) the period of time prescribed by Treasury Regulations to be issued, (ii) paying a tax equal to the greater of (a) $50,000 or (b) the highest corporate tax rate multiplied by the net income generated by the nonqualifying assets, and (iii) disclosing certain information to the IRS.

***Annual Distribution Requirements***

In order to qualify as a REIT, we are required to distribute dividends, other than capital gain dividends, to our shareholders in an amount at least equal to:

(1) the sum of:

- 90% of our "REIT taxable income" (computed without regard to our deduction for dividends paid and our net capital gains), and
- 90% of the net income, if any (after tax), from foreclosure property, as described below, and recognized built-in gain, as discussed above, minus

(2) the sum of specified items of non-cash income that exceeds a percentage of our net taxable income.

These distributions must be paid in the taxable year to which they relate, or in the following taxable year if such distributions are declared in October, November or December of the taxable year, are payable to shareholders of record on a specified date in any such month, and are actually paid before the end of January of the following year. Such distributions are treated as both paid by us and received by each shareholder on December 31 of the year in which they are declared. In addition, at our election, a distribution for a taxable year may be declared before we timely file our tax return for the year, provided we pay such distribution with or before our first regular dividend payment after such declaration, provided that such payment is made during the 12-month period following the close of such taxable year. These distributions are taxable to our shareholders in the year in which paid, even though the distributions relate to our prior taxable year for purposes of the 90% distribution requirement.

In order for distributions to be counted towards our distribution requirement, and to give rise to a tax deduction to us, they must not be "preferential dividends." A dividend is not a preferential dividend if it is *pro rata* among all outstanding shares of stock within a particular class, and is in accordance with the preferences among our different classes of shares as set forth in our organizational documents. We intend to make distributions with respect to shares in accordance with the rights and preferences of such shares, and, accordingly, we do not believe that any such distributions will be treated as preferential dividends. However, if the IRS were to successfully assert that any distributions paid by us were preferential dividends, we could fail to qualify as a REIT or could be required to pay a substantial deficiency dividend as described below.

To the extent that we distribute at least 90%, but less than 100%, of our net taxable income, as adjusted, we will be subject to tax at ordinary corporate tax rates on the retained portion. In addition, we may elect to retain, rather than distribute, our net long-term capital gains and pay tax on such gains. In this case, we would elect to have our shareholders include their proportionate share of such undistributed long-term capital gains in their income and receive a corresponding credit for their proportionate share of the tax paid by us. Our shareholders would then increase their adjusted basis in our shares by the difference between the designated amounts included in their long-term capital gains and the tax deemed paid with respect to their proportionate shares.

If we fail to distribute during each calendar year at least the sum of (1) 85% of our REIT ordinary income for such year, (2) 95% of our REIT capital gain net income for such year and (3) any undistributed taxable income from prior periods, we will be subject to a 4% non-deductible excise tax on the excess of such amount over the sum of (A) the amounts actually distributed (taking into account excess distributions from prior periods) and (B) the amounts of income retained on which we have paid corporate income tax. We intend to make timely distributions so that we are not subject to the 4% excise tax.

It is possible that we, from time to time, may not have sufficient cash to meet the REIT distribution requirements due to timing differences between (1) the actual receipt of cash, including the receipt of distributions from any partnership subsidiaries and (2) the inclusion of items in income by us for U.S. federal income tax purposes. Additional potential sources of non-cash taxable income include loans held by us as assets that are issued at a discount and require the accrual of taxable interest income in advance of our receipt in cash, loans on which the borrower is permitted to defer cash payments of interest and distressed loans on which we may be required to accrue taxable interest income even though the borrower is unable to make current interest payments in cash. In the event that such timing differences occur, in order to meet the distribution requirements, it might be necessary to arrange for short-term, or possibly long-term, borrowings, or to pay dividends in the form of taxable in-kind distributions of property, including taxable share dividends. In the case of a taxable share dividend, shareholders would be required to include the dividend as income and would be required to satisfy the tax liability associated with the distribution with cash from other sources including sales of our shares. Both a taxable share distribution and sale of shares resulting from such distribution could adversely affect the price of our shares.

We may be able to rectify a failure to meet the distribution requirements for a year by paying "deficiency dividends" to shareholders in a later year, which may be included in our deduction for dividends paid for the earlier year. In this case, we may be able to avoid losing our REIT qualification or being taxed on amounts distributed as deficiency dividends, subject to the 4% excise tax described above. However, we will be required to pay interest and a penalty based on the amount of any deduction taken for deficiency dividends.

***Tax on Built-In Gains***

If we acquire appreciated assets from a subchapter C corporation in a transaction in which the adjusted tax basis of the assets in our hands is less than the fair market value of the assets, determined at the time we acquired such assets, and if we subsequently dispose of any such assets during the 10-year period following the acquisition of the assets from the C corporation, we will be subject to tax at the highest corporate tax rates on any gain from such assets to the extent of the excess of the fair market value of the assets on the date that they were contributed to us over the basis of such assets on such date, which we refer to as built-in gains. Similarly, to the extent that any C corporation holds an interest in an entity treated as a partnership for U.S. federal income tax purposes (either directly or through one or more other entities treated as partnerships for U.S. federal income tax purposes) and we acquire appreciated assets from such partnership in a transaction in which the adjusted tax basis of the assets in our hands is less than the fair market value determined at the time we acquired such assets, determined by reference to the adjusted tax basis of the assets in the hands of the partnership, the underlying C corporation's proportionate share of such assets will be treated as contributed by a C corporation and therefore will be subject to the tax on built-in gains. However, the built-in gains tax will not apply if the C corporation elects to be subject to an immediate tax upon the transfer. Any gain from the sale of property acquired by us in an exchange under Section 1031 (a like kind exchange) or 1033 (an involuntary conversion) of the Code is excluded from the application of this built-in gains tax.

***Recordkeeping Requirements***

We are required to maintain records and request on an annual basis information from specified shareholders. These requirements are designed to assist us in determining the actual ownership of our outstanding shares and maintaining our qualification as a REIT.

***Prohibited Transactions***

Net income that we derive from a prohibited transaction is subject to a 100% tax. The term "prohibited transaction" generally includes a sale or other disposition of property (other than foreclosure property) that is held as inventory or primarily for sale to customers in the ordinary course of a trade or business by a REIT, by a lower-tier partnership in which the REIT holds an equity interest or by a borrower that has issued a shared appreciation mortgage or similar debt instrument to the REIT. We intend to conduct our operations so that properties owned by us or our pass-through subsidiaries will not be treated as held as inventory or primarily for sale to customers, and that a sale of any properties by us will not be treated as in the ordinary course of business. However, whether property is held as inventory or "primarily for sale to customers in the ordinary course of a trade or business" depends on the particular facts and circumstances. The 100% tax will not apply to gains from the sale of property by a TRS, although such income will be subject to tax in the hands of the TRS at regular corporate income tax rates. No assurance can be given that any particular property in which we hold a direct or indirect interest will not be treated as property held as inventory or primarily for sale to customers.

The Code provides a safe harbor that, if met, allows us to avoid being treated as engaged in a prohibited transaction. In order to meet the safe harbor, among other things, (i) we must have held the property for at least two years for the production of rental income (and, in the case of property which consists of land or improvements not acquired through foreclosure, we must have held the property for two years for the production of rental income), (ii) we capitalized expenditures on the property in the two years preceding the sale that are less than 30% of the net selling price of the property, and (iii) we (a) have seven or fewer sales of property (excluding certain property obtained through foreclosure) for the year of sale or (b) either (I) the aggregate tax basis of property sold during the year of sale is 10% or less of the aggregate tax basis of all of our assets as of the beginning of the taxable year, or (II) the aggregate fair market value of property sold during the year of sale is 10% or less of the aggregate fair market value of all of our assets as of the beginning of the taxable year, and (III) in the case of either (I) or (II), substantially all of the marketing and development expenditures with respect to the property sold are made through an independent contractor from whom we derive no income. For these purposes, the sale of more than one property to one buyer as part of one transaction constitutes one sale. In addition, in order to avoid sales of inventory, we may conduct certain activities (such as facilitating sales of tenant insurance, selling packing supplies and locks and renting trucks or other moving equipment) through one or more TRSs.

***Foreclosure Property***

Foreclosure property is real property (including interests in real property) and any personal property incident to such real property (1) that is acquired by a REIT as a result of the REIT having bid on the property at foreclosure, or having otherwise reduced the property to ownership or possession by agreement or process of law, after there was a default (or default was imminent) on a lease of the property or a mortgage loan held by the REIT and secured by the property, (2) for which the related loan or lease was made, entered into or acquired by the REIT at a time when default was not imminent or anticipated, and (3) for which such REIT makes a proper election to treat the property as foreclosure property. REITs generally are subject to tax at the maximum corporate rate (currently 35%) on any net income from foreclosure property, including any gain from the disposition of the foreclosure property, other than income that would otherwise be qualifying income for purposes

of the 75% gross income test. Any gain from the sale of property for which a foreclosure property election has been made will not be subject to the 100% tax on gains from prohibited transactions described above, even if the property would otherwise constitute inventory or dealer property in the hands of the selling REIT.

**Tax Aspects of Investments in Partnerships**

***General***

We will hold investments through entities that are classified as partnerships for U.S. federal income tax purposes, including our operating partnership and equity interests in lower-tier partnerships. In general, partnerships are "pass-through" entities that are not subject to U.S. federal income tax. Rather, partners are allocated their proportionate shares of the items of income, gain, loss, deduction and credit of a partnership, and are subject to tax on these items without regard to whether the partners receive a distribution from the partnership. We will include in income the applicable proportionate share of these partnership items for purposes of the various REIT income tests, based on the relevant capital interest in such partnership, and in the computation of net taxable income. Moreover, for purposes of the REIT asset tests, we will include the proportionate share of assets held by subsidiary partnerships, including our operating partnership and DownREIT partnerships, based on the relevant capital interest in such partnerships (other than for purposes of the 10% value test, for which the determination of a REIT's interest in partnership assets is based on the REIT's proportionate interest in any securities issued by the partnership excluding, for these purposes, certain excluded securities as described in the Code). Consequently, to the extent that we hold an equity interest in a partnership, the partnership's assets and operations may affect our ability to qualify as a REIT, even though we may have no control, or only limited influence, over the partnership.

***Entity Classification***

The investment by us in partnerships involves special tax considerations, including the possibility of a challenge by the IRS of the status of any such subsidiary partnerships as a partnership (or a disregarded entity, as applicable), as opposed to an association taxable as a corporation, for U.S. federal income tax purposes. For example, an entity that would otherwise be classified as a partnership for federal income tax purposes may nonetheless be taxable as a corporation if it is a "publicly traded partnership" and certain other requirements are met. A partnership or limited liability company would be treated as a publicly traded partnership if its interests are traded on an established securities market or are readily tradable on a secondary market or a substantial equivalent thereof, within the meaning of applicable Treasury Regulations. In addition, under the relevant Treasury Regulations, interests in a partnership will not be considered readily tradable on a secondary market or on the substantial equivalent of a secondary market if the partnership qualifies for specified safe harbors, which are based on the specific facts and circumstances relating to the partnership. We believe that our operating partnership may qualify for at least one of these safe harbors and we do not anticipate that our operating partnership, or any subsidiary partnership or limited liability company will be treated as a publicly traded partnership which is taxable as a corporation. If any of these entities were treated as an association for U.S. federal income tax purposes, or a publicly traded partnership, it would be taxable as a corporation and, therefore, would be subject to an entity-level tax on its income. In such a situation, the character of the assets and items of gross income of the REIT holding interests in such partnership would change, which could preclude such REIT from satisfying the REIT asset tests (particularly the tests generally preventing a REIT from owning more than 10% of the voting securities, or more than 10% of the value of the securities, of a corporation) or the gross income tests as discussed in "—Requirements for Qualification—General—Asset Tests" and "—Gross Income Tests" above, and in turn could prevent the REIT from qualifying as a REIT. See "—Failure to Qualify," below, for a discussion of the effect of a failure to meet these tests for a taxable year. In addition, any

change in the U.S. federal income tax status of any DownREIT partnership in which we hold an interest might be treated as a taxable event, in which case such REIT could have taxable income that is subject to the REIT distribution requirements without receiving any cash.

***Tax Allocations With Respect to Partnership Properties***

The partnership agreements of our operating partnership and DownREIT partnerships generally provide that items of operating income and loss will be allocated to the holders of units in a manner that is consistent with the distribution provisions of the partnership agreement. If an allocation of partnership income or loss does not comply with the requirements of Section 704(b) of the Code and the Treasury Regulations thereunder, the item subject to the allocation will be reallocated in accordance with the partners' interests in the partnership. This reallocation will be determined by taking into account all of the facts and circumstances relating to the economic arrangement of the partners with respect to such item. Our operating partnership's and DownREIT partnership's allocations of income and loss are intended to comply with the requirements of Section 704(b) of the Code of the Treasury Regulations promulgated under this section of the Code.

Under Section 704(c) of the Code, income, gain, loss and deduction attributable to appreciated or depreciated property that is contributed to a partnership in exchange for an interest in the partnership must be allocated for tax purposes in a manner such that the contributing partner is charged with, or benefits from, the unrealized gain or unrealized loss associated with the property at the time of the contribution. The amount of the unrealized gain or unrealized loss is generally equal to the difference between the fair market value, or book value, of the contributed property and the adjusted tax basis of such property at the time of the contribution (a "book-tax difference"). Such allocations are solely for U.S. federal income tax purposes and do not affect partnership capital accounts or other economic or legal arrangements among the partners.

In connection with the formation of our operating partnership, certain investors made in-kind contributions of appreciated property (including equity interests in DownREIT partnerships) to our operating partnership in exchange for interests in our operating partnership. In addition, in connection with future asset acquisitions, appreciated property may be acquired by our operating partnership in exchange for interests in our operating partnership. The partnership agreement of our operating partnership and DownREIT partnerships require that allocations with respect to such acquired property be made in a manner consistent with Section 704(c) of the Code. Treasury Regulations issued under Section 704(c) of the Code provide partnerships with a choice of several methods of allocating book-tax differences. The Operating Partnership expects to use the traditional method for purposes of allocating its book-tax differences among its partners. Under the traditional method, which is the least favorable method from our perspective but may be requested by a contributor of property that our operating partnership acquires, the carryover basis of the acquired properties in the hands of our operating partnership (1) may cause us to be allocated lower amounts of depreciation and other deductions for tax purposes than would be allocated to us if all of the acquired properties were to have a tax basis equal to their fair market value at the time of acquisition and (2) in the event of a sale of such properties, could cause us to be allocated gain in excess of our corresponding economic or book gain (or taxable loss that is less than our economic or book loss), with a corresponding benefit to the partners transferring such properties to our operating partnership for interests in our operating partnership. Therefore, the use of the traditional method could result in our having taxable income that is in excess of our economic or book income as well as our cash distributions from our operating partnership, which might adversely affect our ability to comply with the REIT distribution requirements or result in our shareholders recognizing additional dividend income without an increase in distributions.

**Failure to Qualify**

In the event that we violate a provision of the Code that would result in a failure to qualify as a REIT, such REIT may nevertheless continue to qualify as a REIT if (1) the violation is due to reasonable cause and not due to willful neglect, (2) the REIT pays a penalty of $50,000 for each failure to satisfy a requirement for qualification as a REIT and (3) the violation does not include a violation under the gross income or asset tests described above. This cure provision reduces the instances that could lead to our disqualification as a REIT for violations due to reasonable cause. Relief provisions are also available for failures of the income and asset tests, as described above in "—Requirements for Qualification—General—Failure to Satisfy the Gross Income Tests" and "—Requirements for Qualification—General—Asset Tests." If we fail to qualify for taxation as a REIT in any taxable year and none of the relief provisions of the Code apply, such REIT will be subject to tax, including any applicable alternative minimum tax, on its taxable income at regular corporate rates. Distributions to its shareholders in any year in which such entity is not a REIT will not be deductible by it, nor will such distributions be required to be made. In this situation, to the extent of current and accumulated earnings and profits, and, subject to limitations of the Code, distributions to our shareholders will generally be taxable as regular corporate dividends. In the case of U.S. shareholders (as defined below) who are individuals, trusts and estates, such dividends may be eligible for the preferential income tax rates applicable to qualified dividend income (at a maximum rate of 20%), and dividends in the hands of corporate U.S. shareholders may be eligible for the dividends received deduction. It is not possible to state whether, in all circumstances, we will be entitled to statutory relief.

**Taxation of Shareholders**

***Taxation of Taxable U.S. Shareholders***

This section summarizes the taxation of U.S. shareholders that are not tax-exempt organizations. For these purposes, a U.S. shareholder is a beneficial owner of our common shares who for U.S. federal income tax purposes is:

- an individual who is a citizen or resident of the U.S.;
- a corporation (including an entity treated as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the United States or any state thereof (including the District of Columbia);
- an estate whose income is subject to U.S. federal income taxation regardless of its source; or
- any trust if (1) a U.S. court is able to exercise primary supervision over the administration of such trust and one or more U.S. persons have the authority to control all substantial decisions of the trust or (2) it has a valid election in place to be treated as a U.S. person.

If an entity or arrangement treated as a partnership for U.S. federal income tax purposes holds our common shares, the U.S. federal income tax treatment of a partner generally will depend upon the status of the partner and the activities of the partnership. A partner of a partnership holding our common shares should consult its tax advisor regarding the U.S. federal income tax consequences to the partner of the acquisition, ownership and disposition of our common shares by the partnership.

*Distributions.* Provided that we qualify as a REIT, distributions made to our taxable U.S. shareholders out of our current or accumulated earnings and profits, and not designated as capital gain dividends, will generally be taken into account by them as ordinary dividend income and will not be eligible for the dividends received deduction for corporations. In determining the extent to which a distribution with respect to our common shares constitutes a dividend for U.S. federal income tax purposes, our earnings and profits will be allocated first to distributions with respect to our preferred shares, if any, and then to our common shares. Dividends received from REITs are generally not eligible to be taxed at the preferential income tax rates applicable to non-corporate U.S. shareholders who receive qualified dividend income from taxable subchapter C corporations.

Distributions from us that are designated as capital gain dividends will be taxed to U.S. shareholders as long-term capital gains, to the extent that they do not exceed our actual net capital gain for the taxable year, without regard to the period for which the U.S. shareholder has held its shares. To the extent that we elect under the applicable provisions of the Code to retain our net capital gains, U.S. shareholders will be treated as having received, for U.S. federal income tax purposes, our undistributed capital gains as well as a corresponding credit for taxes paid by us on such retained capital gains.

U.S. shareholders will increase their adjusted tax basis in our common shares by the difference between their allocable share of such retained capital gain and their share of the tax paid by us. Corporate U.S. shareholders may be required to treat up to 20% of some capital gain dividends as ordinary income. Long-term capital gains are generally taxable at maximum U.S. federal rates of 20% in the case of U.S. shareholders who are individuals, trusts and estates and 35% in the case of U.S. shareholders that are corporations. Capital gain dividends attributable to the sale of depreciable real property held for more than 12 months are subject to a 25% maximum U.S. federal income tax rate for non-corporate U.S. shareholders, to the extent of previously claimed depreciation deductions.

Distributions in excess of our current and accumulated earnings and profits will not be taxable to a U.S. shareholder to the extent that they do not exceed the adjusted tax basis of the U.S. shareholder's common shares in respect of which the distributions were made, but rather will reduce the adjusted tax basis of these shares. To the extent that such distributions exceed the adjusted tax basis of an individual U.S. shareholder's shares, they will be included in income as long-term capital gain, or short-term capital gain if the shares have been held for one year or less. In addition, any dividend declared by us in October, November or December of any year and payable to a U.S. shareholder of record on a specified date in any such month will be treated as both paid by us and received by the U.S. shareholder on December 31 of such year, *provided* that the dividend is actually paid by us before the end of January of the following calendar year.

With respect to U.S. shareholders who are taxed at the rates applicable to individuals, we may elect to designate a portion of our distributions paid to such U.S. shareholders as "qualified dividend income." A portion of a distribution that is properly designated as qualified dividend income is taxable to non-corporate U.S. shareholders as capital gain, provided that the U.S. shareholder has held the common share with respect to which the distribution is made for more than 60 days during the 121-day period beginning on the date that is 60 days before the date on which such common share became ex-dividend with respect to the relevant distribution. The maximum amount of our distributions eligible to be designated as qualified dividend income for a taxable year is equal to the sum of:

(a) the qualified dividend income received by us during such taxable year from non-REIT C corporations (including any TRS in which we may own an interest);

(b) the excess of any "undistributed" net taxable income recognized during the immediately preceding year over the U.S. federal income tax paid by us with respect to such undistributed net taxable income;

(c) the excess of any income recognized during the immediately preceding year attributable to the sale of a built-in gain asset that was acquired in a carry-over basis transaction from a non-REIT C corporation over the U.S. federal income tax paid by us with respect to such built-in gain; and

(d) any earnings and profits that accumulated during a period that we were not treated as a REIT for U.S. federal income tax purposes or that were inherited from a C corporation in a tax-deferred reorganization or similar transaction.

To the extent that we have available net operating losses and capital losses carried forward from prior tax years, such losses may reduce the amount of distributions that must be made in order to comply with the REIT distribution requirements. See "—Requirements for Qualification—General—

Annual Distribution Requirements." Such losses, however, are not passed through to U.S. shareholders and do not offset income of U.S. shareholders from other sources, nor do they affect the character of any distributions that are actually made by us, which are generally subject to tax in the hands of U.S. shareholders to the extent that we have current or accumulated earnings and profits.

*Dispositions of Our Common Shares.* In general, a U.S. shareholder will realize gain or loss upon the sale, redemption or other taxable disposition of our common shares in an amount equal to the difference between the sum of the fair market value of any property and the amount of cash received in such disposition and the U.S. shareholder's adjusted tax basis in the common shares at the time of the disposition. In general, a U.S. shareholder's adjusted tax basis will equal the U.S. shareholder's acquisition cost, increased by the excess of net capital gains deemed distributed to the U.S. shareholder discussed above less tax deemed paid on it and reduced by returns of capital. In general, capital gains recognized by individuals and other non-corporate U.S. shareholders upon the sale or disposition of shares of our common shares will be subject to a maximum U.S. federal income tax rate of 20%, if such shares were held for more than 12 months, and will be taxed at ordinary income rates (of up to 39.6%) if such shares were held for 12 months or less. Gains recognized by U.S. shareholders that are corporations are subject to U.S. federal income tax at a maximum rate of 35%, whether or not classified as long-term capital gains.

Holders are advised to consult their tax advisors with respect to their capital gain tax liability. Capital losses recognized by a U.S. shareholder upon the disposition of our common shares held for more than one year at the time of disposition will be considered long-term capital losses, and are generally available only to offset capital gain income of the U.S. shareholder but not ordinary income (except in the case of individuals, who may offset up to $3,000 of ordinary income each year). In addition, any loss upon a sale or exchange of shares of our common shares by a U.S. shareholder who has held the shares for six months or less, after applying holding period rules, will be treated as a long-term capital loss to the extent of distributions received from us that were required to be treated by the U.S. shareholder as long-term capital gain.

If a U.S. shareholder recognizes a loss upon a subsequent disposition of our common shares in an amount that exceeds a prescribed threshold, it is possible that the provisions of Treasury Regulations involving "reportable transactions" could apply, with a resulting requirement to separately disclose the loss generating transactions to the IRS. While these regulations are directed towards "tax shelters," they are written quite broadly, and apply to transactions that would not typically be considered tax shelters. Significant penalties apply for failure to comply with these requirements. You should consult your tax advisors concerning any possible disclosure obligation with respect to the receipt or disposition of our common shares, or transactions that might be undertaken directly or indirectly by us. Moreover, you should be aware that we and other participants in transactions involving us (including our advisors) might be subject to disclosure or other requirements pursuant to these regulations.

***Passive Activity Losses and Investment Interest Limitations***

Distributions made by us and gain arising from the sale or exchange by a U.S. shareholder of our common shares will not be treated as passive activity income. As a result, U.S. shareholders will not be able to apply any "passive losses" against income or gain relating to our common shares. Distributions made by us, to the extent they do not constitute a return of capital, generally will be treated as investment income for purposes of computing the investment interest limitation. A U.S. shareholder that elects to treat capital gain dividends, qualified dividend income or capital gains from the disposition of common shares as investment income for purposes of the investment interest limitation will be taxed at ordinary income rates on such amounts.

***Medicare tax on unearned income***

Certain U.S. shareholders that are individuals, estates or trusts will be required to pay an additional 3.8% tax on, among other things, dividends on and capital gains from the sale or other disposition of common shares. U.S. shareholders should consult their tax advisors regarding the effect, if any, of this additional tax on their ownership and disposition of our common shares.

***Foreign Accounts***

Dividends paid after June 30, 2014, and gross proceeds from the sale or other disposition of our common shares paid after December 31, 2016, to "foreign financial institutions" in respect of accounts of U.S. shareholders at such financial institutions may be subject to withholding at a rate of 30%. U.S. shareholders should consult their tax advisors regarding the effect, if any, of these withholding rules on their ownership and disposition of our common shares. See "—Foreign Accounts."

***Taxation of Tax-Exempt U.S. Shareholders***

U.S. tax-exempt entities, including qualified employee pension and profit sharing trusts and individual retirement accounts, generally are exempt from U.S. federal income taxation. However, they are subject to taxation on their unrelated business taxable income, or UBTI. While many investments in real estate may generate UBTI, dividend distributions from a REIT to a tax-exempt entity do not constitute UBTI. Provided that a tax-exempt U.S. shareholder has not held our common shares as "debt financed property" within the meaning of the Code (i.e., where the acquisition or ownership of the property is financed through a borrowing by the tax-exempt shareholder), distributions from us and income from the sale of our common shares generally should not give rise to UBTI to a tax-exempt U.S. shareholder.

Tax-exempt U.S. shareholders that are social clubs, voluntary employee benefit associations, supplemental unemployment benefit trusts, and qualified group legal services plans exempt from U.S. federal income taxation under sections 501(c)(7), (c)(9), (c)(17) and (c)(20) of the Code, respectively, are subject to different UBTI rules, which generally will require them to characterize distributions from us as UBTI unless they are able to properly claim a deduction for amounts set aside or placed in reserve for specific purposes so as to offset the income generated by their investment in our common shares. These prospective investors should consult their tax advisors concerning these "set aside" and reserve requirements.

In certain circumstances, a pension trust (1) that is described in Section 401(a) of the Code, (2) is tax exempt under section 501(a) of the Code, and (3) that owns more than 10% of our common shares could be required to treat a percentage of the dividends from us as UBTI if we are a "pension-held REIT." We will not be a pension-held REIT unless (1) either (A) one pension trust owns more than 25% of the value of our common shares, or (B) a group of pension trusts, each individually holding more than 10% of the value of our common shares, collectively owns more than 50% of such common shares and (2) we would not have qualified as a REIT but for the fact that Section 856(h)(3) of the Code provides that common shares owned by such trusts shall be treated, for purposes of the requirement that not more than 50% of the value of the outstanding common shares of a REIT is owned, directly or indirectly, by five or fewer "individuals" (as defined in the Code to include certain entities), as owned by the beneficiaries of such trusts. Although we do not anticipate that we will be treated as a pension-held REIT, there can be no assurance that this will be the case. Prospective shareholders who are tax-exempt organizations should consult with their tax advisors regarding the tax consequences of investing in our common shares. Certain restrictions on ownership and transfer of our common shares should generally prevent a tax-exempt entity from directly owning more than 10% of the value of our common shares.

**Tax-exempt U.S. shareholders are urged to consult their tax advisors regarding the U.S. federal, state, local and foreign tax consequences of the acquisition, ownership and disposition of our common shares.**

***Taxation of Non-U.S. Shareholders***

The following is a summary of certain U.S. federal income tax consequences of the acquisition, ownership and disposition of our common shares applicable to non-U.S. shareholders. For these purposes, a non-U.S. shareholder is a beneficial owner of our common shares who is neither a U.S. shareholder nor an entity that is treated as a partnership for U.S. federal income tax purposes. The discussion is based on current law and is for general information only. It addresses only selective and not all aspects of U.S. federal income taxation.

*Ordinary Dividends.* The portion of dividends received by non-U.S. shareholders payable out of our earnings and profits that are not attributable to gains from sales or exchanges of U.S. real property interests and which are not effectively connected with a U.S. trade or business of the non-U.S. shareholder generally will be treated as ordinary income and will be subject to U.S. federal withholding tax at the rate of 30%, unless reduced or eliminated by an applicable income tax treaty. Under some treaties, however, lower rates generally applicable to dividends do not apply to dividends from REITs.

In general, non-U.S. shareholders will not be considered to be engaged in a U.S. trade or business solely as a result of their ownership of our common shares. In cases where the dividend income from a non-U.S. shareholder's investment in our common shares is, or is treated as, effectively connected with the non-U.S. shareholder's conduct of a U.S. trade or business, the non-U.S. shareholder generally will not be subject to the 30% withholding described above and will be subject to U.S. federal income tax at graduated rates, in the same manner as U.S. shareholders are taxed with respect to such dividends, and may also be subject to the 30% branch profits tax (unless reduced or eliminated by a treaty) on the income after the application of the income tax in the case of a non-U.S. shareholder that is a corporation.

*Non-Dividend Distributions.* Unless (1) our common shares constitute a U.S. real property interests, or USRPI, or (2) either (A) if the non-U.S. shareholder's investment in our common shares is effectively connected with a U.S. trade or business conducted by such non-U.S. shareholder through a permanent establishment, where applicable (in which case the non-U.S. shareholder will be subject to the same treatment as U.S. shareholders with respect to such gain) or (B) if the non-U.S. shareholder is a nonresident alien individual who was present in the United States for 183 days or more during the taxable year and certain other conditions are met (in which case the non-U.S. shareholder will be subject to a 30% tax on the individual's net capital gain for the year), distributions by us which are not dividends out of our earnings and profits will not be subject to U.S. federal income tax. If it cannot be determined at the time at which a distribution is made whether or not the distribution will exceed current and accumulated earnings and profits, the distribution will be subject to withholding at the rate applicable to dividends. However, the non-U.S. shareholder may seek a refund from the IRS of any amounts withheld if it is subsequently determined that the distribution was, in fact, in excess of our current and accumulated earnings and profits. If our company's common shares constitute USRPI, as described below, distributions by us in excess of the sum of our earnings and profits plus the non-U.S. shareholder's adjusted tax basis in our common shares will be taxed under the Foreign Investment in Real Property Tax Act of 1980, or FIRPTA, at the rate of tax, including any applicable capital gains rates, that would apply to a U.S. shareholder of the same type (e.g., an individual or a corporation, as the case may be), and the collection of the tax will be enforced by a refundable withholding at a rate of 10% of the amount by which the distribution exceeds the shareholder's share of our earnings and profits plus the shareholder's adjusted basis in our common shares.

*Capital Gain Dividends.* Under FIRPTA, a distribution made by us to a non-U.S. shareholder, to the extent attributable to gains from dispositions of USRPIs held by us directly or through pass-through subsidiaries, or USRPI capital gains, will be considered effectively connected with a U.S. trade or business of the non-U.S. shareholder and will be subject to U.S. federal income tax at the rates applicable to U.S. shareholders, without regard to whether the distribution is designated as a capital gain dividend. In addition, we will be required to withhold tax equal to 35% of the amount of capital gain dividends to the extent the dividends constitute USRPI capital gains. Distributions subject to FIRPTA may also be subject to a 30% branch profits tax (unless reduced or eliminated by a treaty) in the hands of a non-U.S. shareholder that is a corporation. However, the 35% withholding tax will not apply to any capital gain dividend with respect to any class of our common shares which is regularly traded on an established securities market located in the United States if the non-U.S. shareholder did not own more than 5% of such class of common shares at any time during the one-year period ending on the date of such dividend. Instead, any such capital gain dividend will be treated as a distribution subject to the rules discussed above under "—Taxation of Shareholders—Taxation of Non-U.S. Shareholders—Ordinary Dividends." Also, the branch profits tax will not apply to such a distribution. A distribution is not a USRPI capital gain if we held the underlying asset solely as a creditor, although the holding of a shared appreciation mortgage loan would not be solely as a creditor. Capital gain dividends received by a non-U.S. shareholder from a REIT that are not USRPI capital gains are generally not subject to U.S. federal income or withholding tax, unless either (1) the non-U.S. shareholder's investment in our common shares is effectively connected with a U.S. trade or business conducted by such non-U.S. shareholder (in which case the non-U.S. shareholder will be subject to the same treatment as U.S. shareholders with respect to such gain) or (2) the non-U.S. shareholder is a nonresident alien individual who was present in the United States for 183 days or more during the taxable year and certain other conditions are met (in which case the non-U.S. shareholder will be subject to a 30% tax on the individual's net capital gain for the year).

*Dispositions of Our Shares.* Unless our common shares constitute a USRPI, a sale of the common shares by a non-U.S. shareholder generally will not be subject to U.S. federal income taxation under FIRPTA. The common shares will not be treated as a USRPI if less than 50% of our assets throughout a prescribed testing period, and taking account certain look-through rules with respect to subsidiary entities, consist of interests in real property located within the United States, excluding, for this purpose, interests in real property solely in a capacity as a creditor. It is expected that more than 50% of our assets will consist of interests in real property located in the United States.

However, our common shares nonetheless will not constitute a USRPI if we are a "domestically controlled REIT." A domestically controlled REIT is a REIT in which, at all times during a specified testing period (generally the lesser of the five year period ending on the date of disposition of its shares of stock or the period of existence), less than 50% in value of its outstanding stock is held directly or indirectly by non-U.S. shareholders. We believe we are, and we expect to continue to be, a domestically controlled REIT, and certain ownership limitations included in our declaration of trust are intended to assist us in qualifying as a domestically controlled REIT. Therefore, the sale of our common shares should not be subject to taxation under FIRPTA. Because our shares will be publicly traded, however, no assurance can be given that we will be, or that if we are, that we will remain, a domestically controlled REIT.

In the event that we do not constitute a domestically controlled REIT, a non-U.S. shareholder's sale of our common shares nonetheless will generally not be subject to tax under FIRPTA as a sale of a USRPI, *provided* that (1) our common shares are "regularly traded," as defined by applicable Treasury Regulations, on an established securities market, and (2) the selling non-U.S. shareholder owned, actually or constructively, 5% or less of our outstanding shares at all times during a specified testing period.

If gain on the sale of our common shares were subject to taxation under FIRPTA, the non-U.S. shareholder would be subject to the same treatment as a U.S. shareholder with respect to such gain, subject to applicable alternative minimum tax and a special alternative minimum tax in the case of non-resident alien individuals, and the purchaser of the common shares could be required to withhold 10% of the purchase price and remit such amount to the IRS.

Gain from the sale of our common shares that would not otherwise be subject to FIRPTA will nonetheless be taxable in the United States to a non-U.S. shareholder in two cases: (1) if the non-U.S. shareholder's investment in our common shares is effectively connected with a U.S. trade or business conducted by such non-U.S. shareholder, the non-U.S. shareholder will be subject to the same treatment as a U.S. shareholder with respect to such gain, or (2) if the non-U.S. shareholder is a nonresident alien individual who was present in the United States for 183 days or more during the taxable year and certain other conditions are met, the nonresident alien individual will be subject to a 30% tax on the individual's capital gain.

***Backup Withholding and Information Reporting***

We will report to our U.S. shareholders and the IRS the amount of dividends paid during each calendar year and the amount of any tax withheld. Under the backup withholding rules, a U.S. shareholder may be subject to backup withholding, with respect to dividends paid, unless the holder (1) is a corporation or comes within other exempt categories and, when required, demonstrates this fact or (2) provides a taxpayer identification number or social security number, certifies under penalties of perjury that such number is correct and that such holder is not subject to backup withholding and otherwise complies with applicable requirements of the backup withholding rules. A U.S. shareholder that does not provide his or her correct taxpayer identification number or social security number may also be subject to penalties imposed by the IRS. In addition, we may be required to withhold a portion of capital gain distribution to any U.S. shareholder who fails to certify their non-foreign status.

We must report annually to the IRS and to each non-U.S. shareholder the amount of dividends paid to such holder and the tax withheld with respect to such dividends, regardless of whether withholding was required. Copies of the information returns reporting such dividends and withholding may also be made available to the tax authorities in the country in which the non-U.S. shareholder resides under the provisions of an applicable income tax treaty. A non-U.S. shareholder may be subject to backup withholding unless applicable certification requirements are met.

Payment of the proceeds of a sale of our common shares within the United States is subject to both backup withholding and information reporting requirements unless the beneficial owner certifies under penalties of perjury that it is a non-U.S. shareholder (and the payor does not have actual knowledge or reason to know that the beneficial owner is a United States person) or the holder otherwise establishes an exemption. Payment of the proceeds of a sale of our common shares conducted through certain United States related financial intermediaries is subject to information reporting requirements (but not backup withholding) unless the financial intermediary has documentary evidence in its records that the beneficial owner is a non-U.S. shareholder and specified conditions are met or an exemption is otherwise established.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules may be allowed as a refund or a credit against such holder's U.S. federal income tax liability, provided the required information is furnished to the IRS in a timely manner.

***Foreign Accounts***

Withholding taxes may be imposed (at a 30% rate) on U.S. source payments made after June 30, 2014 to "foreign financial institutions" and certain other non-U.S. entities and on certain disposition proceeds of U.S. securities realized after December 31, 2016. Under these withholding rules, the failure

to comply with additional certification, information reporting and other specified requirements could result in withholding tax being imposed on payments of dividends and sales proceeds to U.S. shareholders (as defined above) who own shares of our common shares through foreign accounts or foreign intermediaries and certain non-U.S. shareholders. The withholding tax may be imposed on dividends on, and gross proceeds from the sale or other disposition of, our common shares paid to a foreign financial institution or to a foreign entity other than a financial institution, unless (i) the foreign financial institution undertakes certain diligence and reporting obligations or (ii) the foreign entity that is not a financial institution either certifies it does not have any substantial United States owners or furnishes identifying information regarding each substantial United States owner. If the payee is a foreign financial institution (that is not otherwise exempt), it must enter into an agreement with the United States Treasury requiring, among other things, that it undertake to identify accounts held by certain United States persons or United States-owned foreign entities, annually report certain information about such accounts, and withhold 30% on payments to account holders whose actions prevent it from complying with these reporting and other requirements. Alternatively, if the foreign financial institution is a resident in a jurisdiction that has entered into an intergovernmental agreement to implement FATCA, it must comply with the revised diligence and reporting obligations of such intergovernmental agreement. Prospective investors should consult their tax advisors regarding these withholding rules.

***State, Local and Foreign Taxes***

We and our subsidiaries and shareholders may be subject to state, local and foreign taxation in various jurisdictions, including those in which they or we transact business, own property or reside. We will likely own interests in properties located in a number of jurisdictions, and we may be required to file tax returns and pay taxes in certain of those jurisdictions. The state, local or foreign tax treatment of our company and our shareholders may not conform to the U.S. federal income tax treatment discussed above. Any foreign taxes incurred by us would not pass through to shareholders as a credit against their U.S. federal income tax liability. Prospective shareholders should consult their tax advisor regarding the application and effect of state, local and foreign income and other tax laws on an investment in our common shares.

**Other Tax Considerations**

***Legislative or Other Actions Affecting REITs***

The rules dealing with U.S. federal income taxation are constantly under review by persons involved in the legislative process and by the IRS and the U.S. Treasury Department. No assurance can be given as to whether, when, or in what form, the U.S. federal income tax laws applicable to us and our shareholders may be enacted. Changes to the U.S. federal income tax laws and interpretations of U.S. federal tax laws could adversely affect an investment in our common shares.

## ERISA CONSIDERATIONS

A fiduciary of a pension, profit sharing, retirement or other employee benefit plan, or plan, subject to the Employee Retirement Income Security Act of 1974, as amended, or ERISA, should consider the fiduciary standards under ERISA in the context of the plan's particular circumstances before authorizing an investment of a portion of such plan's assets in common shares. Accordingly, among other things, such fiduciary should consider (i) whether the investment satisfies the diversification requirements of Section 404(a)(1)(C) of ERISA, (ii) whether the investment is in accordance with the documents and instruments governing the plan as required by Section 404(a)(1)(D) of ERISA, and (iii) whether the investment is prudent under ERISA. In addition to the imposition of general fiduciary standards of investment prudence and diversification, ERISA, and the corresponding provisions of the Code, prohibit a wide range of transactions involving the assets of the plan and persons who have certain specified relationships to the plan ("parties in interest" within the meaning of ERISA, "disqualified persons" within the meaning of the Code). Thus, a plan fiduciary considering an investment in our common shares also should consider whether the acquisition or the continued holding of the common shares might constitute or give rise to a direct or indirect prohibited transaction that is not subject to an exemption issued by the U.S. Department of Labor, or the DOL.

The DOL has issued final regulations (as modified by Section 3(42) of ERISA, the DOL Regulations) as to what constitutes assets of an employee benefit plan under ERISA. Under the DOL Regulations, if a plan acquires an equity interest in an entity, which interest is neither a "publicly offered security" nor a security issued by an investment company registered under the 1940 Act, the plan's assets would include, for purposes of the fiduciary responsibility provision of ERISA, both the equity interest and an undivided interest in each of the entity's underlying assets unless certain specified exceptions apply. The DOL Regulations define a publicly offered security as a security that is "widely held," "freely transferable," and either part of a class of securities registered under the Exchange Act, or sold pursuant to an effective registration statement under the Securities Act (provided the securities are registered under the Exchange Act within 120 days after the end of the fiscal year of the issuer during which the public offering occurred). The common shares are being sold in an offering registered under the Securities Act and will be registered under the Exchange Act.

The DOL Regulations provide that a security is "widely held" only if it is part of a class of securities that is owned by 100 or more investors independent of the issuer and of one another. A security will not fail to be "widely held" because the number of independent investors falls below 100 subsequent to the initial public offering as a result of events beyond the issuer's control. We expect the common shares to be "widely held" upon the completion of this offering and the formation transactions.

The DOL Regulations provide that whether a security is "freely transferable" is a factual question to be determined on the basis of all relevant facts and circumstances. The DOL Regulations further provide that when a security is part of an offering in which the minimum investment is $10,000 or less, as is the case with this offering, certain restrictions ordinarily will not, alone or in combination, affect the finding that such securities are "freely transferable." We believe that the restrictions imposed under our declaration of trust on the transfer of our common shares are limited to the restrictions on transfer generally permitted under the DOL Regulations and are not likely to result in the failure of common shares to be "freely transferable." The DOL Regulations only establish a presumption in favor of the finding of free transferability, and, therefore, no assurance can be given that the DOL will not reach a contrary conclusion.

Assuming that our common shares will be "widely held" and "freely transferable," we believe that our common shares will qualify as publicly offered securities for purposes of the DOL Regulations and that our assets should not be deemed to be "plan assets" of any plan that invests in our common shares. However, no assurance can be given that this will be the case.

Each holder of our common shares will be deemed to have represented and agreed that its purchase and holding of such common shares (or any interest therein) will not constitute or result in a non-exempt prohibited transaction under ERISA or Section 4975 of the Code.

## UNDERWRITING

Subject to the terms and conditions set forth in the underwriting agreement dated , among us and our operating partnership and Jefferies LLC, Morgan Stanley & Co. LLC and Wells Fargo Securities, LLC, as the representatives of the underwriters named below, we have agreed to sell to the underwriters, and each of the underwriters has agreed, severally and not jointly, to purchase from us, the respective number of common shares shown opposite its name below:

| Underwriters | Number of Common Shares |
|---|---|
| Jefferies LLC | |
| Morgan Stanley & Co. LLC | |
| Wells Fargo Securities, LLC | |
| KeyBanc Capital Markets Inc. | |
| | |
| Total | |

The underwriting agreement provides that the obligations of the several underwriters are subject to certain conditions precedent such as the receipt by the underwriters of officers' certificates and legal opinions and approval of certain legal matters by their counsel. The underwriting agreement provides that the underwriters will purchase all of the common shares if any of them are purchased. If an underwriter defaults, the underwriting agreement provides that the purchase commitments of the nondefaulting underwriters may be increased or the underwriting agreement may be terminated. We and our operating partnership have agreed to indemnify the underwriters and certain of their controlling persons against certain liabilities, including liabilities under the Securities Act, and to contribute to payments that the underwriters may be required to make in respect of those liabilities.

The underwriters have advised us that, following the completion of this offering, they currently intend to make a market in the common shares as permitted by applicable laws and regulations. However, the underwriters are not obligated to do so, and the underwriters may discontinue any market-making activities at any time without notice in their sole discretion. Accordingly, no assurance can be given as to the liquidity of the trading market for the common shares, that you will be able to sell any of the common shares held by you at a particular time or that the prices that you receive when you sell will be favorable.

The underwriters are offering the common shares subject to their acceptance of the common shares from us and subject to prior sale. The underwriters reserve the right to withdraw, cancel or modify offers to the public and to reject orders in whole or in part. In addition, the underwriters have advised us that they do not intend to confirm sales to any account over which they exercise discretionary authority.

### Underwriting Discount and Expenses

The underwriters have advised us that they propose to offer the common shares to the public at the initial public offering price set forth on the cover page of this prospectus and to certain dealers, which may include the underwriters, at that price less a concession not in excess of $ per share. The underwriters may allow, and certain dealers may reallow, a discount from the concession not in excess of $ per share to certain brokers and dealers. After the offering, the initial public offering price, concession and reallowance to dealers may be reduced by the representatives. No such reduction will change the amount of proceeds to be received by us as set forth on the cover page of this prospectus.

The following table shows the public offering price, the underwriting discount that we are to pay the underwriters and the proceeds, before expenses, to us in connection with this offering. Such

amounts are shown assuming both no exercise and full exercise of the underwriters' option to purchase additional shares.

| | Per Common Share | | Total | |
|---|---|---|---|---|
| | Without option to purchase additional shares | With option to purchase additional shares | Without option to purchase additional shares | With option to purchase additional shares |
| Public offering price | $ | $ | $ | $ |
| Underwriting discount paid by us | $ | $ | $ | $ |
| Proceeds to us, before expenses | $ | $ | $ | $ |

We estimate expenses payable by us in connection with this offering, other than the underwriting discount referred to above, will be approximately $ .

**Determination of Offering Price**

Prior to this offering, there has not been a public market for our common shares. Consequently, the initial public offering price for our common shares will be determined by negotiations between us and the representatives. Among the factors to be considered in these negotiations will be prevailing market conditions, our financial information, market valuations of other companies that we and the underwriters believe to be comparable to us, estimates of our business potential, the present state of our development and other factors deemed relevant.

We offer no assurances that the initial public offering price will correspond to the price at which the common shares will trade in the public market subsequent to the offering or that an active trading market for the common shares will develop and continue after the offering.

**Listing**

We intend to apply to have our common shares approved for listing on the NYSE under the trading symbol "NSA."

**Stamp Taxes**

If you purchase common shares offered in this prospectus, you may be required to pay stamp taxes and other charges under the laws and practices of the country of purchase, in addition to the offering price listed on the cover page of this prospectus.

**Option to Purchase Additional Shares**

We have granted to the underwriters an option, exercisable for 30 days from the date of this prospectus, to purchase, from time to time, in whole or in part, up to an aggregate of common shares from us at the public offering price set forth on the cover page of this prospectus, less underwriting discount. If the underwriters exercise this option to purchase additional shares, each underwriter will be obligated, subject to specified conditions, to purchase a number of additional common shares proportionate to that underwriter's initial purchase commitment as indicated in the table above. This option to purchase additional shares may be exercised only if the underwriters sell more common shares than the total number set forth on the cover page of this prospectus.

**No Sales of Similar Securities**

We, our operating partnership, our officers, trustees and holders of % of our outstanding shares of beneficial interest on fully diluted basis (assuming that each OP unit is exchanged into a

common share on a one-for-one basis) have agreed, subject to specified exceptions, not to directly or indirectly:

- sell, offer, contract or grant any option to sell (including any short sale), pledge, transfer, establish an open "put equivalent position" within the meaning of Rule 16a-l(h) under the Exchange Act, or
- otherwise dispose of any common shares, options or warrants to acquire common shares, or securities exchangeable or exercisable for or convertible into common shares (including OP units and subordinated performance units) currently or hereafter owned either of record or beneficially, or
- publicly announce an intention to do any of the foregoing for a period of days after the date of this prospectus without the prior written consent of .

In addition, we have agreed with the underwriters that we will not agree to any transfer of any limited partner interest for one year following the completion of the offering without the consent of Jefferies LLC, Morgan Stanley & Co. LLC and Wells Fargo Securities, LLC on behalf of the underwriters. This restriction terminates after the close of trading of the common shares on and including the day after the date of this prospectus, in the case of us and our operating partnership, or the day after the date of this prospectus, in the case of our officers, trustees and shareholders.

Jefferies LLC, Morgan Stanley & Co. LLC and Wells Fargo Securities, LLC may, in their sole discretion and at any time or from time to time before the termination of the -day period, in the case of us and our operating partnership, or the -day period in the case of our officers, trustees and shareholders release all or any portion of the securities subject to lock-up agreements. There are no existing agreements between the underwriters and any of our shareholders who will execute a lock-up agreement, providing consent to the sale of common shares prior to the expiration of the lock-up period.

**Stabilization Transactions**

The underwriters have advised us that they, pursuant to Regulation M under the Securities Act, and certain persons participating in the offering may engage in short sale transactions, stabilizing transactions, syndicate covering transactions or the imposition of penalty bids in connection with this offering. These activities may have the effect of stabilizing or maintaining the market price of the common shares at a level above that which might otherwise prevail in the open market. Establishing short sales positions may involve either "covered" short sales or "naked" short sales.

"Covered" short sales are sales made in an amount not greater than the underwriters' option to purchase additional shares. The underwriters may close out any covered short position by either exercising their option to purchase additional shares or purchasing common shares in the open market. In determining the source of common shares to close out the covered short position, the underwriters will consider, among other things, the price of common shares available for purchase in the open market as compared to the price at which they may purchase common shares through the option to purchase additional shares.

"Naked" short sales are sales in excess of the option to purchase additional shares. The underwriters must close out any naked short position by purchasing common shares in the open market. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of the common shares in the open market after pricing that could adversely affect investors who purchase in this offering.

A stabilizing bid is a bid for the purchase of common shares on behalf of the underwriters for the purpose of fixing or maintaining the price of the common shares. A syndicate covering transaction is the bid for or the purchase of common shares on behalf of the underwriters to reduce a short position

incurred by the underwriters in connection with the offering. Similar to other purchase transactions, the underwriter's purchases to cover the syndicate short sales may have the effect of raising or maintaining the market price of our common shares or preventing or retarding a decline in the market price of our common shares. As a result, the price of our common shares may be higher than the price that might otherwise exist in the open market. A penalty bid is an arrangement permitting the underwriters to reclaim the selling concession otherwise accruing to a syndicate member in connection with the offering if the common shares originally sold by such syndicate member are purchased in a syndicate covering transaction and therefore have not been effectively placed by such syndicate member.

None of we, our operating partnership or any of the underwriters make any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of our common shares. The underwriters are not obligated to engage in these activities and, if commenced, any of the activities may be discontinued at any time.

**Directed Share Program**

At our request, the underwriters have reserved up to five percent of the common shares to be issued by us in this offering, at the initial public offering price, to trustees, officers, employees, business associates and related persons of our company. If purchased by these persons, these common shares will be subject to a 90-day lock-up restriction. The number of common shares available for sale to the general public will be reduced to the extent these individuals purchase such reserved common shares. Any reserved common shares that are not so purchased will be offered by the underwriters to the general public on the same basis as the other common shares offered by this prospectus.

**Electronic Distribution**

A prospectus in electronic format may be made available by e-mail or through online services maintained by one or more of the underwriters or their respective affiliates. In those cases, prospective investors may view offering terms online and may be allowed to place orders online. The underwriters may agree with us to allocate a specific number of common shares for sale to online brokerage account holders. Any such allocation for online distributions will be made by the underwriters on the same basis as other allocations. Other than the prospectus in electronic format, the information on the underwriters' Internet sites and any information contained in any other Internet sites maintained by any of the underwriters is not part of this prospectus, has not been approved and/or endorsed by us or the underwriters and should not be relied upon by investors.

**Other Activities and Relationships**

The underwriters and certain of their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, investment research, principal investment, hedging, financing and brokerage activities. The underwriters and certain of their respective affiliates have, from time to time, performed, and may in the future perform, various commercial and investment banking and financial advisory services for us and our affiliates, for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the underwriters and certain of their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers, and such investment and securities activities may involve securities and/or instruments issued by us and our affiliates. If the underwriters or their respective affiliates have a lending relationship with us, they routinely hedge their credit exposure to us consistent with their customary risk management policies. The underwriters and their respective affiliates may hedge such exposure by entering into transactions that consist of either the purchase of

credit default swaps or the creation of short positions in our securities or the securities of our affiliates, including potentially the common shares offered hereby. Any such short positions could adversely affect future trading prices of the common shares offered hereby. The underwriters and certain of their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such securities or instruments and may at any time hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

**Selling Restrictions**

***Notice to Prospective Investors in Australia***

No placement document, prospectus, product disclosure statement or other disclosure document has been lodged with the Australian Securities and Investments Commission, or ASIC, in relation to the offering. This offering document does not constitute a prospectus, product disclosure statement or other disclosure document under the Corporations Act 2001 (the "Corporations Act"), and does not purport to include the information required for a prospectus, product disclosure statement or other disclosure document under the Corporations Act.

Any offer in Australia of the common shares may only be made to persons, or the Exempt Investors, who are "sophisticated investors" (within the meaning of section 708(8) of the Corporations Act), "professional investors" (within the meaning of section 708(11) of the Corporations Act) or otherwise pursuant to one or more exemptions contained in section 708 of the Corporations Act so that it is lawful to offer the common shares without disclosure to investors under Chapter 6D of the Corporations Act.

The common shares applied for by Exempt Investors in Australia must not be offered for sale in Australia in the period of 12 months after the date of allotment under the offering, except in circumstances where disclosure to investors under Chapter 6D of the Corporations Act would not be required pursuant to an exemption under section 708 of the Corporations Act or otherwise or where the offer is pursuant to a disclosure document which complies with Chapter 6D of the Corporations Act. Any person acquiring common shares must observe such Australian on-sale restrictions.

This offering document contains general information only and does not take account of the investment objectives, financial situation or particular needs of any particular person. It does not contain any securities recommendations or financial product advice. Before making an investment decision, investors need to consider whether the information in this offering document is appropriate to their needs, objectives and circumstances, and, if necessary, seek expert advice on those matters.

***Notice to Prospective Investors in the Dubai International Financial Centre***

This prospectus relates to an Exempt Offer in accordance with the Offered Securities Rules of the Dubai Financial Services Authority, DFSA. This prospectus is intended for distribution only to persons of a type specified in the Offered Securities Rules of the DFSA. It must not be delivered to, or relied on by, any other person. The DFSA has no responsibility for reviewing or verifying any documents in connection with Exempt Offers. The DFSA has not approved this prospectus nor taken steps to verify the information set forth herein and has no responsibility for the prospectus. The common shares to which this prospectus relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the common shares offered should conduct their own due diligence on the common shares. If you do not understand the contents of this prospectus you should consult an authorized financial advisor.

***Notice to Prospective Investors in the European Economic Area***

In relation to each Member State of the European Economic Area (each, a "Relevant Member State"), no offer of common shares may be made to the public in that Relevant Member State other than:

- to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the representatives; or
- in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of common shares shall require the Company or the representatives to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

Each person in a Relevant Member State who initially acquires any common shares or to whom any offer is made will be deemed to have represented, acknowledged and agreed that it is a "qualified investor" within the meaning of the law in that Relevant Member State implementing Article 2(1)(e) of the Prospectus Directive. In the case of any common shares being offered to a financial intermediary as that term is used in Article 3(2) of the Prospectus Directive, each such financial intermediary will be deemed to have represented, acknowledged and agreed that the common shares acquired by it in the offer have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, persons in circumstances which may give rise to an offer of any common shares to the public other than their offer or resale in a Relevant Member State to qualified investors as so defined or in circumstances in which the prior consent of the representatives has been obtained to each such proposed offer or resale.

We, the representatives and their respective affiliates, will rely upon the truth and accuracy of the foregoing representations, acknowledgements and agreements.

This prospectus has been prepared on the basis that any offer of common shares in any Relevant Member State will be made pursuant to an exemption under the Prospectus Directive from the requirement to publish a prospectus for offers of common shares. Accordingly any person making or intending to make an offer in that Relevant Member State of common shares which are the subject of the offering contemplated in this prospectus may only do so in circumstances in which no obligation arises for the Company or any of the underwriters to publish a prospectus pursuant to Article 3 of the Prospectus Directive in relation to such offer. Neither the Company nor the underwriters have authorized, nor do they authorize, the making of any offer of common shares in circumstances in which an obligation arises for the Company or the underwriters to publish a prospectus for such offer.

For the purpose of the above provisions, the expression "an offer to the public" in relation to any common shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the common shares to be offered so as to enable an investor to decide to purchase or subscribe the common shares, as the same may be varied in the Relevant Member State by any measure implementing the Prospectus Directive in the Relevant Member State and the expression "Prospectus Directive" means Directive 2003/71/EC (including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member States) and includes any relevant implementing measure in the Relevant Member State and the expression "2010 PD Amending Directive" means Directive 2010/73/EU.

***Notice to Prospective Investors in Hong Kong***

The common shares have not been offered or sold and will not be offered or sold in Hong Kong, by means of any document, other than (a) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance. No advertisement, invitation or document relating to the common shares has been or may be issued or has been or may be in the possession of any person for the purposes of issue, whether in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to common shares which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance and any rules made under that Ordinance.

***Notice to Prospective Investors in Switzerland***

We have not and will not register with the Swiss Financial Market Supervisory Authority, or FINMA, as a foreign collective investment scheme pursuant to Article 119 of the Federal Act on Collective Investment Scheme of 23 June 2006, as amended, or CISA, and accordingly the securities being offered pursuant to this prospectus have not and will not be approved, and may not be licensable, with FINMA. Therefore, the securities have not been authorized for distribution by FINMA as a foreign collective investment scheme pursuant to Article 119 CISA and the securities offered hereby may not be offered to the public (as this term is defined in Article 3 CISA) in or from Switzerland. The securities may solely be offered to "qualified investors," as this term is defined in Article 10 CISA, and in the circumstances set out in Article 3 of the Ordinance on Collective Investment Scheme of 22 November 2006, as amended, or CISO, such that there is no public offer. Investors, however, do not benefit from protection under CISA or CISO or supervision by FINMA. This prospectus and any other materials relating to the securities are strictly personal and confidential to each offeree and do not constitute an offer to any other person. This prospectus may only be used by those qualified investors to whom it has been handed out in connection with the offer described herein and may neither directly or indirectly be distributed or made available to any person or entity other than its recipients. It may not be used in connection with any other offer and shall in particular not be copied and/or distributed to the public in Switzerland or from Switzerland. This prospectus does not constitute an issue prospectus as that term is understood pursuant to Article 652a and/or 1156 of the Swiss Federal Code of Obligations. We have not applied for a listing of the securities on the SIX Swiss Exchange or any other regulated securities market in Switzerland, and consequently, the information presented in this prospectus does not necessarily comply with the information standards set out in the listing rules of the SIX Swiss Exchange and corresponding prospectus schemes annexed to the listing rules of the SIX Swiss Exchange.

***Notice to Prospective Investors in the United Kingdom***

In addition, in the United Kingdom, this prospectus is being distributed only to, and is directed only at, and any offer subsequently made may only be directed at persons who are "qualified investors" (as defined in the Prospectus Directive) (i) who have professional experience in matters relating to investments falling within Article 19 (5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended, or the Order, and/or (ii) who are high net worth companies (or persons to whom it may otherwise be lawfully communicated) falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as "relevant persons"). This prospectus must not be acted on or relied on in the United Kingdom by persons who are not relevant persons. In the United Kingdom, any investment or investment activity to which this prospectus relates is only available to, and will be engaged in with, relevant persons.

## LEGAL MATTERS

Certain legal matters relating to this offering will be passed upon for us by Clifford Chance US LLP, New York, New York. In addition, the description of U.S. federal income tax consequences contained in the section of the prospectus entitled "U.S. Federal Income Tax Considerations" is based on the opinion of Clifford Chance US LLP. Certain legal matters relating to this offering will be passed upon for the underwriters by Latham & Watkins LLP, Los Angeles, California.

## EXPERTS

The consolidated balance sheets of National Storage Affiliates Trust as of December 31, 2014 and 2013, the related consolidated statements of operations, comprehensive income (loss), changes in equity (deficit), and cash flows for the year ended December 31, 2014, and for the nine months ended December 31, 2013, and the related financial statement schedule, and the combined statements of operations, comprehensive income (loss), changes in equity (deficit), and cash flows of NSA Predecessor for the three months ended March 31, 2013, and for the year ended December 31, 2012, have been included herein and in the registration statement in reliance upon the reports of KPMG LLP, independent registered public accounting firm, appearing elsewhere herein, and upon the authority of said firm as experts in accounting and auditing.

The combined statements of revenue and certain expenses of (i) the properties known as Northwest 2013 Properties for the period from January 1, 2013 through the respective acquisition dates (as described in Note 3 of such financial statements) by National Storage Affiliates Trust ("NSA") during the year ended December 31, 2013 and for the years ended December 31, 2012 and 2011, (ii) the properties known as Optivest 2013 Properties for the period from January 1, 2013 through the respective acquisition dates (as described in Note 3 of such financial statements) by NSA during the year ended December 31, 2013 and for the years ended December 31, 2012 and 2011, (iii) the properties known as Northwest 2014 Properties for the years ended December 31, 2013 and 2012, (iv) the properties known as Optivest 2014 Properties for the year ended December 31, 2013 and for the period commencing on the later of January 1, 2012 or Optivest's respective acquisition dates (as described in Note 4 of such financial statements) through December 31, 2012, (v) the properties known as Guardian 2014 Properties for the years ended December 31, 2013 and 2012, (vi) the properties known as Guardian 2015 Properties for the years ended December 31, 2014, 2013 and 2012, (vii) the properties known as Storage Solutions Properties for the years ended December 31, 2014 and 2013, (viii) the properties known as All Stor Properties for the period from the later of January 1, 2014 or All Stor's respective acquisition date (as described in Note 3 of such financial statements) through December 31, 2014, and for the period from the later of March 14, 2013 or All Stor's respective acquisition dates (as described in Note 4 of such financial statements) through December 31, 2013, (ix) the properties known as Move It Properties for the year ended December 31, 2013, (x) the properties known as Shreveport Properties for the years ended December 31, 2014 and 2013, (xi) the property known as North 10 Property for the year ended December 31, 2013, (xii) the property known as LBJ Property for the years ended December 31, 2014 and 2013, (xiii) the property known as Raleigh Road Property for the year ended December 31, 2013, and (xiv) the property known as Columbia Property for the year ended December 31, 2013, all included in this prospectus have been so included in reliance on the reports of EKS&H LLLP, an independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting.

## WHERE YOU CAN FIND MORE INFORMATION

We have filed with the SEC a registration statement on Form S-11, including exhibits and schedules filed with the registration statement of which this prospectus is a part, under the Securities Act with respect to the common shares to be sold in this offering. This prospectus does not contain all of the information set forth in the registration statement and exhibits and schedules to the registration statement. For further information with respect to us and the common shares to be sold in this offering, reference is made to the registration statement, including the exhibits and schedules to the registration statement. Copies of the registration statement, including the exhibits and schedules to the registration statement, may be examined without charge at the public reference room of the SEC, 100 F Street, N.E., Room 1580, Washington, D.C. 20549. Information about the operation of the public reference room may be obtained by calling the SEC at 1-800-SEC-0300. Copies of all or a portion of the registration statement may be obtained from the public reference room of the SEC upon payment of prescribed fees. Our SEC filings, including our registration statement, are also available to you, free of charge, on the SEC's website at www.sec.gov.

As a result of this offering, we will become subject to the information and reporting requirements of the Exchange Act and will file periodic reports, proxy statements and will make available to our shareholders annual reports containing audited financial information for each year and quarterly reports for the first three quarters of each fiscal year containing unaudited interim financial information.

## Index to Financial Statements

## National Storage Affiliates Trust and Predecessor

**NATIONAL STORAGE AFFILIATES TRUST**
**UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL INFORMATION**

National Storage Affiliates Trust was organized in the state of Maryland on May 16, 2013 and is a fully integrated, self-administered and self-managed real estate investment trust focused on the self-storage sector. As used herein, "NSA", the "Company", "we", and "our" refers to National Storage Affiliates Trust and its consolidated subsidiaries, except where the context indicates otherwise. The Company intends to elect and qualify as a real estate investment trust ("REIT") for U.S. federal income tax purposes commencing with its taxable year ending December 31, 2015. Through our controlling interest as the sole general partner in NSA OP, LP (the "OP"), the Company is focused on the ownership, operation and acquisition of self-storage properties in the United States. Upon completion of this offering and the formation transactions (see "The Formation and Structure of our Company" elsewhere in this prospectus), the Company will own 246 self-storage properties, which the Company refers to as its in-place portfolio. The Company's in-place portfolio is located in 16 states, comprises approximately 13.7 million rentable square feet and is configured in over 100,000 storage units.

The Company's predecessor consists of SecurCare Portfolio Holdings, LLC and SecurCare Value Properties, Ltd. (collectively, "NSA Predecessor"), entities whose principal owner is the Company's chief executive officer. NSA Predecessor does not represent a single legal entity but a combination of these two legal entities under common control. For financial reporting purposes, NSA Predecessor contributions are classified as a reorganization of entities under common control whereby the contributed self-storage properties have been recorded in the Company's financial statements at NSA Predecessor's depreciated historical cost basis. The historical and pro forma financial information for NSA Predecessor's self-storage properties that is included in the pro forma financial statements for the time periods prior to the respective closing dates was derived from the accounting records of NSA Predecessor.

The initial formation and capitalization of the Company resulted in the Company's aggregation of a portfolio of self-storage properties in exchange for OP units, subordinated performance units, the assumption of outstanding mortgage indebtedness and cash. In addition to NSA Predecessor, five other entities that are referred to as participating regional operators ("PROs") are participating in the formation transactions. For financial reporting purposes, the acquisitions from PROs are accounted for as business combinations and recorded in the Company's financial statements at fair value on the date of acquisition.

The following table summarizes, by PRO, information relating to the fair value of the consideration for the self-storage properties that are included in our in-place portfolio (dollars in thousands).

| | Number of | | Fair Value of the Consideration for Self-Storage Properties[1] | | | | |
|---|---|---|---|---|---|---|---|
| | | | | Net Liabilities Assumed (Assets Assumed) | | | |
| Portfolio by PRO | Properties | OP units/ subordinated performance units[2] | OP units/ subordinated performance units[3] | Debt | Other | Cash Payments[5] | Total Fair Value |
| SecurCare Self Storage | | | | | | | |
| NSA Predecessor properties | 87 | | $ | $ 186,769 | $(3,485)[4] | $ — | $ |
| Noncontrolled properties | 29 | | | 34,537 | 221 | 74,819 | |
| Northwest Self Storage | 63[6] | | | 20,447 | 939 | 91,188 | |
| Optivest Properties | 27[7] | | | — | 1,288 | 80,783 | |
| Guardian Storage Centers | 26[8] | | | 45,368 | 423 | 94,038 | |
| Move It Self Storage | 11[9] | | | — | 657 | 54,915 | |
| Storage Solutions | 3 | | | — | — | 3,659 | |
| Total | 246[10] | | $ | $ 287,121 | $ 43 | $ 399,402 | $ |

(1) Represents the actual consideration for the acquisitions closed in 2013, 2014 and 2015 and estimated consideration for the self-storage properties under contract that are considered probable of acquisition.

(2) The number of equity units includes OP units, subordinated performance units and LTIP units.

(3) OP units and LTIP units have been valued for purposes of the table at the mid-point of the initial public offering price range shown on the cover page of this prospectus. As disclosed elsewhere in this prospectus, subordinated performance units are only convertible into OP units, beginning two years following the completion of this offering, and then (i) at the holder's election only upon the achievement of certain performance thresholds relating to the properties to which such subordinated performance units relate or (ii) at the Company's election upon a retirement event of a PRO or upon certain qualifying terminations. For purposes of this table, we have, however, valued the subordinated performance units based on our estimate that if such subordinated performance units were convertible into OP units as of December 31, 2014, each such unit would be convertible into OP units as of such date. The basis and assumptions underlying this estimate are described herein under "Limited Partnership Agreement of our Operating Partnership—Conversion of Subordinated Performance Units into OP Units."

(4) Includes $3.5 million of cash and cash equivalents received from NSA Predecessor as of April 1, 2013 in the reorganization of entities under common control.

(5) Cash payments consist of an aggregate of $ paid to refinance seller debt, $ paid to third-party sellers, and $ paid to PRO investors.

(6) Includes five properties acquired from unrelated third-party sellers that were sourced by Northwest. The total fair value of the consideration for these five self-storage properties was approximately $ million, comprised of approximately $ million in OP units/subordinated performance units, $76,000 in other net liabilities assumed, and $11.0 million in cash payments.

(7) Includes four properties acquired from unrelated third-party sellers that were sourced by Optivest. The total fair value of the consideration for these four self-storage properties was approximately $ million, comprised of approximately $ million in OP units/subordinated performance units and $12.2 million in cash payments.

(8) Includes interests in properties acquired in DownREIT partnerships, including one property acquired by Guardian from an unrelated third-party seller that was subsequently contributed to the Company. The fair value of the non-controlling interests associated with these properties, which is not reflected as consideration in the above table, was approximately $48.1 million. The total fair value of the consideration for the Company's interests in the one self-storage property that Guardian acquired from an unrelated third-party seller was approximately $ million, comprised of approximately $ million in OP units/subordinated performance units and $3.8 million in cash payments.

(9) Includes 10 properties acquired from unrelated third-party sellers that were sourced by Move It. The total fair value of the consideration for these 10 self-storage properties was approximately $53.9 million, comprised of approximately $657,000 in other net liabilities assumed and $53.2 million in cash payments.

(10) Of the 246 self-storage properties in our in-place portfolio, there are 219 that we had acquired as of December 31, 2014, six that we acquired between January 1, 2015 and the date of this prospectus, 16 that we expect to acquire prior to or concurrently with the completion of this offering, and five that we expect to acquire upon the receipt of lender consents, which may occur prior to, concurrently with, or following the completion of this offering. Of the 21 properties that we expect to acquire, 17 are in SecurCare's contributed portfolio, one is in Move It's contributed portfolio, and three are in Storage Solution's contributed portfolio.

The accompanying unaudited pro forma condensed consolidated financial statements as of and for the year ended December 31, 2014 are derived from (i) the financial statements of the Company, (ii) the statements of revenue and certain expenses for actual and probable acquisitions, and (iii) financial information regarding other acquisitions from third-party sellers.

The unaudited pro forma condensed consolidated balance sheet as of December 31, 2014 gives effect to six self-storage property acquisitions closed between January 1, 2015 and March 31, 2015 and 21 self-storage properties under contract that are considered probable of acquisition and expected to close after March 31, 2015, as if these events had occurred on December 31, 2014. In addition to the historical results of operations of the Company, the unaudited pro forma condensed consolidated statements of operations for the year ended December 31, 2014 give effect to all self-storage property acquisitions closed between January 1, 2014 and March 31, 2015 and 21 self-storage properties under contract that are considered probable of acquisition and expected to close after March 31, 2015, as if these events had occurred on January 1, 2014. Additionally, the pro forma adjustments give effect to the following:

- Completion of this offering of common shares at an assumed offering price of $ per share (which is the mid-point of the price range shown on the cover page of this

prospectus), resulting in net proceeds of $ million after deducting the underwriting discount and other offering costs payable by the Company;

- A net reduction in interest expense related to indebtedness that has been repaid in connection with the formation transactions or will be repaid with the net proceeds of this offering, partially offset by an increase in interest expense that would have been incurred for periods that acquisitions are included in the pro forma results but excluded from the Company's historical financial statements;

- Estimated incremental depreciation and amortization expense for periods that acquisitions are included in the pro forma results but excluded from the Company's historical statement of operations;

- Estimated net change in supervisory and administrative fees that would have been incurred had the asset management agreements with NSA been in place;

- Additional contractually required general and administrative expenses expected to be incurred as a publicly-held company; and

- Allocation of noncontrolling interests as a result of the completion of this offering and the contribution of self-storage properties to the Company after December 31, 2014.

In addition, certain of the self-storage properties in our portfolio may be reassessed for property tax purposes after the consummation of this offering and the formation transactions. Therefore, the amount of property taxes we pay in the future may change from what the Company, NSA Predecessor, our other PROs or third-party sellers have paid in the past. Given the uncertainty of the amounts involved, we have not included any property tax changes in our unaudited pro forma condensed consolidated financial statements.

The Company's unaudited pro forma condensed consolidated financial statements should be read in conjunction with the historical financial statements and related notes thereto included elsewhere in this prospectus. The adjustments to the Company's unaudited pro forma condensed consolidated financial statements are based on available information and assumptions that the Company considers reasonable. The Company's unaudited pro forma condensed consolidated financial statements do not purport to (i) represent the Company's financial position had this offering and the actual and probable acquisitions subsequent to December 31, 2014 occurred on December 31, 2014; (ii) represent the Company's results of operations that would have actually occurred if this offering and the actual and probable acquisitions had occurred on January 1, 2014, or (iii) project the Company's financial position or results of operations as of any future date or for any future period, as applicable.

**NATIONAL STORAGE AFFILIATES TRUST**

**UNAUDITED PRO FORMA CONDENSED CONSOLIDATED BALANCE SHEET**

**DECEMBER 31, 2014**

**(Dollars in Thousands)**

| | | Pro Forma Adjustments | | | | | |
|---|---|---|---|---|---|---|---|
| | | Acquisitions | | | | | |
| | NSA (A) | Closed (B) | Probable (C) | Offering Proceeds (D) | Other Adjustments | | Pro Forma Combined |
| **Assets** | | | | | | | |
| Self-storage properties | $ 838,941 | $ 39,593 | $ 91,927 | $ — | $ — | | $ 970,461 |
| Less accumulated depreciation | (39,614) | — | — | — | — | | (39,614) |
| Self-storage properties, net | 799,327 | 39,593 | 91,927 | — | — | | 930,847 |
| Cash and cash equivalents | 9,009 | — | — | — | — | **(E)** | 9,009 |
| Restricted cash | 2,120 | — | — | — | — | | 2,120 |
| Debt issuance costs, net | 6,346 | — | — | — | (835) | **(F)** | 5,511 |
| Other assets, net | 15,944 | 1,412 | 2,596 | | (2,548) | **(G)** | |
| Total Assets | $ 832,746 | $ 41,005 | $ 94,523 | $ | $ (3,383) | | $ |
| **Liabilities and Equity** | | | | | | | |
| Liabilities | | | | | | | |
| Debt financing | $ 597,691 | $ 25,146 | $ 30,083 | $ | $ (2,548) | **(G)** | $ |
| | | | | | 880 | **(H)** | |
| Accounts payable and accrued liabilities | 10,012 | 87 | — | | — | | |
| Distributions payable | 6,763 | — | — | — | — | | 6,763 |
| Deferred revenue | 4,176 | — | — | — | — | | 4,176 |
| Total Liabilities | 618,642 | 25,233 | 30,083 | | (1,668) | | |
| Equity | | | | | | | |
| Common shares of beneficial interest | — | — | — | | — | | |
| Additional paid in capital | — | — | | | — | | |
| Retained earnings (deficit) | — | — | — | | (835) | **(F)** | |
| | | | | | (1,287) | **(H)** | |
| | | | | | | **(I)** | |
| Total shareholders' equity | — | — | | | | | |
| Noncontrolling interests | 214,104 | 15,772 | | — | | **(E)** | |
| | | | | | 407 | **(H)** | |
| | | | | | | **(I)** | |
| Total Equity | 214,104 | 15,772 | 64,440 | | (1,715) | | |
| Total Liabilities and Equity | $ 832,746 | $ 41,005 | $ 94,523 | $ | $ (3,383) | | $ |

See Accompanying Notes to Unaudited Pro Forma Condensed Consolidated Financial Statements.

**NATIONAL STORAGE AFFILIATES TRUST**

**UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS**

**YEAR ENDED DECEMBER 31, 2014**

**(Dollars in Thousands, Except Per Share Data)**

| | | Pro Forma Adjustments | | | |
|---|---|---|---|---|---|
| | NSA (AA) | Acquisitions (BB) | Other | | Pro Forma Combined |
| **Revenue** | | | | | |
| Rental revenue | $ 74,837 | $ 42,423 | $ (113) | **(CC)** | $ 117,147 |
| Other property-related revenue | 2,133 | 1,807 | (2) | **(CC)** | 3,938 |
| Total revenue | 76,970 | 44,230 | (115) | | 121,085 |
| **Operating Expenses** | | | | | |
| Property operating expenses | 27,913 | 15,251 | (53) | **(CC)** | 43,111 |
| General and administrative | 8,189 | 2,429 | (7) | **(CC)** | 12,454 |
| | | | 1,739 | **(DD)** | |
| | | | 104 | **(EE)** | |
| Depreciation | 15,534 | — | 11,611 | **(FF)** | 27,131 |
| | | | (14) | **(CC)** | |
| Amortization of customer in-place leases | 8,251 | — | 11,708 | **(FF)** | 19,959 |
| Total operating expenses | 59,887 | 17,680 | 25,088 | | 102,655 |
| Income from operations | 17,083 | 26,550 | (25,203) | | 18,430 |
| **Other Income (Expense)** | | | | | |
| Interest expense | (24,053) | — | | **(GG)** | |
| | | | 1,893 | **(HH)** | |
| Acquisition costs | (9,558) | — | 9,558 | **(II)** | — |
| Organizational and offering costs | (1,320) | — | 1,320 | **(JJ)** | — |
| Non-operating income | 64 | — | — | | 64 |
| Gain on sale of self-storage properties | 1,427 | — | (1,427) | **(CC)** | — |
| **Net income (loss)** | (16,357) | $ 26,550 | $ | | |
| Less loss attributable to noncontrolling interests | 16,357 | | | **(KK)** | |
| Net income (loss) attributable to the Company | $ — | | | | $ |
| **Pro forma earnings (loss) per share (basic & diluted)** | | | | | $ |
| **Pro forma weighted average shares outstanding (basic & diluted)** | | | | **(LL)** | — |

See Accompanying Notes to Unaudited Pro Forma Condensed Consolidated Financial Statements.

**NATIONAL STORAGE AFFILIATES TRUST**

**NOTES TO UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

## 1. BASIS OF PRESENTATION

The Company is 100% owned by National Storage Affiliates Holdings, LLC ("Holdings"), an entity formed on February 13, 2013. The only assets of Holdings are 126,400 OP units in the OP and 1,000 common shares in the Company, which were issued for nominal consideration on June 7, 2013. While the OP was also formed on February 13, 2013, it did not commence operations until April 1, 2013. Holdings served as the general partner of the OP until June 7, 2013, when the Company was appointed as the sole general partner. Due to the existence of common control by Holdings, the Company is deemed to have commenced its operations concurrently with the April 1, 2013 date when the OP began its operations. As of December 31, 2014, Holdings owned less than 1% of the OP, based on outstanding OP units and excluding subordinated performance units, LTIP units and ownership interests in DownREIT partnership subsidiaries.

Our consolidated financial statements include the accounts of the Company, the OP and their controlled subsidiaries. The equity interests of limited partners in the OP and its subsidiaries that are held by owners other than the Company are referred to as noncontrolling interests.

## 2. ADJUSTMENTS TO UNAUDITED PRO FORMA BALANCE SHEET

***(A) Historical Balance Sheet.*** Represents the historical consolidated balance sheet of the Company as of December 31, 2014.

***(B) Subsequent Closed Acquisitions.*** The Company acquired six self-storage properties from a PRO with an estimated fair value of approximately $41.0 million between January 1, 2015 and March [ ], 2015. The allocation of the purchase price shown in the table below is based on the Company's estimates and is subject to change based on the final determination of the fair value of assets acquired and liabilities incurred. Presented below is a summary that reflects the preliminary purchase price allocation to the assets acquired, liabilities incurred, and the fair value of equity interests (dollars in thousands):

| | |
|---|---|
| **Assets Acquired** | |
| Self-storage properties | |
| Land | $ 5,334 |
| Buildings | 30,934 |
| Improvements and other | 3,325 |
| Total self-storage properties | 39,593 |
| Other assets, net | 1,412 |
| Total assets acquired | $ 41,005 |
| **Liabilities Incurred** | |
| Debt financing | |
| Credit facility borrowings | $ 25,146 |
| Accounts payable and accrued liabilities | 87 |
| Total liabilities incurred | 25,233 |
| | |
| **Equity Interests** | |
| Limited partner interests | 15,772 |
| Total liabilities incurred and equity interests | $ 41,005 |

NATIONAL STORAGE AFFILIATES TRUST

NOTES TO UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## 2. ADJUSTMENTS TO UNAUDITED PRO FORMA BALANCE SHEET (Continued)

***(C) Probable Acquisitions.*** Reflects the acquisition of 21 self-storage properties under contract that are considered probable of acquisition and expected to close after March [ ], 2015. The allocation of purchase price shown in the table below is based on the Company's estimates and is subject to change based on the final determination of the fair value of assets acquired and liabilities incurred. Presented below is a summary of the preliminary purchase price allocation to the assets expected to be acquired, the liabilities expected to be incurred, the proceeds from this offering expected to be paid, and the fair value of limited partner interests expected to be issued to PROs and third-party sellers (dollars in thousands):

| | PROs | Other | Total |
|---|---|---|---|
| **Number of Properties Acquired** | 4 | 17 | 21 |
| **Assets Acquired** | | | |
| Self-storage properties | | | |
| Land | $ 5,677 | $ 23,266 | $ 28,943 |
| Buildings | 11,155 | 45,717 | 56,872 |
| Improvements and other | 1,199 | 4,913 | 6,112 |
| Total self-storage properties | 18,031 | 73,896 | 91,927 |
| Other assets, net | 509 | 2,087 | 2,596 |
| Total assets acquired | $ 18,540 | $ 75,983 | $ 94,523 |
| **Liabilities Incurred** | | | |
| Debt financing | | | |
| Mortgage notes assumed | $ — | $ 30,083 | $ 30,083 |
| **Equity Issued** | | | |
| Additional paid in capital[(1)] | | | |
| Limited partner interests | | | |
| Total equity issued | 18,540 | 45,900 | 64,440 |
| Total liabilities incurred and equity issued | $ 18,540 | $ 75,983 | $ 94,523 |

(1) Represents the portion of the net proceeds from this offering expected to be paid to PROs and third-party sellers. See Note D for an explanation of the net proceeds from this offering.

***(D) Offering.*** In connection with this offering, the Company expects to issue common shares at an assumed offering price of $ per share (which is the mid-point of the price range shown on the cover page of this prospectus), resulting in gross proceeds of approximately $ million and net proceeds of approximately $ million, after deducting the underwriting discount and other offering costs payable by the Company. We expect such offering costs to total approximately $ , of which $3.1 million had been incurred as of December 31, 2014 and is included in other assets as deferred offering costs on the historical balance sheet as of that date. All deferred offering costs, along with all other costs of this offering, are charged to additional paid in capital upon completion of this offering. As of December 31, 2014, deferred offering costs of $1.7 million had been paid and pro forma effect is given for the payment of the remainder of such costs of $1.4 million that was included in accounts payable and accrued liabilities in the Company's balance sheet as of December 31, 2014.

**NATIONAL STORAGE AFFILIATES TRUST**

**NOTES TO UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**2. ADJUSTMENTS TO UNAUDITED PRO FORMA BALANCE SHEET (Continued)**

The Company intends to contribute the net proceeds of this offering to the OP, which it expects will subsequently use the net proceeds as follows:

- approximately $41.9 million to acquire 21 self-storage properties included in the Company's in-place portfolio;
- approximately $134.0 million to repay in full the Company's US Bank senior term loans, its unsecured term loan, and its mezzanine loan (including a prepayment penalty); and
- approximately $ million to pay down the Company's revolving line of credit.

The net proceeds remaining after the uses described above will be used for general corporate and working capital purposes. If the offering price is below the mid-point of the price range shown on the cover page of this prospectus, or if the Company sells fewer shares than are set forth on the cover page of this prospectus, repayment of the Company's revolving line of credit will be correspondingly reduced. The completion of this offering is considered a capital event under the terms of our unsecured term loan; accordingly, the $50.0 million unsecured term loan is required to be repaid from the proceeds of this offering.

The prepayment penalty associated with the mezzanine loan described above is reflected as a charge to retained earnings of $500,000 in the unaudited pro forma condensed consolidated balance sheet.

***(E) Distributions.*** Prior to the completion of this offering, the OP expects to declare an ordinary cash distributions in aggregate of $ million on its outstanding OP units and subordinated performance units payable to holders of record on , 2015 with respect to the period from January 1, 2015 through , 2015. The unaudited pro forma condensed consolidated balance sheet does not give effect to such ordinary distributions because they are not directly attributable to the transactions to which we give pro forma effect.

***(F) Debt Issuance Costs.*** In connection with this offering, the Company will repay its US Bank senior term loans, its unsecured term loan, and its mezzanine loan, which will require a charge to eliminate the unamortized debt issuance costs associated with this debt. This adjustment is reflected as a reduction in debt issuance costs and as a charge to retained earnings of $835,000 in the unaudited pro forma condensed consolidated balance sheet as of December 31, 2014.

***(G) Acquisition Advances.*** As of December 31, 2014, the Company had advanced $1.8 million of the consideration related to the acquisition of two self-storage properties from a PRO. Subsequent to December 31, 2014, this entire amount was applied to partially offset the purchase price the Company paid in connection with the acquisition of two of the self-storage properties included in Note B. Additionally, as of December 31, 2014 the Company had advanced $770,000 for deposits related to certain properties included in Note C. These deposits will be applied to reduce the consideration payable at closing. Accordingly, a pro forma adjustment for $2.5 million is reflected to give effect to reduced other assets, net and reduce the borrowings under the Company's revolving line of credit necessary to finance these acquisitions.

***(H) Acquisition Expenses.*** The Company expects to incur aggregate transaction costs of $1.3 million in connection with the closed acquisitions discussed in Note B and the probable acquisitions discussed in Note C. Acquisition costs are primarily comprised of consulting fees incurred

**NATIONAL STORAGE AFFILIATES TRUST**

**NOTES TO UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**2. ADJUSTMENTS TO UNAUDITED PRO FORMA BALANCE SHEET (Continued)**

to identify, qualify and close acquisitions. Accordingly, the transaction costs related to actual and probable acquisitions after December 31, 2014 are reflected as a charge to retained earnings of $1.3 million. Acquisition expenses of $407,000 will be settled through the issuance of LTIP units that will result in an increase in noncontrolling interests, and the remaining $880,000 of acquisition costs will be paid with proceeds from borrowings under the Company's revolving line of credit and results in an increase in debt financing in the unaudited pro forma condensed consolidated balance sheet as of December 31, 2014.

***(I) Noncontrolling Interests Allocation.*** Reflects the pro forma noncontrolling interests of NSA related to the pro forma adjustments for the prepayment penalty discussed in Note D, the write-off of debt issuance costs discussed in Note F, and the acquisition expenses discussed in Note G. These pro forma adjustments have been allocated between NSA's retained earnings and the noncontrolling interests based upon the noncontrolling interests of % as shown in Note KK.

**3. ADJUSTMENTS TO UNAUDITED PRO FORMA STATEMENTS OF OPERATIONS**

The adjustments to the unaudited pro forma condensed consolidated statement of operations for the year ended December 31, 2014 are as follows:

***(AA) 2014 Historical Statement of Operations.*** Reflects the historical condensed consolidated statement of operations of the Company for the year ended December 31, 2014.

***(BB) Impact of Closed and Probable Acquisitions.*** During the period from January 1, 2014 through March 31, 2015, the Company acquired 89 self-storage properties (collectively referred to as the "Closed Acquisitions") for aggregate consideration of $520.1 million, including the fair value of noncontrolling interests associated with self-storage properties acquired in DownREIT partnerships. The Closed Acquisitions consist of (i) 65 self-storage properties acquired from PROs for an aggregate purchase price of approximately $420.2 million and (ii) 24 self-storage properties acquired from third-party sellers for an aggregate purchase price of approximately $99.9 million.

As of March 31, 2015, there were 21 self-storage properties that the Company had under contract that are considered probable of acquisition and expected to close for an aggregate purchase price of approximately $94.5 million (the "Probable Acquisitions"). The Probable Acquisitions consist of (i) four self-storage properties expected to be acquired from PROs for an aggregate purchase price of approximately $18.5 million and (ii) 17 self-storage properties expected to be acquired from third-party sellers for an aggregate purchase price of approximately $76.0 million.

The table below reflects the revenue and certain expenses for the year ended December 31, 2014, consisting of the following: (i) for those self-storage properties included in the Closed Acquisitions that closed during the year ended December 31, 2014, results are included for the period from January 1, 2014 through their respective date of acquisition and (ii) for those self-storage properties included in the Closed Acquisitions that did not close during the year ended December 31, 2014 and for all of the

**NATIONAL STORAGE AFFILIATES TRUST**

**NOTES TO UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**3. ADJUSTMENTS TO UNAUDITED PRO FORMA STATEMENTS OF OPERATIONS (Continued)**

Probable Acquisitions, the results are included for the entire year ended December 31, 2014 (dollars in thousands).

| | Northwest[1] 2014 | Optivest[1] 2014 | Guardian 2014[1] | Guardian 2015[1] | Storage Solutions[1] | All Stor[2] | Move It[1] | Shreve Storage[1] | North 10[1] | LBJ[1] | Raleigh Road[1] | Columbia[1] | Other[2] (3) | Total[4] |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Number of properties | 27 | 12 | 19 | 6 | 3 | 12 | 9 | 5 | 1 | 1 | 1 | 1 | 13 | 110 |
| **Revenue** | | | | | | | | | | | | | | |
| Rental revenue | $ 6,280 | $ 3,310 | $10,261 | $ 4,744 | $ 1,679 | $6,168 | $3,951 | $ 2,164 | $ 342 | $ 337 | $ 301 | $ 297 | $ 2,589 | $42,423 |
| Other property-related revenue | 160 | 96 | 605 | 217 | 18 | 373 | 55 | 30 | 1 | 14 | 5 | 141 | 92 | 1,807 |
| Total revenue | 6,440 | 3,406 | 10,866 | 4,961 | 1,697 | 6,541 | 4,006 | 2,194 | 343 | 351 | 306 | 438 | 2,681 | 44,230 |
| **Direct Operating Expenses** | | | | | | | | | | | | | | |
| Property operating expenses | 2,052 | 1,197 | 3,278 | 2,132 | 558 | 2,145 | 1,652 | 663 | 181 | 187 | 81 | 150 | 975 | 15,251 |
| Supervisory and administrative fees[5] | 385 | 181 | 685 | 257 | 102 | 392 | — | 265 | — | 19 | — | — | 143 | 2,429 |
| Total operating expenses | 2,437 | 1,378 | 3,963 | 2,389 | 660 | 2,537 | 1,652 | 928 | 181 | 206 | 81 | 150 | 1,118 | 17,680 |
| **Excess of Revenue over Direct Operating Expenses** | $ 4,003 | $ 2,028 | $ 6,903 | $ 2,572 | $ 1,037 | $4,004 | $2,354 | $ 1,266 | $ 162 | $ 145 | $ 225 | $ 288 | $ 1,563 | $26,550 |

(1) This information is derived from the respective statements of revenue and certain expenses prepared for the purposes of complying with Rule 3-14 of Regulation S-X promulgated under the Securities Act.

(2) This information is derived from the statement of revenue and certain expenses prepared for the purposes of complying with Rule 3-14 of Regulation S-X promulgated under the Securities Act and reflects the entire period from January 1, 2014 through December 31, 2014 for the 11 All Stor properties acquired by All Stor in 2013 and for the period from February 6, 2014 through December 31, 2014 for one additional All Stor property acquired by All Stor on February 6, 2014. Management's estimate of the revenue and certain expenses for this one additional All Stor property for the period from January 1, 2014 through February 6, 2014 is reflected under the "Other" column. All 12 All Stor properties are included in the "Number of Properties" row under the "All Stor" column and none are included in the "Number of Properties" row under the "Other" column.

(3) The information set forth in this column reflects management's estimate of the revenue and certain expenses for 13 properties for the period from January 1, 2014 through the earlier of the respective date of acquisition by NSA and December 31, 2014. Management's estimates of revenue and expenses are based on accounting and financial information provided by each seller to the Company as part of management's standard due diligence process in connection with the acquisition of such properties, as well as the actual revenue and expenses of such properties after the respective date of acquisition.

(4) Represents the total properties and revenue and certain expenses of the properties included in this table.

(5) The Company has entered into agreements with affiliates of the PROs (including NSA Predecessor) to continue providing supervisory and administrative services related to the self-storage properties under NSA ownership. Under the asset management agreements, the Company pays a fee ranging from 5% to 6% of gross revenue for the related self-storage properties. These supervisory and administrative fees are included in general and administrative expenses in the Company's financial statements. See Note EE for the pro forma adjustment that gives effect to the NSA supervisory and administrative agreements as if such agreements had been entered into on January 1, 2014.

The direct operating expenses shown above exclude depreciation of self-storage properties, amortization of customer in-place leases and interest expense on borrowings required to finance the Closed Acquisitions and the Probable Acquisitions. Accordingly, the pro forma adjustments discussed under Notes FF, GG and HH give effect to these excluded expenses.

***(CC) Impact of Property Disposition.*** The Company's historical financial statements include revenue and property operating expenses related to one property that was disposed of in May 2014. Pro forma adjustments have been reflected to eliminate revenue, property operating expenses, general and administrative expenses, depreciation and the gain on sale from this property.

***(DD) Incremental General and Administrative Costs.*** Additional general and administrative costs we expect to incur as a result of becoming a public company include, but are not limited to incremental salaries and benefits, board of trustees' fees and expenses, directors and officers insurance, incremental audit, tax and legal fees, transfer agent fees and other expenses related to corporate governance, SEC reporting and other compliance matters. Amounts corresponding to services and expenses under

**NATIONAL STORAGE AFFILIATES TRUST**

**NOTES TO UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**3. ADJUSTMENTS TO UNAUDITED PRO FORMA STATEMENTS OF OPERATIONS (Continued)**

contract have been reflected as an adjustment of $1.7 million for the year ended December 31, 2014 in the pro forma condensed consolidated statement of operations as additional general and administrative expenses, without duplication, to the general and administrative expenses appearing in the historical consolidated statement of operation. Upon the completion of this offering and the formation transactions, we expect that our general and administrative expenses will range between $14 million and $16 million for the year ending December 31, 2015, primarily as a result of services that are not currently under contract but will be required after completion of this offering and the formation transactions.

***(EE) Supervisory and Administrative Fees.*** The Company has entered into agreements with affiliates of the PROs (including NSA Predecessor) to continue providing supervisory and administrative services related to the self-storage properties under NSA ownership. Under the asset management agreements, the Company pays a fee ranging from 5% to 6% of gross revenue for the related self-storage properties. These supervisory and administrative fees are included in general and administrative expenses in the Company's historical financial statements commencing on the date such asset management agreements were entered into. A pro forma adjustment has been reflected to eliminate the supervisory and administrative fees actually charged in the historical statements of operations prior to the date such asset management agreements were entered into and to instead apply the contractual fees under such asset management agreements as if such asset management agreements had been entered into on January 1, 2014 and the contractual rates thereunder had been applied to the gross revenue of all 246 self-storage properties in the Company's in-place portfolio. For the year ended December 31, 2014, the actual supervisory and administrative fees from the Company's historical condensed consolidated statement of operations and those derived from pro forma adjustments for acquisitions amounted to $6.9 million compared to $7.0 million using the contractual rates under such asset management agreements. Accordingly, a pro forma adjustment for the incremental increase in fees of $104,000 is reflected for the year ended December 31, 2014.

***(FF) Incremental Depreciation and Amortization.*** In connection with the Closed Acquisitions and the Probable Acquisitions discussed in Note BB, pro forma adjustments for incremental depreciation of self-storage properties and amortization of customer in-place leases are as follows for the year ended December 31, 2014 (dollars in thousands):

| | Depreciation | Amortization of Customer In-Place Leases[3] | Total |
|---|---|---|---|
| Closed Acquisitions | | | |
| Closed during the year ended December 31, 2014[1] | $ 8,122 | $ 7,700 | $ 15,822 |
| Closed after December 31, 2014[2] | 1,467 | 1,412 | 2,879 |
| Probable Acquisitions[2] | 2,022 | 2,596 | 4,618 |
| Total | $ 11,611 | $ 11,708 | $ 23,319 |

(1) Incremental depreciation is calculated for the period from January 1, 2014 until the respective closing date for each acquisition.

(2) Incremental depreciation is calculated for the entire year ended December 31, 2014.

**NATIONAL STORAGE AFFILIATES TRUST**

**NOTES TO UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**3. ADJUSTMENTS TO UNAUDITED PRO FORMA STATEMENTS OF OPERATIONS (Continued)**

(3) Customer in-place leases are amortized over 12 months. Because all of the Closed Acquisitions and the Probable Acquisitions are given pro forma effect as of January 1, 2014, the entire cost of customer in-place leases related to such acquisitions is fully amortized in 2014.

***(GG) Interest Expense.*** A pro forma adjustment for interest expense is required to reflect the pro forma debt structure as if all self-storage properties had been owned for the entirety of the year ended December 31, 2014. The Company made the following assumptions: (i) for mortgage loans that were or will be assumed in connection with the acquisition of specific self-storage properties, interest expense has been computed based on the fair value of the mortgage loans (with effective rates ranging from 2.20% to 5.00% per annum) as determined on the respective acquisition dates for the Closed Acquisitions and March 31, 2015 for the Probable Acquisitions, (ii) for a mortgage loan that was originated in 2014 in connection with the acquisition of specific self-storage properties, interest expense has been computed based on the principal amount of the mortgage loan using the effective interest rate of 4.34%, (iii) for all indebtedness outstanding as of January 1, 2014 or indebtedness subsequently incurred that will be repaid with the proceeds of this offering, the Company assumed that repayment occurred as of January 1, 2014. The Company further assumed that the Probable Acqusitions and repayment of indebtedness in connection with the formation transactions would be funded with borrowings under the Company's term loan until fully drawn for $144.6 million, and the Company's revolving line of credit would be utilized for the remainder of the Company's funding requirements. As of March 31, 2015, the Company had borrowed $182.2 million under its secured revolving line of credit and $144.6 million under its term loan to finance the Closed Acquisitions.

Presented below is a summary of the pro forma adjustment to interest expense for the year ended December 31, 2014 (dollars in thousands):

| | Pro Forma Borrowings[1] | Effective Interest Rate | Pro Forma Interest Expense |
|---|---|---|---|
| **Mortgages maturing between 2015 and 2024** | | | |
| Outstanding as of January 1, 2014 | $ | % | $ |
| Assumed during 2014 | | % | |
| Originated during 2014 | | % | |
| Assumed after December 31, 2014 | | % | |
| Probable mortgage assumptions | | % | |
| **Credit facility:** | | | |
| Revolving line of credit | | % | |
| Term loan[2] | | % | |
| Total[3] | $ | | $ |
| Historical interest expense, net of debt issue costs | | | |
| Pro forma adjustment for interest expense | | | $ |

(1) Represents historical borrowings as of December 31, 2014, after giving effect to pro forma adjustments (B), (C), (D), (F) and (G).

(2) As of December 31, 2014, the Company had interest rate swaps that fix the interest rate, on $125 million of the term loan at 2.92% on a weighted average basis and $7.6 million at 3.78%. The remaining $ million of borrowings under the term loan on a pro forma basis would be at a variable rate of 1.66%.

(3) A one-eighth percent change in the variable rate pro forma borrowings under the Company's credit facility would result in incremental interest expense of $ for the year ended December 31, 2014.

**NATIONAL STORAGE AFFILIATES TRUST**

**NOTES TO UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**3. ADJUSTMENTS TO UNAUDITED PRO FORMA STATEMENTS OF OPERATIONS (Continued)**

***(HH) Amortization of Debt Issuance Costs.*** The Company incurred debt issuance costs of $4.8 million in connection with the credit facility and $800,000 in connection with the unsecured term loan entered into on April 1, 2014. Additionally, as discussed in Note D, the Company intends to repay its US Bank senior term loans, its unsecured term loan, and its mezzanine loan. Amortization of the debt issuance costs related to loans that have been repaid in connection with the formation transactions and loans that will be repaid with the proceeds of this offering have been eliminated as a pro forma adjustment. Presented below is the pro forma impact on amortization of debt issuance costs for the year ended December 31, 2014 (dollars in thousands):

| | |
|---|---|
| Pro forma amortization: | |
| Credit facility | |
| Revolving line of credit | $ 1,091 |
| Term loan | 392 |
| Mortgages outstanding as of January 1, 2014 | 158 |
| Mortgages originated in 2014 | 92 |
| Total pro forma amortization | 1,733 |
| Historical amortization | (3,626) |
| Pro forma adjustment | $ (1,893) |

***(II) Elimination of Acquisition Costs.*** The Company's historical statements of operations include costs related to acquisitions accounted for as business combinations of $9.6 million for the year ended December 31, 2014. Because these acquisition costs are directly related to acquisitions to which we give pro forma effect, a pro forma adjustment is reflected to remove these costs from the pro forma condensed consolidated statement of operations.

***(JJ) Elimination of Organizational and Offering Costs.*** The Company's historical financial statements include organizational and offering costs of $1.3 million for the year ended December 31, 2014. Because these organizational and offering costs are directly related to this offering to which we give pro forma effect, a pro forma adjustment is reflected to remove these costs from the pro forma condensed consolidated statement of operations.

***(KK) Net Income (Loss) Attributable Noncontrolling Interest.*** Giving pro forma effect to the formation transactions and this offering, the noncontrolling interests' share of the Company's net income (loss) would have been reduced from 100% to % for the year ended December 31, 2014. Accordingly, a pro forma adjustment is reflected to reduce the net income (loss) attributable to noncontrolling interests by $ million for the year ended December 31, 2014.

**NATIONAL STORAGE AFFILIATES TRUST**

**NOTES TO UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**3. ADJUSTMENTS TO UNAUDITED PRO FORMA STATEMENTS OF OPERATIONS (Continued)**

***(LL) Earnings Per Share.*** The following is a summary of the elements used in calculating pro forma basic and diluted earnings (loss) per common share for the year ended December 31, 2014 (dollars in thousands, except per share amounts):

| | | |
|---|---|---|
| Pro forma combined net income (loss) | $ | |
| Less (income) loss attributable to noncontrolling interests | | |
| Net income (loss) attributable to common shareholders | $ | |
| Pro forma weighted average shares outstanding, basic | | |
| Pro forma weighted average shares outstanding, diluted | | |
| Pro forma combined earnings (loss) per share, basic | $ | — |
| Pro forma combined earnings (loss) per share, diluted | $ | — |

The holders of OP units are not entitled to elect redemption until one year after the closing of this offering. Following such one year period, the Company will have the ability to satisfy the redemption request through the payment of cash or, at the Company's option, through the exchange of common shares on a one-for-one basis, subject to certain adjustments. As disclosed under "Limited Partnership Agreement of our Operating Partnership—Conversion of Subordinated Performance Units into OP Units," subordinated performance units are only convertible into OP units, beginning two years following the completion of this offering and then (i) at the holder's election only upon the achievement of certain performance thresholds relating to the properties to which such subordinated performance units relate or (ii) at the Company's election upon a retirement event of a PRO which holds such subordinated performance units. Consequently, subordinated performance units will not initially be taken into account in calculating our earnings allocable to common shareholders or our diluted earnings per share.

Presented below is the calculation of pro forma basic and diluted weighted average common shares outstanding:

| | Basic | Diluted |
|---|---|---|
| Historical common shares outstanding | 1,000 | 1,000 |
| Common shares issued in this offering | | |
| Total common shares | | |
| Common share equivalents (issued through this offering) | | |
| OP Units[(1)] | | |
| Weighted average shares outstanding | | |

(1) Includes 2.7 million OP units issuable upon conversion of 2.7 million LTIP units outstanding as of December 31, 2014. In addition, excludes any OP units issuable upon conversion of outstanding subordinated performance units.

**Report of Independent Registered Public Accounting Firm**

The Board of Trustees and Shareholder
National Storage Affiliates Trust:

We have audited the accompanying consolidated balance sheets of National Storage Affiliates Trust (the Company) as of December 31, 2014 and 2013, and the related consolidated statements of operations, comprehensive income (loss), changes in equity (deficit), and cash flows for the year ended December 31, 2014 and for the nine months ended December 31, 2013. In connection with our audits of the consolidated financial statements, we have also audited the financial statement schedule, Schedule III—Real Estate and Accumulated Depreciation. These consolidated financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements and the financial statement schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of National Storage Affiliates Trust as of December 31, 2014 and 2013, and the results of their operations and their cash flows for the year ended December 31, 2014 and for the nine months ended December 31, 2013, in conformity with U.S. generally accepted accounting principles. Also in our opinion, the related financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

/s/ KPMG LLP

Denver, Colorado
March 31, 2015

**Report of Independent Registered Public Accounting Firm**

The Board of Trustees and Shareholder
National Storage Affiliates Trust:

We have audited the accompanying combined statements of operations, comprehensive income (loss), changes in equity (deficit), and cash flows of NSA Predecessor (the Company) for the three months ended March 31, 2013, and for the year ended December 31, 2012. These combined financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these combined financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the results of operations and cash flows of NSA Predecessor for the three months ended March 31, 2013, and for the year ended December 31, 2012, in conformity with U.S. generally accepted accounting principles.

/s/ KPMG LLP

Denver, Colorado
March 31, 2015

**National Storage Affiliates Trust**

**Consolidated Balance Sheets**

**(dollars in thousands, except per share amounts)**

| | December 31, | |
|---|---|---|
| | 2014 | 2013 |
| **ASSETS** | | |
| Real estate | | |
| Self-storage properties | $ 838,941 | $ 370,698 |
| Less accumulated depreciation | (39,614) | (24,379) |
| Self-storage properties, net | 799,327 | 346,319 |
| Cash and cash equivalents | 9,009 | 11,196 |
| Restricted cash | 2,120 | 2,631 |
| Debt issuance costs, net | 6,346 | 3,986 |
| Other assets, net | 15,944 | 4,161 |
| Total assets | $ 832,746 | $ 368,293 |
| **LIABILITIES AND EQUITY** | | |
| Liabilities | | |
| Debt financing | $ 597,691 | $ 298,748 |
| Accounts payable and accrued liabilities | 10,012 | 6,209 |
| Distributions payable | 6,763 | — |
| Deferred revenue | 4,176 | 2,276 |
| OP unit subscription liability | — | 5,863 |
| Total liabilities | 618,642 | 313,096 |
| Commitments and contingencies (Note 13) | | |
| Equity | | |
| Common shares of beneficial interest, par value $0.01 per share. | | |
| Authorized 1,000 shares; 1,000 shares issued and outstanding | — | — |
| Retained earnings | — | — |
| Total shareholder's equity | — | — |
| Noncontrolling interests | 214,104 | 55,197 |
| Total equity | 214,104 | 55,197 |
| Total liabilities and equity | $ 832,746 | $ 368,293 |

The accompanying notes are an integral part of these consolidated and combined financial statements.

**National Storage Affiliates Trust and NSA Predecessor**

**Consolidated and Combined Statements of Operations**

**(dollars in thousands, except per share amounts)**

| | NSA | | NSA Predecessor | |
|---|---|---|---|---|
| | Year Ended December 31, 2014 | Nine Months Ended December 31, 2013 | Three Months Ended March 31, 2013 | Year Ended December 31, 2012 |
| **Revenue** | | | | |
| Rental revenue | $ 74,837 | $ 32,078 | $ 7,157 | $ 28,671 |
| Other property-related revenue | 2,133 | 782 | 147 | 608 |
| Total revenue | 76,970 | 32,860 | 7,304 | 29,279 |
| **Operating Expenses** | | | | |
| Property operating expenses | 27,913 | 11,886 | 2,926 | 11,728 |
| General and administrative expenses | 8,189 | 4,149 | 511 | 1,889 |
| Depreciation and amortization | 23,785 | 8,403 | 972 | 3,826 |
| Total operating expenses | 59,887 | 24,438 | 4,409 | 17,443 |
| Income from operations | 17,083 | 8,422 | 2,895 | 11,836 |
| **Other Income (Expense)** | | | | |
| Interest expense | (24,053) | (15,439) | (4,166) | (17,054) |
| Acquisition costs | (9,558) | (3,383) | — | — |
| Organizational and offering expenses | (1,320) | (50) | — | — |
| Non-operating income (expense) | 64 | (31) | 18 | 39 |
| Gain on sale of self-storage properties | 1,427 | — | — | 218 |
| Gain on debt forgiveness | — | — | — | 1,509 |
| Other income (expense), net | (33,440) | (18,903) | (4,148) | (15,288) |
| **Net loss** | (16,357) | (10,481) | (1,253) | (3,452) |
| **Net loss attributable to noncontrolling interests** | 16,357 | 10,481 | — | — |
| **Net loss attributable to the Company** | $ — | $ — | $ (1,253) | $ (3,452) |
| **Earnings (loss) per share (basic and diluted)** | $ — | $ — | | |
| **Weighted average shares outstanding (basic and diluted)** | 1,000 | 753 | | |

The accompanying notes are an integral part of these consolidated and combined financial statements.

**National Storage Affiliates Trust and NSA Predecessor**

**Consolidated and Combined Statements of Comprehensive Income (Loss)**

**(dollars in thousands)**

| | NSA | | NSA Predecessor | |
|---|---|---|---|---|
| | Year Ended December 31, 2014 | Nine Months Ended December 31, 2013 | Three Months Ended March 31, 2013 | Year Ended December 31, 2012 |
| Net loss | $ (16,357) | $ (10,481) | $ (1,253) | $ (3,452) |
| Other comprehensive income (loss) | | | | |
| Unrealized loss on derivative contracts | (1,942) | — | — | — |
| Reclassification of other comprehensive loss to interest expense | 1,077 | — | — | — |
| Comprehensive loss | (17,222) | (10,481) | (1,253) | (3,452) |
| Comprehensive loss attributable to noncontrolling interests | 17,222 | 10,481 | — | — |
| Comprehensive loss attributable to the Company | $ — | $ — | $ (1,253) | $ (3,452) |

The accompanying notes are an integral part of these consolidated and combined financial statements.

**National Storage Affiliates Trust and NSA Predecessor**

**Consolidated and Combined Statements of Changes in Equity (Deficit)**

**(dollars in thousands)**

| | NSA Predecessor Deficit | NSA | | | | |
|---|---|---|---|---|---|---|
| | | Common Shares | | Retained Earnings | Noncontrolling Interests | Total Equity |
| | | Number | Amount | | | |
| **NSA Predecessor Balances, December 31, 2011** | $ (8,076) | | | | | |
| Cash distributions to partners of NSA Predecessor | (623) | | | | | |
| Net loss of NSA Predecessor | (3,452) | | | | | |
| **NSA Predecessor Balances, December 31, 2012** | (12,151) | | | | | |
| Net loss of NSA Predecessor | (1,253) | | | | | |
| **NSA Predecessor Balances, March 31, 2013** | $ (13,404) | | | | | |
| **NSA Balances, April 1, 2013** | | — | $ — | $ — | $ — | $ — |
| Issuance of common shares | | 1,000 | — | — | — | — |
| OP equity issuances for properties contributed by NSA Predecessor in reorganization of entities under common control | | — | — | — | (23,775) | (23,775) |
| NSA Predecessor distributions and other | | — | — | — | (1,641) | (1,641) |
| Issuance of OP units for cash, net of offering costs | | — | — | — | 5,916 | 5,916 |
| OP equity issuances in business combinations: | | | | | | |
| OP units and subordinated performance units | | — | — | — | 83,568 | 83,568 |
| LTIP units | | — | — | — | 2,918 | 2,918 |
| Equity-based compensation expense | | — | — | — | 1,104 | 1,104 |
| Receivables from partners for OP equity issued in business combinations | | — | — | — | (220) | (220) |
| Cash distributions to partners of OP | | — | — | — | (2,192) | (2,192) |
| Net loss | | — | — | — | (10,481) | (10,481) |
| **NSA Balances, December 31, 2013** | | 1,000 | — | — | 55,197 | 55,197 |
| Net OP equity issuances in business combinations: | | | | | | |
| OP units and subordinated performance units | | — | — | — | 142,223 | 142,223 |
| LTIP units | | — | — | — | 3,652 | 3,652 |
| Receivables for issuance of OP equity | | — | — | — | (5,206) | (5,206) |
| Noncontrolling interests in acquired subsidiaries | | — | — | — | 41,297 | 41,297 |
| Issuance of OP units | | — | — | — | 6,294 | 6,294 |
| Equity-based compensation expense | | — | — | — | 1,468 | 1,468 |
| Issuance of LTIP units for acquisition expenses | | — | — | — | 2,101 | 2,101 |
| Issuance of subordinated performance units for related party acquisition expenses | | — | — | — | 3,542 | 3,542 |
| Reduction in receivables from partners of OP | | — | — | — | 194 | 194 |
| Distributions to limited partners of OP | | — | — | — | (19,436) | (19,436) |
| Other comprehensive loss | | — | — | — | (865) | (865) |
| Net loss | | — | — | — | (16,357) | (16,357) |
| **NSA Balances, December 31, 2014** | | 1,000 | $ — | $ — | $ 214,104 | $ 214,104 |

The accompanying notes are an integral part of these consolidated and combined financial statements.

**National Storage Affiliates Trust and NSA Predecessor**

**Consolidated and Combined Statements of Cash Flows**

**(dollars in thousands)**

| | NSA | | NSA Predecessor | |
|---|---|---|---|---|
| | Year Ended December 31, 2014 | Nine Months Ended December 31, 2013 | Three Months Ended March 31, 2013 | Year Ended December 31, 2012 |
| **Cash Flows from Operating Activities** | | | | |
| Net loss | $ (16,357) | $ (10,481) | $ (1,253) | $ (3,452) |
| Adjustment to reconcile net loss to net cash provided by operating activities: | | | | |
| Depreciation and amortization | 23,785 | 8,403 | 972 | 3,826 |
| Amortization of debt issuance costs | 3,626 | 1,291 | 167 | 678 |
| Amortization of debt discount and premium, net | 495 | 3,229 | 1,421 | 5,735 |
| Unrealized loss (gain) on fair value of derivatives | 332 | (245) | (60) | (82) |
| Gain on sale of self-storage properties | (1,427) | — | — | (218) |
| Gain on debt forgiveness | — | — | — | (1,509) |
| LTIPs and subordinated performance units issued for acquisition expenses | 4,454 | — | — | — |
| Equity-based compensation expense | 1,468 | 1,104 | — | — |
| Change in assets and liabilities, net of effects of business combinations: | | | | |
| Restricted cash | 1,051 | (244) | (120) | (40) |
| Other assets | (271) | 705 | (205) | 68 |
| Accounts payable and accrued liabilities | (126) | 2,129 | 315 | (82) |
| Deferred revenue | (607) | (103) | 109 | 2 |
| **Net Cash Provided by Operating Activities** | 16,423 | 5,788 | 1,346 | 4,926 |
| **Cash Flows from Investing Activities** | | | | |
| Acquisition of self-storage properties | (217,939) | (103,828) | — | — |
| Notes receivable from PROs | (12,813) | — | — | — |
| Deposits and advances for self-storage property acquisitions | (913) | — | — | — |
| Additions and improvements to self-storage properties | (3,843) | (2,188) | (205) | (880) |
| Expenditures for corporate furniture and equipment | (146) | — | — | — |
| Decrease (increase) in restricted cash designated for capital expenditures | 662 | 180 | 246 | (74) |
| Proceeds from sale of self-storage properties | 2,993 | — | — | 3,772 |
| Cash acquired in reorganization of entities under common control | — | 3,469 | — | — |
| **Net Cash Provided by (Used in) Investing Activities** | (231,999) | (102,367) | 41 | 2,818 |
| **Cash Flows from Financing Activities** | | | | |
| Proceeds from: | | | | |
| Borrowings under debt financings | 372,839 | 150,372 | — | — |
| Issuance of OP units and subordinated performance units | 438 | 6,281 | — | — |
| OP unit subscriptions | — | 5,863 | — | — |
| Collection of receivables from issuance of OP equity | 89 | — | — | — |
| Principal payments under debt financings | (143,970) | (48,048) | (628) | (8,070) |
| Distributions to partners of OP | (12,567) | (2,192) | — | — |
| Payments for: | | | | |
| Debt issuance costs | (1,774) | (2,495) | — | (37) |
| Deferred offering costs | (1,700) | (365) | — | — |
| NSA Predecessor distributions and other | 34 | (1,641) | — | (623) |
| **Net Cash Provided by (Used in) Financing Activities** | 213,389 | 107,775 | (628) | (8,730) |
| **Increase (Decrease) in Cash and Cash Equivalents** | (2,187) | 11,196 | 759 | (986) |
| **Cash and Cash Equivalents** | | | | |
| Beginning of period | 11,196 | — | 2,769 | 3,755 |
| End of period | $ 9,009 | $ 11,196 | $ 3,528 | $ 2,769 |

The accompanying notes are an integral part of these consolidated and combined financial statements.

**National Storage Affiliates Trust and NSA Predecessor**

**Consolidated and Combined Statements of Cash Flows (Continued)**

**(dollars in thousands)**

| | NSA | | NSA Predecessor | |
|---|---|---|---|---|
| | Year Ended December 31, 2014 | Nine Months Ended December 31, 2013 | Three Months Ended March 31, 2013 | Year Ended December 31, 2012 |
| **Supplemental Cash Flow Information** | | | | |
| Cash paid for interest | $ 18,871 | $ 18,933 | $ 2,604 | $ 12,956 |
| **Supplemental Disclosure of Non-Cash Investing and Financing Activities** | | | | |
| Consideration exchanged in business combinations: | | | | |
| Issuance of OP units and subordinated performance units | $ 137,017 | $ 83,568 | $ — | $ — |
| Receivables from issuance of OP units and subordinated performance units | 5,206 | 220 | — | — |
| LTIP units vesting upon acquisition of properties | 3,652 | 2,918 | — | — |
| Assumption of mortgages payable | 65,816 | 4,461 | — | — |
| Other net liabilities assumed | 2,403 | 1,030 | — | — |
| Notes receivable settled upon acquisition of properties | 11,035 | — | — | — |
| Fair value of noncontrolling interests in acquired subsidiaries | 41,297 | — | — | — |
| Issuance of OP units for settlement of subscription liability | 5,863 | — | — | — |
| Settlement of acquisition receivables from partner distributions | 105 | — | — | — |
| Increase in lender participation liability and related discount | 770 | 1,971 | 767 | 3,071 |
| Payment of debt issuance costs from borrowings | 3,763 | 1,966 | — | — |
| Increase in payables for: | | | | |
| Capital expenditures | 261 | — | — | 18 |
| Deferred offering costs | 1,418 | — | — | — |
| Debt issuance costs | 443 | — | — | — |
| Change in fair value of cash flow hedge derivatives | 865 | — | — | — |
| Distributions to partners of OP | 6,763 | — | — | — |
| Contributions by NSA Predecessor in reorganization of entities under common control: | | | | |
| Self-storage properties, net | $ — | $ 159,509 | $ — | $ — |
| Restricted cash | — | 2,567 | — | — |
| Debt issuance costs, net | — | 816 | — | — |
| Other assets | — | 795 | — | — |
| Mortgages and notes payable | — | (163,302) | — | — |
| Participating mortgage payable | — | (23,467) | — | — |
| Accounts payable and other accrued liabilities | — | (2,920) | — | — |
| Deferred revenue | — | (1,242) | — | — |
| Non-cash liabilities of NSA Predecessor in excess of assets | $ — | $ (27,244) | $ — | $ — |

The accompanying notes are an integral part of these consolidated and combined financial statements.

**National Storage Affiliates Trust and NSA Predecessor**

**Notes to Consolidated and Combined Financial Statements**

## 1. ORGANIZATION AND NATURE OF OPERATIONS

National Storage Affiliates Trust was organized in the state of Maryland on May 16, 2013 and is a fully integrated, self-administered and self-managed real estate investment trust focused on the self-storage sector. As used herein, "NSA", the "Company", "we", and "our" refers to National Storage Affiliates Trust and its consolidated subsidiaries, except where the context indicates otherwise. The Company intends to elect and qualify as a real estate investment trust ("REIT") for U.S. federal income tax purposes commencing with its taxable year ending December 31, 2015. Through our controlling interest as the sole general partner in NSA OP, LP (the "OP"), we are focused on the ownership, operation and acquisition of self-storage properties in the United States.

The Company is currently 100% owned by National Storage Affiliates Holdings, LLC ("Holdings"), an entity formed on February 13, 2013. Holdings' only assets consist of 126,400 OP units in the OP which were acquired for cash of $632,000, and 1,000 shares of the Company's common shares of beneficial interest which were issued for nominal consideration on June 7, 2013. While the OP was also formed on February 13, 2013, it did not commence operations until April 1, 2013. Holdings served as the general partner of the OP until June 7, 2013 when the Company was appointed as the sole general partner. Due to the existence of common control by Holdings, the Company is deemed to have commenced its operations concurrently with the April 1, 2013 date when the OP began its operations.

The Company's predecessor for accounting purposes consists of SecurCare Portfolio Holdings, LLC and SecurCare Value Properties, Ltd. (collectively, "NSA Predecessor"), entities whose principal owner is the Company's chief executive officer. NSA Predecessor does not represent a single legal entity, but a combination of these two legal entities under common control prior to formation of the Company. NSA Predecessor owned and operated a total of 110 self-storage properties, which are included in the accompanying NSA Predecessor financial statements, in California, Colorado, Georgia, Mississippi, North Carolina, Oklahoma, and Texas. As discussed in Note 5 below, NSA Predecessor contributed to the Company a total of 88 of NSA Predecessor's self-storage properties, consisting of 23 self-storage properties on June 10, 2013, and an additional 65 self-storage properties that were contributed on April 1, 2014. For financial reporting purposes the contribution of all 88 self-storage properties by NSA Predecessor was accounted for as a reorganization of entities under common control, whereby all 88 self-storage properties were treated as if they were acquired on April 1, 2013 (the date the OP's operations commenced). Of the 110 self-storage properties owned by NSA Predecessor, 22 self-storage properties did not meet the criteria for contribution to the Company and are excluded from the accompanying NSA financial statements. The historical carrying value of the net assets of NSA Predecessor as of April 1, 2013 is reflected in Note 5, along with a reconciliation to the net assets contributed and liabilities assumed for the 88 self-storage properties contributed by NSA Predecessor. In addition, the 110 self-storage properties owned by NSA Predecessor are reflected in the accompanying NSA Predecessor financial statements.

The initial formation and capitalization of the Company contemplated a series of acquisitions resulting in the Company's aggregation of a portfolio of self-storage properties in exchange for limited partner interests in the OP that commenced on April 1, 2013. In addition to NSA Predecessor, other entities that are referred to as Participating Regional Operators ("PROs") have taken part in these formation transactions.

The formation transactions are expected to extend through the completion date for the Company's planned initial public offering. All of the self-storage properties acquired from PROs have been accounted for as business combinations at fair value, whereby the results of operations for these

**National Storage Affiliates Trust and NSA Predecessor**

**Notes to Consolidated and Combined Financial Statements (Continued)**

## 1. ORGANIZATION AND NATURE OF OPERATIONS (Continued)

self-storage properties are included in the Company's financial statements beginning on the respective closing date for each acquisition.

The primary objective related to formation of the Company was to develop a platform which allows (i) alignment of economic incentives of NSA Predecessor and PROs, (ii) access to capital for future acquisitions, (iii) development of effective marketing strategies, and (iv) achievement of operational efficiencies through sharing of best practices of NSA Predecessor and PROs. Through the contribution of 88 self-storage properties from NSA Predecessor which were accounted for as a reorganization of entities under common control, and through business combinations from PROs and third-party sellers, as of December 31, 2014 the Company owned 219 self-storage properties in 13 states.

Where the "Company" is referenced in comparisons of financial results for any date prior to April 1, 2013, the financial information for such period relates solely to NSA Predecessor, notwithstanding "Company" or "NSA" being the reference.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

***Basis of Presentation***

The accompanying financial statements are presented on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles ("GAAP").

***Principles of Consolidation and Combination***

The Company's financial statements include the accounts of the OP and its controlled subsidiaries. The equity interests of all limited partners in the OP are reflected as noncontrolling interests. The combined financial statements of NSA Predecessor include the accounts of NSA Predecessor and all entities which were under common control. All significant intercompany balances and transactions have been eliminated in the consolidation and combination of entities.

When the Company obtains an economic interest in an entity, the Company evaluates the entity to determine if the entity is deemed a variable interest entity ("VIE"), and if the Company is deemed to be the primary beneficiary, in accordance with authoritative guidance issued on the consolidation of VIEs. When an entity is not deemed to be a VIE, the Company considers the provisions of additional guidance to determine whether the general partner(s) control a limited partnership or similar entity when the limited partners have certain rights. The Company consolidates (i) entities that are VIEs and of which the Company is deemed to be the primary beneficiary, and (ii) entities that are non-VIEs which the Company controls and which the limited partners do not have the ability to dissolve or remove the Company without cause nor substantive participating rights.

***Use of Estimates***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**National Storage Affiliates Trust and NSA Predecessor**

**Notes to Consolidated and Combined Financial Statements (Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Noncontrolling Interests***

The limited partner ownership interests in the OP are referred to as noncontrolling interests. Certain limited partnership subsidiaries of the OP are partially owned by entities other than the OP. We refer to these subsidiaries as "DownREIT partnerships." In the statements of operations, we allocate net income or loss attributable to noncontrolling interests to arrive at the net income or loss solely attributable to the Company. NSA Predecessor did not have any noncontrolling interests.

***Self-storage Properties***

Self-storage properties are carried at historical cost less accumulated depreciation and any impairment losses. Major replacements and betterments, which improve or extend the life of an asset, are capitalized. Expenditures for ordinary repairs and maintenance are expensed as incurred and are included in property operating expenses. Estimated depreciable lives of self-storage properties are determined by considering the age and other indicators about the condition of the assets at the respective dates of acquisition, resulting in a range of estimated useful lives for assets within each category. All self-storage property assets are depreciated using the straight-line method. Buildings and improvements are depreciated over estimated useful lives primarily between seven and 40 years; furniture and equipment are depreciated over estimated useful lives primarily between three and 10 years.

When a self-storage property is acquired in a business combination, the purchase price of the acquired self-storage property is allocated to land, buildings and improvements, furniture and equipment, customer in-place leases, assumed real estate leasehold interests, other assets acquired and liabilities assumed, based on the estimated fair value of each component. When a portfolio of self-storage properties is acquired, the purchase price is allocated to the individual self-storage properties based on the fair value determined using an income approach or a cash flow analysis using appropriate risk-adjusted capitalization rates, which take into account the relative size, age and location of the individual self-storage properties.

***Cash and Cash Equivalents***

The Company considers all highly-liquid investments purchased with original maturities of three months or less to be cash equivalents. From time to time, the Company maintains cash balances in financial institutions in excess of federally insured limits. The Company has never experienced a loss that resulted from exceeding federally insured limits.

***Restricted Cash***

The Company's restricted cash consists of escrowed funds deposited with financial institutions for real estate taxes, insurance and other reserves for capital improvements in accordance with our loan agreements.

***Customer In-place Leases***

In allocating the purchase price for an acquisition accounted for as a business combination, the Company determines whether the acquisition includes intangible assets. The Company allocates a portion of the purchase price to an intangible asset attributed to the value of customer in-place leases. This intangible asset is amortized to expense using the straight-line method over 12 months, the

**National Storage Affiliates Trust and NSA Predecessor**

**Notes to Consolidated and Combined Financial Statements (Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

estimated average rental period for our customers. Substantially all of the leases in place at acquired properties are at market rates, as the leases are month-to-month contracts.

***Impairment of Long-Lived Assets***

The Company evaluates long-lived assets for impairment when events and circumstances indicate that there may be impairment. When events or changes in circumstances indicate that the Company's long-lived assets may not be recoverable, the carrying value of these long-lived assets is compared to the undiscounted future net operating cash flows, plus a terminal value attributable to the assets. If an asset's carrying value is not considered recoverable, an impairment loss is recorded to the extent the net carrying value of the asset exceeds the fair value. For the periods presented, no assets were determined to be impaired under this policy.

***Debt Issuance Costs***

Debt issuance costs are amortized over the estimated life of the related debt using the straight-line method, which approximates the effective interest rate method. Amortization of debt issuance costs is included in interest expense in the statements of operations.

***Revenue Recognition***

Management has determined that all of our leases are operating leases. Substantially all leases may be terminated on a month-to-month basis and rental income is recognized ratably over the lease term using the straight-line method. Rents received in advance are deferred and recognized on a straight-line basis over the related lease term associated with the prepayment. Promotional discounts and other incentives are recognized as a reduction to rental income over the applicable lease term. Other property-related revenue consists of ancillary revenues such as tenant insurance commissions and sales of storage supplies which are recognized in the period earned.

The Company recognizes gains from disposition of facilities only upon closing in accordance with the guidance on sales of real estate. Payments received from purchasers prior to closing are recorded as deposits. Profit on real estate sold is recognized using the full accrual method upon closing when the collectability of the sales price is reasonably assured and the Company is not obligated to perform significant activities after the sale. Profit may be deferred in whole or part until the sale meets the requirements of profit recognition on sales under this guidance.

***Advertising Costs***

The Company incurs advertising costs primarily attributable to internet, directory and other advertising. Advertising costs are included in property operating expenses in the accompanying statements of operations. These costs are expensed in the period in which the cost is incurred. The Company incurred advertising costs of $1.7 million for the year ended December 31, 2014, and $843,000 for the nine months ended December 31, 2013. NSA Predecessor recognized $240,000 and $873,000 in advertising expense for the three months ended March 31, 2013, and the year ended December 31, 2012, respectively.

**National Storage Affiliates Trust and NSA Predecessor**

**Notes to Consolidated and Combined Financial Statements (Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Acquisition, Organizational and Offering Costs***

The Company incurs title, legal and consulting fees, and other costs associated with the completion of self-storage property acquisitions. Such costs are included in acquisition costs in the accompanying statements of operations in the period in which they are incurred. The Company also incurs legal fees and filing fees in connection with the organization of the Company and its subsidiaries, which are charged to expense in the period incurred.

Commissions, legal fees and other costs that are directly associated with equity offerings are capitalized as deferred offering costs, pending a determination of the success of the offering. Deferred offering costs related to successful offerings are charged to equity in the period it is determined that the offering was successful. Deferred offering costs related to unsuccessful offerings are recorded as expense in the period when it is determined that the offering is unsuccessful. Other costs related to equity offerings, such as audit fees associated with the operations of our self-storage properties for periods preceding the related contribution and formation transactions, are charged to expense in the period incurred.

***Income Taxes***

NSA Predecessor was comprised of a limited partnership and a limited liability company. Under applicable federal and state income tax rules, the allocated share of net income or loss from the limited partnership and the limited liability company was reported in the income tax returns of the respective partners and members. Accordingly, NSA Predecessor did not generate an income tax benefit or expense for the three months ended March 31, 2013, and for the year ended December 31, 2012.

Through December 31, 2014, the Company did not have a profit and loss sharing interest in the OP and did not have any other operations that were subject to taxation. Accordingly, the Company did not generate an income tax benefit or expense for the period from its inception through December 31, 2014.

The Company intends to elect to be taxed as a REIT under sections 856 through 860 of the U.S. Internal Revenue Code (the "Code") commencing with the taxable year ending December 31, 2015. To qualify as a REIT, among other things, the Company is required to distribute at least 90% of its REIT taxable income to its shareholders and meet certain tests regarding the nature of its income and assets. As a REIT, the Company is not subject to federal income tax on the earnings distributed currently to its shareholders that it derives from its REIT qualifying activities. If the Company fails to qualify as a REIT in any taxable year, and is unable to avail itself of certain provisions set forth in the Code, all of the Company's taxable income would be subject to federal and state income taxes at regular corporate rates, including any applicable alternative minimum tax.

The Company will not be required to make distributions with respect to income derived from the activities conducted through subsidiaries that the Company elects to treat as taxable REIT subsidiaries ("TRS") for federal income tax purposes. Certain activities that the Company undertakes must be conducted by a TRS, such as performing non-customary services for its customers and holding assets that the Company is not permitted to hold directly. A TRS is subject to federal and state income taxes.

The Company did not have any unrecognized tax benefits related to uncertain tax positions as of December 31, 2014 and 2013. Future amounts of accrued interest and penalties, if any, related to uncertain tax positions will be recorded as a component of income tax expense. The Company does not expect that the amount of unrecognized tax benefits will change significantly in the next 12 months.

**National Storage Affiliates Trust and NSA Predecessor**

**Notes to Consolidated and Combined Financial Statements (Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The Company's material taxing jurisdiction is the U.S. federal jurisdiction; due to the Company's recent formation, the 2014 and 2013 tax years are the only periods that remain open to examination by these taxing jurisdictions. Tax years prior to 2011 for the limited partnership and limited liability company that comprise NSA Predecessor are no longer subject to examination.

On June 25, 2014, the Company formed NSA TRS, LLC ("NSA TRS"), a Delaware limited liability company. The Company intends to elect to treat NSA TRS as a TRS. Upon consummation of this election, NSA TRS will be subject to U.S. federal and state corporate income taxes. Deferred tax assets and liabilities will be recognized to the extent of any differences between the financial reporting and tax bases of assets and liabilities.

***Earnings per Share***

Basic earnings per share is calculated based on the weighted average number of common shares outstanding during the period. Diluted earnings per share is calculated by further adjusting for the dilutive impact using the treasury stock method for any share options and unvested share equivalents outstanding during the period and the if-converted method for any convertible securities outstanding during the period.

***Equity-Based Awards***

The measurement and recognition of compensation cost for all equity-based awards granted to officers, employees and consultants is based on estimated fair values. Compensation cost is recognized on a straight-line basis over the requisite service periods of each award with non-graded vesting. For awards granted which contain a graded vesting schedule and the only condition for vesting is a service condition, compensation cost is recognized as an expense on a straight-line basis over the requisite service period as if the award was, in substance, a single award. For awards granted for which vesting is subject to a performance condition, including awards that vest upon completion of the Company's initial public offering, compensation cost is recognized over the requisite service period if and when the Company concludes it is probable that the performance condition will be achieved.

The estimated fair value of all equity-based awards issued to PROs and their affiliates in connection with self-storage property acquisitions is included in the cost of the respective acquisitions. The estimated fair value of such awards is measured at the date the self-storage properties are acquired, as this date represents satisfaction of performance and coincides with the award vesting.

***Derivative Financial Instruments***

The Company and NSA Predecessor carry all derivative financial instruments on the balance sheet at fair value. Fair value of derivatives is determined by reference to observable prices that are based on inputs not quoted on active markets, but corroborated by market data. The accounting for changes in the fair value of a derivative instrument depends on whether the derivative has been designated and qualifies as part of a hedging relationship. The use of derivative instruments has been limited to interest rate swap and cap agreements. The fair values of derivative instruments are included in other assets, and accounts payable and accrued liabilities in the accompanying balance sheets. For derivative instruments not designated as cash flow hedges, the unrealized gains and losses are included in interest expense in the accompanying statements of operations. For derivatives designated as cash flow hedges, the effective portion of the changes in the fair value of the derivatives is initially reported in accumulated other comprehensive loss in our balance sheets and subsequently reclassified into earnings when the hedged transaction affects earnings.

**National Storage Affiliates Trust and NSA Predecessor**

**Notes to Consolidated and Combined Financial Statements (Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The valuation of interest rate swap and cap agreements is determined using widely accepted valuation techniques including discounted cash flow analysis on the expected cash flows of each derivative. This analysis reflects the contractual terms of derivatives, including the period to maturity, and uses observable market-based inputs, including interest rate curves. The fair values of interest rate swaps are determined using the market standard methodology of netting the discounted future fixed cash payments and the discounted expected variable cash receipts. The variable cash receipts are based on an expectation of future interest rates (forward curves) derived from observable market interest rate forward curves. The Company may enter into derivative contracts that are intended to economically hedge certain of its risk, even though hedge accounting does not apply or the Company elects not to apply hedge accounting.

***Fair Value Measurements***

When measuring fair value of financial instruments that are required to be recorded or disclosed at fair value, the Company uses a three-tier measurement hierarchy which prioritizes the inputs used to calculate fair value. These tiers include Level 1, defined as observable inputs such as quoted prices in active markets; Level 2, defined as inputs other than quoted prices in active markets that are either directly or indirectly observable; and Level 3, defined as unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions.

***Segment Reporting***

The Company manages its business as one reportable segment consisting of investments in self-storage properties located in the United States. Although we operate in several markets, these operations have been aggregated into one reportable segment based on the similar economic characteristics amongst all markets.

***Reclassifications***

Certain amounts in the financial statements and related notes have been reclassified to conform to the current year presentation. Such reclassifications did not impact previously reported financial position or net income (loss).

***Recent Accounting Pronouncements***

In April 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update No. 2014-08, "Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity" ("ASU 2014-08"). ASU 2014-08 changes the criteria for determining which disposals can be presented as discontinued operations and modifies related disclosure requirements. The Company and NSA Predecessor adopted ASU 2014-08 for all periods presented in the accompanying financial statements. Under this standard, dispositions of self-storage properties, as well as the classification of self-storage properties held for sale, are generally classified within continuing operations.

In May 2014, the FASB issued Accounting Standard Update ("ASU") No. 2014-09, Revenue from Contracts with Customers, which requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The ASU will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective. The new standard is effective for the Company on January 1, 2017, and early application is not permitted. The

**National Storage Affiliates Trust and NSA Predecessor**

**Notes to Consolidated and Combined Financial Statements (Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

standard permits the use of either the retrospective or cumulative effect transition method. The Company is evaluating the effect that ASU 2014-09 will have on its consolidated financial statements and related disclosures. The Company has not yet selected a transition method nor has it determined the effect of the standard on its ongoing financial reporting.

**3. NONCONTROLLING INTERESTS**

***Overview***

On February 13, 2013, Holdings entered into the Agreement of Limited Partnership (together with subsequent amended agreements referred to as the "LP Agreement") of the OP. Holdings served as the general partner of the OP until June 7, 2013 when the Company was appointed as the sole general partner. Accordingly, due to the existence of common control, the Company is deemed to have commenced its operations concurrently with the April 1, 2013 date when the OP commenced its operations. Under the LP Agreement, the OP is authorized to issue three classes of limited partnership equity interests (referred to as "Units"), consisting of Class A Units ("OP units"), Class B Units ("subordinated performance units") and Long-Term Incentive Plan Units ("LTIP units"). The subordinated performance units are currently sub-divided into different series that correspond to the group of self-storage properties associated with each of the PROs.

NSA is the general partner of the OP and is authorized to cause the OP to issue additional partner interests, including OP units and subordinated performance units, at such prices and on such other terms as it determines in its sole discretion. LTIP Units are discussed below and in Note 10.

While NSA does not own a limited partner ownership interest in the OP, its parent (Holdings) owns 126,400 OP units which represents less than 1% and 2% limited partner ownership interest in the OP as of December 31, 2014 and 2013, respectively, based on outstanding OP units and excluding subordinated performance units, LTIP units and ownership interests in DownREIT partnership subsidiaries.

Noncontrolling interests also include ownership interests in DownREIT partnership subsidiaries of the OP held by entities other than the OP. The DownREIT partnerships issue equity ownership interests that are intended to be economically equivalent to the OP units and subordinated performance units issued by the OP. Accordingly, similar rights and restrictions exist for DownREIT partnership units as it relates to distributions, unit redemptions and unit conversions, as discussed below for the OP units and subordinated performance units.

**National Storage Affiliates Trust and NSA Predecessor**

**Notes to Consolidated and Combined Financial Statements (Continued)**

**3. NONCONTROLLING INTERESTS (Continued)**

As of December 31, 2014 and 2013, outstanding equity interests of the OP and DownREIT partnerships consist of the following:

| | December 31, | |
|---|---|---|
| | 2014 | 2013 |
| OP units | 18,817,088 | 8,634,303 |
| Subordinated performance units | 8,447,679 | 4,343,564 |
| LTIP units | 2,689,780 | 2,090,160 |
| DownREIT units | | |
| OP unit equivalents | 1,275,979 | — |
| Subordinated performance unit equivalents | 3,009,884 | — |
| Total | 34,240,410 | 15,068,027 |

***Distributions***

The Company is entitled to cause the OP to make distributions to OP unit holders and subordinated performance unit holders in the OP from time to time in its sole discretion. To the extent distributions are made, the holders of OP units are entitled to receive distributions with respect to all of the Company's self-storage property portfolio and the holders of each series of subordinated performance units are entitled to receive distributions with respect to the portfolio of self-storage properties that such holder contributed to the OP. To the extent that there is available operating cash flow or capital transaction proceeds, subject to maintaining the Company's qualification as a REIT, the Company may cause the OP to make distributions.

***Conversion of LTIP Units***

LTIP units are a special class of partnership interest in the OP that allow the holder to participate in the ordinary and liquidating distributions received by holders of the OP units (subject to the achievement of specified levels of profitability by the OP or the achievement of certain events). LTIP units were first granted under the 2013 Long-Term Incentive Plan (the "2013 Plan"). Some of the granted LTIP units vested immediately. Others vest upon the contribution of self-storage properties or along a schedule at certain times prior to December 31, 2017, or upon the occurrence of a Realization Transaction (as defined in the 2013 Plan) such as the Company's initial public offering. LTIP units do not have full parity with OP units with respect to liquidating distributions and do not receive ordinary distributions until such parity is reached pursuant to the terms of the LP Agreement. If such parity is reached under the LP Agreement, upon vesting, vested LTIP units may be converted into an equal number of OP units, and thereafter have all the rights of OP units, including redemption rights.

***Subordinated Performance Unit Conversion Rights***

Other than in connection with a retirement event, after a minimum of two years from the later of completion of the Company's initial public offering or the initial contribution of a PRO's self-storage properties to the Company, holders of subordinated performance units can voluntarily convert such units for OP units (inclusive of a specified conversion penalty) upon the achievement of certain performance thresholds with respect to a specific self-storage portfolio.

**National Storage Affiliates Trust and NSA Predecessor**

**Notes to Consolidated and Combined Financial Statements (Continued)**

## 3. NONCONTROLLING INTERESTS (Continued)

### *OP Unit Redemption Rights*

The holders of OP units are not entitled to elect redemption until one year after the closing of the Company's initial public offering. Following such one year period, the Company will have the ability to satisfy the redemption request by issuing common shares on a one-for-one basis or the payment of cash, solely at the option of the Company. Accordingly, the limited partner interests are included in "noncontrolling interests" within equity in the accompanying balance sheets as of December 31, 2014 and 2013.

### *OP Unit Subscription Liability*

During 2013, the Company received $5.9 million in cash in return for the issuance of 577,652 OP units at $10.15 per unit, which were issued effective January 1, 2014. Accordingly, this amount was recognized as a liability in the accompanying balance sheet as of December 31, 2013.

## 4. SELF-STORAGE PROPERTIES

Self-storage properties are summarized as follows (in thousands):

| | December 31, | |
|---|---|---|
| | 2014 | 2013 |
| Land | $ 236,691 | $ 96,055 |
| Buildings and improvements | 600,284 | 273,091 |
| Furniture and equipment | 1,966 | 1,552 |
| Total self-storage properties | 838,941 | 370,698 |
| Less accumulated depreciation | (39,614) | (24,379) |
| Self-storage properties, net | $ 799,327 | $ 346,319 |

Depreciation expense related to self-storage properties amounted to $15.5 million for the year ended December 31, 2014, $5.8 million for the nine months ended December 31, 2013, $1.0 million for the three months ended March 31, 2013, and $3.9 million for the year ended December 31, 2012.

**National Storage Affiliates Trust and NSA Predecessor**

**Notes to Consolidated and Combined Financial Statements (Continued)**

**4. SELF-STORAGE PROPERTIES (Continued)**

The following table summarizes activity related to the Company's self-storage properties:

| | NSA | | NSA Predecessor | |
|---|---|---|---|---|
| | Year Ended December 31, 2014 | Nine Months Ended December 31, 2013 | Three Months Ended March 31, 2013 | Year Ended December 31, 2012 |
| **Self-storage properties:** | | | | |
| Balance at beginning of period | $ 370,698 | $ 178,099 | $ 190,987 | $ 193,985 |
| Acquisitions and improvements | 470,060 | 192,599 | 205 | 894 |
| Dispositions | (1,817) | — | — | (3,892) |
| NSA Predecessor properties not contributed to NSA[1] | — | — | (13,093) | — |
| Balance at end of period | $ 838,941 | $ 370,698 | $ 178,099 | $ 190,987 |
| **Accumulated depreciation:** | | | | |
| Balance at beginning of period | $ 24,379 | $ 18,590 | $ 18,683 | $ 15,183 |
| Depreciation expense | 15,508 | 5,789 | 972 | 3,826 |
| Dispositions | (273) | — | — | (326) |
| NSA Predecessor properties not contributed to NSA[1] | — | — | (1,065) | — |
| Balance at end of period | $ 39,614 | $ 24,379 | $ 18,590 | $ 18,683 |

(1) As further described in Note 1 and Note 5, NSA Predecessor owned 22 self-storage properties with a net book value of $12.0 million that did not meet NSA's criteria for contribution to the Company.

**5. NSA PREDECESSOR CONTRIBUTIONS**

As further described in Note 1, NSA Predecessor contributed certain assets to the Company, and the Company assumed certain liabilities from NSA Predecessor in exchange for OP units, subordinated performance units and LTIP units. NSA Predecessor contributed a total of 88 self-storage properties in connection with the formation transactions which were accounted for as a reorganization of entities under common control. Presented below is a summary of the financial position of NSA Predecessor as

**National Storage Affiliates Trust and NSA Predecessor**

**Notes to Consolidated and Combined Financial Statements (Continued)**

**5. NSA PREDECESSOR CONTRIBUTIONS (Continued)**

of April 1, 2013, and a reconciliation to the assets acquired and the liabilities assumed in exchange for the OP units issued to NSA Predecessor effective April 1, 2013 (in thousands):

| | Total Predecessor | Exclusions | Contribution to NSA |
|---|---|---|---|
| **Assets acquired:** | | | |
| Self-storage properties, net | $ 171,537 | $ (12,028) | $ 159,509 |
| Cash and cash equivalents | 3,528 | (59) | 3,469 |
| Restricted cash | 2,567 | — | 2,567 |
| Debt issuance costs, net | 816 | — | 816 |
| Other assets, net | 910 | (115) | 795 |
| Total assets acquired | 179,358 | (12,202) | 167,156 |
| **Liabilities assumed:** | | | |
| Debt financing | (188,402) | 1,633 | (186,769) |
| Accounts payable and accrued liabilities | (3,021) | 101 | (2,920) |
| Deferred revenue | (1,339) | 97 | (1,242) |
| Predecessor deficit | $ (13,404) | $ (10,371) | $ (23,775) |

The exclusions shown in the table above relate to 22 self-storage properties that did not meet the criteria for contribution to the Company.

**6. ACQUISITIONS AND DISPOSITIONS**

***Acquisitions***

The Company acquired 83 self-storage properties for consideration totaling $437.8 million during the year ended December 31, 2014. During the nine months ended December 31, 2013, the Company acquired 49 self-storage properties for consideration totaling $195.8 million. All of these self-storage property acquisitions were accounted for as business combinations whereby the Company recognized the estimated fair value of the acquired assets and assumed liabilities on the respective dates of such acquisitions. The Company allocated the total purchase price to the estimated fair value of tangible and intangible assets acquired, and liabilities assumed. A portion of the purchase price was allocated to identifiable intangible assets consisting of customer in-place leases which were recorded in the aggregate at fair value of $13.2 million for the year ended December 31, 2014 and $5.4 million for the nine months ended December 31, 2013. Amortization expense for customer in-place leases amounted to $8.3 million for the year ended December 31, 2014 and $2.6 million for the nine months ended December 31, 2013.

**National Storage Affiliates Trust and NSA Predecessor**

**Notes to Consolidated and Combined Financial Statements (Continued)**

## 6. ACQUISITIONS AND DISPOSITIONS (Continued)

The following table summarizes, by calendar quarter, the number of self-storage properties and consideration for the business combinations completed by the Company during the year ended December 31, 2014 and the nine months ended December 31, 2013 (dollars in thousands):

| | | Summary of Consideration | | | | |
|---|---|---|---|---|---|---|
| | | | | Liabilities Assumed (Assets Acquired) | | |
| Acquisitions Closed During Quarter Ended: | Number of Properties | Cash[1] | Value of OP Equity[2] | Mortgages | Other | Total |
| March 31, 2014 | 1 | $ 1,900 | $ — | $ — | $ 5 | $ 1,905 |
| June 30, 2014 | 36 | 94,580 | 72,803 | — | 986 | 168,369 |
| September 30, 2014 | 31 | 77,252 | 39,547 | 59,546 | 1,070 | 177,415[3] |
| December 31, 2014 | 15 | 55,242 | 28,254 | 6,270 | 342 | 90,108[3] |
| Total acquisitions in 2014 | 83 | $ 228,974 | $ 140,604 | $ 65,816 | $ 2,403 | $ 437,797 |
| June 30, 2013 | 34 | $ 58,567 | $ 66,828 | $ — | $ 836 | $ 126,231 |
| September 30, 2013 | 7 | 27,460 | 6,232 | — | 198 | 33,890 |
| December 31, 2013 | 8 | 17,801 | 13,426 | 4,461 | (4) | 35,684 |
| Total acquisitions in 2013 | 49 | $ 103,828 | $ 86,486 | $ 4,461 | $ 1,030 | $ 195,805 |

(1) Includes cash advances during 2014 of $11.0 million for notes receivable that were subsequently settled as a reduction of cash payable for self-storage property acquisitions.

(2) OP equity represents the fair value of OP units, subordinated performance units and LTIP units associated with the self-storage property acquisitions. The amounts shown for OP equity are net of receivables from the OP equity holders of $4.8 million for the quarter ended September 30, 2014 and $390,000 for the quarter ended December 31, 2014.

(3) Excludes the fair value of noncontrolling interests associated with self-storage properties acquired in DownREIT partnerships which amounted to $35.4 million for the quarter ended September 30, 2014 and $5.9 million for the quarter ended December 31, 2014. We estimated the portion of the fair value of the net assets owned by noncontrolling interests based on the fair value of the real estate and debt assumed.

**National Storage Affiliates Trust and NSA Predecessor**

**Notes to Consolidated and Combined Financial Statements (Continued)**

**6. ACQUISITIONS AND DISPOSITIONS (Continued)**

The following table summarizes, by PRO that sourced the acquisition, the number of self-storage properties and consideration for the business combinations completed during the year ended December 31, 2014 and the nine months ended December 31, 2013 (dollars in thousands):

| | | Summary of Consideration | | | | |
|---|---|---|---|---|---|---|
| | | | | Liabilities Assumed (Assets Acquired) | | |
| | Number of Properties | Cash[1] | Value of OP Equity[2] | Mortgages | Other | Total |
| ***Acquisitions in 2014:*** | | | | | | |
| Northwest | 32 | $ 48,755 | $ 76,223 | $ 20,448 | $ 528 | $ 145,954 |
| Optivest | 13 | 34,101 | 26,875 | — | 713 | 61,689 |
| SecurCare | 8 | 23,961 | — | — | 169 | 24,130 |
| Guardian | 20 | 68,892 | 37,506 | 45,368 | 336 | 152,102[3] |
| Move It | 10 | 53,265 | — | — | 657 | 53,922 |
| Total acquisitions in 2014 | 83 | $ 228,974 | $ 140,604 | $ 65,816 | $ 2,403 | $ 437,797 |
| ***Acquisitions in 2013:*** | | | | | | |
| Northwest | 31 | $ 42,433 | $ 67,991 | $ — | $ 411 | $ 110,835 |
| Optivest | 14 | 46,682 | 16,853 | — | 575 | 64,110 |
| SecurCare | 4 | 14,713 | 1,642 | 4,461 | 44 | 20,860 |
| Total acquisitions in 2013 | 49 | $ 103,828 | $ 86,486 | $ 4,461 | $ 1,030 | $ 195,805 |

(1) Includes cash advances during 2014 of $11.0 million for notes receivable that were subsequently settled as a reduction of cash payable for self-storage property acquisitions.

(2) OP equity represents the fair value of OP units, subordinated performance units and LTIP units associated with the self-storage property acquisitions. The amounts shown for OP equity are net of receivables from the OP equity holders of $5.2 million for the year ended December 31, 2014.

(3) Excludes the fair value of noncontrolling interests associated with self-storage properties acquired in DownREIT partnerships which amounted to $41.3 million for the year ended December 31, 2014.

In connection with the Company's acquisitions, the OP has agreed that it shall not, and shall cause its subsidiaries not to, sell, dispose or otherwise transfer any self-storage property which is a part of the applicable self-storage property portfolio relating to such series of subordinated performance units without the consent of the partners (including NSA) holding at least 50% of the then outstanding OP units and the partners holding at least 50% of the then outstanding subordinated performance units that relate to the applicable self-storage property, except for sales, dispositions or other transfers of a self-storage property to wholly-owned subsidiaries of the OP. This restriction expires on March 31, 2023.

The results of operations for these business combinations are included in our statements of operations beginning on the respective closing date for each acquisition. For the year ended December 31, 2014, the accompanying statement of operations includes aggregate revenue of $21.8 million and operating income of $2.1 million related to the 83 self-storage properties acquired during such period. For the nine months ended December 31, 2013, the accompanying statement of operations includes aggregate revenue of $11.2 million and operating income of $1.0 million related to the 49 self-storage properties acquired during such period. Acquisition costs in the accompanying

**National Storage Affiliates Trust and NSA Predecessor**

**Notes to Consolidated and Combined Financial Statements (Continued)**

**6. ACQUISITIONS AND DISPOSITIONS (Continued)**

statements of operations include consulting fees, transaction expenses and other costs to complete the business combinations shown above, which amounted to $9.6 million for the year ended December 31, 2014 and $3.4 million for the nine months ended December 31, 2013.

The unaudited pro forma financial information set forth below reflects adjustments to the historical data of the Company and NSA Predecessor to give effect to the acquisitions and related financing activities (including the issuance of OP units, subordinated performance units and LTIP units) for (i) each of the six self-storage properties discussed in Note 15 that were acquired in January 2015 for aggregate consideration of $34.2 million, as if each had occurred on January 1, 2014, (ii) each of the 83 self-storage property acquisitions that occurred during 2014 for aggregate consideration of $437.8 million, as if each had occurred on January 1, 2013, (iii) for six of the self-storage properties acquired in 2013 for aggregate consideration of $26.6 million for which 2012 operating results were not available, as if each had occurred on January 1, 2013, and (iv) for 43 self-storage property acquisitions that occurred during 2013 for aggregate consideration of $169.2 million for which operating results were available for 2012, as if each had occurred on January 1, 2012. The unaudited pro forma information presented below does not purport to represent what the actual results of operations would have been for the periods indicated, nor does it purport to represent the Company's future results of operations. The following table summarizes on a pro forma basis, the results of operations for the years ended December 31, 2014, 2013 and 2012 based on the assumptions described above (in thousands, except per share amounts):

| | Unaudited | | |
|---|---|---|---|
| | NSA 2014 | Combined[1] 2013 | NSA Predecessor 2012 |
| **Pro forma revenue:** | | | |
| Historical results | $ 76,970 | $ 40,164 | $ 29,279 |
| 2015 Acquisitions | 4,961 | — | — |
| 2014 Acquisitions | 28,377 | 46,500 | — |
| 2013 Acquisitions | — | 11,701 | 17,448 |
| Total | $ 110,308 | $ 98,365 | $ 46,727 |
| **Pro forma net income (loss)[2]** | | | |
| Historical results | $ (16,357) | $ (11,734) | $ (3,452) |
| 2015 Acquisitions | (1,053) | — | — |
| 2014 Acquisitions | 21,395 | (17,721) | — |
| 2013 Acquisitions | — | 7,565 | (5,568) |
| Total | $ 3,985 | $ (21,890) | $ (9,020) |
| Earnings (loss) per common share: | | | |
| Basic and diluted—as reported | $ — | $ — | |
| Basic and diluted—pro forma | $ — | $ — | |

(1) In order to present pro forma data in a way that offers a consistent period to period comparison, the historical results of operations of NSA for the nine months ended December 31, 2013 (consisting of total revenue of $32.9 million and net loss of $10.5 million) have been combined with the historical results of operations of NSA Predecessor for the three months ended March 31, 2013 (consisting of total revenue of $7.3 million and net loss of $1.3 million), after giving effect to the pro forma adjustments discussed above for the entire year ended

**National Storage Affiliates Trust and NSA Predecessor**

**Notes to Consolidated and Combined Financial Statements (Continued)**

**6. ACQUISITIONS AND DISPOSITIONS (Continued)**

December 31, 2013. The combination of NSA's historical operating results with the historical operating results of NSA Predecessor does not comply with U.S. GAAP and is presented solely for the purposes of this disclosure of pro forma operating results for the year ended December 31, 2013.

(2) Significant assumptions and adjustments in preparation of the pro forma information include the following:

- For the cash portion of the purchase price, the Company assumed borrowings under the Company's revolving line of credit with interest computed based on the effective interest rate of 2.66% as of December 31, 2014.
- For assumed and originated mortgages directly associated with the acquisition of specific self-storage properties, interest was computed from the date the respective acquisitons were given effect, using the effective interest rates under such financings.
- For acquisition costs of $9.6 million incurred in 2014, pro forma adjustments give effect to these expenses as if they were incurred on January 1, 2013. For acquisition costs of $3.4 million incurred in 2013, pro forma adjustments give effect to these expenses as if they were incurred on January 1, 2012.

***Self-Storage Properties Under Contract***

As of December 31, 2014, the Company was under contract to acquire an additional 27 self-storage properties, of which six self-storage properties were acquired in January 2015 for an aggregate purchase price of $41.0 million, as discussed further in Note 15.

***Dispositions***

In May 2014, the Company sold to an unrelated party one of the self-storage properties contributed by NSA Predecessor. The gross selling price was $3.0 million and the Company recognized a gain on sale of $1.4 million. During 2012, NSA Predecessor sold two self-storage properties for net proceeds of $3.7 million and recognized a gain on sale of $218,000. The net proceeds from the sale of one of the self-storage properties was $1.5 million less than the related non-recourse debt and, accordingly, NSA Predecessor recognized a gain on debt forgiveness of $1.5 million.

**7. OTHER ASSETS**

Other assets consist of the following (in thousands):

| | December 31, | |
|---|---|---|
| | 2014 | 2013 |
| Customer in-place leases, net of accumulated amortization of $5,469 and $2,614, respectively | $ 7,700 | $ 2,782 |
| Receivables: | | |
| Trade, net | 979 | 523 |
| PROs and other affiliates | 416 | 71 |
| Note receivable from PRO | 1,778 | — |
| Property acquisition deposits | 770 | 50 |
| Prepaid expenses and other | 1,017 | 610 |
| Corporate furniture and equipment, net | 198 | — |
| Deferred offering costs | 3,086 | — |
| Interest rate derivative asset | — | 125 |
| Total | $ 15,944 | $ 4,161 |

**National Storage Affiliates Trust and NSA Predecessor**

**Notes to Consolidated and Combined Financial Statements (Continued)**

## 8. DEBT FINANCING

The Company's debt is summarized as follows (amounts in thousands):

| | Interest Rate[1] | December 31, 2014 | December 31, 2013 |
|---|---|---|---|
| Credit Facility: | | | |
| Revolving line of credit | 2.66%[2] | $ 166,217 | $ — |
| Term loan | 2.56%[3] | 144,558 | — |
| Unsecured term loan | 5.16%[4] | 50,000 | — |
| Mortgages payable | 4.21%[5] | 236,916 | 298,748 |
| Total | | $ 597,691 | $ 298,748 |

(1) Represents the effective interest rate as of December 31, 2014. Effective interest rate incorporates the stated rate plus the impact of discount and premium amortization, if applicable.

(2) The interest rate is based on one-month LIBOR plus 2.50%.

(3) The interest rate is based on one-month LIBOR plus 2.40%.

(4) The interest rate is based on one-month LIBOR plus 5.00%.

(5) Represents the weighted average effective interest rate under all mortgages payable.

***Credit Facility***

On April 1, 2014 (as amended in July 2014), the Company entered into a $425.0 million senior secured credit facility (the "credit facility") with a syndicated group of lenders consisting of seven financial institutions. Borrowings under the credit facility are collateralized by first priority security interests in certain self-storage properties. The credit facility consists of two components:

- A senior secured revolving credit facility (the "revolving line of credit"), which provides for a total borrowing commitment up to $280.4 million, whereby the Company may borrow, repay and re-borrow amounts under the revolving line of credit. The borrowing commitment is subject to a borrowing base calculation, which only includes self-storage properties with an occupancy rate of at least 75% on a combined basis. As of December 31, 2014, the borrowing base supported borrowings up to a maximum of $171.0 million under the revolving line of credit. The Company is required to pay a fee which ranges from 0.20% to 0.30% of unused borrowings under the revolving line of credit. As of December 31, 2014, the pricing grid under the revolving line of credit provides for an interest rate equal to one-month LIBOR plus 2.50%. The revolving line of credit matures in March 2017 and the Company may elect an extension of the maturity date until March 2018 by paying an extension fee equal to 0.20% of the total borrowing commitment at the time of the extension.

- A $144.6 million senior secured term loan (the "term loan") provides that amounts borrowed may be repaid at any time but not re-borrowed. As of December 31, 2014, the pricing grid under the term loan provides for an interest rate equal to one-month LIBOR plus 2.40%. No principal payments are required under the term loan until the maturity date in March 2018.

Credit facility borrowings are collaterized by first priority security interests in the self-storage properties included in the borrowing base under the revolving line of credit. The credit facility is a

**National Storage Affiliates Trust and NSA Predecessor**

**Notes to Consolidated and Combined Financial Statements (Continued)**

**8. DEBT FINANCING (Continued)**

full-recourse loan, meaning that the Company's obligations for repayment extend beyond the assets that collateralize the loan. The terms of the credit facility limit the Company's ability to make distributions, incur additional debt, and acquire or sell significant assets. The credit facility requires compliance with certain financial and nonfinancial covenants, including a maximum total leverage ratio, a minimum fixed charge coverage ratio, and minimum net worth.

Borrowings under the credit facility were used primarily to finance acquisitions discussed in Note 6 and to refinance outstanding debt. During 2014, the Company incurred prepayment fees of $676,000 and recorded a charge of $344,000 related to unamortized debt issuance costs that resulted in a loss from the early extinguishment of debt of $1.0 million, which is included in interest expense in the accompanying statement of operations.

***Unsecured Term Loan***

On April 1, 2014, the Company entered into a senior unsecured term loan (the "unsecured term loan") with a syndicated group of lenders consisting of three financial institutions. The unsecured term loan provides for maximum borrowings of $50.0 million and is a senior obligation of the Company, although the Company's borrowings are not collateralized under the agreement. Under the unsecured term loan, the Company must comply with restrictions on its tangible net worth, as defined in the loan agreement. Amounts borrowed may be repaid but not re-borrowed. The loan originally matured on April 1, 2015 but was extended until October 1, 2015 in exchange for a prescribed fee of $250,000. Payments are limited to interest only, to be paid on a monthly basis. The outstanding principal balance bears interest at one-month LIBOR plus 5.00% or the base rate plus 4.00%. As of December 31, 2014, the Company had borrowed $50.0 million and elected the alternative of an interest rate of one-month LIBOR plus 5.00%. There is a mandatory repayment of this loan upon the occurrence of a capital event (such as completion of the Company's initial public offering) as defined in the loan agreement. Financial covenants under the unsecured term loan are the same as for the credit facility. The Company anticipates being in compliance with all of its financial covenants through the term of the credit facility and the senior unsecured term loan.

**National Storage Affiliates Trust and NSA Predecessor**

**Notes to Consolidated and Combined Financial Statements (Continued)**

**8. DEBT FINANCING (Continued)**

***Mortgages Payable***

Presented below is a summary of outstanding borrowings under the Company's mortgages (amounts in thousands):

| | Interest Rate[1] | Maturity Date | December 31, 2014 | December 31, 2013 |
|---|---|---|---|---|
| **Fixed Rate Mortgages:** | | | | |
| Two commercial mortgage-backed security loans | 4.62% | July 2023 | $ 68,188 | $ 68,188 |
| Seven mortgages payable, including premium of $3,902 | 3.71% | October 2020 | 44,922 | — |
| Mortgage payable | 4.34% | November 2024[6] | 15,828 | — |
| Five mortgages payable, including premium of $525 | 2.43% | [7] | 10,129 | — |
| Mortgage payable, including premium of $141 and $164 as of December 31, 2014 and 2013, respectively | 5.00% | July 2021 | 4,345 | 4,454 |
| Two mortgages payable, including premium of $180 | 2.23% | May 2016 | 4,100 | — |
| Mortgage payable, including premium of $331 | 2.97% | May 2018 | 3,790 | — |
| Mortgage payable, including premium of $161 | 2.55% | August 2017 | 2,114 | — |
| Mortgage payable originated by NSA Predecessor | 6.39% | June 2014 | — | 48,212 |
| Mortgage payable originated by NSA Predecessor | 5.40% | June 2014 | — | 11,072 |
| Mortgage payable originated by NSA Predecessor | 5.98% | April 2014 | — | 8,450 |
| Mortgage payable originated by NSA Predecessor | 5.95% | October 2016 | — | 3,702 |
| Mortgage payable originated by NSA Predecessor | 6.50% | July 2016 | — | 1,087 |
| Total fixed rate mortgages | | | 153,416 | 145,165 |
| **Variable Rate Mortgages:** | | | | |
| US Bank senior term loan | 2.26%[2] | June 2015 | 52,000 | 52,000 |
| US Bank senior term loan | 2.41%[3] | October 2015 | 6,500 | 6,500 |
| Mezzanine loan | 9.65%[4] | June 2015 | 25,000 | 25,000 |
| Senior term loan originated by NSA Predecessor | 2.95%[5] | June 2014 | — | 11,579 |
| Total variable rate mortgages | | | 83,500 | 95,079 |
| **Lender participation mortgage:** | | | | |
| Mortgage and participation feature, net of discount | 14.11% | June 2014 | — | 58,504 |
| Total Mortgages Payable | | | $ 236,916 | $ 298,748 |

(1) For mortgages outstanding on December 31, 2014, represents the effective interest rate on such date; for mortgages that have been repaid, represents the latest effective rate. Effective interest rate incorporates the stated rate plus the impact of discount and premium amortization, if applicable. For multiple loans, the rate shown is the weighted average effective rate.

(2) The variable stated interest rate is based on one-month LIBOR plus 2.10%.

(3) The variable stated interest rate is based on one-month LIBOR plus 2.25%.

(4) The stated interest rate is comprised of a fixed rate of 9.40% plus a variable component equal to the greater of (i) 0.25% or (ii) one-month LIBOR.

(5) The variable stated interest rate was based on one-month LIBOR plus 2.80%.

(6) Beginning in November 2024, the lender may increase the interest rate by 200 basis points. Although the stated maturity date is November 2044, the Company intends to repay the loan in 2024.

(7) The maturity dates for these five loans range from November 2016 through February 2017.

**National Storage Affiliates Trust and NSA Predecessor**

**Notes to Consolidated and Combined Financial Statements (Continued)**

**8. DEBT FINANCING (Continued)**

In the process of calculating the fair value of fixed rate mortgages assumed in the business combinations discussed in Note 6, the Company assumed loans with an above-market interest rate would be repaid at the earlier of the maturity date or the date when prepayment penalties will no longer be incurred under the terms of the mortgages. Accordingly the premiums are being amortized over the period the assumed mortgages are expected to be outstanding. For the year ended December 31, 2014, the Company recognized amortization of debt premiums of $424,000 which is reflected as a reduction of interest expense in the accompanying statement of operations.

As of December 31, 2013, the Company was indebted under a participating mortgage that includes a feature whereby the lender has the opportunity to share in increases in the fair value of the mortgaged self- storage properties, the results of operations of the mortgaged self-storage properties, or both. The balance of the participation mortgage reflects the fair value of the participation feature as of December 31, 2013. The corresponding increases in fair value were recorded as a debt discount which was amortized using the effective interest method to result in a rate of interest of 14.11% over the entire term of the loan which was repaid in full on April 1, 2014. For purposes of the statements of cash flows, all cash payments associated with the participation feature are reflected as a financing activity.

The unpaid balance of the lender participation liability was $17.1 million as of December 31, 2013. Debt discount amortization amounted to $918,000 for the year ended December 31, 2014, which is comprised of the unamortized discount balance of $148,000 as of December 31, 2013 plus the increase in fair value of the participation feature recognized during the first quarter of 2014 of $770,000. For the nine months ended December 31, 2013, the Company recognized debt discount amortization totaling $3.2 million. For the three months ended March 31, 2013, the NSA Predecessor recognized debt discount amortization of $1.4 million. Debt discount amortization is included in interest expense in the accompanying statements of operations.

***Future Debt Maturities***

Based on existing debt agreements in effect as of December 31, 2014, the future maturities of outstanding borrowings under the Company's credit facility, unsecured term loan and mortgages are presented in the table below (in thousands):

| Year Ending December 31, | Contractual Principal | Premium Amortization | Total |
|---|---|---|---|
| 2015 | $ 135,628 | $ 1,371 | $ 136,999 |
| 2016 | 16,007 | 1,133 | 17,140 |
| 2017 | 170,991 | 853 | 171,844 |
| 2018 | 150,625 | 763 | 151,388 |
| 2019 | 3,085 | 730 | 3,815 |
| After 2019 | 116,115 | 390 | 116,505 |
| | $ 592,451 | $ 5,240 | $ 597,691 |

The Company has outstanding debt of $77.0 million that matures in June 2015 and an additional $56.5 million that matures in October 2015. The Company intends to repay the aggregate amount of $133.5 million from the proceeds of its planned initial public offering. If management determines that completion of the offering will likely be delayed beyond the respective maturity dates of the debt, the Company intends to engage in negotiations with the lenders to extend the maturity dates.

**National Storage Affiliates Trust and NSA Predecessor**

**Notes to Consolidated and Combined Financial Statements (Continued)**

## 8. DEBT FINANCING (Continued)

***Restricted Cash***

Certain mortgages require monthly escrow deposits for real estate taxes, casualty insurance, and reserves for capital improvements. As of December 31, 2014 and 2013, such deposits are included in restricted cash in the accompanying balance sheets and consist of the following (in thousands):

| | December 31, | |
|---|---|---|
| | 2014 | 2013 |
| Real estate taxes, casualty insurance and other | $ 598 | $ 1,447 |
| Deposit required by lender | 168 | 168 |
| Capital improvements and major repairs | 1,354 | 1,016 |
| Total | $ 2,120 | $ 2,631 |

## 9. DERIVATIVES

As of December 31, 2014 and 2013, the following is a summary of the terms of outstanding interest rate swap agreements, all of which are based on one-month LIBOR (dollars in thousands):

| | Notional Amount as of December 31, | | Fixed Interest |
|---|---|---|---|
| Maturity Date | 2014 | 2013 | Rate |
| May 2014 | $ — | $ 12,666 | 1.47% |
| March 2018 | 25,000(1) | — | 1.31% |
| March 2018 | 15,000(1) | — | 1.34% |
| March 2018 | 85,000(1) | — | 1.46% |
| February 2022 | 7,586 | 7,764 | 2.28% |
| | $ 132,586 | $ 20,430 | |

(1) Interest rate swap accounted for using hedge accounting.

As of December 31, 2014 and 2013, the following is a summary of the terms of outstanding interest rate cap agreements, all of which are based on one-month LIBOR (in thousands):

| | Notional Amount as of December 31, | | |
|---|---|---|---|
| Maturity Date | 2014 | 2013 | Rate Cap |
| April 2015 | $ 50,000 | $ — | 1.00% |
| June 2015 | 10,000 | 10,000 | 2.00% |
| June 2015 | 6,820 | 6,820 | 2.00% |
| June 2015 | 1,180 | 1,180 | 2.00% |
| June 2015 | 17,000 | 17,000 | 2.00% |
| | $ 85,000 | $ 35,000 | |

For the year ended December 31, 2014 the Company recorded an unrealized loss of $332,000, and for the nine months ended December 31, 2013 the Company recorded an unrealized gain of $245,000

**National Storage Affiliates Trust and NSA Predecessor**

**Notes to Consolidated and Combined Financial Statements (Continued)**

**9. DERIVATIVES (Continued)**

in the accompanying statements of operations for derivatives that are not being accounted for using hedge accounting. For the three months ended March 31, 2013 and the year ended December 31, 2012, NSA Predecessor recorded unrealized gains of $60,000 and $82,000, respectively, in the accompanying statements of operations for derivatives that are not being accounted for using hedge accounting.

The Company and NSA Predecessor did not have any interest rate swaps accounted for under hedge accounting prior to 2014. For interest rate swaps accounted for under hedge accounting during 2014, the Company recorded unrealized losses of $1.9 million in other comprehensive income and reclassified realized losses of $1.1 million into interest expense. During the year ending December 31, 2015, the Company expects that approximately $1.4 million will be reclassified from accumulated other comprehensive loss to interest expense.

The fair value of derivatives are recorded in the following asset and liability accounts in the accompanying balance sheets (in thousands):

| | December 31, | |
|---|---|---|
| | 2014 | 2013 |
| Other assets, net | $ — | $ 125 |
| Accounts payable and accrued liabilities | (1,072) | (55) |
| Net asset (liability) | $ (1,072) | $ 70 |

**10. EQUITY-BASED AWARDS**

The Company grants equity incentive units in the form of LTIP units for compensation to employees, for services provided by consultants, and as consideration for self-storage property acquisitions. Up to 2.5 million LTIP units are authorized for issuance under the Company's 2013 Plan and additional LTIP units are issued pursuant to the LP Agreement discussed in Note 3. Through December 31, 2014, an aggregate of 2,468,710 LTIP units have been issued under the Plan and 221,070 LTIP units have been issued under the LP Agreement. The fair value of the LTIP units granted under the Plan was determined to be $10.37 per unit for awards granted on December 31, 2014 and $9.28 per unit for awards granted on December 31, 2013. For LTIP units granted under the LP Agreement in 2014, the weighted average fair value was $9.50 per unit. The grant date fair value for all LTIP units was based on the fair value of comparable equity instruments of the Company such as its OP units, discounted for certain rights available to the similar equity instrument holders and not available to the LTIP unit holders.

**National Storage Affiliates Trust and NSA Predecessor**

**Notes to Consolidated and Combined Financial Statements (Continued)**

**10. EQUITY-BASED AWARDS (Continued)**

*Compensatory Grants*

The following table summarizes units outstanding, units vested and compensation recognized for compensatory grants under the Company's 2013 Plan for the year ended December 31, 2014 and the nine months ended December 31, 2013 (dollars in thousands):

| | Number of Units | | | Equity-based Compensation | |
|---|---|---|---|---|---|
| | Outstanding | Vested | Unvested | 2014 | 2013 |
| Units granted on December 31, 2013 | 406,600 | 119,000 | 287,600 | $ — | $ 1,104 |
| Units granted on December 31, 2014 | 378,550 | 9,550 | 369,000 | 99 | — |
| Units granted in 2013 that vested in 2014 | — | 147,434 | (147,434) | 1,369 | — |
| Total | 785,150 | 275,984 | 509,166 | $ 1,468 | $ 1,104 |

The following table presents the future vesting and the related compensation expense expected to be recognized for units that will vest after December 31, 2014 (dollars in thousands):

| Year Ending December 31, | Number of Units | Equity-based Compensation |
|---|---|---|
| **2015** | 233,551 | $ 2,480 |
| **2016** | 117,282 | 1,179 |
| **2017** | 114,983 | 1,021 |
| Total time-based vesting | 465,816 | 4,680 |
| Vesting upon completion of initial public offering | 43,350 | 447 |
| Total | 509,166 | $ 5,127 |

If the grantee has a termination of service for any reason during the vesting period, the unvested LTIP units will be forfeited. Compensation expense related to LTIP units granted to employees and consultants is included in general and administrative expense in the accompanying statements of operations.

*Acquisition Consideration Grants*

On December 31, 2013, the Company granted 1,683,560 LTIP units under the 2013 Plan to PROs, including NSA Predecessor, as part of the consideration for their respective self-storage property acquisitions and contributions. The following table summarizes by PRO the number of units issued,

**National Storage Affiliates Trust and NSA Predecessor**

**Notes to Consolidated and Combined Financial Statements (Continued)**

**10. EQUITY-BASED AWARDS (Continued)**

units vested and the aggregate purchase consideration recognized for acquisition grants for the year ended December 31, 2014 and the nine months ended December 31, 2013 (dollars in thousands):

| | Unvested Units by PRO | | | Total Units | | Fair Value of Consideration | |
|---|---|---|---|---|---|---|---|
| | NSA Predecessor | Northwest | Optivest | Vested | Unvested | 2014 | 2013 |
| Units issued on December 31, 2013 | 690,330 | 451,370 | 541,860 | — | 1,683,560 | $ — | $ — |
| Units vested upon issuance in 2013 related to: | | | | | | | |
| Properties acquired or sourced by PROs[1] | (11,190) | (186,960) | (116,260) | 314,410 | (314,410) | — | 2,918 |
| Contributions by NSA Predecessor[2] | (107,080) | — | — | 107,080 | (107,080) | — | — |
| Totals, December 31, 2013 | 572,060 | 264,410 | 425,600 | 421,490 | 1,262,070 | — | 2,918 |
| Units vested during 2014 related to: | | | | | | | |
| Properties acquired or sourced by PROs[1] | — | (264,410) | (115,560) | 379,970 | (379,970) | 3,652 | — |
| Contributions by NSA Predecessor[2] | (359,200) | — | — | 359,200 | (359,200) | — | — |
| Totals, December 31, 2014 | 212,860 | — | 310,040 | 1,160,660 | 522,900[3] | $ 3,652 | $ 2,918 |

(1) The aggregate fair value of vested LTIP units associated with self-storage properties acquired or sourced by PROs represents consideration for the self-storage property acquisitions set forth in Note 6.

(2) The contribution of self-storage properties by NSA Predecessor was accounted for as a reorganization of entities under common control and, accordingly, no value was recognized in the Company's financial statements for these LTIP units.

(3) As of December 31, 2014, the remaining 522,900 unvested LTIP units will vest as additional self-storage properties are acquired from or sourced by the PROs. The fair value of such LTIP units will be recorded as additional acquisition consideration based on the fair value in the period such acquisitions are completed.

*LP Agreement Grants to Consultants*

Pursuant to the LP Agreement, during 2014 the Company issued 221,070 LTIP units that were immediately vested to consultants that provided acquisition services that are included in acquisition costs in the accompanying statements of operations. The aggregate fair value of LTIP units was $2.1 million, of which $1.5 million was for acquisition costs incurred in 2014 and $641,000 was for acquisition costs incurred in 2013.

**National Storage Affiliates Trust and NSA Predecessor**

**Notes to Consolidated and Combined Financial Statements (Continued)**

## 11. EARNINGS PER SHARE

The following is a summary of the elements used in calculating basic and diluted earnings (loss) per common share for the year ended December 31, 2014 and the nine months ended December 31, 2013 (dollars in thousands):

| | Year Ended December 31, 2014 | Nine Months Ended December 31, 2013 |
|---|---|---|
| Net income (loss) | $ (16,357) | $ (10,481) |
| Less net loss attributable to noncontrolling interests | 16,357 | 10,481 |
| Net income (loss) attributable to common shareholders | $ — | $ — |
| Weighted average shares outstanding (basic and diluted) | 1,000 | 753 |
| Earnings (loss) per share (basic and diluted) | $ — | $ — |

The following table summarizes outstanding equity interests of the OP and DownREIT partnerships as of December 31, 2014 and 2013. These equity interests are considered potential common shares for purposes of calculating earnings (loss) per share as the unitholders may obtain common shares, subject to various restrictions described in Note 3. As discussed in Note 3, the holders of OP units are not entitled to elect redemption until one year after the closing of the Company's initial public offering or similar financings by the Company. The Company will have the ability to satisfy the redemption request through the payment of cash, or at the Company's option, through the exchange of common shares on a one-for-one basis, subject to certain adjustments. The units summarized below do not reflect the impact of any conversion of subordinated performance units or the effect of the conversion penalty described in Note 3. Additionally, as discussed in Note 10, certain LTIP units vest upon completion of the Company's planned initial public offering or the future acquisition of properties sourced by PROs. All potential common shares have been excluded from the earnings (loss) per share calculations as the Company has not completed its planned initial public offering.

| | December 31, | |
|---|---|---|
| | 2014 | 2013 |
| OP units[1] | 18,817,088 | 8,634,303 |
| Subordinated performance units[2] | 8,447,679 | 4,343,564 |
| LTIP units | 2,689,780 | 825,790 |
| DownREIT units | | |
| OP unit equivalents | 1,275,979 | — |
| Subordinated performance unit equivalents | 3,009,884 | — |
| Total | 34,240,410 | 13,803,657 |

(1) Amount as of December 31, 2013 includes 2,060,711 OP units issued in connection with the contribution of 65 self-storage properties by NSA Predecessor on April 1, 2014.

(2) Amount as of December 31, 2013 includes 1,464,782 subordinated performance units issued in connection with the contribution of 65 self-storage properties by NSA Predecessor on April 1, 2014.

**National Storage Affiliates Trust and NSA Predecessor**

**Notes to Consolidated and Combined Financial Statements (Continued)**

## 12. RELATED PARTY TRANSACTIONS

***Supervisory and Administrative Fees***

The Company has entered into agreements with affiliates of NSA Predecessor and PROs to continue providing leasing, operating, supervisory and administrative services related to the self-storage properties contributed by NSA Predecessor and acquired from the PROs. The related party affiliates of NSA Predecessor and PROs are the same entities that provided similar services prior to the respective dates that the self-storage properties were contributed to or acquired by the Company. The agreements generally provide for fees ranging from 5% to 6% of gross revenue for the related self-storage properties. During the year ended December 31, 2014 and the nine months ended December 31, 2013, the Company incurred $4.5 million and $2.0 million, respectively, for supervisory and administrative fees to affiliates of NSA Predecessor and PROs. Such fees are included in general and administrative expenses in the accompanying statement of operations.

The supervisory and administrative service fees incurred by NSA Predecessor amounted to 6% of gross revenue which totaled $441,000 for the three months ended March 31, 2013, and $1.7 million for the year ended December 31, 2012. Such fees incurred by NSA Predecessor are included in general and administrative expenses in the accompanying statements of operations.

***Affiliate Payroll Services***

The employees responsible for operation of the self-storage properties are employees of affiliates of NSA Predecessor and the PROs who change the Company for the actual costs associated with the respective employees. For the year ended December 31, 2014, the Company incurred an aggregate of $8.4 million for payroll costs and related costs reimbursable to these affiliates. For the nine months ended December 31, 2013, the Company incurred an aggregate of $3.6 million for payroll costs and related costs reimbursable to these affiliates. For the three months ended March 31, 2013 and the year ended December 31, 2012, NSA Predecessor reimbursed the related party $890,000 and $3.8 million for payroll costs. Such costs are included in property operating expenses in the accompanying statements of operations.

***Affiliate Call Center Services***

An affiliate of NSA Predecessor provides centralized call center services to support self-storage property operations. For the year ended December 31, 2014 and the nine months ended December 31, 2013, the Company incurred call center charges of $470,000 and $270,000, respectively. For the three months ended March 31, 2013 and the year ended December 31, 2012, NSA Predecessor incurred call center charges of $96,000 and $388,000, respectively. Such call center costs are included in property operating expenses in the accompanying statements of operations. The call center utilizes approximately 1,500 square feet in one of the Company's self-storage properties acquired from NSA Predecessor for annual rent of approximately $25,000.

***Notes Receivable***

In connection with the acquisition of two self-storage properties, the Company made a bridge loan of $4.8 million to a PRO on February 28, 2014. This loan provided for interest at 5.16% and was collateralized by self-storage properties that were subsequently acquired by the Company on May 30, 2014, at which time the note was repaid.

**National Storage Affiliates Trust and NSA Predecessor**

**Notes to Consolidated and Combined Financial Statements (Continued)**

**12. RELATED PARTY TRANSACTIONS (Continued)**

In connection with the planned acquisition of certain self-storage properties, the Company made a bridge loan of approximately $8.0 million to a PRO on July 1, 2014. This loan did not bear interest and was repaid as the related self-storage properties were acquired. Through December 31, 2014, 13 of the self-storage properties had been acquired and bridge loan advances totaling $6.2 million were applied to offset the acquisition consideration otherwise payable by the Company. As of December 31, 2014, the bridge loan balance of $1.8 million is included in other assets in the accompanying balance sheet. In January 2015, the remaining balance of the bridge loan was applied to offset the acquisition consideration otherwise payable by the Company related to two self-storage property acquisitions.

In connection with the acquisition of 16 self-storage properties from PROs during the second half of 2014, as discussed in Note 14 the Company assumed certain mortgages that provided for interest at above-market rates. The sellers of the self-storage properties agreed to reimburse the Company for the difference between the fair value and the contractual value of the assumed mortgages which amounted to $5.2 million. Due to the structure of the transaction, the amount owed to the Company was considered a receivable for the issuance of equity and was recorded as an offset against equity.

***Brokerage Fees***

In connection with 88 self-storage properties contributed by NSA Predecessor, the Company recognized $3.2 million of contractually obligated brokerage fees payable to an affiliate of NSA Predecessor. Additionally, the Company incurred fees of $300,000 in connection with the acquisition of certain self-storage properties sourced by a PRO during 2014. These fees are included in acquisition costs in the accompanying statements of operations and amounted to $3.0 million and $548,000 for the year ended December 31, 2014 and the nine months ended December 31, 2013, respectively.

***Due Diligence Costs***

In connection with the acquisition of certain self-storage properties sourced by an affiliate of NSA Predecessor, the Company agreed to reimburse the related party for $175,000 of due diligence costs related to the acquisitions. This amount is included in acquisition costs for the year ended December 31, 2014 and is included in accounts payable and accrued liabilities in the accompanying balance sheet as of December 31, 2014.

**13. COMMITMENTS AND CONTINGENCIES**

***Operating Leases***

In March 2014, the Company entered into a non-cancelable operating lease that expires in July 2020 for its corporate headquarters in Greenwood Village, Colorado. Under the terms of the office lease, the Company obtained an option to extend the lease for an additional term of five years at then current market rates. The office lease provides for an abated rent period and the value of this inducement is being accounted for as a reduction to rent expense over the term of the lease. Rent expense related to this office lease is included in general and administrative expenses and amounted to $69,000 for the year ended December 31, 2014.

**National Storage Affiliates Trust and NSA Predecessor**

**Notes to Consolidated and Combined Financial Statements (Continued)**

**13. COMMITMENTS AND CONTINGENCIES (Continued)**

In September 2014 the Company acquired a self-storage property from a PRO that is subject to a non-cancelable ground lease agreement that is classified as an operating lease. This agreement provides for a minimum lease term that expires in June 2045. The lease agreement provides for six five-year extension options that if exercised would extend the lease expiration until June 2075. The estimated useful life of the related self-storage property extends through 2054; therefore, the Company intends to exercise at least two of the five-year extension options whereby the lease term would expire in 2055. The ground lease agreement provides for fixed increases of 10% after every five-year period and, accordingly, the Company recognizes lease expense on a straight-line basis over the expected lease term expiring in 2055. Rent expense under this ground lease agreement is included in property operating expenses and amounted to $32,000 for the year ended December 31, 2014.

As of December 31, 2014, future minimum cash payments under the Company's operating leases are as follows (in thousands):

| Year Ending December 31, | Ground Lease | Office Lease | Other | Total |
|---|---|---|---|---|
| 2015 | $ 77 | $ 92 | $ 3 | $ 172 |
| 2016 | 80 | 95 | 3 | 178 |
| 2017 | 80 | 97 | 3 | 180 |
| 2018 | 80 | 99 | 3 | 182 |
| 2019 | 80 | 101 | 3 | 184 |
| 2020 through 2055 | 4,200 | 61 | — | 4,261 |
| Total | $ 4,597 | $ 545 | $ 15 | $ 5,157 |

As discussed in Note 15, in January 2015 the Company acquired three self-storage properties that are held as leasehold interests, which are excluded from the table above.

***Legal Proceedings***

The Company is subject to litigation, claims, and assessments that may arise in the ordinary course of its business activities. Such matters include contractual matters, employment related issues, and regulatory proceedings. Although occasional adverse decisions or settlements may occur, the Company believes that the final disposition of such matters will not have a material adverse effect on the Company's financial position, results of operations, or liquidity.

**14. FAIR VALUE DISCLOSURES**

The Company applies the methods of determining fair value, as described in the authoritative guidance, to value its financial assets and liabilities. As defined in the guidance, fair value is based on the price that would be received from the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In order to increase consistency and comparability in fair value measurements, the guidance establishes a fair value hierarchy that prioritizes observable and unobservable inputs used to measure fair value into three broad levels, which are described below:

Level 1: Quoted prices (unadjusted) in active markets that are accessible at the measurement date for assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.

**National Storage Affiliates Trust and NSA Predecessor**

**Notes to Consolidated and Combined Financial Statements (Continued)**

**14. FAIR VALUE DISCLOSURES (Continued)**

Level 2: Observable prices that are based on inputs not quoted on active markets, but corroborated by market data.

Level 3: Unobservable inputs are used when little or no market data is available. The fair value hierarchy gives the lowest priority to Level 3 inputs.

In determining fair value, the Company utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible and considers counterparty credit risk in its assessment of fair value. As of December 31, 2014, the Company used Level 2 inputs exclusively to determine fair value of its derivatives carried at fair value as shown in the table below (in thousands):

| | |
|---|---|
| Interest rate swap and cap derivatives: | |
| Accounted for as cash flow hedges | $ 865 |
| Non-hedge accounting | 207 |
| Derivative liability at fair value | $ 1,072 |

As of December 31, 2013, the Company used Level 2 and Level 3 inputs to determine fair value of its derivatives and lender participation mortgage as shown in the table below (in thousands):

| | Level 2 | | Level 3 |
|---|---|---|---|
| | Asset | Liability | Liability |
| Interest rate swap and cap derivatives | $ 125 | $ 55 | $ — |
| Lender participation mortgage | — | — | 58,504 |
| Amounts carried at fair value | $ 125 | $ 55 | $ 58,504 |

For financial assets and liabilities that utilize Level 2 inputs, the Company utilizes both direct and indirect observable price quotes, including LIBOR yield curves. The Company uses valuation techniques for Level 2 financial assets and liabilities which include LIBOR yield curves at the reporting date as well as assessing counterparty credit risk. Counterparties to these contracts are highly rated financial institutions. Although the Company has determined that the majority of the inputs used to value its derivatives fall within Level 2 of the fair value hierarchy, the credit valuation adjustments associated with the Company's derivatives utilize Level 3 inputs, such as estimates of current credit spreads, to evaluate the likelihood of default by the Company and the counterparties. As of December 31, 2014, the Company determined that the effect of credit valuation adjustments on the overall valuation of its derivative positions are not significant to the overall valuation of its derivatives. Therefore, the Company has determined that its derivative valuations are appropriately classified in Level 2 of the fair value hierarchy.

The Company's lender participating mortgage note was carried at fair value through the repayment date on April 1, 2014. The fair value of the lender participation liability was determined using discounted cash flow methodology associated with the results of operations and/or realized appreciation in value of the real estate assets. These inputs fall into Level 3 within the fair value hierarchy and; therefore, the Company determined that the lender participation mortgage was appropriately classified in Level 3.

**National Storage Affiliates Trust and NSA Predecessor**

**Notes to Consolidated and Combined Financial Statements (Continued)**

**14. FAIR VALUE DISCLOSURES (Continued)**

The carrying values of cash and cash equivalents, restricted cash, trade receivables, and accounts payable and accrued liabilities, and the OP unit subscription liability reflected in the balance sheets at December 31, 2014 and 2013, approximate fair value due to the short term nature of these financial assets and liabilities. The carrying value of variable rate debt financing reflected in the balance sheets at December 31, 2014 and 2013 approximates fair value as the changes in their associated interest rates reflect the current market and credit risk is similar to when the loans were originally obtained.

As of December 31, 2014 and 2013, the fair value of our interest rate swaps and caps set forth in Note 9 was determined using Level 2 inputs from the fair value hierarchy. Derivative financial instruments expose the Company to credit risk in the event of non-performance by the counterparties under the terms of the derivative instrument. The Company uses interest rate derivatives to help manage the risk associated with debt financing with variable interest rates. The Company does not trade derivative instruments. The Company minimizes its credit risk on these transactions by dealing with major, creditworthy financial institutions as determined by management, and therefore, the Company believes the likelihood of realizing losses from counterparty non-performance is remote.

The fair values of fixed rate mortgages were estimated using the discounted estimated future cash payments to be made on such debt; the discount rates used approximated current market rates for loans, or groups of loans, with similar maturities and credit quality (categorized within Level 2 of the fair value hierarchy). The combined carrying value of our fixed rate mortgages was approximately $153.4 million as of December 31, 2014 with a fair value of approximately $158.3 million. In determining the fair value of our fixed rate mortgages as of December 31, 2014, the Company estimated weighted average market interest rate of approximately 3.59%, compared to the weighted average contractual interest rate of 5.11%. The combined carrying value of our fixed rate mortgages was approximately $145.2 million as of December 31, 2013 with a fair value of approximately $146.3 million. In determining the fair value of our fixed rate mortgages as of December 31, 2013, the Company estimated weighted average market interest rates of approximately 4.20%, compared to the weighted average contractual interest rates of 5.57%.

The Company performed fair value measurements of assets and liabilities on a non-recurring basis in connection with the acquisition of 83 self-storage properties in 2014 and 49 self-storage properties in 2013. For the determination of fair value of land, the Company used prices per acre derived from observed transactions involving comparable land in similar locations (a Level 2 input). For the determination of the fair value of buildings, improvements, furniture and equipment, the Company used current replacement cost based on information derived from construction industry data by geographic region as adjusted for the age, condition, and economic obsolescence associated with these assets (Level 2 and Level 3 inputs). The fair value of customer in-place leases was based on the estimated net operating income that would be lost due to the amount of time required to replace existing customer leases, which is based on the Company's historical experience with turnover in its facilities (a Level 3 input).

In connection with 16 acquisitions in 2014, the Company assumed fixed rate mortgages with a fair value of $65.8 million and aggregate outstanding principal balances of $60.3 million. In connection with an acquisition in December 2013, the Company assumed a fixed rate mortgage with a fair value of $4.4 million and an outstanding principal balance of $4.3 million. The Company recorded these mortgages at fair value which was based on Level 2 inputs. Fair value was determined using the Company's assumptions about interest rates and other financing terms available. Other assets acquired and liabilities assumed in the 2014 and 2013 acquisitions consist primarily of restricted cash, trade

**National Storage Affiliates Trust and NSA Predecessor**

**Notes to Consolidated and Combined Financial Statements (Continued)**

**14. FAIR VALUE DISCLOSURES (Continued)**

receivables, prepaid or accrued real estate taxes and deferred revenue from advance monthly rentals paid by customers. The carrying values of these assets and liabilities approximate their fair values due to the short-term nature of these financial assets and liabilities.

**15. SUBSEQUENT EVENTS**

In January 2015, the Company acquired six self-storage properties with an estimated fair value of $41.0 million. Consideration for these acquisitions included settlement of $1.8 million of notes receivable and issuance of OP equity of $9.0 million. Additionally, at the time of acquisition, there was $23.4 million of outstanding mortgages and consideration payable to the sellers, of which approximately $18.7 million was repaid subsequent to acquisition. Certain of these self-storage properties were acquired in DownREIT partnerships. The estimated fair value of noncontrolling interests associated with these partnerships was $6.8 million.

Three of the six self-storage properties are subject to non-cancelable leasehold interest agreements that are classified as operating leases. These lease agreements provide for minimum lease terms that expire between 2015 and 2031. The lease agreements provide for extension options that if exercised would extend the lease expirations between 2034 and 2051. Based on our current estimates of the self-storage properties' service potential, we anticipate exercising the extension options and have therefore included these periods in our determination of the lease terms for accounting purposes. Two of the three lease agreements provide for fixed rental increases between 12.0% and 12.5% after every five year period and, accordingly, the Company will recognize lease expense on a straight-line basis over the expected lease terms.

One of the lease agreements provides for fixed annual rentals of $250,000 over the entire lease term plus contingent rentals to the extent that 20% of gross annual revenue from the self-storage property exceeds the fixed annual rental of $250,000. For the year ended December 31, 2014, the previous owner incurred contingent rentals of $30,000.

Future minimum cash payments (exclusive of contingent rentals) under these three lease agreements are as follows (in thousands):

| Year Ending December 31, | Total |
|---|---|
| 2015 | $ 703 |
| 2016 | 744 |
| 2017 | 752 |
| 2018 | 752 |
| 2019 | 752 |
| After 2019 | 21,104 |
| Total | $ 24,807 |

**National Storage Affiliates Trust**
**Schedule III—Real Estate and Accumulated Depreciation**
**December 31, 2014**
**(dollars in thousands)**

| Location | | Initial Cost to Company | | Subsequent Additions | Gross Carrying Amount at Year-End | | | Accumulated Depreciation | Date Acquired |
|---|---|---|---|---|---|---|---|---|---|
| MSA[1] | State | Land | Buildings and Improvements | | Land | Buildings and Improvements | Total | | |
| Lake Havasu City-Kingman | AZ | $ 671 | $ 1,572 | $ — | $ 671 | $ 1,572 | $ 2,243 | $ 58 | 4/1/14 |
| Lake Havasu City-Kingman | AZ | 722 | 2,546 | — | 722 | 2,546 | 3,268 | 69 | 7/1/14 |
| Phoenix-Mesa-Glendale | AZ | 1,089 | 6,607 | 6 | 1,089 | 6,613 | 7,702 | 159 | 6/30/14 |
| Phoenix-Mesa-Glendale | AZ | 3,813 | 7,831 | 14 | 3,813 | 7,845 | 11,658 | 81 | 9/30/14 |
| Phoenix-Mesa-Glendale | AZ | 1,375 | 2,613 | 2 | 1,375 | 2,615 | 3,990 | 48 | 9/30/14 |
| Phoenix-Mesa-Glendale | AZ | 1,653 | 7,531 | — | 1,653 | 7,531 | 9,184 | 40 | 10/1/14 |
| Phoenix-Mesa-Glendale | AZ | 1,661 | 3,311 | — | 1,661 | 3,311 | 4,972 | 27 | 10/1/14 |
| Tucson | AZ | 421 | 3,855 | 59 | 421 | 3,914 | 4,335 | 149 | 8/29/13 |
| Tucson | AZ | 716 | 1,365 | 1 | 716 | 1,366 | 2,082 | 100 | 8/29/13 |
| Los Angeles-Long Beach-Santa Ana | CA | 6,641 | 8,239 | 3 | 6,641 | 8,242 | 14,883 | 183 | 4/1/14 |
| Los Angeles-Long Beach-Santa Ana | CA | 1,122 | 1,881 | — | 1,122 | 1,881 | 3,003 | 45 | 6/30/14 |
| Los Angeles-Long Beach-Santa Ana | CA | 7,186 | 12,771 | — | 7,186 | 12,771 | 19,957 | 152 | 9/17/14 |
| Los Angeles-Long Beach-Santa Ana | CA | —[2] | 7,106 | — | —[2] | 7,106 | 7,106 | 81 | 9/17/14 |
| Los Angeles-Long Beach-Santa Ana | CA | 2,366 | 4,892 | — | 2,366 | 4,892 | 7,258 | 60 | 9/17/14 |
| Los Angeles-Long Beach-Santa Ana | CA | 2,871 | 3,703 | — | 2,871 | 3,703 | 6,574 | 28 | 10/7/14 |
| Los Angeles-Long Beach-Santa Ana | CA | 5,448 | 10,015 | — | 5,448 | 10,015 | 15,463 | 90 | 10/7/14 |
| Riverside-San Bernardino-Ontario | CA | 552 | 3,010 | 109 | 552 | 3,119 | 3,671 | 538 | 5/16/08 |
| Riverside-San Bernardino-Ontario | CA | 1,342 | 4,446 | 27 | 1,342 | 4,473 | 5,815 | 480 | 4/1/13 |
| Riverside-San Bernardino-Ontario | CA | 1,672 | 2,564 | — | 1,672 | 2,564 | 4,236 | 76 | 4/1/14 |
| Riverside-San Bernardino-Ontario | CA | 978 | 1,854 | — | 978 | 1,854 | 2,832 | 69 | 5/30/14 |
| Riverside-San Bernardino-Ontario | CA | 1,068 | 2,609 | — | 1,068 | 2,609 | 3,677 | 82 | 5/30/14 |
| Riverside-San Bernardino-Ontario | CA | 1,202 | 2,032 | 4 | 1,202 | 2,036 | 3,238 | 49 | 6/30/14 |
| Riverside-San Bernardino-Ontario | CA | 1,803 | 2,758 | 4 | 1,803 | 2,762 | 4,565 | 89 | 6/30/14 |
| Riverside-San Bernardino-Ontario | CA | 1,337 | 4,489 | — | 1,337 | 4,489 | 5,826 | 97 | 6/30/14 |
| Riverside-San Bernardino-Ontario | CA | 846 | 2,508 | — | 846 | 2,508 | 3,354 | 54 | 7/1/14 |
| Riverside-San Bernardino-Ontario | CA | 1,026 | 4,552 | — | 1,026 | 4,552 | 5,578 | 43 | 9/17/14 |
| Riverside-San Bernardino-Ontario | CA | 1,878 | 5,104 | — | 1,878 | 5,104 | 6,982 | 52 | 9/17/14 |
| Riverside-San Bernardino-Ontario | CA | 14,109 | 23,112 | — | 14,109 | 23,112 | 37,221 | 280 | 9/17/14 |
| Riverside-San Bernardino-Ontario | CA | 3,974 | 6,962 | — | 3,974 | 6,962 | 10,936 | 73 | 10/1/14 |
| Riverside-San Bernardino-Ontario | CA | 2,018 | 3,478 | — | 2,018 | 3,478 | 5,496 | 43 | 10/1/14 |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| San Diego-Carlsbad-San Marcos | CA | 3,703 | 5,582 | — | 3,703 | 5,582 | 9,285 | 59 | 9/17/14 |
| San Diego-Carlsbad-San Marcos | CA | 3,544 | 4,915 | — | 3,544 | 4,915 | 8,459 | 40 | 10/1/14 |
| Colorado Springs | CO | 455 | 1,351 | 30 | 455 | 1,381 | 1,836 | 261 | 8/29/07 |
| Colorado Springs | CO | 588 | 2,162 | 1,068 | 588 | 3,230 | 3,818 | 535 | 3/26/08 |
| Colorado Springs | CO | 632 | 3,118 | 362 | 632 | 3,480 | 4,112 | 632 | 3/26/08 |
| Colorado Springs | CO | 414 | 1,535 | 304 | 414 | 1,839 | 2,253 | 326 | 5/1/08 |
| Colorado Springs | CO | 300 | 1,801 | 61 | 300 | 1,862 | 2,162 | 263 | 6/1/09 |
| Denver-Aurora-Broomfield | CO | 868 | 128 | 2,299 | 868 | 2,427 | 3,295 | 276 | 6/22/09 |
| Fort Collins-Loveland | CO | 3,213 | 3,087 | 85 | 3,213 | 3,172 | 6,385 | 592 | 8/29/07 |
| Fort Collins-Loveland | CO | 2,514 | 1,786 | 44 | 2,514 | 1,830 | 4,344 | 343 | 8/29/07 |
| Atlanta-Sandy Springs-Marietta | GA | 515 | 687 | 94 | 515 | 781 | 1,296 | 143 | 8/29/07 |
| Atlanta-Sandy Springs-Marietta | GA | 272 | 1,357 | 221 | 272 | 1,578 | 1,850 | 282 | 8/29/07 |

| Location | | Initial Cost to Company | | Subsequent Additions | Gross Carrying Amount at Year-End | | | Accumulated Depreciation | Date Acquired |
|---|---|---|---|---|---|---|---|---|---|
| MSA[1] | State | Land | Buildings and Improvements | | Land | Buildings and Improvements | Total | | |
| Atlanta-Sandy Springs-Marietta | GA | 702 | 1,999 | 272 | 702 | 2,271 | 2,973 | 419 | 8/29/07 |
| Atlanta-Sandy Springs-Marietta | GA | 1,413 | 1,590 | 150 | 1,413 | 1,740 | 3,153 | 320 | 8/29/07 |
| Atlanta-Sandy Springs-Marietta | GA | 341 | 562 | 121 | 341 | 683 | 1,024 | 126 | 8/29/07 |
| Atlanta-Sandy Springs-Marietta | GA | 553 | 847 | 160 | 553 | 1,007 | 1,560 | 183 | 8/29/07 |
| Atlanta-Sandy Springs-Marietta | GA | 85 | 445 | 215 | 85 | 660 | 745 | 129 | 9/28/07 |
| Atlanta-Sandy Springs-Marietta | GA | 494 | 2,215 | 215 | 494 | 2,430 | 2,924 | 452 | 9/28/07 |
| Augusta | GA | 84 | 539 | 145 | 84 | 684 | 768 | 140 | 8/29/07 |
| Augusta | GA | 205 | 686 | 138 | 205 | 824 | 1,029 | 154 | 8/29/07 |
| Columbus | GA | 169 | 342 | 143 | 169 | 485 | 654 | 63 | 5/1/09 |
| Macon | GA | 180 | 840 | 29 | 180 | 869 | 1,049 | 160 | 9/28/07 |
| Savannah | GA | 324 | 1,160 | 119 | 324 | 1,279 | 1,603 | 237 | 8/29/07 |
| Savannah | GA | 597 | 762 | 159 | 597 | 921 | 1,518 | 174 | 9/28/07 |
| Savannah | GA | 409 | 1,335 | 10 | 409 | 1,345 | 1,754 | 74 | 1/31/14 |
| Savannah | GA | 811 | 1,181 | 54 | 811 | 1,235 | 2,046 | 40 | 6/25/14 |
| Meridian | MS | 224 | 1,052 | 130 | 224 | 1,182 | 1,406 | 161 | 5/1/09 |
| Meridian | MS | 382 | 803 | 186 | 382 | 989 | 1,371 | 134 | 5/1/09 |
| Asheville | NC | 1,030 | 1,487 | 12 | 1,030 | 1,499 | 2,529 | 56 | 5/19/14 |
| Asheville | NC | 631 | 1,916 | 8 | 631 | 1,924 | 2,555 | 39 | 7/8/14 |
| Durham-Chapel Hill | NC | 390 | 1,025 | 140 | 390 | 1,165 | 1,555 | 216 | 8/29/07 |
| Durham-Chapel Hill | NC | 663 | 2,743 | 224 | 663 | 2,967 | 3,630 | 575 | 9/28/07 |
| Durham-Chapel Hill | NC | 1,024 | 1,383 | 372 | 1,024 | 1,755 | 2,779 | 308 | 9/28/07 |
| Fayetteville | NC | 636 | 2,169 | 1,641 | 636 | 3,810 | 4,446 | 667 | 8/29/07 |
| Fayetteville | NC | 151 | 5,392 | 125 | 151 | 5,517 | 5,668 | 1,012 | 9/28/07 |
| Fayetteville | NC | 1,319 | 3,444 | 10 | 1,319 | 3,454 | 4,773 | 153 | 10/10/13 |
| Fayetteville | NC | 772 | 3,406 | 9 | 772 | 3,415 | 4,187 | 124 | 10/10/13 |
| Fayetteville | NC | 1,276 | 4,527 | 10 | 1,276 | 4,537 | 5,813 | 134 | 12/20/13 |
| Greensboro-High Point | NC | 873 | 769 | 177 | 873 | 946 | 1,819 | 171 | 8/29/07 |
| Nonmetropolitan Area (Wilson) | NC | 530 | 2,394 | — | 530 | 2,394 | 2,924 | 4 | 12/11/14 |
| Nonmetropolitan Area (Wilson) | NC | 667 | 2,066 | — | 667 | 2,066 | 2,733 | 3 | 12/11/14 |
| Raleigh-Cary | NC | 396 | 1,700 | 162 | 396 | 1,862 | 2,258 | 368 | 8/29/07 |
| Raleigh-Cary | NC | 393 | 1,190 | 132 | 393 | 1,322 | 1,715 | 255 | 8/29/07 |
| Raleigh-Cary | NC | 907 | 2,913 | 86 | 907 | 2,999 | 3,906 | 555 | 8/29/07 |
| Wilmington | NC | 1,283 | 1,747 | 81 | 1,283 | 1,828 | 3,111 | 345 | 8/29/07 |
| Wilmington | NC | 860 | 828 | 67 | 860 | 895 | 1,755 | 182 | 9/28/07 |
| Winston-Salem | NC | 362 | 529 | 56 | 362 | 585 | 947 | 106 | 8/29/07 |
| Concord | NH | 632 | 1,040 | 5 | 632 | 1,045 | 1,677 | 129 | 6/24/13 |
| Concord | NH | 197 | 901 | 1 | 197 | 902 | 1,099 | 99 | 6/24/13 |
| Dover-Durham | NH | 1,488 | 7,300 | 13 | 1,488 | 7,313 | 8,801 | 134 | 7/1/14 |
| Las Vegas-Paradise | NV | 1,169 | 3,616 | 34 | 1,169 | 3,650 | 4,819 | 254 | 12/23/13 |
| Las Vegas-Paradise | NV | 389 | 2,850 | 18 | 389 | 2,868 | 3,257 | 88 | 4/1/14 |
| Las Vegas-Paradise | NV | 794 | 1,406 | — | 794 | 1,406 | 2,200 | 38 | 7/1/14 |
| Oklahoma City | OK | 388 | 3,142 | 130 | 388 | 3,272 | 3,660 | 646 | 5/29/07 |
| Oklahoma City | OK | 213 | 1,383 | 47 | 213 | 1,430 | 1,643 | 283 | 5/29/07 |
| Oklahoma City | OK | 561 | 2,355 | 397 | 561 | 2,752 | 3,313 | 536 | 5/29/07 |
| Oklahoma City | OK | 349 | 2,368 | 368 | 349 | 2,736 | 3,085 | 541 | 5/29/07 |
| Oklahoma City | OK | 466 | 2,544 | 92 | 466 | 2,636 | 3,102 | 508 | 5/29/07 |
| Oklahoma City | OK | 144 | 1,576 | 135 | 144 | 1,711 | 1,855 | 351 | 5/29/07 |
| Oklahoma City | OK | 168 | 1,696 | 240 | 168 | 1,936 | 2,104 | 384 | 5/29/07 |
| Oklahoma City | OK | 220 | 1,606 | 81 | 220 | 1,687 | 1,907 | 319 | 5/30/07 |
| Oklahoma City | OK | 376 | 1,460 | 30 | 376 | 1,490 | 1,866 | 287 | 5/30/07 |
| Oklahoma City | OK | 337 | 2,788 | 79 | 337 | 2,867 | 3,204 | 544 | 5/30/07 |
| Oklahoma City | OK | 487 | 2,449 | 325 | 487 | 2,774 | 3,261 | 490 | 5/30/07 |
| Oklahoma City | OK | 590 | 1,502 | 1,737 | 590 | 3,239 | 3,829 | 532 | 8/29/07 |
| Oklahoma City | OK | 205 | 1,772 | 297 | 205 | 2,069 | 2,274 | 416 | 5/1/09 |
| Tulsa | OK | 548 | 1,892 | 54 | 548 | 1,946 | 2,494 | 365 | 8/29/07 |
| Tulsa | OK | 764 | 1,386 | 368 | 764 | 1,754 | 2,518 | 310 | 8/29/07 |
| Tulsa | OK | 1,305 | 2,533 | 108 | 1,305 | 2,641 | 3,946 | 486 | 8/29/07 |
| Tulsa | OK | 940 | 2,196 | 151 | 940 | 2,347 | 3,287 | 441 | 8/29/07 |
| Tulsa | OK | 59 | 466 | 161 | 59 | 627 | 686 | 127 | 8/29/07 |
| Tulsa | OK | 426 | 1,424 | 234 | 426 | 1,658 | 2,084 | 397 | 8/29/07 |
| Tulsa | OK | 250 | 667 | 143 | 250 | 810 | 1,060 | 164 | 8/29/07 |
| Tulsa | OK | 944 | 2,085 | 50 | 944 | 2,135 | 3,079 | 370 | 2/14/08 |
| Tulsa | OK | 892 | 2,421 | 19 | 892 | 2,440 | 3,332 | 424 | 2/14/08 |
| Tulsa | OK | 492 | 1,343 | 55 | 492 | 1,398 | 1,890 | 237 | 4/1/08 |
| Tulsa | OK | 505 | 1,346 | 720 | 505 | 2,066 | 2,571 | 448 | 4/1/08 |
| Tulsa | OK | 466 | 1,270 | 79 | 466 | 1,349 | 1,815 | 232 | 4/1/08 |
| Tulsa | OK | 1,103 | 4,431 | 6 | 1,103 | 4,437 | 5,540 | 444 | 6/10/13 |
| Bend | OR | 295 | 1,369 | 5 | 295 | 1,374 | 1,669 | 149 | 4/1/13 |
| Bend | OR | 1,692 | 2,410 | 13 | 1,692 | 2,423 | 4,115 | 297 | 4/1/13 |
| Bend | OR | 571 | 1,917 | — | 571 | 1,917 | 2,488 | 120 | 6/10/13 |

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| Location | | Initial Cost to Company | | Subsequent | Gross Carrying Amount at Year-End | | | Accumulated | Date |
|---|---|---|---|---|---|---|---|---|---|
| MSA[1] | State | Land | Buildings and Improvements | Additions | Land | Buildings and Improvements | Total | Depreciation | Acquired |
| Bend | OR | 397 | 1,180 | 13 | 397 | 1,193 | 1,590 | 113 | 6/10/13 |
| Bend | OR | 690 | 1,983 | — | 690 | 1,983 | 2,673 | 62 | 5/1/14 |
| Bend | OR | 722 | 2,151 | — | 722 | 2,151 | 2,873 | 60 | 5/1/14 |
| Bend | OR | 800 | 2,836 | — | 800 | 2,836 | 3,636 | 78 | 5/1/14 |
| Corvallis | OR | 382 | 1,465 | — | 382 | 1,465 | 1,847 | 80 | 12/30/13 |
| Eugene-Springfield | OR | 710 | 1,539 | 24 | 710 | 1,563 | 2,273 | 140 | 4/1/13 |
| Eugene-Springfield | OR | 842 | 1,674 | 5 | 842 | 1,679 | 2,521 | 164 | 4/1/13 |
| Eugene-Springfield | OR | 414 | 1,990 | — | 414 | 1,990 | 2,404 | 106 | 6/10/13 |
| Eugene-Springfield | OR | 1,149 | 2,061 | 30 | 1,149 | 2,091 | 3,240 | 135 | 6/10/13 |
| Eugene-Springfield | OR | 728 | 3,230 | — | 728 | 3,230 | 3,958 | 116 | 12/30/13 |
| Eugene-Springfield | OR | 1,601 | 2,686 | — | 1,601 | 2,686 | 4,287 | 120 | 4/1/14 |
| Hood River | OR | 997 | 1,874 | — | 997 | 1,874 | 2,871 | 3 | 12/1/14 |
| Portland-Vancouver-Hillsboro | OR | 851 | 2,063 | — | 851 | 2,063 | 2,914 | 127 | 4/1/13 |
| Portland-Vancouver-Hillsboro | OR | 1,704 | 2,313 | 59 | 1,704 | 2,372 | 4,076 | 201 | 4/1/13 |
| Portland-Vancouver-Hillsboro | OR | 1,254 | 2,787 | — | 1,254 | 2,787 | 4,041 | 178 | 4/1/13 |
| Portland-Vancouver-Hillsboro | OR | 2,808 | 4,437 | 15 | 2,808 | 4,452 | 7,260 | 371 | 4/1/13 |
| Portland-Vancouver-Hillsboro | OR | 1,015 | 2,184 | — | 1,015 | 2,184 | 3,199 | 147 | 4/1/13 |
| Portland-Vancouver-Hillsboro | OR | 1,077 | 3,008 | 4 | 1,077 | 3,012 | 4,089 | 150 | 6/10/13 |
| Portland-Vancouver-Hillsboro | OR | 1,072 | 2,629 | 2 | 1,072 | 2,631 | 3,703 | 188 | 6/10/13 |
| Portland-Vancouver-Hillsboro | OR | 2,217 | 3,766 | — | 2,217 | 3,766 | 5,983 | 212 | 6/10/13 |
| Portland-Vancouver-Hillsboro | OR | 1,334 | 2,324 | 46 | 1,334 | 2,370 | 3,704 | 158 | 6/10/13 |
| Portland-Vancouver-Hillsboro | OR | 996 | 2,525 | 52 | 996 | 2,577 | 3,573 | 166 | 6/10/13 |
| Portland-Vancouver-Hillsboro | OR | 1,496 | 3,372 | 18 | 1,496 | 3,390 | 4,886 | 179 | 6/24/13 |
| Portland-Vancouver-Hillsboro | OR | 954 | 3,026 | 9 | 954 | 3,035 | 3,989 | 146 | 6/24/13 |
| Portland-Vancouver-Hillsboro | OR | 1,627 | 2,388 | 9 | 1,627 | 2,397 | 4,024 | 139 | 6/24/13 |
| Portland-Vancouver-Hillsboro | OR | 2,509 | 4,200 | 108 | 2,509 | 4,308 | 6,817 | 175 | 12/30/13 |
| Portland-Vancouver-Hillsboro | OR | 787 | 1,915 | 13 | 787 | 1,928 | 2,715 | 73 | 12/30/13 |
| Portland-Vancouver-Hillsboro | OR | 1,703 | 4,729 | — | 1,703 | 4,729 | 6,432 | 121 | 4/1/14 |
| Portland-Vancouver-Hillsboro | OR | 738 | 2,483 | — | 738 | 2,483 | 3,221 | 64 | 4/1/14 |
| Portland-Vancouver-Hillsboro | OR | 1,690 | 2,995 | — | 1,690 | 2,995 | 4,685 | 60 | 4/1/14 |
| Portland-Vancouver-Hillsboro | OR | 1,200 | 9,531 | 16 | 1,200 | 9,547 | 10,747 | 300 | 5/30/14 |
| Portland-Vancouver-Hillsboro | OR | 401 | 3,718 | — | 401 | 3,718 | 4,119 | 93 | 5/30/14 |
| Portland-Vancouver-Hillsboro | OR | 1,160 | 3,291 | — | 1,160 | 3,291 | 4,451 | 71 | 6/30/14 |
| Portland-Vancouver-Hillsboro | OR | 1,435 | 4,342 | — | 1,435 | 4,342 | 5,777 | 95 | 6/30/14 |
| Portland-Vancouver-Hillsboro | OR | 1,478 | 4,127 | — | 1,478 | 4,127 | 5,605 | 89 | 6/30/14 |
| Portland-Vancouver-Hillsboro | OR | 1,402 | 3,196 | — | 1,402 | 3,196 | 4,598 | 66 | 6/30/14 |
| Portland-Vancouver-Hillsboro | OR | 3,538 | 4,938 | — | 3,538 | 4,938 | 8,476 | 107 | 6/30/14 |
| Portland-Vancouver-Hillsboro | OR | 1,501 | 3,136 | — | 1,501 | 3,136 | 4,637 | 68 | 6/30/14 |
| Portland-Vancouver-Hillsboro | OR | 1,746 | 3,393 | — | 1,746 | 3,393 | 5,139 | 53 | 8/27/14 |
| Portland-Vancouver-Hillsboro | OR | 1,014 | 3,017 | — | 1,014 | 3,017 | 4,031 | 49 | 8/27/14 |
| Portland-Vancouver-Hillsboro | OR | 227 | 648 | 16 | 227 | 664 | 891 | 9 | 9/30/14 |
| Portland-Vancouver-Hillsboro | OR | 2,202 | 3,477 | — | 2,202 | 3,477 | 5,679 | 32 | 10/20/14 |
| Portland-Vancouver-Hillsboro | OR | 1,764 | 7,360 | — | 1,764 | 7,360 | 9,124 | 11 | 12/16/14 |
| Prineville | OR | 427 | 1,648 | — | 427 | 1,648 | 2,075 | 25 | 8/27/14 |
| Roseburg | OR | 247 | 1,141 | 3 | 247 | 1,144 | 1,391 | 103 | 6/10/13 |
| Salem | OR | 1,405 | 2,650 | — | 1,405 | 2,650 | 4,055 | 110 | 4/1/14 |
| The Dalles | OR | 1,108 | 2,100 | — | 1,108 | 2,100 | 3,208 | 4 | 12/5/14 |
| Anderson | SC | 92 | 976 | 96 | 92 | 1,072 | 1,164 | 204 | 8/29/07 |
| Greenville-Mauldin-Easley | SC | 82 | 838 | 63 | 82 | 901 | 983 | 169 | 8/29/07 |
| Amarillo | TX | 80 | 877 | 106 | 80 | 983 | 1,063 | 137 | 5/1/09 |
| Amarillo | TX | 78 | 697 | 111 | 78 | 808 | 886 | 111 | 5/1/09 |
| Amarillo | TX | 147 | 810 | 140 | 147 | 950 | 1,097 | 129 | 5/1/09 |
| Austin-Round Rock-San Marcos | TX | 937 | 5,319 | 8 | 937 | 5,327 | 6,264 | 256 | 6/24/13 |
| Austin-Round Rock- | | | | | | | | | |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| San Marcos | TX | 1,395 | 2,790 | 10 | 1,395 | 2,800 | 4,195 | 207 | 6/24/13 |
| Austin-Round Rock-San Marcos | TX | 768 | 1,923 | — | 768 | 1,923 | 2,691 | 18 | 10/29/14 |
| Brownsville-Harlingen | TX | 845 | 2,364 | 28 | 845 | 2,392 | 3,237 | 23 | 9/4/14 |
| Brownsville-Harlingen | TX | 639 | 1,674 | 41 | 639 | 1,715 | 2,354 | 20 | 9/4/14 |
| College Station-Bryan | TX | 618 | 2,512 | 30 | 618 | 2,542 | 3,160 | 472 | 8/29/07 |
| College Station-Bryan | TX | 551 | 349 | 93 | 551 | 442 | 993 | 93 | 8/29/07 |
| College Station-Bryan | TX | 295 | 988 | 33 | 295 | 1,021 | 1,316 | 172 | 4/1/08 |
| College Station-Bryan | TX | 51 | 123 | 59 | 51 | 182 | 233 | 38 | 4/1/08 |
| College Station-Bryan | TX | 110 | 372 | 18 | 110 | 390 | 500 | 70 | 4/1/08 |
| College Station-Bryan | TX | 62 | 208 | 11 | 62 | 219 | 281 | 38 | 4/1/08 |
| Dallas-Fort Worth-Arlington | TX | 164 | 865 | 37 | 164 | 902 | 1,066 | 169 | 8/29/07 |
| Dallas-Fort Worth-Arlington | TX | 155 | 105 | 50 | 155 | 155 | 310 | 33 | 9/28/07 |
| Dallas-Fort Worth-Arlington | TX | 98 | 282 | 102 | 98 | 384 | 482 | 83 | 9/28/07 |
| Dallas-Fort Worth-Arlington | TX | 264 | 106 | 164 | 264 | 270 | 534 | 48 | 9/28/07 |
| Dallas-Fort Worth-Arlington | TX | 376 | 803 | 99 | 376 | 902 | 1,278 | 185 | 9/28/07 |
| Dallas-Fort Worth-Arlington | TX | 338 | 681 | 94 | 338 | 775 | 1,113 | 146 | 9/28/07 |
| Dallas-Fort Worth-Arlington | TX | 1,388 | 4,195 | 8 | 1,388 | 4,203 | 5,591 | 234 | 6/24/13 |

| Location | | Initial Cost to Company | | | Gross Carrying Amount at Year-End | | | | |
|---|---|---|---|---|---|---|---|---|---|
| MSA[1] | State | Land | Buildings and Improvements | Subsequent Additions | Land | Buildings and Improvements | Total | Accumulated Depreciation | Date Acquired |
| Dallas-Fort Worth-Arlington | TX | 1,859 | 5,293 | 8 | 1,859 | 5,301 | 7,160 | 272 | 7/25/13 |
| Dallas-Fort Worth-Arlington | TX | 379 | 2,212 | 3 | 379 | 2,215 | 2,594 | 160 | 7/25/13 |
| Dallas-Fort Worth-Arlington | TX | 1,397 | 5,250 | 9 | 1,397 | 5,259 | 6,656 | 250 | 7/25/13 |
| Dallas-Fort Worth-Arlington | TX | 2,102 | 5,755 | 8 | 2,102 | 5,763 | 7,865 | 318 | 7/25/13 |
| Dallas-Fort Worth-Arlington | TX | 649 | 1,637 | 5 | 649 | 1,642 | 2,291 | 171 | 7/25/13 |
| El Paso | TX | 338 | 1,275 | 31 | 338 | 1,306 | 1,644 | 247 | 8/29/07 |
| El Paso | TX | 94 | 400 | 161 | 94 | 561 | 655 | 96 | 8/29/07 |
| Longview | TX | 651 | 671 | 92 | 651 | 763 | 1,414 | 105 | 5/1/09 |
| Longview | TX | 104 | 489 | 155 | 104 | 644 | 748 | 81 | 5/1/09 |
| Longview | TX | 310 | 966 | 193 | 310 | 1,159 | 1,469 | 153 | 5/1/09 |
| Longview | TX | 2,466 | 3,559 | 20 | 2,466 | 3,579 | 6,045 | 72 | 6/19/14 |
| Longview | TX | 959 | 1,640 | 7 | 959 | 1,647 | 2,606 | 37 | 6/25/14 |
| McAllen-Edinburg-Mission | TX | 1,217 | 2,738 | 97 | 1,217 | 2,835 | 4,052 | 62 | 7/31/14 |
| McAllen-Edinburg-Mission | TX | 1,973 | 4,517 | 12 | 1,973 | 4,529 | 6,502 | 58 | 9/4/14 |
| McAllen-Edinburg-Mission | TX | 1,295 | 3,929 | 28 | 1,295 | 3,957 | 5,252 | 49 | 9/4/14 |
| McAllen-Edinburg-Mission | TX | 3,079 | 7,574 | 14 | 3,079 | 7,588 | 10,667 | 102 | 9/4/14 |
| McAllen-Edinburg-Mission | TX | 1,017 | 3,261 | 39 | 1,017 | 3,300 | 4,317 | 40 | 9/4/14 |
| McAllen-Edinburg-Mission | TX | 803 | 2,914 | 24 | 803 | 2,938 | 3,741 | 29 | 9/4/14 |
| McAllen-Edinburg-Mission | TX | 2,249 | 4,966 | 12 | 2,249 | 4,978 | 7,227 | 65 | 9/4/14 |
| McAllen-Edinburg-Mission | TX | 1,118 | 3,568 | 14 | 1,118 | 3,582 | 4,700 | 37 | 9/4/14 |
| Midland | TX | 691 | 1,588 | 108 | 691 | 1,696 | 2,387 | 237 | 5/1/09 |
| Odessa | TX | 168 | 561 | 97 | 168 | 658 | 826 | 92 | 5/1/09 |
| San Angelo | TX | 381 | 986 | 95 | 381 | 1,081 | 1,462 | 149 | 5/1/09 |
| San Antonio-New Braunfels | TX | 614 | 2,640 | 20 | 614 | 2,660 | 3,274 | 84 | 4/1/14 |
| Aberdeen | WA | 393 | 1,462 | 7 | 393 | 1,469 | 1,862 | 60 | 4/1/14 |
| Centralia | WA | 810 | 1,530 | — | 810 | 1,530 | 2,340 | 156 | 6/10/13 |
| Centralia | WA | 998 | 1,862 | 4 | 998 | 1,866 | 2,864 | 220 | 6/10/13 |
| Portland-Vancouver-Hillsboro | WA | 421 | 2,313 | — | 421 | 2,313 | 2,734 | 142 | 4/1/13 |
| Portland-Vancouver-Hillsboro | WA | 1,903 | 2,239 | — | 1,903 | 2,239 | 4,142 | 175 | 4/1/13 |
| Portland-Vancouver-Hillsboro | WA | 923 | 2,821 | — | 923 | 2,821 | 3,744 | 158 | 6/10/13 |
| Portland-Vancouver-Hillsboro | WA | 935 | 2,045 | — | 935 | 2,045 | 2,980 | 56 | 4/1/14 |
| Portland-Vancouver-Hillsboro | WA | 478 | 2,158 | 57 | 478 | 2,215 | 2,693 | 64 | 4/1/14 |
| Portland-Vancouver-Hillsboro | WA | 2,023 | 3,484 | 16 | 2,023 | 3,500 | 5,523 | 61 | 8/27/14 |
| Seattle-Tacoma-Bellevue | WA | 770 | 3,203 | 4 | 770 | 3,207 | 3,977 | 100 | 4/1/14 |
| Seattle-Tacoma-Bellevue | WA | 1,390 | 2,506 | — | 1,390 | 2,506 | 3,896 | 47 | 8/27/14 |
| Seattle-Tacoma-Bellevue | WA | 1,438 | 3,280 | — | 1,438 | 3,280 | 4,718 | 43 | 9/18/14 |
| Seattle-Tacoma-Bellevue | WA | 1,105 | 2,121 | — | 1,105 | 2,121 | 3,226 | 18 | 10/3/14 |
| Total | | $ 236,691 | $ 582,517 | $ 19,733 | $ 236,691 | $ 602,250 | $ 838,941 | $ 39,614 | |

(1) Refers to metropolitan and micropolitan statistical area (MSA) as defined by the U.S. Census Bureau.

(2) Property subject to a long-term ground lease agreement.

Note: The Company only owns one class of real estate, which is self-storage properties. As of December 31, 2014, substantially all self-storage properties were encumbered under our debt financing. The estimated useful lives of the individual assets that comprise buildings and improvements range from 3 years to 40 years. The category for buildings and improvements in the table above includes furniture and equipment.

## REPORT OF INDEPENDENT AUDITORS

To National Storage Affiliates Trust:

We have audited the accompanying combined statements of revenue and certain expenses of Northwest 2013 Properties for the period from January 1, 2013 through the respective acquisition dates (as reflected in Note 3 to the financial statements) during the year ended December 31, 2013, and for the years ended December 31, 2012 and 2011, and the related notes to the financial statements.

**Management's Responsibility for Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

**Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements of revenue and certain expenses. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the combined statements of revenue and certain expenses in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the revenue and certain expenses described in Note 1 to the financial statements of Northwest 2013 Properties for the period from January 1, 2013 through the respective acquisition dates (as reflected in Note 3 to the financial statements) during the year ended December 31, 2013, and for the years ended December 31, 2012 and 2011, in accordance with U.S. generally accepted accounting principles.

**Basis of Accounting**

As described in Note 1 to the financial statements, the statements of revenue and certain expenses have been prepared for the purpose of complying with the rules and regulations of the Securities and Exchange Commission for inclusion in the registration statement on Form S-11 of National Storage Affiliates Trust, and are not intended to be a complete presentation of revenue and expenses of Northwest 2013 Properties. Our opinion is not modified with respect to this matter.

/s/ EKS&H LLLP

Denver, Colorado
November 5, 2014

**Northwest 2013 Properties**

**Combined Statements of Revenue and Certain Expenses**

**Period from January 1, 2013 Through the Respective Acquisition Dates by NSA During the Year Ended December 31, 2013, and for the Years Ended December 31, 2012 and 2011**

**(dollars in thousands)**

| | 2013[(a)] | 2012 | 2011 |
|---|---|---|---|
| **Revenue** | | | |
| Rental revenue | $ 5,461 | $ 10,615 | $ 10,113 |
| Other property-related revenue | 51 | 94 | 68 |
| Total revenue | 5,512 | 10,709 | 10,181 |
| **Certain Expenses** | | | |
| Property operating expenses | 1,264 | 2,378 | 2,402 |
| Real estate taxes | 451 | 916 | 902 |
| Supervisory and administrative fees | 328 | 646 | 623 |
| Total certain expenses | 2,043 | 3,940 | 3,927 |
| **Revenue in excess of certain expenses** | $ 3,469 | $ 6,769 | $ 6,254 |

(a) See Note 3 for the number of properties and the related periods presented.

The accompanying notes are an integral part of these combined statements of revenue and certain expenses.

**Northwest 2013 Properties**

**Notes to Combined Statements of Revenue and Certain Expenses**

**(dollars in thousands)**

## 1. BASIS OF PRESENTATION

During 2013, National Storage Affiliates Trust ("NSA") acquired 31 self-storage properties (the "Northwest 2013 Properties") through Northwest Self Storage ("Northwest"). Two of these properties were not owned or managed by Northwest prior to January 1, 2013, and the remaining 29 properties were owned or managed by Northwest from January 1, 2011 through the respective dates that NSA acquired the properties. Northwest is one of three founding participating regional operators that initiated NSA's formation transactions commencing on April 1, 2013.

The accompanying combined statements of revenue and certain expenses (the "Statements") of the Northwest 2013 Properties have been prepared pursuant to Rule 3-14 of Regulation S-X promulgated by the Securities and Exchange Commission. Accordingly, the Statements are not representative of the entire operations of the Northwest 2013 Properties for the periods presented as certain items are excluded. Such omitted items consist of depreciation and amortization, interest expense, and administrative costs not directly related to the future operations of the Northwest 2013 Properties.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

***Use of Estimates.*** The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

***Revenue Recognition.*** Management has determined that all of the leases associated with the Northwest 2013 Properties are operating leases, which may be terminated on a month-to-month basis. Rental income is recognized ratably over the lease term using the straight-line method. Rents received in advance are deferred and recognized on a straight-line basis over the related lease term associated with the prepayment. Promotional discounts and other incentives are recognized as a reduction to rental income over the applicable lease term. Other property-related revenue consists of ancillary revenues such as tenant insurance commissions and sales of storage supplies, which are recognized in the period earned.

***Advertising Costs.*** Advertising costs are primarily attributable to internet, directory and other advertising. Advertising costs were expensed in the period in which the cost was incurred. Advertising costs amounted to $107 for the period from January 1, 2013 through the respective acquisition dates by NSA during the year ended December 31, 2013, $152 for the year ended December 31, 2012, and $154 for the year ended December 31, 2011.

***Repairs and Maintenance.*** Major replacements and betterments that improved or extended the life of the Northwest 2013 Properties were capitalized. Expenditures for ordinary repairs and maintenance were expensed as incurred. Repairs and maintenance amounted to $209 for the period from January 1, 2013 through the respective acquisition dates by NSA during the year ended December 31, 2013, $350 for the year ended December 31, 2012, and $466 for the year ended December 31, 2011.

**Northwest 2013 Properties**

**Notes to Combined Statements of Revenue and Certain Expenses (Continued)**

**(dollars in thousands)**

## 3. OPERATING RESULTS BY NSA ACQUISITION DATE

Presented below is the revenue and certain expenses for each group of properties for the periods from January 1, 2013 through the respective acquisition dates by NSA during the year ended December 31, 2013:

| | NSA Acquisition Date | | | | | |
|---|---|---|---|---|---|---|
| | April 1, 2013 | June 10, 2013[a] | June 10, 2013 | June 24, 2013 | December 30, 2013 | Total |
| Number of properties | 11 | 2 | 11 | 3 | 4 | 31 |
| Revenue | | | | | | |
| Rental revenue | $ 1,057 | $ 256 | $ 1,842 | $ 609 | $ 1,697 | $ 5,461 |
| Other property-related revenue | 12 | 2 | 30 | 2 | 5 | 51 |
| Total revenue | 1,069 | 258 | 1,872 | 611 | 1,702 | 5,512 |
| Certain Expenses | | | | | | |
| Property operating expenses | 275 | 89 | 362 | 129 | 409 | 1,264 |
| Real estate taxes | 92 | 16 | 127 | 60 | 156 | 451 |
| Supervisory and administrative fees | 63 | 13 | 105 | 37 | 110 | 328 |
| Total certain expenses | 430 | 118 | 594 | 226 | 675 | 2,043 |
| Revenue in excess of certain expenses | $ 639 | $ 140 | $ 1,278 | $ 385 | $ 1,027 | $ 3,469 |

(a) Consists of results for two properties that were not owned or managed by Northwest prior to January 1, 2013. As such, the operating results are included for the period January 1, 2013 through June 1, 2013. The operating results of these two properties are not presented herein for the years ended December 31, 2012 and 2011.

## 4. RELATED PARTY TRANSACTIONS

The Northwest 2013 Properties are subject to agreements entered into with Northwest that provide for a fee equal to 6% of gross revenue (as defined in the agreements). The amounts incurred under these agreements are included in supervisory and administrative fees in the accompanying combined statements of revenue and certain expenses. The services provided by Northwest consist of supervisory, administrative, leasing and related services.

The employees responsible for operation of the Northwest 2013 Properties are employees of Northwest. The amounts charged by Northwest for salaries, wages and benefits for the Northwest 2013 Properties are included in property operating expenses and amounted to $618 for the period from January 1, 2013 through the respective acquisition dates by NSA during the year ended December 31, 2013, $1,097 for the year ended December 31, 2012, and $1,052 for the year ended December 31, 2011.

## 5. SUBSEQUENT EVENTS

Management has evaluated the events and transactions that have occurred through November 5, 2014, the date that the Statements were available to be issued, and noted no items requiring adjustment of the Statements or additional disclosure.

## REPORT OF INDEPENDENT AUDITORS

To National Storage Affiliates Trust:

We have audited the accompanying combined statements of revenue and certain expenses of Optivest 2013 Properties for the period from January 1, 2013 through the respective acquisition dates (as reflected in Note 3 to the financial statements) during the year ended December 31, 2013, and for the years ended December 31, 2012 and 2011, and the related notes to the financial statements.

**Management's Responsibility for Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

**Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements of revenue and certain expenses. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the combined statements of revenue and certain expenses in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the revenue and certain expenses described in Note 1 to the financial statements of Optivest 2013 Properties for the period from January 1, 2013 through the respective acquisition dates (as reflected in Note 3 to the financial statements) during the year ended December 31, 2013, and for the years ended December 31, 2012 and 2011, in accordance with U.S. generally accepted accounting principles.

**Basis of Accounting**

As described in Note 1 to the financial statements, the statements of revenue and certain expenses have been prepared for the purpose of complying with the rules and regulations of the Securities and Exchange Commission for inclusion in the registration statement on Form S-11 of National Storage Affiliates Trust, and are not intended to be a complete presentation of revenue and expenses of Optivest 2013 Properties. Our opinion is not modified with respect to this matter.

/s/ EKS&H LLLP

Denver, Colorado
November 5, 2014

**Optivest 2013 Properties**

**Combined Statements of Revenue and Certain Expenses**

**Period from January 1, 2013 Through the Respective Acquisition Dates by NSA During the Year Ended December 31, 2013, and for the Years Ended December 31, 2012 and 2011**

**(dollars in thousands)**

| | 2013[(a)] | 2012 | 2011 |
|---|---|---|---|
| **Revenue** | | | |
| Rental revenue | $ 2,991 | $ 5,762 | $ 5,536 |
| Other property-related revenue | 183 | 294 | 288 |
| Total revenue | 3,174 | 6,056 | 5,824 |
| **Certain Expenses** | | | |
| Property operating expenses | 916 | 1,776 | 1,795 |
| Real estate taxes | 414 | 751 | 747 |
| Supervisory and administrative fees | 204 | 328 | 298 |
| Total certain expenses | 1,534 | 2,855 | 2,840 |
| **Revenue in excess of certain expenses** | $ 1,640 | $ 3,201 | $ 2,984 |

(a) See Note 3 for the number of properties and the related periods presented.

The accompanying notes are an integral part of these combined statements of revenue and certain expenses.

**Optivest 2013 Properties**

**Notes to Combined Statements of Revenue and Certain Expenses**

**(dollars in thousands)**

## 1. BASIS OF PRESENTATION

During 2013, National Storage Affiliates Trust ("NSA") acquired 11 self-storage properties (the "Optivest 2013 Properties") through Optivest Properties, LLC ("Optivest"). Optivest is one of three founding participating regional operators that initiated NSA's formation transactions commencing on April 1, 2013.

The accompanying combined statements of revenue and certain expenses (the "Statements") of the Optivest 2013 Properties have been prepared pursuant to Rule 3-14 of Regulation S-X promulgated by the Securities and Exchange Commission. Accordingly, the Statements are not representative of the entire operations of the Optivest 2013 Properties for the periods presented as certain items are excluded. Such omitted items consist of depreciation and amortization, interest expense, and administrative costs not directly related to the future operations of the Optivest 2013 Properties.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

***Use of Estimates.*** The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

***Revenue Recognition.*** Management has determined that all of the leases associated with the Optivest 2013 Properties are operating leases, which may be terminated on a month-to-month basis. Rental income is recognized ratably over the lease term using the straight-line method. Rents received in advance are deferred and recognized on a straight-line basis over the related lease term associated with the prepayment. Promotional discounts and other incentives are recognized as a reduction to rental income over the applicable lease term. Other property-related revenue consists of ancillary revenues such as tenant insurance commissions and sales of storage supplies which are recognized in the period earned.

***Advertising Costs.*** Advertising costs are primarily attributable to internet, directory and other advertising. Advertising costs were expensed in the period in which the cost was incurred. Advertising costs amounted to $33 for the period from January 1, 2013 through the respective acquisition dates by NSA during the year ended December 31, 2013, $54 for the year ended December 31, 2012, and $34 for the year ended December 31, 2011.

***Repairs and Maintenance.*** Major replacements and betterments that improved or extended the life of the Optivest 2013 Properties were capitalized. Expenditures for ordinary repairs and maintenance were expensed as incurred. Repairs and maintenance amounted to $82 for the period from January 1, 2013 through the respective acquisition dates by NSA during the year ended December 31, 2013, $178 for the year ended December 31, 2012, and $164 for the year ended December 31, 2011.

**Optivest 2013 Properties**

**Notes to Combined Statements of Revenue and Certain Expenses (Continued)**

**(dollars in thousands)**

## 3. OPERATING RESULTS BY NSA ACQUISITION DATE

Presented below is the revenue and certain expenses for each group of acquisitions for the periods from January 1, 2013 through the respective acquisition dates by NSA during the year ended December 31, 2013:

| | NSA Acquisition Date | | | |
|---|---|---|---|---|
| | April 1, 2013 | June 24, 2013 | July 25, 2013 | Total |
| Number of properties | 1 | 5 | 5 | 11 |
| Revenue | | | | |
| Rental revenue | $ 147 | $ 1,117 | $ 1,727 | $ 2,991 |
| Other property-related revenue | 4 | 157 | 22 | 183 |
| Total revenue | 151 | 1,274 | 1,749 | 3,174 |
| Certain Expenses | | | | |
| Property operating expenses | 53 | 423 | 440 | 916 |
| Real estate taxes | 14 | 162 | 238 | 414 |
| Supervisory and administrative fees | 12 | 78 | 114 | 204 |
| Total certain expenses | 79 | 663 | 792 | 1,534 |
| Revenue in excess of certain expenses | $ 72 | $ 611 | $ 957 | $ 1,640 |

## 4. RELATED PARTY TRANSACTIONS

The Optivest 2013 Properties are subject to agreements entered into with Optivest that generally provide for a fee equal to 6% of gross revenue (as defined in the agreements). The amounts incurred under these agreements are included in supervisory and administrative fees in the accompanying combined statements of revenue and certain expenses. The services provided by Optivest consist of supervisory, administrative, leasing and related services.

The employees responsible for operation of the Optivest 2013 Properties are employees of Optivest. The amounts charged by Optivest for salaries, wages and benefits for the Optivest 2013 Properties are included in property operating expenses and amounted to $430 for the period from January 1, 2013 through the respective acquisition dates by NSA during the year ended December 31, 2013, $777 for the year ended December 31, 2012, and $783 for the year ended December 31, 2011.

## 5. SUBSEQUENT EVENTS

Management has evaluated the events and transactions that have occurred through November 5, 2014, the date that the Statements were available to be issued, and noted no items requiring adjustment of the Statements or additional disclosure.

## REPORT OF INDEPENDENT AUDITORS

To National Storage Affiliates Trust:

We have audited the accompanying combined statements of revenue and certain expenses of Northwest 2014 Properties for the years ended December 31, 2013 and 2012, and the related notes to the financial statements.

**Management's Responsibility for Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

**Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements of revenue and certain expenses. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the combined statements of revenue and certain expenses in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the revenue and certain expenses described in Note 1 to the financial statements of Northwest 2014 Properties for the years ended December 31, 2013 and 2012, in accordance with U.S. generally accepted accounting principles.

**Basis of Accounting**

As described in Note 1 to the financial statements, the statements of revenue and certain expenses have been prepared for the purpose of complying with the rules and regulations of the Securities and Exchange Commission for inclusion in the registration statement on Form S-11 of National Storage Affiliates Trust, and are not intended to be a complete presentation of revenue and expenses of Northwest 2014 Properties. Our opinion is not modified with respect to this matter.

/s/ EKS&H LLLP

Denver, Colorado
March 23, 2015

**Northwest 2014 Properties**

**Combined Statements of Revenue and Certain Expenses**

**Interim Period from January 1, 2014 Through the Earlier of the Respective Acquisition Dates by NSA or December 16, 2014 (Unaudited), and for the Years Ended December 31, 2013 and 2012**

**(dollars in thousands)**

| | 2014[(a)] (Unaudited) | 2013 | 2012 |
|---|---|---|---|
| **Revenue** | | | |
| Rental revenue | $ 6,280 | $ 11,490 | $ 10,212 |
| Other property-related revenue | 160 | 238 | 208 |
| Total revenue | 6,440 | 11,728 | 10,420 |
| **Certain Expenses** | | | |
| Property operating expenses | 1,571 | 3,018 | 2,576 |
| Real estate taxes | 481 | 867 | 831 |
| Supervisory and administrative fees | 385 | 680 | 605 |
| Total certain expenses | 2,437 | 4,565 | 4,012 |
| **Revenue in excess of certain expenses** | $ 4,003 | $ 7,163 | $ 6,408 |

(a) See Note 3 for the number of properties and the related periods presented.

The accompanying notes are an integral part of these combined statements of revenue and certain expenses.

**Northwest 2014 Properties**

**Notes to Combined Statements of Revenue and Certain Expenses**

**(dollars in thousands)**

## 1. BASIS OF PRESENTATION

National Storage Affiliates Trust ("NSA") acquired 27 self-storage properties during the period from January 1, 2014 through December 16, 2014 (collectively, the "Northwest 2014 Properties") through Northwest Self Storage ("Northwest"). Northwest is one of three founding participating regional operators that initiated NSA's formation transactions commencing on April 1, 2013.

The accompanying combined statements of revenue and certain expenses (the "Statements") of the Northwest 2014 Properties have been prepared pursuant to Rule 3-14 of Regulation S-X promulgated by the Securities and Exchange Commission. Accordingly, the Statements are not representative of the entire operations of the Northwest 2014 Properties for the periods presented as certain items are excluded. Such omitted items consist of depreciation and amortization, interest expense, and administrative costs not directly related to the future operations of the Northwest 2014 Properties.

The unaudited combined statement of revenue and certain expenses for the interim period from January 1, 2014 through the earlier of the respective acquisition dates by NSA or December 16, 2014 was prepared on the same basis as the combined statements of revenue and certain expenses for the years ended December 31, 2013 and 2012, and reflects all adjustments, consisting of only normal recurring adjustments, which are, in the opinion of management, necessary for a fair presentation of the results of the unaudited interim period. The results of the unaudited interim period are not necessarily indicative of the expected results for the entire fiscal year.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

***Use of Estimates.*** The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

***Revenue Recognition.*** Management has determined that all of the leases associated with the Northwest 2014 Properties are operating leases, which may be terminated on a month-to-month basis. Rental income is recognized ratably over the lease term using the straight-line method. Rents received in advance are deferred and recognized on a straight-line basis over the related lease term associated with the prepayment. Promotional discounts and other incentives are recognized as a reduction to rental income over the applicable lease term. Other property-related revenue consists of ancillary revenues such as tenant insurance commissions and sales of storage supplies, which are recognized in the period earned.

***Advertising Costs.*** Advertising costs are primarily attributable to internet, directory and other advertising. Advertising costs were expensed in the period in which the cost was incurred. Advertising costs amounted to $129 (unaudited) for the interim period from January 1, 2014 through the earlier of the respective acquisition dates by NSA or December 16, 2014, $221 for the year ended December 31, 2013, and $140 for the year ended December 31, 2012.

***Repairs and Maintenance.*** Major replacements and betterments that improved or extended the life of the Northwest 2014 Properties were capitalized. Expenditures for ordinary repairs and maintenance were expensed as incurred. Repairs and maintenance amounted to $234 (unaudited) for the interim period from January 1, 2014 through the earlier of the respective acquisition dates by NSA or

**Northwest 2014 Properties**

**Notes to Combined Statements of Revenue and Certain Expenses (Continued)**

**(dollars in thousands)**

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

December 16, 2014, $433 for the year ended December 31, 2013, and $426 for the year ended December 31, 2012.

## 3. UNAUDITED INTERIM OPERATING RESULTS BY ACQUISITION DATE (UNAUDITED)

Presented below is the unaudited revenue and certain expenses for each group of acquisitions for the interim periods from January 1, 2014 through the earlier of the respective acquisition dates by NSA or December 16, 2014:

| | NSA Acquisition Date | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | April 1, 2014 | May 31, 2014 | June 30, 2014 | August 27, 2014 | October 3, 2014 | October 20, 2014 | December 1, 2014 | December 5, 2014 | December 16, 2014[a] | Total |
| Number of properties | 10 | 2 | 5 | 5 | 1 | 1 | 1 | 1 | 1 | 27 |
| Revenue | | | | | | | | | | |
| Rental revenue | $ 1,143 | $ 652 | $ 1,166 | $ 1,407 | $ 269 | $ 460 | $ 278 | $ 326 | $ 579 | $ 6,280 |
| Other property-related revenue | 46 | 25 | 13 | 41 | 11 | 4 | 3 | 5 | 12 | 160 |
| Total revenue | 1,189 | 677 | 1,179 | 1,448 | 280 | 464 | 281 | 331 | 591 | 6,440 |
| Certain Expenses | | | | | | | | | | |
| Property operating expenses | 255 | 232 | 291 | 355 | 76 | 102 | 77 | 65 | 118 | 1,571 |
| Real estate taxes | 84 | 24 | 96 | 121 | 23 | 38 | 17 | 26 | 52 | 481 |
| Supervisory and administrative fees | 75 | 38 | 69 | 87 | 16 | 28 | 17 | 20 | 35 | 385 |
| Total certain expenses | 414 | 294 | 456 | 563 | 115 | 168 | 111 | 111 | 205 | 2,437 |
| Revenue in excess of certain expenses | $ 775 | $ 383 | $ 723 | $ 885 | $ 165 | $ 296 | $ 170 | $ 220 | $ 386 | $ 4,003 |

(a) Represents a property that was developed by Northwest during 2012 for which the initial lease-up period commenced in January 2013.

## 4. RELATED PARTY TRANSACTIONS

The Northwest 2014 Properties are subject to agreements entered into with Northwest that provide for a fee equal to 6% of gross revenue (as defined in the agreements). The amounts incurred under these agreements are included in supervisory and administrative fees in the accompanying combined statements of revenue and certain expenses. The services provided by Northwest consist of supervisory, administrative, leasing and related services.

The employees responsible for operation of the Northwest 2014 Properties are employees of Northwest. The amounts charged by Northwest for salaries, wages and benefits for the Northwest 2014 Properties are included in property operating expenses and amounted to $557 (unaudited) for the interim period from January 1, 2014 through the earlier of the respective acquisition dates by NSA or December 16, 2014, $1,284 for the year ended December 31, 2013, and $1,105 for the year ended December 31, 2012.

## 5. SUBSEQUENT EVENTS

Management has evaluated the events and transactions that have occurred through March 23, 2015, the date that the Statements were available to be issued, and noted no items requiring adjustment of the Statements or additional disclosure.

## REPORT OF INDEPENDENT AUDITORS

To National Storage Affiliates Trust:

We have audited the accompanying combined statements of revenue and certain expenses of Optivest 2014 Properties for the year ended December 31, 2013, and for the period commencing on the later of January 1, 2012 or Optivest's respective acquisition date (as set forth in Note 4) through December 31, 2012, and the related notes to the financial statements.

**Management's Responsibility for Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

**Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements of revenue and certain expenses. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the combined statements of revenue and certain expenses in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the revenue and certain expenses described in Note 1 to the financial statements of Optivest 2014 Properties for the year ended December 31, 2013, and for the period commencing upon the later of January 1, 2012 or Optivest's respective acquisition date (as set forth in Note 4) through December 31, 2012, in accordance with U.S. generally accepted accounting principles.

**Basis of Accounting**

As described in Note 1 to the financial statements, the statements of revenue and certain expenses have been prepared for the purpose of complying with the rules and regulations of the Securities and Exchange Commission for inclusion in the registration statement on Form S-11 of National Storage Affiliates Trust, and are not intended to be a complete presentation of revenue and expenses of Optivest 2014 Properties. Our opinion is not modified with respect to this matter.

/s/ EKS&H LLLP

Denver, Colorado
December 5, 2014

**Optivest 2014 Properties**

**Combined Statements of Revenue and Certain Expenses**

**Interim Period from January 1, 2014 Through the Earlier of the Respective Acquisition Dates by NSA or September 30, 2014 (Unaudited), for the Year Ended December 31, 2013, and the Period Commencing upon the Later of January 1, 2012 or Optivest's Respective Acquisition Date Through December 31, 2012**

**(dollars in thousands)**

| | 2014[a] (Unaudited) | 2013 | 2012[b] |
|---|---|---|---|
| **Revenue** | | | |
| Rental revenue | $ 3,310 | $ 6,156 | $ 5,534 |
| Other property-related revenue | 96 | 157 | 157 |
| Total revenue | 3,406 | 6,313 | 5,691 |
| **Certain Expenses** | | | |
| Property operating expenses | 912 | 1,784 | 1,441 |
| Real estate taxes | 285 | 549 | 555 |
| Supervisory and administrative fees | 181 | 326 | 317 |
| Total certain expenses | 1,378 | 2,659 | 2,313 |
| **Revenue in excess of certain expenses** | $ 2,028 | $ 3,654 | $ 3,378 |

(a) See Note 3 for the number of properties and the related periods presented.

(b) See Note 4 for the number of properties and the related periods presented.

The accompanying notes are an integral part of these combined statements of revenue and certain expenses.

**Optivest 2014 Properties**

**Notes to Combined Statements of Revenue and Certain Expenses**

**(dollars in thousands)**

## 1. BASIS OF PRESENTATION

National Storage Affiliates Trust ("NSA") acquired 12 self-storage properties (collectively, the "Optivest 2014 Properties") during the nine months ended September 30, 2014 through Optivest Properties, LLC ("Optivest"). One of these 12 properties was not owned or managed by Optivest prior to August 1, 2012, and the remaining 11 properties were owned or managed by Optivest for the entire interim period from January 1, 2012 through the later of the respective dates that NSA acquired the properties or September 30, 2014. Optivest is one of three founding participating regional operators that initiated NSA's formation transactions commencing on April 1, 2013.

The accompanying combined statements of revenue and certain expenses (the "Statements") of the Optivest 2014 Properties have been prepared pursuant to Rule 3-14 of Regulation S-X promulgated by the Securities and Exchange Commission. Accordingly, the Statements are not representative of the entire operations of the Optivest 2014 Properties for the periods presented as certain items are excluded. Such omitted items consist of depreciation and amortization, interest expense, and administrative costs not directly related to the future operations of the Optivest 2014 Properties.

The unaudited interim combined statement of revenue and certain expenses for the period from January 1, 2014 through the earlier of the respective acquisition dates by NSA or September 30, 2014, was prepared on the same basis as the combined statements of revenue and certain expenses for the year ended December 31, 2013 and for the period commencing upon the later of January 1, 2012 or Optivest's respective acquisition date through December 31, 2012, and reflects all adjustments, consisting of only normal recurring adjustments, which are, in the opinion of management, necessary for a fair presentation of the results of the unaudited interim period. The results of the unaudited interim period are not necessarily indicative of the expected results for the entire fiscal year.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

***Use of Estimates.*** The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

***Revenue Recognition.*** Management has determined that all of the leases associated with the Optivest 2014 Properties are operating leases, which may be terminated on a month-to-month basis. Rental income is recognized ratably over the lease term using the straight-line method. Rents received in advance are deferred and recognized on a straight-line basis over the related lease term associated with the prepayment. Promotional discounts and other incentives are recognized as a reduction to rental income over the applicable lease term. Other property-related revenue consists of ancillary revenues such as tenant insurance commissions and sales of storage supplies, which are recognized in the period earned.

***Advertising Costs.*** Advertising costs are primarily attributable to internet, directory and other advertising. Advertising costs were expensed in the period in which the cost was incurred. Advertising costs amounted to $44 (unaudited) for the interim period from January 1, 2014 through the earlier of the respective acquisition dates by NSA or September 30, 2014, $92 for the year ended December 31, 2013, and $73 for the period commencing upon the later of January 1, 2012 or the respective acquisition date by Optivest through December 31, 2012.

**Optivest 2014 Properties**

**Notes to Combined Statements of Revenue and Certain Expenses (Continued)**

**(dollars in thousands)**

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

***Repairs and Maintenance.*** Major replacements and betterments that improved or extended the life of the Optivest 2014 Properties were capitalized. Expenditures for ordinary repairs and maintenance were expensed as incurred. Repairs and maintenance amounted to $70 (unaudited) for the interim period from January 1, 2014 through the earlier of the respective acquisition dates by NSA or September 30, 2014, $122 for the year ended December 31, 2013, and $65 for the period commencing upon the later of January 1, 2012 or the respective acquisition date by Optivest through December 31, 2012.

## 3. UNAUDITED OPERATING RESULTS FOR 2014 BY NSA ACQUISITION DATE

Presented below is the unaudited revenue and certain expenses for each group of properties for the interim period from January 1, 2014 through the earlier of the respective acquisition dates by NSA or September 30, 2014:

| | NSA Acquisition Date | | | |
|---|---|---|---|---|
| | April 1, 2014 | July 1, 2014 | September 30, 2014 | Total |
| Number of properties | 3 | 7 | 2 | 12 |
| Revenue | | | | |
| Rental revenue | $ 274 | $ 1,856 | $ 1,180 | $ 3,310 |
| Other property-related revenue | 9 | 51 | 36 | 96 |
| Total revenue | 283 | 1,907 | 1,216 | 3,406 |
| Certain Expenses | | | | |
| Property operating expenses | 97 | 533 | 282 | 912 |
| Real estate taxes | 25 | 165 | 95 | 285 |
| Supervisory and administrative fees | 18 | 95 | 68 | 181 |
| Total certain expenses | 140 | 793 | 445 | 1,378 |
| Revenue in excess of certain expenses | $ 143 | $ 1,114 | $ 771 | $ 2,028 |

**Optivest 2014 Properties**

**Notes to Combined Statements of Revenue and Certain Expenses (Continued)**

**(dollars in thousands)**

## 4. OPERATING RESULTS FOR 2012 BY OPTIVEST ACQUISITION DATE

Presented below is revenue and certain expenses for the group of 12 properties owned by Optivest for the entire year ended December 31, 2012, and one property acquired by Optivest on August 1, 2012 which is presented for the period from Optivest's acquisition date through December 31, 2012:

| | Optivest Acquisition Date | | |
|---|---|---|---|
| | Prior to 2012 | August 1, 2012 | Total |
| Number of properties | 11 | 1 | 12 |
| Revenue | | | |
| Rental revenue | $ 5,346 | $ 188 | $ 5,534 |
| Other property-related revenue | 148 | 9 | 157 |
| Total revenue | 5,494 | 197 | 5,691 |
| Certain Expenses | | | |
| Property operating expenses | 1,396 | 45 | 1,441 |
| Real estate taxes | 543 | 12 | 555 |
| Supervisory and administrative fees | 306 | 11 | 317 |
| Total certain expenses | 2,245 | 68 | 2,313 |
| Revenue in excess of certain expenses | $ 3,249 | $ 129 | $ 3,378 |

## 5. RELATED PARTY TRANSACTIONS

The Optivest 2014 Properties are subject to agreements entered into with Optivest that provide for a fee equal to 6% of gross revenue (as defined in the agreements). The amounts incurred under these agreements are included in supervisory and administrative fees in the accompanying combined statements of revenue and certain expenses. The services provided by Optivest consist of supervisory, administrative, leasing and related services.

The employees responsible for operation of the Optivest 2014 Properties are employees of Optivest. The amounts charged by Optivest for salaries, wages and benefits for the Optivest 2014 Properties are included in property operating expenses and amounted to $477 (unaudited) for the interim period from January 1, 2014 through the earlier of the respective acquisition dates by NSA or September 30, 2014, $886 for the year ended December 31, 2013, and $696 for the period commencing upon the later of January 1, 2012 or the respective acquisition date by Optivest through December 31, 2012.

## 6. SUBSEQUENT EVENTS

Management has evaluated the events and transactions that have occurred through December 5, 2014, the date that the Statements were available to be issued, and noted no items requiring adjustment of the Statements or additional disclosure.

## REPORT OF INDEPENDENT AUDITORS

To National Storage Affiliates Trust:

We have audited the accompanying combined statements of revenue and certain expenses of the Guardian 2014 Properties for the years ended December 31, 2013 and 2012, and the related notes to the financial statements.

**Management's Responsibility for Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

**Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements of revenue and certain expenses. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the combined statements of revenue and certain expenses in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the revenue and certain expenses described in Note 1 to the financial statements of the Guardian 2014 Properties for the years ended December 31, 2013 and 2012, in accordance with U.S. generally accepted accounting principles.

**Basis of Accounting**

As described in Note 1 to the financial statements, the statements of revenue and certain expenses have been prepared for the purpose of complying with the rules and regulations of the Securities and Exchange Commission for inclusion in the registration statement on Form S-11 of National Storage Affiliates Trust, and are not intended to be a complete presentation of revenue and expenses of the Guardian 2014 Properties. Our opinion is not modified with respect to this matter.

/s/ EKS&H LLLP
Denver, Colorado
March 23, 2015

**Guardian 2014 Properties**

**Combined Statements of Revenue and Certain Expenses**

**Interim Period from January 1, 2014 Through the Earlier of the Respective Acquisition Dates by NSA or October 8, 2014 (Unaudited), and for the Years Ended December 31, 2013 and 2012**

**(dollars in thousands)**

| | 2014[(a)] (Unaudited) | 2013 | 2012 |
|---|---|---|---|
| **Revenue** | | | |
| Rental revenue | $ 10,261 | $ 15,469 | $ 14,896 |
| Other property-related revenue | 605 | 828 | 441 |
| Total revenue | 10,866 | 16,297 | 15,337 |
| **Certain Expenses** | | | |
| Property operating expenses | 2,396 | 3,709 | 3,875 |
| Real estate taxes | 882 | 1,286 | 1,254 |
| Supervisory and administrative fees | 685 | 911 | 887 |
| Total certain expenses | 3,963 | 5,906 | 6,016 |
| **Revenue in excess of certain expenses** | $ 6,903 | $ 10,391 | $ 9,321 |

(a) See Note 3 for the number of properties and the related periods presented.

The accompanying notes are an integral part of these combined statements of revenue and certain expenses.

**Guardian 2014 Properties**

**Notes to Combined Statements of Revenue and Certain Expenses**

**(dollars in thousands)**

## 1. BASIS OF PRESENTATION

National Storage Affiliates Trust ("NSA") acquired 19 self-storage properties during the period from January 1, 2014 through October 8, 2014 (collectively, the "Guardian 2014 Properties") through Guardian Storage Centers, LLC ("Guardian"). Guardian is one of NSA's participating regional operators.

The accompanying combined statements of revenue and certain expenses (the "Statements") of the Guardian 2014 Properties have been prepared pursuant to Rule 3-14 of Regulation S-X promulgated by the Securities and Exchange Commission. Accordingly, the Statements are not representative of the entire operations of the Guardian 2014 Properties for the periods presented as certain items are excluded. Such omitted items consist of depreciation and amortization, interest expense, and administrative costs not directly related to the future operations of the Guardian 2014 Properties.

The unaudited interim combined statement of revenue and certain expenses for the period from January 1, 2014 through the earlier of the respective acquisition dates by NSA or October 8, 2014, was prepared on the same basis as the combined statements of revenue and certain expenses for the years ended December 31, 2013 and 2012, and reflects all adjustments, consisting of only normal recurring adjustments, which are, in the opinion of management, necessary for a fair presentation of the results of the unaudited interim period. The results of the unaudited interim period are not necessarily indicative of the expected results for the entire fiscal year.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

***Use of Estimates.*** The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

***Revenue Recognition.*** Management has determined that all of the leases associated with the Guardian 2014 Properties are operating leases, which may be terminated on a month-to-month basis. Rental income is recognized ratably over the lease term using the straight-line method. Rents received in advance are deferred and recognized on a straight-line basis over the related lease term associated with the prepayment. Promotional discounts and other incentives are recognized as a reduction to rental income over the applicable lease term. Other property-related revenue consists of ancillary revenues such as tenant insurance commissions and sales of storage supplies, which are recognized in the period earned.

***Advertising Costs.*** Advertising costs are primarily attributable to internet, directory and other advertising. Advertising costs were expensed in the period in which the cost was incurred. Advertising costs amounted to $212 (unaudited) for the interim period from January 1, 2014 through the earlier of the respective acquisition dates by NSA or October 8, 2014, $275 for the year ended December 31, 2013, and $279 for the year ended December 31, 2012.

***Repairs and Maintenance.*** Major replacements and betterments that improved or extended the life of the Guardian 2014 Properties were capitalized. Expenditures for ordinary repairs and maintenance were expensed as incurred. Repairs and maintenance amounted to $79 (unaudited) for the interim period from January 1, 2014 through the earlier of the respective acquisition dates by NSA or

**Guardian 2014 Properties**

**Notes to Combined Statements of Revenue and Certain Expenses (Continued)**

**(dollars in thousands)**

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

October 8, 2014, $106 for the year ended December 31, 2013, and $101 for the year ended December 31, 2012.

## 3. UNAUDITED INTERIM OPERATING RESULTS BY NSA ACQUISITION DATE

Presented below is the unaudited revenue and certain expenses for each group of acquisitions for the interim period from January 1, 2014 through the earlier of the respective acquisition dates by NSA or October 8, 2014:

| | NSA Acquisition Date | | | | | | |
|---|---|---|---|---|---|---|---|
| | April 1, 2014 | May 31, 2014 | July 1, 2014 | September 17, 2014 | October 1, 2014 | October 8, 2014 | Total |
| Number of properties | 2 | 2 | 2 | 7 | 5 | 1 | 19 |
| Revenue | | | | | | | |
| Rental revenue | $ 404 | $ 278 | $ 482 | $ 5,205 | $ 2,772 | $ 1,120 | $ 10,261 |
| Other property-related revenue | 21 | 23 | 43 | 267 | 179 | 72 | 605 |
| Total revenue | 425 | 301 | 525 | 5,472 | 2,951 | 1,192 | 10,866 |
| Certain Expenses | | | | | | | |
| Property operating expenses | 87 | 126 | 168 | 1,115 | 731 | 169 | 2,396 |
| Real estate taxes | 39 | 17 | 38 | 464 | 216 | 108 | 882 |
| Supervisory and administrative fees | 22 | 18 | 31 | 368 | 174 | 72 | 685 |
| Total certain expenses | 148 | 161 | 237 | 1,947 | 1,121 | 349 | 3,963 |
| Revenue in excess of certain expenses | $ 277 | $ 140 | $ 288 | $ 3,525 | $ 1,830 | $ 843 | $ 6,903 |

(a) Represents properties that NSA has a contractual right to acquire. See also Note 6.

## 4. RELATED PARTY TRANSACTIONS

The Guardian 2014 Properties are subject to agreements entered into with Guardian for supervisory, administrative, leasing and related services. The fees range from approximately 4.0% to 6.5% of gross revenue (as defined in the agreements). The amounts incurred under these agreements are included in supervisory and administrative fees in the accompanying combined statements of revenue and certain expenses.

The employees responsible for operation of the Guardian 2014 Properties are employees of Guardian. The amounts charged by Guardian for salaries, wages and benefits for the Guardian 2014 Properties are included in property operating expenses and amounted to $1,106 (unaudited) for the interim period from January 1, 2014 through the earlier of the respective acquisition dates by NSA or October 8, 2014, $1,810 for the year ended December 31, 2013, and $1,796 for the year ended December 31, 2012.

**Guardian 2014 Properties**

**Notes to Combined Statements of Revenue and Certain Expenses (Continued)**

**(dollars in thousands)**

## 5. COMMITMENTS

One self-storage property included in the Guardian 2014 Properties is subject to a long-term ground lease agreement that is classified as an operating lease. This agreement provides for a minimum lease term that expires in 2045. The lease agreement provides for six 5-year extension options that, if exercised, would extend the lease expiration until 2075. The ground lease agreement provides for fixed increases of 10% after every 5-year period and, accordingly, Guardian has recognized lease expense on a straight-line basis over the entire minimum lease term. Rent expense under this ground lease agreement is included in property operating expenses and amounted to $67 (unaudited) for the interim period from January 1, 2014 through the earlier of the respective acquisition dates by NSA or October 8, 2014, $94 for the year ended December 31, 2013, and $94 for the year ended December 31, 2012.

Future minimum cash payments under this ground lease are as follows:

| **Year Ending December 31:** | |
|---|---|
| 2015 | $ 77 |
| 2016 | 80 |
| 2017 | 80 |
| 2018 | 80 |
| 2019 | 80 |
| Thereafter | 2,715 |
| Total | $ 3,112 |

## 6. SUBSEQUENT EVENTS

Management has evaluated the events and transactions that have occurred through March 23, 2015, the date that the Statements were available to be issued, and noted no items requiring adjustment of the Statements or additional disclosure.

## REPORT OF INDEPENDENT AUDITORS

To National Storage Affiliates Trust:

We have audited the accompanying combined statements of revenue and certain expenses of the Guardian 2015 Properties for the years ended December 31, 2014, 2013 and 2012, and the related notes to the financial statements.

**Management's Responsibility for Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

**Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements of revenue and certain expenses. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the combined statements of revenue and certain expenses in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the revenue and certain expenses described in Note 1 to the financial statements of the Guardian 2015 Properties for the years ended December 31, 2014, 2013 and 2012, in accordance with U.S. generally accepted accounting principles.

**Basis of Accounting**

As described in Note 1 to the financial statements, the statements of revenue and certain expenses have been prepared for the purpose of complying with the rules and regulations of the Securities and Exchange Commission for inclusion in the registration statement on Form S-11 of National Storage Affiliates Trust, and are not intended to be a complete presentation of revenue and expenses of the Guardian 2015 Properties. Our opinion is not modified with respect to this matter.

/s/ EKS&H LLLP

Denver, Colorado
March 23, 2015

**Guardian 2015 Properties**

**Combined Statements of Revenue and Certain Expenses**

**For the Years Ended December 31, 2014, 2013 and 2012**

**(dollars in thousands)**

| | 2014 | 2013 | 2012 |
|---|---|---|---|
| **Revenue** | | | |
| Rental revenue | $ 4,744 | $ 4,588 | $ 4,505 |
| Other property-related revenue | 217 | 251 | 114 |
| Total revenue | 4,961 | 4,839 | 4,619 |
| **Certain Expenses** | | | |
| Property operating expenses | 1,945 | 1,834 | 1,870 |
| Real estate taxes | 187 | 184 | 184 |
| Supervisory and administrative fees | 257 | 248 | 237 |
| Total certain expenses | 2,389 | 2,266 | 2,291 |
| **Revenue in excess of certain expenses** | $ 2,572 | $ 2,573 | $ 2,328 |

The accompanying notes are an integral part of these combined statements of revenue and certain expenses.

**Guardian 2015 Properties**

**Notes to Combined Statements of Revenue and Certain Expenses**

**(dollars in thousands)**

## 1. BASIS OF PRESENTATION

National Storage Affiliates Trust ("NSA") acquired six self-storage properties during January 2015 (collectively, the "Guardian 2015 Properties") through Guardian Storage Centers, LLC ("Guardian"). Guardian is one of NSA's participating regional operators.

The accompanying combined statements of revenue and certain expenses (the "Statements") of the Guardian 2015 Properties have been prepared pursuant to Rule 3-14 of Regulation S-X promulgated by the Securities and Exchange Commission. Accordingly, the Statements are not representative of the entire operations of the Guardian 2015 Properties for the periods presented as certain items are excluded. Such omitted items consist of depreciation and amortization, interest expense, and administrative costs not directly related to the future operations of the Guardian 2015 Properties.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

***Use of Estimates.*** The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

***Revenue Recognition.*** Management has determined that all of the customer leases associated with the Guardian 2015 Properties are operating leases, which may be terminated on a month-to-month basis. Rental income is recognized ratably over the lease term using the straight-line method. Rents received in advance are deferred and recognized on a straight-line basis over the related lease term associated with the prepayment. Promotional discounts and other incentives are recognized as a reduction to rental income over the applicable lease term. Other property-related revenue consists of ancillary revenues such as tenant insurance commissions and sales of storage supplies, which are recognized in the period earned.

***Advertising Costs.*** Advertising costs are primarily attributable to internet, directory and other advertising. Advertising costs were expensed in the period in which the cost was incurred. Advertising costs amounted to $87, $76 and $63 for the years ended December 31, 2014, 2013 and 2012, respectively.

***Repairs and Maintenance.*** Major replacements and betterments that improved or extended the life of the Guardian 2015 Properties were capitalized. Expenditures for ordinary repairs and maintenance were expensed as incurred. Repairs and maintenance amounted to $44, $42 and $39 for the years ended December 31, 2014, 2013, and 2012, respectively.

## 3. RELATED PARTY TRANSACTIONS

The Guardian 2015 Properties are subject to agreements entered into with Guardian for supervisory, administrative, leasing and related services. The fees range from approximately 4.0% to 6.5% of gross revenue (as defined in the agreements). The amounts incurred under these agreements are included in supervisory and administrative fees in the accompanying combined statements of revenue and certain expenses.

The employees responsible for operation of the Guardian 2015 Properties are employees of Guardian. The amounts charged by Guardian for salaries, wages and benefits for the Guardian 2015

**Guardian 2015 Properties**

**Notes to Combined Statements of Revenue and Certain Expenses (Continued)**

**(dollars in thousands)**

**3. RELATED PARTY TRANSACTIONS (Continued)**

Properties are included in property operating expenses and amounted to $520, $549, and $599 for the years ended December 31, 2014, 2013, and 2012, respectively.

**4. COMMITMENTS**

Three self-storage properties included in the Guardian 2015 Properties are subject to long-term ground lease agreements that are classified as operating leases. These agreements provide for minimum lease terms that expire between 2024 and 2031. The lease agreements provide for extension options that if exercised would extend the lease expirations between 2034 and 2051. Two of the three ground lease agreements provide for fixed rental increases between 12.0% and 12.5% after every five year period and, accordingly, Guardian has recognized lease expense on a straight-line basis over the entire minimum lease terms.

One of the ground lease agreements provides for fixed annual rentals of $250 over the entire lease term plus contingent rentals to the extent that 20% of gross annual revenue from the property exceeds fixed annual rentals of $250. For the year ended December 31, 2014, contingent rentals amounted to $30.

Rent expense under all three ground lease agreements is included in property operating expenses and amounted to $665 (including contingent rentals of $30) for each of the years ended December 31, 2014, 2013, and 2012.

Future minimum cash payments (exclusive of contingent rentals) under ground leases are as follows:

| Year Ending December 31: | |
|---|---|
| 2015 | $ 735 |
| 2016 | 744 |
| 2017 | 752 |
| 2018 | 752 |
| 2019 | 766 |
| Thereafter | 5,833 |
| Total | $ 9,582 |

**5. SUBSEQUENT EVENTS**

Management has evaluated the events and transactions that have occurred through March 23, 2015, the date that the Statements were available to be issued, and noted no items requiring adjustment of the Statements or additional disclosure.

## REPORT OF INDEPENDENT AUDITORS

To National Storage Affiliates Trust:

We have audited the accompanying combined statements of revenue and certain expenses of the Storage Solutions Properties for the years ended December 31, 2014 and 2013, and the related notes to the financial statements.

**Management's Responsibility for Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

**Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements of revenue and certain expenses. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the combined statements of revenue and certain expenses in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the revenue and certain expenses described in Note 1 to the financial statements of the Storage Solutions Properties for the years ended December 31, 2014 and 2013, in accordance with U.S. generally accepted accounting principles.

**Basis of Accounting**

As described in Note 1 to the financial statements, the statements of revenue and certain expenses have been prepared for the purpose of complying with the rules and regulations of the Securities and Exchange Commission for inclusion in the registration statement on Form S-11 of National Storage Affiliates Trust, and are not intended to be a complete presentation of revenue and expenses of the Storage Solutions Properties. Our opinion is not modified with respect to this matter.

/s/ EKS&H LLLP

Denver, Colorado
March 23, 2015

**Storage Solutions Properties**

**Combined Statements of Revenue and Certain Expenses**

**For the Years Ended December 31, 2014 and 2013**

**(dollars in thousands)**

| | 2014 | 2013 |
|---|---|---|
| **Revenue** | | |
| Rental revenue | $ 1,679 | $ 1,649 |
| Other property-related revenue | 18 | 23 |
| Total revenue | 1,697 | 1,672 |
| **Certain Expenses** | | |
| Property operating expenses | 408 | 414 |
| Real estate taxes | 150 | 159 |
| Supervisory and administrative fees | 102 | 101 |
| Total certain expenses | 660 | 674 |
| **Revenue in excess of certain expenses** | $ 1,037 | $ 998 |

The accompanying notes are an integral part of these combined statements of revenue and certain expenses.

**Storage Solutions Properties**

**Notes to Combined Statements of Revenue and Certain Expenses**

**(dollars in thousands)**

## 1. BASIS OF PRESENTATION

National Storage Affiliates Trust ("NSA") is under contract to acquire three self-storage properties (collectively, the "Storage Solutions Properties") through Storage Solutions Storage Centers, LLC ("Storage Solutions"). Storage Solutions has been designated as a participating regional operator of NSA.

The accompanying combined statements of revenue and certain expenses (the "Statements") of the Storage Solutions Properties have been prepared pursuant to Rule 3-14 of Regulation S-X promulgated by the Securities and Exchange Commission. Accordingly, the Statements are not representative of the entire operations of the Storage Solutions Properties for the periods presented as certain items are excluded. Such omitted items consist of depreciation and amortization, interest expense, and administrative costs not directly related to the future operations of the Storage Solutions Properties.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

***Use of Estimates.*** The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

***Revenue Recognition.*** Management has determined that all of the leases associated with the Storage Solutions Properties are operating leases, which may be terminated on a month-to-month basis. Rental income is recognized ratably over the lease term using the straight-line method. Rents received in advance are deferred and recognized on a straight-line basis over the related lease term associated with the prepayment. Promotional discounts and other incentives are recognized as a reduction to rental income over the applicable lease term. Other property-related revenue consists of ancillary revenues such as tenant insurance commissions and sales of storage supplies, which are recognized in the period earned.

***Advertising Costs.*** Advertising costs are primarily attributable to internet, directory and other advertising. Advertising costs were expensed in the period in which the cost was incurred. Advertising costs amounted to $28 for the year ended December 31, 2014, and $44 for the year ended December 31, 2013.

***Repairs and Maintenance.*** Major replacements and betterments that improved or extended the life of the Storage Solutions Properties were capitalized. Expenditures for ordinary repairs and maintenance were expensed as incurred. Repairs and maintenance amounted to $15 for the year ended December 31, 2014, and $17 for the year ended December 31, 2013.

## 3. RELATED PARTY TRANSACTIONS

The Storage Solutions Properties are subject to agreements entered into with Storage Solutions that provide for a monthly fee equal to the greater of $1,800 per property or 6% of gross revenue (as defined in the agreements). The amounts incurred under these agreements are included in supervisory and administrative fees in the accompanying combined statements of revenue and certain expenses. The services provided by Storage Solutions consist of supervisory, administrative, leasing and related services.

**Storage Solutions Properties**

**Notes to Combined Statements of Revenue and Certain Expenses (Continued)**

**(dollars in thousands)**

**3. RELATED PARTY TRANSACTIONS (Continued)**

The employees responsible for operation of the Storage Solutions Properties are employees of Storage Solutions. The amounts charged by Storage Solutions for salaries, wages and benefits for the Storage Solutions Properties are included in property operating expenses and amounted to $196 for the year ended December 31, 2014, and $192 for the year ended December 31, 2013.

**4. SUBSEQUENT EVENTS**

Management has evaluated the events and transactions that have occurred through March 23, 2015, the date that the Statements were available to be issued, and noted no items requiring adjustment of the Statements or additional disclosure.

## REPORT OF INDEPENDENT AUDITORS

To National Storage Affiliates Trust:

We have audited the accompanying combined statements of revenue and certain expenses of the All Stor Properties for the period from the later of January 1, 2014 or All Stor's respective acquisition date (as set forth in Note 3) through December 31, 2014, and for the period from the later of March 14, 2013 or All Stor's respective acquisition dates (as set forth in Note 4) through December 31, 2013, and the related notes to the financial statements.

**Management's Responsibility for Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

**Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements of revenue and certain expenses. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the combined statements of revenue and certain expenses in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the revenue and certain expenses described in Note 1 to the financial statements of the All Stor Properties for the period from the later of January 1, 2014 or All Stor's respective acquisition date (as set forth in Note 3) through December 31, 2014, and for the period from the later of March 14, 2013 or All Stor's respective acquisition dates (as set forth in Note 4) through December 31, 2013, in accordance with U.S. generally accepted accounting principles.

**Basis of Accounting**

As described in Note 1 to the financial statements, the statements of revenue and certain expenses have been prepared for the purpose of complying with the rules and regulations of the Securities and Exchange Commission for inclusion in the registration statement on Form S-11 of National Storage Affiliates Trust, and are not intended to be a complete presentation of revenue and expenses of the All Stor Properties. Our opinion is not modified with respect to this matter.

/s/ EKS&H LLLP

Denver, Colorado
March 23, 2015

**All Stor Properties**

**Combined Statements of Revenue and Certain Expenses**

**For the Period from the Later of January 1, 2014 or All Stor's Respective Acquisition Date Through December 31, 2014, and the Period from the Later of March 14, 2013 or All Stor's Respective Acquisition Dates Through December 31, 2013**

**(dollars in thousands)**

| | 2014[a] | 2013[b] |
|---|---|---|
| **Revenue** | | |
| Rental revenue | $ 6,168 | $ 3,698 |
| Other property-related revenue | 373 | 131 |
| Total revenue | 6,541 | 3,829 |
| **Certain Expenses** | | |
| Property operating expenses | 1,741 | 996 |
| Real estate taxes | 404 | 220 |
| Supervisory and administrative fees | 392 | 230 |
| Total certain expenses | 2,537 | 1,446 |
| **Revenue in excess of certain expenses** | $ 4,004 | $ 2,383 |

(a) See Note 3 for the number of properties and the related periods presented.

(b) See Note 4 for the number of properties and the related periods presented.

The accompanying notes are an integral part of these combined statements of revenue and certain expenses.

**All Stor Properties**

**Notes to Combined Statements of Revenue and Certain Expenses**

**(dollars in thousands)**

## 1. BASIS OF PRESENTATION

National Storage Affiliates Trust ("NSA") is under contract to acquire 12 self-storage properties (collectively, the "All Stor Properties") from All Stor Storage, LLC ("All Stor"). All Stor purchased these properties on various dates between March 14, 2013 and February 6, 2014.

The accompanying combined statements of revenue and certain expenses (the "Statements") of the All Stor Properties have been prepared pursuant to Rule 3-14 of Regulation S-X promulgated by the Securities and Exchange Commission. Accordingly, the Statements are not representative of the entire operations of the All Stor Properties for the periods presented as certain items are excluded. Such omitted items consist of depreciation and amortization, interest expense, and administrative costs not directly related to the future operations of the All Stor Properties.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

***Use of Estimates.*** The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

***Revenue Recognition.*** Management has determined that all of the leases associated with the All Stor Properties are operating leases, which may be terminated on a month-to-month basis. Rental income is recognized ratably over the lease term using the straight-line method. Rents received in advance are deferred and recognized on a straight-line basis over the related lease term associated with the prepayment. Promotional discounts and other incentives are recognized as a reduction to rental income over the applicable lease term. Other property-related revenue consists of ancillary revenues such as tenant insurance commissions and sales of storage supplies, which are recognized in the period earned.

***Advertising Costs.*** Advertising costs are primarily attributable to internet, directory and other advertising. Advertising costs were expensed in the period in which the cost was incurred. Advertising costs amounted to $108 for the period from the later of January 1, 2014 or All Stor's respective acquisition date (as set forth in Note 3) through December 31, 2014, and $66 for the period from the later of March 14, 2013 or All Stor's respective acquisition dates (as set forth in Note 4) through December 31, 2013.

***Repairs and Maintenance.*** Major replacements and betterments that improved or extended the life of the All Stor Properties were capitalized. Expenditures for ordinary repairs and maintenance were expensed as incurred. Repairs and maintenance amounted to $122 for the period from the later of January 1, 2014 or All Stor's respective acquisition date (as set forth in Note 3) through December 31, 2014, and $89 for the period from the later of March 14, 2013 or All Stor's respective acquisition dates (as set forth in Note 4) through December 31, 2013.

## 3. OPERATING RESULTS FOR 2014 BY ALL STOR ACQUISITION DATE

Presented below is the revenue and certain expenses for 11 properties acquired by All Stor in 2013, which are included for the entire period from January 1, 2014 through December 31, 2014, and

**All Stor Properties**

**Notes to Combined Statements of Revenue and Certain Expenses (Continued)**

**(dollars in thousands)**

**3. OPERATING RESULTS FOR 2014 BY ALL STOR ACQUISITION DATE (Continued)**

the acquisition completed by All Stor on February 6, 2014, which is included for the period from February 6, 2014 through December 31, 2014:

| | Acquisition Date by All Stor | | |
|---|---|---|---|
| | Various Dates 2013 | February 6, 2014 | Total |
| Number of properties | 11 | 1 | 12 |
| Revenue | | | |
| Rental revenue | $ 5,779 | $ 389 | $ 6,168 |
| Other property-related revenue | 345 | 28 | 373 |
| Total revenue | 6,124 | 417 | 6,541 |
| Certain Expenses | | | |
| Property operating expenses | 1,610 | 131 | 1,741 |
| Real estate taxes | 382 | 22 | 404 |
| Supervisory and administrative fees | 367 | 25 | 392 |
| Total certain expenses | 2,359 | 178 | 2,537 |
| Revenue in excess of certain expenses | $ 3,765 | $ 239 | $ 4,004 |

**4. OPERATING RESULTS FOR 2013 BY ALL STOR ACQUISITION DATE**

Presented below is the revenue and certain expenses for 11 properties acquired by All Stor in 2013, which are included for the period from the later of March 14, 2013 or All Stor's respective acquisition dates through December 31, 2013:

| | Date Acquired by All Stor | | | | | |
|---|---|---|---|---|---|---|
| | March 14, 2013 | April 4, 2013 | May 9, 2013 | May 23, 2013 | August 28, 2013 | Total |
| Number of properties | 2 | 4 | 1 | 3 | 1 | 11 |
| Revenue | | | | | | |
| Rental revenue | $ 508 | $ 1,593 | $ 380 | $ 1,026 | $ 191 | $ 3,698 |
| Other property-related revenue | 9 | 101 | 3 | 18 | — | 131 |
| Total revenue | 517 | 1,694 | 383 | 1,044 | 191 | 3,829 |
| Certain Expenses | | | | | | |
| Property operating expenses | 179 | 427 | 85 | 267 | 38 | 996 |
| Real estate taxes | 40 | 114 | 24 | 38 | 4 | 220 |
| Supervisory and administrative fees | 31 | 102 | 23 | 63 | 11 | 230 |
| Total certain expenses | 250 | 643 | 132 | 368 | 53 | 1,446 |
| Revenue in excess of certain expenses | $ 267 | $ 1,051 | $ 251 | $ 676 | $ 138 | $ 2,383 |

**All Stor Properties**

**Notes to Combined Statements of Revenue and Certain Expenses (Continued)**

**(dollars in thousands)**

## 5. RELATED PARTY TRANSACTIONS

The All Stor Properties are subject to agreements that provide for a fee equal to 6% of gross revenue (as defined in the agreements). These agreements were entered into with Square Foot Management Company, LLC ("Square Foot"), an affiliate of All Stor. The amounts incurred under these agreements are included in supervisory and administrative fees in the accompanying combined statements of revenue and certain expenses. The services provided by Square Foot consist of supervisory, administrative, leasing and related services.

The employees responsible for operation of the All Stor Properties are employees of Square Foot. The amounts charged by Square Foot for salaries, wages and benefits for the All Stor Properties are included in property operating expenses and amounted to $781 for the period from the later of January 1, 2014 or All Stor's respective acquisition date (as set forth in Note 3) through December 31, 2014, and $432 for the period from the later of March 14, 2013 or All Stor's respective acquisition dates (as set forth in Note 4) through December 31, 2013.

## 6. SUBSEQUENT EVENTS

Management has evaluated the events and transactions that have occurred through March 23, 2015, the date that the Statements were available to be issued, and noted no items requiring adjustment of the Statements or additional disclosure.

## REPORT OF INDEPENDENT AUDITORS

To National Storage Affiliates Trust:

We have audited the accompanying combined statements of revenue and certain expenses of the Move It Properties for the year ended December 31, 2013, and the related notes to the financial statements.

**Management's Responsibility for Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statement in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement of revenue and certain expenses. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the combined statements of revenue and certain expenses in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the revenue and certain expenses described in Note 1 to the financial statement of the Move It Properties for the year ended December 31, 2013, in accordance with U.S. generally accepted accounting principles.

**Basis of Accounting**

As described in Note 1 to the financial statements, the statements of revenue and certain expenses have been prepared for the purpose of complying with the rules and regulations of the Securities and Exchange Commission for inclusion in the registration statement on Form S-11 of National Storage Affiliates Trust, and is not intended to be a complete presentation of revenue and expenses of the Move It Properties. Our opinion is not modified with respect to this matter.

/s/ EKS&H LLLP

Denver, Colorado
November 21, 2014

**Move It Properties**

**Combined Statements of Revenue and Certain Expenses**

**Interim Period from January 1, 2014 Through September 4, 2014 (Unaudited), and for the Year Ended December 31, 2013**

**(dollars in thousands)**

| | 2014 (Unaudited) | 2013 |
|---|---|---|
| **Revenue** | | |
| Rental revenue | $ 3,951 | $ 5,501 |
| Other property-related revenue | 55 | 81 |
| Total revenue | 4,006 | 5,582 |
| **Certain Expenses** | | |
| Property operating expenses | 1,262 | 2,189 |
| Real estate taxes | 390 | 499 |
| Total certain expenses | 1,652 | 2,688 |
| **Revenue in excess of certain expenses** | $ 2,354 | $ 2,894 |

The accompanying notes are an integral part of these combined statements of revenue and certain expenses.

**Move It Properties**

**Notes to Combined Statements of Revenue and Certain Expenses**

**(dollars in thousands)**

## 1. BASIS OF PRESENTATION

National Storage Affiliates Trust ("NSA") acquired nine self-storage properties on September 4, 2014 (collectively, the "Move It Properties") through Move It Self Storage, LP ("Move It"). Move It is one of NSA's participating regional operators.

The accompanying combined statements of revenue and certain expenses (the "Statements") of the Move It Properties have been prepared pursuant to Rule 3-14 of Regulation S-X promulgated by the Securities and Exchange Commission. Accordingly, the Statements are not representative of the entire operations of the Move It Properties for the periods presented as certain items are excluded. Such omitted items consist of depreciation and amortization, interest expense, and administrative costs not directly related to the future operations of the Move It Properties.

The unaudited interim combined statement of revenue and certain expenses for the period from January 1, 2014 through September 4, 2014, was prepared on the same basis as the combined statement of revenue and certain expenses for the year ended December 31, 2013, and reflects all adjustments, consisting of only normal recurring adjustments, which are, in the opinion of management, necessary for a fair presentation of the results of the unaudited interim period. The results of the unaudited interim period are not necessarily indicative of the expected results for the entire fiscal year.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

***Use of Estimates.*** The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

***Revenue Recognition.*** Management has determined that all of the leases associated with the Move It Properties are operating leases, which may be terminated on a month-to-month basis. Rental income is recognized ratably over the lease term using the straight-line method. Rents received in advance are deferred and recognized on a straight-line basis over the related lease term associated with the prepayment. Promotional discounts and other incentives are recognized as a reduction to rental income over the applicable lease term. Other property-related revenue consists of ancillary revenues such as tenant insurance commissions and sales of storage supplies, which are recognized in the period earned.

***Advertising Costs.*** Advertising costs are primarily attributable to internet, directory and other advertising. Advertising costs were expensed in the period in which the cost was incurred. Advertising costs amounted to $44 (unaudited) for the interim period from January 1, 2014 through September 4, 2014, and $160 for the year ended December 31, 2013.

***Repairs and Maintenance.*** Major replacements and betterments that improved or extended the life of the Move It Properties were capitalized. Expenditures for ordinary repairs and maintenance were expensed as incurred. Repairs and maintenance amounted to $61 (unaudited) for the interim period from January 1, 2014 through September 4, 2014, and $125 for the year ended December 31, 2013.

## 4. RELATED PARTY TRANSACTIONS

The employees responsible for operation of the Move It Properties are employees of Move It. The amounts charged by Move It for salaries, wages and benefits for the Move It Properties are included in

**Move It Properties**

**Notes to Combined Statements of Revenue and Certain Expenses (Continued)**

**(dollars in thousands)**

**4. RELATED PARTY TRANSACTIONS (Continued)**

property operating expenses and amounted to $622 (unaudited) for the interim period from January 1, 2014 through September 4, 2014, and $987 for the year ended December 31, 2013.

**5. SUBSEQUENT EVENTS**

Management has evaluated the events and transactions that have occurred through November 21, 2014, the date that the Statements were available to be issued, and noted no items requiring adjustment of the Statements or additional disclosure.

## REPORT OF INDEPENDENT AUDITORS

To National Storage Affiliates Trust:

We have audited the accompanying combined statements of revenue and certain expenses of the Shreveport Properties for the years ended December 31, 2014 and 2013, and the related notes to the financial statements.

**Management's Responsibility for Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

**Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements of revenue and certain expenses. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the combined statements of revenue and certain expenses in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the revenue and certain expenses described in Note 1 to the financial statements of the Shreveport Properties for the years ended December 31, 2014 and 2013, in accordance with U.S. generally accepted accounting principles.

**Basis of Accounting**

As described in Note 1 to the financial statements, the statements of revenue and certain expenses have been prepared for the purpose of complying with the rules and regulations of the Securities and Exchange Commission for inclusion in the registration statement on Form S-11 of National Storage Affiliates Trust, and are not intended to be a complete presentation of revenue and expenses of the Shreveport Properties. Our opinion is not modified with respect to this matter.

/s/ EKS&H LLLP

Denver, Colorado
March 23, 2015

**Shreveport Properties**

**Combined Statements of Revenue and Certain Expenses**

**For the Years Ended December 31, 2014 and 2013**

**(dollars in thousands)**

| | 2014 | 2013 |
|---|---|---|
| **Revenue** | | |
| Rental revenue | $ 2,164 | $ 2,109 |
| Other property-related revenue | 30 | 2 |
| Total revenue | 2,194 | 2,111 |
| **Certain Expenses** | | |
| Property operating expenses | 444 | 370 |
| Real estate taxes | 219 | 220 |
| Supervisory and administrative fees | 265 | 246 |
| Total certain expenses | 928 | 836 |
| **Revenue in excess of certain expenses** | $ 1,266 | $ 1,275 |

The accompanying notes are an integral part of these combined statements of revenue and certain expenses.

**Shreveport Properties**

**Notes to Combined Statements of Revenue and Certain Expenses**

**(dollars in thousands)**

## 1. BASIS OF PRESENTATION

National Storage Affiliates Trust ("NSA") is under contract to acquire five self-storage properties (collectively referred to as the "Shreveport Properties") through Shreve Storage Equities, L.L.C. and NBI Properties, L.L.C. (collectively referred to as "Shreve").

The accompanying combined statements of revenue and certain expenses (the "Statements") of the Shreveport Properties have been prepared pursuant to Rule 3-14 of Regulation S-X promulgated by the Securities and Exchange Commission. Accordingly, the Statements are not representative of the entire operations of the Shreveport Properties for the periods presented as certain items are excluded. Such omitted items consist of depreciation and amortization, interest expense, and administrative costs not directly related to the future operations of the Shreveport Properties.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

***Use of Estimates.*** The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

***Revenue Recognition.*** Management has determined that all of the leases associated with the Shreveport Properties are operating leases, which may be terminated on a month-to-month basis. Rental income is recognized ratably over the lease term using the straight-line method. Rents received in advance are deferred and recognized on a straight-line basis over the related lease term associated with the prepayment. Promotional discounts and other incentives are recognized as a reduction to rental income over the applicable lease term. Other property-related revenue consists of ancillary revenues such as tenant insurance commissions and sales of storage supplies, which are recognized in the period earned.

***Advertising Costs.*** Advertising costs are primarily attributable to internet, directory and other advertising. Advertising costs were expensed in the period in which the cost was incurred. Advertising costs amounted to $51 for the year ended December 31, 2014, and $68 for the year ended December 31, 2013.

***Repairs and Maintenance.*** Major replacements and betterments that improved or extended the life of the Shreveport Properties were capitalized. Expenditures for ordinary repairs and maintenance were expensed as incurred. Repairs and maintenance amounted to $121 for the year ended December 31, 2014, and $94 for the year ended December 31, 2013.

## 3. RELATED PARTY TRANSACTIONS

The Shreveport Properties are subject to a monthly fee payable to Realta Property Services, LLC ("Realta") at the rate of 12% of collected revenue. The amounts incurred under this arrangement are included in supervisory and administrative fees in the accompanying combined statements of revenue and certain expenses. Realta is an affiliate of Shreve and the services provided by Realta consist of operational, supervisory, administrative, leasing, payroll and related services.

## 4. SUBSEQUENT EVENTS

Management has evaluated the events and transactions that have occurred through March 23, 2015, the date that the Statements were available to be issued, and noted no items requiring adjustment of the Statements or additional disclosure.

## REPORT OF INDEPENDENT AUDITORS

To National Storage Affiliates Trust:

We have audited the accompanying statements of revenue and certain expenses of the North 10 Property for the year ended December 31, 2013, and the related notes to the financial statements.

**Management's Responsibility for Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

**Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements of revenue and certain expenses. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the statements of revenue and certain expenses in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the revenue and certain expenses described in Note 1 to the financial statements of the North 10 Property for the year ended December 31, 2013, in accordance with U.S. generally accepted accounting principles.

**Basis of Accounting**

As described in Note 1 to the financial statements, the statements of revenue and certain expenses have been prepared for the purpose of complying with the rules and regulations of the Securities and Exchange Commission for inclusion in the registration statement on Form S-11 of National Storage Affiliates Trust, and are not intended to be a complete presentation of revenue and expenses of the North 10 Property. Our opinion is not modified with respect to this matter.

/s/ EKS&H LLLP
Denver, Colorado
November 21, 2014

**North 10 Property**

**Statements of Revenue and Certain Expenses**

**Interim Period from January 1, 2014 Through July 31, 2014 (Unaudited), and for the Year Ended December 31, 2013**

**(dollars in thousands)**

| | 2014 (Unaudited) | 2013 |
|---|---|---|
| **Revenue** | | |
| Rental revenue | $ 342 | $ 568 |
| Other property-related revenue | 1 | 6 |
| Total revenue | 343 | 574 |
| **Certain Expenses** | | |
| Property operating expenses | 145 | 188 |
| Real estate taxes | 36 | 69 |
| Total certain expenses | 181 | 257 |
| **Revenue in excess of certain expenses** | $ 162 | $ 317 |

The accompanying notes are an integral part of these statements of revenue and certain expenses.

**North 10 Property**

**Notes to Statements of Revenue and Certain Expenses**

**(dollars in thousands)**

## 1. BASIS OF PRESENTATION

On July 31, 2014, National Storage Affiliates Trust ("NSA") acquired a self-storage property from North 10 Storage Centers, LLC (the "North 10 Property").

The accompanying statements of revenue and certain expenses (the "Statements") of the North 10 Property have been prepared pursuant to Rule 3-14 of Regulation S-X promulgated by the Securities and Exchange Commission. Accordingly, the Statements are not representative of the entire operations of the North 10 Property for the periods presented as certain items are excluded. Such omitted items consist of depreciation and amortization, interest expense, and administrative costs not directly related to the future operations of the North 10 Property.

The unaudited interim statement of revenue and certain expenses for the period from January 1, 2014 through July 31, 2014, was prepared on the same basis as the statement of revenue and certain expenses for the year ended December 31, 2013, and reflects all adjustments, consisting of only normal recurring adjustments, which are, in the opinion of management, necessary for a fair presentation of the results of the unaudited interim period. The results of the unaudited interim period are not necessarily indicative of the expected results for the entire fiscal year.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

***Use of Estimates.*** The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

***Revenue Recognition.*** Management has determined that all of the leases associated with the North 10 Property are operating leases, which may be terminated on a month-to-month basis. Rental income is recognized ratably over the lease term using the straight-line method. Rents received in advance are deferred and recognized on a straight-line basis over the related lease term associated with the prepayment. Promotional discounts and other incentives are recognized as a reduction to rental income over the applicable lease term. Other property-related revenue consists of ancillary revenues such as tenant insurance commissions and sales of storage supplies, which are recognized in the period earned.

***Advertising Costs.*** Advertising costs are primarily attributable to internet, directory and other advertising. Advertising costs were expensed in the period in which the cost was incurred.

***Repairs and Maintenance.*** Major replacements and betterments that improved or extended the life of the North 10 Property were capitalized. Expenditures for ordinary repairs and maintenance were expensed as incurred. Repairs and maintenance amounted to $6 (unaudited) for the period from January 1, 2014 through July 31, 2014, and $10 for the year ended December 31, 2013.

## 3. SUBSEQUENT EVENTS

Management has evaluated the events and transactions that have occurred through November 21, 2014, the date that the Statements were available to be issued, and noted no items requiring adjustment of the Statements or additional disclosure.

## REPORT OF INDEPENDENT AUDITORS

To National Storage Affiliates Trust:

We have audited the accompanying statements of revenue and certain expenses of the LBJ Property for the years ended December 31, 2014 and 2013, and the related notes to the financial statements.

**Management's Responsibility for Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

**Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements of revenue and certain expenses. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the statements of revenue and certain expenses in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the revenue and certain expenses described in Note 1 to the financial statements of the LBJ Property for the years ended December 31, 2014 and 2013, in accordance with U.S. generally accepted accounting principles.

**Basis of Accounting**

As described in Note 1 to the financial statements, the statements of revenue and certain expenses have been prepared for the purpose of complying with the rules and regulations of the Securities and Exchange Commission for inclusion in the registration statement on Form S-11 of National Storage Affiliates Trust, and are not intended to be a complete presentation of revenue and expenses of the LBJ Property. Our opinion is not modified with respect to this matter.

/s/ EKS&H LLLP

Denver, Colorado
March 23, 2015

**LBJ Property**

**Statements of Revenue and Certain Expenses**

**For the Years Ended December 31, 2014 and 2013**

**(dollars in thousands)**

| | 2014 | 2013 |
|---|---|---|
| **Revenue** | | |
| Rental revenue | $ 337 | $ 322 |
| Other property-related revenue | 14 | 7 |
| Total revenue | 351 | 329 |
| **Certain Expenses** | | |
| Property operating expenses | 153 | 141 |
| Real estate taxes | 34 | 19 |
| Supervisory and administrative fees | 19 | 27 |
| Total certain expenses | 206 | 187 |
| **Revenue in excess of certain expenses** | $ 145 | $ 142 |

The accompanying notes are an integral part of these statements of revenue and certain expenses.

**LBJ Property**

**Notes to Statements of Revenue and Certain Expenses**

**(dollars in thousands)**

## 1. BASIS OF PRESENTATION

National Storage Affiliates Trust ("NSA") is under contract to acquire a self-storage property (the "LBJ Property") through Move It Self Storage, LP ("Move It"). Move It is one of NSA's participating regional operators.

The accompanying statements of revenue and certain expenses (the "Statements") of the LBJ Property have been prepared pursuant to Rule 3-14 of Regulation S-X promulgated by the Securities and Exchange Commission. Accordingly, the Statements are not representative of the entire operations of the LBJ Property for the periods presented as certain items are excluded. Such omitted items consist of depreciation and amortization, interest expense, and administrative costs not directly related to the future operations of the LBJ Property.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

***Use of Estimates.*** The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

***Revenue Recognition.*** Management has determined that all of the leases associated with the LBJ Property are operating leases, which may be terminated on a month-to-month basis. Rental income is recognized ratably over the lease term using the straight-line method. Rents received in advance are deferred and recognized on a straight-line basis over the related lease term associated with the prepayment. Promotional discounts and other incentives are recognized as a reduction to rental income over the applicable lease term. Other property-related revenue consists of ancillary revenues such as tenant insurance commissions and sales of storage supplies, which are recognized in the period earned.

***Advertising Costs.*** Advertising costs are primarily attributable to internet, directory and other advertising. Advertising costs were expensed in the period in which the cost was incurred. Advertising costs amounted to $16 and $18 for the years ended December 31, 2014 and 2013, respectively.

***Repairs and Maintenance.*** Major replacements and betterments that improved or extended the life of the LBJ Property were capitalized. Expenditures for ordinary repairs and maintenance were expensed as incurred. Repairs and maintenance amounted to $16 and $22 for the years ended December 31, 2014 and 2013, respectively.

## 3. RELATED PARTY TRANSACTIONS

The LBJ Property is subject to an agreement entered into with an affiliate of Move It that provides for a fee equal to 6% of gross revenue (as defined in the agreement). The amounts incurred under these agreements are included in supervisory and administrative fees in the accompanying statements of revenue and certain expenses. The services provided by the affiliate consist of supervisory, administrative, leasing and related services.

The employees responsible for operation of the LBJ Property are employees of the affiliate of Move It. The amounts charged by the affiliate for salaries, wages and benefits for the LBJ Property are included in property operating expenses and amounted to $42 and $45 for the years ended December 31, 2014 and 2013, respectively.

**LBJ Property**

**Notes to Statements of Revenue and Certain Expenses (Continued)**

**(dollars in thousands)**

**4. SUBSEQUENT EVENTS**

Management has evaluated the events and transactions that have occurred through March 23, 2015, the date that the Statements were available to be issued, and noted no items requiring adjustment of the Statements or additional disclosure.

## REPORT OF INDEPENDENT AUDITORS

To National Storage Affiliates Trust:

We have audited the accompanying statements of revenue and certain expenses of the Raleigh Road Property for the year ended December 31, 2013, and the related notes to the financial statements.

**Management's Responsibility for Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

**Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements of revenue and certain expenses. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the statements of revenue and certain expenses in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the revenue and certain expenses described in Note 1 to the financial statements of the Raleigh Road Property for the year ended December 31, 2013, in accordance with U.S. generally accepted accounting principles.

**Basis of Accounting**

As described in Note 1 to the financial statements, the statements of revenue and certain expenses have been prepared for the purpose of complying with the rules and regulations of the Securities and Exchange Commission for inclusion in the registration statement on Form S-11 of National Storage Affiliates Trust, and are not intended to be a complete presentation of revenue and expenses of the Raleigh Road Property. Our opinion is not modified with respect to this matter.

/s/ EKS&H LLLP

Denver, Colorado
March 23, 2015

**Raleigh Road Property**

**Statements of Revenue and Certain Expenses**

**Interim Period from January 1, 2014 Through December 11, 2014 (Unaudited), and for the Year Ended December 31, 2013**

**(dollars in thousands)**

| | 2014 (Unaudited) | 2013 |
|---|---|---|
| **Revenue** | | |
| Rental revenue | $ 301 | $ 299 |
| Other property-related revenue | 5 | 6 |
| Total revenue | 306 | 305 |
| **Certain Expenses** | | |
| Property operating expenses | 58 | 72 |
| Real estate taxes | 23 | 25 |
| Total certain expenses | 81 | 97 |
| **Revenue in excess of certain expenses** | $ 225 | $ 208 |

The accompanying notes are an integral part of these statements of revenue and certain expenses.

**Raleigh Road Property**

**Notes to Statements of Revenue and Certain Expenses**

**(dollars in thousands)**

## 1. BASIS OF PRESENTATION

National Storage Affiliates Trust ("NSA") is under contract to acquire a self-storage property (the "Raleigh Road Property") from RHR & Company, Inc. ("RHR"). The accompanying statements of revenue and certain expenses (the "Statements") of the Raleigh Road Property have been prepared pursuant to Rule 3-14 of Regulation S-X promulgated by the Securities and Exchange Commission. Accordingly, the Statements are not representative of the entire operations of the Raleigh Road Property for the periods presented as certain items are excluded. Such omitted items consist of depreciation and amortization, interest expense, and administrative costs not directly related to the future operations of the Raleigh Road Property.

The unaudited interim statement of revenue and certain expenses for the period from January 1, 2014 through December 11, 2014, was prepared on the same basis as the statement of revenue and certain expenses for the year ended December 31, 2013, and reflects all adjustments, consisting of only normal recurring adjustments, which are, in the opinion of management, necessary for a fair presentation of the results of the unaudited interim period. The results of the unaudited interim period are not necessarily indicative of the expected results for the entire fiscal year.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

***Use of Estimates.*** The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

***Revenue Recognition.*** Management has determined that all of the leases associated with the Raleigh Road Property are operating leases, which may be terminated on a month-to-month basis. Rental income is recognized ratably over the lease term using the straight-line method. Rents received in advance are deferred and recognized on a straight-line basis over the related lease term associated with the prepayment. Promotional discounts and other incentives are recognized as a reduction to rental income over the applicable lease term. Other property-related revenue consists of ancillary revenues such as tenant insurance commissions and sales of storage supplies, which are recognized in the period earned.

***Advertising Costs.*** Advertising costs are primarily attributable to internet, directory and other advertising. Advertising costs were expensed in the period in which the cost was incurred. Advertising costs amounted to $4 (unaudited) for the interim period from January 1, 2014 through December 11, 2014, and $9 for the year ended December 31, 2013.

***Repairs and Maintenance.*** Major replacements and betterments that improved or extended the life of the Raleigh Road Property were capitalized. Expenditures for ordinary repairs and maintenance were expensed as incurred. Repairs and maintenance expenses were insignificant for the interim period from January 1, 2014 through December 11, 2014, and for the year ended December 31, 2013.

## 3. RELATED PARTY TRANSACTIONS

The employees responsible for operation of the Raleigh Road Property are employees of RHR. The amounts charged by RHR for salaries, wages and benefits for the Raleigh Road Property are

**Raleigh Road Property**

**Notes to Statements of Revenue and Certain Expenses (Continued)**

**(dollars in thousands)**

**3. RELATED PARTY TRANSACTIONS (Continued)**

included in property operating expenses and amounted to $23 (unaudited) for the interim period from January 1, 2014 through December 11, 2014, and $26 for the year ended December 31, 2013.

**4. SUBSEQUENT EVENTS**

Management has evaluated the events and transactions that have occurred through March 23, 2015, the date that the Statements were available to be issued, and noted no items requiring adjustment of the Statements or additional disclosure.

## REPORT OF INDEPENDENT AUDITORS

To National Storage Affiliates Trust:

We have audited the accompanying statements of revenue and certain expenses of the Columbia Property for the year ended December 31, 2013, and the related notes to the financial statements.

**Management's Responsibility for Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

**Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements of revenue and certain expenses. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the statements of revenue and certain expenses in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the revenue and certain expenses described in Note 1 to the financial statements of the Columbia Property for the year ended December 31, 2013, in accordance with U.S. generally accepted accounting principles.

**Basis of Accounting**

As described in Note 1 to the financial statements, the statements of revenue and certain expenses have been prepared for the purpose of complying with the rules and regulations of the Securities and Exchange Commission for inclusion in the registration statement on Form S-11 of National Storage Affiliates Trust, and are not intended to be a complete presentation of revenue and expenses of the Columbia Property. Our opinion is not modified with respect to this matter.

/s/ EKS&H LLLP

Denver, Colorado
December 22, 2014

**Columbia Property**

**Statements of Revenue and Certain Expenses**

**Interim Period from January 1, 2014 Through June 30, 2014 (Unaudited), and for the Year Ended December 31, 2013**

**(dollars in thousands)**

| | 2014 (Unaudited) | 2013 |
|---|---|---|
| **Revenue** | | |
| Rental revenue | $ 297 | $ 507 |
| Car wash and detailing | 141 | 273 |
| Total revenue | 438 | 780 |
| **Certain Expenses** | | |
| Property operating expenses | 128 | 288 |
| Real estate taxes | 22 | 44 |
| Total certain expenses | 150 | 332 |
| **Revenue in excess of certain expenses** | $ 288 | $ 448 |

The accompanying notes are an integral part of these statements of revenue and certain expenses.

**Columbia Property**

**Notes to Statements of Revenue and Certain Expenses**

**(dollars in thousands)**

## 1. BASIS OF PRESENTATION

National Storage Affiliates Trust ("NSA") acquired a self-storage property (the "Columbia Property") on June 30, 2014 from Columbia Self Storage, Inc. and Elliott Heights, LLC (collectively, the "Sellers"). In addition to self-storage rental units, the property includes a full service automated touchless car wash. The accompanying statements of revenue and certain expenses (the "Statements") of the Columbia Property have been prepared pursuant to Rule 3-14 of Regulation S-X promulgated by the Securities and Exchange Commission. Accordingly, the Statements are not representative of the entire operations of the Columbia Property for the periods presented as certain items are excluded. Such omitted items consist of depreciation and amortization, interest expense, and administrative costs not directly related to the future operations of the Columbia Property.

The unaudited interim statement of revenue and certain expenses for the period from January 1, 2014 through June 30, 2014, was prepared on the same basis as the statement of revenue and certain expenses for the year ended December 31, 2013, and reflects all adjustments, consisting of only normal recurring adjustments, which are, in the opinion of management, necessary for a fair presentation of the results of the unaudited interim period. The results of the unaudited interim period are not necessarily indicative of the expected results for the entire fiscal year.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

***Use of Estimates.*** The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

***Revenue Recognition.*** Management has determined that all of the leases associated with the Columbia Property are operating leases, which may be terminated on a month-to-month basis. Rental income is recognized ratably over the lease term using the straight-line method. Rents received in advance are deferred and recognized on a straight-line basis over the related lease term associated with the prepayment. Promotional discounts and other incentives are recognized as a reduction to rental income over the applicable lease term. Revenue derived from the full service car wash is recognized in the period the related services are performed.

***Advertising Costs.*** Advertising costs are primarily attributable to internet, directory and other advertising. Advertising costs were expensed in the period in which the cost was incurred. Advertising costs amounted to $4 (unaudited) for the interim period from January 1, 2014 through June 30, 2014, and $18 for the year ended December 31, 2013.

***Repairs and Maintenance.*** Major replacements and betterments that improved or extended the life of the Columbia Property were capitalized. Expenditures for ordinary repairs and maintenance were expensed as incurred. Repairs and maintenance expenses amounted to $3 (unaudited) for the interim period from January 1, 2014 through June 30, 2014, and $17 for the year ended December 31, 2013.

## 3. RELATED PARTY TRANSACTIONS

The employees responsible for operation of the Columbia Property are employees of the Sellers. The amounts charged by the Sellers for salaries, wages and benefits for the Columbia Property are

**Columbia Property**

**Notes to Statements of Revenue and Certain Expenses (Continued)**

**(dollars in thousands)**

**3. RELATED PARTY TRANSACTIONS (Continued)**

included in property operating expenses and amounted to $68 (unaudited) for the interim period from January 1, 2014 through June 30, 2014, and $113 for the year ended December 31, 2013.

**4. SUBSEQUENT EVENTS**

Management has evaluated the events and transactions that have occurred through December 22, 2014, the date that the Statements were available to be issued, and noted no items requiring adjustment of the Statements or additional disclosure.


MOVE IT

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Through and including , 2015 (the 25th day after the date of this prospectus), all dealers that effect transactions in common shares, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to the dealers' obligation to deliver a prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.

**Shares**

# National Storage Affiliates Trust

**Common Shares**

**PROSPECTUS**

## Jefferies

## Morgan Stanley

## Wells Fargo Securities

## KeyBanc Capital Markets

**, 2015**

## PART II

## INFORMATION NOT REQUIRED IN PROSPECTUS

### Item 31. Other expenses of issuance and distribution.

The following table shows the fees and expenses to be paid by us in connection with the sale and distribution of the securities being registered hereby. All amounts except the SEC registration fee are estimated.

| | |
|---|---|
| Securities and Exchange Commission registration fee | $ 11,620 |
| Financial Industry Regulatory Authority, Inc. filing fee | $ 15,500 |
| NYSE listing fee | $ * |
| Legal fees and expenses (including Blue Sky fees)* | $ * |
| Accounting fees and expenses* | $ * |
| Printing and engraving expenses* | $ * |
| Transfer agent fees and expenses* | $ * |
| Miscellaneous | $ * |
| **Total** | **$** |

* To be furnished by amendment.

### Item 32. Sales to Special Parties.

None.

### Item 33. Recent sales of unregistered securities.

On June 7, 2013, National Storage Affiliates Trust issued 1,000 common shares to National Storage Affiliates Holdings, LLC at a price per share of $0.01 for an aggregate purchase price of $10.

This issuance of the common shares described above was exempt from registration under the Securities Act in reliance on Section 4(a)(2) of the Securities Act, as transactions by an issuer not involving a public offering.

### Item 34. Indemnification of Trustees and Officers.

Maryland law permits a Maryland real estate investment trust to include in its declaration of trust a provision eliminating the liability of its trustees and officers to the real estate investment trust and its shareholders for money damages except for liability resulting from (i) actual receipt of an improper benefit or profit in money, property or services or (ii) active and deliberate dishonesty that is established by a final judgment and is material to the cause of action. The registrant's declaration of trust contains such a provision that eliminates the liability of the registrant's trustees and officers to the maximum extent permitted by Maryland law.

The registrant's declaration of trust authorizes it, and its bylaws require it, to the maximum extent permitted by Maryland law, to indemnify and pay or reimburse reasonable expenses in advance of final disposition of a proceeding to (i) any individual who is a present or former trustee or officer or (ii) any individual who, while serving as the registrant's trustee or officer and at its request, serves or has served as a trustee, director, officer, partner, member or manager of another real estate investment trust, corporation, partnership, limited liability company, joint venture, trust, employee benefit plan or any other enterprise, in either case, who is made a party to, or witness in, a proceeding by reason of his or her service in such capacity, from and against any claim or liability to which such person may become subject or which such person may incur by reason of such service. The registrant's declaration

of trust and bylaws also permit the registrant to indemnify and advance expenses to any person who serves any predecessor of the registrant in any of the capacities described above and to any employee or agent of the registrant or a predecessor of the registrant. The registrant also will enter into indemnification agreements with its trustees and executive officers that address similar matters, as described below.

Maryland law permits a Maryland real estate investment trust to indemnify and advance expenses to its trustees, officers, employees and agents to the same extent as permitted for directors and officers of Maryland corporations. The MGCL requires a Maryland corporation (unless its charter provides otherwise, which the registrant's declaration of trust does not) to indemnify a director or officer who has been successful, on the merits or otherwise, in the defense of any proceeding to which he or she is made a party by reason of his or her service in that capacity. The MGCL permits a Maryland corporation to indemnify its present and former directors and officers, among others, against judgments, penalties, fines, settlements and reasonable expenses actually incurred by them in connection with any proceeding to which they may be made or threatened to be made a party by reason of their service in those or other capacities unless it is established that (i) the act or omission of the director or officer was material to the matter giving rise to the proceeding and (a) was committed in bad faith or (b) was the result of active and deliberate dishonesty, (ii) the director or officer actually received an improper personal benefit in money, property or services or (iii) in the case of any criminal proceeding, the director or officer had reasonable cause to believe that the act or omission was unlawful. However, under the MGCL, a Maryland corporation may not indemnify for an adverse judgment in a suit by or on behalf of the corporation or for a judgment of liability on the basis that a personal benefit was improperly received unless, in either case, a court orders indemnification and then only for expenses. In addition, the MGCL permits a Maryland corporation to advance reasonable expenses to a director or officer upon the corporation's receipt of (i) a written affirmation by the director or officer of his or her or good faith belief that he or she has met the standard of conduct necessary for indemnification by the corporation and (ii) a written undertaking by him or her or on his or her behalf to repay the amount paid or reimbursed by the corporation if it is ultimately determined that the standard of conduct was not met.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to trustees, officers or persons controlling the registrant pursuant to the foregoing provisions, the registrant has been informed that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

Upon the completion of this offering and the formation transactions, the registrant expects to enter into customary indemnification agreements with each of its trustees and executive officers that will obligate the registrant to indemnify them to the maximum extent permitted under Maryland law. The agreements will require the registrant to indemnify the trustee or officer, or the indemnitee, against all judgments, penalties, fines and amounts paid in settlement and all expenses actually and reasonably incurred by the indemnitee or on his or her behalf in connection with a proceeding other than one initiated by or on the registrant's behalf. In addition, the indemnification agreements will require the registrant to indemnify the indemnitee against all amounts paid in settlement and all expenses actually and reasonably incurred by the indemnitee or on his or her behalf in connection with a proceeding that is brought by or on the registrant's behalf. In either case, the indemnitee will not be entitled to indemnification if it is established that one of the prohibitions on indemnification under Maryland law exists.

In addition, the indemnification agreements will require the registrant to advance, without a preliminary determination of the indemnitee's entitlement to indemnification thereunder, reasonable expenses incurred by the indemnitee within ten days of the receipt by the registrant of a statement

from the indemnitee requesting the advance, provided the statement evidences the expenses and is accompanied by:

- a written affirmation of the indemnitee's good faith belief that he or she has met the standard of conduct necessary for indemnification; and
- a written undertaking by or on behalf of the indemnitee to repay the amount if it is ultimately determined that the standard of conduct was not met.

The indemnification agreement also will provide for procedures for the determination of entitlement to indemnification, including requiring that such determination be made by independent counsel after a change in control of the registrant.

**Item 35. Treatment of proceeds from stock being registered.**

None of the proceeds will be credited to an account other than the appropriate capital share account.

**Item 36. Financial statements and exhibits.**

(a) ***Financial Statements***. See page F-1 for an index to the financial statements and schedules included in this registration statement.

(b) ***Exhibits.*** The Exhibits to this registration statement are listed on the exhibit index, which appears elsewhere herein and is incorporated herein by reference.

**Item 37. Undertakings.**

(a) The undersigned registrant hereby undertakes to provide to the underwriters at the closing specified in the underwriting agreement, certificates in such denominations and registered in such names as required by the underwriters to permit prompt delivery to each purchaser.

(b) Insofar as indemnification for liabilities arising under the Securities Act of 1933, as amended (or the Securities Act), may be permitted to trustees, officers or controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. If a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a trustee, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such trustee, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

(c) The undersigned registrant hereby further undertakes that:

(1) For purposes of determining any liability under the Securities Act the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the registrant pursuant to Rule 424(b)(1) or (4), or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective.

(2) For the purpose of determining any liability under the Securities Act, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

## SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-11 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Greenwood Village, State of Colorado, on March 31, 2015.

National Storage Affiliates Trust

By: /s/ ARLEN D. NORDHAGEN

Name: Arlen D. Nordhagen
Title: chief executive officer

## POWER OF ATTORNEY

Each person whose signature appears below hereby constitutes and appoints Arlen D. Nordhagen and Tamara D. Fischer, and each of them, as his or her attorney-in-fact and agent, with full power of substitution and resubstitution for him in any and all capacities, to sign any or all amendments or post-effective amendments to this Registration Statement, or any Registration Statement for the same offering that is to be effective upon filing pursuant to Rule 462(b) under the Securities Act of 1933, as amended, and to file the same, with exhibits thereto and other documents in connection therewith or in connection with the registration of the common shares under the Securities Exchange Act of 1934, as amended, with the Securities and Exchange Commission, granting unto such attorney-in-fact and agent full power and authority to do and perform each and every act and thing requisite and necessary in connection with such matters and hereby ratifying and confirming all that such attorney-in-fact and agent or his substitutes may do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed by the following persons in the capacities and on the dates as indicated.

| Name | Title | Date |
|---|---|---|
| /s/ ARLEN D. NORDHAGEN<br>Arlen D. Nordhagen | chairman nominee of the board of trustees, president, and chief executive officer (principal executive officer) | March 31, 2015 |
| /s/ TAMARA D. FISCHER<br>Tamara D. Fischer | chief financial officer (principal accounting and financial officer) | March 31, 2015 |
| National Storage Affiliates Holdings, LLC<br>By: /s/ ARLEN D. NORDHAGEN<br>Name: Arlen D. Nordhagen<br>Title: chief executive officer | trustee | March 31, 2015 |

## EXHIBIT INDEX

| Exhibit number | Exhibit description |
|---|---|
| 1.1* | Form of Underwriting Agreement by and between National Storage Affiliates Trust, NSA OP, LP and the underwriters named therein |
| 3.1* | Form of Articles of Amendment and Restatement of National Storage Affiliates Trust |
| 3.2* | Form of Amended and Restated Bylaws of National Storage Affiliates Trust |
| 3.3* | Third Amended and Restated Agreement of Limited Partnership of NSA OP, LP |
| 3.4* | Form of DownREIT Limited Partnership Agreement |
| 3.5* | Form of Partnership Unit Designation of NSA OP, LP |
| 4.1 | Specimen Common Share Certificate of National Storage Affiliates Trust |
| 5.1* | Opinion of Clifford Chance US LLP (including consent of such firm) |
| 8.1* | Tax Opinion of Clifford Chance US LLP (including consent of such firm) |
| 10.1* | Form of 2015 National Storage Affiliates Trust Equity Incentive Plan |
| 10.2 | NSA OP, LP, 2013 Long-Term Incentive Plan |
| 10.3* | Form of Restricted Share Unit Award Agreement |
| 10.4* | Form of Restricted Share Award Agreement |
| 10.5 | Form of LTIP Unit Award Agreement to Trustees under the NSA OP, LP, 2013 Long-Term Incentive Plan |
| 10.6* | Form of Amended and Restated Registration Rights Agreement, by and among National Storage Affiliates Trust and the parties listed on Schedule I thereto |
| 10.7 | Form of Indemnification Agreement by and between National Storage Affiliates Trust and each of its trustees and executive officers |
| 10.8* | Form of Employment Agreement, dated , by and between National Storage Affiliates Trust and |
| 10.9* | Form of Employment Agreement, dated , by and between National Storage Affiliates Trust and |
| 10.10* | Form of Employment Agreement, dated , by and between National Storage Affiliates Trust and |
| 10.11* | Form of Facilities Portfolio Management Agreement |
| 10.12* | Form of Asset management agreement |
| 10.13 | Form of Contribution Agreement among each contributor named therein, NSA OP, LP and any indirectly wholly owned subsidiary of NSA OP, LP named therein |
| 10.14 | Form of Purchase and Sale Agreement among each seller named therein, National Storage Affiliates Trust and NSA OP, LP |

| Exhibit number | Exhibit description |
|---|---|
| 10.15 | Credit Agreement dated as of April 1, 2014 by and among NSA OP, LP, and certain of its subsidiaries, as Borrowers, National Storage Affiliates Trust and National Storage Affiliates Holdings, LLC, as Guarantors, the lenders from time to time party hereto, KeyBank National Association, as Administrative Agent, with Keybanc Capital Markets Inc., as Sole Bookrunner and Lead Arranger, and PNC Bank, National Association, and Wells Fargo Bank, National Association, as Co-Syndication Agents |
| 10.16 | Increase Agreement, dated as of July 21, 2014, by and among NSA OP, LP and certain of its Subsidiaries party to the Credit Agreement, as Borrowers, National Storage Affiliates Trust and National Storage Affiliates Holdings, LLC, as Guarantors, the lenders from time to time party hereto, and KeyBank National Association, as Administrative Agent for the Lenders |
| 10.17* | Contribution Agreement dated as of March , 2015, to be effective as of April 1, 2015, by and between SecurCare Self Storage, Inc., as contributor, and NSA OP, LP |
| 10.18* | Business Services Agreement dated as of March , 2015, to be effective as of April 1, 2015, by and between NRS TRS, LLC, as owner, and SecurCare Self Storage, Inc., as call center manager |
| 21.1* | List of subsidiaries of National Storage Affiliates Trust |
| 23.1* | Consent of Clifford Chance US LLP (included in Exhibit 5.1) |
| 23.2* | Consent of Clifford Chance US LLP (included in Exhibit 8.1) |
| 23.3 | Consent of KPMG for National Storage Affiliates Trust and NSA Predecessor |
| 23.4 | Consent of EKS&H LLLP |
| 24.1 | Power of Attorney (included on the signature page to the Registration Statement) |
| 99.1† | Consent of Arlen D. Nordhagen as a trustee nominee |
| 99.2† | Consent of George L. Chapman as a trustee nominee |
| 99.3† | Consent of Kevin M. Howard as a trustee nominee |
| 99.4† | Consent of Paul W. Hylbert, Jr. as a trustee nominee |
| 99.5† | Consent of Chad Meisinger as a trustee nominee |
| 99.6† | Consent of Steve G. Osgood as a trustee nominee |
| 99.7† | Consent of Dominic M. Palazzo as a trustee nominee |
| 99.8† | Consent of Mark Van Mourick as a trustee nominee |

* To be filed by amendment

† Filed previously

**Exhibit 4.1**


NUMBER

SHARES

SEE REVERSE FOR IMPORTANT NOTICE ON TRANSFER RESTRICTIONS AND OTHER INFORMATION

NATIONAL STORAGE AFFILIATES

FORMED UNDER THE LAWS OF THE STATE OF MARYLAND

COMMON SHARES

THIS CERTIFIES THAT:

PROOF

IS THE OWNER OF

FULLY PAID AND NON-ASSESSABLE COMMON SHARES OF BENEFICIAL INTEREST OF $0.01 PAR VALUE PER SHARE OF

NATIONAL STORAGE AFFILIATES TRUST

(the "Trust") transferable on the books of the Trust by the holder hereof in person or by its duly authorized attorney upon surrender of this certificate duly endorsed or assigned. This certificate and the shares represented hereby are subject to the laws of the State of Maryland, and to the Declaration of Trust and Bylaws of the Trust, as now or hereafter amended. This certificate is not valid until countersigned by the Transfer Agent.

WITNESS the facsimile seal of the Trust and the facsimile signatures of its duly authorized officers.

DATED:

NATIONAL STORAGE AFFILIATES TRUST SEAL 2013 MARYLAND

COUNTERSIGNED:

BROADRIDGE CORPORATE ISSUER SOLUTIONS, INC.
1717 ARCH ST., STE. 1300, PHILADELPHIA, PA 19103
TRANSFER AGENT

BY:

AUTHORIZED SIGNATURE

CHIEF FINANCIAL OFFICER

CHIEF EXECUTIVE OFFICER

## NATIONAL STORAGE AFFILIATES TRUST

**IMPORTANT NOTICE**

The Trust will furnish to any shareholder, on request and without charge, a full statement of the information required by Section 8-203(d) of the Corporations and Associations Article of the Annotated Code of Maryland with respect to the designations and any preferences, conversion and other rights, voting powers, restrictions, limitations as to dividends and other distributions, qualifications, and terms and conditions of redemption of the shares of each class of beneficial interest which the Trust has authority to issue and, if the Trust is authorized to issue any preferred or special class in series, (i) the differences in the relative rights and preferences between the shares of each series to the extent set, and (ii) the authority of the Board of Trustees to set such rights and preferences of subsequent series. The foregoing summary does not purport to be complete and is subject to and qualified in its entirety by reference to the Declaration of Trust of the Trust, a copy of which will be sent without charge to each shareholder who so requests. Such request must be made to the Secretary of the Trust at its principal office or to the Transfer Agent.

The shares evidenced by this certificate are subject to restrictions on Beneficial Ownership and Constructive Ownership and Transfer for the purpose, among others, of the Trust's maintenance of its qualification as a real estate investment trust under the Internal Revenue Code of 1986, as amended (the "Code"). Subject to certain further restrictions and except as expressly provided in the Trust's Declaration of Trust, (i) no Person may Beneficially Own or Constructively Own Common Shares in excess of 9.8 percent (in value or number of shares, whichever is more restrictive) of the outstanding Common Shares unless such Person is exempt from such limitation or is an Excepted Holder (in which case the Excepted Holder Limit shall be applicable); (ii) no Person may Beneficially Own or Constructively Own Preferred Shares of any class or series in excess of 9.8 percent (in value or number of shares, whichever is more restrictive) of the outstanding Preferred Shares of such class or series, unless such Person is exempt from such limitation or is an Excepted Holder (in which case the Excepted Holder Limit shall be applicable); (iii) no Person may Beneficially Own or Constructively Own Equity Shares in excess of 9.8 percent (in value or number of shares, whichever is more restrictive) of the total outstanding Equity Shares, unless such Person is exempt from such limitation or is an Excepted Holder (in which case the Excepted Holder Limit shall be applicable); (iv) no Person may Beneficially Own or Constructively Own Equity Shares that would result in the Trust being "closely held" under Section 856(h) of the Code (without regard to whether the ownership interest is held during the last half of a taxable year) or otherwise cause the Trust to fail to qualify as a REIT; and (v) any Transfer of Equity Shares that, if effective, would result in the Equity Shares being beneficially owned by fewer than 100 persons (as determined under the principles of Section 856(a)(5) of the Code) shall be void ***ab initio***, and the intended transferee shall acquire no rights in such Equity Shares. Any Person who Beneficially Owns or Constructively Owns or attempts to Beneficially Own or Constructively Own Equity Shares which causes or will cause a Person to Beneficially Own or Constructively Own Equity Shares in excess or in violation of the above limitations must immediately notify the Trust or, in the case of such a proposed or attempted transaction, give at least 15 days prior written notice. If any of the restrictions on transfer or ownership as set forth in (i), (ii), (iii) or (iv) above are violated, the Equity Shares in excess or in violation of the above limitations will be transferred automatically to a Trustee of a Charitable Trust for the benefit of one or more Charitable Beneficiaries. Furthermore, upon the occurrence of certain events, attempted Transfers in violation of the restrictions described above may be void ***ab initio***. All capitalized terms in this legend have the meanings defined in the Trust's Declaration of Trust, as the same may be amended from time to time, a copy of which, including the restrictions on transfer and ownership, will be furnished to each holder of Equity Shares on request and without charge. Requests for such a copy may be directed to the Secretary of the Trust at its principal office or to the Transfer Agent.

KEEP THIS CERTIFICATE IN A SAFE PLACE. IF IT IS LOST, STOLEN OR DESTROYED, THE TRUST WILL REQUIRE A BOND OF INDEMNITY AS A CONDITION TO THE ISSUANCE OF A REPLACEMENT CERTIFICATE.

*The following abbreviations, when used in the inscription on the face of this certificate, shall be construed as though they were written out in full according to applicable laws or regulations:*

*TEN COM - as tenants in common*
*TEN ENT - as tenants by the entireties*
*JT TEN - as joint tenants with right of survivorship and not as tenants in common*

*UNIF GIT MIN ACT - .....Custodian..... (Cust) (Minor) under Uniform Gifts to Minors Act ..... (State)*

*Additional abbreviations may also be used though not in the above list.*

*For Value Received, _____ hereby sell, assign and transfer unto*

PLEASE INSERT SOCIAL SECURITY OR OTHER IDENTIFYING NUMBER OF ASSIGNEE

| |
|---|
| |

_____

(PLEASE PRINT OR TYPE NAME AND ADDRESS, INCLUDING ZIP CODE, OF ASSIGNEE)

_____

_____

_____ *Common Shares of beneficial interest represented by the within Certificate, and do hereby irrevocably constitute and appoint*

_____ *Attorney to transfer the said Common Shares of beneficial interest on the books of the within named Trust with full power of substitution in the premises.*

*Dated* _____

**NOTICE:** THE SIGNATURE TO THIS ASSIGNMENT MUST CORRESPOND WITH THE NAME AS WRITTEN UPON THE FACE OF THE CERTIFICATE IN EVERY PARTICULAR, WITHOUT ALTERATION OR ENLARGEMENT OR ANY CHANGE WHATSOEVER.

THE SIGNATURE TO THE ASSIGNMENT MUST CORRESPOND TO THE NAME AS WRITTEN UPON THE FACE OF THIS CERTIFICATE IN EVERY PARTICULAR, WITHOUT ALTERATION OR ENLARGEMENT OR ANY CHANGE WHATSOEVER, AND MUST BE GUARANTEED BY A COMMERCIAL BANK OR TRUST COMPANY OR A MEMBER FIRM OF A NATIONAL OR REGIONAL OR OTHER RECOGNIZED STOCK EXCHANGE IN CONFORMANCE WITH A SIGNATURE GUARANTEE MEDALLION PROGRAM.

**Exhibit 10.2**

**NSA OP, LP**

**2013 LONG-TERM INCENTIVE PLAN**

**1. Purpose**. The purpose of the Plan is to align the interests of the Partnership's officers, qualified directors, key employees, consultants and advisors with those of the Partnership and its Affiliates, to enable such services providers to share in the capital growth of the Partnership's business, and to provide incentives for such services providers to exert maximum efforts for the success of the Partnership and its Affiliates. In furtherance thereof, this Plan is designed to permit the Partnership to provide grants of Class A common units of limited partner interest (the "**Class A OP Units**") and LTIP Units in the Partnership to select officers, qualified directors, employees, consultants and advisors providing services to the Partnership, the General Partner and the Parent.

**2. Definitions**. Capitalized terms used in this Plan but not expressly defined in this Plan shall have the respective meanings ascribed such terms in the Partnership Agreement (as defined below). As used in this Plan, the following terms shall have the meanings set forth below:

**a.** "**Administrator**" means the General Partner or a committee (to the extent designated by the General Partner).

**b.** "**Award**" means an award of LTIP Units or Restricted Class A OP Units granted pursuant to the Plan, as evidenced by an Award Agreement.

**c.** "**Award Agreement**" means a written agreement signed by the Partnership evidencing an Award pursuant to the Plan.

**d.** "**Capital Account**" has the meaning set forth in the Partnership Agreement.

**e.** "**LTIP Unit**" has the meaning set forth in the Partnership Unit Designation relating to LTIP Units.

**f.** "**Class A OP Unit**" has the meaning set forth in the recitals.

**g.** "**Code**" means the Internal Revenue Code of 1986, as amended.

**h.** "**Effective Date**" has the meaning set forth in Section 19 of the Plan.

**i.** "**Eligible Persons**" means any officer, qualified director, employee, consultant and advisor of the Partnership, the General Partner and/or the Parent chosen for participation by the Administrator. With respect to each individual, all determinations regarding whether employment or other services have commenced, are ongoing or have ceased or terminated for purposes of the Plan and the Award Agreements shall be made without regard to such individual's status as a Partner (regardless of whether such status arises by virtue of Awards hereunder or by virtue of such individual's otherwise being a Partner).

**j.** "**Employment**" means (i) a Participant's employment if the Participant is an employee of the Partnership or one of its Subsidiaries and (ii) a Participant's services as a director, consultant or advisor to the Partnership if the Participant is a director, consultant or advisor to the Partnership or one of its Subsidiaries.

**k.** "**Fair Market Value**" means, on a given date, (i) if there is a public market for the Class A OP Units on such date, the arithmetic mean of the high and low prices of the

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Class A OP Units as reported on such date on the principal national securities exchange on which such Class A OP Units are listed or admitted to trading, or, if the Class A OP Units are not listed or admitted on any national securities exchange, the arithmetic mean of the per Class A OP Units closing bid price and per Class A OP Units closing asked price on such date as quoted on the applicable national securities exchange, or, if no sale of Class A OP Units shall have been reported on any national securities exchange on such date, then the immediately preceding date on which sales of the Class A OP Units have been so reported or quoted shall be used; and (ii) if there is not a public market for the Class A OP Units on such date, the Fair Market Value shall be the value established by the Administrator in good faith.

**l.** "**General Partner**" has the meaning set forth in the Partnership Agreement.

**m.** "**Gross Asset Value**" has the meaning set forth in the Partnership Agreement.

**n.** "**IRS**" means the U.S. Department of the Treasury or the Internal Revenue Service.

**o.** "**Participant**" means an Eligible Persons to whom an Award is issued or granted, as applicable, pursuant to the Plan.

**p.** "**Partner**" has the meaning set forth in the Partnership Agreement.

**q.** "**Partnership**" means NSA OP, LP, a Delaware limited partnership.

**r.** "**Partnership Agreement**" means the Amended and Restated Limited Partnership Agreement of the Partnership, dated

as of June 7, 2013, as it may be amended or supplemented thereafter from time to time.

**s.** "**Plan**" means this NSA OP, LP 2013 Long-Term Incentive Plan, as it may be amended or supplemented from time to time.

**t.** "**Restricted Class A OP Unit**" shall mean a restricted Class A OP Unit granted pursuant to this Plan.

**u.** "**Securities Act**" means the Securities Act of 1933, as amended.

**v.** "**Section 409A of the Code**" means Section 409A of the Code and any related regulations or other guidance promulgated thereunder by the IRS.

**w.** "**Threshold Amount**" means the amount applicable to each issuance of LTIP Units, designated by the Administrator to the extent necessary to cause such LTIP Units to constitute "profits interests" as provided in the Partnership Agreement, which, as of any date of determination, shall be not less than an amount equal to the aggregate amount that would be distributed to the holder of Limited Partnership Interests issued prior to the issuance of such series of LTIP Units, if, immediately prior to the issuance of such series, the Partnership were dissolved and liquidated pursuant to the Partnership Agreement, its assets sold for cash equal to their respective Fair Market Values, all Partnership liabilities were satisfied in full and the balance were distributed pursuant to the Partnership Agreement, but not less than zero (0).

Capitalized terms used in this Plan that are not defined herein shall have the meanings given to such terms in the Partnership Agreement.



**3. Administration of the Plan**.

**a. Authority of Administrator**. The Plan shall be administered by the Administrator.

**b. Powers of the Administrator**. The Administrator shall have the power, subject to, and within the limitations of, the express provisions of the Partnership Agreement and the Plan:

**i.** To designate which persons may participate in the Plan.

**ii.** To determine, as reflected by the terms of the Award Agreements and in its sole discretion, which Eligible Participants shall receive Awards.

**iii.** To set forth in each Award Agreement such terms, provisions and conditions not inconsistent herewith as shall be determined by the Administrator.

**iv.** To required the Participant to take whatever additional actions and execute whatever additional documents the Administrator may deem necessary or advisable in order to carry out or effect one or more of the obligations or restrictions imposed on the Participant pursuant to the express provisions of the Plan and the Participant's Award Agreement.

**v.** To determine the Threshold Amount applicable to each Award granted under the Plan.

**vi.** To construe and interpret the Plan and Awards granted under the Plan, and to establish, amend and revoke rules and regulations for its administration.

**vii.** To establish, amend, suspend or waive such rules and regulations and appoint such agents as it shall deem appropriate for the proper administration of the Plan in accordance with its terms or waive any vesting or forfeiture conditions applicable to any Award.

**viii.** To correct any defect, omission or inconsistency in the Plan or in any Award Agreement in a manner and to the extent it shall deem necessary or expedient to make the Plan fully effective.

**ix.** To make such changes to the Plan in its sole discretion as may be necessary or appropriate to comply with the rules and regulations of any governmental or tax authority applicable to Awards.

**x.** To exercise such powers and to perform any acts as the Administrator deems necessary or expedient to promote the best interests of the Partnership and/or its Affiliates which are not in conflict with the provisions of the Plan or the Partnership Agreement.

Unless otherwise expressly provided hereunder, the Administrator, with respect to any Award, may exercise its discretion hereunder at the time of grant thereof or thereafter. Neither the General Partner nor any officer, director or employee thereof shall be liable for any action or determination made in good faith with respect to the Plan or any Award made under the Plan.

**c.** **Effect of Administrator's Decision**. The Plan and all determinations, interpretations and constructions of the Plan made by the Administrator in its sole discretion shall not, absent manifest error, be subject to review by any person and shall be final, binding and conclusive on all persons, including all successors and assigns of the Partnership and a Participant, including without limitation, the estate of such Participant and the executor, administrator or trustee of such estate, or any receiver or trustee in bankruptcy or representative of the Participant's creditors.

**4. Number of Class A OP Units Subject to Awards**.

**a.** Not more than a maximum of 2,500,000 Class A OP Units and LTIP Units may be granted pursuant to Awards hereunder and under the Partnership Agreement, in the aggregate. Subject to the provisions of the Partnership Agreement, Awards shall vest as provided under the applicable Award Agreement.

**b.** Unless otherwise provided hereunder or in the applicable Award Agreement, or by the Administrator, any Award which has not vested or does not vest hereunder or under the applicable Award Agreement prior to or concurrently with a Participant's Termination of Service shall, without any further action, be forfeited upon such termination. In the event that any Award (or portion thereof) expires or is forfeited for any reason, the Class A OP Units or LTIP Units, as applicable, allocable to the unexercised or forfeited Award may again become available for future grants under the Plan or under the Partnership Agreement.

**c.** In the event a Class A OP Unit is granted, at the time of such grant, the Administrator shall determine the Gross Asset Value of the Partnership's assets and the corresponding adjustments to the Capital Accounts (as defined in the Partnership Agreement) of the Partners, subject to the consent of the Administrator.

**5. Awards of LTIP Units**. LTIP Units granted under the Plan shall be evidenced by a related Award Agreement, which shall specify the duration of the LTIP Units, the number of LTIP Units subject to such Award, and such other provisions as the Administrator shall determine including, but not limited to, the vesting schedule or repurchase provisions applicable to such LTIP Units, if any. LTIP Units granted under the Plan shall be subject to the foregoing and the following terms and conditions and to such other terms and conditions, not inconsistent therewith, as the Administrator shall determine:

**a.** **Grant and Restrictions**. The Administrator may provide a specified Threshold Amount for the LTIP Units. LTIP Units shall be subject to such vesting, restrictions on transferability and other restrictions, if any, as the Administrator may impose, which restrictions may lapse separately or in combination at such times, under such circumstances, in such instalments, or otherwise as the Administrator may determine. A Participant granted LTIP Units shall have all of the rights of a Partner as set forth in the Partnership Agreement.

**b.** **Forfeiture**. Except as otherwise determined by the Administrator, upon termination of Employment during the applicable restriction period, LTIP Units that are at that time subject to restrictions shall be forfeited and reacquired by the Partnership; *provided*, *however*, that the Administrator may provide, by rule or regulation or in any Award Agreement, or may determine in any individual case, that restrictions or forfeiture conditions relating to LTIP Units will be waived in whole or in part in the event of terminations resulting from specified causes.



**6. Awards of Restricted Class A OP Units**. Restricted Class A OP Units granted under the Plan shall be evidenced by a related Award Agreement, which shall specify the duration of the Restricted Class A OP Units, the number of Restricted Class A OP Units subject to such Award, and such other provisions as the Administrator shall determine including, but not limited to, the vesting schedule or repurchase provisions applicable to such Restricted Class A OP Units, if any. Restricted Class A OP Units granted under the Plan shall be subject to the foregoing and the following terms and conditions and to such other terms and conditions, not inconsistent therewith, as the Administrator shall determine:

**a.** **Grant and Restrictions**. The Administrator may provide a specified purchase price for the Restricted Class A OP Units. Restricted Class A OP Units shall be subject to such vesting, restrictions on transferability and other restrictions, if any, as the Administrator may impose, which restrictions may lapse separately or in combination at such times, under such circumstances, in such instalments, or otherwise as the Administrator may determine. A Participant granted Restricted Class A OP Units shall have all of the rights of a Partner as set forth in the Partnership Agreement.

**b.** **Forfeiture**. Except as otherwise determined by the Administrator, upon termination of Employment during the applicable restriction period, Restricted Class A OP Units that are at that time subject to restrictions shall be forfeited and reacquired by the Partnership; *provided*, *however*, that the Administrator may provide, by rule or regulation or in any Award Agreement, or may determine in any individual case, that restrictions or forfeiture conditions relating to Restricted Class A OP Units will be waived in whole or in part in the event of terminations resulting from specified causes.

**7. Distributions in respect of Class A OP Units Awarded Under the Plan**. Distributions in respect of Class A OP Units granted hereunder shall be made in accordance with the Partnership Agreement.

**8. Changes in Capital Structure**.

**a.** If (i) the Partnership shall at any time be involved in a merger, consolidation, dissolution, liquidation, reorganization, exchange of interests or units, sale of all or substantially all of (A) the assets of the Partnership or (B) the membership units of the Partnership, or a transaction similar thereto or (ii) any unit distribution, unit split, reverse unit split, unit combination,

reclassification, recapitalization or other similar change in the capital structure of the Partnership, or any distribution to Partners other than a cash distribution, shall occur, then the Administrator shall forthwith take such actions as provided for in the Partnership Agreement.

**b.** The rights of Participants hereunder shall in no way restrict, require or otherwise affect, without limitation, the right of the Partnership to make decisions with respect to the sale or other disposition of units of the Partnership or other property or assets, regardless of whether such decisions relate to circumstances described in clause (i) or (ii) of the first sentence of Section 8(a), or any other change in the Partnership's business, assets, capital or business structure.

**9. Certain Tax Elections**. In connection with Awards made hereunder, the Administrator may require Participants hereunder to complete, sign and file (with the Partnership and the IRS) an election under Section 83(b) of the Code in such form and at such times as the Administrator may require. Notwithstanding any other provisions of the Plan or any Award Agreement, all Awards shall be subject to the Participant's satisfaction of any and all requirements imposed pursuant to this Section 10.



**10. Withholding Obligations**. Payments made under the Plan shall be conditional upon the satisfaction by the Participant of any federal, state or local withholding or other taxes required to be withheld and paid by the Partnership or its Affiliates on account of such payments and in this regard, the Partnership may (i) require that a Participant pay to the Partnership an amount sufficient to satisfy such withholding or other taxes, (ii) withhold such amount from any remuneration, distributions or other amounts payable to the Participant or (iii) enter into any arrangements suitable to the Partnership, for the receipt of such amount.

**11. Regulations and Approvals**.

**a.** The obligation of the Partnership to issue Class A OP Units and LTIP Units with respect to Awards granted under the Plan and pursuant to an Award Agreement shall be subject to all applicable laws, rules and regulations, including all applicable U.S. federal and state securities laws, and the obtaining by the Partnership of all such approvals by governmental agencies as may be deemed necessary or appropriate by the Administrator.

**b.** Each Award is subject to the requirement that, if at any time the Administrator determines, in its sole discretion, that the listing, registration or qualification of Class A OP Units or LTIP Units issuable pursuant to the Plan is required by any securities exchange or quotation system or under any U.S. federal, state or non-U.S. law, rule or regulation or the consent or approval of any governmental regulatory body is necessary or desirable as a condition of, or in connection with, the grant of an Award or the issuance of Class A OP Units or LTIP Units, no Awards shall be granted or payment made with respect thereto, or Class A OP Units or LTIP Units issued in connection therewith, unless listing, registration, qualification, consent, approval, or waiver has been effected or obtained, free of any conditions in a manner acceptable to the Administrator.

**c.** Each Eligible Participant granted a Class A OP Unit or LTIP Unit hereunder shall be required to comply with all applicable provisions of the Partnership Agreement and each Class A OP Unit and LTIP Unit granted pursuant to this Plan shall not be transferable except as permitted by the Award Agreement or under the terms of the Partnership Agreement.

**12. No Rights to Awards**. No person shall have any claim to receive any Award under the Plan. There is no obligation for uniformity of treatment of Participants regarding the amount of Awards awarded or the manner in which Awards are made. The terms and conditions of Awards made under the Plan need not be the same with respect to each Participant.

**13. Special Incentive Compensation**. By acceptance of an Award hereunder, each Participant shall be deemed to have agreed that such Award is special incentive compensation that will not be taken into account, in any manner, as salary, compensation or bonus in determining the amount of any payment under any pension, retirement, life insurance, disability, severance or other employee benefit plan of the Partnership or any of its Affiliates. In addition, each beneficiary of a deceased Participant shall be deemed to have agreed that such Award will not affect the amount of any life insurance coverage, if any, provided by any person on the life of the Participant which is payable to such beneficiary under any life insurance plan covering employees.

**14. No Employment Rights**. This Plan shall not confer upon any Participant any right to continue as an employee of, or consultant or advisor to the Partnership or any of its Affiliates, nor shall it interfere in any way with any right the Partnership or its Affiliates would otherwise have to terminate such Participant's Employment at any time.



**15. Notices**. All notices under the Plan shall be in writing, and if to the Partnership, shall be delivered to the Administrator or mailed to its principal office, addressed to the attention of the Administrator; and if to the Participant, shall be delivered personally, sent by electronic mail, facsimile transmission or mailed by registered, certified or express mail or reputable overnight courier service, to the Participant at the address appearing in the records of the Partnership. Such addresses may be changed at any time by written notice to the other party given in accordance with this Section 15.

**16. Exculpation and Indemnification**. The Partnership shall indemnify and hold harmless the Administrator and its members from and against any and all liabilities, costs and expenses incurred by such persons as a result of any act or omission to act in connection with the performance of such person's duties, responsibilities and obligations under the Plan to the maximum extent permitted by law; provided, however, no such indemnification shall be available to such individuals for gross negligence or wilful misconduct.

**17. Section 409A of the Code**. It is intended that the Plan and any Awards granted hereunder be exempt from the requirements of Section 409A of the Code. Nonetheless, to the extent applicable, it is intended that the Plan and any Awards granted hereunder comply with, and should be interpreted consistent with, the requirements of Section 409A of the Code.

**18. Conflict Between or Among the Plan, the Partnership Agreement and/or the Related Award Agreements**. The Plan is subject to the Partnership Agreement, the terms and provisions of which are hereby incorporated herein by reference. In the event of a conflict between any term or provision contained herein or therein, the Partnership Agreement shall govern and prevail. In the event of a conflict between any term or provision contained herein or in any Award Agreement, this Plan shall govern and prevail.

**19. Effective Date and Termination of Plan**. The effective date of the Plan is [_], 2013. Subject to the terms of the Partnership Agreement and Section 20, the Plan may be terminated by the Administrator; provided that Awards granted prior to Plan termination shall continue to be governed by the Plan (notwithstanding any termination thereof) and by the applicable Award Agreements.

**20. Amendment or Termination of the Plan**. The Administrator may amend, suspend or terminate the Plan at any time, except that no amendment may materially and adversely affect the rights of a Participant with respect to Awards previously granted unless (and to the extent that) such amendments are for the primary purpose of effecting compliance with applicable laws or with the consent of either the affected Participant or the consent of Participants holding a majority of the outstanding Awards then outstanding under the Plan; provided that the Administrator may not make any amendment to the Plan that would increase the Class A OP Units or LTIP Units available for grant, or make any other amendment that would if such amendment were not approved by the Partners and the holders of a majority of the OP Units, cause the Plan to fail to comply with any requirement of applicable law or regulation, unless and until the approval of the Partners is obtained; provided, further, the Administrator shall use reasonable efforts to minimize adverse consequences to all Participants as a result of any amendment with the primary purpose of effecting compliance with applicable law or regulation. In addition, the General Partner may adopt, modify or terminate the Plan and any Awards in accordance with the Partnership Agreement. No Award may be granted under the Plan after it is terminated.

**21. Successors and Assigns**. The Plan shall be binding on all successors and assigns of the Partnership and a Participant, including without limitation, the estate of such Participant and the executor, administrator or trustee of such estate, or any receiver or trustee in bankruptcy or representative of the Participant's creditors.



**22. Captions and Section References**. The use of captions in this Plan is for convenience. The captions are not intended to and do not provide substantive rights. Unless otherwise expressly provided, references to Sections are references to Sections of this Plan.

**23. Severability**. The invalidity or unenforceability of any provision of the Plan shall not affect the validity or enforceability of any other provision of the Plan, which shall remain in full force and effect.

**24. Governing Law**. The validity, construction and effect of the Plan and any rules and regulations relating to the Plan and any Award Agreement shall be determined in accordance with the laws of the State of Delaware applicable to agreements made and to be performed entirely within such state.

THE SECURITIES WHICH ARE THE SUBJECT OF THIS AGREEMENT HAVE BEEN ACQUIRED FOR INVESTMENT AND NOT WITH A VIEW TO, OR IN CONNECTION WITH, THE SALE OR DISTRIBUTION THEREOF. NO SUCH SALE OR DISPOSITION MAY BE EFFECTED WITHOUT AN EFFECTIVE REGISTRATION STATEMENT RELATED THERETO OR AN OPINION OF COUNSEL SATISFACTORY TO THE COMPANY THAT SUCH REGISTRATION IS NOT REQUIRED UNDER THE SECURITIES ACT OF 1933.

NSA OP, LP

**Form of LTIP Unit Award Agreement**

1. Grant of LTIP Units.

[ ] (the "Grantee"), is hereby awarded [ ] LTIP Units (the "LTIP Units") in NSA OP, LP (the "Partnership"), on the date hereof subject to the terms and conditions of this LTIP Unit Award Agreement (this "Agreement") and subject to the provisions of the NSA OP, LP 2013 Long-Term Incentive Plan (the "Plan") and the Second Amended and Restated Limited Partnership Agreement of the Partnership, dated as of December 31, 2013 (the "Partnership Agreement"), as amended. The Plan is hereby incorporated herein by reference as though set forth herein in its entirety. Definitions not included herein shall have the meaning set forth in the Plan and Partnership Agreement, as applicable.

2. Restrictions and Conditions.

The LTIP Units are subject to the following restrictions and conditions, in addition to any requirements or restrictions set forth with respect to LTIP Units in the Plan or Partnership Agreement:

(a) The LTIP Units granted hereunder shall be subject to restriction as described below. With respect to the LTIP Units, during the period of restriction (the "Restriction Period"), the Grantee shall not be permitted voluntarily or involuntarily to sell, transfer, pledge, anticipate, alienate, encumber or assign the LTIP Units (or have such LTIP Units attached or garnished). The Restriction Period shall begin on the date hereof and lapse with respect to [ ] LTIP Units upon completion of the initial public offering of National Storage Affiliates Trust, and with respect to an additional [ ] LTIP on the date of each of the annual meeting of shareholders that occurs in 2016 and 2017, respectively.

(b) Except as provided in the foregoing paragraph (a), below in this paragraph (b) or in the Plan, the Grantee shall have, in respect of the LTIP Units, all of the rights of a holder of LTIP Units as set forth in the Partnership Agreement. Distributions on and allocations with respect to the LTIP Units shall be made to the Grantee in accordance with the terms of the Partnership Agreement.

(c) Subject to paragraphs (d), (e) and (f) below, if the Grantee has a Termination of Service for any reason, during the Restriction Period, then the Restricted LTIP Units that have not vested at that time will be forfeited to the Company without payment of any consideration by the Company, and neither the Grantee nor his successors, heirs, assigns, or personal representatives will thereafter have any further rights or interests in such Restricted LTIP Units.

(d) In the event that during the Restriction Period the Grantee has a termination of service on account of death or Disability, then the Restriction Period will immediately lapse on all unvested LTIP Units granted to the Grantee and not forfeited previously.



(e) For purposes of this Agreement, a Termination of Service shall occur when the employee-employer relationship or directorship, or other service relationship, between the Grantee and the Partnership or the Parent is terminated for any reason, including, but not limited to, any termination by resignation, discharge, death or retirement. The Administrator, in its absolute discretion, shall determine the effects of all matters and questions relating to Termination of Service. For this purpose, the service relationship shall be treated as continuing intact while the Grantee is on sick leave or other bona fide leave of absence (to be determined in the discretion of the Administrator).

3. Certain Terms of LTIP Units.

(a) The Partnership may, but is not obligated to, issue to the Grantee (or its assignee or transferee, as applicable) a certificate in respect of the LTIP Units or may indicate such Grantee's ownership of LTIP Units on the Partnership's books and records. Such certificate, if any, shall be registered in the name of the Grantee (or such assignee or transferee). The certificates for LTIP Units issued hereunder may include any legend which the Committee deems appropriate to reflect any restrictions on transfer hereunder, or pursuant to any assignment or transfer by the Grantee, or as the Administrator may otherwise deem appropriate, and, without limiting the generality of the foregoing, shall bear a legend referring to the terms, conditions, and restrictions applicable to such LTIP Units, substantially in the following form:

> THE TRANSFERABILITY OF THIS CERTIFICATE AND THE LTIP UNITS REPRESENTED HEREBY ARE SUBJECT TO THE TERMS AND CONDITIONS OF THE NSA OP, LP 2013 LONG-TERM INCENTIVE PLAN, THE PARTNERSHIP AGREEMENT AND AN AWARD AGREEMENT APPLICABLE TO THE GRANT OF THE LTIP UNITS REPRESENTED BY THIS CERTIFICATE. COPIES OF SUCH PLAN, PARTNERSHIP AGREEMENT AND AWARD ARE ON FILE IN THE

(b) Certificates, if any, evidencing the Restricted LTIP Units granted hereby shall be held in custody by the Partnership until the restrictions have lapsed. If and when such restrictions so lapse, the certificates shall be delivered by the Partnership to the Grantee.

(c) So long as the Grantee holds any LTIP Units, the Grantee shall disclose to the Partnership in writing such information as may be reasonably requested with respect to ownership of LTIP Units and any conditions applicable thereto, as the Partnership, as applicable, may deem reasonably necessary, including in order to ascertain and establish compliance with provisions of the Internal Revenue Code of 1986, as amended (the "Code"), applicable to the Partnership or to comply with requirements of any other appropriate taxing or other regulatory authority.

4. Call Option upon Termination of Service.

(a) If the Grantee has a Termination of Service, the Partnership shall have the right for 90 days following the date of Termination of Service , to purchase (the "Call Option"), and the Grantee and any Permitted Transferee controlled by the Grantee holding any (but not all) LTIP Units described hereunder (collectively, the "Grantee's Group") shall be required to sell to the Partnership, such LTIP Units then held by such member of Grantee's Group at a price per LTIP Unit equal to the Fair Market Value (measured as of the date that the Call Option is delivered (the "Repurchase Notice Date")).

(b) To effectuate the exercise of the Call Option, the Partnership shall send written notice to each member of Grantee's Group of its intention to purchase LTIP Units (the "Call Notice"), which notice shall state that the Partnership intends to exercise its Call Option pursuant to this Agreement and include the number of LTIP Units to be purchased pursuant to the Call Option, the aggregate purchase



price of the LTIP Units subject to the Call Option and the date of closing of such transaction. The purchase price for the LTIP Units will be paid in cash, by cashier's check or by wire transfer of funds; provided, however, that if the Partnership exercises the Call Option at a time that applicable financing documents of the Partnership would prohibit the purchase of LTIP Units, the Partnership shall be permitted to issue a promissory note equal to the aggregate purchase price, with such promissory note having a maturity date that does not exceed two (2) years from the date of the closing of such purchase, bearing simple interest of not less than the Prime Rate in effect on the date of such purchase plus 3%, and being payable as to interest in equal monthly installments during the term of the note and as to principal on the maturity date. The Grantee's Group will cause the LTIP Units to be delivered to the Partnership at the closing free and clear of all liens, claims, charges or encumbrances of any kind.

(c) The rights set forth in this Section 4 shall terminate upon the occurrence of a Realization Transaction.

5. Compliance with Securities laws.

The Grantee acknowledges that the LTIP Units have not been registered under the Securities Act or under any state securities or "blue sky" law or regulation (collectively, "*Securities Laws*") and hereby makes the following representations and covenants as a condition to the grant of LTIP Units:

(a) The Grantee has not taken, and covenants that it will not take, himself or herself or through any agent acting on his behalf, any action that would subject the issuance or sale of the LTIP Units to the registration provisions of the Securities Act or to the registration, qualification or other similar provisions of any Securities Laws, or breach any of the provisions of any Securities Laws, but, rather, that the Grantee shall at all times act with regard to the LTIP Units in full compliance with all Securities Laws;

(b) The Grantee has acquired and, to the extent applicable, is acquiring the LTIP Units for his or her own account for investment and with no present intention of distributing the LTIP Units or any part thereof;

(c) The Grantee is and shall be an "accredited investor" as defined in Section 2(15) and Rule 501(a) of Regulation D of the Securities Act;

(d) The Grantee is capable of evaluating the merits and risks of the acquisition and ownership of the LTIP Units and has obtained all information regarding the Partnership (and its applicable affiliates) and the LTIP Units as the Grantee deems appropriate, and has relied solely upon such information, and the Grantee's own knowledge, experience and investigation, and those of his advisors, and not upon any representations of the Partnership and/or the General Partner, in connection with his investment decision in acquiring the LTIP Units; and

(e) The Grantee and his or her professional advisors have had an opportunity to conduct, and have so conducted if so desired, a due diligence investigation of the Partnership in connection with the decision to acquire the LTIP Units and in such regard have done all things as the Grantee and they have deemed appropriate and have had an opportunity to ask questions of and receive answers from the Partnership and the General Partner, and have done so, as they have deemed appropriate.

6. Miscellaneous.

(a) THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF DELAWARE, WITHOUT REGARD TO

ANY PRINCIPLES OF CONFLICTS OF LAW WHICH COULD CAUSE THE APPLICATION OF THE LAWS OF ANY JURISDICTION OTHER THAN THE STATE OF DELAWARE.

(b) Except as set forth in the Partnership Agreement, the Grantee shall not have the right to transfer all or any portion of the LTIP Units without the prior written consent of the General Partner (in its sole discretion); provided, however, that in no event shall any LTIP Units be transferred within two years of the date hereof. Any transfer in violation of this Agreement or the Partnership Agreement, or which does not otherwise comply with the conditions of transfer imposed by the General Partner shall be void.

(c) Within 30 days after the date hereof, the Grantee shall file with the Internal Revenue Service an election under Section 83(b) of the Code on a form substantially similar to the form attached hereto as Annex A and reasonably satisfactory to the Partnership (and will include a copy thereof with the applicable tax return). The Grantee shall be solely responsible for the filing of such election and all related filings.

(d) The captions of this Agreement are not part of the provisions hereof and shall have no force or effect. This Agreement may not be amended or modified except by a written agreement executed by the parties hereto or their respective successors and legal representatives. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement.

(e) The General Partner may make such rules and regulations and establish such procedures for the administration of this Agreement as it deems appropriate. Without limiting the generality of the foregoing, the General Partner may interpret the Plan and this Agreement, with such interpretations to be conclusive and binding on all persons and otherwise accorded the maximum deference permitted by law. In the event of any dispute or disagreement as to interpretation of the Plan or this Agreement or of any rule, regulation or procedure, or as to any question, right or obligation arising from or related to the Plan or this Agreement, the decision of the General Partner shall be final and binding upon all persons.

(f) All notices hereunder shall be in writing, and if to the Partnership or the General Partner, shall be delivered to the Partnership or mailed to its principal office, addressed to the attention of the General Partner; and if to the Grantee, shall be delivered personally, sent by facsimile transmission or mailed to the Grantee at the address appearing in the records of the Partnership. Such addresses may be changed at any time by written notice to the other party given in accordance with this paragraph 6(f).

(g) The failure of the Grantee or the Partnership to insist upon strict compliance with any provision of this Agreement or the Plan, or to assert any right the Grantee or the Partnership, respectively, may have under this Agreement or the Plan, shall not be deemed to be a waiver of such provision or right or any other provision or right of this Agreement or the Plan.

(h) Nothing in this Agreement shall confer on the Grantee any right to continue in the employ or other service of the Partnership or interfere in any way with the right of the Partnership or its affiliates to terminate the Grantee's employment or other service at any time.

(i) This Agreement, together with the Plan and Partnership Agreement, contain the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior agreements, written or oral, with respect thereto.



IN WITNESS WHEREOF, the Company and the Grantee have executed this Agreement as of the [ ] day of [ ], 201[ ].

NSA OP, LP

By: _____
Name: _____
Title: _____

[ ]

By: _____
Name: _____
Title: _____



ANNEX A

[ ], 201[ ]

CERTIFIED MAIL RETURN

RECEIPT REQUESTED

Re: Section 83(b) Election

Dear Sir or Madam:

Pursuant to Section 83(b) of the Internal Revenue Code of 1986, as amended (the "Code"), and the Treasury Regulations promulgated thereunder, the undersigned (the "Taxpayer") files the following statement for the purpose of making, with respect to the property described below, the election permitted by Section 83(b):

1. Name, address, taxpayer identification number and the taxable year of the Taxpayer:

Name: _____
Address: _____
_____

T.I.N.: _____
Taxable Year: _____

2. Description of the property with respect to which this election is being made:

[ ] units ("LTIP Units") of interest in certain allocations and distributions of NSA OP, LP, a Delaware limited partnership (the "Partnership").

3. The date on which the property was acquired by the Taxpayer and the taxable year for which the election is being made:

The Taxpayer acquired the LTIP Units on [ ], 201[ ]. The taxable year for which the election is made is the calendar year 201[ ].

4. The nature of the restrictions to which the property is subject:

The LTIP Units are subject to time-based vesting. The unvested LTIP Units are subject to forfeiture in the event of certain terminations of the Taxpayer's service with the Partnership.

5. The fair market value at the time of the acquisition (determined without regard to any restriction other than a restriction which by its terms will never lapse) of the property with respect to which the election is being made:

At the time of the acquisition, the LTIP Units had a fair market value of $[ ] per unit.



6. The amount paid for such property:

The LTIP Units were acquired for a purchase price of $[ ] per unit.

7. Copies of this statement have been furnished to the person for whom the services are to be performed. Also, one copy of this statement will be submitted with the income tax return of the Taxpayer making this election for the taxable year in which the property was acquired.

Very truly yours,

_____

**Exhibit 10.7**

**FORM OF INDEMNIFICATION AGREEMENT**

THIS INDEMNIFICATION AGREEMENT ("Agreement") is made and entered into as of the [·] day of [·], 2015, by and between National Storage Affiliates Trust, a Maryland real estate investment trust (the "Company"), and [·] ("Indemnitee").

WHEREAS, at the request of the Company, Indemnitee currently serves as a trustee and an officer of the Company and may, therefore, be subjected to claims, suits or proceedings arising as a result of such service; and

WHEREAS, as an inducement to Indemnitee to serve or continue to serve in such capacity, the Company has agreed to indemnify Indemnitee and to advance expenses and costs incurred by Indemnitee in connection with any such claims, suits or proceedings, to the maximum extent permitted by law; and

WHEREAS, the parties by this Agreement desire to set forth their agreement regarding indemnification and advance of expenses;

NOW, THEREFORE, in consideration of the premises and the covenants contained herein, the Company and Indemnitee do hereby covenant and agree as follows:

Section 1. Definitions. For purposes of this Agreement:

(a) "Change in Control" means a change in control of the Company occurring after the Effective Date of a nature that would be required to be reported in response to Item 6(e) of Schedule 14A of Regulation 14A (or in response to any similar item on any similar schedule or form) promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), whether or not the Company is then subject to such reporting requirement; provided, however, that, without limitation, such a Change in Control shall be deemed to have occurred if, after the Effective Date, any of the following occurs:

(1) any "person," including a "group" (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act, but excluding the Company or any entity controlling, controlled by or under common control with the Company), is or becomes the "beneficial owner" (as defined in Rule 13(d)(3) under the Exchange Act), directly or indirectly, of securities of the Company representing 15% or more of either (A) the combined voting power of the Company's then outstanding securities or (B) the then outstanding common shares of beneficial interest in the Company (in either such case other than as a result of an acquisition of securities directly from the Company); or

(2) any consolidation or merger of the Company where the shareholders of the Company, immediately prior to the consolidation or merger, would not, immediately after the consolidation or merger, beneficially own (as such term is defined in Rule 13d-3 under the Exchange Act), directly or indirectly, shares representing in the aggregate 50% or more of the combined

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voting power of the securities of the corporation issuing cash or securities in the consolidation or merger (or of its ultimate parent corporation, if any); or

(3) there shall occur (A) any sale, lease, exchange or other transfer (in one transaction or a series of transactions) of all or substantially all of the assets of the Company, other than a sale or disposition by the Company of all or substantially all of the Company's assets to an entity, at least 50% of the combined voting power of the voting securities of which are owned by "persons" (as defined above) in substantially the same proportion as their ownership of the Company immediately prior to such sale or (B) the approval by shareholders of the Company of any plan or proposal for the liquidation or dissolution of the Company; or

(4) the trustees of the Company at the beginning of any consecutive 24-calendar-month period (the "Incumbent Trustees") cease for any reason other than due to death to constitute at least a majority of trustees of the Company; provided that any trustee whose election, or nomination for election by the Company's shareholders, was approved or ratified by a vote of at least a majority of the trustees then still in office who were trustees at the beginning of such 24-calendar-month period, shall be deemed to be an Incumbent Trustee.

(b) "Corporate Status" means the status of a person as a present or former trustee, officer, employee or agent of the Company or as a director, trustee, officer, partner, manager, managing member, fiduciary, employee or agent of any other foreign or domestic corporation, partnership, limited liability company, joint venture, trust, employee benefit plan or other enterprise that such person is or was serving in such capacity at the request of the Company. As a clarification and without limiting the circumstances in which Indemnitee may be serving at the request of the Company, service by Indemnitee shall be deemed to be at the request of the Company: (i) if Indemnitee serves or served as a director, trustee, officer, partner, manager, managing member, fiduciary, employee or agent of any corporation, partnership, limited liability company, joint venture, trust or other enterprise (1) of which a majority of the voting power or equity interest is or was owned directly or indirectly by the Company or (2) the management of which is controlled directly or indirectly by the Company and (ii) if, as a result of Indemnitee's service to the Company or any of its affiliated entities, Indemnitee is subject to duties by, or required to perform services for, an employee benefit plan or its participants or beneficiaries, including as deemed fiduciary thereof.

(c) "Disinterested Trustee" means a trustee of the Company who is not and was not a party to the Proceeding in

respect of which indemnification and/or advance of Expenses is sought by Indemnitee.

(d) "Effective Date" means the date set forth in the first paragraph of this Agreement.

(e) "Expenses" means any and all reasonable and out-of-pocket attorneys' fees and costs, retainers, court costs, transcript costs, fees of experts, witness fees, travel



expenses, duplicating costs, printing and binding costs, telephone charges, postage, delivery service fees, federal, state, local or foreign taxes imposed on Indemnitee as a result of the actual or deemed receipt of any payments under this Agreement, ERISA excise taxes and penalties and any other disbursements or expenses incurred in connection with prosecuting, defending, preparing to prosecute or defend, investigating, being or preparing to be a witness in or otherwise participating in a Proceeding. Expenses shall also include Expenses incurred in connection with any appeal resulting from any Proceeding including, without limitation, the premium, security for and other costs relating to any cost bond, supersedeas bond or other appeal bond or its equivalent.

(f) "Independent Counsel" means a law firm, or a member of a law firm, that is experienced in matters of corporation law and neither is, nor in the past five years has been, retained to represent: (i) the Company or Indemnitee in any matter material to either such party (other than with respect to matters concerning Indemnitee under this Agreement or of other indemnitees under similar indemnification agreements), or (ii) any other party to or participant or witness in the Proceeding giving rise to a claim for indemnification or advance of Expenses hereunder. Notwithstanding the foregoing, the term "Independent Counsel" shall not include any person who, under the applicable standards of professional conduct then prevailing, would have a conflict of interest in representing either the Company or Indemnitee in an action to determine Indemnitee's rights under this Agreement.

(g) "Proceeding" means any threatened, pending or completed action, suit, arbitration, alternate dispute resolution mechanism, investigation, inquiry, administrative hearing or any other actual, threatened or completed proceeding, whether brought by or in the right of the Company or otherwise and whether of a civil (including intentional or unintentional tort claims), criminal, administrative or investigative (formal or informal) nature, including any appeal therefrom, except one pending or completed on or before the Effective Date, unless otherwise specifically agreed in writing by the Company and Indemnitee. If Indemnitee reasonably believes that a given situation may lead to or culminate in the institution of a Proceeding, such situation shall also be considered a Proceeding.

Section 2. Services by Indemnitee. Indemnitee will serve in the capacity or capacities set forth in the first WHEREAS clause above. However, this Agreement shall not impose any independent obligation on Indemnitee or the Company to continue Indemnitee's service to the Company. This Agreement shall not be deemed an employment contract between the Company (or any other entity) and Indemnitee.

Section 3. General. The Company shall indemnify, and advance Expenses to, Indemnitee (a) as provided in this Agreement and (b) otherwise to the maximum extent permitted by Maryland law in effect on the Effective Date and as amended from time to time; provided, however, that no change in Maryland law shall have the effect of reducing the benefits available to Indemnitee hereunder based on Maryland law as in effect on the Effective Date. The rights of Indemnitee provided in this Section 3 shall include, without limitation, the rights set forth in the other sections of this Agreement, including any additional indemnification permitted by the



Maryland REIT Law and the Maryland General Corporation Law (the "MGCL"), including, without limitation, Section 2-418 of the MGCL.

Section 4. Standard for Indemnification. If, by reason of Indemnitee's Corporate Status, Indemnitee is, or is threatened to be, made a party to any Proceeding, the Company shall indemnify Indemnitee against all judgments, penalties, fines and amounts paid in settlement and all Expenses actually and reasonably incurred by Indemnitee or on Indemnitee's behalf in connection with any such Proceeding unless it is established that (a) the act or omission of Indemnitee was material to the matter giving rise to the Proceeding and (i) was committed in bad faith or (ii) was the result of active and deliberate dishonesty, (b) Indemnitee actually received an improper personal benefit in money, property or services or (c) in the case of any criminal Proceeding, Indemnitee had reasonable cause to believe that Indemnitee's conduct was unlawful.

Section 5. Certain Limits on Indemnification. Notwithstanding any other provision of this Agreement (other than Section 6), Indemnitee shall not be entitled to:

(a) indemnification hereunder if the Proceeding was one by or in the right of the Company and Indemnitee is adjudged, in a final adjudication of the Proceeding not subject to further appeal, to be liable to the Company;

(b) indemnification hereunder if Indemnitee is adjudged, in a final adjudication of the Proceeding not subject to further appeal, to be liable on the basis that personal benefit was improperly received in any Proceeding charging improper personal benefit to Indemnitee, whether or not involving action in the Indemnitee's Corporate Status; or

(c) indemnification or advance of Expenses hereunder if the Proceeding was brought by Indemnitee, unless: (i) the

Proceeding was brought to enforce indemnification under this Agreement, and then only to the extent in accordance with and as authorized by Section 12 of this Agreement, or (ii) the Company's Declaration of Trust or Bylaws, a resolution of the shareholders entitled to vote generally in the election of trustees or of the Board of Trustees or an agreement approved by the Board of Trustees to which the Company is a party expressly provide otherwise.

Section 6. Court-Ordered Indemnification. Notwithstanding any other provision of this Agreement, a court of appropriate jurisdiction, upon application of Indemnitee and such notice as the court shall require, may order indemnification of Indemnitee by the Company in the following circumstances:

(a) if such court determines that Indemnitee is entitled to reimbursement under Section 2-418(d)(1) of the MGCL, the court shall order indemnification, in which case Indemnitee shall be entitled to recover the Expenses of securing such reimbursement; or

(b) if such court determines that Indemnitee is fairly and reasonably entitled to indemnification in view of all the relevant circumstances, whether or not Indemnitee (i) has met the standards of conduct set forth in Section 2-418(b) of the MGCL or (ii) has been adjudged liable for receipt of an improper personal benefit under Section 2-418(c) of the MGCL, the court may order such indemnification as the court shall deem proper



without regard to any limitation on such court-ordered indemnification contemplated by Section 2-418(d)(2)(ii) of the MGCL.

Section 7. Indemnification for Expenses of an Indemnitee Who is Wholly or Partially Successful. Notwithstanding any other provision of this Agreement, and without limiting any such provision, to the extent that Indemnitee was or is, by reason of Indemnitee's Corporate Status, made a party to (or otherwise becomes a participant in) any Proceeding and is successful, on the merits or otherwise, in the defense of such Proceeding, the Company shall indemnify Indemnitee for all Expenses actually and reasonably incurred by Indemnitee or on Indemnitee's behalf in connection therewith. If Indemnitee is not wholly successful in such Proceeding but is successful, on the merits or otherwise, as to one or more but less than all claims, issues or matters in such Proceeding, the Company shall indemnify Indemnitee under this Section 7 for all Expenses actually and reasonably incurred by Indemnitee or on Indemnitee's behalf in connection with each such claim, issue or matter, allocated on a reasonable and proportionate basis. For purposes of this Section 7 and, without limitation, the termination of any claim, issue or matter in such a Proceeding by dismissal, with or without prejudice, shall be deemed to be a successful result as to such claim, issue or matter.

Section 8. Advance of Expenses for Indemnitee. If, by reason of Indemnitee's Corporate Status, Indemnitee is, or is threatened to be, made a party to any Proceeding, the Company shall, without requiring a preliminary determination of Indemnitee's ultimate entitlement to indemnification hereunder, advance all Expenses incurred by or on behalf of Indemnitee in connection with such Proceeding. The Company shall make such advance or advances within ten days after the receipt by the Company of a statement or statements requesting such advance or advances from time to time, whether prior to or after final disposition of such Proceeding and may be in the form of, in the reasonable discretion of the Indemnitee (but without duplication) (a) payment of such Expenses directly to third parties on behalf of Indemnitee, (b) advance of funds to Indemnitee in an amount sufficient to pay such Expenses or (c) reimbursement to Indemnitee for Indemnitee's payment of such Expenses. Such statement or statements shall reasonably evidence the Expenses incurred by Indemnitee and shall include or be preceded or accompanied by a written affirmation by Indemnitee and a written undertaking by or on behalf of Indemnitee, in substantially the form attached hereto as Exhibit A or in such form as may be required under applicable law as in effect at the time of the execution thereof. To the extent that Expenses advanced to Indemnitee do not relate to a specific claim, issue or matter in the Proceeding, such Expenses shall be allocated on a reasonable and proportionate basis. The undertaking required by this Section 8 shall be an unlimited general obligation by or on behalf of Indemnitee and shall be accepted without reference to Indemnitee's financial ability to repay such advanced Expenses and without any requirement to post security therefor.

Section 9. Indemnification and Advance of Expenses as a Witness or Other Participant. Notwithstanding any other provision of this Agreement, to the extent that Indemnitee is or may be, by reason of Indemnitee's Corporate Status, made a witness or otherwise asked to participate in any Proceeding, whether instituted by the Company or any other party, and to which Indemnitee is not a party, Indemnitee shall be advanced and indemnified against all Expenses actually and reasonably incurred by Indemnitee or on Indemnitee's behalf in connection therewith within ten days after the receipt by the Company of a statement or statements



requesting any such advance or indemnification from time to time, whether prior to or after final disposition of such Proceeding. Such statement or statements shall reasonably evidence the Expenses incurred by Indemnitee. In connection with any such advance of Expenses, the Company may require Indemnitee to provide an undertaking and affirmation substantially in the form attached hereto as Exhibit A.

Section 10. Procedure for Determination of Entitlement to Indemnification.

(a) To obtain indemnification under this Agreement, Indemnitee shall submit to the Company a written request, including therein or therewith such documentation and information as is reasonably available to Indemnitee and is reasonably necessary to determine whether and to what extent Indemnitee is entitled to indemnification. Indemnitee may submit one or more such requests from time to time and at such time(s) as Indemnitee deems appropriate in Indemnitee's sole discretion. The officer of the Company receiving any such request from Indemnitee shall, promptly upon receipt of such a request for indemnification, advise the Board of Trustees in

writing that Indemnitee has requested indemnification.

(b) Upon written request by Indemnitee for indemnification pursuant to Section 10(a) above, a determination, if required by applicable law, with respect to Indemnitee's entitlement thereto shall promptly be made in the specific case: (i) if a Change in Control has occurred, by Independent Counsel, in a written opinion to the Board of Trustees, a copy of which shall be delivered to Indemnitee, which Independent Counsel shall be selected by the Indemnitee and approved by the Board of Trustees in accordance with Section 2-418(e)(2)(ii) of the MGCL, which approval shall not be unreasonably withheld; or (ii) if a Change in Control has not occurred, (A) by a majority vote of the Disinterested Trustees or, by the majority vote of a group of Disinterested Trustees designated by the Disinterested Trustees to make the determination, (B) if Independent Counsel has been selected by the Board of Trustees in accordance with Section 2-418(e)(2)(ii) of the MGCL and approved by the Indemnitee, which approval shall not be unreasonably withheld or delayed, by Independent Counsel, in a written opinion to the Board of Trustees, a copy of which shall be delivered to Indemnitee or (C) if so directed by the Board of Trustees, by the shareholders of the Company, other than trustees or officers who are parties to the Proceeding. If it is so determined that Indemnitee is entitled to indemnification, the Company shall make payment to Indemnitee within ten days after such determination. Indemnitee shall cooperate with the person, persons or entity making such determination with respect to Indemnitee's entitlement to indemnification, including providing to such person, persons or entity upon reasonable advance request any documentation or information which is not privileged or otherwise protected from disclosure and which is reasonably available to Indemnitee and reasonably necessary or appropriate to such determination in the discretion of the Board of Trustees or Independent Counsel if retained pursuant to clause (ii)(B) of this Section 10(b). Any Expenses incurred by Indemnitee in so cooperating with the person, persons or entity making such determination shall be borne by the Company (irrespective of the determination as to Indemnitee's entitlement to indemnification) and the Company shall indemnify and hold Indemnitee harmless therefrom.

(c) The Company shall pay the reasonable fees and expenses of Independent Counsel, if one is appointed.



Section 11. Presumptions and Effect of Certain Proceedings.

(a) In making any determination with respect to entitlement to indemnification hereunder, the person or persons or entity making such determination shall presume that Indemnitee is entitled to indemnification under this Agreement if Indemnitee has submitted a request for indemnification in accordance with Section 10(a) of this Agreement, and the Company shall have the burden of overcoming that presumption in connection with the making of any determination contrary to that presumption.

(b) The termination of any Proceeding or of any claim, issue or matter therein, by judgment, order, settlement or conviction, upon a plea of *nolo contendere* or its equivalent, or entry of an order of probation prior to judgment, does not create a presumption that Indemnitee did not meet the requisite standard of conduct described herein for indemnification.

(c) The knowledge and/or actions, or failure to act, of any other trustee, officer, employee or agent of the Company or any other director, trustee, officer, partner, manager, managing member, fiduciary, employee or agent of any other foreign or domestic corporation, partnership, limited liability company, joint venture, trust, employee benefit plan or other enterprise shall not be imputed to Indemnitee for purposes of determining any other right to indemnification under this Agreement.

Section 12. Remedies of Indemnitee.

(a) If (i) a determination is made pursuant to Section 10(b) of this Agreement that Indemnitee is not entitled to indemnification under this Agreement, (ii) advance of Expenses is not timely made pursuant to Sections 8 or 9 of this Agreement, (iii) no determination of entitlement to indemnification shall have been made pursuant to Section 10(b) of this Agreement within 60 days after receipt by the Company of the request for indemnification, (iv) payment of indemnification is not made pursuant to Sections 7 or 9 of this Agreement within ten days after receipt by the Company of a written request therefor, or (v) payment of indemnification pursuant to any other section of this Agreement or the Declaration of Trust or Bylaws of the Company is not made within ten days after a determination has been made that Indemnitee is entitled to indemnification, Indemnitee shall be entitled to an adjudication of Indemnitee's entitlement to indemnification or advance of Expenses in an appropriate court located in the State of Maryland, or in any other court of competent jurisdiction, or in an arbitration conducted by a single arbitrator pursuant to the Commercial Arbitration Rules of the American Arbitration Association. Indemnitee shall commence a proceeding seeking an adjudication or an award in arbitration within 180 days following the date on which Indemnitee first has the right to commence such proceeding pursuant to this Section 12(a); provided, however, that the foregoing clause shall not apply to a proceeding brought by Indemnitee to enforce Indemnitee's rights under Section 7 of this Agreement. Except as set forth herein, the provisions of Maryland law (without regard to its conflicts of laws rules) shall apply to any such arbitration. The Company shall not oppose Indemnitee's right to seek any such adjudication or award in arbitration.

(b) In any judicial proceeding or arbitration commenced pursuant to this Section 12, Indemnitee shall be presumed to be entitled to indemnification or advance of Expenses, as the case may be, under this Agreement and the Company shall have the burden of proving that



Indemnitee is not entitled to indemnification or advance of Expenses, as the case may be. If Indemnitee commences a judicial proceeding or arbitration pursuant to this Section 12, Indemnitee shall not be required to reimburse the Company for any advances pursuant to Section 8 of this Agreement until a final determination is made with respect to Indemnitee's entitlement to indemnification (as to which all rights of appeal have been exhausted or lapsed). The Company shall, to the fullest extent not prohibited by law, be precluded from asserting in any judicial proceeding or arbitration commenced pursuant to this Section 12 that the procedures and presumptions of this

Agreement are not valid, binding and enforceable and shall stipulate in any such court or before any such arbitrator that the Company is bound by all of the provisions of this Agreement.

(c) If a determination shall have been made pursuant to Section 10(b) of this Agreement that Indemnitee is entitled to indemnification, the Company shall be bound by such determination in any judicial proceeding or arbitration commenced pursuant to this Section 12, absent a misstatement by Indemnitee of a material fact, or an omission of a material fact necessary to make Indemnitee's statement not materially misleading, in connection with the request for indemnification that was not disclosed in connection with the determination.

(d) In the event that Indemnitee is successful in seeking, pursuant to this Section 12, a judicial adjudication of or an award in arbitration to enforce Indemnitee's rights under, or to recover damages for breach of, this Agreement, Indemnitee shall be entitled to recover from the Company, and shall be indemnified by the Company for, any and all Expenses actually and reasonably incurred by Indemnitee in such judicial adjudication or arbitration. If it shall be determined in such judicial adjudication or arbitration that Indemnitee is entitled to receive part but not all of the indemnification or advance of Expenses sought, the Expenses incurred by Indemnitee in connection with such judicial adjudication or arbitration shall be appropriately prorated.

(e) Interest shall be paid by the Company to Indemnitee at the maximum rate allowed to be charged for judgments under the Courts and Judicial Proceedings Article of the Annotated Code of Maryland for amounts which the Company pays or is obligated to pay for the period (i) commencing with either the tenth day after the date on which the Company was requested to advance Expenses in accordance with Sections 8 or 9 of this Agreement or the 60th day after the date on which the Company was requested to make the determination of entitlement to indemnification under Section 10(b) of this Agreement, as applicable, and (ii) ending on the date such payment is made to Indemnitee by the Company.

Section 13. Defense of the Underlying Proceeding.

(a) Indemnitee shall notify the Company promptly in writing upon being served with any summons, citation, subpoena, complaint, indictment, request or other document relating to any Proceeding which may result in the right to indemnification or the advance of Expenses hereunder and shall include with such notice a description of the nature of the Proceeding and a summary of the facts underlying the Proceeding. The failure to give any such notice shall not disqualify Indemnitee from the right, or otherwise affect in any manner any right of Indemnitee, to indemnification or the advance of Expenses under this Agreement unless the Company's



ability to defend in such Proceeding or to obtain proceeds under any insurance policy is materially and adversely prejudiced thereby, and then only to the extent the Company is thereby actually so prejudiced.

(b) Subject to the provisions of the last sentence of this Section 13(b) and of Section 13(c) below, the Company shall have the right to defend Indemnitee in any Proceeding which may give rise to indemnification hereunder; provided, however, that the Company shall notify Indemnitee of any such decision to defend within 15 calendar days following receipt of notice of any such Proceeding under Section 13(a) above. The Company shall not, without the prior written consent of Indemnitee, which shall not be unreasonably withheld or delayed, consent to the entry of any judgment against Indemnitee or enter into any settlement or compromise which (i) includes an admission of fault of Indemnitee, (ii) does not include, as an unconditional term thereof, the full release of Indemnitee from all liability in respect of such Proceeding, which release shall be in form and substance reasonably satisfactory to Indemnitee, or (iii) would impose any Expense, judgment, fine, penalty or limitation on Indemnitee. This Section 13(b) shall not apply to a Proceeding brought by Indemnitee under Section 12 of this Agreement.

(c) Notwithstanding the provisions of Section 13(b) above, if in a Proceeding to which Indemnitee is a party by reason of Indemnitee's Corporate Status, (i) Indemnitee reasonably concludes, based upon an opinion of counsel approved by the Company, which approval shall not be unreasonably withheld or delayed, that Indemnitee may have separate defenses or counterclaims to assert with respect to any issue which may not be consistent with other defendants in such Proceeding, (ii) Indemnitee reasonably concludes, based upon an opinion of counsel approved by the Company, which approval shall not be unreasonably withheld or delayed, that an actual or apparent conflict of interest or potential conflict of interest exists between Indemnitee and the Company, or (iii) if the Company fails to assume the defense of such Proceeding in a timely manner, Indemnitee shall be entitled to be represented by separate legal counsel of Indemnitee's choice, subject to the prior approval of the Company, which approval shall not be unreasonably withheld or delayed, at the expense of the Company. In addition, if the Company fails to comply with any of its obligations under this Agreement or in the event that the Company or any other person takes any action to declare this Agreement void or unenforceable, or institutes any Proceeding to deny or to recover from Indemnitee the benefits intended to be provided to Indemnitee hereunder, Indemnitee shall have the right to retain counsel of Indemnitee's choice, subject to the prior approval of the Company, which approval shall not be unreasonably withheld or delayed, at the expense of the Company (subject to Section 12(d) of this Agreement), to represent Indemnitee in connection with any such matter.

Section 14. Non-Exclusivity; Survival of Rights; Subrogation.

(a) The rights of indemnification and advance of Expenses as provided by this Agreement shall not be deemed exclusive of any other rights to which Indemnitee may at any time be entitled under applicable law, the Declaration of Trust or Bylaws of the Company, any agreement or a resolution of the shareholders entitled to vote generally in the election of trustees or of the Board of Trustees, or otherwise. Unless consented to in writing by Indemnitee, no amendment, alteration or repeal of the Declaration of Trust or Bylaws of the Company, this

Agreement or of any provision hereof shall limit or restrict any right of Indemnitee under this Agreement in respect of any action taken or omitted by such Indemnitee in Indemnitee's Corporate Status prior to such amendment, alteration or repeal, regardless of whether a claim with respect to such action or inaction is raised prior or subsequent to such amendment, alteration or repeal. No right or remedy herein conferred is intended to be exclusive of any other right or remedy, and every other right or remedy shall be cumulative and in addition to every other right or remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion of any right or remedy hereunder, or otherwise, shall not prohibit the concurrent assertion or employment of any other right or remedy.

(b) In the event of any payment under this Agreement, the Company shall be subrogated to the extent of such payment to all of the rights of recovery of Indemnitee, who shall execute all papers required and take all action necessary to secure such rights, including execution of such documents as are necessary to enable the Company to bring suit to enforce such rights.

Section 15. Insurance.

(a) The Company will use its reasonable best efforts to acquire directors' and officers' liability insurance, on terms and conditions deemed appropriate by the Board of Trustees, with the advice of counsel, covering Indemnitee or any claim made against Indemnitee by reason of Indemnitee's Corporate Status and covering the Company for any indemnification or advance of Expenses made by the Company to Indemnitee for any claims made against Indemnitee by reason of Indemnitee's Corporate Status. In the event of a Change in Control, the Company shall maintain in force any and all trustees and officers liability insurance policies that were maintained by the Company immediately prior to the Change in Control for a period of six years with the insurance carrier or carriers and through the insurance broker in place at the time of the Change in Control; provided, however, (i) if the carriers will not offer the same policy and an expiring policy needs to be replaced, a policy substantially comparable in scope and amount shall be obtained and (ii) if any replacement insurance carrier is necessary to obtain a policy substantially comparable in scope and amount, such insurance carrier shall have an AM Best rating that is the same or better than the AM Best rating of the existing insurance carrier; provided, further, however, in no event shall the Company be required to expend in the aggregate in excess of 250% of the annual premium or premiums paid by the Company for trustees and officers liability insurance in effect on the date of the Change in Control. In the event that 250% of the annual premium paid by the Company for such existing trustees and officers liability insurance is insufficient for such coverage, the Company shall spend up to that amount to purchase such lesser coverage as may be obtained with such amount.

(b) Without in any way limiting any other obligation under this Agreement, the Company shall indemnify Indemnitee for any payment by Indemnitee which would otherwise be indemnifiable hereunder arising out of the amount of any deductible or retention and the amount of any excess of the aggregate of all judgments, penalties, fines, settlements and Expenses incurred by Indemnitee in connection with a Proceeding over the coverage of any insurance referred to in Section 15(a). The purchase, establishment and maintenance of any such insurance shall not in any way limit or affect the rights or obligations of the Company or Indemnitee under



this Agreement except as expressly provided herein, and the execution and delivery of this Agreement by the Company and the Indemnitee shall not in any way limit or affect the rights or obligations of the Company under any such insurance policies. If, at the time the Company receives notice from any source of a Proceeding to which Indemnitee is a party or a participant (as a witness or otherwise) the Company has trustee and officer liability insurance in effect, the Company shall give prompt notice of such Proceeding to the insurers in accordance with the procedures set forth in the respective policies.

(c) The Indemnitee shall cooperate with the Company or any insurance carrier of the Company with respect to any Proceeding.

Section 16. Coordination of Payments. The Company shall not be liable under this Agreement to make any payment of amounts otherwise indemnifiable or payable or reimbursable as Expenses hereunder if and to the extent that Indemnitee has otherwise actually received such payment under any insurance policy, contract, agreement or otherwise.

Section 17. Contribution. If the indemnification provided in this Agreement is unavailable in whole or in part and may not be paid to Indemnitee for any reason, other than for failure to satisfy the standard of conduct set forth in Section 4 or due to the provisions of Section 5, then, in respect to any Proceeding in which the Company is jointly liable with Indemnitee (or would be if joined in such Proceeding), to the fullest extent permissible under applicable law, the Company, in lieu of indemnifying and holding harmless Indemnitee, shall pay, in the first instance, the entire amount incurred by Indemnitee, whether for Expenses, judgments, penalties, and/or amounts paid or to be paid in settlement, in connection with any Proceeding without requiring Indemnitee to contribute to such payment, and the Company hereby waives and relinquishes any right of contribution it may have at any time against Indemnitee.

Section 18. Reports to Shareholders. To the extent required by the MRL and applicable sections of the MGCL, the Company shall report in writing to its shareholders the payment of any amounts for indemnification of, or advance of Expenses to, Indemnitee under this Agreement arising out of a Proceeding by or in the right of the Company with the notice of the meeting of shareholders of the Company next following the date of the payment of any such indemnification or advance of Expenses or prior to such meeting.

Section 19. Duration of Agreement; Binding Effect.

(a) This Agreement shall continue until and terminate on the later of (i) the date that Indemnitee shall have ceased to serve as a trustee, officer, employee or agent of the Company or as a director, trustee, officer, partner, manager, managing member, fiduciary, employee or agent of any other foreign or domestic corporation, real estate investment trust, partnership,

limited liability company, joint venture, trust, employee benefit plan or other enterprise that such person is or was serving in such capacity at the request of the Company and (ii) the date that Indemnitee is no longer subject to any actual or possible Proceeding (including any rights of appeal thereto and any Proceeding commenced by Indemnitee pursuant to Section 12 of this Agreement).



(b) The indemnification and advance of Expenses provided by, or granted pursuant to, this Agreement shall be binding upon and be enforceable by the parties hereto and their respective successors and assigns (including any direct or indirect successor by purchase, merger, consolidation or otherwise to all or substantially all of the business or assets of the Company), shall continue as to an Indemnitee who has ceased to be a trustee, officer, employee or agent of the Company or a director, trustee, officer, partner, manager, managing member, fiduciary, employee or agent of any other foreign or domestic corporation, partnership, limited liability company, joint venture, trust, employee benefit plan or other enterprise that such person is or was serving in such capacity at the request of the Company, and shall inure to the benefit of Indemnitee and Indemnitee's spouse, assigns, heirs, devisees, executors and administrators and other legal representatives.

(c) The Company shall require and cause any successor (whether direct or indirect by purchase, merger, consolidation or otherwise) to all, substantially all or a substantial part, of the business and/or assets of the Company, by written agreement in form and substance satisfactory to Indemnitee, expressly to assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform if no such succession had taken place.

(d) The Company and Indemnitee agree that a monetary remedy for breach of this Agreement, at some later date, may be inadequate, impracticable and difficult of proof, and further agree that such breach may cause Indemnitee irreparable harm. Accordingly, the parties hereto agree that Indemnitee may enforce this Agreement by seeking injunctive relief and/or specific performance hereof, without any necessity of showing actual damage or irreparable harm and that by seeking injunctive relief and/or specific performance, Indemnitee shall not be precluded from seeking or obtaining any other relief to which Indemnitee may be entitled. Indemnitee shall further be entitled to such specific performance and injunctive relief, including temporary restraining orders, preliminary injunctions and permanent injunctions, without the necessity of posting bonds or other undertakings in connection therewith. The Company acknowledges that, in the absence of a waiver, a bond or undertaking may be required of Indemnitee by a court, and the Company hereby waives any such requirement of such a bond or undertaking.

Section 20. Severability. If any provision or provisions of this Agreement shall be held to be invalid, void, illegal or otherwise unenforceable for any reason whatsoever: (a) the validity, legality and enforceability of the remaining provisions of this Agreement (including, without limitation, each portion of any Section, paragraph or sentence of this Agreement containing any such provision held to be invalid, illegal or unenforceable that is not itself invalid, illegal or unenforceable) shall not in any way be affected or impaired thereby and shall remain enforceable to the fullest extent permitted by law; (b) such provision or provisions shall be deemed reformed to the extent necessary to conform to applicable law and to give the maximum effect to the intent of the parties hereto; and (c) to the fullest extent possible, the provisions of this Agreement (including, without limitation, each portion of any Section, paragraph or sentence of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that



is not itself invalid, illegal or unenforceable) shall be construed so as to give effect to the intent manifested thereby.

Section 21. Counterparts. This Agreement may be executed in one or more counterparts, (delivery of which may be by facsimile, or via e-mail as a portable document format (.pdf) or other electronic format), each of which will be deemed to be an original and it will not be necessary in making proof of this agreement or the terms of this Agreement to produce or account for more than one such counterpart. One such counterpart signed by the party against whom enforceability is sought shall be sufficient to evidence the existence of this Agreement.

Section 22. Headings. The headings of the paragraphs of this Agreement are inserted for convenience only and shall not be deemed to constitute part of this Agreement or to affect the construction thereof.

Section 23. Modification and Waiver. No supplement, modification or amendment of this Agreement shall be binding unless executed in writing by both of the parties hereto. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provisions hereof (whether or not similar) nor, unless otherwise expressly stated, shall such waiver constitute a continuing waiver.

Section 24. Notices. All notices, requests, demands and other communications hereunder shall be in writing and shall be deemed to have been duly given if (i) delivered by hand and receipted for by the party to whom said notice or other communication shall have been directed, on the day of such delivery, or (ii) mailed by certified or registered mail with postage prepaid, on the third business day after the date on which it is so mailed:

(a) If to Indemnitee, to the address set forth on the signature page hereto.

(b) If to the Company, to:

National Storage Affiliates Trust
5200 DTC Parkway

Suite 200
Greenwood Village, Colorado 80111

or to such other address as may have been furnished in writing to Indemnitee by the Company or to the Company by Indemnitee, as the case may be.

Section 25. Governing Law. This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of Maryland, without regard to its conflicts of laws rules.

[SIGNATURE PAGE FOLLOWS]



IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

COMPANY:

**NATIONAL STORAGE AFFILIATES TRUST**

By: _____
Name:
Title:

INDEMNITEE

_____
Name:
Address: c/o National Storage Affiliates Trust
5200 DTC Parkway, Suite 200
Greenwood Village, Colorado 80111



**EXHIBIT A**

AFFIRMATION AND UNDERTAKING TO REPAY EXPENSES ADVANCED

To: The Board of Trustees of National Storage Affiliates Trust

Re: Affirmation and Undertaking

Ladies and Gentlemen:

This Affirmation and Undertaking is being provided pursuant to that certain Indemnification Agreement dated the day of , 20 , by and between National Storage Affiliates Trust, a Maryland real estate investment trust (the "Company"), and the undersigned Indemnitee (the "Indemnification Agreement"), pursuant to which I am entitled to advance of Expenses in connection with **[Description of Proceeding]** (the "Proceeding").

Terms used herein and not otherwise defined shall have the meanings specified in the Indemnification Agreement.

I am subject to the Proceeding by reason of my Corporate Status or by reason of alleged actions or omissions by me in such capacity. I hereby affirm my good faith belief that at all times, insofar as I was involved as a trustee and an officer of the Company, in any of the facts or events giving rise to the Proceeding, I (1) did not act with bad faith or active or deliberate dishonesty, (2) did not receive any improper personal benefit in money, property or services and (3) in the case of any criminal proceeding, had no reasonable cause to believe that any act or omission by me was unlawful.

In consideration of the advance by the Company for Expenses incurred by me in connection with the Proceeding (the "Advanced Expenses"), I hereby agree that if, in connection with the Proceeding, it is established that (1) an act or omission by me was material to the matter giving rise to the Proceeding and (a) was committed in bad faith or (b) was the result of active and deliberate dishonesty or (2) I actually received an improper personal benefit in money, property or services or (3) in the case of any criminal proceeding, I had reasonable cause to believe that the act or omission was unlawful, then I shall promptly reimburse the portion of the Advanced Expenses relating to the claims, issues or matters in the Proceeding as to which the foregoing findings have been established.

IN WITNESS WHEREOF, I have executed this Affirmation and Undertaking on this day of ,

20 .

Name: _____

**Exhibit 10.13**

**FORM OF CONTRIBUTION AGREEMENT**

**OF**

**NSA OP, LP**

**[***Insert Name of Contributor(s) and Portfolio/Property Name***]**

DATED , 201[ ]

---

**CONTRIBUTION AGREEMENT OF**
**NSA OP, LP**

([*Insert Portfolio/Property Name*])

**THIS AGREEMENT** (the "Agreement") is dated as of the day of , 2014 and effective as of , 201[ ] (the "Effective Date"), by and between the following parties:

1. [ ], [a [ ] [ ]] [an individual residing at] [ ] [INSERT NAME OF EACH CONTRIBUTOR] [collectively,] the "Contributor"); and

2. NSA OP, LP, a Delaware limited partnership ("NSA")[; and][.]

3. [NSA [ ], LLC, a Delaware limited liability company, an indirectly wholly owned subsidiary of NSA ("NSA Partner").]

**RECITALS**

(A). NSA is currently operating pursuant to that certain [Second Amended and Restated Limited Partnership Agreement of NSA OP, LP dated as of December 31, 2013], as amended and restated from time to time (the "NSA LP Agreement").

(B). [The Contributor currently beneficially and legally owns [100% of][the Class Y Units] the [limited liability company] [limited[general] partnership] interest ("Contributed Interest") in , a [ ] [limited liability company][limited partnership] (the ["Property Owner"][Tenant]).

(C). [The [Property Owner][Tenant][Contributor] [owns][holds a leasehold interest in] and operates the property located on the land described on Exhibit B attached hereto.]

(D). The Contributor desires to contribute the [Contributed Interest][Property] to NSA in exchange for [a combination of] [Class A units of limited partnership interest in NSA (the "Class A NSA Units") and/or [Series ] Class B units of limited partnership interest in NSA (the "Class B NSA Units")] pursuant to the terms and conditions set forth herein.

(E). Each of the parties hereto has been advised by the other parties and acknowledges that such other parties would not be entering into this Agreement and the NSA LP Agreement without the representations, warranties and covenants which are being made and agreed to herein by each party hereto and that such parties are entering into this Agreement in reliance on such representations, warranties and other covenants.

(F). The parties hereto desire to confirm certain agreements as set forth herein regarding the contribution of the [Contributed Interest] [Property] to NSA and the issuance of the [Class A NSA Units and Class B NSA Units] to Contributor and/or cash as described herein.



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**NOW, THEREFORE**, in consideration of mutual promises and other good and valuable consideration, the receipt and sufficiency which are hereby mutually acknowledged, the parties hereto agree as follows:

**Article 1**
**Definitions**

**1.1. Definitions.** The following terms as used in this Agreement shall have the meanings attributed to them as set forth below unless the context clearly requires another meaning. Other capitalized terms used herein shall, unless the context otherwise requires, have the meanings assigned such terms herein.

"Accredited Investor" means a Person who qualifies as an "accredited investor" under Rule 501(a) of Regulation D of the

Securities Act.

"Accredited Investor Questionnaire" means an Accredited Investor Questionnaire in the form attached as Exhibit I hereto.

"Action" means any claim, suit, litigation, labor dispute, arbitration, investigation or other action or proceeding.

"Affiliate" means, with respect to any Person, any other Person that (a) directly, or indirectly through one or more intermediaries, owns, Controls, is Controlled by or is under common Control with a specified Person or (b) is a family member of a specified Person.

"Agreement" has the meaning set forth in the Introductory Paragraph hereof.

"Anti-Terrorism Laws" has the meaning set forth in Section 4.1(j).

"Appurtenances" means any and all rights, licenses, privileges and easements appurtenant to the Property, including, without limitation, all minerals, oil, gas and other hydrocarbon substances on and under and that may be produced from the Land relating to such Property, as well as all currently existing and future development rights, land use entitlements and rights in off-site facilities and amenities servicing the Land or the Improvements relating to such Property, including, without limitation, building permits, licenses, permits and certificates, utility commitments, air rights, water, water rights, riparian rights and water stock relating to the Land relating to such Property and any rights-of-way or other appurtenances used in connection with the beneficial use and enjoyment of the Land and all of the Contributor's right, title and interest in and to all roads, easements, rights of way, strips or gores and alleys adjoining or servicing the Land relating to such Property.

"Authority" means a governmental body or agency having jurisdiction over the Contributor, [Property Owner,][Tenant,] NSA, [NSA Partner] or the Property.

"Business Day" means any day except a Saturday, Sunday or other day on which commercial banks in New York, New York are authorized or required by law to close.

"Class A NSA Units" has the meaning set forth in the Recitals.



"Class B NSA Units" [has the meaning set forth in the Recitals.][means Class B units of limited partnership interest in NSA.]

"Closing" and "Closing Date" have the meaning set forth in Section 2.2.

"Closing Statement" has the meaning set forth in Section 3.2(d).

"Code" means the Internal Revenue Code of 1986, as in effect from time to time. Any reference herein to a specific section or sections of the Code shall be deemed to include a reference to any corresponding provision of future law.

"Contracts" means, subject to the terms of this definition below, all contracts, undertakings, commitments, agreements, obligations, guarantees and warranties relating to the Property, (i) to which [any of] the Contributor [and/or [Property Owner][Tenant] (or] any of [Contributor's][Property Owner's][Tenant's] agents) is a party or (ii) by which any of the Contributor[, the Property Owner] [,Tenant] or the Property is bound. "Contracts" includes, without limitation, utility contracts, management contracts, construction contracts, maintenance and service contracts, parking contracts, employment contracts, equipment leases and brokerage and leasing agreements, but excludes the Leases (as defined below) and the documents evidencing the Existing Mortgage Debt.

["Contributed Interest" has the meaning set forth in the Recitals.]

"Contribution Value" means an amount computed and set forth on the Closing Statement equal to the Gross Contribution Value less the Existing Mortgage Debt and other debts and obligations relating to the Property (other than contingent liabilities) and plus or minus (as applicable) the amount of prorations and adjustments required by Article 6.

"Contributor" has the meaning set forth in the Introductory Paragraph hereof.

["Contributor Partnership Agreement" means that certain [ ] of [ ] dated as of the Effective Date.]

"Contributor Representative" has the meaning set forth in Section 2.5.

"Contributor's Share" with regard to the Contribution Value is equal to the percentage (as determined by NSA) of the Contribution Value that would be distributed to Contributor had the Property been sold at the Closing for its Gross Contribution Value and the net proceeds from the sale, after payment of the Existing Mortgage Debt and other debts and obligations of the [Property Owner] [Tenant] (other than contingent liabilities) and taking into account the amount of prorations and adjustments required by Article 6, were distributed to the [equity owners of the [Property Owner][Tenant]][Contributor].

"Contributor Indemnified Parties" means the Contributor.

"Contributor Representative" has the meaning set forth in Section 2.5.

"Control" (including the terms "Controlling", "Controlled by" and "under common Control with") means, with respect to a Person, the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of Voting Interests, by contract or otherwise.

["Current Insurance Policies" has the meaning set forth in Section 5.3.]

"Debt" means, as to any Person, (i) all obligations of such Person for borrowed money (including reimbursement and all other obligations with respect to surety bonds, letters of credit and bankers' acceptances, whether or not matured, and convertible debt) but not including trade accounts payable and accrued commercial or trade liabilities arising in the ordinary course of business, (ii) all obligations of such Person evidenced by notes, bonds, debentures or similar instruments, (iii) all obligations of such Person to pay the deferred purchase price of property or services, except trade accounts payable and accrued commercial or trade liabilities arising in the ordinary course of business, (iv) all interest rate and currency swaps, caps, collars and similar agreements or hedging devices under which payments are obligated to be made by such Person, whether periodically or upon the happening of a contingency, (v) all indebtedness created or arising under any conditional sale or other title retention agreement with respect to property acquired by such Person, (vi) all obligations of such Person under leases which have been or are required to be, in accordance with GAAP, recorded as capital leases, (vii) all indebtedness secured by any Lien on any property or asset owned by such Person regardless of whether the indebtedness secured thereby shall have been assumed by such Person or is non-recourse to the credit of such Person, and (viii) all guarantees by such Person of the Debt of any other Person, except indebtedness, in each instance, for trade payables and other customary and ordinary expenses in the ordinary course of business.

["Effective Date" has the meaning set forth in the preamble hereof.]

"Environmental Laws" has the meaning set forth in Section 4.1([h][i]).

["Existing Lender" means collectively, the current lender(s), servicer(s), and/or rating agencies under the Existing Mortgage Debt and the Existing Loans.]

"Existing Loans" has the meaning set forth in Section 4.1(n).

"Existing Mortgage Debt" means the secured Debt presently encumbering the Property as set forth on Schedule 4.1(o)-1 attached hereto.

"Facilities Portfolio" has the meaning set forth in the NSA LP Agreement.

"Facilities Portfolio Management Agreement" means a management agreement for the provision of management and/or similar services with respect to the Facilities Portfolio (including the Property) in the form attached as Exhibit C to this Agreement.

"Financial Statements" has the meaning set forth in Section 4.1(k).

"Fundamental Representations" means each of the representations and warranties set forth in Sections 4.1(a), [Section 4.1(b),] the first and second sentences of Section 4.1(c),



[Section 4.1(s), Section 4.1(t)], Section 4.1(u), Section 4.1(v), Section 4.1(w), Section 4.1(x), Section 4.1(y), Section 4.1(z), Section 4.1(aa) and Section 4.1(bb).

"GAAP" means accounting principles generally accepted in the United States.

"General Partner" means National Storage Affiliates Trust, a Maryland real estate investment trust.

"Governmental List" has the meaning set forth in Section 4.1([i][j]).

"Gross Contribution Value" has the meaning set forth on Exhibit A.

"Ground Lease" means that certain [Lease] dated [ ] by and between [ ].

"Hazardous Materials" means (i) any chemical, material or substance at any time defined as or included in the definition of "hazardous substances," "hazardous waste," "hazardous materials," "extremely hazardous waste," "acutely hazardous waste," "radioactive waste," "biohazardous waste," "pollutant," "toxic pollutant," "contaminant," "restricted hazardous waste," "infectious waste," "toxic substances," or any other term or expression intended to define, list or classify substances by reason of properties harmful to health, safety or the indoor or outdoor environment (including, without limitation, harmful properties such as ignitability, corrosivity, reactivity, carcinogenicity, toxicity, reproductive toxicity, "TCLP toxicity," or "EP toxicity" or words of similar import under any applicable Environmental Laws); (ii) any oil, petroleum, petroleum fraction or petroleum derived substance; (iii) any drilling fluids, produced waters and other wastes associated with the exploration, development or production of crude oil, natural gas or geothermal resources; (iv) any flammable substances or explosives; (v) any radioactive materials; (vi) any asbestos-containing materials; (vii) any

urea formaldehyde foam insulation; (viii) any electrical equipment which contains any oil or dielectric fluid containing polychlorinated biphenyls; (ix) any pesticides; (x) any radon gas and (xi) any other chemical, material or substance designated, classified or regulated as hazardous or toxic or as a pollutant or contaminant under any Environmental Law.

"Indemnitee" has the meaning set forth in Section 8.3(a).

"Indemnitor" has the meaning set forth in Section 8.3(a).

"Intangibles" means all intangible property owned and in possession of the [Contributor][Property Owner][Tenant] in connection with the ownership, use, operation or development of the Property, including, without limitation: (i) the Contracts, (ii) the Leases, all guaranties of the Leases, all security deposits or letters of credit under the Leases, all other security, if any, under the Leases and any rent prepaid under the Leases, and (iii) all Other Rights.

"Land" means the land described on Exhibit B.

"Law" or "Laws" has the meaning set forth in Section 4.1([c][d]).

"Leases" means all customer leases, licenses and rental agreements for storage units at the Property (including, without limitation, all amendments, modifications, agreements, records,



substantive correspondence and other documents affecting in any way a right to occupy any portion of the Property).

"Licenses" has the meaning set forth in Section 4.1([c][d]).

"Liens" means any mortgage, pledge, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or other), other charge or security interest or any preferential arrangement of any kind or nature whatsoever (including any conditional sale or other title retention agreement), and any obligations under capital leases having substantially the same economic effect as any of the foregoing.

"Loss" or "Losses" means any and all direct claims, losses, damages, costs, liabilities, fines, penalties, deficiencies, diminution of value, causes of action and expenses, including, without limitation, attorney's fees and disbursements, and exclusive of all contingent or consequential items.

"Notice" has the meaning set forth in Section 8.3(a).

"NSA" means NSA OP, LP, a Delaware limited partnership.

["NSA Partnership Units" means collectively, the Class A NSA Units and Class B NSA Units.]

["NSA Partner" has the meaning set forth in the Recitals.]

"NSA Indemnified Parties" means NSA, the General Partner, the Parent and their respective subsidiaries, Affiliates, officers, managers, members, employees, lenders, representatives and agents.

"NSA LP Agreement" has the meaning set forth in the Recitals.

"Organizational Documents" means with respect to the Contributor (if a legal entity) [or the Property Owner][Tenant], collectively: (i) the articles of organization for such Person, (ii) the operating agreement for such Person, and (iii) any certificate of qualification or foreign entity registration for such Person (together with all supplements, amendments, modifications, consents and waivers related to any of the foregoing).

"Other Rights" means any Licenses, warranties, guaranties or other rights relating to the ownership, use, operation or development of the Property to the extent transferable.

"Parent" shall mean National Storage Affiliates Holdings, LLC, a Delaware limited liability company.

["Partnership Unit Designation" means that certain Partnership Unit Designation of Series [ ] Class B OP Units of NSA OP, LP.]

"Permitted Exceptions" means, with respect to the Property, those exceptions to title to the Property and those encumbrances on the Personal Property existing as of the Effective Date



as set forth on the title report obtained by NSA and set forth on Exhibit D, matters of record and all other matters which would be disclosed by an accurate survey and inspection of the Property, zoning laws, the liens of real estate taxes and assessments for 201[ ] and subsequent years; and all rights of tenants, as tenants only under the Leases, to use or occupy storage units at the Property.

"Person" means an individual, partnership, corporation (including a business trust), limited liability company, joint stock company, trust, unincorporated association, joint venture or other entity, or a government or any political subdivision or agency thereof.

"Personal Property" means all tangible personal property owned by the Contributor [and/or the [Property Owner][Tenant]] located at or in or used in connection with the Property as of the date of this Agreement or the Closing Date.

"Phase I Assessment" has the meaning set forth in Section 5.14.

"Prohibited Person" has the meaning set forth in Section 4.1(j).

"Property" means, individually and collectively, all Real Property, Personal Property and Intangibles. All references in this Agreement to the Property shall be deemed to refer to all or any portion of the Property.

["Property Owner" has the meaning set forth in the Recitals.]

"Proration Date" shall mean the Closing Date.

"Real Property" shall mean the Land, together with all Appurtenances and improvements thereon.

"Related Agreements" means, collectively, all documents to be executed and delivered in connection with this Agreement, including, without limitation, the NSA LP Agreement, [the Partnership Unit Designation,] the Registration Rights Agreement, the Facilities Portfolio Management Agreement and any other documents referred to in Article 3.

"Rent Roll" has the meaning set forth in Section 4.1([e][f]).

"Securities Act" shall mean the Securities Act of 1933, as in effect from time to time, and any applicable rules and regulations promulgated thereunder. Any reference herein to a specific section or sections of the Securities Act shall be deemed to include a reference to any corresponding provision of future law.

"Subsidiary" means, with respect to any Person, any other Person (which is not an individual) of which a majority of (i) the Voting Interests or (ii) the outstanding equity interests is owned, directly or indirectly, by such Person.

"Survey" has the meaning set forth in Section 5.14.

"Taxes" has the meaning set forth in Section 4.1(l).



["Tenant" has the meaning set forth in the Recitals.]

"Title Policy" has the meaning set forth in Section 5.14.

"Voting Interests" means with respect to any Person, ownership interests, the holders of which are ordinarily, in the absence of contingencies, entitled to vote for the election of directors (or persons performing similar functions) of such Person, even if the right so to vote has been suspended by the happening of such a contingency.

**1.2. Rules of Application.** The definitions in Section 1.1 and elsewhere in this Agreement shall apply equally to both the singular and plural forms of the terms defined. Whenever the context may require, any pronoun used herein shall include the corresponding masculine, feminine and neuter forms. The words "include," "includes" and "including" shall be deemed to be followed by the phrase "without limitation." The words "herein," "hereof," "hereunder" and similar terms shall refer to this Agreement, unless the context otherwise requires.

## Article 2
## Contribution of [Contributed Interest][the Property]

**2.1. Contributions.** The Contributor agrees to [contribute][convey] and transfer [title to] the [Contributed Interest] [Property] to NSA [Partner] on the Closing Date free and clear of all Liens, subject to the terms and conditions of this Agreement. In consideration of such [contribution][conveyance] and transfer, and in reliance on the representations and warranties of the Contributor contained in or made pursuant to the terms of this Agreement, NSA agrees to issue to the Contributor at the Closing an aggregate number of [Class A NSA Units][NSA Partnership Units (comprising Class A NSA Units and/or Class B NSA Units, as applicable]) that are equal to (i) Contributor's Share of the Contribution Value set forth on the Closing Statement, divided by (ii) [$ ]. The Contribution Value (and therefore the number of [Class A NSA Units][NSA Partnership Units] that the Contributor receives) shall be subject to adjustment pursuant to the prorations and adjustments described in this Agreement. The number of Class A NSA Units [and/or Class B NSA Units, as applicable], to be issued to the Contributor shall be determined by agreement between the Contributor Representative and NSA. The Contributor[, NSA Partner] and NSA may agree, (1) in connection with the Closing, to pay the Contributor a cash amount, to be mutually agreed in writing, in lieu of the issuance of [[Class A NSA Units]][NSA Partnership Units] or (2) in connection with or following the Closing, to allow the Contributor to sell Contributor's Class A NSA Units [and/or Class B NSA Units] to NSA, [NSA Partner] or its designee in exchange for cash at a price per Unit to be mutually agreed in writing.

**2.2. Closing Date.** Unless this Agreement is sooner terminated or extended pursuant to its terms or unless otherwise agreed to in writing by the Contributor and NSA, the closing of the transactions contemplated by this Agreement (the "Closing") shall take place on [ ] (the "Closing Date"), provided that, subject to Section 2.3, NSA shall have the right to extend the Closing Date to a date following the time that the conditions to Closing set forth herein have been satisfied or waived by the parties.



**2.3. Termination.** Notwithstanding anything to the contrary contained herein or in any Related Agreements, this Agreement may be terminated at any time prior to the Closing, as follows:

**(a)** By mutual consent of all the parties;

**(b)** [By either party, if the Closing has not occurred by [ , 201 ]];

**(c)** By NSA pursuant to Section 3.1;

**(d)** By NSA pursuant to Section 9.1;

**(e)** By the Contributor pursuant to Section 3.3; or

**(f)** By the applicable party pursuant to Article 7.

Any party electing to terminate this Agreement pursuant to this Section shall provide written notice to the other party of such election and the reason for terminating this Agreement and the termination of this Agreement shall be effective upon the non-issuing party's receipt of the termination notice. Upon termination pursuant to this Section 2.3, no party hereto shall have any further rights, obligations or liabilities hereunder except to the extent that any right, obligation or liability set forth herein expressly survives the termination of this Agreement.

**2.4. Grant of Power of Attorney to General Partner of NSA**. By executing this Agreement, the Contributor hereby irrevocably constitutes and appoints the General Partner (or a substitute appointed by the General Partner) as his, her or its attorney-in-fact, proxy and agent with full power of substitution on the terms and for the purposes set forth in Section 2.5 of the NSA LP Agreement and to take any and all actions and execute and deliver any of the following agreements on such Contributor's behalf and in such Contributor's name: (i) the NSA LP Agreement and any amendment to the NSA LP Agreement entered into in connection with the transactions contemplated in this Agreement or the Related Agreements (including the power of attorney included in the NSA LP Agreement), (ii) [the Contributor Interest Assignment][Bill of Sale][and (iii)] [,(iii) the Contributor Partnership Agreement and any amendments thereto, and (iv)] any other Related Agreements on such Contributor's behalf and in such Contributor's name, as may be deemed by the General Partner as necessary or desirable to effectuate the transactions contemplated in this Agreement or the Related Agreements, and the other transactions described herein or therein. The Contributor hereby grants to each attorney-in-fact full power and authority to do and perform each and every act and thing which may be necessary, or convenient, in connection with the foregoing, as fully, to all intents and purposes, as the undersigned might or could do if personally present, hereby ratifying and confirming all that such attorney-in-fact shall lawfully do or cause to be done by authority hereof. Such power-of-attorney shall be deemed to be coupled with an interest and shall be irrevocable and shall survive the death, disability or dissolution of the Contributor.

**2.5. Grant of Power of Attorney to Contributor Representative**. By executing this Agreement, the Contributor hereby irrevocably constitutes and appoints [*insert name of applicable Core Affiliate*] (the "Contributor Representative") (or a substitute appointed by such



Person) as his, her or its attorney-in-fact, proxy and agent with full power of substitution to approve or take any and all actions and execute and deliver on such Contributor's behalf and in such Contributor's name any amendments to the NSA LP Agreement (including the power of attorney included in the NSA LP Agreement) which are proposed by the General Partner of NSA. The Contributor hereby grants to each such attorney-in-fact full power and authority to do and perform each and every act and thing which may be necessary, or convenient, in connection with the foregoing, as fully, to all intents and purposes, as the undersigned might or could do if personally present, hereby ratifying and confirming all that such attorney-in-fact shall lawfully do or cause to be done by authority hereof. Such power-of-attorney shall be deemed to be coupled with an interest and shall be irrevocable and shall survive the death, disability or dissolution of the Contributor.

**2.6. Tax Treatment**. [INCLUDE (A) IF THE TWO CONTRIBUTOR ENTITIES WILL LIQUIDATE AND DISTRIBUTE THE CONSIDERATION IN CONNECTION WITH THE CONTRIBUTION. INCLUDE (B) IF THEY WILL NOT.]

**(a)** [For U.S. federal income tax purposes, the parties hereto agree to treat the contribution as an "assets over" partnership merger of the [Property Owner][Tenant][Contributor] and NSA within the meaning of Treasury Regulation Section 1.708-1(c)(3)(i). As a result, to the extent [an owner of an interest in] the Contributor receives cash in exchange [for its Contributed Interest] [therefor], the contribution shall be treated as a sale by [such owner of its interest in] the Contributor [of its Contributed Interest] and a purchase by NSA of such [Contributed Interest][interest] in accordance with Treasury Regulation Section 1.708-1(c)(4), to the extent of the cash received, and [the Contributor hereby][each owner] consents to such treatment [by accepting such cash]. To the extent [an owner of an interest in] the Contributor receives [Class A NSA Units][NSA Partnership Units] in exchange for [its Contributed Interest][such interest], the [Property Owner][Tenant][Contributor] shall be treated as contributing the Property to NSA [Partner] in exchange for

[Class A NSA Units][NSA Partnership Units] in a transaction qualifying under Section 721 of the Code, and the [Property Owner] [Tenant][Contributor] shall be treated as subsequently distributing such [Class A NSA Units][NSA Partnership Units] to [the Contributor] [such owner] as a liquidating distribution. [Each owner of an interest in the Contributor, the Contributor, and NSA hereby agree to the U.S. federal income tax treatment described in this Section 2.6, and none of any owner of an interest in the Contributor, the Contributor, or NSA shall maintain a position on their respective U.S. federal income tax returns or otherwise that is inconsistent therewith unless otherwise required by law.]

**(b)** [For U.S. federal income tax purposes, the parties hereto intend to treat the contribution as a transaction qualifying under Section 721 of the Code to the extent the Contributor receives [Class A NSA Units][NSA Partnership Units] in exchange therefor.] Contributor and NSA hereby agree to the U.S. federal income tax treatment described in this Section 2.6, and neither the Contributor nor NSA shall maintain a position on their respective U.S. federal income tax returns or otherwise that is inconsistent therewith. unless otherwise required by law.]

**2.7. Withholding**. NSA shall be entitled to deduct and withhold from any portion of the consideration paid to the Contributor such amount as it is required to deduct and withhold from such payment under the Code or any provision of U.S. federal, state, local or foreign tax



law. To the extent that amounts are withheld by NSA, such amounts shall be treated for all purposes of this Agreement as having been paid to such Contributor in respect of which such deduction and withholding was made by NSA.

## Article 3
## Covenants and Conditions to NSA's Obligations

**3.1. Covenants and Conditions to NSA's Obligations.** The obligation of NSA to consummate the transactions contemplated hereunder shall be subject to the satisfaction or waiver by NSA of each of the conditions set forth below and the performance by the Contributor of its obligations set forth below and elsewhere in this Agreement.

**(a) Accuracy of Representations and Warranties.** The representations and warranties of the Contributor contained herein shall be true and correct as of the date hereof and the Closing Date (except to the extent that any such representation or warranty speaks as of a specific date, in which case only as of such specific date) in all material respects; provided, however, if any such representation or warranty shall be subject of a qualification as to "materiality," such qualified representation and warranty shall be true and correct in all respects.

**(b) Contributor Deliveries.** On the Closing Date, the Contributor shall have executed (as applicable) and delivered the items set forth in Section 3.2.

**(c) Absence of Litigation.** No Action shall be pending or threatened against the Contributor or the [Property] [Property Owner][Tenant], which (i) questions or could reasonably be expected to question the validity or legality of the transactions contemplated by this Agreement or the Related Agreements or (ii) affects or could reasonably be expected to affect the operation of the Property in any material manner.

**(d) No Default.** The Contributor shall have fully complied with all of its obligations hereunder.

**(e) [Loan Prepayment.** The Existing Loans shall be pre-payable on a voluntary basis by the [Property Owner] [Tenant] [Contributor] at the Closing and the prepayment penalty, if any, has been included in the list of assumed liabilities on the Closing Statement.][**Loan Prepayment; Lender Consents.** The Existing Loans, if any, set forth on Schedule 4.1(n)-1(a) have been either (i) repaid together with any penalties, costs, fees and/or expenses associated with such repayment by the Contributor, (ii) have not been repaid, consent is not required from the Existing Lender, any required notices have been delivered to the Existing Lender and Existing Lender has not objected to such notice(s) within the applicable notice period or (iii) have not been repaid and the Existing Lender has consented in writing to the transactions contemplated by this Agreement and the Related Agreements, any penalties, costs, fees and/or expenses related to obtaining such consents have been paid in full by the Contributor.]

**(f) Facilities Portfolio Management Agreement.** Evidence that the Facilities Portfolio Management Agreement in a form acceptable to NSA in its sole and absolute discretion shall have been duly executed by the property manager designated to manage the Facilities Portfolio;



**(g) Concurrent Contributions**. Other Persons, if any, who own [equity][fee] interests in the [Property][Property Owner][Tenant] shall be prepared, simultaneously with the Closing, to [contribute][convey][assign] such [equity][fee] interests to NSA [Partner] in order to allow NSA [Partner], upon completion of such other contribution transactions, to own 100% of the [equity interests] [fee interest] in the [Property][Property Owner][Tenant].

**(h) [Title Policies.** [On][Subject to Section 5.14 of this Agreement, on] and as of the Closing Date, the title company selected by NSA shall be irrevocably committed to issue to [the Property Owner][NSA (or its Affiliate, or any other Person designated by NSA)] a Title Policy for the Property in a form and in an amount satisfactory to NSA, in its sole discretion.]

**(i)** **Survey.** [Subject to Section 5.14 of this Agreement,] NSA shall have received a Survey for the Property, in a form satisfactory to NSA in its sole discretion.[, and certified to NSA (or its Affiliate, or any other Person designated by NSA).]

**(j)** **Environmental Reports.** [Subject to Section 5.14 of this Agreement,] NSA shall have received a Phase I Assessment for the Property, in a form satisfactory to NSA, in its sole discretion.

**(k)** **[Contributor Partnership Agreement.** Contributor shall have entered into the Contributor Partnership Agreement.]

If any of the foregoing conditions have not been satisfied (or waived in writing by NSA) as of the Closing Date, NSA shall have the right to terminate this Agreement, and thereafter neither party hereto shall have any further rights, obligations or liabilities hereunder except to the extent that any right, obligation or liability set forth herein expressly survives the termination of this Agreement.

**3.2.** **Delivery of Contributor Documents.** At the Closing, the Contributor shall execute and/or deliver to NSA the following:

**(a)** **[Assignments of Contributed Interest.** An assignment] [**[Special/General/Quitclaim] Warranty Deed.** A [special/general/quitclaim] warranty deed executed and acknowledged by Contributor as] of the [Contributed Interest][Closing Date] in the form attached to this Agreement as Exhibit E (such transfer having the effect of conveying [indirect interests][the Contributor's fee interest] in the Property) (the "[Contributor Interest Assignment][Deed]");

**(b)** **FIRPTA and Related Certificate(s).** The certifications, to the extent applicable, in the form attached hereto as Exhibit F1, confirming that [each of [the Property Owner][Tenant],] the Contributor, and to the extent requested by NSA, each of the Contributor's beneficial owners, is not a "foreign person" as defined in Section 1445(f)(3) of the Code, and Exhibit F2, confirming Contributor is not subject to back-up withholding;

**(c)** **Authority.** Such resolutions, consents or other evidence, satisfactory to NSA, of Contributor's authority to (i) [to execute and deliver the Deed, (ii)] execute and deliver



this Agreement and all Related Agreements, and ([ii][iii]) consummate the transactions contemplated hereby and thereby, and perform its obligations under the Related Agreements;

**(d)** **Closing Statement.** A closing statement computing the Contribution Value (the "Closing Statement") duly executed by the Contributor Representative;

**(e)** **Termination of Affiliate Contracts**. Evidence of termination of all Contracts between the [Property Owner] [Contributor][Tenant] and any Affiliates of the Contributor relating to the Property, which shall be acceptable to NSA in its sole and absolute discretion;

**(f)** **Good Standing Certificates.** Good standing certificates for the [Property Owner][Contributor][Tenant] issued by [each][the] state where the [Property][Property Owner] [Tenant] is [organized and is authorized to conduct business as a foreign entity][located], dated no earlier than 15 days prior to the Closing Date;

**(g)** **Accredited Investor Questionnaire.** An Accredited Investor Questionnaire duly executed and completed in a manner acceptable to NSA in its sole and absolute discretion;

**(h)** **Tax Bills.** Copies of the most currently available tax bills for the Property;

**(i)** **Transfer Tax Forms.** Such transfer tax, gains or similar forms required by applicable law; and

**(j)** **[Assignment and Assumption of Leases and Other Occupancy Agreements**. An Assignment and Assumption of Leases and Other Occupancy Agreements (the "Assignment of Leases"), executed by Contributor as of the Closing Date in the form attached hereto as Exhibit J.

**(k)** **General Assignment and Bill of Sale.** A general assignment and bill of sale (the "Bill of Sale"), executed by Contributor as of the Closing Date in the form attached hereto as Exhibit K. ]

**(l)** **Other Documents.** Such other documents as may be reasonably necessary or appropriate to effect the consummation of the transactions contemplated hereby or which are otherwise required or contemplated by this Agreement.

**3.3.** **Conditions to the Obligations of the Contributor.** The obligation of the Contributor to consummate the transactions contemplated by this Agreement is subject to the satisfaction or waiver by the Contributor, on or before the Closing Date, of each of the conditions set forth below.

**(a)** **Accuracy of Representations and Warranties.** The representations and warranties of NSA [and NSA Partner] contained herein shall be true and correct as of the date hereof and the Closing Date (except to the extent that any such representation or warranty speaks as of a specific date, in which case only as of such specific date) in all material respects;

provided, however, if any such representation or warranty shall be subject of a qualification as to "materiality," such qualified representation and warranty shall be true and correct in all respects.

**(b) Absence of Litigation.** No Action shall be pending or threatened against NSA [or NSA Partner]which questions or could reasonably be expected to question the validity or legality of the transactions contemplated under this Agreement or the Related Agreements.

If any of the foregoing conditions have not been satisfied as of the Closing Date, the Contributor shall have the right to terminate this Agreement, and thereafter no party hereto shall have any further rights, obligations or liabilities hereunder except to the extent that any right, obligation or liability set forth herein expressly survives the termination of this Agreement.

**3.4. Delivery of NSA Documents.** At the Closing, NSA [and NSA Partner] shall execute, satisfy and/or deliver to the Contributor, as applicable, the following:

**(a) Assumption of [[Ownership][Membership Interests].][Personal Property and Intangibles.]** A counterpart to the [Contributor Interest Assignment][Bill of Sale] duly executed by an authorized person of NSA [or NSA Partner].

**(b) The [Class A NSA Units][NSA Partnership Units].** Evidence that the [Class A NSA Units][NSA Partnership Units] have been issued to the Contributor in accordance with the terms and conditions hereof.

**(c) Closing Statement**. A counterpart to the Closing Statement delivered to the Contributor Representative duly executed by an authorized officer of NSA.

## Article 4
## Representations and Warranties

**4.1. Representations and Warranties of the Contributor.** The Contributor hereby represents and warrants to NSA [and NSA Partner] as of the Closing Date, as follows:

**(a) Existence and Power.** [[The][Each] Contributor [(where such Contributor is an entity)] has been duly formed and is a validly existing [limited liability company][limited partnership][trust] under the laws of the State of [ ]]. [The Contributor has all power and authority to enter into this Agreement and all other documents to be executed and delivered in connection with the transactions that are the subject of this Agreement, including, without limitation, all Related Agreements, to the extent they are to be executed by the Contributor, and to enter into and deliver and to perform its obligations hereunder and under all other documents to be executed and delivered in connection with the transactions that are the subject of this Agreement, including, without limitation, all Related Agreements, to the extent they are to be executed by the Contributor.]

**(b) [Property Owner][Teant] Status/Organizational Documents.** The [Property Owner][Tenant] is a [limited liability company][limited partnership] duly formed, validly existing and in good standing under the laws of the State of [ ]. The [Property Owner][Tenant] has the power and authority to own [a leasehold interest in] and operate, whether directly or indirectly, the Property and its assets and to carry on its business as



now being conducted. [Property Owner][Tenant] is duly qualified to do business and is in good standing in the state(s) listed on Schedule 4.1(b) attached hereto.] The Contributor Representative has delivered or made available to NSA true, correct and complete copies of the Organizational Documents for the [Property Owner][Tenant][Contributor]. The Organizational Documents for the [Property Owner][Tenant][Contributor] are in full force and effect and are enforceable in accordance with their respective terms. The Contributor is not in default of, nor has any event occurred or failed to occur which with the passage of time or the giving of notice would constitute a default by the Contributor under any of [the Organizational Documents of the [Property Owner][Tenant]][its Organizational Documents.] [The Contributor has all power and authority to enter into this Agreement and all other documents to be executed and delivered in connection with the transactions that are the subject of this Agreement, including, without limitation, all Related Agreements, to the extent they are to be executed by the Contributor, and to enter into and deliver and to perform its obligations hereunder and all other documents to be executed and delivered in connection with the transactions that are the subject of this Agreement, including, without limitation, all Related Agreements, to the extent they are to be executed by the Contributor.]

**(c) Authorization; No Contravention.** If the Contributor is an entity, the execution and delivery of this Agreement and the Related Agreements by the Contributor and the performance of its obligations under all of the foregoing have been duly authorized by all requisite organizational action. This Agreement and the Related Agreements executed by the Contributor constitute the valid, legal and binding obligations of the Contributor, each enforceable against the Contributor in accordance with its terms, subject to bankruptcy and similar laws affecting the remedies or resources of creditors generally and principles of equity. The execution and delivery of this Agreement or the Related Agreements and the consummation of the transactions contemplated herein and therein will not conflict with, or result in any violation or default (with or without notice or lapse of time or both) under, give rise to a right of termination, cancellation or acceleration of, or give any Person the right to exercise any remedy under, any contractual obligation, or result in the creation of any Lien upon the [Contributed Interest, the] Property or the other assets of the [Property Owner][Tenant]

[Contributor] under: (i) any agreement, judgment, statute, law, ordinance, rule, regulation, order or decree to which the Contributor [or the [Property Owner][Tenant]] is a party or by such Person is bound or to which any of such Person's assets are subject, (ii) the Organizational Documents of the Contributor (if the Contributor is an entity [or the [Property Owner][Tenant],]), or (iii) any Law applicable to the Contributor[or the [Property Owner][Tenant]]. Except as set forth on Schedule 4.1(c) attached hereto, no authorization, approvals or consents from, or registration, declaration or filings with, any lender, partner, member, shareholder, beneficiary, tenant, creditor, investor, Authority or other Person is required in order for the Contributor to execute and deliver this Agreement or the Related Agreements and consummate the transactions contemplated herein and therein.

**(d) Compliance with Law; Licenses and Permits.** [Neither the][The] Contributor [nor the [Property Owner][Tenant] have][has not] received written notice that (i) all or any portion of the Property materially violates any law, rule, regulation, ordinance, code or interpretation of any Authority (collectively, "Laws") (including, without limitation, those relating to zoning and the requirements of Title III of the Americans with Disabilities Act of 1990 (42 U.S.C. 12181, et seq.)), or any requirement of any insurer or board of fire underwriters



or similar entity that remain uncured in whole or in part, or (ii) the Property is otherwise not in material compliance with applicable Laws. To the Contributor's knowledge, [the Property Owner][Tenant][it] has conducted its businesses in compliance with applicable Laws in all material respects. [Neither the][The] Contributor [nor the [Property Owner][Tenant]] has [not] received written notice that the Property lacks any license, permit, approval or variance from any Authorities having jurisdiction over the Property (collectively, the "Licenses") and otherwise has knowledge of any violation, revocation or modification of any of the Licenses or threatening such action with respect to such Licenses.

**(e) Contracts.** Schedule 4.1(e) attached hereto identifies all of the documents (including any amendments or modifications) evidencing each of the Contracts, entered into by the [Property Owner][Tenant][Contributor] or any of its agents which, to the Contributor's knowledge, are presently in force and which affect the [Property] [[Property Owner][Tenant] or the Property] or the operation, repair or maintenance thereof. True, complete and correct copies of all of such Contracts have been provided by the Contributor Representative to NSA. Each Contract is in full force and effect and no breach or default by the Contributor or [the [Property Owner][Tenant] or], to the Contributor's knowledge, by the counterparty thereunder, has occurred under any Contract. [Neither the][The] Contributor [nor the [Property Owner][Tenant]] has [not] given or received written notice of any default under the Contracts, and to the Contributor's knowledge there is no, default or any fact or circumstance which, with the passage of time and/or the giving of notice would constitute a material default under any of the Contracts or would give rise to a right of termination or additional liability thereunder.

**(f) Leases.** The Contributor Representative has made available to NSA true, complete and correct copies of the Leases and all extensions, renewals and amendments thereto. The tenant roster attached hereto as Schedule 4.1(f) (the "Rent Roll") sets forth the following information with respect to the Leases (i) customer names and expiration dates, (ii) the storage unit numbers leased, (iii) security deposits, (iv) the monthly rent currently payable thereunder and any tenant insurance premiums, (v) any outstanding free rent periods and (vi) whether the tenant under such Lease is delinquent for greater than 30 days in the payment of rent or tenant insurance premiums. The security deposits shown on Schedule 4.1(f) are held or owed by the [Property Owner][Tenant][Contributor]. The information set forth on Schedule 4.1(f) is true, correct and complete in all material respects. Each Lease is valid and binding and in full force and effect. [Neither the][The] Contributor [nor the [Property Owner][Tenant]] has [not] received written notice of any, and to the Contributor's knowledge there exists no breach or default by the [Property Owner][Tenant][Contributor] under any Lease. To the Contributor's knowledge, except as set forth on the Rent Roll, no monetary default by the tenant thereunder has occurred under any Lease.

**(g) Litigation.** There is no litigation or Action pending with respect to the Contributor[, the [Property Owner][Tenant] and/] or the Property and no Actions or proceedings pending to which either the Contributor [or the [Property Owner][Tenant]] is a party, before any court or administrative agency and, no such Actions or proceedings have been threatened.

**(h) Proceedings/Special Assessments.** [Neither the][The] Contributor [nor the [Property Owner][Tenant]] has [not] received written notice of any condemnation, zoning, environmental or other land use regulations proceedings either instituted or planned to be



instituted that would affect the Property. [Neither the][The] Contributor [nor the [Property Owner][Tenant]] has [not] received written notice of any special assessments filed or pending or, to the Contributor's knowledge, proposed against the Property or any other thereof.

**(i) Hazardous Materials.**

(i) To Contributor's knowledge, the reports listed on Schedule 4.1(i) attached hereto are all of the reports in the possession or control of the Contributor [or the [Property Owner][Tenant]] with respect to the presence of Hazardous Materials on the Property or the compliance of the Property with Environmental Laws.

(ii) Except as set forth on Schedule 4.1(i) attached hereto, the [Property Owner][Tenant][Contributor] is currently, and for the past ten years or such shorter period the [Property Owner][Tenant][Contributor] has owned [a leasehold interest in] the Property, has been in compliance with all applicable Environmental Laws in all material respects with respect to the Property. All past noncompliance by the [Property Owner][Tenant][Contributor] with any such Environmental Laws has been resolved without ongoing material obligations or costs to the [Property Owner][Tenant][Contributor] except as set forth on Schedule 4.1(i) attached hereto.

(iii) Except as otherwise listed on Schedule 4.1(i) attached hereto, the [Property Owner][Tenant] [Contributor] has not received written notice (A) that it or the Property have violated any Law or any judicial or agency interpretation or other requirement of any Authority relating to pollution or protection of the environment, health, safety or natural resources, including, without limitation, those relating to the use, handling, transportation, treatment, storage, disposal, release or discharge of Hazardous Materials (collectively, "Environmental Laws") that remain uncured in whole or in part; or (B) of any alleged, actual or potential responsibility for, or any inquiry or investigation regarding any release or threatened release of any Hazardous Substance from, or other conditions that exist, at the Property or any other real property previously owned or operated by the [Property Owner][Tenant] [Contributor] during the time that such properties were owned or operated by the [Property Owner][Tenant][Contributor] that remain uncured in whole or in part.

(iv) Except as otherwise listed on Schedule 4.1(i) attached hereto, [neither] the Contributor [nor the [Property Owner][Tenant]] is [not] subject to any order of an Authority related to the Property or any other real property owned or occupied by the [Property Owner][Tenant][Contributor], nor has the Contributor [or the Property Owner] received written notice of any Proceeding from any Person against the [Contributor][Property Owner][Tenant] or the Property alleging injury or damage to any Person, property, natural resource or the environment arising from or relating to any release or threatened release of any Hazardous Substances with respect to the Property or any other real property owned by the [Property Owner] [Tenant][Contributor] during the time that such properties were owned by the [Property Owner][Tenant][Contributor] that remain uncured in whole or in part. Except as otherwise listed on Schedule 4.1(i) attached hereto, [neither] the Contributor [nor the [Property Owner][Tenant]] has [not] received any written request or information from the United States Environmental Protection Agency or any other public, governmental or quasi-governmental agency or authority



with jurisdiction over any Environmental Laws relating to any matter that has not previously been fully cured.

(v) Except as set forth in any environmental or other reports listed on Schedule 4.1(i) attached hereto and to the Contributor's knowledge, there are no and never have been any underground or aboveground storage tanks or any surface impoundments, septic tanks, pits, sumps or lagoons in which Hazardous Materials are being or have been treated, stored or disposed of in violation of Environmental Law on the Property or other property owned or operated by the [Property Owner][Tenant][Contributor] or, to the Contributor's knowledge, on any property formerly owned or operated by the [Property Owner][Tenant][Contributor]; and there is no asbestos or asbestos-containing material in or on, or any polychlorinated biphenyls used or stored in or on in violation of any Environmental Law, the Property or other property owned or operated by the [Property Owner][Tenant][Contributor]. To the Contributor's knowledge, there has been no release, discharge or disposal of Hazardous Materials on or under the Property or other property owned or operated by the [Property Owner][Tenant][Contributor] in violation of Environmental Law that remain uncured in whole or in part.

**(j) Patriot Act.** Neither the Contributor, [the Property Owner,][Tenant,] nor[, to the Contributor's knowledge,] any Person holding a controlling interest in [either] the Contributor [or the Property Owner][or the Tenant] (whether directly or indirectly) is (i) identified on any Governmental List (as hereinafter defined), or otherwise qualifies as a Prohibited Person (as hereinafter defined) or (ii) in violation of any applicable law, rule or regulation relating to anti-money laundering or anti-terrorism, including any applicable law, rule or regulation related to transacting business with Prohibited Persons or the requirements of any Anti-Terrorism Law (as hereinafter defined). As used herein the term (1) "Anti-Terrorism Law" shall mean (a) the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism (USA PATRIOT) Act of 2001, Pub. Law No. 107-56, 115 Stat. 296 (2001); (b) the International Emergency Economic Powers Act, 50 U.S.C. (1701 et. seq. (2003); and (c) the Trading with the Enemy Act, 50 U.S.C. App. (1 et. seq. (2003) and (d) other similar laws enacted or promulgated of which NSA notifies the Contributor prior to the Closing Date; in each case, together with any executive orders, rules or regulations promulgated thereunder, including temporary regulations, all as amended or otherwise modified from time to time; (2) "Governmental List" shall mean (a) the List of Specially Designated Nationals and Blocked Persons promulgated by the U.S. Department of the Treasury Office of Foreign Assets Control from time to time and (b) any other similar list (including any list of Prohibited Persons) promulgated by any Authority from time to time; and (3) "Prohibited Person" shall mean any Person who is (a) designated by the U.S. federal government as a terrorist or as a suspected terrorist, whether on a Governmental List, or otherwise or (b) otherwise subject to trade, anti-money laundering or anti-terrorism restrictions under any Anti-Terrorism Law.

**(k) Financial Statements.** Schedule 4.1(k) attached hereto contains true, correct and complete copies of the (i) unaudited income, expense and other operating statements as of and for the fiscal period ended [December 31, 20 ] with respect to the Property[and (ii) unaudited balance sheet of the [Property Owner] [Tenant] and its consolidated Subsidiaries as of [December 31, 20 ]] (collectively, the "Financial Statements"). The Financial Statements have been prepared on an income tax basis consistent with prior periods and are complete, accurate, true and correct in all material respects and in all material respects accurately set forth the results



of the operation of the Property for the periods covered. [There are no liabilities or obligations relating to the [Property Owner] [Tenant] or any of its Subsidiaries of any nature, whether accrued, contingent or otherwise, and there is no existing condition, situation or set of circumstances that reasonably could be expected to result in such a liability or obligation, except for liabilities or obligations (a) reflected in unaudited balance sheet of the [Property Owner] [Tenant] and its consolidated Subsidiaries as of [December 31, 20 ] or (b) that were incurred since the date of the balance sheet and were normal and recurring expenses incurred in the ordinary course of business and could not reasonably be expected to have a material or adverse effect on the [Property Owner][Tenant] and its consolidated Subsidiaries. The assets and liabilities of the [Property Owner][Tenant] and its consolidated Subsidiaries as of the Closing are accurately represented by the

Pro Forma Balance Sheet attached hereto as Exhibit J.]

**(l) Taxes.** All tax or information returns required to be filed on or before the date hereof by or on behalf of the [Property Owner][Tenant][Contributor] (i) have been filed through the date hereof or will be filed on or before the date when due in accordance with all applicable Laws, and (ii) there is no Action pending against or with respect to the [Property Owner][Tenant] [Contributor] or the Property in respect of any tax nor is any claim for additional tax asserted by any Authority against Contributor, [the Property Owner][Tenant] or the Property. The [Property Owner][Tenant][Contributor] has paid, or caused to be paid, all material federal, state, county, local, foreign, and other taxes, and all deficiencies, or other additions to tax, interest, fines and penalties (collectively, "Taxes"), required to be paid by it, and in accordance with applicable Laws, have each filed all federal, state, county, local and foreign tax returns which are required to be filed by it, and all such returns correctly and accurately set forth the amount of any Taxes relating to the applicable period. No taxing authority is now asserting or, to the knowledge of the Contributor, threatening to assert against the [Property Owner][Tenant][Contributor] any deficiency or claim for additional Taxes. All real estate taxes and assessments relating to the Property that are due and payable have been paid.

**(m) Certain Title Matters and Personal Property.**

(i) The [Property Owner][Tenant][Contributor] owns [a] good, record and marketable [fee simple title to][leasehold interest in] the Property [pursuant to the Ground Lease]subject to the [applicable] Permitted Exceptions. The [Property Owner][Tenant][Contributor] does not directly or indirectly, beneficially or legally, own any assets other than the Property. [The Ground Lease is in full force and effect and has not been transferred or assigned by Tenant or amended or modified, other than is set forth in the definition of "Ground Lease". Tenant has not received notice of any default under or breach of the Ground Lease which default or breach remains uncured as of the date hereof. Tenant has no knowledge of any default under or breach of the Ground Lease which default or breach remains uncured as of the date hereof. Contributor has provided NSA with a true, correct and complete copy of the Ground Lease.]

(ii) The Real Property constitutes all of the real estate properties, directly or indirectly, beneficially or legally, owned or leased by the [Property Owner][Tenant][Contributor].



(iii) [With respect to the Real Property, a policy of title insurance has been issued insuring, as of the [Closing Date][effective date of each such insurance policy], fee simple title interest held by the [Property Owner][Tenant][Contributor] in the Real Property. No claim has been made against any such policy and to the Contributor's knowledge, such policy is in full force and effect.]

(iv) The [Property Owner][Tenant][Contributor] owns and holds good title to, or leases, all personal property necessary to operate the Property in the manner currently operated, free and clear of any Lien, other than any [applicable] Permitted Exception.

(v) The Property is owned free and clear of Liens, except for any [applicable] Permitted Exceptions.

(vi) [Neither the][The] Contributor [nor the [Property Owner][Tenant]] has [not] received written notice of any uncured violation of any of the easements, covenants or restrictions affecting the Property, including, without limitation, the Permitted Exceptions and, to the Contributor's knowledge, no other party is in violation of any such easements, covenants or restrictions. The Property is not subject to any option or right of first refusal or first opportunity to acquire any interest in the Property or any portion thereof and the [Property Owner][Tenant][Contributor] has not granted to any Person any option or right of first refusal or first opportunity to acquire any interest in the Property.

**(n) Existing Loans.** Schedule 4.1(n[-1]) attached hereto lists: (i) all secured Debt presently encumbering the Property, (ii) all direct or indirect Debt secured by an interest in the [Property Owner][Tenant][Contributor] and (iii) all unsecured Debt of the [Property Owner][Tenant][Contributor] (collectively, the "Existing Loans") and the outstanding aggregate principal balance of each the Existing Loans. No breach or default by the [Property Owner][Tenant][Contributor] has occurred and is continuing under any of the Existing Loans. No event has occurred and is continuing which with the passage of time or the giving of notice (or both) would constitute a breach or default under any of the Existing Loans, nor has the Contributor [or [Property Owner][Tenant]] received or given written notice of a breach or default under any of the documents evidencing any of the Existing Loans, which remains uncured. The Existing Loans are pre-payable on a voluntary basis by the [Property Owner][Tenant][Contributor] at Closing, [and the prepayment penalty, if any, is] [and if such prepayment occurs, any prepayment penalties related to such prepayments are] included on the list of assumed liabilities on the Closing Statement.

**(o) Eminent Domain.** There is no existing or, to the Contributor's knowledge, proposed or threatened condemnation, eminent domain or similar proceeding, or private purchase in lieu of such a proceeding which would have an adverse effect on the business or operations of the Property.

**(p) Non-Foreign Status.** The [[Property Owner][Tenant] and the] Contributor is a "United States person" (as defined in Section 7701(a)(30) of the Code).

**(q) Employees.** The [Property Owner][Tenant][Contributor] (i) does not have and has never had, any employees or (ii) is not a party to any collective bargaining agreement or

similar agreement. The [Property Owner][Tenant][Contributor] does not have any Plans (as that term is defined in Employee Retirement Income Security Act §3(3)), of which it is a sponsor or to which it contributes or has contributed or in which it otherwise participates or has participated.

**(r) [Bank Accounts.** Schedule 4.1(r) attached hereto sets forth a true, correct and complete list of the names and locations of all banks, trust companies, securities brokers and other financial institutions at which the [Property Owner][Tenant] has an account or safe deposit box or maintains a banking, custodial, trading or other similar relationship on behalf of itself and not in its capacity as an agent for another entity of the [Property Owner][Tenant] and the Property, together with a list of all authorized signatories with respect thereto.]

**(s) [Capitalization.** Schedule 4.1(s) attached hereto sets forth all of the outstanding ownership interests in the [Property Owner][Tenant], including the percentage interest of each owner therein. All such outstanding ownership interests have been duly authorized, are validly issued, fully paid and non-assessable. There are no outstanding or authorized options, warrants, purchase rights, subscription rights, conversion rights, preemptive rights, exchange rights or other contracts or commitments that could require the Contributor or the [Property Owner][Tenant] to issue, sell or otherwise cause to become outstanding any additional ownership interest and there are no equity or benefit plans, relating to the [Property Owner][Tenant], and all such outstanding ownership interests in the [Property Owner][Tenant] are without any obligation to restore capital. The Contributed Interest was offered, issued and sold in compliance in all material respects with all applicable federal and state securities laws and neither the Contributor nor the [Property Owner][Tenant] has received or been advised of any notice or allegation to the contrary.]

**(t) [Title to Interests.**

(i) The Contributor is the owner of record of the Contributed Interest. The Contributed Interest is, and when delivered by Contributor to NSA [Partner] pursuant to this Agreement will be, free and clear of any and all Liens, and of any preemptive or other similar rights to subscribe for or to purchase any such membership or other equity interests in the [Property Owner] [Tenant]. The Contributor has full power and authority to transfer the Contributed Interest, free and clear of any Liens and, upon delivery of consideration for the Contributed Interest as herein provided, NSA [Partner] will acquire good title thereto, free and clear of any Liens.

(ii) There are no options, calls, warrants or rights to acquire, or otherwise relating to the Contributed Interest. The [Property Owner][Tenant] has not sold, issued or authorized the issuance of any instrument convertible into or exchangeable for any membership or other equitable interests in the [Property Owner][Tenant]]

**(u) Subsidiaries.** Except as set forth on Schedule 4.1(u) attached hereto, the [Property Owner][Tenant] [Contributor] does not own and has never owned any interest in any other Person.



**(v) Single Purpose.** Except as set forth on Schedule 4.1(v) attached hereto, the [Property Owner][Tenant] [Contributor] has never engaged in any business other than the ownership [of a leasehold interest in] and operation of the Property.

**(w) Solvency.** [Neither the][The] Contributor [nor the [Property Owner][Tenant]] has [not]: (i) made a general assignment for the benefit of creditors; (ii) filed any voluntary petition in bankruptcy or suffered the filing of any involuntary petition by its creditors; (iii) suffered the appointment of a receiver to take possession of all or substantially all of its assets; (iv) suffered the attachment or other judicial seizure of all, or substantially all, of its assets; (v) admitted in writing its ability to pay its debts as they come due; or (vi) made an offer of settlement, extension or composition to its creditors generally, nor to the Contributor's knowledge, are any such proceedings threatened against the Contributor [or the [Property Owner][Tenant]], or contemplated by the Contributor [or the [Property Owner][Tenant]]. The Contributor [and [Property Owner][Tenant]] will be solvent immediately following the [transfer] [conveyance] of the [Contributed Interest][Property] to NSA [Partner].

**(x) Accredited Investor.** The Contributor and/or each of its equity holders is an Accredited Investor. As of the Closing Date, the Contributor has duly executed an Accredited Investor Questionnaire indicating the basis for such representation. The Contributor understands the risks of, and other considerations relating to, the acquisition of [Class A NSA Units][NSA Partnership Units] (including any securities into which the NSA Partnership Units may be converted). The Contributor by reason of the its business and financial experience together with the business and financial experience of those persons, if any, retained by the Contributor to represent or advise the Contributor with respect to the Contributor's investment in [Class A NSA Units][NSA Partnership Units] (including any securities into which the [Class A NSA Units][NSA Partnership Units] may be converted):

(i) has such knowledge, sophistication and experience in financial and business matters and in making investment decisions of this type that it is capable of evaluating the merits and risks of an investment in NSA and of making an informed investment decision;

(ii) is capable of protecting its own interest or has engaged representatives or advisors to assist it in protecting its interests;

(iii) is capable of bearing the economic risk of such investment; and

(iv) in making its decision to enter into this Agreement has conducted its own due diligence, has been

represented by competent counsel and financial advisors and has not relied on oral or written advice from NSA or its Affiliates, representatives, or agents or on representations or warranties of NSA other than those set forth in this Agreement.

**(y) Investment For Own Account.** The [Class A NSA Units][NSA Partnership Units] to be acquired by the Contributor as contemplated hereby will be acquired for its own account for investment only and not with a view to, or with any intention of, a distribution or resale thereof, in whole or in part, or the grant of any participation therein.

**(z) Access to Information; Review of Documents**. The Contributor confirms and acknowledges that (a) the Contributor has carefully read and understood this



Agreement and the NSA LP Agreement, (b) the Contributor has made such further investigations as the Contributor has deemed appropriate, (c) neither the General Partner, the Parent, NSA[, NSA Partner] nor anyone else on NSA's behalf has made any representations or warranties of any kind or nature to induce the Contributor to enter into this Agreement except as specifically set forth in Section 4.2, (d) none of the General Partner, the Parent, NSA[, NSA Partner] or any of their respective Affiliates are acting as fiduciary or financial or investment adviser for the Contributor in connection with its decision to subscribe for [Class A NSA Units][NSA Partnership Units], (e) the Contributor is not relying upon the General Partner, the Parent, NSA or their Affiliates for guidance with respect to tax, legal or other considerations in connection with this prospective investment; (f) the Contributor has been afforded an opportunity to ask questions of, and receive answers from, NSA, its representatives or persons authorized to act on its behalf (including the General Partner or the Parent), concerning the terms and conditions of the offer and sale of the [Class A NSA Units][NSA Partnership Units], (g) the Contributor has been afforded access to information about NSA and its financial condition and results of operations sufficient to evaluate its investment in [Class A NSA Units][NSA Partnership Units] and (g) the Contributor has been afforded the opportunity to obtain any additional information necessary to verify the accuracy of information otherwise furnished by NSA.

**(aa) Unregistered Securities.** The Contributor acknowledges that:

(i) The [Class A NSA Units][NSA Partnership Units] to be acquired by the Contributor hereunder have not been registered under the Securities Act or state securities laws by reason of a specific exemption or exemptions from registration under the Securities Act and applicable state securities laws;

(ii) NSA's reliance on such exemptions is predicated in part on the accuracy and completeness of the representations and warranties of the Contributor contained herein;

(iii) The [Class A NSA Units][NSA Partnership Units], therefore, cannot be resold unless registered under the Securities Act and applicable state securities laws, or unless an exemption from registration is available;

(iv) There is no public market for such [Class A NSA Units][NSA Partnership Units] and no public market may develop; and

(v) NSA has no obligation to register such [Class A NSA Units][NSA Partnership Units] for resale under the Securities Act or any state securities laws or to take any action that would make available any exemption from the registration requirements of such laws.

The Contributor hereby acknowledges that because of the restrictions on transfer or assignment of such [Class A NSA Units][NSA Partnership Units] to be issued hereunder which are set forth in this Agreement and in the NSA LP Agreement, the Contributor may have to bear the economic risk of the [Class A NSA Units][NSA Partnership Units] issued hereby for an indefinite period of time. The Contributor also acknowledges that certificates (if any) representing the [Class A NSA Units][NSA Partnership Units] issued to the Contributor hereunder will bear a legend substantially similar to the following:



> THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR UNDER ANY STATE SECURITIES LAWS, AND MAY NOT BE SOLD OR TRANSFERRED IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT UNDER THE ACT OR SUCH STATE SECURITIES LAWS OR AN EXEMPTION FROM REGISTRATION THEREUNDER.

**(bb) Records.** The Contributor Representative has made available to NSA copies of all books of account, minute books and ownership interest books of the [Property Owner][Tenant][Contributor] (if any) and the same are accurate in all material respects.

**(cc) Budget.** The Contributor Representative has delivered to NSA accurate and complete copies of the budget for the operation of the Property for the fiscal year ending December 31, 201[ ].

**(dd) Insurance.** The [Property Owner][Tenant][Contributor] has in place public liability, casualty and other insurance coverage with respect to the Property as is commercially reasonable. The insurance certificates provided by [Property Owner][Tenant][Contributor Representative] to NSA (the "Insurance Certificates") attached hereto as Exhibit G and incorporated herein by reference are true, accurate and complete copies of the certificates of insurance evidencing the Current Insurance Policies [(as hereinafter

defined in Section 5.3)], and such certificates evidence all insurance policies held by [Property Owner][Tenant][Contributor] with respect to the Property. Each of the Current Insurance Policies is in full force and effect and all premiums due and payable there under have been fully paid when due and each Current Insurance Policy will continue to be legal, valid, binding, enforceable, and in full force and effect on identical terms following the consummation of the transactions contemplated hereby or such other terms required by the applicable insurers. None of the [[Property Owner][Tenant], the] Contributor and/or any other Person has received from any insurance company any notices of cancellation or intent to cancel the Current Insurance Policies.

**4.2. Representations and Warranties of NSA.** NSA [and NSA Partner] hereby represent[s] and warrant[s] to the Contributor as of the Closing Date as follows:

**(a) Existence and Power.** NSA [has][and NSA Partner have each] been duly formed and [is][are] validly existing as a Delaware limited partnership [and a Delaware limited liability company, respectively]. NSA [has][and NSA Partner have] all power and authority under [its][their] organizational documents to enter into this Agreement and the Related Agreements executed by [it][them].

**(b) Authorization; No Contravention.** NSA's [and NSA Partner's] execution and delivery of this Agreement and the Related Agreements, and the performance of its obligations under this Agreement and the Related Agreements executed by it, shall, by the Closing Date, have been duly authorized by all requisite organizational action, and this Agreement has been, and such Related Agreements shall on the Closing Date have been, duly executed and delivered by NSA [and NSA Partner]. Upon such authorization, none of the



foregoing will require any action by or in respect of, or filing with, any Authority or contravene or constitute a default under any provision of applicable Law or any organizational document of NSA [or NSA Partner], except for such filings as may be required pursuant to applicable federal and state securities laws. This Agreement constitutes and, upon the execution thereof, the Related Agreements executed by NSA [and NSA Partner] will constitute the valid and binding obligations of NSA [and NSA Partner] enforceable against NSA [and NSA Partner] in accordance with their respective terms, subject to bankruptcy and similar laws affecting the remedies or resources of creditors generally and principles of equity.

**(c) Pending Actions.** There is no existing or to NSA's [or NSA Partner's] knowledge threatened Action of any kind involving NSA [or NSA Partner], any of its assets or the operation of any of the foregoing, which, if determined adversely to NSA [or NSA Partner] or [its][their] assets, would interfere with NSA's [or NSA Partner's] ability to execute or deliver, or perform [its][their] obligations under this Agreement or any of the Related Agreements executed by [it][them].

**(d) Partnership Interests.** The [Class A NSA Units][NSA Partnership Units] to be issued to the Contributor hereunder have been duly authorized for issuance to the Contributor and, upon such issuance, will be validly issued. There are no restrictions on the transfer of the [Class A NSA Units][NSA Partnership Units] to be issued by NSA hereunder other than those contained in this Agreement, the NSA LP Agreement and those arising from federal and applicable state securities laws.

**(e) Tax Status.** NSA [and NSA Partner are] [is] currently and has been since its formation treated as either a partnership or a disregarded entity for federal income tax purposes, and has not at any time been taxable as a corporation for federal income tax purposes.

**(f) Limited NSA LP Agreement.** A true and complete copy of the NSA LP Agreement has been provided to the Contributor and such NSA LP Agreement is in full force and effect.

## Article 5
## Covenants

**5.1. Affirmative Covenants with Respect to the Maintenance and Operation of the Property.** Through the Closing, the Contributor agrees to[, and shall cause the [Property Owner][Tenant] to]:

(i) operate, manage, lease and maintain the Property in accordance with its established operating policies and procedures in substantially the same manner as heretofore;

(ii) use commercially reasonable efforts to preserve intact its business, organization and goodwill;

(iii) perform all work and other obligations required to be performed by the landlord under the terms of any applicable Lease to the reasonable satisfaction of the tenant(s) thereunder;



(iv) preserve and maintain its existence, rights, franchises, licenses and privileges in the jurisdiction of its formation and qualify or remain qualified to do business in each jurisdiction where it is required to so qualify;

(v) conduct its business in the ordinary course of business consistent with past practices;

(vi) duly and timely file, in accordance with past practice, all material reports, tax returns and other documents required to be filed in accordance with all Laws, and pay all Taxes then due (whether or not such Taxes are shown as due on such reports); and

(vii) maintain all books and records relating to the [[Property Owner][Tenant] and] the Property in accordance with the accounting principles currently utilized by it, consistently applied, and not change in any material manner any of its methods, principles or practices of accounting currently in effect, except as approved by NSA.

**5.2. Negative Covenants with Respect to the Maintenance and Operation of the Property[ and the [Property Owner] [Tenant]].** Without NSA's prior written approval, which may be withheld in its sole and absolute discretion, through the Closing, the Contributor shall not[, cause or permit the [Property Owner][Tenant] to]:

(i) acquire or sell or ground lease, or enter into any option or agreement to acquire or sell or ground lease, or exercise an option or contract to acquire, sell or ground lease the Property or any part thereof or interest therein, other than with respect to the leases of storage units of the kind entered into in the ordinary course of business;

(ii) change the existing use of the Property;

(iii) make or agree to make any capital expenditures in excess of $10,000 in the aggregate other than immaterial expenditures in the ordinary course of business consistent with past practices;

(iv) [(a) declare or pay any dividends on or make other distributions in respect of any of the [membership] [partnership] interests of the [Property Owner][Tenant][Contributor], (b) split, combine or reclassify any of the [membership][partnership] interests of the [Property Owner][Tenant][Contributor] or (c) repurchase, redeem or otherwise acquire any shares of the [membership] [partnership] interests of the [Property Owner][Tenant][Contributor] or any of its subsidiaries or any other securities thereof or any rights, warrants or options to acquire any such interests or other securities;]

(v) [issue, deliver, sell, pledge or encumber, or authorize or propose the issuance, delivery, sale, pledge or Lien of, any of the m[membership][partnership] interests of the [Property Owner][Tenant][Contributor] or any other security or interest therein;]

(vi) [grant or authorize or propose any grant of any options, stock appreciation rights, phantom rights, profit participation rights or other rights to acquire securities or accelerate, amend or change the period of exercisability or vesting of options or other rights



granted under its unit or stock plans or authorize cash payments in exchange for any options or other rights granted under any of such plans;]

(vii) cancel any Debt or waive any claims or rights of substantial value outside of the ordinary course of business, or incur, create or assume any Debt;

(viii) waive any claims or rights of substantive value;

(ix) [settle or compromise any claim, action, suit or proceeding pending or threatened against the [Property Owner][Tenant][Contributor] or its assets other than in the ordinary course of business consistent with past practices;]

(x) enter into any transaction or any contract with any of its partners, members or their respective Affiliates;

(xi) adopt a plan of liquidation, dissolution, merger, consolidation, restructuring, recapitalization or reorganization;

(xii) [file an entity classification election pursuant to Treasury Regulations Section 301.7701-3(c) on Internal Revenue Service Form 8832 (Entity Classification Election) to treat the [Property Owner][Tenant][Contributor] as an association taxable as a corporation for federal income Tax purposes; make or change any other Tax elections; commence, settle, compromise, or take any other material action with respect to any audit, investigation, dispute, deficiency, assessment, claim, litigation, or other action in respect of Taxes (including, for the sake of clarity, any liability for any amount as a result of a failure to comply with applicable Tax law); request a ruling or determination from any taxing authority; change any Tax accounting period; adopt or change any method of Tax accounting; file any amended Tax return that could result in tax liabilities for, or otherwise have a negative impact on, NSA (or its members); enter into any Tax allocation agreement, Tax sharing agreement, Tax indemnity agreement or similar agreement, or any closing or similar agreement relating to any Tax; surrender any right to claim a Tax refund; consent to any extension or waiver of the statute of limitations period applicable to any Tax claim or assessment; or take any action which has the effect of any of the foregoing;] or

(xiii) authorize any of, or commit or agree to take any of, the foregoing actions.

**5.3. Insurance.** Through the Closing, the Contributor shall [cause the [Property Owner][Tenant] to] maintain at its sole cost and expense all insurance in effect on the date of this Agreement and otherwise consistent with prudent insurance maintenance practices on property of the type and in the geographical area of the Property (the "Current Insurance Policies").

**5.4. Personal Property.** NSA agrees that the [Property Owner][Tenant][Contributor] may remove items of Personal Property from the Property in the normal course of operation of the Property or if such items are damaged or destroyed by fire or other casualty, provided that such items are replaced by Personal Property of equal or greater utility and value. Any such Personal Property removed shall cease to constitute "Personal Property" for all purposes under this Agreement. Any Personal Property replaced in the Property pursuant to this Section shall, to



the extent not thereafter removed in accordance with the terms of this Section, constitute "Personal Property" for all purposes under this Agreement.

**5.5. Leasing.** Through the Closing, the [Property Owner][Tenant][Contributor] shall not execute, modify, approve and/or cancel any Leases without NSA's prior written approval except in the ordinary course of business consistent with past practices. All Leases entered into from and after the date of this Agreement in accordance with the terms of this Section shall constitute Leases under this Agreement. The Contributor shall [cause the [Property Owner][Tenant] to] comply with the material terms of all Leases.

**5.6. Contracts.** Through the Closing, the [Property Owner][Tenant][Contributor] shall not execute, modify, terminate, approval and/or cancel any Contracts or other such operational agreements without NSA's prior written approval, other than Contracts or other agreements which are for a cost of less than $10,000 or more per annum and in the ordinary course of business consistent with past practices. The Contributor shall [cause the [Property Owner][Tenant] to]comply with the terms of all Contracts or other such operational agreements.

**5.7. Availability of Records.** The Contributor shall reasonably cooperate with NSA to obtain any information needed from or pertaining to the Contributor, [Property Owner,][Tenant,] or the Property. Upon written request of NSA, the Contributor's Representative shall (i) make its records available to NSA for inspection, copying and audit by NSA's designated accountants at NSA's sole cost and expense, and (ii) cooperate with NSA to the extent reasonably necessary to obtain any applicable Licenses not in existence on the Closing Date and necessary for the operation of all or any portion of the Property.

**5.8. Title.** Prior to the Closing, [neither] the Contributor [nor the [Property Owner][Tenant]] shall [not], without the prior consent of NSA, which consent may be withheld, conditioned or delayed in NSA's sole discretion, mortgage, pledge or subject the Property to a Lien, or permit to be placed or recorded any document affecting or changing the status of title to all or any portion of the Property.

**5.9. [Property Owner]|[Tenant[|Contributor] Organizational Documents; Exclusivity.** The Contributor shall not [permit the [Property Owner][Tenant] to] amend, modify or terminate any of its Organizational Documents or to fail to [remain] [maintain the [Property Owner][Tenant]] in good standing in its state of formation and the state in which the Property is located. The Contributor shall not [permit the [Property Owner][Tenant] to] enter into any agreement or arrangement, including any term sheet, letter of intent, contract or like agreement, for or relating to the purchase or sale of the [the Contributed Interest,][Contributor,][Property Owner,] [Tenant,] the Property or any part thereof or any of their respective assets, except for purchases and sales of personal properties by the [Property Owner][Tenant][Contributor] in the ordinary course of business consistent with past practices in an amount not to exceed $10,000.

**5.10. Notices Received.** The Contributor shall provide copies to NSA of any written notice the Contributor [or the [Property Owner][Tenant]] receives on or before the Closing Date (i) from any Authority concerning any possible violation of applicable Laws, (ii) concerning any possible breach of or default under any Contract, Lease, or any other document or instrument to



which the Contributor [or [Property Owner][Tenant]] is a party or by which Property is bound, or (iii) regarding any possible condemnation or similar proceeding affecting the Property.

**5.11. Equity Issuance**. Through the Closing, the Contributor shall not[, cause or permit the [Property Owner][Tenant] to] issue any ownership interests in the [Property Owner][Tenant] [Contributor] (directly or indirectly) or any options, warrants, purchase rights, subscription rights, conversion rights, preemptive rights, exchange rights or other contracts or commitments that could require the [Property Owner][Tenant][Contributor] to issue, sell or otherwise cause to become outstanding any additional ownership interests.

**5.12. Reasonable Best Efforts to Consummate; Preparation of Consent Statement**

**(a)** Subject to the terms and conditions of this Agreement, each of the parties shall (and shall cause its respective Affiliates to) use its reasonable best efforts to take all actions and to do all things necessary, proper or advisable to consummate the transactions contemplated by this Agreement and the Related Agreements as promptly as practicable, including using its reasonable best efforts to obtain any consents, approvals, waivers, permits or authorizations that are required to be obtained (under any applicable Law or regulation or from any Authority or third party) in connection with the transactions contemplated by this Agreement and Related Agreements, obtain pay-off letters for the Existing Loans, prepare, execute and deliver such instruments and take or cause to be taken such actions as any other party shall reasonably request in order to consummate the transactions contemplated by this Agreement and the Related Agreements.

**(b)** The Contributor shall, if necessary or otherwise directed by NSA, as soon as reasonably practicable, prepare

and, after consultation with NSA, distribute a consent statement and information document (as subsequently amended, the "Consent Statement") for the purpose of soliciting consent of the Contributor's partners, members and/or beneficial owners, as applicable, to approve the transactions contemplated by this Agreement and the Related Agreements. If at any time prior to the Closing Date there shall occur any event that is required to be set forth in an amendment or supplement to the Consent Statement, the Contributor shall promptly prepare, and, after consultation with NSA, mail to its Contributor's partners, members and/or beneficial owners such an amendment or supplement. NSA and its counsel shall be given a reasonable opportunity to review and comment upon the Consent Statement and related materials and any proposed amendment or supplement to the Consent Statement prior to its distribution to the Contributor's partners, members and/or beneficial owners. Subject to the other provisions of this Agreement, the Consent Statement will contain the Contributor's recommendation to approve the transactions contemplated by this Agreement and the Related Agreements. The Consent Statement shall not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they are made, not misleading. Without limiting the generality of the foregoing, each of the parties shall correct promptly any information provided by it to be used in the Consent Statement, if and to the extent any such information shall be or have become false or misleading in any material respect and shall take all steps necessary to correct the same and to cause the Consent Statement as so corrected to be distributed to the Contributor's partners, members and/or beneficial owners, as applicable, in



each case to the extent required by applicable law or otherwise deemed appropriate by the Contributor.

**5.13. Cooperation in Realization Transaction**. Upon receipt of written notice from NSA that NSA or its Affiliates intend to consummate a Realization Transaction (as defined in the NSA OP Agreement), the Contributor:

**(a)** (if the Contributor Representative,) agrees to cooperate with the preparation of any financial statements relating to the Property necessary in connection with the Realization Transaction;

**(b)** agrees that if the underwriters, if any, request that the Contributor holds the [Class A NSA Units][NSA Partnership Units] (and any equity interest into which the [Class A NSA Units][NSA Partnership Units] are convertible into) for a period of time following the Realization Transaction that the Contributor will do so and will enter into a customary lock-up agreement; and

**(c)** agrees to complete and execute all questionnaires, powers of attorney, indemnities, underwriting agreements and other documents required under the terms of any such underwriting agreements; provided that the Contributor shall be required to make any representations or warranties in connection with a Realization Transaction other than representations and warranties regarding the Contributor.

**5.14. Cooperation with respect to Closing Deliverables**. NSA may, at its sole discretion: (a) seek to obtain ALTA standard coverage [owner's][leasehold] policy of title, together with such additional coverage and endorsements, as NSA may require, including extended coverage, in a form satisfactory to NSA, insuring [fee][leasehold] title to the Property [in the [Property Owner][Tenant]] (a "Title Policy"), (b) commission a surveyor of NSA's choice to prepare an ALTA survey of the Property (a "Survey"); and (c) engage an environmental consultant of NSA's choice to prepare a Phase I environmental site assessment of the Property (a "Phase I Assessment"). Contributor shall, and shall cause its Affiliates to, cooperate with NSA's obtaining of such Title Policies, Surveys and Phase I Assessments.

**5.15. [Cooperation With Audit / Financial Statements**. From and after the Closing Date, the Contributor shall cooperate with the financial statement and audit requirements as set out in Exhibit K.]

**5.16. Survival.** The provisions of this Article 5 shall survive the Closing.

## Article 6
## Closing Prorations

**6.1. Taxes, Assessments and Utilities.** All real estate taxes affecting the Property and all charges for water, sewer, electricity, gas, telephone and all other utilities with respect to the Property, shall be apportioned on a per diem basis as provided below, and any amounts shall be credited or debited, as applicable, against the Contribution Value. General real estate taxes payable for the fiscal year in which the Closing occurs shall be prorated as of the Proration Date. The [Property Owner][Tenant][Contributor] shall pay on or before Closing the full amount of



any bonds or assessments against the Property that may be payable for the period prior to the Proration Date. The [Property Owner][Tenant][Contributor] will be responsible for the cost of all utilities used prior to the Proration Date, except to the extent such utility charges are billed to and paid by tenants directly. If any prorations under this Section cannot be calculated finally on the Closing Date, then they shall be estimated at the Closing and calculated finally in accordance with Section 6.9.

**6.2. Rent.** Except for delinquent rent, all rent under the applicable Leases and other income attributable to the Property and collected common area expense payments shall be apportioned on a per diem basis as of the Proration Date. Payments with respect to delinquent rent received by the [Property Owner][Tenant][Contributor] from tenants of the Property within the 12 months following the Proration Date shall be applied first to rents then due for any period following the Proration Date from such tenant and any excess shall be

paid to the owners of the [Property Owner][Tenant][Contributor] based on their ownership interests in the [Property Owner][Tenant][Contributor] prior to the Closing. Any amounts received by the Contributor or its Affiliates on account of rent or other income from and after the Closing Date with respect to the Property shall be turned over to the [Property Owner][Tenant][Contributor] for application in accordance with the terms of this Section.

**6.3. Payments on Permitted Exceptions.** Payments owing under any Permitted Exceptions (other than the Existing Mortgage Debt) shall be apportioned on a per diem basis as of the Proration Date. Such payments accruing prior to the Proration Date shall reduce the amount of the Contribution Value, and, subject to the terms of this Agreement, any such payments accruing on or after the Proration Date shall be disregarded.

**6.4. Operational Agreement Payments and Other Expenses.** Payments under all Contracts and for the Property's operating maintenance expenses, including, without limitation, fuel, shall be apportioned on a per diem basis as of the Proration Date to the extent possible. All such expenses accruing prior to the Proration Date shall reduce the Contribution Value and all such expenses accruing as of the Proration Date and thereafter shall be disregarded. If final bills are not available as of Closing, amounts to be prorated under this Section shall be prorated on the basis of the most current bills then available and promptly re-prorated on receipt of final bills. On the Closing Date, the Contribution Value shall be reduced by the amount necessary to release or satisfy any outstanding, due and payable Liens (including, judgment liens) filed against the Property or the [Property Owner][Tenant][Contributor] on the Proration Date (including the Existing Mortgage Loan).

**6.5. [Cash; Reserves.** On the Closing Date, the Contribution Value shall be increased by an amount equal to the aggregate balances of all bank accounts, operating accounts, replacements and reserves, tax, insurance or other similar accounts (other than amounts relating to (1) security deposits to the extent not otherwise deducted from the Contribution Value as a liability of the [Property Owner][Tenant] and (2) loan reserves covered by Section 6.7) owned by the [Property Owner][Tenant] as of the Closing Date.]

**6.6. [Loan Reserves.** On the Closing Date, the Contribution Value shall be increased by the amount of loan reserves held by the [Property Owner][Tenant] or the lender relating to the Existing Mortgage Debt as of the Proration Date.]



**6.7. Condemnation Proceeds and Other Proceeds.** On the Closing Date, the Contribution Value shall be decreased to reflect distributions made by the [Property Owner][Tenant][Contributor] after the Proration Date of funds consisting of loan proceeds, casualty insurance proceeds, proceeds from condemnation or eminent domain proceedings, or proceeds from the sale or other disposition of the Property or any interest therein, or that are otherwise derived from a source other than the operation, leasing, management or occupancy of the Property.

**6.8. Prepayment Penalties**. On the Closing Date, the Contribution Value shall be decreased by an amount equal to the total of all premiums, penalties, fees and costs associated with the prepayment of the Existing Loans.

**6.9. True-up.** If any of the items described in this Article 6 hereof cannot be apportioned at the Closing because of the unavailability of information as to the amounts which are to be apportioned or otherwise, such items shall be prorated on the basis of the parties' reasonable estimates of such amounts, and shall be the subject of a final proration no later than six (6) months after the Closing Date. NSA shall promptly notify the Contributor Representative when it becomes aware that any such estimated amount has been ascertained. Once all revenue and expense amounts have been ascertained as of the Closing Date, NSA shall prepare, and certify as correct, a final proration statement which shall be subject to approval by the Contributor Representative. Upon such acceptance and approval of any final proration statement submitted by NSA, such statement shall be conclusively deemed to be accurate and final. If any of the items described in this Article 6 hereof are incorrectly apportioned at Closing or subsequent thereto, such items shall be apportioned or reapportioned, as the case may be, as soon as practicable after the date such error is discovered, and the proper party shall be promptly reimbursed. Any amounts owed by a party to another party based on post-Closing prorations required under this Article 6 (the "Net Adjustment") shall be resolved as follows:

**(a)** If the Net Adjustment is payable by the Contributor, the Contributor shall surrender to NSA a number of [Class A NSA Units][NSA Partnership Units (comprising Class A NSA Units and/or Class B NSA Units, as applicable as determined by NSA)] (rounded to the nearest whole number) equal to (i) the amount of the Net Adjustment divided by (ii) [$ ].

If the Net Adjustment is payable to the Contributor, NSA shall issue to the Contributor a number of additional [Class A NSA Units][NSA Partnership Units (comprising Class A NSA Units and/or Class B NSA Units, as applicable as determined by NSA)] (rounded to the nearest whole number) equal to (i) the amount of the Net Adjustment divided by (ii) [$ ].

**6.10. No Duplication.** The parties acknowledge that in no event shall there be any duplication of any debits or credits pursuant to (or in the application of) the terms of this Article 6.

**6.11. Survival.** The provisions of this Article 6 shall survive the Closing.



## Article 7
## Defaults and Remedies

**7.1. Default by the Contributor.** If the Closing is not consummated because of a default by the Contributor under this Agreement, then NSA may either (i) seek specific performance of this Agreement by requiring the Contributor to [assign][convey] the [Contributed Interest][Property] to NSA [Partner] in accordance with the terms hereof and in connection therewith the Contributor shall reimburse NSA for the actual out-of-pocket expenses incurred by NSA in connection with seeking such specific performance, or (ii) terminate this Agreement and, except as expressly set forth elsewhere in this Agreement, neither the Contributor nor NSA shall thereafter have any obligation under any provision of this Agreement.

**7.2. Default by NSA.** If the Closing is not consummated as a result of a default by NSA [or NSA Partner] hereunder, then the Contributor shall have the right to terminate this Agreement and, except as expressly set forth elsewhere in this Agreement, neither the Contributor nor NSA shall thereafter have any obligation under any provision of such Agreements.

**7.3. Waiver of Damages.** Except for the specific remedies set forth in Sections 7.1, 7.2, Article 8 and Section 11.1, the Contributor [and][,] NSA[, and NSA Partner] each hereby waive any and all rights to claim actual, consequential or punitive damages against the other party for failure to perform its respective obligations hereunder.

## Article 8
## Indemnification

**8.1. Contributor Indemnification.** Subject to the limitations provided below, from and after the Closing Date, the Contributor agrees to indemnify, defend and hold harmless the NSA Indemnified Parties from and against all Losses which are incurred or suffered by any of them based upon, arising out of, in connection with or by reason of (i) any act, omission, occurrence or event, accruing, arising or occurring prior to the Closing Date not included in the closing prorations of Article 6 (except as otherwise set forth in sub-section (ii), (iii) or (iv) of this Section), (ii) the breach of any of the representations or warranties of the Contributor, [or] (iii) any breach by the Contributor of its obligations under this Agreement including any covenant required to be performed by the Contributor pursuant to the terms of this Agreement [or (iv) any claim brought against one or more NSA Indemnified Parties by any Person who directly or indirectly owned an equity interest in the [Property Owner][Tenant] prior to the Closing (or another Person on behalf of such Person who directly or indirectly owned an equity interest in the [Property Owner][Tenant] prior to the Closing) arising as a result of the transactions contemplated by this Agreement].

**8.2. NSA Indemnification.** Subject to the limitations provided below, from and after the Closing Date, NSA agrees to indemnify, defend and hold harmless the Contributor Indemnified Parties from and against all Losses which are incurred or suffered by any of them based upon, arising out of, in connection with or by reason of (i) the breach of any of the representations or warranties of NSA, or (ii) any breach by NSA of its obligations under this



Agreement including any covenant required to be performed by NSA pursuant to the terms of this Agreement.

**8.3. Indemnification Procedure.**

**(a)** In the event that either party shall incur or suffer any Losses in respect of which indemnification may be sought by such party pursuant to the provisions of this Article 8, the party seeking to be indemnified hereunder (the "Indemnitee") shall assert a claim for indemnification by written notice (a "Notice") to the party from whom indemnification is sought (the "Indemnitor") stating the nature and basis of such claim. In the case of Losses arising by reason of any third party claim, the Notice shall be given within 60 days of the filing of any such claim against the Indemnitee, but the failure of the Indemnitee to give the Notice within such time period shall not relieve the Indemnitor of any liability that the Indemnitor may have to the Indemnitee except to the extent that the Indemnitor is prejudiced thereby and then only to the extent of such prejudice.

**(b)** The Indemnitee shall provide to the Indemnitor on request all information and documentation reasonably necessary to support and verify any Losses which the Indemnitee believes give rise to a claim for indemnification hereunder and shall give the Indemnitor reasonable access to all books, records and personnel in the possession or under the control of the Indemnitee which would have bearing on such claim.

**(c)** In the case of third party claims for which indemnification is sought, the Indemnitor shall have the option (i) to conduct any proceedings or negotiations in connection therewith, (ii) to take all other steps to settle or defend any such claim (provided that the Indemnitor shall not, without the consent of the Indemnitee, settle any such claim on terms which does not (A) include as an unconditional term thereof the giving by the claimant or plaintiff in question to the Indemnitee of a release of all liabilities in respect of such claims and (B) result only in the payment of monetary damages), and (iii) to employ counsel, which counsel shall be reasonably acceptable to the Indemnitee, to contest any such claim or liability in the name of the Indemnitee or otherwise. In any event, the Indemnitee shall be entitled to participate at its own expense and by its own counsel in any proceedings relating to any third party claim; provided, however, that if the defendants in any such action or claim include both the Indemnitee and the Indemnitor and the Indemnitee shall have reasonably concluded that there would be a conflict of interest were the same counsel to represent the Indemnitee and the Indemnitor, the Indemnitee shall be entitled to be represented by separate counsel at the Indemnitor's expense; provided further, however, that such action or claim shall not be settled without the Indemnitor's consent, which shall not unreasonably be withheld. The Indemnitor shall, within 30 days of receipt of the Notice, notify the Indemnitee of its intention to assume the defense of such claim. Until the Indemnitee has received notice of the Indemnitor's election whether to defend any claim, the Indemnitee shall take reasonable steps to defend (but may not settle) such claim. If the Indemnitor shall decline to assume the defense of any such claim, or shall fail to notify the Indemnitee within 30 days after receipt of the Notice of the Indemnitor's election to defend such claim, the Indemnitee shall have the right to undertake the defense, compromise or settlement of such claim. The expenses of all proceedings, contests or lawsuits in respect of claims for which the Indemnitor would be responsible for indemnifying the Indemnitee if determined adversely to

the Indemnitee shall be borne by the Indemnitor and paid by the Indemnitor as incurred promptly against deliver of reasonably detailed invoices therefor.

**8.4. Cooperation in Defense.** Each party indemnified under any indemnity contained in this Agreement shall cooperate in all reasonable respects in the defense of the third-party claim pursuant to which the indemnifying party is alleged to have liability.

**8.5. Survival.** This Article 8 shall survive Closing or the termination of the parties' obligations to consummate the transactions contemplated by this Agreement. Subject to the terms of this Section below, all representations and warranties of the Contributor contained in this Agreement shall survive Closing for a period of 12 months and shall not be merged in any instrument of conveyance except that (i) the Fundamental Representations shall survive the Closing indefinitely, and (ii) the representations and warranties set forth in Section 4.1(m) and Section 4.1(q) shall survive the Closing until ninety (90) days following the applicable statute of limitations period. All covenants set forth in this Agreement shall survive the Closing indefinitely and shall not be deemed to be merged into or waived by the instruments of Closing. If a written notice asserting a claim for breach of any such representation or warranty or a claim for indemnification under Section 8.1 or Section 8.2 shall have been given to the indemnifying party prior to the expiration of such representation or warranty or claim under Section 8.1 or Section 8.2, as the case may be, such representation and warranty and any right to indemnification for breach thereof, shall survive, to the extent of such claim only, until such claim is resolved. Notwithstanding anything to the contrary contained herein, for the purposes of calculating Losses, if such claim relates to a breach of a representation or warranty and such representation or warranty is qualified in any respect by materiality, for the purposes of calculating Losses such materiality qualification will be ignored. The Contributor acknowledges that in the event it is required to indemnify the Indemnitees for Losses pursuant the terms of this Article 8, then without further notice or action, NSA shall have the right to, at its option, either (i) require the Contributor to surrender a number of [Class A NSA Units][NSA Partnership Units (comprising Class A NSA Units and/or Class B NSA Units, as applicable)] held by the Contributor by an amount equal to the total liability of the Contributor under this Article 8 divided by [$ ] and/or (ii) apply the amount of any distributions that Contributor shall be entitled to by virtue of being a holder of [Class A NSA Units][NSA Partnership Units] with respect to such indemnification obligation, and the Contributor's obligations to indemnify NSA for such Losses shall be deemed satisfied in full. The number of Class A NSA Units [and/or Class B NSA Units, as applicable], that shall be surrendered pursuant to this Section 8.5, shall be determined by NSA.

## Article 9
## Casualty and Condemnation

**9.1. Fire or Other Casualty, Condemnation.**

**(a)** Contributor (if the Contributor Representative) agrees to give NSA reasonably prompt notice of any fire or other casualty occurring at the Property of which Contributor obtains knowledge, between the date hereof and the date of the Closing, or of any actual or threatened condemnation of all or any part of the Property of which Contributor obtains knowledge.



**(b)** If prior to the Closing there shall occur (i) damage to the Property caused by fire or other casualty which would cost an amount equal to $200,000 (the "Material Amount") or more to repair, as reasonably determined by an engineer selected by the Contributor Representative which is reasonably satisfactory to NSA or (ii) a taking by condemnation of any material portion of the Property, then, and in either such event, NSA may elect to terminate this Agreement by written notice given to Contributor, in which event this Agreement shall thereupon be null and void and neither party hereto shall thereupon have any further obligation to the other, except for the provisions hereof which expressly survive the termination of this Agreement. If NSA does not elect to terminate this Agreement, then the Closing shall take place as herein provided, and Contributor [shall cause the [Property Owner][Tenant] to] assign to NSA [Partner] at the Closing, by written instrument, all of [Property Owner's][Tenant's][Contributor's] interest in and to any insurance proceeds or condemnation awards which may be payable on account of any such fire, casualty or condemnation, and [Contributor shall cause the [Property Owner][Tenant] to] deliver to NSA [Partner] any such proceeds or awards actually theretofore paid to or on behalf of [Property Owner][Tenant][Contributor], less any amounts (the "Reimbursable Amounts") (i) actually and reasonably expended or incurred by [Property Owner][Tenant][Contributor] in adjusting any insurance claim or negotiating and/or obtaining any condemnation award (including, without limitation, reasonable attorneys' fees and expenses) and/or (ii) theretofore actually and reasonably incurred or expended by or for the account of [Property Owner][Tenant][Contributor] for the cost of any compliance with Laws, protective restoration or emergency repairs made by or on behalf of [Property Owner][Tenant][Contributor] (to the extent [Property Owner][Tenant] [Contributor] has not theretofore been reimbursed by its insurance carriers for such expenditures), and [Property Owner][Tenant] [Contributor] shall pay to NSA the amount of the deductible, if any, under [Property Owner's][Tenant's][Contributor's] property insurance policy(ies), less all Reimbursable Amounts not received by [Property Owner][Tenant][Contributor] from any insurance proceeds or condemnation awards paid to [Property Owner][Tenant][Contributor] prior to the Closing. The proceeds of rent interruption insurance, if any, shall on the Closing Date be appropriately apportioned as provided in Section 6.8. The provisions of this Section 9.1 shall survive the Closing for one year.

**(c)** If, prior to the Closing, there shall occur (i) damage to the Property caused by fire or other casualty which would cost less than the Material Amount to repair, as determined by an engineer selected by the Contributor Representative which is reasonably satisfactory to NSA, or (ii) a taking by condemnation of any part of the Property which is not material, then, and in either such event, neither NSA nor Contributor shall have the right to terminate its obligations under this Agreement by reason thereof, but Contributor shall [cause [Property Owner][Tenant] to] assign to NSA at the Closing, by written instrument, all of [Property Owner's]

[Tenant's][Contributor's] interest in any insurance proceeds or condemnation awards which may be payable to [Property Owner][Tenant][Contributor] on account of any such fire, casualty or condemnation, and Contributor shall [cause [Property Owner][Tenant] to] deliver to NSA any such proceeds or awards actually theretofore paid to or on behalf of [Property Owner][Tenant][Contributor], in each case less any Reimbursable Amounts, and Contributor shall [cause [Property Owner][Tenant] to] pay to NSA the amount of the deductible, if any, under [Property Owner's][Tenant's][Contributor's] property insurance policy(ies), less all Reimbursable Amounts not received by [Property Owner][Tenant][Contributor] from any insurance proceeds or condemnation awards paid to [Property Owner][Tenant][Contributor] prior to the Closing. The proceeds of rent interruption insurance, if any, shall on the Closing



Date be appropriately apportioned as provided in Section 6.8. The provisions of this Section 9.1 shall survive the Closing for one year.

**(d)** For purposes of this Article 9, a taking by condemnation or eminent domain of a material portion of the Property shall mean any taking which causes a diminution in value of the Property in excess of the Material Amount or eliminates or materially restricts access to the Property.

**(e)** In the event NSA elects not to terminate this Agreement in accordance with Section 9.1(b) above, or upon the occurrence of the events set forth in Section 9.1(c)(i) or Section 9.1(c)(ii) above, Contributor (if the Contributor Representative) shall have the right to negotiate, compromise or contest the obtaining of any insurance proceeds and/or any condemnation awards, subject to NSA's written consent, which consent shall not be unreasonably withheld or delayed.

## Article 10
## Omitted

**10.1.** Omitted.

## Article 11
## Miscellaneous

**11.1. Brokers.** Each party to this Agreement represents and warrants that neither it nor any of its Affiliates has had any contact or dealings regarding the Property or any communication in connection with the subject matter of the transactions contemplated by this Agreement, through any real estate broker or other Person who can claim a right to a commission or finder's fee in connection therewith. In the event that any other broker or finder claims a commission or finder's fee based upon any contact, dealings or communication, the party through whom or through whose Affiliate such other broker or finder makes its claim shall be responsible for such commission or fee and all costs and expenses (including, without limitation, reasonable attorneys' fees and disbursements) incurred by the other party and its Affiliates in defending against the same. The party through whom or through whose Affiliate such other broker or finder makes a claim shall hold harmless, indemnify and defend the other party hereto, its successors and assigns, agents, employees, officers and directors, and the Property from and against any and all Losses, arising out of, based on, or incurred as a result of such claim. The provisions of this Section shall survive the Closing or termination of the parties' obligations to consummate the transactions contemplated by this Agreement.

**11.2. Marketing.** The Contributor shall not[, and shall cause the [Property Owner][Tenant] not to,] market the Property for sale during the term of this Agreement or entertain or discuss any offer to purchase or acquire the Property with any Person other than NSA and its Affiliates.

**11.3. Entire Agreement; No Amendment.** This Agreement and the Related Agreements represent the entire agreement among each of the parties hereto with respect to the



subject matter hereof. It is expressly understood that no representations, warranties, guarantees or other statements shall be valid or binding upon a party unless expressly set forth in this Agreement. It is further understood that any prior agreements or understandings between the parties with respect to the subject matter hereof have merged in this Agreement or the Related Agreements, which alone fully expresses all agreements of the parties hereto as to the subject matter hereof and supersedes all such prior agreements and understandings. This Agreement may not be amended, modified or otherwise altered except by a written agreement approved by NSA, together with either the Contributor Representative or by limited partners representing a majority of the then outstanding Class B NSA Units. It is agreed that no obligation under this Agreement which by its terms is to be performed or continue to be performed after Closing and no provision of this Agreement which is expressly to survive Closing shall merge upon Closing, but shall survive Closing.

**11.4. Certain Expenses.** The expenses incurred in connection with this Agreement and the transactions contemplated hereby (whether or not the Closing shall take place), including, without limitation, all accounting, legal, investigatory and appraisal fees, shall be paid by each party according to the custom of the state where the Property is located. The Contributor shall be responsible for paying on or before the Closing, 100% of any state or county, 100% of any city or local, transfer, documentary or stamp taxes due and payable in connection with the [contribution][conveyance] of the [Contributed Interest][Property] to NSA and 100% of the costs and expenses of the Title Policy (if any).

**11.5. Tax Covenants.** The Contributor, and NSA shall provide each other with such cooperation and information relating to any of the [Class A NSA Units][NSA Partnership Units][, the [Property Owner][Tenant],] or the Property as the parties reasonably may

request in connection with (i) filing any tax return, amended tax return or claim for tax refund, (ii) determining any liability for taxes or a right to a tax refund, (iii) conducting or defending any proceeding in respect of taxes, or (iv) determining any tax attributes related to the Property, the Contributor or any direct or indirect owners of the Contributor with respect to the ownership of the [Class A NSA Units] [NSA Partnership Units]. Such reasonable cooperation shall include making employees available on a mutually convenient basis to provide additional information and explanation of any material provided hereunder. NSA shall promptly notify the Contributor upon receipt by NSA or its Affiliates of notice of (A) any pending or threatened tax audits or assessments with respect to the income, properties or operations of any of NSA or with respect to the [Property Owner][Tenant][Contributor] or the Property and (B) any pending or threatened federal, state, local or foreign tax audits or assessments of NSA or any of their respective Affiliates, in each case which may affect the liabilities for taxes of the Contributor (or its members) [or [Property Owner][Tenant]] with respect to any tax period ending before or as a result of the Closing. The Contributor shall promptly notify NSA in writing upon receipt by the Contributor[, Property Owner,][, Tenant,] or any of [their][its] respective Affiliates of notice of any pending or threatened federal, state, local or foreign tax audits or assessments relating to the income, properties or operations of NSA, the [Property Owner][Tenant][Contributor], or with respect to the Property. The Contributor and NSA shall retain all tax returns, schedules and work papers with respect to NSA, the [Property Owner][Tenant][Contributor], and the Property, and all material records and other documents relating thereto, until the expiration of the statute of limitations (and, to the extent notified by any party, any extensions thereof) of the taxable years



to which such tax returns and other documents relate and until the final determination of any tax in respect of such years.

**11.6.** **[Acknowledgement of Ground Lease.** NSA and NSA Partner hereby acknowledge and agree that Tenant is and shall be subject to all of the covenants, terms and conditions of the Ground Lease for the duration of the term thereof.]

**11.7.** **Notices.** All notices and other communications hereunder shall be in writing and shall be deemed to have been duly given if personally delivered with proof of delivery thereof (any notice or communication so delivered being deemed to have been received at the time delivered), or sent by United States certified mail, return receipt requested, postage prepaid (any notice or communication so sent being deemed to have been received two Business Days after mailing in the United States), with failure or refusal to accept delivery to constitute delivery for all purposes of this Agreement, addressed to the respective parties as follows:

If to the Contributor, to the address shown on the signature page hereto

If to NSA [or NSA Partner], to:

National Storage Affiliates
5200 DTC Parkway, Suite 200
Greenwood Village, CO 80111
Fax: 720-630-2626
Attention: Tamara Fischer

with a copy to:

Clifford Chance US LLP
31 West 52nd Street
New York, New York 10019
Facsimile: 212 878 8375
Attention: Jay L. Bernstein, Esq.

**11.8.** **No Assignment.** Except as provided in this Section below, neither this Agreement nor any of the rights or obligations hereunder may be assigned by any party hereto without the prior written consent of the other party. NSA may, without such consent, assign its rights hereunder to any lender as collateral security.

**11.9.** **Governing Law.** This Agreement shall be governed by and construed in accordance with the internal laws of the State of Delaware, without regard to the choice of laws provisions thereof.

**11.10.** **Multiple Counterparts.** This Agreement may be executed in multiple counterparts. If so executed, all of such counterparts shall constitute but one agreement, and, in proving this Agreement, it shall not be necessary to produce or account for more than one such



counterpart. To facilitate execution of this Agreement, the parties may execute and exchange by facsimile or electronic mail PDF copies of counterparts of the signature pages.

**11.11.** **Further Assurances.** From and after the date of this Agreement and after the Closing, the parties hereto shall take such further actions and execute and deliver such further documents and instruments as may be reasonably requested by the other party and are reasonably necessary to provide to the respective parties hereto the benefits intended to be afforded hereby, including, without limitation, all books and records relating to the Property.

**11.12.** **Miscellaneous.** Whenever herein the singular number is used, the same shall include the plural, and the plural shall

include the singular where appropriate, and words of any gender shall include the other gender when appropriate. The headings of the Articles and the Sections contained in this Agreement are for convenience only and shall not be taken into account in determining the meaning of any provision of this Agreement. The words "hereof" and "herein" refer to this entire Agreement and not merely the Section in which such words appear. If the last day for performance of any obligation hereunder is not a Business Day, then the deadline for such performance or the expiration of the applicable period or date shall be extended to the next Business Day. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, legal representatives, successors and assigns. The Exhibits and Schedules attached hereto are hereby incorporated herein and shall be deemed a part of this Agreement.

**11.13. Invalid Provisions.** If any provision of this Agreement (except the provision relating to the Contributor's obligation to [contribute][convey] the [Contributed Interest][Property] or NSA's obligation to issue the [Class A NSA Units][NSA Partnership Units] to the Contributor pursuant to Section 2.1, the invalidity of any which shall cause this Agreement to be null and void) is held to be illegal, invalid or unenforceable under present or future laws, such provision shall be fully severable, this Agreement shall be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a part of this Agreement, and the remaining provisions of this Agreement shall remain in full force and effect and shall not be affected by the illegal, invalid or unenforceable provision or by its severance from this Agreement.

**11.14. Confidentiality; Publicity.**

**(a)** Each party agrees to maintain in confidence through the Closing, and Contributor agrees to maintain in confidence following the closing, in each case unless otherwise required by applicable Law, reporting requirements or accounting or auditing standards, all materials and information received from the other party or otherwise regarding the Property, [the Property Owner] [Tenant] and the other matters which are the subject of this Agreement ("Confidential Information"). The Contributor and NSA agree that, prior to the Closing Date, neither of them, without the prior written consent of the other party hereto, shall publicly or privately reveal any information relating to the existence or terms and conditions of the transactions contemplated hereby, except as permitted below in this Section.

**(b)** The parties agree that nothing in this Section shall prevent the Contributor or NSA from disclosing or accessing any Confidential Information under this Section (i) in



connection with the enforcement of a party's rights hereunder, or (ii) pursuant to any legal requirement in connection with the issuance or transfer of securities by NSA, including, without limitation, federal or state securities laws, any reporting requirement or any accounting or auditing standard. The Contributor and NSA further agree that nothing in this Section shall prevent the other of them from disclosing any Confidential Information to its respective Affiliates, owners, employees, counsel, lenders, and agents (collectively, "Representatives") to the extent reasonably necessary to perform due diligence and complete the transactions contemplated hereby; provided, that the disclosing party informs its Representatives of the confidential nature of the Confidential Information and remains responsible for enforcing the terms of this Section as to such Representatives.

**(c)** Following the Closing, subject to the NSA LP Agreement, the Contributor and NSA shall have the sole right to determine the form, timing and substance of, and to issue, all public disclosures concerning the transactions contemplated by this Agreement.

**(d)** Upon the termination of this Agreement for any reason, each party will (i) promptly deliver to each other party all Confidential Information furnished by such other party or its Representatives, together with all copies and summaries thereof in its possession or under its control or the possession or control of its Representatives, and (ii) destroy all materials it or its Representatives have generated that include or refer to any part of the Confidential Information, without retaining a copy of any such material, and confirm such destruction in writing (including a list of the destroyed materials).

**(e)** Because an award of money damages would be inadequate for any breach of this Section by a party or its Representatives and any such breach would cause the other party irreparable harm, each party agrees that, in the event of any breach or threatened breach of this Section, such other party shall be entitled, without the requirement of posting a bond or other security, to equitable relief, including injunctive relief and specific performance and shall be entitled to recover all of its costs and expenses (including reasonable attorney fees) in enforcing this Section.

**(f)** This Section 11.1[3][4] shall survive the Closing or the termination of the parties' obligations to consummate the transactions contemplated by this Agreement.

**11.15. Time of Essence.** Time is of the essence with respect to this Agreement.

**11.16. Attorneys Fees.** If this Agreement or the transactions contemplated herein gives rise to a lawsuit, arbitration or other legal proceeding between the parties hereto, the prevailing party shall be entitled to recover its costs and reasonable attorney fees in addition to any other judgment of the court or arbitrator(s).

**11.17. Waiver of Jury Trial.** To the fullest extent permitted by applicable law, the parties hereto waive trial by jury in any action, proceeding or counterclaim brought by any party(ies) against any other party(ies) on any matter arising out of or in any way connected with this agreement or the relationship of the parties created hereunder.

[*Remainder of page intentionally left blank*.]

**IN WITNESS WHEREOF,** the parties hereto have executed this Contribution Agreement as an instrument under seal as of the date and year first above written.

**NSA**

NSA OP, LP, a Delaware limited partnership

By: National Storage Affiliates Trust, its general partner

By: _____
Name:
Title:

[**NSA Partner**

NSA [ ],
a Delaware limited liability company

By: _____
Name:
Title:]

**[Contributor[s]**

[ ],
a [ ]

By: _____
Name:
Title:]

[Whose address is as follows:



]

**General Partner**

National Storage Affiliates Trust

By: _____
Name:
Title:

Contributor Representative
[*Insert name of applicable Core Affiliate for the Property Series*]

_____

**Exhibits and Schedules**



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**EXHIBIT A**
**Gross Contribution Value**

[Gross Contribution Value is equal to: $ ]

[Gross Contribution Value consists of $ allocable to the value of real estate and $ allocable to the value of goodwill.]



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**EXHIBIT B**
**Legal Description of Land**

[NSA TO PROVIDE]



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**EXHIBIT C**
**Form of Facilities Portfolio Management Agreement**



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**EXHIBIT D**
**Permitted Exceptions**



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**EXHIBIT E**
**Form of [Contributed Interest Assignment][Deed]**

**[ASSIGNMENT AND ASSUMPTION OF OWNERSHIP INTERESTS**

This Assignment and Assumption of Ownership Interests ("Assignment") is made and entered into effective as of , 201[ ] (the "Effective Date"), by and among the parties listed on the signature page hereto (each such party, an "Assignor", and collectively, the "Assignors"), and [NSA OP, LP, a Delaware limited partnership][NSA , a Delaware limited liability company] ("Assignee").

**RECITALS**

A. Assignor is the legal and beneficial owner of [ ]% of the [Class Y Units of][limited liability company interest] [limited partnserhip] (the "Ownership Interests") in , a (the "Company").

B. Assignor desires to assign the Ownership Interests to Assignee, and Assignee desires to assume the Ownership Interests from Assignor. [It is the intent of the parties that, upon this Assignment, Assignor will withdraw as a [member][partner] ("Owner") of the Company, and Assignee will become a substitute [member][partner] of the Company.]

C. All capitalized terms used in this Assignment, unless otherwise defined herein, shall have the same meanings given to them in the Contribution Agreement of NSA OP, LP between Assignor and Assignee dated as of , 201[ ].

**ASSIGNMENT**

The parties agree as follows:

1. Assignment. For value received, the receipt and sufficiency of which are hereby acknowledged, Assignor hereby assigns, transfers, conveys and delivers the Ownership Interests and all of their right, title and interest in the Company to Assignee. Upon the Effective Date, the records of the Company, including the Organizational Documents of the Company, shall be amended to reflect Assignee as the owner of the Ownership Interests and Assignee shall become a substitute [member][partner] of the Company.

2. Assumption. Assignee hereby accepts the foregoing assignment and assumes the agreements and obligations of an owner of Ownership Interests under the Organizational Documents of the Company from and after the Effective Date, including the obligation to fulfill the obligations of Assignor in accordance with the terms of the Organizational Documents with respect to the Ownership Interests.

3. Withdrawal and Substitution of Owner. Assignor hereby withdraws as the Owner of the Company, and Assignee is hereby admitted and substituted as the sole Owner of the Company with respect to the Ownership Interests.



4. [Resignations. Assignor has caused the resignation or removal of each pofficer and manager][general partner] of the Company and other person holding a similar position prior to the date of this Assignment.]

5. Representations and Warranties. Assignor hereby represents and warrants to Assignee that all of the Ownership Interests are free and clear of all Liens. Each of Assignor and Assignee hereby represents and warrants that the execution and delivery by it of this Assignment will not violate or constitute a default under the terms or provisions of any agreement, document or instrument to which it is bound.

6. Effective Date. This Assignment is effective as of the Effective Date set forth above.

7. Successors and Assigns. This Assignment is binding on and inures to the benefit of the parties and their respective successors and assigns.

8. Governing Law. This Assignment, the rights and obligations of the parties hereto, and any claims and disputes relating thereto, are governed by and shall be construed in accordance with the laws of the state of formation of the Company.

9. Counterparts. This Assignment may be executed in counterparts, each of which will be deemed an original, but all of which together will constitute the same instrument.

10. Future Cooperation. Each of the parties hereto agrees to cooperate at all times from and after the date hereof with respect to all of the matters described herein, and to execute such further assignments, releases, assumptions, amendments of agreements, notifications and other documents as may be reasonably requested for the purpose of giving effect to, or evidencing or giving notice of, the transactions contemplated by this Assignment.

**[***Remainder of Page Intentionally Left Blank;*
*Signature Page Follows***]**



**IN WITNESS WHEREOF**, the parties have executed this Assignment as of the date first above written.

**ASSIGNOR:**

[ ],
a [ ]

By: _____
Name:
Title:

**ASSIGNEE:**

[NSA OP, LP

By: National Storage Affiliates Trust, its general partner

By: _____
Name:
Title: ]

[NSA [ ],
a Delaware limited liability company

By: _____
Name:
Title:]



[**attach state specific form of deed**]



**EXHIBIT F1**
**Form of FIRPTA Certificate**

CERTIFICATE OF NON-FOREIGN STATUS

This certificate is being provided in accordance with the provisions of one or more documents entitled "Contribution Agreement of NSA OP, LP" of even date herewith (the "Contribution Agreement"). Capitalized terms used but not defined herein have the meanings ascribed to them in the Contribution Agreement.

Pursuant to the Contribution Agreement, the undersigned is contributing a membership interest in a limited liability company, to [NSA OP, LP, a Delaware limited partnership][NSA , LLC, a Delaware limited liability company] (the "[Partnership][Company]") in exchange for [Class A NSA Units and Class B NSA Units].

In accordance with the provisions of the Contribution Agreement, and to inform the [Partnership][Company] that withholding tax is not required upon the consummation of the transactions contemplated in the Contribution Agreement under Section 1445 of the Internal Revenue Code of 1986, as amended (the "Code"), the undersigned hereby certifies the following under penalties of perjury:

1. If an individual, is not a nonresident alien for purposes of U.S. income taxation, and if not an individual is not a foreign corporation, foreign partnership, foreign trust or foreign estate (as those terms are defined in the Code and the Treasury Regulations).

2. If not an individual, is not a disregarded entity as defined in Treas. Reg. § 1.1445-2(b)(2)(iii).

3. Its U.S. employer identification or social security number (as applicable) is .

4. Its address is: [ *insert address* ].

The undersigned understands that this certification may be disclosed to the Internal Revenue Service by the [Partnership][Company] and that any false statement contained herein could be punished by fine, imprisonment, or both.

Under penalties of perjury, I declare that I have examined this certification on behalf of the undersigned and, to the best of my knowledge and belief, it is true, correct and complete, and I further declare that I have authority to sign this document on behalf of the undersigned in my capacity set forth below.

Dated as of this day of , 201[ ].

[ ],
a [ ]

By: _____
Name:
Title:



**EXHIBIT F2**
**Form W-9**

| | | |
|---|---|---|
| SUBSTITUTE Form W-9 | Part 1 — PLEASE PROVIDE YOUR TIN IN THE BOX AT RIGHT AND CERTIFY BY SIGNING AND DATING BELOW | Social Security Number(s) or Employer Identification Number |
| Department of The Treasury Internal Revenue Service | Part 2 — Certification — Under penalties of perjury, I certify that: (1) The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me); (2) I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service ("IRS") that I am subject to backup withholding as a result of failure to report all interest or dividends, or the IRS has notified me that I am no longer subject to backup withholding; and (3) I am a U.S. person (including a U.S. resident alien). | |
| Payer's Request for Taxpayer Identification Number (TIN) | Certification Instructions — You must cross out item (2) above if you have been notified by the IRS that you are subject to backup withholding because you have failed to report all interest and dividends on your tax return. However, if after being notified by the IRS that you were subject to backup withholding you received another notification from the IRS that you are no longer subject to backup withholding, do not cross out item (2). | Part 3 — Awaiting TIN ☐ |

CERTIFICATE OF AWAITING TAXPAYER IDENTIFICATION NUMBER
(Applicable only if the box in Part 3 above is checked)

I certify under penalties of perjury that a taxpayer identification number has not been issued to me, and either (a) I have mailed or delivered an application to receive a taxpayer identification number to the appropriate Internal Revenue Service Center or Social Security Administration office, or (b) I intend to mail or deliver an application in the near future. I understand that if I do not provide a taxpayer identification number within sixty days, 28 percent of all reportable payments made to me thereafter will be withheld until I provide a taxpayer identification number.

**SIGNATURE** **SIGNATURE, if held Jointly**

DATE: , 201[ ] DATE: , 201[ ]



**EXHIBIT G**
**Certificates of Insurance**

[to be attached]

**EXHIBIT H**

**Omitted**



**EXHIBIT I**
**Accredited Investor Questionnaire**

This Questionnaire is being provided in accordance with the provisions of that certain "Contribution Agreement of NSA OP, LP" of even date herewith (the "Contribution Agreement") pursuant to which the undersigned, or an entity in which the undersigned owns interests in, is contributing interests in one or more entities or properties, to [NSA OP, LP, a Delaware limited partnership][NSA , LLC, a Delaware limited liability company] ("NSA [Partner]"). Unless otherwise defined herein, all capitalized terms have the meaning set forth in the Contribution Agreement.

The undersigned represents and warrants to NSA [Partner] and the General Partner that it is an "accredited investor" within the meaning given to such term under Rule 501 of Regulation D under the Securities Act and has initialed the applicable statement below.

FOR INDIVIDUALS [*Entities should complete the section below*]

**Please check the appropriate description which applies to you.**

(a) ☐ I am a natural person whose individual net worth, or joint net worth with my spouse, exceeds $1,000,000. For purposes of this item question, "net worth" means the excess of total assets at fair market value (including personal and real property, but excluding the estimated fair market value of a person's primary home) over total liabilities. Total liabilities excludes any mortgage on the primary home in an amount of up to the home's estimated fair market value as long as the mortgage was incurred more than 60 days before the Securities are purchased, but includes (i) any mortgage amount in excess of the home's fair market value and (ii) any mortgage amount that was borrowed during the 60-day period before the closing date for the sale of Securities for the purpose of investing in the [Class A NSA Units][NSA Partnership Units].

(b) ☐ I am a natural person who had individual income exceeding $200,000 in each of the last two calendar years and I have a reasonable expectation of reaching the same income level in the current calendar year.

(c) ☐ I am a natural person who had joint income with my spouse exceeding $300,000 in each of the last two calendar years and I have a reasonable expectation of reaching the same income level in the current calendar year, as defined above.

(d) ☐ I am a director, executive officer or general partner of the Issuer, or a director, executive officer or general partner of a general partner of the Issuer. (For purposes of this question, executive officer means the president; any vice president in charge of a principal business unit, division or function, such as sales, administration or finance; or any other person or persons who perform(s) similar policymaking functions for the Issuer.)



FOR ENTITIES

**Please check the appropriate description which applies to you.**

(a) ☐ A bank, as defined in Section 3(a)(2) of the Securities Act or any savings and loan association or other institution as defined in Section 3(a)(5)(A) of the Securities Act, whether acting in an individual or a fiduciary capacity.

(b) ☐ A broker or dealer registered under Section 15 of the Securities Exchange Act of 1934, as amended.

(c) ☐ An insurance company, as defined in Section 2(13) of the Securities Act.

(d) ☐ An investment company registered under the Investment Company Act of 1940 or a business development company, as defined in Section 2(a)(48) of that act.

(e) ☐ A Small Business Investment Company licensed by the U.S. Small Business Administration under Section 301(c) or (d) of the Small Business Investment Act of 1958.

(f) ☐ A plan established and maintained by a state, its political subdivisions or any agency or instrumentality of a state or its political subdivisions for the benefit of its employees, if the plan has total assets in excess of $5 million.

(g) ☐ An employee benefit plan within the meaning of Title I of the Employee Retirement Income Security Act of 1974, if the investment decision is being made by a plan fiduciary, as defined in Section 3(21) of such act, and the plan fiduciary is either a bank, an insurance company, or a registered investment adviser, or if the employee benefit plan has total assets in excess of $5 million.

(h) ☐ A private business development company, as defined in Section 202(a)(22) of the Investment Advisers Act of 1940.

(i) ☐ A corporation, Massachusetts or similar business trust, or partnership, or an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, that was not formed for the specific purpose of acquiring the [Class A NSA Units][NSA Partnership Units], and that has total assets in excess of $5 million.

(j) ☐ A trust with total assets in excess of $5 million not formed for the specific purpose of acquiring the [Class A NSA Units] [NSA Partnership Units], whose purchase is directed by a sophisticated person as described in Rule 506(b)(2)(ii) under the Securities Act.

(k) ☐ An entity in which all of the equity owners are accredited investors and meet the criteria listed for individuals listed above in this Questionnaire.



Dated as of this day of , 201[ ].

[Contributor:

[ ],
a [ ]

By: _____
Name:
Title:]



**Exhibit J**

[Pro Forma Balance Sheet

[*To be attached by the* Contributor Representative]]



[EXHIBIT K
**Financial Statements Information**

For the period of time commencing on the Effective Date and continuing through the first anniversary of the Closing Date, Contributor shall, from time to time, upon reasonable advance notice from NSA, provide NSA and its representatives, agents and employees with access to all financial and other information pertaining to the period of Contributor's ownership and operation of the Property which information is relevant and reasonably necessary, in the opinion of NSA or its outside third party accountants (the "Accountants"), to enable NSA and its Accountants to prepare financial statements in compliance with any and or all of: (a) the preparation and audit of the financial statements of NSA and its consolidated subsidiaries; (b) the requirements of the Securities and Exchange Commission (the "Commission") and any other rule issued by the Commission and applicable to NSA; and (c) any registration statement, report or disclosure statement filed with the Commission by, or on behalf of NSA; provided, however, that in any such event(s), NSA shall reimburse Contributor for those reasonable third party, out-of-pocket costs and expenses that Contributor incurs in order to comply with the foregoing requirement. Contributor acknowledges and agrees that the following is a representative description of the information and documentation that NSA and the Accountants may require in order to comply with (a), (b) and (c) above. Contributor shall provide the following information and documentation with respect to the Property, if available (capitalized terms not defined herein shall have the meanings as ascribed to such terms in the Agreement to which this Exhibit is attached):

1. Rent rolls for the calendar month in which the Closing occurs and the eleven (11) calendar months immediately preceding the calendar month in which the Closing occurs;

2. Contributor's written analysis of both (a) scheduled increases in base rent required under the Leases in effect on the Closing Date; and (b) rent concessions imposed by those Leases;

3. Contributor's internally prepared operating statements;

4. Access to Lease files;

5. Most currently available real estate tax bills;

6. Access to Contributor's cash receipt journal(s) and bank statements for the Property;

7. Contributor's general ledger with respect to the Property, excluding Contributor's proprietary accounts;

8. Contributor's schedule of expense reimbursements required under the Leases in effect on the Closing Date;



9. Schedule of those items of repairs and maintenance performed by or at the direction of the Contributor during the Contributor's final fiscal year in which Contributor owns and operates the Property (the "Final Fiscal Year");

10. Schedule of those capital improvements and fixed asset additions made by or at the direction of Contributor during the Final Fiscal Year;

11. Access to Contributor's invoices with respect to expenditures made during the Final Fiscal Year; and

12. Access (during normal and customary business hours) to responsible personnel to answer accounting questions.

Nothing herein shall require Contributor to conduct its own audits or generate any requested materials that are not in its possession, custody or control.

The provisions of the foregoing information shall be for informational purposes only, shall not be deemed to be representations or warranties under this Agreement, and shall not expose Contributor to any liability on account thereof.

Upon at least ten (10) days' prior written notice upon NSA's request, for a period of one (1) year after Closing, Contributor shall, make Contributor's books, records, existing supporting invoices and other existing substantiating documentation that are not deemed by Contributor to be privileged, available to NSA for inspection, copying and audit by NSA's designated accountants, at the expense of NSA.

This obligation shall survive the Closing for a period of two (2) years and shall not be merged with any instrument of conveyance delivered at the Closing.]



**[EXHIBIT J**
**Form of Assignment and Assumption of Leases and Other Occupancy Agreements**

**Assignment and Assumption of Leases**
**and Other Occupancy Agreements**

THIS ASSIGNMENT AND ASSUMPTION OF LEASES (the "Assignment") dated as of March 31, 201[ ], between [ ] (the "Assignor"), and NSA OP, LP, a Delaware limited partnership ("Assignee").

W I T N E S S E T H

WHEREAS, pursuant to that certain Contribution Agreement dated as of [ ], among Assignor and Assignee, Assignor agreed to assign to Assignee its interest, as lessor, in, to and under all of the leases, license agreements and other occupancy agreements listed on Schedule A attached hereto and made apart hereof (collectively, the "Leases"), relating to the real property more particularly described on Exhibit A attached hereto and made a part hereof (the "Property"), and Assignee desires to accept such assignment and assume the obligations of Assignor under the Leases to be performed on and after the date hereof, in each instance subject to the terms of the Agreement.

NOW THEREFORE, in consideration of the premises and the mutual covenants herein contained, the parties hereto hereby agree as follows:

1. (a) Assignor hereby assigns, sets over and transfers unto Assignee all of its right, title and interest in, to and under the Leases, and (b) Assignee hereby accepts the within assignment and assumes and agrees with Assignor to perform and comply with and to be bound by all the terms, covenants, agreements, provisions and conditions of the Leases on the part of Assignor to be performed on or after the date hereof, in the same manner and with the same force and effect as if Assignee had originally executed the Leases (including, without limitation, Assignor's obligation to return security deposits to the tenants pursuant to and in accordance with the Leases). This Assignment is made without any recourse and without representation or warranty of any kind, express or implied (except to the extent and only for so long as any representation and warranty, if any, regarding the Leases as is set forth in the Agreement shall survive the closing of title thereunder, and subject to the limitations contained therein).

2. This Assignment shall be binding upon and inure to the benefit of the parties hereto and their respective successors and

assigns.

3. Assignor hereby covenants and agrees, at no cost to Assignor, to execute and deliver such further documents as Assignee may reasonably request to evidence or confirm any of the terms of this Assignment.

4. This Assignment shall be construed and enforced in accordance with the laws of the State of Texas, without regard to principles of conflict of law.

5. This Assignment may be executed in one or more counterparts, each of which when so executed and delivered shall be deemed an original, but all of which taken together shall constitute but one and the same instrument.

6. This Assignment may not be altered, amended, changed, waived, terminated or modified in any respect or particular unless the same shall be in writing and signed by each of the parties hereto.

[S*ignature page to follow.*]



IN WITNESS WHEREOF, the Assignor and Assignee have duly executed this instrument as of the first day above written.

**ASSIGNOR:**

[ ],
a [ ]

By: _____
Name:
Title:

**ASSIGNEE:**

NSA OP, LP

By: National Storage Affiliates Trust, its general partner

By: _____
Name:
Title:



**Schedule A**

**Leases**

[attach list of leases at the Property **]**



**Exhibit A**

**LEGAL DESCRIPTION]**



**[Exhibit K**

**Form of General Assignment and Bill of Sale**

**GENERAL ASSIGNMENT AND BILL OF SALE**

THIS GENERAL ASSIGNMENT AND BILL OF SALE is made this day of ("**Contributor**") and NSA OP, LP, a Delaware limited partnership ("**NSA**").

A. NSA and Contributor entered into that certain Contribution Agreement dated as of , 201[ ], (the "**Agreement**") with respect to the contribution of the Property. All capitalized terms used but not defined in this Assignment shall have the meanings ascribed to them in the Agreement.

B. Under the Agreement, Contributor and NSA are required to execute this Assignment.

**Agreement**

**Contributor and NSA therefore agree as follows:**

**1.** **Assignment**. Contributor assigns to NSA, without warranty and to the extent assignable, Contributor's entire interest in and to the Personal Property and the Intangibles.

**2.** **NSA's Indemnification**. NSA hereby indemnifies and agrees to defend and hold harmless Contributor from and against any claims, demands, actions, damages, losses, expenses (including, without limitation, reasonable attorneys' fees and disbursements) or liabilities that Contributor may incur on or after the date hereof arising out of or in connection with any term, covenant, condition or agreement related to the Personal Property or the Intangibles or this Agreement to be kept, observed or performed by NSA on or after the date hereof.

**3.** **Contributor's Indemnification**. Contributor hereby indemnifies and agrees to defend and hold harmless NSA from and against any claims, demands, actions, damages, losses, expenses (including, without limitation, reasonable attorneys' fees and disbursements) or liabilities that NSA may incur on or after the date hereof arising out of or in connection with any term, covenant, condition or agreement related to the Personal Property or the Intangibles or this Agreement to be kept, observed or performed by Contributor prior to the date hereof.

**4.** **Legal Fees**. If either NSA or Contributor brings a claim (subject to the limitations set forth in the Agreement) against the other, then the prevailing party in such action or dispute, whether by final judgment or out of court settlement, shall be entitled to recover from the other party all costs and expenses of suit, including actual attorneys' fees.

**5.** **Successors**. This Assignment binds and inures to the benefit of NSA, Contributor and their respective successors and assigns.



**6.** This Assignment shall be governed by, interpreted under, and construed and enforceable in accordance with, the laws of the State of [ ].

**7.** **Counterparts**. This Assignment may be executed simultaneously in counterparts, each of which shall be deemed an original, but all of which, together, shall constitute one and the same instrument.

[*Signature page to follow.*]



**IN WITNESS WHEREOF**, the parties have executed this Assignment as of the date first above set forth.

**CONTRIBUTOR:**

[ ],
a [ ]

By: _____
Name:
Title:

**NSA:**

NSA OP, LP,
a Delaware limited partnership

By: _____
Name:

**Exhibit 10.14**

**FORM OF PURCHASE AND SALE AGREEMENT**

This FORM OF PURCHASE AND SALE AGREEMENT (this "Agreement") is made effective as of the Effective Date (defined below), by and between [ ], a [ ] ("Seller"), and [ ], a [ ], or its assigns ("Buyer").

**1. AGREEMENT OF SALE.** Subject to the terms and conditions contained in this Agreement, Seller agrees to sell to Buyer, and Buyer agrees to purchase from Seller, the Property described herein.

**2. PROPERTY.** The "Property" means all assets used in connection with the operation of the [ ] unit, [ ] +/- net rentable square foot self-storage business, commonly known as [ ], and located at [ ] (the "Business"), including without limitation:

(1) the land described on Exhibit A, attached hereto, together with all improvements located thereon, all fixtures attached thereto, and all easements and other rights appurtenant thereto (collectively, the "Real Estate");

(2) the lessor's interest in all leases of self-storage units and all rents and deposits related thereto (the "Self Storage Leases");

(3) the lessor's interest in all other (non-storage) leases and all rents and deposits related thereto (the "Other Leases");

(4) all licenses, permits and approvals necessary for the ownership or the operation of the Business or the Property (the "Permits");

(5) all service, maintenance, management, employment, collective bargaining and other agreements associated with the Business or the Property (the "Contracts");

(6) all furniture, equipment, inventory and other tangible personal property used in connection with the Business or the Property (the "Tangible Personal Property");

(7) all intangible personal property used in connection with the Business, including all intellectual property, going concern value, goodwill, telephone, telecopy, and e-mail addresses, websites and all trade names and trademarks (the "Intangibles");

(8) all warranties and guarantees for the Real Estate and Tangible Personal Property (the "Warranties"); and

(9) all tenant files (including correspondence in Seller's possession), electronic databases of tenants and history, studies, reports, data and records related to the ownership or operation of the Business or the Property, including client and customer lists, service and warranty records, and advertising materials (the "Records),

---

except for those assets listed on Schedule 2 attached hereto (the "Excluded Assets").

**3. PURCHASE PRICE** Total Purchase Price ("Purchase Price") shall be $[ ].

**4. DATES AND DEADLINES**

| Event | Date or Deadline |
|---|---|
| Seller's Property Disclosure Deadline | [ ] days after Effective Date |
| Property Documents | [ ] business days after Effective Date |
| Inspection Period | [ ] days after the Effective Date |
| Closing Date | [ ] days after the Inspection Period |
| Possession Date | At Closing |

**5. [Intentionally Deleted].**

**6. EARNEST MONEY.** Buyer shall deposit [ ] Dollars ($[ ].00) with the Title Company (as defined in Section 7(a)), as earnest money ("Earnest Money"), within three (3) business days after the Effective Date. Title Company shall agree to act as escrow holder pursuant to this Agreement and any general instructions as they may reasonably require which the parties agree to execute as soon as reasonably possible following any request by the Title Company. If this Agreement is terminated prior to the Closing Date for reasons other than an event of default under Section 16, any fees charged by the Title Company to act as escrow holder shall be split equally by the parties. The Earnest Money shall be deposited in an interest bearing account in a federally insured financial institution chosen by the Title Company and any interest shall be credited to Buyer. If any provision of this Agreement which is to be satisfied by Seller before the Closing Date is not satisfied prior to the Closing Date, then Buyer may terminate this Agreement by written notice to Seller and the Title Company, at which time all Earnest Money paid under this Agreement shall be returned to Buyer in accordance with Section 16 of this Agreement. If this Agreement is not terminated prior to the Closing Date, the Earnest Money will be applied to the Purchase Price at Closing.

**7. TITLE INSURANCE AND SURVEY**

(a) Buyer, at Seller's sole cost and expense, shall obtain an Owner's Policy of Title Insurance ("Title Policy") issued by First American Title Insurance Company (as coordinated



from its Denver office, the "Title Company") for the Real Estate, dated the Closing Date, and insuring Buyer against loss under the provisions of the Title Policy, subject only to those title exceptions permitted by this Agreement, or as may be approved by Buyer in writing. The Title Commitment (as defined below) shall commit to delete or insure over the standard exceptions which relate to:

(1) Parties in possession;

(2) Unrecorded easements;

(3) Survey matters;

(4) Any unrecorded mechanics' liens;

(5) Gap period (effective date of Title Commitment to the date the deed is recorded);

(6) Unpaid taxes, assessments and unredeemed tax sales prior to the year of Closing; and

(7) Assessments for the year of Closing.

The premium to obtain this coverage shall be paid by Seller.

(b) Within [ ] ([ ]) days after Effective Date, Seller shall provide Buyer (a) copies of any existing owner's policy of title insurance, title commitments and/or abstracts in Seller's possession, and (b) copies of any surveys of the Real Estate in Seller's possession. Buyer shall cause the Title Company to issue a commitment for Title Insurance ("Title Commitment"), including copies of recorded documents evidencing title exceptions. Buyer may employ a Registered Professional Land Surveyor to prepare an update of any existing survey of the Real Estate provided by Seller hereunder or a new ALTA Survey Plat ("Survey," and together with the Title Commitment, the "Title Documents"), at Buyer's expense, for the Real Estate dated after the Effective Date of this Agreement.

(c) On or before the expiration of the Inspection Period, Buyer shall notify Seller in writing (the "Title Notice") of either its approval of the Title Documents, or in the event that any title defect or matter appears in the Title Documents that is unacceptable to Buyer ("Title Defect"), its objection to such Title Defects, which approval or disapproval shall be in Buyer's sole and absolute discretion. If Buyer disapproves of any matter affecting title to the Real Estate, Seller shall have until 5:00 P.M. on the day that is seven (7) days after Seller's receipt of the Title Notice to notify Buyer in writing of its election, which shall be in Seller's sole and absolute discretion, to (1) cure or eliminate any one or more of the Title Defects prior to the Closing, or (2) not cure or eliminate the Title Defects. If Seller elects to cure or eliminate any of the Title Defects, it shall have until one (1) day prior to Closing to cure or eliminate the same. In the event that Seller elects not to cure or eliminate the Title Defects to the satisfaction of Buyer, or is unable to cure or eliminate the Title Defects to the satisfaction of Buyer, Buyer may: (1) terminate this Agreement by delivering written notice to Seller, or (2) accept such title as Seller



can deliver. Seller's failure to timely respond to Buyer's Title Notice objecting to any Title Defects shall conclusively be deemed to be Seller's election to not cure or eliminate Title Defects. Notwithstanding any of the foregoing, Seller, at its sole cost and expense, shall at Closing (but shall not be obligated prior thereto), remove of record all monetary and financing liens and encumbrances affecting the Property caused by Seller and, if necessary, Seller shall deliver to the Title Company prior to Closing additional funds necessary to clear title to the Property of such monetary and financing liens and encumbrances caused by Seller; provided, however, that if Seller is unable to deliver clear title to the Property due to any monetary and financing liens and encumbrances affecting the Property caused by third parties that Seller is unable or unwilling to resolve as of Closing, Buyer shall have the right to terminate this Agreement. In the event of termination pursuant to this Section 7(c), the parties shall have no further rights or obligations hereunder (except for those obligations which this Agreement expressly provides shall survive such termination), and the Earnest Money shall be returned to the Buyer, less one half of any charge by the Title Company to act as escrow holder, and less the sum of $100.00 to be retained by Seller as independent consideration for Buyer's right to terminate under this Section 7(c). Any exceptions remaining after the cure and/or waiver provisions set forth in this Section 7(c) shall be "Permitted Exceptions."

**8. INSPECTION AND FEASIBILITY STUDIES; SELLER DELIVERIES**

(a) INSPECTION. Within [ ] ([ ]) days after the Effective Date, ("Inspection Period"), Buyer may complete or cause to be completed, at Buyer's expense, inspections of the Property (including all improvements and fixtures) by inspectors of Buyer's choice. Inspections may include, but are not limited to:

(1) Physical property inspections including, but not limited to, structural pest control, mechanical, structural, electrical, or plumbing inspections;

(2) Economic feasibility studies;

(3) Any type of environmental assessment or engineering study including the performance of tests such as soils tests, air sampling, or paint sampling; and

(4) Compliance inspections to determine compliance with zoning ordinances, restrictions, building codes, and statutes (e.g., ADA, OSHA, and others).

Seller shall permit Buyer and Buyer's inspectors to access the Property at all reasonable times. If Buyer determines, in Buyer's sole subjective discretion, that the Property is not suitable for any reason for Buyer's intended use or is not in satisfactory condition, then Buyer may terminate this Agreement by providing written notice of termination to Seller on or prior to the Inspection Period, and in that event, the Earnest Money shall be refunded to Buyer less one-half of any charge by the Title Company to act as escrow holder, and less the sum of $100.00 to be retained by Seller as independent consideration for Buyer's right to terminate under this Section 8(a). If Buyer does not terminate this Agreement prior to the Inspection Period, then any objections with respect to the Buyer's inspections, studies and assessments under this Section 8(a) shall be



deemed waived by Buyer. If this Agreement is terminated pursuant to Sections 6, 7(c), 8, or 12 or does not close through no fault of Seller, then Buyer shall restore the Property to substantially its original condition existing prior to such inspections, if materially altered by Buyer or Buyer's inspectors. Buyer shall not permit any mechanic's or materialmen's liens to be filed against the Property and hereby indemnifies and holds Seller harmless from and against any liability, damage, expense or cost which may be incurred by Seller in connection with any material alteration or damage to the Property all of which Buyer is obligated to restore or repair, and any mechanic's or materialmen's liens which may be filed against the Property as a result of Buyer or its representatives inspection hereunder; provided, however, that Buyer's indemnity obligations hereunder shall not include coverage for any claims related to any latent conditions or hazardous or toxic substances not caused by Buyer. This indemnity shall specifically include reasonable attorneys' fees and any costs incurred by the Seller to enforce this indemnity and shall survive the expiration or earlier termination of this Agreement.

(b) SELLER'S PROPERTY DISCLOSURE. Within [ ] ([ ]) days after the Effective Date, Seller shall deliver to Buyer a written description of any improvements or systems serving the Property which, to the best of Seller's Knowledge, are not in good working order and/or are in need of maintenance or repair. For purposes of this Agreement, "Seller's Knowledge" means the actual or imputed knowledge of [ ], who is familiar with all aspects of the Property and the Business.

(c) DELIVERY OF DOCUMENTS. Within [ ] ([ ]) business days after the Effective Date, Seller shall deliver to Buyer the following Property documents:

(1) A current rent roll of all Self Storage Leases and Other Leases (collectively, the "Leases") certified by Seller to be true and correct (the "Rent Roll"); Seller shall furnish such updated Rent Rolls to Buyer within 10 days of the end of each month which passes between the Effective Date and the Closing Date. Seller shall also furnish a copy of Seller's standard form of Self Storage Lease used for its tenants;

(2) A copy of Seller's income and expense statements ("Financial Statements") for the Business covering the period beginning three years prior to the Effective Date, including monthly statements for the 12 month period, immediately preceding the Effective Date. Thereafter, Seller shall furnish such updated monthly financial statements within 15 days of the end of each month which passes between the Effective Date and the Closing Date;

(3) Copies of all monthly bank statements relating to the Business for 12 months preceding the Effective Date;

(4) Copies of all prior and current property tax notifications for the Property during the twelve (12) months preceding the Effective Date;

(5) A report showing monthly Property occupancy for 36 months preceding the Effective Date;



(6) Copies of all operating budgets and capital budgets for the Business and the Property for the period beginning three years prior to the Effective Date;

(7) Copies of all Other Leases (including any modifications, supplements, or amendments to such leases);

(8) [Intentionally Deleted];

(9) A current inventory of all Tangible Personal Property;

(10) A current inventory of all Intangibles;

(11) Copies of all Contracts, which Contracts Buyer must notify Seller in writing on or before the Inspection

Period of its election to assume, or Seller shall terminate such Contracts prior to Closing. Seller shall indemnify Buyer for all costs incurred by Buyer as a result of Seller's failure to terminate those Contracts which are not assumed by Buyer;

(12) Copies of all Warranties and Permits;

(13) Copies of all surveys, plans, specifications, structural diagrams, working, design and "as-built" drawings, utilities drawings, engineering reports, appraisals, and all other similar records pertaining to the Property;

(14) Copies of all bills for utilities for the preceding one (1) year period prior to the Effective Date and major capital expenditures/improvements for the preceding two (2) year period prior to the Effective Date, including but not limited to gas, electric, water and sewer, garbage removal, insurance, heating repair, roofing repair, plumbing repair, and/or electrical repair;

(15) Copies of all previous environmental or soils assessments, reports, studies, or analyses affecting the Property (the "Environmental Reports");

(16) Copies of all unrecorded instruments in Seller's possession or custody that either do or may affect title to the Property;

(17) All development agreements and plans, zoning agreements and plans, PUD agreements and plans, or other agreements with any governmental authority affecting or restricting the further development of the Property;

(18) All certificates of occupancy affecting the Property;



(19) Copies of documents relating to any pending litigation, arbitration or administration proceeding related to the Business or the Property;

(20) Copies of any Americans With Disabilities Act (ADA) compliance studies concerning the Property;

(21) Seller shall make available to Buyer for inspection and review at Seller's location ([ ]) Tenant files, including all correspondence;

(22) A complete and detailed schedule of improvement work that Seller is obligated to complete for the benefit of tenants leasing space on the Property, but has not yet completed ("Tenant Improvement Work"); copies of all Agreements entered into by Seller in connection with such Tenant Improvement Work; and a complete and detailed schedule of all capital improvement work in progress on the date of delivery of such schedule;

(23) A letter from the applicable zoning authority confirming the zoning status of the Property under applicable zoning regulations;

(24) A copy of Seller's Federal and State income tax returns (not including Schedules K-1) for the three (3) years preceding the Effective Date;

(25) Copies of the most recent inspection reports for any boilers, elevators and fire systems pertaining to the Property;

(26) All available schedules concerning any of the equipment, machinery, mechanical systems or other items on which periodic maintenance is required or has been performed, and a list of all such maintenance work performed, including the date performed and a description of the work for the past 36 months;

(27) Certificates or other evidence documenting existing insurance policies held by Seller on or affecting the Property;

(28) Copies of all recorded notices and loan documents affecting the Property; and

(29) All other Records (Seller may satisfy by making available to Buyer for inspection and review at the location of such Records).

(d) DELIVERY OF CUSTOMER DATA. Within ninety (90) days after the Effective Date, Seller shall deliver to Buyer an Excel spreadsheet of data containing data fields similar to those listed on Schedule 8(d). Buyer and Seller will coordinate to establish prior to the expiration of the Inspection Period the final data fields and format to be approved by Buyer in Buyer's sole discretion (such data with the approved fields and format, the "Customer Data"). Seller shall pay any cost required to convert data on Seller's systems into Customer Data.

**9. BROKER REPRESENTATION AND FEES.** Neither party has retained a broker to represent itself in the sale contemplated by this Agreement other than [ ], retained by Seller. To the extent either party has retained a broker, then said party shall be responsible for paying the fees or commissions of any broker retained by that party and shall indemnify the other party for all costs incurred, including reasonable attorneys' fees, in connection with the cost of such representation.

**10. CLOSING AND POST CLOSING**

(a) CLOSING DATE. The closing of this Agreement ("Closing") shall be on or before the date [ ] ([ ]) days after the Inspection Period (the "Closing Date"); time being of the essence, provided, however, in the event the Closing Date should fall on a Friday, Saturday, Sunday, Monday, or National Holiday, the Closing Date shall be on the following Tuesday, Wednesday, or Thursday. If all other conditions of this Agreement have been satisfied, Buyer may designate an earlier Closing Date upon ten (10) days' written notice from Buyer to Seller. If either party fails to close this sale by the Closing Date, as may be extended pursuant to Section 12(h), then the non-defaulting party shall be entitled to exercise the remedies contained in Section 16.

(b) SELLER DELIVERIES. On or before the Closing Date, Seller shall deliver to the Title Company (unless otherwise specified herein):

(1) Deed. A Warranty Deed satisfactory to Buyer's counsel conveying good, marketable and insurable fee simple title to the Real Estate, in the form attached hereto as Exhibit B, duly executed and acknowledged by Seller;

(2) Bill of Sale. A Bill of Sale and Assignment conveying title to any Tangible Personal Property and Intangibles substantially in the form attached hereto as Exhibit C (the "Bill of Sale") duly executed by Seller;

(3) Assignment of Leases. Two (2) counterpart originals of an assignment of all Self Storage Leases and Other Leases substantially in the form attached hereto as Exhibit D (the "Assignment of Leases") duly executed by Seller;

(4) General Assignment. To the extent assignable, two (2) counterpart originals of an assignment of all Contracts that Buyer has elected to assume and all Permits, Warranties, and Records substantially in the form attached hereto as Exhibit E (the "General Assignment") duly executed by Seller;

(5) Rent Roll. The Rent Roll of the Property certified by Seller to be true, correct, and complete as of the Closing Date;



(6) Customer Data. The Customer Data certified by Seller to be true, correct, and complete as of the Closing Date;

(7) Keys. All keys and passes to the Property in the possession of Seller;

(8) Leases, Contracts, and Other Documents. To the extent available, originals, otherwise copies, of, all Leases, Contracts that Buyer is assuming, documents evidencing Intangibles, Permits, Warranties, and Records, all of which may be delivered by leaving each at the Real Estate;

(9) Non-Foreign Affidavit. A FIRPTA duly executed by Seller;

(10) Title Matters. Such other documents of conveyance and assignment, agreements, certificates, and investments executed by Seller as shall be reasonably required by the Title Company in order to consummate the transactions contemplated under this Agreement;

(11) Closing Certificate. A certificate from Seller stating that the representations and warranties of Seller contained in this Agreement remain accurate as of the Closing Date except as to the extent, if any, previously disclosed in writing to Buyer; and

(12) Settlement Statement. A settlement statement prepared by the Title Company and approved by Seller prior to Closing, which approval shall not be unreasonably delayed, conditioned or withheld.

Failure to deliver any of the foregoing at Closing shall constitute a default by Seller under this Agreement. Buyer may waive Seller's compliance with any of the foregoing items in writing.

(c) BUYER'S DELIVERIES. On or before the Closing Date, Buyer shall deliver to the Title Company:

(1) Purchase Price. The balance of the Purchase Price subject to the prorations and adjustments described in Section 14. The Earnest Money will be applied to the Purchase Price at Closing;

(2) Assignment of Leases. Two (2) counterpart originals of Assignment of Leases duly executed by Buyer;

(3) General Assignment. Two (2) counterpart originals of General Assignment duly executed by Buyer; and

(4) Settlement Statement. A settlement statement prepared by the Title Company and approved by Buyer prior to Closing, which approval shall not be unreasonably delayed, conditioned or withheld.



(d) CONDITIONS TO OBLIGATION OF SELLER TO CLOSE. The obligation of Seller to effect the closing of the transactions contemplated herein is subject to the satisfaction (or waiver by Seller) of each of the following conditions:

(1) Accuracy of Representations and Warranties. Each representation and warranty of Buyer in Section 12(e) will have been true and correct in all material respects as of the Effective Date and will be true and correct in all material respects as of the Closing Date as if made on the Closing Date;

(2) Observance and Performance. Buyer will have performed, in all material respects, all covenants and agreements required by this Agreement to be performed by Buyer on or before the Closing Date.

(e) CONDITIONS TO OBLIGATION OF BUYER TO CLOSE. The obligation of Buyer to effect the closing of the transactions contemplated herein is subject to the satisfaction (or waiver by Buyer) of each of the following conditions:

(1) Accuracy of Representations and Warranties. Each representation and warranty of Seller in Section 12(d) will have been true and correct in all material respects as of the Effective Date and will be true and correct in all material respects as of the Closing Date, as if made on the Closing Date;

(2) Observance and Performance. Seller will have performed, in all material respects, all covenants and agreements required by this Agreement to be performed by Seller on or before the Closing Date;

(3) No Material Adverse Change. Since the date of this Agreement, there will not have been any material adverse change to the Business or the Property;

(4) Authorization. This Agreement and the transactions contemplated hereby will have been authorized by the board of National Storage Affiliates, LLC or persons authorized by the board of National Storage Affiliates, LLC on or before the expiration of the Inspection Period; and

(5) Title Policy. Title Company shall be irrevocably and unconditionally committed to issue the Title Policy at Closing.

**11. POSSESSION.** Seller shall deliver possession of the Property to Buyer on the Closing Date in its present condition, ordinary wear and tear excepted, subject to the rights of tenants in possession under existing written Leases with Seller which have been assumed by Buyer. If Seller fails to deliver possession of the Property on the Closing Date, then Seller shall be subject to eviction and shall additionally be liable to Buyer for the payment of $4,000.00 per day from the Closing Date.



**12. SPECIAL PROVISIONS**

(a) SUBSEQUENT DEFECTS. "Subsequent Defect" shall mean any encumbrance, encroachment, defect in or other matter affecting title that is not one of the Permitted Exceptions described in Section 7, and (1) of which Buyer and Seller are notified by the Title Company after the Inspection Period and prior to Closing (by endorsement to the Title Commitment or otherwise); or (2) which is discovered by Buyer, and of which Buyer notifies Seller, prior to the Closing. If Seller shall be so notified of a Subsequent Defect, Seller shall use such efforts and shall expend such amount as it may, in its sole judgment, deem appropriate to remove or cure the Subsequent Defect prior to Closing. Except as provided in the last sentence of this subsection, Seller shall have no obligation to cure or attempt to cure any Subsequent Defect. If Seller does not or is unable to so remove or cure all Subsequent Defects prior to Closing Date, then Buyer may only either (i) waive all such uncured Subsequent Defects and accept such title as Seller is able to convey as of Closing with a mutually acceptable abatement of the Purchase Price, if any; or (ii) terminate this Agreement, whereupon the Title Company shall return the Earnest Money Deposit to Buyer, and Seller and Buyer shall be relieved of any further obligations hereunder, except for any provision hereof which expressly survives termination. Notwithstanding the foregoing, (A) if a Subsequent Defect is a mortgage, deed of trust, financing statement, collateral assignment of leases or similar monetary encumbrance voluntarily placed against the Property by Seller, or if a Subsequent Defect is a judgment, attachment, tax lien or similar involuntary lien against Seller's interest in the Property, then in either such case Seller shall be obligated to discharge the same of record or bond over at or prior to Closing; and (B) if a Subsequent Defect constitutes a mechanic's lien against Seller's interest in the Property resulting from work contracted for by Seller, Seller shall be obligated to pay the underlying obligation and discharge the lien of record at or prior to Closing or, if Seller wishes to contest the mechanic's lien, Seller shall (I) cause such mechanic's lien to be bonded over and released of record pursuant to applicable law, or (II) provide through the Title Company affirmative title protection as to such mechanic's lien, or (III) otherwise provide Buyer with a mutually satisfactory form of security to assure payment of such mechanic's lien (upon the failure of which the Title Company is hereby instructed to apply from the closing proceeds that would otherwise be payable to Seller the total amount necessary to discharge the same from record).

(b) CONDUCT PENDING CLOSING. Subsequent to the execution of this Agreement by Buyer, and pending closing of title and/or Buyer's earlier cancellation, or default, Seller: (1) shall not execute or modify any Leases, or extensions or renewals of Leases other than month-to-month Leases in the ordinary course of business, without the prior written consent of Buyer, except as required by the terms of the Leases currently in effect; (2) shall not execute or modify any Contracts, Permits or Warranties, or extensions or renewals of Contracts, Permits or Warranties, without the prior written consent of Buyer, except as required by the terms of the Contracts, Permits or Warranties currently in effect; (3) shall make no material changes in the physical condition of the Property without the prior written consent of Buyer; (4) shall not modify the Intangibles in any material respect; (5) shall maintain any insurance coverage relating to the Property that is currently maintained by Seller, in the amounts and coverages currently in effect; (6) shall not dispose of any interest in the Property and shall not mortgage, pledge, or subject to lien or other encumbrances any interest in the Property; (7) shall not seek or consent to any zoning or other change affecting the use of the Real Estate or seek or consent to any re-platting of the Real Estate or any amendment of the existing plat; (8) shall pay, prior to delinquency, all property taxes, insurance premiums, utility charges and other obligations which become due and payable with respect to the Property or the Business; (9) shall promptly advise



Buyer of the commencement of any litigation by or against Seller pertaining to the Property; (10) shall manage the Property in substantially the same manner in which it was managed prior to the Seller's execution of this Agreement; (11) shall not remove any material Tangible Personal Property used in the operation of the Property or Business unless same is replaced by similar Tangible Personal Property of same or better quality and condition; and (12) provide Buyer written notice of any change in fact that make the representations in Section 12(d) untrue.

(c) SELLER'S POST-CLOSING OBLIGATIONS. Subsequent to Closing, Seller will:

(1) Accounting books and records. Retain all Financial Statements and other financial records for the Business and Property for three (3) years after Closing and permit Buyer and its representatives to inspect the same upon reasonable prior notice; and

(2) Management Representation Letter. Upon Buyer's request, execute and deliver to Buyer or as Buyer directs, a management representation letter, in such terms as Buyer or its auditors reasonably request, in connection with an audit of the Property and Business.

(d) SELLER'S REPRESENTATIONS AND WARRANTIES. Seller hereby warrants and represents the following to Buyer, and acknowledges that execution of this Agreement by Buyer has been made, and the purchase by Buyer of the Property from Seller will be made, in material reliance by Buyer on such representations and warranties:

(1) Organization and Good Standing. Seller (a) is a duly organized and validly existing [ ] and is in good standing under the laws of [ ] and is qualified to do business in [ ] and any state in which it does business; and (b) has full power and authority to own and lease the Property, as applicable, and conduct the Business.

(2) Requisite Action. All requisite actions and approvals have been taken or obtained by Seller in connection with the entering into this Agreement, the execution and delivery of the instruments and documents referenced herein, and the consummation of the transaction contemplated hereby.

(3) Authority. The individuals executing this Agreement and the instruments and documents referenced herein on behalf of Seller have the legal power, right and actual authority to bind Seller to the terms and conditions of this Agreement and of such instruments and documents.

(4) True and Correct. All Property documents provided to Buyer by Seller pursuant to Section 8(c), or as otherwise required pursuant to this Agreement, are true and complete copies and were correct in all material respects as of the day prepared.



(5) No Default. The execution and delivery of, and the performance by Seller of its obligations under, this Agreement do not and will not (a) contravene, or constitute a default under, any provision of applicable law or regulation or any agreement, judgment, injunction, order, decree or other instrument binding upon Seller or to which the Property is subject, (b) contravene or conflict with Seller's organizational documents, (c) result in the breach of any of the terms or provisions of, or constitute a default under, any agreement or other instrument to which Seller is a party or by which it or any portion of the Property may be bound or affected or (d) result in the creation of any lien or other encumbrance on any asset of Seller.

(6) Validity. This Agreement and all agreements, instruments and documents herein provided to be executed or to be caused to be executed by Seller are (or will be) duly executed by and binding upon Seller, enforceable against Seller in accordance with their terms.

(7) Consents. No consent or approval by, notification to or filing with any person is required in connection with Seller's execution, delivery or performance of this Agreement or Seller's consummation of the transactions contemplated herein or therein.

(8) Foreign Person. Seller is not a "foreign person" within the meaning of Section 1445 of the Internal Revenue Code, as amended.

(9) Financial Statements and Records. The Financial Statements (a) were prepared in accordance with, and are consistent with, the books, records and tax returns of Seller and (b) fairly present, in all material respects, the assets, liabilities and financial condition of Seller at their respective dates and the results of operations of Seller for the respective periods covered thereby.

(10) Undisclosed Liabilities. Seller has no liabilities except (a) those disclosed in the Financial Statements; and (b) as shall arise in the ordinary course of business between the Effective Date and the Closing.

(11) Litigation; Investigations. There are no pending, or to the best of Seller's Knowledge threatened or contemplated, litigation, investigation, arbitration, condemnation or other proceedings of any kind affecting the Seller or any of the Property, and no unsatisfied judgment or decrees have been entered against Seller which have affected or will affect the Property (collectively, "Claims"). Seller agrees to indemnify and hold Buyer harmless from and against all costs or other damages incurred by Buyer as a result of such Claims.

(12) Condemnation. Seller has not received notice of any condemnation or eminent domain proceedings either pending or threatened against the whole or any part of the Property.



(13) Encroachment. To the best of Seller's Knowledge, all Improvements and all parking, access driveways and walkways used in connection with the Property are located entirely within the boundary lines of the Property.

(14) Compliance. To the best of Seller's Knowledge, (a) the Property conforms with all applicable codes and ordinances and all restrictive covenants or other matters affecting title to the Property as of the Effective Date, (b) the existing use will not be terminated or restricted by reason of the transfer of the Property to Buyer, and (c) the Property and the current operation of the Business comply in all material respects with all applicable legal requirements.

(15) Real Estate Taxes. To the best of Seller's Knowledge, there are no intended public improvements that would result in any charge or special assessments being levied against the Property, and no special assessments or charges will be levied against the Property or will result from work, activities, or improvements done to the Property by Seller or on Seller's behalf.

(16) Other Taxes. Seller has properly prepared and timely filed all returns for all any federal, state, local or foreign income, property, sales, use, transfer, registration, or similar tax of any kind whatsoever, including any interest, fine, penalty or similar addition thereto that were required to be filed by it, and no extensions are currently in effect.

(17) The Property. Seller has good and marketable title to the Property, subject to any liens, charges, encumbrances, claims, conditions, or restrictions of any kind of record on the Effective Date. There are no outstanding options or rights of first refusal to purchase the Property or any portion thereof or any interest therein. The Property includes all assets and rights legally and physically required to operate the Business as presently operated.

(18) Utilities. The Property and the Improvements are served by public utility services, which services are adequate for the Property's present use and operation, and to the best of Seller's Knowledge, in good working order and in accordance with all applicable laws, ordinances, rules and regulations. Seller is not aware of any fact or condition that exists which would result in the termination or impairment in the utility services furnished to the Property.

(19) Soil Condition. To the best of Seller's Knowledge, there are no defects or conditions of the soil that will impair the present use and operation of the Property.



(20) Leases. There are no Other Leases other than as disclosed on Schedule 12(d)(20) attached hereto and made a part hereof, and Seller will deliver to Buyer true, correct and complete copies and originals thereof in accordance with this Agreement. Each Lease is in full force and effect and there are no defaults or events that with notice or lapse of time or both which constitute a default by Seller or the tenant under such Leases (except as set forth in the Rent Roll). Except as reflected in the Leases, there are no tenant finish costs, brokerage commissions or other leasing costs payable in connection with any renewal or expansion of the Leases after Closing. Except as disclosed by Seller to Buyer in writing, no rent under any Self Storage Lease or Other Lease has been collected in advance of the current month.

(21) Contracts. There are no Contracts other than as disclosed on Schedule 12(d)(21) attached hereto and made a

part hereof, and Seller will deliver to Buyer true, correct and complete copies, and originals, thereof in accordance with this Agreement. Each Contract is in full force and effect and there are no defaults or events that with notice or lapse of time or both which constitute a default by Seller under such Contract. Except as reflected in the Contracts, there are no costs payable in connection with any renewal of the Contracts after Closing.

(22) Warranties and Permits. All Warranties and Permits are in full force and effect as of the Closing.

(23) Ground Leases. There are no ground leases pursuant to which Seller occupies any portion of the Real Estate.

(24) Environmental Matters.

(a) To the best of Seller's Knowledge, and except as set forth in the Environmental Reports, the Property (including the underlying groundwater and areas leased to tenants), its use and operation, are currently in compliance with all Environmental Laws (hereinafter defined). In the event of actual notice to the contrary after the date of this Agreement, Seller will immediately notify Buyer in writing of such notice and the specific details thereof. To the best of Seller's Knowledge, all governmental permits relating to the use and/or operation of the Property required by applicable Environmental Laws are and will, to and including the Closing Date, remain in effect, and Seller and the Property are in compliance with such permits.

(b) To the best of Seller's Knowledge, and except as set forth in the Environmental Reports, no release, generation, manufacture, storage, treatment, transportation or disposal of any Hazardous Material (hereinafter defined) has occurred on, in, under (including the underlying groundwater) or from the Property or any parcels or real estate adjacent to the Property. There are: (1) no Hazardous Materials on, in or under the Property (including the underlying groundwater) or any parcels of real estate adjacent to the Property; (2) no environmental, health or safety hazards that pertain to any of the Property or the Business; and (3) no underground storage tanks present on or under the Property.



(c) Except as set forth in the Environmental Reports, there are no pending, and Seller has not received notice of any threatened: (1) requests for information, actions or proceedings from any governmental agency or any other person or entity regarding the condition or use of the Property, or the disposal or presence of Hazardous Material, or regarding any Environmental Law; or (2) liens or governmental actions, notices of violations, notices of noncompliance or other proceedings of any kind with respect to the Property or the Business.

(d) "Hazardous Materials" means asbestos, explosives, radioactive materials, hazardous waste, hazardous substances, or hazardous materials including, without limitation, substances defined as "hazardous substances" in the Comprehensive Environmental Response Compensation Liability Act of 1980, as amended, 42 U.S.C. '' 9601-9657 ("CERCLA"); the Hazardous Material Transportation Act of 1975, 49 U.S.C. '' 1801-1812; the Resource Conservation Recovery Acts of 1976, 42 U.S.C. '' 6901-6987; the Occupational Safety And Health Act of 1970, 29 U.S.C. '' 651, et seq.; or any other federal, state, or local statute, law, ordinance, code, rule, regulation, order, or decree regulating, relating to, or imposing liability or standards of conduct concerning hazardous materials, wastes, or substances now or at any time hereinafter in effect (collectively, "Environmental Laws").

(25) Development Rights. Seller has not sold, transferred, conveyed, or entered into any agreement regarding "air rights," utility service rights, parking covenants or entitlement, waste or waste water capacity or other development rights or restrictions relating to the Property.

(26) Access, Flood Plain. The Real Estate has legal and physical access to a public road sufficient for the Title Company to insure access, and the Real Estate is not located in a flood plain.

(27) Customer Data. The Customer Data is correct as of Closing.

(e) BUYER'S REPRESENTATIONS AND WARRANTIES. Buyer hereby warrants and represents the following to Seller. Buyer acknowledges that the execution of this Agreement by Seller has been made, and sale by Seller of the Property to Buyer will be made, in material reliance by Seller on such representations and warranties.

(1) Requisite Action. All requisite actions and approvals have been taken or obtained by Buyer in connection with entering, performing, and consummating this Agreement.

(2) Authority. The individuals executing this Agreement and the instruments and documents referenced herein on behalf of Buyer have the legal power, right and actual authority to bind Buyer to the terms and conditions of this Agreement and of such instruments and documents.

(3) Validity. This Agreement and all agreements, instruments and documents herein provided to be executed, or to be caused to be executed by Buyer, are (or will be) duly executed by and binding upon Buyer, enforceable against Buyer in accordance with their terms.



(f) NEXT BUSINESS DAY. In the event any date described herein for payment or performance of the provisions hereof

falls on a Saturday, Sunday or legal holiday, the time for such payment or performances shall be extended to the next business day.

(g) ASSIGNMENT OF LEASES, RENTS AND PROFITS**.** All Self Storage Leases contracted with Seller as of the Closing Date, together with all related accounts receivable for said Self Storage Leases, subject to the requirements of Section 14(a)(4), are assigned by Seller to Buyer simultaneously with, and for the same consideration, as the conveyance to Buyer of the Property under this Agreement.

(h) EXTENSION OF CLOSING DATE. On or before the Closing Date, Buyer may postpone the Closing for a one (1) month period by delivering written notice to Seller of such postponed Closing Date and by depositing an additional $50,000 with the Title Company. The $50,000 deposit shall be deemed Earnest Money and shall be credited against the Purchase Price at Closing. Thereafter, Buyer may only postpone the Closing with consent of the Seller.

(i) NO EMPLOYEES. Seller expressly acknowledges that Buyer shall not be obligated to employ or assume any responsibility for employees of Seller employed at the Property.

**13. SALES EXPENSES.** To be paid in cash at or prior to Closing:

(a) Seller's Expenses. Releases of existing liens, including prepayment penalties and recording fees, if any; release of Seller's loan liability; tax statements or certificates of Seller; transfer tax; brokerage commission of Seller's agent; Title Policy Fees; one-half of escrow fees and closing fees; Seller's attorney fees, if any; fees to format Customer Data, if any; and other expenses accrued by or stipulated to be paid by Seller under other provisions of this Agreement.

(b) Buyer's Expenses. All loan fees or expenses (e.g., fees for application, origination, discount, appraisal, assumption, recording, tax service, mortgagee title policies, credit reports, document preparation and the like); all fees incurred in connection with the inspection of the Property by Buyer pursuant to Section 8(a); one-half of escrow fees and closing fees; transfer tax fees; fees for any Registered Professional Land Surveyor to update or prepare a Survey; fees for copies and delivery of any lender's Title Commitment and related documents; Buyer's attorney fees; and other expenses accrued by or stipulated to be paid by Buyer under other provisions of this Agreement.

**14. PRORATIONS AND ESTOPPEL CERTIFICATES**

(a) PRORATIONS AND ADJUSTMENTS. The following items, except as otherwise provided, shall be prorated between Buyer and Seller as of 12:01 a.m. on the calendar date prior to the Closing Date, so that Seller bears all expenses attributable to and has the benefit of all income attributable to the Property through and including the date two calendar days immediately preceding the Closing Date, and shall constitute an adjustment to the cash payment due at Closing on the Closing Date:



(1) All property taxes and assessments which are due and payable for a period up to the Closing Date regardless of whether they have become a lien on the Property shall be paid in full by Seller; and all property taxes and assessments, including but not limited to city, school, and county taxes, shall be prorated and adjusted on a fiscal year basis to the Closing Date. If the Closing Date shall occur before the real property tax rate or assessed valuation for the then current tax year is fixed, real property taxes shall be prorated on the basis of the most recently available assessment and the most recently available mill levy. If, at the time of the closing of the purchase and sale hereunder, the Property or any part thereof shall be affected by any assessment for a period prior to the Closing Date, then Seller shall pay the same. If any such assessments, including those which are to become due and payable after closing, shall be deemed to be accrued for any period prior to the Closing Date, then they shall be paid and discharged by the Seller in full for that portion accrued prior to the Closing Date.

(2) Water, fuel, sewage, electricity, telephone, and other public utility bills; provided, however, that no prorations will be made for said items or any one of them if in lieu thereof the utility company is able to render a statement to Seller as of the Closing Date and in such event, Seller shall promptly pay such statement when rendered.

(3) Amounts due under all service, maintenance, security, leasing, commission, loan and other Agreements affecting the Property which are assigned to and assumed by Buyer, including Seller's yellow page advertising, and all other operating expenses applicable to the period prior to the Closing Date which may be paid subsequent to the Closing Date shall be paid by Seller at Closing.

(4) All prepaid tenant rents, percentage rents, vending machine income, and other revenues, including common area maintenance or occupancy charges shall be a credit against the Sales Price in favor of Buyer. All overdue or delinquent rents which are less than thirty-one (31) days past due on the Closing Date shall be paid to Seller by Buyer at Closing. All overdue and delinquent rents which are thirty-one (31) or more days past due on the Closing Date, and all accounts receivable of the Business, shall belong entirely and become the property of Buyer upon Closing.

(5) All unapplied security deposits and prepaid expenses, if any, along with accrued interest thereon, and any other credit due to tenants shall be credited to Buyer in full and retained by Seller.

(6) Insurance (at Buyer's option) if a transfer is permitted by the insurance carrier.

(7) Buyer will receive a credit at Closing in the aggregate amount of all amounts if any collected from tenants by Seller for operating expenses and real property taxes validly accrued but not yet paid.

To the extent that the amounts necessary to make the appropriate proration are not known on the Closing Date, the proration will be made based on reasonably estimated amounts, and as soon as possible after closing (but no later than sixty (60) days thereafter), a subsequent adjustment will be made based on the actual amounts, and the party that underpaid on the prorations will make a cash payment to the other party to make up the underpayment. Amounts escrowed with Seller by tenants for operating expenses and real property taxes will be similarly reconciled. Notwithstanding the foregoing, the proration for real property taxes shall be based upon the most recent mill levy and assessment, and the proration shall be final.

(b) ESTOPPEL CERTIFICATES. On or before the expiration of the Inspection Period, Seller shall deliver to Buyer estoppel certificates signed not earlier than the Effective Date by each non-storage tenant, if any, leasing space in the Property (the "Estoppel Certificates") stating that, as of the date signed: no default exists under the terms of the lease agreement by either lessor or lessee; the amount of any rental payments made in advance, if any; the amount of any security deposits made, if any; the amount of any offsets against rent, if any; and that the tenant has no defenses against the payment of rent accruing under the terms of the lease agreement. If Seller is unable to deliver the Estoppel Certificates in accordance with the terms of this Section 14(b) without fault by the specified time, then Buyer may: (1) terminate this Agreement and the Earnest Money shall be refunded to Buyer; (2) extend the time for performance up to five (5) days and the Closing Date shall be extended as necessary; or (3) waive Seller's requirement to deliver the Estoppel Certificates.

**15. CASUALTY LOSS AND CONDEMNATION**

(a) CASUALTY. If any part of the Property is damaged or destroyed by fire or other casualty loss, then Seller shall restore the Property to its previous condition as soon as reasonably possible, but in any event by the Closing Date. If Seller is unable, in the exercise of reasonable diligence, to complete such restoration by the Closing Date, Buyer may at its sole election: (1) if the cost of such restoration exceeds $25,000.00, terminate this Agreement and the Earnest Money shall be refunded to Buyer; (2) extend the time for restoration and the Closing Date shall be extended as necessary for a period not to exceed 6 months; or (3) proceed with the Closing, accepting the Property in its damaged condition, and either (i) accept an assignment of insurance proceeds (or credit against Purchase Price in the amount of the insurance proceeds if already paid to Seller); or (ii) accept a reduction of the Purchase Price.

(b) CONDEMNATION. If prior to Closing condemnation proceedings are commenced against any portion of the Property, then Buyer may, at its sole election: (1) terminate this Agreement by written notice to Seller and the Earnest Money shall be refunded to Buyer; or (2) proceed with Closing with no reduction in the Purchase Price provided that all condemnation awards payable to Seller shall be paid (if already received by Seller) or assigned to Buyer at Closing.



**16. DEFAULT.** If Buyer fails to comply with any provision of this Agreement, then Buyer shall be in default. Seller may, as its exclusive remedy, terminate this Agreement and receive the Earnest Money as liquidated damages, thereby releasing the parties from this Agreement. If Seller is unable to deliver the Estoppel Certificates if any, Seller is obligated to deliver, then Buyer may only either terminate this Agreement and receive the Earnest Money as the sole remedy or extend the time for performance up to five (5) days and the Closing Date shall be accordingly extended as necessary. If Seller fails to comply with any other provision of this Agreement for any other reason, then, except as otherwise provided in Sections 7(c), 12 (a), and or 15(a), Seller shall be in default and Buyer may either (a) enforce specific performance of this Agreement, or (b) terminate this Agreement, and receive back the Earnest Money and recover from Seller all of Buyer's out-of-pocket costs incurred in connection with this Agreement and Buyer's inspection of the Property, thereby releasing the parties from this Agreement, except for any provision hereof which expressly survives termination. Both Seller and Buyer shall have ten (10) days from notice given by the other party to cure any breach claimed by the other party before a default shall arise under this Agreement entitling the non-defaulting party to release of the Earnest Money or any other available remedy.

**17. INDEMNIFICATION.**

(a) INDEMNIFICATION BY SELLER. Seller will indemnify, defend and hold harmless Buyer from and against damage, loss, fine, interest, penalty, assessment, cost or expense (including reasonable attorneys' fees or expenses) incurred by Buyer, arising out of, relating to or resulting from, directly or indirectly, any:

(1) Breach of any covenant or agreement of Seller herein;

(2) Breach of any representation or warranty made by Seller herein; or

(3) Claim asserted by a third-party against Buyer arising from the ownership or operation of the Business or the Property prior to the Closing Date.

(b) INDEMNIFICATION BY BUYER. Buyer will indemnify, defend and hold harmless Seller from and against damage, loss, fine, interest, penalty, assessment, cost or expense (including reasonable attorneys' fees or expenses) incurred by Seller, arising out of, relating to or resulting from, directly or indirectly, any:

(1) Breach of any representation or warranty made by Buyer herein;

(2) Breach of any covenant or agreement of Buyer herein;

(3) Claim asserted by a third-party against Seller arising from the ownership or operation of the Business or the Property after the Closing Date.

**18. ATTORNEY FEES.** If Buyer or Seller is a prevailing party in any legal proceeding brought under or with relation to this Agreement or this transaction, such party shall be entitled to recover from the non-prevailing party all costs of such proceeding and reasonable attorney



fees. Determination of the prevailing party shall be made by the presiding fact-finder of the proceeding. The provisions of this Section 18 shall survive Closing.

**19. ESCROW.** If either party makes demand for the payment of the Earnest Money, the Title Company has the right to require from all parties and brokers a written release of liability of the Title Company for disbursement of the Earnest Money. Any refund or disbursement of Earnest Money under this Agreement shall be reduced by the amount of unpaid expenses incurred on behalf of the party receiving the Earnest Money, and the Title Company shall pay the same to the creditors entitled thereto. At Closing, the Earnest Money shall be applied first to any cash down payment, then to Buyer's closing costs and any excess refunded to Buyer. Demands and notices required by this Section 19 shall be in writing and delivered pursuant to Section 21 below.

**20. MATERIAL FACTS**

(a) Seller shall convey the Property on Closing: (1) in accordance with Section 10(b)(1); (2) free and clear of all taxes except general taxes for the year of Closing, and free and clear of all liens, including any governmental liens for any assessments made prior to the Closing Date, and subject only to the Permitted Exceptions; (3) without any assumed loans in default; and (4) with no parties in possession of any portion of the Property as lessees, tenants at sufferance, or trespassers except tenants under the Leases assumed by Buyer hereunder.

(b) If arising between the Effective Date and the Closing Date, Seller shall immediately disclose in writing to Buyer: (1) any Lease modifications, amendments, or defaults made subsequent to the date the Leases are furnished to Buyer but prior to Closing; (2) any notified failure by Seller to comply with all of Seller's obligations under the Leases; (3) any facts or circumstances to the best of Seller's Knowledge that would constitute a default by Seller under any Lease or entitle any tenant to offsets or damages; (4) any Lease to the best of Seller's Knowledge in which tenant does not actually occupy the premises leased; (5) if any rent under any Lease has been collected in advance of the current month; (6) if any concessions, bonuses, free rents, rebates, or other matters affect the rental for any tenant; (7) if any of the Leases or rentals or other sums payable under the Leases have been assigned or otherwise encumbered, except as security for loan(s) assumed or taken subject to as provided in this Agreement; and (8) if any tenant under any Lease is in default for non-payment under a Lease with Seller, which defaults can be disclosed in the Rent Rolls required to be provided to Buyer under Section 8(c) of this Agreement.

**21. NOTICES.** Any notice or other communication required or permitted to be given under this Agreement ("Notices") shall be in writing and shall be (a) personally delivered; (b) delivered by a reputable overnight courier; (c) delivered by certified mail, return receipt requested and deposited in the U.S. Mail, postage prepaid or (d) delivered by facsimile or e-mail. Facsimile and e-mail notices shall be deemed valid only to the extent they are actually received by the individual to whom addressed. Notices shall be deemed received at the earliest of (1) actual receipt in the case of personal delivery or facsimile or electronic transmission; or (2) one (1) business day after deposit with an overnight courier as evidenced by a receipt of deposit; or (3) three (3) business days following deposit in the U.S. Mail, as evidenced by a return receipt. Notices shall be directed to the parties at their respective addresses shown below, or such other



address as either party may, from time to time, specify in writing to the other in the manner described above:

| Buyer at: | Seller at: |
|---|---|
| [ ] | [ ] |
| [ ] | [ ] |
| [ ] | [ ] |
| Attn: [ ] | Attn: [ ] |
| Phone: [ ] | Phone: [ ] |
| Fax: [ ] | Fax: [ ] |
| E-mail: [ ] | E-mail: [ ] |
| With a copy to: | With a copy to: |
| Husch Blackwell LLP | [ ] |
| 1700 Lincoln Street, Suite 4700 | [ ] |

| | |
|---|---|
| Denver, CO 80203-4547 | [ ] |
| Attn: Kevin H. Kelley | Attn: [ ] |
| Phone: (303) 892-4424 | Phone: [ ] |
| Fax: (303)749-7272 | Fax: [ ] |
| E-mail: Kevin.Kelley@huschblackwell.com | E-mail: [ ] |

**22. FEDERAL TAX REQUIREMENT**. If Seller is a "foreign person", as defined by applicable law, or if Seller fails to deliver an affidavit that Seller is not a "foreign person", then Title Company shall withhold from the sales proceeds at Closing an amount sufficient to comply with applicable tax law and deliver the same to the Internal Revenue Service, together with appropriate tax forms. Internal Revenue Service regulations require filing written reports if cash in excess of specified amounts is received in the transaction.

**23. BINDING AGREEMENT; MODIFICATION; ASSIGNMENT.** This Agreement shall be binding on the parties, their heirs, executors, representatives, successors, and assigns BUT SHALL NOT BE RECORDED. This Agreement contains the entire agreement of the parties and cannot be amended or modified except by written agreement. Buyer may assign this Agreement to an affiliate without the consent of Seller. An "affiliate" for purposes of this Section 23 shall mean NSA OP, LP and any legal person controlling, controlled by, or under common control with, NSA OP, LP. Buyer must obtain the prior written consent of Seller in order to assign this Agreement to any other party, which consent shall not be unreasonably withheld or delayed. If Buyer assigns this Agreement, Buyer shall be relieved of any future liability under this Agreement only if the assignee assumes in writing all obligations and liability of Buyer under this Agreement.

**24. TIME.** Time is of the essence in this Agreement. Strict compliance with the times for performance stated in this Agreement is required.



**25. EFFECTIVE DATE.** The effective date of this Agreement for the purpose of performance of all obligations shall be the date this Agreement is executed by the last signing party (the "Effective Date"), as evidenced below their signatures hereto.

**26. AGREEMENT AS OFFER.** The execution of this Agreement by the Buyer constitutes an offer to purchase the Property. Unless accepted by the Seller by 5:00 p.m. (in the time zone in which the Property is located) on [ ], 2015 the offer shall lapse and be null and void.

**27. GOVERNING LAW.** This Agreement shall be governed by and construed in accordance with the laws of the State of [ ].

**28. SEVERABILITY.** If any provision of this Agreement, or the application of this Agreement to any person or circumstances shall in whole or in part be involved or unenforceable, the entire remainder of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

**29. COUNTERPARTS.** This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. The parties agree that PDF or facsimile signatures shall be binding as if they were original signatures.

**30. LIKE-KIND EXCHANGE**. Buyer and Seller agree that, at either party's election, this transaction shall be structured as an exchange of like-kind properties under Section 1031 of the Internal Revenue Code of 1986, as amended, and the regulations thereunder. The party so electing shall be known as the "Electing Party," and the other party shall be known as the "Non-Electing Party." The parties agree that if either party wishes to make such election, it must do so no less than five (5) business days prior to the Closing Date. If the Electing Party so elects, the Non-Electing Party shall cooperate with the Electing Party; it being understood, however, that the Non-Electing Party shall not be required to take title to any other property as part of the Section 1031 exchange and the consummation of such exchange shall not result in any extension of the Closing Date (unless otherwise provided herein). The Electing Party shall in all events be responsible for all costs and expenses related to the Section 1031 exchange and shall indemnify, defend and hold harmless the Non-Electing Party from and against any and all liability, claims, damages and expenses (but excluding any attorneys' fees and expenses incurred by the Non-Electing Party in connection with its review of the documents reasonably necessary to effect the Electing Party's exchange) actually incurred by the Non-Electing Party and arising out of such Section 1031 exchange.

**31**. **SURVIVAL**. All provisions of this Agreement (including without limitation, the representations and warranties set forth in this Agreement), shall survive the Closing, and shall not be merged in any closing or closing documents.

**32. NON-COMPETE.** For the five (5) year period commencing on the Effective Date, Seller or any affiliate of Seller will not develop, construct, or acquire self-storage facilities within a three (3) mile radius of the Property (the "Non-Compete Radius"). Notwithstanding anything contained to the contrary contained in this Section 32, the provisions of this Section 32 shall not



apply to any owned or managed facility or affiliate of Seller within a three (3) mile radius of the Property existing as of Closing.

THIS IS INTENDED TO BE A LEGALLY BINDING AGREEMENT. READ IT CAREFULLY. NO REPRESENTATION OR RECOMMENDATION IS MADE BY BROKER OR ANY PARTY, OR BY THEIR AGENTS OR EMPLOYEES, AS TO THE LEGAL SUFFICIENCY, LEGAL EFFECT, OR TAX CONSEQUENCES OF THIS DOCUMENT OR TRANSACTION. CONSULT YOUR

ATTORNEY BEFORE SIGNING.

[signature page follows]



**BUYER:**

[ ],[ ]

By: _____
Name: [ ]
Title: [ ]
Date: , 2015

**SELLER:**

[ ],[ ]

By: _____
Name: [ ]
Title: [ ]
Date: , 2015

The undersigned hereby guaranties Seller's indemnification obligations of Section 17(a).

_____
Name: [ ]
Date: , 2015



**RECEIPT**

On the day of , 2015, in regards to the Agreement between [ ], a [ ],as Seller, and [ ], a [ ] as Buyer, [ ], the Title Company, acknowledges receipt of: (a) a copy of this Purchase and Sale Agreement; and (b) Earnest Money in the form of: , and in the amount of [ ] Dollars ($[ ].00).

**Title Company:**

[ ]

By: _____
Name: _____
Title: _____

Phone: _____
Fax: _____

SCHEDULE 2

EXCLUDED ASSETS

[ ]

SCHEDULE 8(d)

CUSTOMER DATA FIELDS

| | |
|---|---|
| Unit Number | Alternate Phone |
| Unit Size (WxD) | Access Code |
| Width | Drivers License Number |
| Height | Customer Email |
| Room Type | Lease Date |
| Floor | Balance Due |
| Elevation | Rent Balance |

| | |
|---|---|
| Doors | Fee Balance |
| Access Zone | Other Balance |
| Standard Rate | Billing Frequency Quantity |
| Climate Controlled (Y or N) | Billing Frequency |
| First Name | Notes |
| Last Name | Unit |
| Company | Unit |
| Address Line 1 | Status |
| Address Line 2 | Account Name |
| City | Move-In |
| State/Province | Paid Through Date |
| Zip/Postal Code | Rent Rate |
| Home Phone | Del. Step |
| Mobile Phone | Days Late |
| Fax | |
| altId | |
| Alternate First Name | |
| Alternate Last Name | |
| Alternate Address 1 | |
| Alternate Address 2 | |
| Alternate City | |
| Alternate State | |
| Alternate Zip/Postal Code | |

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SCHEDULE 12(d)(20)

OTHER LEASES

[ ]

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SCHEDULE 12(d)(21)
CONTRACTS

[ ]

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EXHIBIT A

DESCRIPTION OF REAL ESTATE

[ ]

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EXHIBIT B

FORM OF DEED

[ ]

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Exhibit A to Warranty Deed

LEGAL DESCRIPTION OF THE PROPERTY

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Exhibit B to Warranty Deed

PERMITTED EXCEPTIONS

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EXHIBIT C

FORM OF BILL OF SALE AND ASSIGNMENT

**BILL OF SALE AND ASSIGNMENT**

THIS BILL OF SALE AND ASSIGNMENT (this "Bill of Sale") is made as of this day of , 2015 (the "Effective Date"), by [ ], a [ ] ("Seller"), in favor of [ ], a [ ] ("Buyer").

**RECITALS**

A. Buyer and Seller are parties to that certain Purchase and Sale Agreement dated as of , 2015, by and between Buyer and Seller (as may be amended from time to time, collectively, the "Agreement"), the terms of which are hereby fully incorporated herein. Any capitalized term used but not defined herein shall have the meaning given to such term in the Agreement.

B. Pursuant to the Agreement, and contemporaneously herewith, Seller is conveying all of its right, title and interest in and to the real property described on Exhibit A attached hereto and made a part hereof (the "Property").

C. Pursuant to the Agreement, Seller has agreed to sell, assign, transfer and convey to Buyer, and Buyer agrees to acquire from Seller, all of Seller's right, title and interest in and to all tangible personal property owned by Seller in connection with Property and the Business.

**AGREEMENT**

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Seller hereby sells, assigns, transfers, conveys and delivers to Buyer all of Seller's right, title and interest in and to the Personal Property (defined below).

1. Grant.

(a) Seller hereby sells, assigns, transfers, conveys and delivers to Buyer all of Seller's right, title and interest in and to the personal property used in connection with the operation of the Property and the Business including, without limitation, those certain items of tangible personal property listed on Exhibit B, attached hereto and made a part hereof (collectively, the "Personal Property"), free and clear of all liens and encumbrances.

(b) Seller hereby sells, assigns, transfers, conveys and delivers to Buyer all of all of Seller's right, title and interest, if any, to the trademark, service mark, trade name and name "[ ]"; all other trademarks, service marks, trade names, names and logos used in connection with the advertising and promotion of the Property or otherwise relating to the Property; and any variations thereof as are necessary for the operation of the Property; all keys, passcodes and

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security codes necessary for Buyer to have full access to the Property; and any websites and/or domain names pertaining to the Property together with all telephone, telecopy, and e-mail addresses pertaining to the Property and Business and all access and passcodes necessary for Buyer to gain access thereto ("**Intangibles**"), and including, but not limited to, those certain Intangibles listed on Exhibit C, attached hereto and made a part hereof.

2. Representations and Warranties of Seller. Seller represents and warrants to Buyer that: (a) Seller owns all of the Personal Property and Intangibles and has not sold, assigned, conveyed, pledged, encumbered, hypothecated or otherwise transferred any portion of such Personal Property or Intangibles or any interest therein to anyone; and (b) Seller's interests therein are not subject to any lien, encumbrance, claim, set-off or deduction.

3. Additional Instruments. Seller agrees that it will, upon request from Buyer, at any time from time to time after the date hereof and without further consideration, do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered all such further acts, assignments, transfers, conveyances and assurances deemed by Buyer or its successors or assigns to be necessary or proper to better effect the sale, assignment, transfer, conveyance and delivery of ownership of the Personal Property and Intangibles to Buyer.

4. Successors and Assigns. This Bill of Sale shall inure to the benefit of Buyer and Buyer's legal representatives, successors and assigns, and this Bill of Sale shall be binding upon Seller and Seller's legal representatives, successors and assigns.

5. Counterparts. This Bill of Sale may be executed in any number of counterparts, including facsimile or electronically scanned counterparts, each of which shall be deemed to be an original and all of which counterparts taken together shall constitute one agreement.

6. Governing Law. This Bill of Sale shall be governed by the laws of the State of [ ].

*[Signature appears on following page]*

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IN WITNESS WHEREOF, Seller has executed this Bill of Sale to be effective as of the Effective Date.

**SELLER:**

[ ], a [ ]

By: _____
Name: _____
Title: _____
Date: , 2015

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**Exhibit A to Bill of Sale and Assignment**

Legal Description of Property

[Attached]

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**Exhibit B to Bill of Sale and Assignment**

Personal Property

[Attached]

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**Exhibit C to Bill of Sale and Assignment**

Intangibles

[Attached]

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EXHIBIT D

FORM OF ASSIGNMENT OF LEASES

**ASSIGNMENT AND ASSUMPTION OF LEASES**

THIS ASSIGNMENT OF AND ASSUMPTION OF LEASES (this "Assignment") is made to be effective as of , 2015 (the "Effective Date") by and between [ ], a [ ] ("Assignee"), and [ ], a [ ] ("Assignor").

**RECITALS**

A. Assignee and Assignor are parties to that certain Purchase and Sale Agreement dated as of , 2015, by and between Assignee and Assignor (as may be amended from time to time, collectively, the "Agreement"), the terms of which are hereby fully incorporated herein. Any capitalized term used but not defined herein shall have the meaning given to such term in the Agreement.

B. Pursuant to the Agreement, and contemporaneously herewith, Assignor is conveying all of its right, title and interest in and to the real property described on Exhibit A attached hereto and made a part hereof (the "Property") to Assignee.

C. Pursuant to the Agreement, Assignor has agreed to sell, assign, transfer and convey to Assignee, and Assignee has agreed to purchase and acquire from Assignor, all of Assignor's right, title and interest in and to the Self Storage Leases and the Other Leases (collectively, the "Leases") pursuant to the terms and conditions of this Assignment.

D. Assignor and the Assignee now desire to execute and deliver this Assignment.

**AGREEMENT**

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and in consideration of the agreements and undertakings of Assignor and Assignee hereinafter set forth, Assignor and Assignees agree as follows:

1. Assignment and Indemnification. Assignor hereby sells, assigns, transfers and conveys to Assignee, free and clear of all liens, security interests, encumbrances, claims and restrictions of any nature, all of Assignor's right, title and interest in and to (a) the Self Storage Leases relating to the Property, which Self Storage Leases evidence rentals on a space-by-space basis by individuals, partnerships, corporations, limited liability companies, trusts or other entities for use as storage facilities as set forth on the rent roll attached hereto as Exhibit B (the "Rent Roll") and (b) the Other Leases as more particularly described on Exhibit C, together with any and all prepaid rents and security deposits reflected therein or held by Assignor under the Leases. Assignor covenants and agrees to indemnify and hold Assignee harmless from any and all claims, causes of action, liabilities, costs and expenses including, without limitation, reasonable attorneys' fees, hereafter incurred by Assignee as a result of, or in connection with, the failure by

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Assignor to have performed when due any of the obligations of the landlord or lessor under the Leases that first accrued on or prior the Effective Date.

2. Assumption. Assignee hereby accepts all of Assignor's right, title, and interest in and to the Leases. Assignee hereby assumes and agrees to perform when due all of the obligations of landlord or lessor under the Leases first accruing or arising after the Effective Date.

3. Certification. Assignor hereby certifies and confirms to Assignee that: (a) true, complete and accurate copies of the Leases have been delivered to Assignee; (b) all rents and other amounts due to Assignor pursuant to the Leases have been paid for all periods through and including the Effective Date; (c) neither Assignor nor any tenant under any of the Leases is in default under or otherwise in breach of any of the terms and provisions set forth in any of the Leases; and (d) no action, suit or proceeding is pending or threatened before or by any judicial body or any governmental agency or authority against or affecting any of the Leases.

4. Rent. Assignor hereby sells, assigns, transfers and conveys to Assignee, free and clear of all liens, security interests, encumbrances, claims and restrictions of any nature, all of Assignor's rights to collect rents or other payments due after the Effective Date under the Leases.

5. Successors and Assigns. This Assignment shall be binding upon and shall inure to the benefit of the parties hereto and their respective heirs, personal representatives, successors and assigns.

6. Counterparts. This Assignment may be executed in any number of counterparts, including facsimile or electronically scanned counterparts, each of which shall be deemed to be an original and all of which counterparts taken together shall constitute one agreement.

7. Governing Law. This Assignment shall be governed by the laws of the State of [ ].

[Signatures appear on following pages]

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IN WITNESS WHEREOF, Assignor and Assignee have executed and delivered this Assignment to be effective as of the Effective Date.

**ASSIGNEE:**

[ ], a [ ]

By: _____
Name: [ ]
Title: [ ]
Date: , 2015

**ASSIGNOR:**

[ ], a [ ]

By: _____
Name: _____
Title: _____
Date: , 2015

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**Exhibit A to Assignment and Assumption of Leases**

Legal Description of the Property

[Attached]

**Exhibit B to Assignment and Assumption of Leases**

Rent Roll

[Attached]

**Exhibit C to Assignment and Assumption of Leases**

Other Leases

[ ]

EXHIBIT E

FORM OF GENERAL ASSIGNMENT

**GENERAL ASSIGNMENT AND ASSUMPTION AGREEMENT**

THIS GENERAL ASSIGNMENT AND ASSUMPTION AGREEMENT (this "Assignment") is made to be effective as of , 2015 (the "Effective Date") by [ ], a [ ] ("Assignee"), and [ ],[ ] ("Assignor").

**RECITALS**

A. Assignor and Assignee entered into that certain Purchase and Sale Agreement dated as of , 2015 (the "Agreement"), respecting the sale of certain real property described on Exhibit A, attached hereto and made a part hereof (the "Property"). All capitalized terms not otherwise defined herein shall have the meanings given to such terms in the Agreement.

B. Assignor desires to sell, assign, transfer and convey to Assignee, and Assignee desires to acquire from Assignor, all of Assignor's right, title and interest in and assume Assignor's obligations under certain contracts and other documents relating to the Property, as more particularly set forth below, pursuant to the terms and conditions of this Assignment.

C. Assignor and the Assignee now desire to execute and deliver this Assignment.

**AGREEMENT**

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and in consideration of the agreements and undertakings of Assignor and Assignee hereinafter set forth, Assignor and Assignee agree as follows:

1. Assignment Grant. Assignor hereby sells, assigns, transfers and conveys to Assignee all of Assignor's right, title and interest in, to, and under the following items: (a) the contracts associated with the Property and listed on Exhibit B attached hereto and made a part hereof; (b) all licenses, permits and approvals necessary for the ownership or the operation of the Business or the Property; (c) all warranties and guarantees for the Property and tangible personal property; and (d) all tenant files (including correspondence in Assignor's possession), electronic databases of tenants and history, studies, reports, data and records related to the ownership or operation of the Business or the Property, including client and customer lists, service and warranty records, and advertising materials (collectively, the "Transferred Property"). Assignee hereby accepts and assumes all of Assignor's right, title and interest in and to and assumes all of Assignor's obligations and duties under the Transferred Property pursuant to the terms and conditions of this Assignment.

2. Representations and Warranties of Assignor. Assignor represents and warrants to Assignee that: (a) Assignor owns all of the Transferred Property and has not sold, assigned, conveyed, pledged, encumbered, hypothecated or otherwise transferred any portion of such

Transferred Property or any interest therein to anyone; and (b) to the best of Assignor's knowledge, Assignor's interests therein are not subject to any lien, encumbrance, claim, set-off or deduction.

3. Additional Instruments. Assignor agrees that it will, upon request from Assignee, at any time from time to time after the date hereof and without further consideration, do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered all such further acts, assignments, transfers, conveyances and assurances reasonably deemed by Assignee or its successors or assigns to be necessary or proper to better effect the sale, assignment, transfer, conveyance and delivery of ownership of the Transferred

Property to Assignee.

4. Indemnification.

(a) Assignor hereby covenants and agrees to indemnify, defend and hold Assignee harmless from and against any and all claims, causes of action, damages, losses, costs of attorneys' fees suffered or incurred by Assignee relating to liabilities and obligations of Assignor under, in respect of or related to a material claim asserted by a third party against Assignee in connection with the Transferred Property, arising, accruing or occurring on or prior to the Effective Date.

(b) Assignee hereby covenants and agrees to indemnify, defend and hold Assignor harmless from and against any and all claims, causes of action, damages, losses, costs of attorneys' fees suffered or incurred by Assignor relating to liabilities and obligations of Assignee under, in respect of or related to a material claim asserted by a third party against Assignor in connection with the Transferred Property, arising, accruing or occurring after the Effective Date.

5. Successors and Assigns. This Assignment shall inure to the benefit of Assignee and Assignee's, legal representatives, successors and assigns, and this Assignment shall be binding upon Assignor and Assignor's legal representatives, successors and assigns.

6. Counterparts. This Assignment may be executed in any number of counterparts, including facsimile or electronically scanned counterparts, each of which shall be deemed to be an original and all of which counterparts taken together shall constitute one agreement.

7. Governing Law. This Assignment shall be governed by the laws of the State of [ ].

*[Signatures appear on following page]*

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IN WITNESS WHEREOF, Assignor and Assignee have executed and delivered this Assignment to be effective as of the Effective Date.

**ASSIGNEE:**

[ ],
a [ ]

By: _____
Name: [ ]
Title: [ ]
Date: , 2015

**ASSIGNOR:**

[ ], a [ ]

By: _____
Name: _____
Title: _____
Date: , 2015

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Exhibit A to General Assignment and Assumption Agreement

Legal Description of Property

[Attached]

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Exhibit B to General Assignment and Assumption Agreement

Contracts

[ ]

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**Exhibit 10.15**

EXECUTION VERSION

# CREDIT AGREEMENT

Dated as of April 1, 2014

by and among

**NSA OP, LP,**
and certain of its Subsidiaries,
as Borrowers,

**NATIONAL STORAGE AFFILIATES TRUST** and
**NATIONAL STORAGE AFFILIATES HOLDINGS, LLC,**

as Guarantors,

**THE LENDERS FROM TIME TO TIME PARTY HERETO,**

and

**KEYBANK NATIONAL ASSOCIATION,**
as Administrative Agent

with

**KEYBANC CAPITAL MARKETS INC.,**
as Sole Bookrunner and Lead Arranger,

and

**PNC BANK, NATIONAL ASSOCIATION,** and
**WELLS FARGO BANK, NATIONAL ASSOCIATION,**
as Co-Syndication Agents

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## TABLE OF CONTENTS

This CREDIT AGREEMENT (this "Agreement") dated as of April 1, 2014, by and among NSA OP, LP, a limited partnership formed under the laws of the State of Delaware (the "Parent Borrower"), certain Subsidiaries of the Parent Borrower from time to time party hereto (the "Subsidiary Borrowers", and together with the Parent Borrower, collectively, the "Borrowers"), NATIONAL STORAGE AFFILIATES TRUST, a Maryland real estate investment trust (the "REIT"), NATIONAL STORAGE AFFILIATES HOLDINGS, LLC, a Delaware limited liability company (the "REIT Parent"), the Lenders from time to time party hereto, and KEYBANK NATIONAL ASSOCIATION, as Administrative Agent.

WHEREAS, the Administrative Agent and the Lenders desire to make available to the Borrowers a revolving credit facility in the initial amount of $242,500,000, including a letter of credit subfacility and a swingline subfacility, and a term loan facility in the amount of $125,000,000, on the terms and conditions contained herein;

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the parties hereto, the parties hereto, each intending to be legally bound, agree as follows:

## ARTICLE I.
## DEFINITIONS

**Section 1.1 Definitions.**

In addition to terms defined elsewhere herein, the following terms shall have the following meanings for the purposes of this Agreement:

"**Acquisition Price**" means, with respect to any Real Estate Asset, the purchase price paid by the Parent Borrower, any of its Subsidiaries or any of their Partially-Owned Entities, as applicable, for such Real Estate Asset less closing costs and any amounts paid by such Person as a purchase price adjustment, to be held in escrow, to be retained as a contingency reserve, or other similar amounts.

"**Additional Costs**" has the meaning given that term in Section 4.1(b).

"**Adjusted EBITDA**" means, for any Reference Period, (a) EBITDA for such period minus (b) Reserves for Capital Expenditures for all Real Estate Assets (excluding Construction-in-Process) as of the last day of such Reference Period.

"**Adjusted NOI**" means, for any Reference Period, with respect to any Real Estate Asset, (a) Property NOI from such Real Estate Asset for such period minus (b) Reserves for Capital Expenditures for such Real Estate Asset (excluding Construction-in-Process) as of the last day of such Reference Period.

"**Administrative Agent**" means KeyBank, as contractual representative for the Lenders under the terms of this Agreement, and any of its successors.



"**Administrative Questionnaire**" means the Administrative Questionnaire completed by each Lender and delivered to the Administrative Agent in a form supplied by the Administrative Agent to the Lenders from time to time.

"**Affiliate**" means, when used with respect to a specified Person, another Person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the Person specified. In no event shall the Administrative

Agent or any Lender be deemed to be an Affiliate of any Loan Party.

"**Affiliate Loan**" means the loan made on or about February 28, 2014, by the Parent Borrower to Kevin Howard, in the initial principal amount of $4,800,000, to finance the acquisition of Portland Self Storage and Portland Self Storage Too.

"**Agreement**" has the meaning set forth in the introductory paragraph hereof.

"**Agreement Date**" means the date as of which this Agreement is dated.

**"Anti-Corruption Laws"** means all Applicable Laws specifically concerning or relating to bribery or corruption.

"**Applicable Law**" means all international, foreign, federal, state and local statutes, treaties, rules, guidelines, regulations, ordinances, codes, executive orders, and administrative or judicial precedents or authorities, including the interpretation or administration thereof by any Governmental Authority charged with the enforcement, interpretation or administration thereof, and all applicable administrative orders, directed duties, requests, licenses, authorizations and permits of, and agreements with, any Governmental Authority, in each case whether or not having the force of law.

"**Applicable Margin**" means, for any day, with respect to any Loan, the applicable rate per annum set forth below, based on the Type of such Loan and the Total Leverage Ratio applicable on such date:

| | | Revolving Loans and Swingline Loans | | Term Loans | |
|---|---|---|---|---|---|
| Level | Leverage | LIBOR Margin (Revolving Loans Only) | Base Rate Margin | LIBOR Margin | Base Rate Margin |
| I | ≤ 45% | 1.60% | 0.60% | 1.50% | 0.50% |
| II | > 45% and ≤ 50% | 1.80% | 0.80% | 1.70% | 0.70% |
| III | > 50% and ≤ 55% | 2.00% | 1.00% | 1.90% | 0.90% |
| IV | > 55% and ≤ 60% | 2.20% | 1.20% | 2.10% | 1.10% |
| V | > 60% and ≤ 65% | 2.50% | 1.50% | 2.40% | 1.40% |
| VI | > 65% | 2.85% | 1.85% | 2.75% | 1.75% |



For purposes of the foregoing, (a) the Total Leverage Ratio shall be determined based on the most recent quarterly financial statements and corresponding Compliance Certificate delivered pursuant to Sections 9.1 and 9.3; provided, that the Parent Borrower may, at its election, deliver an interim Compliance Certificate following the occurrence of the Capital Event and giving pro forma effect thereto and the repayment of Indebtedness in connection therewith, in which case the Total Leverage Ratio shall be determined based on such pro forma Compliance Certificate, and (b) each change in the Applicable Margin resulting from a change in the Total Leverage Ratio shall be effective during the period commencing on and including the date of delivery to the Administrative Agent of such financial statements and Compliance Certificate indicating such change and ending on the date immediately preceding the effective date of the next change in the Applicable Margin; provided, that Level VI set forth in the table above shall apply if the Parent Borrower fails to deliver the financial statements or corresponding Compliance Certificate required to be delivered by it, during the period from the expiration of the time for delivery thereof until such financial statements and Compliance Certificate are delivered. Level VI set forth in the first table above shall apply during the period commencing on and including the Effective Date and ending on the date immediately preceding the delivery of financial statements covering the Reference Period ending June 30, 2014, and the corresponding Compliance Certificate. If at any time the Administrative Agent determines that the financial statements or Compliance Certificate upon which the Applicable Margin was determined were incorrect (whether based on a restatement, fraud or otherwise) at the time such financial statements or Compliance Certificate were delivered, and the Applicable Margin was lower than it should have been had the correct information been timely provided, then such Applicable Margin shall be recalculated retroactively, and the Administrative Agent shall promptly thereafter notify the Borrowers in writing of any additional amount due from such recalculation, and the Borrowers shall be required to pay such amount within 10 Business Days thereafter.

"**Applicable Unused Fee**" means, for any day, the applicable rate per annum set forth below, based on the percentage of the Revolving Commitments in use on such date (with usage calculated in accordance with Section 3.6(a)):

| Usage | Unused Fee |
|---|---|
| ≤ 50% | 0.30% |
| > 50% | 0.20% |

"**Appraisal**" means an M.A.I. appraisal (or local equivalent) prepared by a professional appraiser acceptable to the Administrative Agent, having at least the minimum qualifications required under the applicable Governmental Authority, including without limitation, FIRREA, and determining "as is" (and, as applicable, the "as completed" and/or "as stabilized") market value of the subject property as between a willing buyer and a willing seller.

"**Appraised Value**" means, with respect to any Real Estate Asset on any date of determination, the "as is" (and, as applicable, the "as completed" and/or "as stabilized") market value of such Real Estate Asset as reflected in the most recent Appraisal of such Real Estate Asset as of such date, as the same may have been reasonably adjusted by the Administrative

Agent based upon its internal review of such Appraisal which is based on criteria and factors then generally used and considered by the Administrative Agent in determining the value of similar real estate properties.

"**Approved Fund**" means any Fund that is administered or managed by (a) a Lender, (b) an Affiliate of a Lender or (c) an entity or an Affiliate of an entity that administers or manages a Lender.

"**Assignment and Acceptance Agreement**" means an Assignment and Acceptance Agreement entered into by a Lender and an Eligible Assignee (with the consent of any party whose consent is required by Section 13.5), and accepted by the Administrative Agent, substantially in the form of Exhibit A or any other form approved by the Administrative Agent.

"**Augmenting Lender**" has the meaning given that term in Section 2.16(a).

"**Base Rate**" means, for any day, a rate per annum equal to the greatest of (a) the fluctuating annual rate of interest announced from time to time by KeyBank at its principal office in Cleveland, Ohio, as its "prime rate" in effect on such day, (b) the Federal Funds Effective Rate in effect on such day plus 0.5%, and (c) LIBOR for a one-month Interest Period on such day (or if such day is not a Business Day, the immediately preceding Business Day) plus 1%; provided, that for purposes of this definition, LIBOR for any Business Day shall be based on the rate appearing on the Reuters Screen LIBOR01 (or on any successor or substitute page of such service, or any successor to or substitute for such service, providing rate quotations comparable to those currently provided on such page of such service, as determined by the Administrative Agent from time to time for purposes of providing quotations of interest rates applicable to deposits in Dollars in the London interbank market) at approximately 11:00 a.m., London time, on such Business Day. Any change in the Base Rate due to a change in KeyBank's "prime rate", the Federal Funds Effective Rate or LIBOR shall be effective from and including the effective date of such change in such rate, without notice or demand of any kind. The Base Rate is a reference rate used by KeyBank in determining interest rates on certain loans and is not intended to be the lowest rate of interest charged by KeyBank or any other Lender on any extension of credit to any customer.

"**Base Rate Loan**" means a Loan bearing interest at a rate based on the Base Rate.

"**Benefit Arrangement**" means at any time an employee benefit plan within the meaning of Section 3(3) of ERISA which is not a Plan or a Multiemployer Plan and which is maintained or otherwise contributed to by any member of the ERISA Group.

"**Borrowers**" has the meaning set forth in the introductory paragraph hereof.

"**Borrowing Base Availability**" means, (a) on any date of determination prior to the occurrence of the Capital Event, the lesser of (i) 60% of the Borrowing Base Value on such date and (ii) the aggregate Implied DSCR Value of all Borrowing Base Properties on such date, and (b) on any date of determination after the occurrence of the Capital Event, the lesser of (i) 60% of the Borrowing Base Value on such date less the aggregate outstanding principal amount of all Unsecured Indebtedness (other than the Obligations) of the REIT and its Subsidiaries on such date and (ii) the Implied Unsecured Interest Coverage Value on such date.



"**Borrowing Base Certificate**" has the meaning given that term in Section 9.4.

"**Borrowing Base Property**" means an Eligible Property that has been included in calculations of Borrowing Base Availability pursuant to Section 5.1 (and has not subsequently been excluded therefrom pursuant to Section 5.2).

"**Borrowing Base Property Request**" has the meaning given that term in Section 5.1(b)(i).

"**Borrowing Base Value**" means, on any date of determination, the sum of (a) the aggregate Property NOI from all Borrowing Base Properties for the applicable Reference Period (excluding Property NOI from Stabilized Properties purchased from unaffiliated third parties during such Reference Period), divided by the Capitalization Rate, plus (b) the aggregate Acquisition Price for all Borrowing Base Properties that are Stabilized Properties purchased from unaffiliated third parties during such Reference Period. Notwithstanding the foregoing, the Borrowing Base Value attributable to Borrowing Base Properties held by California Partnerships shall not exceed 10% of the total Borrowing Base Value.

"**Business Day**" means (a) any day other than a Saturday, Sunday or other day on which banks in New York, New York are authorized or required to close and (b) with reference to a LIBOR Loan any such day that is also a day on which dealings in deposits of Dollars are carried out in the London interbank market.

"**California Partnerships**" means, collectively, (a) Colton Hawaiian Gardens, LP, a California limited partnership, (b) GSC Montclair, LP, a California limited partnership, and (c) and any similar limited partnerships formed from time to time after the Effective Date, the Equity Interests of which are not wholly-owned by the Parent Borrower or a Subsidiary Borrower that is a Wholly-Owned Subsidiary; provided, that any such limited partnership identified or described in the foregoing clauses (a) through (c) shall be considered a "California Partnership" only if and for so long as (x) the Parent Borrower or such Subsidiary Borrower is the general partner of such limited partnership and Controls the management of such limited partnership and its assets (including, for the avoidance of doubt, the ability to grant first-mortgage Liens on, and to sell or otherwise dispose of, the Borrowing Base Properties owned by such California Partnership without the consent of the limited partners), (y) the Parent Borrower or such Subsidiary Borrower shall have pledged its general partner and any limited partner interests in such limited partnership as Collateral, and the other equity owners of such limited partnership shall have pledged their economic interests in such limited partnership as Collateral, in form and substance satisfactory to the

Administrative Agent, and (z) such Real Estate Assets are located only in California and/or Arizona.

"**Capital Event**" means an equity issuance consisting of a public or private offering of common equity of the REIT (including any exercised greenshoe option) that results in the Parent Borrower and/or the REIT receiving gross cash proceeds of at least $150,000,000.

"**Capital Lease Obligations**" means, with respect to any Person, the obligations of such Person to pay rent or other amounts under any lease of (or other arrangement conveying the right to use) real or personal property, or a combination thereof, which obligations are required to be



classified and accounted for as capital leases on a balance sheet of such Person under GAAP; and, for the purposes of this Agreement, the amount of such obligations at any time shall be the capitalized amount thereof at such time determined in accordance with GAAP.

"**Capitalization Rate**" means 7.00%.

"**Cash Collateralize**" means, to pledge and deposit with or deliver to the Administrative Agent, for its benefit and the benefit of the Lenders, as collateral for Letter of Credit Liabilities or obligations of Lenders to fund participations in respect of Letter of Credit Liabilities, cash or deposit account balances or, if the Administrative Agent shall agree in its sole discretion, other credit support, in each case pursuant to documentation in form and substance satisfactory to the Administrative Agent. "Cash Collateral" shall have a meaning correlative to the foregoing and shall include the proceeds of such cash collateral and other credit support.

"**Cash Equivalents**" means: (a) securities issued, guaranteed or insured by the United States of America or any of its agencies with maturities of not more than one year from the date acquired; (b) certificates of deposit with maturities of not more than one year from the date issued by a United States federal or state chartered commercial bank of recognized standing, or a commercial bank organized under the laws of any other country which is a member of the Organization for Economic Cooperation and Development, or a political subdivision of any such country, acting through a branch or agency, which bank has capital and unimpaired surplus in excess of $500,000,000 and which bank or its holding company has a short-term commercial paper rating of at least A-2 or the equivalent by S&P or at least P-2 or the equivalent by Moody's; (c) reverse repurchase agreements with terms of not more than seven days from the date acquired, for securities of the type described in clause (a) above and entered into only with commercial banks having the qualifications described in clause (b) above; (d) commercial paper issued by any Person incorporated under the laws of the United States of America or any State thereof and rated at least A-2 or the equivalent thereof by S&P or at least P-2 or the equivalent thereof by Moody's, in each case with maturities of not more than one year from the date acquired; and (e) investments in money market funds registered under the Investment Company Act of 1940, as amended, which have net assets of at least $500,000,000 and at least 85% of whose assets consist of securities and other obligations of the type described in clauses (a) through (d) above.

"**Collateral**" means, collectively, all of the "Collateral" referred to in the Pledge Agreement and all of the other property that is or is intended under the terms of the Collateral Documents to be subject to Liens in favor of the Administrative Agent for the benefit of itself, the Lenders and the Specified Derivatives Providers.

"**Collateral Account**" means a special non-interest bearing deposit account or securities account maintained by, or on behalf of, the Administrative Agent under its sole dominion and control.

"**Collateral Documents**" means, collectively, the Pledge Agreement and each other agreement, instrument or document that creates or purports to create a Lien in favor of the Administrative Agent for the benefit of itself, the Lenders and the Specified Derivatives Providers.



"**Collateral Fallaway**" has the meaning given that term in Section 13.19(a).

"**Commitment**" means, as to any Lender, such Lender's Revolving Commitment or Term Loan Commitment, as applicable.

"**Commitment Percentage**" means, as to each Lender, the ratio, expressed as a percentage, of (a) the amount of such Lender's Revolving Commitment to (b) the aggregate amount of the Revolving Commitments of all Lenders; provided, however, that if at the time of determination the Revolving Commitments have terminated or been reduced to zero, the "Commitment Percentage" of each Lender shall be the Commitment Percentage of such Lender in effect immediately prior to such termination or reduction.

"**Commodity Exchange Act**" means the Commodity Exchange Act (7 U.S.C. § 1 et seq.), as amended from time to time, and any successor statute.

"**Compliance Certificate**" has the meaning given that term in Section 9.3.

"**Construction-in-Process**" means any Real Estate Asset that is raw land, vacant out-parcels, or other property on which construction of material improvements has commenced and is continuing to be performed (such commencement evidenced by foundation excavation) without undue delay from permit denial, construction delays or otherwise, but has not yet been completed (as evidenced by a certificate of occupancy permitting use of such property by the general public). A Real Estate Asset will no longer be considered

Construction-in-Process upon the sooner of (a) achievement of an 80% Occupancy Rate or (b) 12 months after completion (as evidenced by a certificate of occupancy permitting use of such property by the general public).

"**Continue**", "**Continuation**" and "**Continued**" each refers to the continuation of a LIBOR Loan from one Interest Period to another Interest Period pursuant to Section 2.9.

"**Control**" means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

"**Convert**", "**Conversion**" and "**Converted**" each refers to the conversion of a Loan of one Type into a Loan of another Type pursuant to Section 2.10.

"**Cost Basis Value**" means, with respect to any Real Estate Asset, the sum of the following to the extent capitalized in accordance with GAAP: (a) the total contract purchase price of such Real Estate Asset, plus (b) all commercially reasonable acquisition costs (including but not limited to title, legal and settlement costs, but excluding financing costs), plus (c) if such Real Estate Asset constitutes Construction-in-Process, all construction costs incurred, to the extent such costs were budgeted.

"**Credit Event**" means any of the following: (a) the making (or deemed making) of any Loan, (b) the Continuation of a LIBOR Loan, (c) the Conversion of a Base Rate Loan into a LIBOR Loan, and (d) the issuance of a Letter of Credit.



"**Debtor Relief Laws**" means the Bankruptcy Code, and all other liquidation, conservatorship, bankruptcy, assignment for the benefit of creditors, moratorium, rearrangement, receivership, insolvency, reorganization, or similar Applicable Laws relating to the relief of debtors in the United States of America or other applicable jurisdictions from time to time in effect.

"**Default**" means any event or condition that constitutes an Event of Default or that, with the giving of any notice, the passage of time, or both, would be an Event of Default.

"**Defaulting Lender**" means, subject to Section 3.11(f), any Lender that (a) has failed to (i) fund all or any portion of its Loans within 2 Business Days of the date such Loans were required to be funded hereunder unless such Lender notifies the Administrative Agent and the Parent Borrower in writing that such failure is the result of such Lender's determination that one or more conditions precedent to funding (each of which conditions precedent, together with any applicable default, shall be specifically identified in such writing) has not been satisfied, or (ii) pay to the Administrative Agent, the Swingline Lender or any other Lender any other amount required to be paid by it hereunder (including in respect of its participation in Letters of Credit or Swingline Loans) within 2 Business Days of the date when due, (b) has notified the Parent Borrower, the Administrative Agent or the Swingline Lender in writing that it does not intend to comply with its funding obligations hereunder, or has made a public statement to that effect (unless such writing or public statement relates to such Lender's obligation to fund a Loan hereunder and states that such position is based on such Lender's determination that a condition precedent to funding (which condition precedent, together with any applicable default, shall be specifically identified in such writing or public statement) cannot be satisfied), (c) has failed, within 3 Business Days after written request by the Administrative Agent or the Parent Borrower, to confirm in writing to the Administrative Agent and the Parent Borrower that it will comply with its prospective funding obligations hereunder (provided that such Lender shall cease to be a Defaulting Lender pursuant to this clause (c) upon receipt of such written confirmation by the Administrative Agent and the Parent Borrower), or (d) has, or has a direct or indirect parent company that has, (i) become the subject of a proceeding under any Debtor Relief Law, or (ii) had appointed for it a receiver, custodian, conservator, trustee, administrator, assignee for the benefit of creditors or similar Person charged with reorganization or liquidation of its business or assets, including the Federal Deposit Insurance Corporation or any other state or federal regulatory authority acting in such a capacity; provided that a Lender shall not be a Defaulting Lender solely by virtue of the ownership or acquisition of any equity interest in that Lender or any direct or indirect parent company thereof by a Governmental Authority so long as such ownership interest does not result in or provide such Lender with immunity from the jurisdiction of courts within the United States of America or from the enforcement of judgments or writs of attachment on its assets or permit such Lender (or such Governmental Authority) to reject, repudiate, disavow or disaffirm any contracts or agreements made with such Lender. Any determination by the Administrative Agent that a Lender is a Defaulting Lender under any one or more of clauses (a) through (d) above shall be conclusive and binding absent manifest error, and such Lender shall be deemed to be a Defaulting Lender (subject to Section 3.11(f)) upon delivery of written notice of such determination to the Parent Borrower, the Swingline Lender and each Lender.



"**Derivatives Contract**" means (a) any transaction (including any master agreement, confirmation or other agreement with respect to any such transaction) now existing or hereafter entered into by the Parent Borrower or any of its Subsidiaries (i) which is a rate swap transaction, swap option, basis swap, forward rate transaction, commodity swap, commodity option, equity or equity index swap, equity or equity index option, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, credit protection transaction, credit swap, credit default swap, credit default option, total return swap, credit spread transaction, repurchase transaction, reverse repurchase transaction, buy/sell-back transaction, securities lending transaction, weather index transaction or forward purchase or sale of a security, commodity or other financial instrument or interest (including any option with respect to any of these transactions) or (ii) which is a type of transaction that is similar to any transaction referred to in clause (i) above that is currently, or in the future becomes, commonly entered into in the financial markets (including terms and conditions incorporated by reference in such agreement) and which is a forward, swap, future, option or other derivative on one or more rates, currencies, commodities, equity securities or other equity instruments, debt

securities or other debt instruments, economic indices or measures of economic risk or value, or other benchmarks against which payments or deliveries are to be made, and (b) any combination of these transactions.

"**Derivatives Termination Value**" means, in respect of any one or more Derivatives Contracts, after taking into account the effect of any legally enforceable netting agreement or provision relating thereto, (a) for any date on or after the date such Derivatives Contracts have been terminated or closed out, the termination amount or value determined in accordance therewith, and (b) for any date prior to the date such Derivatives Contracts have been terminated or closed out, the then-current mark-to-market value for such Derivatives Contracts, determined based upon one or more mid-market quotations or estimates provided by any recognized dealer in Derivatives Contracts (which may include the Administrative Agent, any Lender, any Specified Derivatives Provider or any Affiliate of any thereof).

"**Disqualifying Environmental Event**" means, with respect to any Eligible Property, any release or threatened release of Hazardous Materials, any violation of Environmental Laws or any similar environmental event with respect to such Eligible Property, the cost of remediating which could reasonably be expected to exceed (a) the lesser of (i) $500,000 and (ii) 10% of the Borrowing Base Value that would be attributable to such Eligible Property, for such Eligible Property individually, or (b) $5,000,000 when combined with the cost of remediating such environmental events with respect to all Borrowing Base Properties.

"**Disqualifying Structural Event**" means, with respect to any Eligible Property, any structural issue with respect to such Eligible Property, the cost of remediating which could reasonably be expected to exceed (a) the lesser of (i) $500,000 and (ii) 10% of the Borrowing Base Value that would be attributable to such Eligible Property, for such Eligible Property individually or (b) $5,000,000 when combined with the cost of remediating such structural issues with respect to all Borrowing Base Properties.

"**Dollars**" or "**$**" means the lawful currency of the United States of America.



"**EBITDA**" means, for any period, (a) Net Income of the REIT and its Subsidiaries for such period, plus (b) without duplication and to the extent deducted in computing such Net Income for such period, the sum of (i) Interest Expense, (ii) losses attributable to the sale or other disposition of assets or debt restructurings, (iii) real estate depreciation and amortization, (iv) acquisition costs related to the acquisition of Real Estate Assets that were capitalized prior to FAS 141-R which do not represent a recurring cash item in such period or in any future period, and (v) other non-cash charges, minus (c) to the extent included in Net Income for such period, all gains attributable to the sale or other disposition of assets. The REIT's and its Subsidiaries' Pro Rata Share of the items comprising EBITDA of any Partially-Owned Entity shall be included in EBITDA, calculated in a manner consistent with the above-described treatment for the REIT and its Subsidiaries.

"**Effective Date**" means the later of: (a) the Agreement Date; and (b) the date on which all of the conditions precedent set forth in Section 6.1 shall have been fulfilled or waived in writing by the Lenders.

"**Eligible Assignee**" means any Person that meets the requirements to be an assignee under Sections 13.5(b)(iii), (v) and (vi) (subject to such consents, if any, as may be required under Section 13.5(b)(iii)).

"**Eligible Property**" means a Real Estate Asset which satisfies all of the following requirements (unless otherwise approved by the Requisite Lenders): (a) such Real Estate Asset is wholly owned, or leased under a Ground Lease, by a Subsidiary organized under the laws of a State of the United States, which Subsidiary is or will become a Subsidiary Borrower, (b) such Real Estate Asset is an operating self-storage property located in the United States, (c) neither such Real Estate Asset, nor any interest of the applicable Subsidiary therein, is subject to any Lien (other than Permitted Liens described in clauses (a) through (e) of the definition thereof) or any Negative Pledge, (d) none of the Parent Borrower's direct or indirect ownership interest in the Subsidiary owning such Real Estate Asset is subject to any Lien (other than Permitted Liens described in clauses (a) through (e) of the definition thereof) or any Negative Pledge, (e) such Real Estate Asset is not the subject of a Disqualifying Environmental Event or a Disqualifying Structural Event and is free of all major architectural deficiencies, title defects or other adverse matters which would materially impact such Real Estate Asset's value or cash flow, and (f) the average Occupancy Rate of the combined Borrowing Base Properties together with such Real Estate Asset, taken as a whole, is at least 75%.

"**Environmental Laws**" means any Applicable Law relating to environmental protection or the manufacture, storage, remediation, disposal or clean-up of Hazardous Materials including, without limitation, the following: Clean Air Act, 42 U.S.C. § 7401 et seq.; Federal Water Pollution Control Act, 33 U.S.C. § 1251 et seq.; Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act, 42 U.S.C. § 6901 et seq.; Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. § 9601 et seq.; National Environmental Policy Act, 42 U.S.C. § 4321 et seq.; regulations of the Environmental Protection Agency and any applicable rule of common law and any judicial interpretation thereof relating primarily to the environment or Hazardous Materials, and any analogous or comparable state or local laws, regulations or ordinances that concern Hazardous Materials or protection of the environment.



"**Equity Interest**" means, with respect to any Person, any share of capital stock of (or other ownership or profit interests in) such Person, any warrant, option or other right for the purchase or other acquisition from such Person of any share of capital stock of (or other ownership or profit interests in) such Person whether or not certificated, any security convertible into or exchangeable for any share of capital stock of (or other ownership or profit interests in) such Person or warrant, right or option for the purchase or other acquisition from such Person of such shares (or such other interests), and any other ownership or profit interest in such Person (including, without

limitation, partnership, member or trust interests therein), whether voting or nonvoting, and whether or not such share, warrant, option, right or other interest is authorized or otherwise existing on any date of determination.

"**Equity Issuance**" means any issuance or sale by a Person of any Equity Interest in such Person and shall in any event include the issuance of any Equity Interest upon the conversion or exchange of any security constituting Indebtedness that is convertible or exchangeable, or is being converted or exchanged, for Equity Interests.

"**ERISA**" means the Employee Retirement Income Security Act of 1974, as in effect from time to time.

"**ERISA Event**" means, with respect to the ERISA Group, (a) any "reportable event" as defined in Section 4043 of ERISA with respect to a Plan (other than an event for which the 30-day notice period is waived); (b) the withdrawal of a member of the ERISA Group from a Plan subject to Section 4063 of ERISA during a plan year in which it was a "substantial employer" as defined in Section 4001(a)(2) of ERISA or a cessation of operations that is treated as such a withdrawal under Section 4062(e) of ERISA; (c) the incurrence by a member of the ERISA Group of any liability with respect to the withdrawal or partial withdrawal from any Multiemployer Plan; (d) the incurrence by any member of the ERISA Group of any liability under Title IV of ERISA with respect to the termination of any Plan or Multiemployer Plan; (e) the institution of proceedings to terminate a Plan or Multiemployer Plan by the PBGC; (f) the failure by any member of the ERISA Group to make when due required contributions to a Multiemployer Plan or Plan unless such failure is cured within 30 days or the filing pursuant to Section 412(c) of the Internal Revenue Code or Section 302(c) of ERISA of an application for a waiver of the minimum funding standard; (g) any other event or condition that might reasonably be expected to constitute grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Plan or Multiemployer Plan or the imposition of liability under Section 4069 or 4212(c) of ERISA; (h) the receipt by any member of the ERISA Group of any notice or the receipt by any Multiemployer Plan from any member of the ERISA Group of any notice, concerning the imposition of Withdrawal Liability or a determination that a Multiemployer Plan is, or is expected to be, insolvent (within the meaning of Section 4245 of ERISA), in reorganization (within the meaning of Section 4241 of ERISA), or in "critical" status (within the meaning of Section 432 of the Internal Revenue Code or Section 305 of ERISA); (i) the imposition of any liability under Title IV of ERISA, other than for PBGC premiums due but not delinquent under Section 4007 of ERISA, upon any member of the ERISA Group or the imposition of any Lien in favor of the PBGC under Title IV of ERISA; or (j) a determination that a Plan is, or is reasonably expected to be, in "at risk" status (within the meaning of Section 430 of the Internal Revenue Code or Section 303 of ERISA).



"**ERISA Group**" means the REIT and its Subsidiaries and all members of a controlled group of corporations and all trades or businesses (whether or not incorporated) under common control, which, together with the REIT or any of its Subsidiaries, are treated as a single employer under Section 414 of the Internal Revenue Code.

"**Escrowed Mortgages**" means, collectively, the mortgages and deeds of trust furnished to the Administrative Agent pursuant to Section 8.13.

"**Event of Default**" means any of the events specified in Section 11.1, provided that any requirement for notice or lapse of time or any other condition has been satisfied.

"**Excluded Swap Obligation**" means, with respect to any Loan Party, any Swap Obligation if, and to the extent that, all or a portion of the Guarantee of such Loan Party of, or the grant by such Loan Party of a security interest to secure, such Swap Obligation (or any Guarantee thereof) is or becomes illegal under the Commodity Exchange Act or any rule, regulation or order of the Commodity Futures Trading Commission (or the application or official interpretation of any thereof) by virtue of such Loan Party's failure for any reason to constitute an "eligible contract participant" as defined in the Commodity Exchange Act and the regulations thereunder at the time the Guarantee of such Loan Party or the grant of such security interest becomes effective with respect to such Swap Obligation. If a Swap Obligation arises under a master agreement governing more than one swap, such exclusion shall apply only to the portion of such Swap Obligation that is attributable to swaps for which such Guarantee or security interest is or becomes illegal.

"**Facility**" means the Revolving Credit Facility or the Term Loan Facility, as the context may require.

"**Fair Market Value**" means, with respect to (a) a security listed on a national securities exchange or the NASDAQ National Market, the last sale price of such security as reported on such exchange or market by any widely recognized reporting method customarily relied upon by financial institutions and (b) with respect to any other property, the price which could be negotiated in an arm's-length free market transaction, for cash, between a willing seller and a willing buyer, neither of which is under pressure or compulsion to complete the transaction.

"**FASB ASC**" means the Accounting Standards Codification of the Financial Accounting Standards Board.

"**FATCA**" has the meaning given that term in Section 3.12(a).

"**Federal Funds Effective Rate**" means, for any day, the rate per annum (rounded upward to the nearest 1/100th of 1%) equal to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers on such day, as published by the Federal Reserve Bank of New York on the Business Day next succeeding such day, provided that (a) if such day is not a Business Day, the Federal Funds Effective Rate for such day shall be such rate on such transactions on the next preceding Business Day as so published on the next succeeding Business Day, and (b) if no such rate is so published on such next succeeding Business Day, the Federal Funds Effective Rate for such day shall be the average rate quoted to Administrative Agent by federal funds dealers

selected by the Administrative Agent on such day on such transaction as determined by the Administrative Agent.

"**Fee Letter**" means that certain Fee Letter dated as of February 10, 2014, by and among KeyBank, the KeyBanc Capital Markets Inc. and the Parent Borrower, relating to the Facilities.

"**Fees**" means the fees provided for or referred to in Section 3.6 and any other fees payable by the Borrowers hereunder or under any other Loan Document.

"**Fixed Charges**" means, for any period, the sum (without duplication) of (a) Interest Expense for such period, (b) all regularly scheduled payments made during such period on account of principal of Indebtedness of the REIT or any of its Subsidiaries (but excluding (i) balloon, bullet or similar principal payments due upon the stated maturity of any Indebtedness and (ii) payments of principal of the Loans), and (c) Preferred Dividends payable by the REIT or any of its Subsidiaries during such period. The REIT's and its Subsidiaries' Pro Rata Share of the expenses and payments referred to in the preceding clauses (a) through (c) of any Partially-Owned Entity of the REIT or any of its Subsidiaries shall be included in Fixed Charges, calculated in a manner consistent with the above-described treatment for the REIT and its Subsidiaries.

"**Framework Agreements**" means, collectively, the Framework Agreements identified on Schedule 7.8, together with any similar agreements entered into from time to time after the Agreement Date by the REIT and its "core affiliate" investors setting forth the terms and conditions upon which Real Estate Assets will be contributed to the Parent Borrower, in each case having material terms and conditions consistent with those summarized on Schedule 10.11.

"**Fronting Exposure**" means, at any time there is a Defaulting Lender, (a) with respect to the Administrative Agent, such Defaulting Lender's Commitment Percentage of the outstanding Letter of Credit Liabilities other than Letter of Credit Liabilities as to which such Defaulting Lender's participation obligation has been reallocated to other Lenders or Cash Collateralized in accordance with the terms hereof, and (b) with respect to the Swingline Lender, such Defaulting Lender's Commitment Percentage of outstanding Swingline Loans other than Swingline Loans as to which such Defaulting Lender's participation obligation has been reallocated to other Lenders.

"**Fund**" means any Person (other than a natural person) that is (or will be) engaged in making, purchasing, holding or otherwise investing in commercial loans and similar extensions of credit in the ordinary course of its activities.

"**Funds From Operations**" means with respect to any Person for any period, (a) net income (loss) of such Person determined on a consolidated basis for such period minus (or plus) (b) gains (or losses) from debt restructuring, mark-to-market adjustments on interest rate swaps, and sales of property during such period, plus each of the following, to the extent deducted in determining such net income and without duplication: (w) depreciation with respect to such Person's Real Estate Assets and amortization (other than amortization of deferred financing costs) of such Person for such period, all after adjustment for unconsolidated partnerships and joint ventures, (x) all non-cash charges for such period related to deferred financing costs and



deferred acquisition costs, (y) non-recurring costs and expenses incurred in connection with acquisitions of Real Estate Assets, to the extent such costs and expenses cannot be capitalized in accordance with GAAP, and (z) to the extent reasonably approved by the Administrative Agent, non-recurring costs and expenses (i) incurred on or prior to the Capital Event and directly related to preparation for the Capital Event or (ii) incurred prior to or within 90 days after the Effective Date in connection with the formation of the REIT and its Subsidiaries, in each case to the extent such costs and expenses described in this clause (z) cannot be capitalized in accordance with GAAP; provided, that the aggregate amount added back pursuant to this clause (z) shall not exceed $1,000,000 for all periods taken together.

"**GAAP**" means generally accepted accounting principles in the United States of America set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board (including Statement of Financial Accounting Standards No. 168, "The FASB Accounting Standards Codification") or in such other statements by such other entity as may be approved by a significant segment of the accounting profession in the United States of America, which are applicable to the circumstances as of the date of determination.

"**Governmental Approvals**" means all authorizations, consents, approvals, licenses and exemptions of, registrations and filings with, and reports to, all Governmental Authorities.

"**Governmental Authority**" means any national, state or local government (whether domestic or foreign), any political subdivision thereof or any other governmental, quasi-governmental, judicial, administrative, public or statutory instrumentality, authority, body, agency, bureau, commission, board, department or other entity (including, without limitation, the Federal Deposit Insurance Corporation, the Comptroller of the Currency or the Federal Reserve Board, any central bank or any comparable authority) or any arbitrator with authority to bind a party at law.

"**Gross Asset Value**" means, on any date of determination, the sum (without duplication) of (a) the Operating Property Value on such date, plus (b) the Cost Basis Value of all Construction-in-Process on such date, plus (c) the Cost Basis Value of all Unimproved Land on such date, plus (d) the book value (determined in accordance with GAAP) of all Mortgage Notes on such date, plus (e) all

unrestricted and unencumbered cash and Cash Equivalents of the REIT and its Subsidiaries on such date; with Gross Asset Value being adjusted to include the REIT and its Subsidiaries' Pro Rata Share of (i) the Operating Property Value (and the items comprising the Operating Property Value) attributable to any Partially-Owned Entity on such date, plus (ii) the Cost Basis Value of all Construction-in-Process of any Partially Owned Entity on such date, plus (iii) the Cost Basis Value of all Unimproved Land owned by a Partially-Owned Entity on such date, plus (iv) the book value (determined in accordance with GAAP) of all Mortgage Notes held by a Partially-Owned Entity on such date, plus (v) the value of all unrestricted and unencumbered cash and Cash Equivalents owned by any Partially-Owned Entity on such date.

"**Ground Lease**" means a ground lease reasonably acceptable to the Administrative Agent and containing the following terms and conditions: (a) a remaining term (exclusive of any unexercised extension options) of 30 years or more from the Agreement Date (or such shorter



period as the Requisite Lenders may agree); (b) the right of the lessee to mortgage and encumber its interest in the leased property without the consent of the lessor; (c) the obligation of the lessor to give the holder of any mortgage Lien on such leased property written notice of any defaults on the part of the lessee and agreement of such lessor that such lease will not be terminated until such holder has had a reasonable opportunity to cure or complete foreclosures, and fails to do so; (d) reasonable transferability of the lessee's interest under such lease, including without limitation, the ability to sublease; and (e) such other rights customarily required by mortgagees making a loan secured by the interest of the holder of the leasehold estate demised pursuant to a ground lease.

"**Guarantor**" means each of the REIT and the REIT Parent in its capacity as a guarantor under the Guaranty.

"**Guaranty**", "**Guaranteed**", "**Guarantying**" or to "**Guarantee**" as applied to any obligation means and includes: (a) a guaranty (other than by endorsement of negotiable instruments for collection or deposit in the ordinary course of business), directly or indirectly, in any manner, of any part or all of such obligation, or (b) an agreement, direct or indirect, contingent or otherwise, and whether or not constituting a guaranty, the practical effect of which is to assure the payment or performance (or payment of damages in the event of nonperformance) of any part or all of such obligation whether by: (i) the purchase of securities or obligations, (ii) the purchase, sale or lease (as lessee or lessor) of property or the purchase or sale of services primarily for the purpose of enabling the obligor with respect to such obligation to make any payment or performance (or payment of damages in the event of nonperformance) of or on account of any part or all of such obligation, or to assure the owner of such obligation against loss, (iii) the supplying of funds to or in any other manner investing in the obligor with respect to such obligation, (iv) repayment of amounts drawn down by beneficiaries of letters of credit (including Letters of Credit), or (v) the supplying of funds to or investing in a Person on account of all or any part of such Person's obligation under a Guaranty of any obligation or indemnifying or holding harmless, in any way, such Person against any part or all of such obligation. As the context requires, "Guaranty" shall also mean the Guaranty to which each Guarantor is a party substantially in the form of Exhibit B.

"**Hazardous Materials**" means all or any of the following: (a) substances that are defined or listed in, or otherwise classified pursuant to, any applicable Environmental Laws as "hazardous substances", "hazardous materials", "hazardous wastes", "toxic substances" or any other formulation intended to define, list or classify substances by reason of deleterious properties such as ignitability, corrosivity, reactivity, carcinogenicity, reproductive toxicity, "TCLP" toxicity or "EP toxicity"; (b) oil, petroleum or petroleum derived substances, natural gas, natural gas liquids or synthetic gas and drilling fluids, produced waters and other wastes associated with the exploration, development or production of crude oil, natural gas or geothermal resources; (c) any flammable substances or explosives or any radioactive materials; (d) asbestos in any form; (e) toxic mold; and (f) electrical equipment which contains any oil or dielectric fluid containing levels of polychlorinated biphenyls in excess of fifty parts per million.

"**Implied DSCR Value**" means, with respect to any Borrowing Base Property, the maximum principal amount of Loans that could be outstanding that yields a debt service coverage ratio of not less than 1.40 to 1.00 for such Borrowing Base Property. The foregoing



debt service coverage ratio shall be calculated and determined using a standard mortgage style financial amortization based on (a) the portion of Adjusted NOI generated by such Borrowing Base Property for the Reference Period most recently ended and (b) the constant derived from the amortization of $1.00 over a period of thirty years at an imputed interest rate equal to the greatest of (x) 6.50% per annum, (y) the sum of 250 basis points per annum and the weekly average yield on United States Treasury Securities Constant Maturities Series issued by the United States Government for a ten-year term as most recently published by the Board of Governors of the Federal Reserve System and Federal Reserve Statistical Release H.15(519) (or any similar or successor publication selected by the Administrative Agent) as of the date of determination, and (z) the actual average per annum rate of interest hereunder for all outstanding LIBOR Loans as of the last day of the calendar quarter most recently ended as of the date of determination.

"**Implied Unsecured Interest Coverage Value**" means the maximum principal of Unsecured Indebtedness amount that could be outstanding that yields an unsecured interest coverage ratio of not less than 2.00 to 1.00. The foregoing unsecured interest coverage ratio shall be calculated by dividing (a) the portion of Adjusted NOI generated by all Borrowing Base Properties for the Reference Period most recently ended as of the date of determination by (b) Unsecured Interest Expense for such Reference Period (giving pro forma effect to such maximum principal amount, to the extent not actually outstanding during such Reference Period, at an imputed interest rate equal to the highest actual interest rate applicable to the Loans outstanding on such date of determination).

"**Increasing Lender**" has the meaning given that term in Section 2.16(a).

"**Incremental Term Loan**" has the meaning given that term in Section 2.16(a).

"**Incremental Term Loan Amendment**" has the meaning given that term in Section 2.16(e).

"**Indebtedness**" means, with respect to a Person, at the time of computation thereof, all of the following (without duplication): (a) all indebtedness of such Person for borrowed money including, without limitation, any repurchase obligation or liability of such Person with respect to securities, accounts or notes receivable sold by such Person that becomes a liability on the balance sheet of such Person, (b) all obligations of such Person for the deferred purchase price of property or services (other than current trade liability incurred in the ordinary course of business and payable in accordance with customary practices), to the extent such obligations constitutes indebtedness for the purposes of GAAP, (c) any other indebtedness of such Person which is evidenced by a note, bond, debenture, or similar instrument, (d) all Capital Lease Obligations, (e) all obligations of other Persons which such Person has Guaranteed or is otherwise recourse to such Person (except for Guaranties of customary exceptions for fraud, misapplication of funds, environmental indemnities, violation of "special purpose entity" covenants, and other similar exceptions to recourse liability until a written claim is made with respect thereto, and then shall be included only to the extent of the amount of such claim), including liability of a general partner in respect of liabilities of a partnership in which it is a general partner, which would constitute "Indebtedness" hereunder, any obligation to supply funds to or in any manner to invest directly or indirectly in a Person, to maintain working capital or equity capital of a Person or



otherwise to maintain net worth, solvency or other financial condition of a Person, to purchase indebtedness, or to assure the owner of indebtedness against loss, including, without limitation, through an agreement to purchase property, securities, goods, supplies or services for the purpose of enabling the debtor to make payment of the indebtedness held by such owner or otherwise (excluding in any calculation of consolidated Indebtedness of the REIT and its Subsidiaries, Guaranty obligations of the REIT Parent or the REIT or its Subsidiaries in respect of primary obligations of any of the REIT or its Subsidiaries which are already included in Indebtedness), (f) all reimbursement obligations of such Person for letters of credit and other contingent liabilities, (g) any net mark-to-market exposure under a Derivatives Contract to the extent speculative in nature and (h) all liabilities secured by any Lien (other than Liens for taxes not yet due and payable) on any property owned by such Person even though such Person has not assumed or otherwise become liable for the payment thereof. The calculation of consolidated Indebtedness of the REIT and its Subsidiaries shall, without duplication, include their Pro Rata Share of Indebtedness of all Partially-Owned Entities of the REIT and its Subsidiaries. Any calculation of Indebtedness hereunder shall be made in a manner consistent with the last sentence of Section 1.2.

"**Indemnified Costs**" has the meaning given that term in Section 13.9(a).

"**Indemnified Party**" has the meaning given that term in Section 13.9(a).

"**Indemnity Proceeding**" has the meaning given that term in Section 13.9(a).

"**Initial Borrowing Base Properties**" means, collectively, the Eligible Properties set forth on Schedule 5.1(a).

"**Intellectual Property**" has the meaning given that term in Section 7.19.

"**Intercreditor Agreement**" means the Intercreditor Agreement of even date herewith among the Loan Parties, the Administrative Agent and the administrative agent under the Senior Unsecured Term Loan Agreement.

"**Interest Expense**" means, for any period, the total interest expense of the REIT and its Subsidiaries (including that attributable to Capital Lease Obligations and any capitalized interest expense) for such period with respect to all outstanding Indebtedness of the REIT and its Subsidiaries (including, without limitation, all commissions, discounts and other fees and charges owed by the REIT and its Subsidiaries with respect to letters of credit, bankers' acceptance financing and net costs of the REIT and its Subsidiaries under Derivatives Contracts in respect of interest rates to the extent such net costs are allocable to such period in accordance with GAAP). The REIT's and its Subsidiaries' Pro Rata Share of all such expenses of any Partially-Owned Entity of the REIT or any of its Subsidiaries shall be included in Interest Expense, calculated in a manner consistent with the above-described treatment for the REIT and its Subsidiaries.

"**Interest Period**" means with respect to any LIBOR Loan, each period commencing on the date such LIBOR Loan is made, or in the case of the Continuation of a LIBOR Loan the last day of the preceding Interest Period for such Loan, and ending 1, 2, 3 or 6 months thereafter, as the Parent Borrower may select in a Notice of Borrowing, Notice of Continuation or Notice of



Conversion, as the case may be, except that each Interest Period that commences on the last Business Day of a calendar month, or on a day for which there is no corresponding day in the appropriate subsequent calendar month, shall end on the last Business Day of the appropriate subsequent calendar month. Notwithstanding the foregoing: (i) if any Interest Period for any portion of a Revolving Loan or Term Loan would otherwise end after the applicable Termination Date for such Loan, such Interest Period shall end on the applicable Termination Date; and (ii) each Interest Period that would otherwise end on a day which is not a Business Day shall end on the immediately following Business Day (or, if such immediately following Business Day falls in the next calendar month, on the immediately preceding Business Day).

"**Internal Revenue Code**" means the Internal Revenue Code of 1986, as amended.

"**Investment**" means, with respect to any Person, any acquisition or investment (whether or not of a Controlling interest) by such Person, by means of any of the following: (a) the purchase or other acquisition of any Equity Interest in another Person, (b) a loan, advance or extension of credit to, capital contribution to, Guaranty of Indebtedness of, or purchase or other acquisition of any Indebtedness of, another Person, including any partnership or joint venture interest in such other Person, or (c) the purchase or other acquisition (in one transaction or a series of transactions) of assets of another Person that constitute the business or a division or operating unit of another Person. Any binding commitment to make an Investment in any other Person, as well as any option of another Person to require an Investment in such Person, shall constitute an Investment. Except as expressly provided otherwise, for purposes of determining compliance with any covenant contained in a Loan Document, the amount of any Investment shall be the amount actually invested, without adjustment for subsequent increases or decreases in the value of such Investment.

"**KeyBank**" means KeyBank National Association, together with its successors and assigns.

"**Knowledgeable Officer**" means with respect to the REIT or any of its Subsidiaries, any executive or financial officer of the REIT or such Subsidiary, or, if any of the foregoing is a partnership, any executive or financial officer of its general partner, or, if any of the foregoing is managed by an Affiliate (pursuant to a property management agreement or otherwise), any executive or financial officer of its Affiliate.

"**L/C Commitment Amount**" means, on any date of determination, an amount equal to 10% of the Revolving Commitments of all Lenders on such date.

"**Lender**" means each financial institution from time to time party hereto as a "Lender", together with its respective successors and permitted assigns, and as the context requires, includes the Swingline Lender; provided, however, except as otherwise expressly provided herein, the term "Lender" shall not include any Lender or any of its Affiliates in such Person's capacity as a Specified Derivatives Provider.

"**Lending Office**" means, for each Lender and for each Type of Loan, the office of such Lender specified in such Lender's Administrative Questionnaire, or such other office of such Lender of which such Lender may notify the Administrative Agent in writing from time to time.



"**Letter of Credit**" has the meaning given that term in Section 2.4(a).

"**Letter of Credit Documents**" means, with respect to any Letter of Credit, collectively, any application therefor, any certificate or other document presented in connection with a drawing under such Letter of Credit and any other agreement, instrument or other document governing or providing for (a) the rights and obligations of the parties concerned or at risk with respect to such Letter of Credit or (b) any collateral security for any of such obligations.

"**Letter of Credit Liabilities**" means, without duplication, at any time and in respect of any Letter of Credit, the sum of (a) the Stated Amount of such Letter of Credit plus (b) the aggregate unpaid principal amount of all Reimbursement Obligations of the Borrowers at such time due and payable in respect of all drawings made under such Letter of Credit. For purposes of this Agreement, a Lender shall be deemed to hold a Letter of Credit Liability in an amount equal to its participation interest in the related Letter of Credit under Section 2.4(i), and the Lender acting as the Administrative Agent shall be deemed to hold a Letter of Credit Liability in an amount equal to its retained interest in the related Letter of Credit after giving effect to the acquisition by the Lenders other than the Lender acting as the Administrative Agent of their participation interests under such Section.

"**LIBOR**" means, for any LIBOR Loan for any Interest Period therefor, the rate of interest, rounded up to the nearest whole multiple of one-hundredth of one percent (.01%), obtained by dividing (i) the average rate as shown on Reuters Screen LIBOR01 Page (or on any successor page of such service, or if such service no longer reports such rate as determined by the Administrative Agent, then on another commercially available source reporting such rate and approved by the Administrative Agent) at which deposits in Dollars are offered by first class banks in the London interbank market at approximately 11:00 a.m. (London time) on the date that is two Business Days prior to the first day of such Interest Period with a maturity approximately equal to such Interest Period and in an amount approximately equal to the amount to which such Interest Period relates, by (ii) a percentage equal to 1 minus the stated maximum rate (stated as a decimal) of all reserves, if any, required to be maintained with respect to Eurocurrency funding (currently referred to as "Eurocurrency liabilities") as specified in Regulation D of the Board of Governors of the Federal Reserve System (or against any other category of liabilities which includes deposits by reference to which the interest rate on LIBOR Loans is determined or any applicable category of extensions of credit or other assets which includes loans by an office of any Lender outside of the United States of America). Any change in such maximum rate shall result in a change in LIBOR on the date on which such change in such maximum rate becomes effective.

"**LIBOR Loan**" means a Revolving Loan or a Term Loan (or a portion thereof), other than a Base Rate Loan, bearing interest at a rate based on LIBOR.

"**Lien**" as applied to the property of any Person means: (a) any security interest, encumbrance, mortgage, deed to secure debt, deed of trust, assignment of leases and rents, pledge, lien, charge or lease constituting a Capital Lease Obligation, conditional sale or other title retention agreement, or other security title or encumbrance of any kind in respect of any property of such Person, or upon the income, rents or profits therefrom; (b) any deposit or other arrangement under which any property of such Person is transferred, sequestered or

otherwise



identified for the purpose of subjecting the same to the payment of Indebtedness or performance of any other obligation in priority to the payment of the general, unsecured creditors of such Person; (c) the filing of any financing statement under the Uniform Commercial Code or its equivalent in any jurisdiction, other than any precautionary filing not otherwise constituting or giving rise to a Lien, including a financing statement filed (i) in respect of a lease not constituting a Capital Lease Obligation pursuant to Section 9-505 (or a successor provision) of the UCC or its equivalent as in effect in an applicable jurisdiction or (ii) in connection with a sale or other disposition of accounts or other assets not prohibited by this Agreement in a transaction not otherwise constituting or giving rise to a Lien; and (d) any agreement by such Person to grant, give or otherwise convey any Lien described in clause (a) of this definition with respect to any Real Estate Asset or any Equity Interest.

"**Loan**" means a Revolving Loan, a Term Loan or a Swingline Loan or a portion thereof.

"**Loan Document**" means this Agreement, each Note, each Letter of Credit Document, each Collateral Document, the Guaranty, the Intercreditor Agreement, the Fee Letter, the Post-Closing Letter and each other document or instrument now or hereafter executed and delivered by a Loan Party in connection with, pursuant to or relating to this Agreement (other than any Specified Derivatives Contract).

"**Loan Party**" means each of the Borrowers and each Guarantor.

"**Material Adverse Effect**" means a materially adverse effect on (a) the business, assets, operations or condition (financial or otherwise) of any Loan Party, (b) the ability of any Loan Party to perform its obligations under any Loan Document to which it is a party, (c) the validity or enforceability of any of the Loan Documents, (d) the Collateral, taken as a whole, or the Administrative Agent's Liens (on behalf of itself and the other Lenders) on the Collateral, taken as a whole, or the priority of such Liens, or (e) the rights and remedies of the Lenders and the Administrative Agent under any of the Loan Documents.

"**Material Contract**" means any contract or other arrangement (other than Loan Documents and Specified Derivatives Contracts), whether written or oral, to which the REIT or any of its Subsidiaries is a party as to which the breach, nonperformance, cancellation or failure to renew by any party thereto could reasonably be expected to have a Material Adverse Effect.

"**Material Indebtedness**" has the meaning given that term in Section 11.1(e)(i).

"**Moody's**" means Moody's Investors Service, Inc., and its successors.

"**Mortgage Note**" means a promissory note secured by a Lien on an interest in real property of which the REIT or any of its Subsidiaries or any Partially-Owned Entity is the holder and retains the right of collection of all payments thereunder.

"**Multiemployer Plan**" means at any time a multiemployer plan within the meaning of Section 4001(a)(3) of ERISA to which any member of the ERISA Group is then making or accruing an obligation to make contributions or has within the preceding six plan years made contributions, including for these purposes any Person which ceased to be a member of the ERISA Group during such six year period.



"**Negative Pledge**" means, with respect to a given asset, any provision of a document, instrument or agreement (other than any Loan Document, the Senior Unsecured Term Loan Agreement or any Specified Derivatives Contract) which prohibits or purports to prohibit the creation or assumption of any Lien on such asset as security for Indebtedness of the Person owning such asset or any other Person; provided, however, that an agreement that conditions a Person's ability to encumber its assets upon the maintenance of one or more specified ratios that limit such Person's ability to encumber its assets but that do not generally prohibit the encumbrance of its assets, or the encumbrance of specific assets, shall not constitute a Negative Pledge.

"**Net Income**" means, of any Person for any period, the consolidated net income (or loss) of such Person and its Subsidiaries for such period, determined on a consolidated basis in accordance with GAAP (excluding the adjustment of rent to straight-line rent), calculated without regard to gains or losses on early retirement of debt or debt restructuring, debt modification charges and prepayment premiums.

"**Net Proceeds**" means with respect to any Equity Issuance by a Person, the aggregate amount of all cash and the Fair Market Value of all other property (other than securities of such Person being converted or exchanged in connection with such Equity Issuance) received by such Person in respect of such Equity Issuance net of investment banking fees, legal fees, accountants' fees, underwriting discounts and commissions, listing fees, financial printing costs and other customary fees and expenses actually incurred by such Person in connection with such Equity Issuance.

"**Net Worth**" means, on any date of determination, the sum of (a) Gross Asset Value on such date minus (b) Indebtedness of the REIT and its Subsidiaries on such date. For the avoidance of doubt, the calculation of consolidated Indebtedness of the REIT and its Subsidiaries shall, without duplication, include their Pro Rata Share of Indebtedness of all Partially-Owned Entities of the REIT and its Subsidiaries.

"**Non-Consenting Lender**" means any Lender that does not approve any consent, waiver or amendment that (a) requires the

approval of all Lenders or all affected Lenders in accordance with the terms of Section 13.6 and (b) has been approved by Requisite Lenders.

"**Non-Defaulting Lender**" means, at any time, each Lender that is not a Defaulting Lender at such time.

"**Nonrecourse Indebtedness**" means, with respect to a Person, Indebtedness for borrowed money in respect of which recourse for payment (except for exceptions for fraud, misapplication of funds, environmental indemnities, bankruptcy, transfer of collateral in violation of the applicable loan documents, failure to obtain consent for subordinate financing in violation of the applicable loan documents and other exceptions to nonrecourse liability which are customary for nonrecourse financings at the time as determined by the Administrative Agent) is contractually limited to specific assets of such Person encumbered by a Lien securing such Indebtedness. Liability of a Person under a completion guarantee, to the extent relating to the Nonrecourse Indebtedness of another Person, shall not, in and of itself, prevent such liability from being characterized as Nonrecourse Indebtedness.



"**Note**" means a Revolving Note, a Term Note or a Swingline Note.

"**Notice of Borrowing**" means a notice in the form of Exhibit C to be delivered to the Administrative Agent pursuant to Section 2.1(b) evidencing the Parent Borrower's request for a borrowing of Revolving Loans.

"**Notice of Continuation**" means a notice in the form of Exhibit D to be delivered to the Administrative Agent pursuant to Section 2.9 evidencing the Parent Borrower's request for the Continuation of a LIBOR Loan.

"**Notice of Conversion**" means a notice in the form of Exhibit E to be delivered to the Administrative Agent pursuant to Section 2.10 evidencing the Parent Borrower's request for the Conversion of a Loan (or a portion thereof) from one Type to another Type.

"**Notice of Swingline Borrowing**" means a notice in the form of Exhibit F to be delivered to the Administrative Agent pursuant to Section 2.3 evidencing the Parent Borrower's request for a Swingline Loan.

"**Obligations**" means, individually and collectively: (a) the aggregate principal balance of, and all accrued and unpaid interest on, all Loans; (b) all Reimbursement Obligations and all other Letter of Credit Liabilities; and (c) all other indebtedness, liabilities, obligations, covenants and duties of the Borrowers and the other Loan Parties owing to the Administrative Agent or any Lender of every kind, nature and description, under or in respect of this Agreement or any of the other Loan Documents, including without limitation, the Fees and indemnification obligations, whether direct or indirect, absolute or contingent, due or not due. The term "Obligations" does not include Specified Derivatives Obligations.

"**Occupancy Rate**" means, with respect to a Real Estate Asset at any time, the ratio, expressed as a percentage, of (a) aggregate leasable square footage of all completed space of such Real Estate Asset actually occupied by non-Affiliate tenants paying rent at market rates pursuant to binding leases as to which no monetary default has occurred and has continued for a period in excess of 60 days to (b) the aggregate leasable square footage of all completed space of such Real Estate Asset.

"**OFAC**" means U.S. Department of the Treasury's Office of Foreign Assets Control and any successor Governmental Authority.

"**Operating Property Value**" means, on any date of determination, the sum of (a) the aggregate Property NOI from all Stabilized Properties of the REIT and its Subsidiaries for the Reference Period most recently ended (excluding Property NOI from Stabilized Properties received by way of contribution during such Reference Period), divided by the Capitalization Rate, plus (b) the aggregate Acquisition Price for all Stabilized Properties of the REIT and its Subsidiaries purchased during such Reference Period, plus (c) the aggregate net operating income from all Stabilized Properties received by way of contribution during such Reference Period (in each case calculated in a manner consistent with the definition of "Property NOI", using financial statements of the predecessor owner of such property for the portion of such Reference Period prior to contribution, which calculations and supporting financial statements shall be reasonably satisfactory to the Administrative Agent), divided by the Capitalization Rate.



"**Parent Borrower**" has the meaning set forth in the introductory paragraph hereof.

"**Partially-Owned Entity**" means, with respect to any Person, any other Person in which such Person holds an Investment, the financial results of which Investment would not be consolidated under GAAP with the financial results of such Person on the consolidated financial statements of such Person.

"**Participant**" has the meaning given that term in Section 13.5(d).

"**Participant Register**" has the meaning given that term in Section 13.5(d).

"**PBGC**" means the Pension Benefit Guaranty Corporation and any successor agency.

"**Permitted Liens**" means: (a) Liens securing taxes, assessments and other charges or levies imposed by any Governmental Authority (excluding any Lien imposed pursuant to any of the provisions of ERISA or pursuant to any Environmental Laws) or the claims

of materialmen, mechanics, carriers, warehousemen or landlords for labor, materials, supplies or rentals incurred in the ordinary course of business, which are not at the time required to be paid or discharged under Section 8.6; (b) Liens consisting of deposits or pledges made, in the ordinary course of business, in connection with, or to secure payment of, obligations under workers' compensation, unemployment insurance or similar Applicable Laws; (c) Liens consisting of encumbrances in the nature of zoning restrictions, easements, and rights or restrictions of record on the use of real property, which do not materially detract from the value of such property or materially and adversely impair the intended use thereof in the business of such Person; (d) the rights of tenants under leases or subleases not interfering with the ordinary conduct of business of such Person; (e) Liens in favor of the Administrative Agent for the benefit of itself, the Lenders and Specified Derivatives Providers; (f) Liens in existence as of the Agreement Date and set forth in Part II of Schedule 7.6; (g) Liens on assets of the REIT or any of its Subsidiaries (other than on any Collateral or Borrowing Base Properties) securing obligations under Derivatives Contracts; (h) normal and customary rights of setoff upon deposits of cash in favor of banks or other depositary institutions; and (i) Liens of a collection bank arising under Section 4-210 of the Uniform Commercial Code on items in the course of collection.

"**Person**" means an individual, corporation, partnership, limited liability company, association, trust or unincorporated organization, or a government or any agency or political subdivision thereof.

"**Plan**" means an employee pension benefit plan (other than a Multiemployer Plan) which is covered by Title IV of ERISA or subject to the minimum funding standards under Section 412 of the Internal Revenue Code and either (a) is maintained, or contributed to, by any member of the ERISA Group for employees of any member of the ERISA Group or (b) has at any time within the preceding six years been maintained, or contributed to, by any Person which was at such time a member of the ERISA Group for employees of any Person which was at such time a member of the ERISA Group.

"**Pledge Agreement**" means that certain Pledge and Security Agreement dated as of the date hereof, by and among the Administrative Agent and the Borrowers party thereto.



"**Post-Closing Letter**" means that certain Post-Closing Letter dated as of the date hereof, by and between the Administrative Agent and the Parent Borrower, relating to this Agreement.

"**Post-Default Rate**" means a rate per annum equal to the Base Rate plus the Applicable Margin, in each case as in effect from time to time, plus 2.0%; provided, that when such term is used with respect to Obligations other than Loans, the "Post-Default Rate" shall mean a rate per annum equal to the Base Rate plus the Applicable Margin for Revolving Loans, in each case as in effect from time to time, plus 2.0%.

"**Preferred Dividends**" means, for any period and without duplication, all Restricted Payments paid during such period on Preferred Equity Interests issued by the REIT or any of its Subsidiaries. Preferred Dividends shall not include dividends or distributions (a) to the extent paid or payable to the REIT or any of its Subsidiaries, or (b) constituting or resulting in the redemption of Preferred Equity Interests, other than scheduled redemptions not constituting balloon, bullet or similar redemptions in full.

"**Preferred Equity Interests**" means, with respect to any Person, Equity Interests in such Person which are entitled to preference or priority over any other Equity Interest in such Person in respect of the payment of dividends or distribution of assets upon liquidation or both.

"**Preliminary Due Diligence Package**" has the meaning given that term in Section 5.1(b)(i).

"**Principal Office**" means the office of the Administrative Agent located at 127 Public Square, Cleveland, Ohio, or such other office of the Administrative Agent as the Administrative Agent may designate from time to time.

"**Pro Rata Share**" means, with respect to any Partially-Owned Entity in which a Person holds an Investment, the greater of (a) such Person's relative nominal direct and indirect ownership interest (expressed as a percentage) in such Partially-Owned Entity or (b) such Person's relative direct and indirect economic interest (calculated as a percentage) in such Partially-Owned Entity determined in accordance with the applicable provisions of the declaration of trust, articles or certificate of incorporation, articles of organization, partnership agreement, joint venture agreement or other applicable organizational document of such Partially-Owned Entity.

"**Property Management Fees**" means, with respect to any Real Estate Asset for any period, an assumed amount equal to the greater of (a) 3% of the aggregate base rent and percentage rent due and payable under leases with tenants at such Real Estate Asset and (b) actual management fees, excluding amounts that will be reclassified as "Regional", "Executive Management", or "General and Administrative" expenses.

"**Property NOI**" means, with respect to any Real Estate Asset for any period, the sum of (a) property rental and other income (after adjusting for straight-lining of rents and excluding the rents from tenants in default or bankruptcy) earned in the ordinary course and attributable to such Real Estate Asset accruing for such period, minus (b) the amount of all expenses incurred in connection with and directly attributable to the ownership and operation of such Real Estate Asset for such period, including, without limitation, Property Management Fees and amounts



accrued for the payment of real estate taxes and insurance premiums, but excluding Interest Expense or other debt service charges and any

non-cash charges such as depreciation or amortization of financing costs.

"**Qualified Plan**" means a Benefit Arrangement or Plan that is intended to be tax-qualified under Section 401(a) of the Internal Revenue Code.

"**Real Estate Asset**" means any parcel of real property, and any improvements thereon, owned, or leased under a Ground Lease, by the Parent Borrower, any of its Subsidiaries or any of their Partially-Owned Entities.

"**Reference Period**" means any period of four consecutive fiscal quarters of the REIT and its Subsidiaries.

"**Register**" has the meaning given that term in Section 13.5(c).

"**Regulatory Change**" means, with respect to any Lender, any change effective after the Agreement Date in Applicable Law or the adoption or making after such date of any interpretation, directive or request applying to a class of banks, including such Lender, of or under any Applicable Law (whether or not having the force of law and whether or not failure to comply therewith would be unlawful) by any Governmental Authority or monetary authority charged with the interpretation or administration thereof or compliance by any Lender with any request or directive regarding capital adequacy. Notwithstanding anything herein to the contrary, (a) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder or issued in connection therewith and (b) all requests, rules, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities, in each case pursuant to Basel III, shall in each case be deemed to be a "Regulatory Change", regardless of the date enacted, adopted or issued.

"**Reimbursement Obligation**" means the absolute, unconditional and irrevocable obligation of the Borrowers to reimburse the Administrative Agent for any drawing honored by the Administrative Agent under a Letter of Credit pursuant to Section 2.4(d).

"**REIT**" has the meaning set forth in the introductory paragraph hereof.

"**REIT Parent**" has the meaning set forth in the introductory paragraph hereof.

"**Requisite Lenders**" means, as of any date, Lenders having at least 51% of the sum of (a) the principal amount of the aggregate outstanding Term Loans, plus (b) the aggregate amount of the Revolving Commitments or, if all of the Revolving Commitments have been terminated or reduced to zero, the principal amount of the aggregate outstanding Revolving Loans and Letter of Credit Liabilities. Revolving Commitments, Loans and Letter of Credit Liabilities held by Defaulting Lenders shall be disregarded when determining the Requisite Lenders. At all times when two or more Lenders (excluding Defaulting Lenders) are party to this Agreement, the term "Requisite Lenders" shall mean not less than two Lenders. For purposes of this definition, a Lender (other than the Swingline Lender) shall be deemed to hold a Swingline Loan or a Letter



of Credit Liability to the extent such Lender has acquired a participation therein under the terms of this Agreement and has not failed to perform its obligations in respect of such participation.

"**Reserves for Capital Expenditures**" means, with respect to any Real Estate Asset, an amount equal to (a) the aggregate leasable square footage of all completed space of such Real Estate Asset, multiplied by (b) $0.15.

"**Responsible Officer**" means with respect to the REIT or any of its Subsidiaries, the chief executive officer, president and chief financial officer of the REIT or such Subsidiary or, if any of the foregoing is a partnership, such officer of its general partner.

"**Restricted Payment**" means: (a) any dividend or other distribution, direct or indirect, on account of any Equity Interest of the REIT or any of its Subsidiaries now or hereafter outstanding, except a dividend payable solely in Equity Interests of an identical or junior class to the holders of that class; (b) any redemption, conversion, exchange, retirement, sinking fund or similar payment, purchase or other acquisition for value, direct or indirect, of any Equity Interest of the REIT or any of its Subsidiaries now or hereafter outstanding; and (c) any payment made to retire, or to obtain the surrender of, any outstanding warrants, options or other rights to acquire any Equity Interests of the REIT or any of its Subsidiaries now or hereafter outstanding.

"**Revolving Credit Exposure**" means, as to any Lender at any time, the aggregate principal amount at such time of its outstanding Revolving Loans and such Lender's participation in Letter of Credit Liabilities and Swingline Loans at such time.

"**Revolving Credit Facility**" means the Revolving Commitments and Revolving Loans of the Lenders.

"**Revolving Commitment**" means, as to each Lender (other than the Swingline Lender), such Lender's obligation (a) to make Revolving Loans pursuant to Section 2.1, (b) to issue (in the case of the Lender then acting as the Administrative Agent) or participate in (in the case of the other Lenders) Letters of Credit pursuant to Sections 2.4(a) and 2.4(i), respectively (but in the case of the Lender acting as the Administrative Agent excluding the aggregate amount of participations in the Letters of Credit held by the other Lenders) and (c) to participate in Swingline Loans pursuant to Section 2.3(e), in each case, in an amount up to, but not exceeding, the amount set forth for such Lender on Schedule 1.1 as such Lender's "Revolving Commitment Amount" or as set forth in the applicable Assignment and Acceptance Agreement, as the same may be increased from time to time pursuant to Section 2.16 or reduced from time to time pursuant to Section 2.12 or as appropriate to reflect any assignments to or by such Lender effected in accordance with Section 13.5.

"**Revolving Loan**" means a loan made by a Lender to the Borrowers pursuant to Section 2.1(a).

"**Revolving Note**" has the meaning given that term in Section 2.11(a).

"**Sanctioned Entity**" means (a) an agency of the government of, (b) an organization directly or indirectly Controlled by, or (c) a Person resident in, in each case, a country that is



subject to a sanctions program identified on the list maintained by the OFAC and published from time to time, as such program may be applicable to such agency, organization or Person.

"**Sanctioned Person**" means a Person named on the list of Specially Designated Nationals or Blocked Persons maintained by the OFAC as published from time to time.

"**Secured Indebtedness**" means, with respect to a Person as of any given date, the aggregate principal amount of all Indebtedness of such Person outstanding at such date and that is secured in any manner by any Lien, and in the case of the REIT and any of its Subsidiaries, shall include (without duplication) the REIT's and its Subsidiaries' pro rata shares of the Secured Indebtedness of their Partially-Owned Entities.

"**Secured Recourse Indebtedness**" means that portion of any Secured Indebtedness that is not Nonrecourse Indebtedness.

"**Securities Act**" means the Securities Act of 1933, as amended from time to time, together with all rules and regulations issued thereunder.

"**Senior Unsecured Term Loan Agreement**" means that certain Term Loan Agreement dated as of the date hereof, by and among the Administrative Agent, certain of the Lenders, the Parent Borrower and the Guarantors (among others) for an unsecured term loan facility in an aggregate principal amount not to exceed $50,000,000 at any time outstanding.

"**Solvent**" means, when used with respect to any Person, that (a) the fair value and the fair salable value of its assets are each in excess of the fair valuation of its total liabilities (including all contingent liabilities computed at the amount which, in light of all the facts and circumstances existing at such time, represents the amount that could reasonably be expected to become an actual and matured liability); (b) such Person is able to pay its debts or other obligations in the ordinary course as they mature; and (c) such Person has capital not unreasonably small to carry on its business and all business in which it proposes to be engaged.

"**Specified Derivatives Contract**" means any Derivatives Contract, together with any documentation relating directly thereto, that is made or entered into at any time, or in effect at any time now or hereafter, whether as a result of an assignment or transfer or otherwise, between the REIT or any of its Subsidiaries and a Specified Derivatives Provider.

"**Specified Derivatives Obligations**" means all indebtedness, liabilities, obligations, covenants and duties of the REIT or any of its Subsidiaries under or in respect of any Specified Derivatives Contract, whether direct or indirect, absolute or contingent, due or not due, liquidated or unliquidated, and whether or not evidenced by any written confirmation. Notwithstanding the foregoing, for any applicable Loan Party, the Specified Derivatives Obligations shall not include Swap Obligations that constitute Excluded Swap Obligations with respect to such Loan Party.

"**Specified Derivatives Provider**" means any Lender, or any Affiliate of a Lender, that is a party to a Derivatives Contract at the time the Derivatives Contract is entered into. For the avoidance of doubt, any such Person that ceases to be a Lender, or an Affiliate of a Lender, shall no longer be a Specified Derivatives Provider.



"**Stabilized Property**" means any Real Estate Asset (a) that is a commercial property operating as a self-storage asset that is completed (as evidenced by a certificate of occupancy permitting use of such property by the general public) with tenants in occupancy and open for business and (b) in the case of Construction-in-Process, that has ceased to be Construction-in-Process in accordance with the definition thereof.

"**S&P**" means Standard & Poor's Rating Services, a division of The McGraw-Hill Companies, Inc., and its successors.

"**Stated Amount**" means the amount available to be drawn by a beneficiary under a Letter of Credit from time to time, as such amount may be increased or reduced from time to time in accordance with the terms of such Letter of Credit.

"**Subsidiary**" means, for any Person, any corporation, partnership, joint venture, limited liability company or other business entity of which a majority of the Equity Interests having ordinary voting power for the election of directors or other governing body (other than securities or interests having such power only by reason of the happening of a contingency) are at the time beneficially owned, or the management of which is otherwise Controlled, directly, or indirectly through one or more intermediaries, or both, by such Person, and shall include all Persons the accounts of which are consolidated with those of such Person pursuant to GAAP. For the avoidance of doubt, each of the California Partnerships shall be treated and accounted for as a consolidated Subsidiary (as opposed to a Partially-Owned Entity), and shall be treated and accounted for in the consolidated financial position and results of the REIT as a consolidated Wholly-Owned Subsidiary (i.e., without deducting minority interests) for purposes of calculating financial covenants hereunder, in each

case so long as such California Partnership satisfies the requirements of the definition thereof.

"**Subsidiary Borrowers**" has the meaning set forth in the introductory paragraph hereof.

"**Swap Obligation**" means any obligation to pay or perform under any agreement, contract or transaction that constitutes a "swap" within the meaning of section 1a(47) of the Commodity Exchange Act.

"**Swingline Commitment**" means the Swingline Lender's obligation to make Swingline Loans pursuant to Section 2.3 in an amount, on any date of determination, equal to 10% of the Revolving Commitments of all Lenders on such date.

"**Swingline Lender**" means KeyBank, together with its respective successors and assigns.

"**Swingline Loan**" means a loan made by the Swingline Lender to the Borrowers pursuant to Section 2.3(a).

"**Swingline Note**" means the promissory note of the Borrowers payable to the order of the Swingline Lender in a principal amount equal to the amount of the Swingline Commitment as originally in effect and otherwise duly completed, substantially in the form of Exhibit G.



"**Swingline Termination Date**" means the date which is 7 Business Days prior to the Termination Date for Revolving Loans and Revolving Commitments.

"**Taxes**" has the meaning given that term in Section 3.12.

"**Term Loan**" means a loan made by a Lender to the Borrowers pursuant to Section 2.2.

"**Term Loan Commitment**" means, as to each Lender, such Lender's obligation to make a Term Loan pursuant to Section 2.2, in an amount up to, but not exceeding, the amount set forth for such Lender on Schedule 1.1 as such Lender's "Term Loan Commitment Amount".

"**Term Loan Facility**" means the Term Loan Commitments and Term Loans of the Lenders.

"**Term Note**" has the meaning given that term in Section 2.11(b).

"**Termination Date**" means, (a) with respect to the Revolving Loans and the Revolving Commitments, March 31, 2017, subject to Section 2.14, and (b) with respect to the Term Loans, March 30, 2018.

"**Titled Agents**" means, collectively, (a) KeyBanc Capital Markets Inc. in its capacity as Sole Bookrunner and Lead Arranger and (b) PNC Bank, National Association, and Wells Fargo Bank, National Association, in their capacity as Co-Syndication Agents.

"**Total Leverage Ratio**" means, on any date of determination, (a) consolidated Indebtedness of the REIT and its Subsidiaries on such date divided by (b) Gross Asset Value on such date.

"**Type**" with respect to any portion of a Revolving Loan or Term Loan, refers to whether such Loan is a LIBOR Loan or Base Rate Loan.

"**UCC**" means the Uniform Commercial Code as in effect in any applicable jurisdiction.

"**Unhedged Variable Rate Indebtedness**" means any Indebtedness of a Person which bears interest at a variable rate during the scheduled life of such Indebtedness to the extent that such Person has not entered into an interest rate swap agreement, interest rate "cap" or "collar" agreement or other similar Derivatives Contract with a counterparty that is not an Affiliate of such Person and which, as of the date of determination, effectively limits (for a period at least equal to the remaining term of the applicable underlying Indebtedness) such interest rate exposure in respect of such Indebtedness to a fixed rate less than or equal to the greater of: (i) the sum of: (a) the rate (as determined by the Administrative Agent) borne by United States 10-year Treasury Notes at the time the applicable Derivatives Contract became effective plus (b) 2.50%; and (ii) 6.50%.

"**Unimproved Land**" means any Real Estate Asset consisting of raw land that is not improved by buildings, structures or improvements intended for income production.



"**Unsecured Indebtedness**" means Indebtedness which is not Secured Indebtedness, provided that any Indebtedness (other than Indebtedness under the Loan Documents) that is secured by Equity Interests of the Loan Parties or any of their respective Subsidiaries shall be deemed to be Unsecured Indebtedness for purposes of the financial covenants set forth in Section 10.1 and Borrowing Base Availability.

"**Unsecured Interest Expense**" means Interest Expense that is attributable to Unsecured Indebtedness.

"**Withdrawal Liability**" means any liability as a result of a complete or partial withdrawal from a Multiemployer Plan as such terms are defined in Part I of Subtitle E of Title IV of ERISA.

"**Wholly-Owned Subsidiary**" means any Subsidiary of a Person in respect of which all of the equity securities or other ownership interests (other than, in the case of a corporation, directors' qualifying shares) are at the time directly or indirectly owned or Controlled by such Person or one or more other Subsidiaries of such Person or by such Person and one or more other Subsidiaries of such Person.

**Section 1.2 General; References to Times.**

Unless otherwise indicated, all accounting terms, ratios and measurements shall be interpreted or determined in accordance with GAAP; provided that, if at any time any change in GAAP would affect the computation of any financial ratio or requirement set forth in any Loan Document, and either the Parent Borrower or the Requisite Lenders shall so request, the Administrative Agent, the Lenders and the Parent Borrower shall negotiate in good faith to amend such ratio or requirement to preserve the original intent thereof in light of such change in GAAP (subject to the approval of the Requisite Lenders); provided further that, until so amended, (i) such ratio or requirement shall continue to be computed in accordance with GAAP prior to such change therein and (ii) the Parent Borrower shall provide to the Administrative Agent and the Lenders financial statements and other documents required under this Agreement or as reasonably requested hereunder setting forth a reconciliation between calculations of such ratio or requirement made before and after giving effect to such change in GAAP. References in this Agreement (including the schedules hereto) to "Sections", "Articles", "Exhibits" and "Schedules" are to sections, articles, exhibits and schedules herein and hereto unless otherwise indicated. References in this Agreement (including the schedules hereto) to any document, instrument or agreement (a) shall include all exhibits, schedules and other attachments thereto, (b) shall include all documents, instruments or agreements issued or executed in replacement thereof, to the extent permitted hereby and (c) shall mean such document, instrument or agreement, or replacement or predecessor thereto, as amended, supplemented, restated or otherwise modified as of the date of this Agreement and from time to time thereafter to the extent not prohibited hereby and in effect at any given time. Wherever from the context it appears appropriate, each term stated in either the singular or plural shall include the singular and plural, and pronouns stated in the masculine, feminine or neuter gender shall include the masculine, the feminine and the neuter. The words "include," "includes" and "including" shall be deemed to be followed by the phrase "without limitation." Unless explicitly set forth to the contrary, a reference to "Subsidiary" means a Subsidiary of the REIT or a Subsidiary of such



Subsidiary and a reference to an "Affiliate" means a reference to an Affiliate of the REIT. Titles and captions of Articles, Sections, subsections and clauses in this Agreement are for convenience only, and neither limit nor amplify the provisions of this Agreement. Unless otherwise indicated, all references to time are references to Eastern time. Notwithstanding any other provision contained herein, all terms of an accounting or financial nature used herein shall be construed, and all computations of amounts and ratios referred to herein shall be made, without giving effect to any election under Statement of Financial Accounting Standards 159 (or any other financial accounting standard promulgated by the Financial Accounting Standards Board having a similar result or effect) to value any Indebtedness or other liabilities of the REIT or any of its Subsidiaries at "fair value", as defined therein.

## ARTICLE II.
## CREDIT FACILITIES

**Section 2.1 Revolving Loans.**

(a) Generally. Subject to the terms and conditions hereof, including without limitation Section 2.15, during the period from the Effective Date to but excluding the Termination Date for Revolving Loans and Revolving Commitments, each Lender severally and not jointly agrees to make Revolving Loans in Dollars to the Borrowers in an aggregate principal amount at any one time outstanding up to, but not exceeding, the amount of such Lender's Revolving Commitment. Subject to the terms and conditions of this Agreement, during the period from the Effective Date to but excluding the Termination Date for Revolving Loans and Revolving Commitments, the Borrowers may borrow, repay and reborrow Revolving Loans hereunder.

(b) Requesting Revolving Loans. The Parent Borrower shall give the Administrative Agent notice pursuant to a Notice of Borrowing or telephonic notice of each borrowing of Revolving Loans. Each Notice of Borrowing shall be delivered to the Administrative Agent before 11:00 a.m. (i) in the case of LIBOR Loans, on the date three Business Days prior to the proposed date of such borrowing and (ii) in the case of Base Rate Loans, on the date one Business Day prior to the proposed date of such borrowing. Any such telephonic notice shall include all information to be specified in a written Notice of Borrowing and shall be promptly confirmed in writing by the Parent Borrower pursuant to a Notice of Borrowing sent to the Administrative Agent by telecopy on the same day of the giving of such telephonic notice. The Administrative Agent will transmit by telecopy the Notice of Borrowing (or the information contained in such Notice of Borrowing) to each Lender promptly upon receipt by the Administrative Agent (but in any event no later than 2:00 p.m. on the date of receipt by the Administrative Agent). Each Notice of Borrowing or telephonic notice of each borrowing shall be irrevocable once given and binding on the Borrowers.

(c) Disbursements of Revolving Loan Proceeds. No later than 12:00 p.m. on the date specified in the Notice of Borrowing, each Lender will make available for the account of its applicable Lending Office to the Administrative Agent at the Principal Office, in immediately available funds, the proceeds of the Revolving Loan to be made by such Lender. Subject to satisfaction of the applicable conditions set forth in Article VI for such borrowing, the Administrative Agent will make the proceeds of such borrowing available to the Borrowers no

later than 2:00 p.m. on the date and at the account specified by the Parent Borrower in such Notice of Borrowing.

(d) Assumptions Regarding Funding by Lenders under Sections 2.1 and 2.2. With respect to Revolving Loans or any Term Loan pursuant to Section 2.2 to be made on or after the Effective Date, unless the Administrative Agent shall have been notified by any Lender that such Lender will not make available to the Administrative Agent a Loan to be made by such Lender in connection with any borrowing, the Administrative Agent may assume that such Lender will make the proceeds of such Loan available to the Administrative Agent in accordance with this Section, and the Administrative Agent may (but shall not be obligated to), in reliance upon such assumption, make available to the Borrowers the amount of such Loan to be provided by such Lender. In such event, if such Lender does not make available to the Administrative Agent the proceeds of such Loan, then such Lender and the Borrowers agree to pay to the Administrative Agent on demand the amount of such Loan with interest thereon, for each day from and including the date such Loan is made available to the Borrowers but excluding the date of payment to the Administrative Agent, at (i) in the case of a payment to be made by such Lender, the greater of the Federal Funds Effective Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation and (ii) in the case of a payment to be made by the Borrowers, the interest rate applicable to Base Rate Loans. If the Borrowers and such Lender shall pay the amount of such interest to the Administrative Agent for the same or overlapping period, the Administrative Agent shall promptly remit to the Borrowers the amount of such interest paid by the Borrowers for such period. If such Lender pays to the Administrative Agent the amount of such Loan, the amount so paid shall constitute such Lender's Loan included in the borrowing. Any payment by the Borrowers shall be without prejudice to any claim any Borrower may have against a Lender that shall have failed to make available the proceeds of a Revolving Loan or Term Loan to be made by such Lender.

**Section 2.2 Term Loans.**

(a) Making Term Loans. Subject to the terms and conditions hereof, each Lender severally and not jointly agrees to make a Term Loan in Dollars to the Borrowers on the Effective Date in an aggregate principal amount of up to, but not exceeding, the amount of such Lender's Term Loan Commitment. Upon funding of the Term Loans, the Term Loan Commitments shall terminate. Once repaid, the principal amount of any Term Loan may not be reborrowed.

(b) Requesting Term Loans. The Parent Borrower shall deliver to the Administrative Agent a Notice of Borrowing (which notice must be received by the Administrative Agent no later than 11:00 a.m. on the date that is (i) one Business Day prior to the anticipated Effective Date in the case of a request for Base Rate Loans or (ii) three Business Days prior to the anticipated Effective Date in the case of a request for LIBOR Loans. Upon receipt of such Notice of Borrowing the Administrative Agent shall promptly notify each Lender. The Notice of Borrowing provided by the Parent Borrower in the preceding sentence shall be irrevocable once given and binding on the Borrowers.



(c) Disbursement of Term Loan Proceeds. No later than 12:00 p.m. on the Effective Date, each Lender will make available for the account of its applicable Lending Office to the Administrative Agent at the Principal Office, in immediately available funds, the proceeds of the Term Loan to be made by such Lender. Subject to satisfaction of the applicable conditions set forth in Article VI for such borrowing, the Administrative Agent will make the proceeds of such borrowing available to the Borrowers no later than 2:00 p.m. on the Effective Date.

**Section 2.3 Swingline Loans.**

(a) Swingline Loans. Subject to the terms and conditions hereof, including without limitation, Section 2.15, during the period from the Effective Date to but excluding the Swingline Termination Date, the Swingline Lender agrees to make Swingline Loans to the Borrowers in an aggregate principal amount at any one time outstanding up to, but not exceeding, the amount of the Swingline Commitment. If at any time the aggregate principal amount of the Swingline Loans outstanding at such time exceeds the Swingline Commitment in effect at such time, the Borrowers shall immediately pay the Administrative Agent for the account of the Swingline Lender the amount of such excess. Subject to the terms and conditions of this Agreement, the Borrowers may borrow, repay and reborrow Swingline Loans hereunder.

(b) Procedure for Borrowing Swingline Loans. The Parent Borrower shall give the Administrative Agent and the Swingline Lender notice pursuant to a Notice of Swingline Borrowing or telephonic notice of each borrowing of a Swingline Loan. Each Notice of Swingline Borrowing shall be delivered to the Swingline Lender no later than 3:00 p.m. on the proposed date of such borrowing. Any such notice given telephonically shall include all information to be specified in a written Notice of Swingline Borrowing and shall be promptly confirmed in writing by the Parent Borrower pursuant to a Notice of Swingline Borrowing sent to the Swingline Lender by telecopy on the same day of the giving of such telephonic notice. On the date of the requested Swingline Loan and subject to satisfaction of the applicable conditions set forth in Article VI for such borrowing, the Swingline Lender will make the proceeds of such Swingline Loan available to the Borrowers in Dollars, in immediately available funds, at the account specified by the Parent Borrower in the Notice of Swingline Borrowing not later than 4:00 p.m. on such date (or 12:00 noon if the Parent Borrower delivered the applicable Notice of Swingline Borrowing to the Swingline Lender before 10:00 a.m. on the proposed date of such borrowing).

(c) Interest. Swingline Loans shall bear interest at a per annum rate equal to the Base Rate plus the Applicable Margin. Interest payable on Swingline Loans is solely for the account of the Swingline Lender. All accrued and unpaid interest on Swingline Loans shall be payable on the dates and in the manner provided in Section 2.5 with respect to interest on Base Rate Loans (except as the Swingline Lender and the Parent Borrower may otherwise agree in writing in connection with any particular Swingline Loan).

(d) Swingline Loan Amounts, Etc. Each Swingline Loan shall be in the minimum amount of $100,000 and integral multiples of $100,000 or such other minimum amounts agreed to by the Swingline Lender and the Parent Borrower. Any voluntary prepayment of a Swingline Loan must be in integral multiples of $50,000 or the aggregate principal amount of all outstanding Swingline Loans (or such other minimum amounts upon which the Swingline



Lender and the Parent Borrower may agree) and in connection with any such prepayment, the Parent Borrower must give the Swingline Lender prior written notice thereof no later than 2:00 p.m. on the day prior to the date of such prepayment. The Swingline Loans shall, in addition to this Agreement, be evidenced by the Swingline Note.

(e) Repayment and Participations of Swingline Loans. Each Borrower agrees to repay each Swingline Loan within one Business Day of demand therefor by the Swingline Lender and in any event, within five Business Days after the date such Swingline Loan was made; provided, that the proceeds of a Swingline Loan may not be used to repay a Swingline Loan. Notwithstanding the foregoing, the Borrowers shall repay the entire outstanding principal amount of, and all accrued but unpaid interest on, the Swingline Loans on the Swingline Termination Date (or such earlier date as the Swingline Lender and the Parent Borrower may agree in writing). In lieu of demanding repayment of any outstanding Swingline Loan from the Borrowers, the Swingline Lender may, on behalf of the Borrowers (which hereby irrevocably direct the Swingline Lender to act on their behalf for such purpose), request a borrowing of Revolving Loans that are Base Rate Loans from the Lenders in an amount equal to the principal balance of such Swingline Loan. The amount limitations of Section 3.5(a) shall not apply to any borrowing of Revolving Loans that are Base Rate Loans made pursuant to this subsection. The Swingline Lender shall give notice to the Administrative Agent of any such borrowing of Revolving Loans not later than 12:00 noon on the proposed date of such borrowing and the Administrative Agent shall give prompt notice of such borrowing to the Lenders. No later than 2:00 p.m. on such date, each Lender will make available to the Administrative Agent at the Principal Office for the account of the Swingline Lender, in immediately available funds, the proceeds of the Revolving Loan to be made by such Lender and, to the extent of such Revolving Loan, such Lender's participation in the Swingline Loan so repaid shall be deemed to be funded by such Revolving Loan. The Administrative Agent shall pay the proceeds of such Revolving Loans to the Swingline Lender, which shall apply such proceeds to repay such Swingline Loan. At the time each Swingline Loan is made, each Lender shall automatically (and without any further notice or action) be deemed to have purchased from the Swingline Lender, without recourse or warranty, an undivided interest and participation to the extent of such Lender's Commitment Percentage in such Swingline Loan. If the Lenders are prohibited from making Revolving Loans required to be made under this subsection for any reason, including without limitation, the occurrence of any Default or Event of Default described in Section 11.1(f) or 11.1(g), upon notice from the Administrative Agent or the Swingline Lender, each Lender severally agrees to pay to the Administrative Agent for the account of the Swingline Lender in respect of such participation the amount of such Lender's Commitment Percentage of each outstanding Swingline Loan. If such amount is not in fact made available to the Administrative Agent by any Lender, the Swingline Lender shall be entitled to recover such amount on demand from such Lender, together with accrued interest thereon for each day from the date of demand thereof, at the Federal Funds Effective Rate. If such Lender does not pay such amount forthwith upon demand therefor by the Administrative Agent or the Swingline Lender, and until such time as such Lender makes the required payment, the Swingline Lender shall be deemed to continue to have outstanding Swingline Loans in the amount of such unpaid participation obligation for all purposes of the Loan Documents (other than those provisions requiring the other Lenders to purchase a participation therein). Further, such Lender shall be deemed to have assigned any and all payments made of principal and interest on its Loans, and any other amounts due such Lender hereunder, to the Swingline Lender to fund Swingline Loans in the amount of the participation in



Swingline Loans that such Lender failed to purchase pursuant to this Section until such amount has been purchased (as a result of such assignment or otherwise). A Lender's obligation to make payments in respect of a participation in a Swingline Loan shall be absolute and unconditional and shall not be affected by any circumstance whatsoever, including without limitation, (i) any claim of setoff, counterclaim, recoupment, defense or other right which such Lender or any other Person may have or claim against the Administrative Agent, the Swingline Lender or any other Person whatsoever, (ii) the occurrence or continuation of a Default or Event of Default (including without limitation, any of the Defaults or Events of Default described in Section 11.1.(f) or 11.1.(g)) or the termination of the Commitments of any Lender, (iii) the existence (or alleged existence) of an event or condition which has had or could have a Material Adverse Effect, (iv) any breach of any Loan Document by the Administrative Agent, any Lender or any Borrower or (v) any other circumstance, happening or event whatsoever, whether or not similar to any of the foregoing.

**Section 2.4 Letters of Credit.**

(a) Letters of Credit. Subject to the terms and conditions of this Agreement, including without limitation, Section 2.15, the Administrative Agent, on behalf of the Lenders, agrees to issue for the account of the Borrowers during the period from and including the Effective Date to, but excluding, the date 30 days prior to the Termination Date for Revolving Loans and Revolving Commitments one or more letters of credit (each a "Letter of Credit") up to a maximum aggregate Stated Amount at any one time outstanding not to exceed the L/C Commitment Amount.

(b) Terms of Letters of Credit. At the time of issuance, the amount, form, terms and conditions of each Letter of Credit, and of any drafts or acceptances thereunder, shall be subject to approval by the Administrative Agent and the Parent Borrower. Notwithstanding the foregoing, in no event may the expiration date of any Letter of Credit extend beyond the earlier of (i) the date one year from its date of issuance or (ii) the Termination Date for Revolving Loans and Revolving Commitments; provided, however, a Letter of Credit may contain a provision providing for the automatic extension of the expiration date in the absence of a notice of non-renewal

from the Administrative Agent but in no event shall any such provision permit the extension of the expiration date of such Letter of Credit beyond the Termination Date for Revolving Loans and Revolving Commitments, unless otherwise agreed to by all Lenders with a Revolving Commitment and subject to such conditions as they may require in their sole discretion.

(c) Requests for Issuance of Letters of Credit. The Parent Borrower shall give the Administrative Agent written notice at least 5 Business Days (or such shorter period as may be acceptable to Administrative Agent in its sole discretion) prior to the requested date of issuance of a Letter of Credit, such notice to describe in reasonable detail the proposed terms of such Letter of Credit and the nature of the transactions or obligations proposed to be supported by such Letter of Credit, and in any event shall set forth with respect to such Letter of Credit the proposed (i) Stated Amount, (ii) beneficiary, and (iii) expiration date. The Parent Borrower shall also execute and deliver such customary letter of credit application forms and other forms and agreements as reasonably requested from time to time by the Administrative Agent. Provided the Parent Borrower has given the notice prescribed by the first sentence of this subsection and



delivered such forms and agreements referred to in the preceding sentence, subject to the other terms and conditions of this Agreement, including satisfaction of any applicable conditions precedent set forth in Article VI, the Administrative Agent shall issue the requested Letter of Credit on the requested date of issuance for the benefit of the stipulated beneficiary but in no event prior to the date 5 Business Days (or such shorter period as may be acceptable to the Administrative Agent in its sole discretion) following the date after which the Administrative Agent has received all of the items required to be delivered to it under this subsection. The Administrative Agent shall not at any time be obligated to issue any Letter of Credit if such issuance would conflict with, or cause the Administrative Agent or any Lender to exceed any limits imposed by, any Applicable Law. References herein to "issue" and derivations thereof with respect to Letters of Credit shall also include extensions or modifications of any outstanding Letters of Credit, unless the context otherwise requires. Upon the written request of the Parent Borrower, the Administrative Agent shall deliver to the Parent Borrower a copy of each issued Letter of Credit within a reasonable time after the date of issuance thereof. To the extent any term of a Letter of Credit Document is inconsistent with a term of any Loan Document, the term of such Loan Document shall control.

(d) Reimbursement Obligations. Upon receipt by the Administrative Agent from the beneficiary of a Letter of Credit of any demand for payment under such Letter of Credit, the Administrative Agent shall promptly notify the Parent Borrower of the amount to be paid by the Administrative Agent as a result of such demand and the date on which payment is to be made by the Administrative Agent to such beneficiary in respect of such demand; provided, however, the Administrative Agent's failure to give, or delay in giving, such notice shall not discharge the Borrowers in any respect from the applicable Reimbursement Obligation. The Borrowers hereby absolutely, unconditionally and irrevocably agree to pay and reimburse the Administrative Agent for the amount of each demand for payment under such Letter of Credit on or prior to the date on which payment is to be made by the Administrative Agent to the beneficiary thereunder, without presentment, demand, protest or other formalities of any kind (other than notice as provided in this subsection). Upon receipt by the Administrative Agent of any payment in respect of any Reimbursement Obligation, the Administrative Agent shall promptly pay to each Lender that has acquired a participation therein under the second sentence of Section 2.4(i) such Lender's Commitment Percentage of such payment.

(e) Manner of Reimbursement. Upon its receipt of a notice referred to in the immediately preceding subsection (d), the Parent Borrower shall advise the Administrative Agent whether or not the Borrowers intend to borrow hereunder to finance their obligation to reimburse the Administrative Agent for the amount of the related demand for payment and, if it does, the Parent Borrower shall submit a timely request for such borrowing as provided in the applicable provisions of this Agreement. If the Parent Borrower fails to so advise the Administrative Agent, or if the Borrowers fail to reimburse the Administrative Agent for a demand for payment under a Letter of Credit by the date of such payment, then (i) if the applicable conditions contained in Article VI would permit the making of Revolving Loans, the Borrowers shall be deemed to have requested a borrowing of Revolving Loans (which shall be Base Rate Loans) in an amount equal to the unpaid Reimbursement Obligation and the Administrative Agent shall give each Lender prompt notice of the amount of the Revolving Loan to be made available to the Administrative Agent not later than 1:00 p.m. and (ii) if such conditions would not permit the making of



Revolving Loans, the provisions of subsection (j) of this Section shall apply. The limitations of Section 3.5(a) shall not apply to any borrowing of Revolving Loans under this subsection.

(f) Effect of Letters of Credit on Commitments. Upon the issuance by the Administrative Agent of any Letter of Credit and until such Letter of Credit shall have expired or been terminated, the Revolving Commitment of each Lender shall be deemed to be utilized for all purposes of this Agreement in an amount equal to the product of (i) such Lender's Commitment Percentage and (ii) the sum of (A) the Stated Amount of such Letter of Credit plus (B) any related Reimbursement Obligations then outstanding.

(g) Administrative Agent's Duties Regarding Letters of Credit; Unconditional Nature of Reimbursement Obligations. In examining documents presented in connection with drawings under Letters of Credit and making payments under Letters of Credit against such documents, the Administrative Agent shall only be required to use the same standard of care as it uses in connection with examining documents presented in connection with drawings under letters of credit in which it has not sold participations and making payments under such letters of credit. Neither the Administrative Agent nor any of the Lenders shall be responsible for, and the Borrowers' obligations in respect of the Letters of Credit shall not be affected in any manner by, any acts or omissions of, or misuse of the Letters of Credit by, the respective beneficiaries of such Letters of Credit. In furtherance and not in limitation of the foregoing, neither the Administrative Agent nor any of the Lenders shall be responsible for, and the Borrowers' obligations in respect of the Letters

of Credit shall not be affected in any manner by, any of the following except to the extent resulting from the gross negligence or willful misconduct of the Administrative Agent or a Lender, as applicable, as determined by a court of competent jurisdiction in a final, non-appealable judgment: (i) the form, validity, sufficiency, accuracy, genuineness or legal effects of any document submitted by any party in connection with the application for and issuance of or any drawing honored under any Letter of Credit even if it should in fact prove to be in any or all respects invalid, insufficient, inaccurate, fraudulent or forged; (ii) the validity or sufficiency of any instrument transferring or assigning or purporting to transfer or assign any Letter of Credit, or the rights or benefits thereunder or proceeds thereof, in whole or in part, which may prove to be invalid or ineffective for any reason; (iii) failure of the beneficiary of any Letter of Credit to comply fully with conditions required in order to draw upon such Letter of Credit; (iv) errors, omissions, interruptions or delays in transmission or delivery of any messages, by mail, cable, facsimile, electronic mail, telecopy or otherwise, whether or not they be in cipher; (v) errors in interpretation of technical terms; (vi) any loss or delay in the transmission or otherwise of any document required in order to make a drawing under any Letter of Credit, or of the proceeds thereof; (vii) the misapplication by the beneficiary of the proceeds of any drawing under any Letter of Credit; or (viii) any consequences arising from causes beyond the control of the Administrative Agent or the Lenders. None of the above shall affect, impair or prevent the vesting of any of the Administrative Agent's or any Lender's rights or powers hereunder. Any action taken or omitted to be taken by the Administrative Agent under or in connection with any Letter of Credit, if taken or omitted in the absence of gross negligence or willful misconduct (as determined by a court of competent jurisdiction in a final, non-appealable judgment), shall not create against the Administrative Agent or any Lender any liability to any Borrower or any Lender. In this regard, the obligation of the Borrowers to reimburse the Administrative Agent for any drawing made under any Letter of Credit, and to repay any Revolving Loan made pursuant to the second sentence of the preceding subsection (e),



shall be absolute, unconditional and irrevocable and shall be paid strictly in accordance with the terms of this Agreement and any other applicable Letter of Credit Document under all circumstances whatsoever, including without limitation, the following circumstances: (A) any lack of validity or enforceability of any Letter of Credit Document or any term or provisions therein; (B) any amendment or waiver of or any consent to departure from all or any of the Letter of Credit Documents; (C) the existence of any claim, setoff, defense or other right which any Borrower may have at any time against the Administrative Agent, any Lender, any beneficiary of a Letter of Credit or any other Person, whether in connection with this Agreement, the transactions contemplated hereby or in the Letter of Credit Documents or any unrelated transaction; (D) any breach of contract or dispute between any Borrower, the Administrative Agent, any Lender or any other Person; (E) any demand, statement or any other document presented under a Letter of Credit proving to be forged, fraudulent, invalid or insufficient in any respect or any statement therein or made in connection therewith being untrue or inaccurate in any respect whatsoever; (F) any non-application or misapplication by the beneficiary of a Letter of Credit of the proceeds of any drawing under such Letter of Credit; (G) payment by the Administrative Agent under any Letter of Credit against presentation of a draft or certificate which does not strictly comply with the terms of such Letter of Credit; and (H) any other act, omission to act, delay or circumstance whatsoever that might, but for the provisions of this Section, constitute a legal or equitable defense to or discharge of the Borrowers' Reimbursement Obligations. Notwithstanding anything to the contrary contained in this Section or Section 13.9, but not in limitation of the Borrowers' unconditional obligation to reimburse the Administrative Agent for any drawing made under a Letter of Credit as provided in this Section and to repay any Revolving Loan made pursuant to the second sentence of the preceding subsection (e), the Borrowers shall have no obligation to indemnify the Administrative Agent or any Lender in respect of any liability incurred by the Administrative Agent or such Lender arising solely out of the gross negligence or willful misconduct of the Administrative Agent or such Lender in respect of a Letter of Credit as determined by a court of competent jurisdiction in a final, non-appealable judgment. Except as otherwise provided in this Section, nothing in this Section shall affect any rights the Borrowers may have with respect to the gross negligence or willful misconduct of the Administrative Agent or any Lender with respect to any Letter of Credit.

(h) Amendments, Etc. The issuance by the Administrative Agent of any amendment, supplement or other modification to any Letter of Credit shall be subject to the same conditions applicable under this Agreement to the issuance of new Letters of Credit (including, without limitation, that the request therefor be made through the Administrative Agent), and no such amendment, supplement or other modification shall be issued unless either (i) the respective Letter of Credit affected thereby would have complied with such conditions had it originally been issued hereunder in such amended, supplemented or modified form or (ii) the Requisite Lenders (or all of the Lenders if required by Section 13.6) shall have consented thereto. In connection with any such amendment, supplement or other modification, the Borrowers shall pay the Fee, if any, payable under the last sentence of Section 3.6(c).

(i) Lenders' Participation in Letters of Credit. Immediately upon the issuance by the Administrative Agent of any Letter of Credit each Lender shall be deemed to have irrevocably and unconditionally purchased and received from the Administrative Agent, without recourse or warranty, an undivided interest and participation to the extent of such Lender's Commitment Percentage of the liability of the Administrative Agent with respect to such Letter



of Credit, and each Lender thereby shall absolutely, unconditionally and irrevocably assume, as primary obligor and not as surety, and shall be unconditionally obligated to the Administrative Agent to pay and discharge when due, such Lender's Commitment Percentage of the Administrative Agent's liability under such Letter of Credit. In addition, upon the making of each payment by a Lender to the Administrative Agent in respect of any Letter of Credit pursuant to the immediately following subsection (j), such Lender shall, automatically and without any further action on the part of the Administrative Agent or such Lender, acquire (i) a participation in an amount equal to such payment in the Reimbursement Obligation owing to the Administrative Agent by the Borrowers in respect of such Letter of Credit and (ii) a participation in a percentage equal to such Lender's Commitment Percentage in any interest or other amounts payable by the Borrowers in respect of such Reimbursement Obligation (other than the Fees payable to the Administrative Agent pursuant to the last sentence of Section 3.6(c)).

(j) Payment Obligation of Lenders. Each Lender severally agrees to pay to the Administrative Agent on demand in immediately available funds in Dollars the amount of such Lender's Commitment Percentage of each drawing paid by the Administrative Agent under each Letter of Credit to the extent such amount is not reimbursed by the Borrowers pursuant to Section 2.4(d); provided, however, that in respect of any drawing under any Letter of Credit, the maximum amount that any Lender shall be required to fund, whether as a Revolving Loan or as a participation, shall not exceed such Lender's Commitment Percentage of such drawing. If the notice referenced in the second sentence of Section 2.4(e) is received by a Lender not later than 11:00 a.m., then such Lender shall make such payment available to the Administrative Agent not later than 2:00 p.m. on the date of demand therefor; otherwise, such payment shall be made available to the Administrative Agent not later than 1:00 p.m. on the next succeeding Business Day. Each Lender's obligation to make such payments to the Administrative Agent under this subsection, and the Administrative Agent's right to receive the same, shall be absolute, irrevocable and unconditional and shall not be affected in any way by any circumstance whatsoever, including without limitation, (i) the failure of any other Lender to make its payment under this subsection, (ii) the financial condition of any Loan Party, (iii) the existence of any Default or Event of Default, including any Event of Default described in Section 11.1(f) or 11.1(g) or (iv) the termination of the Commitments. Each such payment to the Administrative Agent shall be made without any offset, abatement, withholding or deduction whatsoever.

(k) Information to Lenders. The Administrative Agent shall periodically deliver to the Lenders information setting forth the Stated Amount of all outstanding Letters of Credit. Other than as set forth in this subsection, the Administrative Agent shall have no duty to notify the Lenders regarding the issuance or other matters regarding Letters of Credit issued hereunder. The failure of the Administrative Agent to perform its requirements under this subsection shall not relieve any Lender from its obligations under Section 2.4(j).

**Section 2.5 Rates and Payment of Interest and Late Charges on Loans.**

(a) Rates. The Borrowers shall pay to the Administrative Agent for the account of each Lender interest on the unpaid principal amount of each Loan made by such Lender for the period from and including the date of the making of such Loan to but excluding the date such Loan shall be paid in full, at the following per annum rates:



(i) during such periods as such Loan is a Base Rate Loan, at the Base Rate (as in effect from time to time) plus the Applicable Margin; and

(ii) during such periods as such Loan is a LIBOR Loan, at LIBOR for such Loan for the Interest Period therefor plus the Applicable Margin.

Notwithstanding the foregoing, while an Event of Default exists, the Borrowers shall pay to the Administrative Agent for the account of each Lender interest at the Post-Default Rate on the outstanding principal amount of any Loan made by such Lender, on all Reimbursement Obligations and on any other amount payable by the Borrowers hereunder or under the Notes held by such Lender to or for the account of such Lender (including without limitation, accrued but unpaid interest to the extent permitted under Applicable Law).

(b) Payment of Interest. Accrued and unpaid interest on each Loan shall be payable (i) monthly in arrears on the first Business Day of each calendar month, commencing with the first full calendar month occurring after the Effective Date, (ii) on any date that the principal balance of any Loan is repaid and (iii) on any date on which the principal balance of such Loan is due and payable in full (whether at maturity, due to acceleration or otherwise). Interest payable at the Post-Default Rate shall be payable from time to time on demand. Promptly after the determination of any interest rate provided for herein or any change therein, the Administrative Agent shall give notice thereof to the Lenders to which such interest is payable and to the Borrowers. All determinations by the Administrative Agent of an interest rate hereunder shall be conclusive and binding on the Lenders and the Borrowers for all purposes, absent manifest error.

(c) Late Charges. The Borrowers shall pay to the Administrative Agent for the account of each applicable Lender, upon billing therefor, a late charge equal to five percent (5%) of the amount of any payment of principal, interest, or both, which is not paid within 5 days after the due date therefor. Such late charge (i) shall be payable in addition to, and not in limitation of, the Post-Default Rate, (ii) shall be intended to compensate the Administrative Agent and the Lenders for administrative and processing costs incident to late payments, (c) does not constitute interest, and (d) shall not be subject to refund or rebate or credited against any other amount due.

**Section 2.6 Number of Interest Periods.**

There may be no more than seven different Interest Periods outstanding at the same time.

**Section 2.7 Repayment of Loans.**

The Borrowers shall repay the entire outstanding principal amount of, and all accrued but unpaid interest on, the Revolving Loans and the Term Loans on the applicable Termination Date.

**Section 2.8 Prepayments.**

(a) Optional. Subject to Section 4.4, the Borrowers may prepay any Loan at any time without premium or penalty. The Parent Borrower shall give the Administrative Agent

at least one Business Day's prior written notice of the prepayment of any Revolving Loan or Term Loan.

(b) Mandatory. If at any time (i) the aggregate principal amount of all outstanding Loans, together with the aggregate amount of all Letter of Credit Liabilities (without duplication of Letter of Credit Liabilities that have been converted to Base Rate Loans under Section 2.4(e)), exceeds Borrowing Base Availability at such time or (ii) the aggregate principal amount of all outstanding Revolving Loans and Swingline Loans, together with the aggregate amount of all Letter of Credit Liabilities, exceeds the aggregate Revolving Commitment of all Lenders at such time, then in either case the Borrowers shall, within three Business Days after the occurrence of such excess, pay to the Administrative Agent for the accounts of the applicable Lenders (determined in accordance with subsection (c) below) the amount of such excess.

(c) Application of Prepayments. Amounts paid under the preceding subsection (b) shall be applied to pay all amounts of principal outstanding on the Swingline Loans first, then to the Revolving Loans and any Reimbursement Obligations pro rata in accordance with Section 3.2 second, then to the Term Loans pro rata in accordance with Section 3.2 third, and finally, if any Letters of Credit are outstanding at such time, any remaining amount shall be deposited into the Collateral Account for application to any Letter of Credit Liabilities. If the Borrowers are required to pay any outstanding LIBOR Loans by reason of this Section prior to the end of the applicable Interest Period therefor, the Borrowers shall pay all amounts due under Section 4.4.

(d) Derivatives Contracts. No repayment or prepayment pursuant to this Section shall affect any of the Borrowers' obligations under any Derivatives Contract between any Borrower and any Lender (or any Affiliate of any Lender).

**Section 2.9 Continuation.**

So long as no Default or Event of Default shall exist, the Borrowers may on any Business Day, with respect to any LIBOR Loan, elect to maintain such LIBOR Loan or any portion thereof as a LIBOR Loan by selecting a new Interest Period for such LIBOR Loan. Each new Interest Period selected under this Section shall commence on the last day of the immediately preceding Interest Period. Each selection of a new Interest Period shall be made by the Parent Borrower giving to the Administrative Agent a Notice of Continuation not later than 11:00 a.m. on the third Business Day prior to the date of any such Continuation. Such notice by the Parent Borrower of a Continuation shall be by telephone or telecopy, confirmed immediately in writing if by telephone, in the form of a Notice of Continuation, specifying (a) the proposed date of such Continuation, (b) the LIBOR Loans and portions thereof subject to such Continuation and (c) the duration of the selected Interest Period, all of which shall be specified in such manner as is necessary to comply with all limitations on Loans outstanding hereunder. Each Notice of Continuation shall be irrevocable by and binding on the Borrowers once given. Promptly after receipt of a Notice of Continuation, the Administrative Agent shall notify each Lender of the proposed Continuation. If the Borrowers shall fail to select in a timely manner a new Interest Period for any LIBOR Loan in accordance with this Section, or if a Default or Event of Default shall exist, such Loan will automatically, on the last day of the current Interest Period therefor,



Convert into a Base Rate Loan notwithstanding the first sentence of Section 2.10 or the Borrowers' failure to comply with any of the terms of such Section.

**Section 2.10 Conversion.**

The Borrowers may on any Business Day, upon the Parent Borrower's giving of a Notice of Conversion to the Administrative Agent, Convert all or a portion of a Revolving Loan or a Term Loan (including a Base Rate Loan made pursuant to Section 2.3(e)) of one Type into a Loan of another Type; provided, however, a Base Rate Loan may not be Converted to a LIBOR Loan if a Default or Event of Default shall exist. Any Conversion of a LIBOR Loan into a Base Rate Loan shall be made on, and only on, the last day of an Interest Period for such LIBOR Loan. Each such Notice of Conversion shall be given not later than 11:00 a.m. on the Business Day prior to the date of any proposed Conversion into Base Rate Loans and on the third Business Day prior to the date of any proposed Conversion into LIBOR Loans. Promptly after receipt of a Notice of Conversion, the Administrative Agent shall notify each Lender of the proposed Conversion. Subject to the restrictions specified above, each Notice of Conversion shall be by telephone (confirmed immediately in writing) or telecopy in the form of a Notice of Conversion specifying (a) the requested date of such Conversion, (b) the Type of Loan to be Converted, (c) the portion of such Type of Loan to be Converted, (d) the Type of Loan such Loan is to be Converted into and (e) if such Conversion is into a LIBOR Loan, the requested duration of the Interest Period of such Loan. Each Notice of Conversion shall be irrevocable by and binding on the Borrowers once given.

**Section 2.11 Notes.**

(a) Revolving Notes. Except in the case of a Lender that has requested not to receive a Revolving Note, the Revolving Loans made by each Lender shall, in addition to this Agreement, also be evidenced by a promissory note of the Borrowers substantially in the form of Exhibit H (each a "Revolving Note"), payable to the order of such Lender in a principal amount equal to the amount of its Revolving Commitment as originally in effect and otherwise duly completed.

(b) Term Notes. Except in the case of a Lender that has requested not to receive a Term Note, the Term Loans made by each Lender shall, in addition to this Agreement, also be evidenced by a promissory note of the Borrowers substantially in the form of Exhibit I (each a "Term Note"), payable to the order of such Lender in a principal amount equal to the amount of the Term Loans made by such Lender and otherwise duly completed.

(c) Records. The date, amount, interest rate, Type and duration of Interest Periods (if applicable) of each Loan

made by each Lender to the Borrowers, and each payment made on account of the principal thereof, shall be recorded by such Lender on its books and such entries shall be binding on the Borrowers, absent manifest error; provided, however, that the failure of a Lender to make any such record shall not affect the obligations of the Borrowers under any of the Loan Documents.

(d) Lost, Stolen, Destroyed or Mutilated Notes. Upon receipt by the Parent Borrower of (i) written notice from a Lender that a Note of such Lender has been lost, stolen,



destroyed or mutilated, and (ii) (A) in the case of loss, theft or destruction, an unsecured agreement of indemnity from such Lender in form reasonably satisfactory to the Parent Borrower, or (B) in the case of mutilation, upon surrender and cancellation of such Note, the Borrowers shall execute and deliver to such Lender a new Note dated the date of such lost, stolen, destroyed or mutilated Note.

**Section 2.12 Voluntary Reductions of the Revolving Commitments.**

Subject to Section 2.15, the Borrowers shall have the right to terminate or reduce the aggregate unused amount of the Revolving Commitments (for which purpose use of the Revolving Commitments shall be deemed to include the aggregate amount of Letter of Credit Liabilities and the aggregate principal amount of all outstanding Swingline Loans) at any time and from time to time without penalty or premium upon not less than 3 Business Days prior written notice to the Administrative Agent of each such termination or reduction, which notice shall specify the effective date thereof and the amount of any such reduction and shall be irrevocable once given and effective only upon receipt by the Administrative Agent. The Administrative Agent will promptly transmit such notice to each Lender. The Revolving Commitments, once terminated or reduced may not be increased or reinstated.

**Section 2.13 Expiration or Maturity Date of Letters of Credit Past Termination Date.**

If on the date the Revolving Commitments are terminated or reduced to zero (whether voluntarily, by reason of the occurrence of an Event of Default or otherwise), there are any Letters of Credit outstanding hereunder, the Borrowers shall, on such date, pay to the Administrative Agent, for the benefit of the Administrative Agent and the Lenders, an amount of money equal to 105% of the aggregate Stated Amount of such Letter(s) of Credit for deposit into the Collateral Account.

**Section 2.14 Extension of Termination Date.**

The Borrowers shall have the right, exercisable one time, to extend the current Termination Date for Revolving Loans and Revolving Commitments by one year. The Borrowers may exercise such right only by executing and delivering to the Administrative Agent at least 30 days but not more than 90 days prior to the current applicable Termination Date, a written request for such extension (an "Extension Request"). The Administrative Agent shall notify the Lenders if it receives an Extension Request promptly upon receipt thereof. Subject to satisfaction of the following conditions, the applicable Termination Date shall be extended for one year effective upon receipt by the Administrative Agent of the Extension Request and payment of the fee referred to in the following clause (ii):
(i) immediately prior to the date of such extension and immediately after giving effect thereto, (x) no Default or Event of Default shall exist and (y) the representations and warranties made or deemed made by the Borrowers and each other Loan Party in the Loan Documents to which any of them is a party, shall be true and correct in all material respects on and as of the date of such extension with the same force and effect as if made on and as of such date except to the extent that such representations and warranties expressly relate solely to an earlier date (in which case such representations and warranties shall have been true and correct in all material respects on and as of such earlier date)



and (ii) the Borrowers shall have paid the Fees payable under Section 3.6(d). On the date of such extension, the Parent Borrower shall deliver to the Administrative Agent a certificate from the chief executive officer or chief financial officer of the Borrowers certifying the matters referred to in the immediately preceding clauses (i)(x) and (i)(y).

**Section 2.15 Amount Limitations.**

Notwithstanding any other term of this Agreement or any other Loan Document, no Lender shall be required to make a Revolving Loan, the Swingline Lender shall not be required to make a Swingline Loan, the Administrative Agent shall not be required to issue, increase or extend a Letter of Credit and no reduction of the Revolving Commitments pursuant to Section 2.12 shall take effect, if immediately after the making of such Loan, the issuance, increase or extension of such Letter of Credit or such reduction in the Revolving Commitments, (a) the aggregate principal amount of all outstanding Loans, together with the aggregate amount of all all Letter of Credit Liabilities, would exceed Borrowing Base Availability at such time or (b) the aggregate principal amount of all outstanding Revolving Loans and Swingline Loans, together with the aggregate amount of all Letter of Credit Liabilities, would exceed the aggregate Revolving Commitment of all Lenders at such time.

**Section 2.16 Expansion Option.**

(a) Expansion Requests. The Borrowers may from time to time elect to increase the Revolving Commitments or enter into one or more additional tranches of term loans (each, an "Incremental Term Loan"), so long as, after giving effect thereto, the aggregate amount of such Revolving Commitment increases and all such Incremental Term Loans does not exceed $332,500,000. The Parent Borrower may arrange for any such Revolving Commitment increase or Incremental Term Loan to be provided by one or more

Lenders (each Lender so agreeing to an increase in its Revolving Commitment, or to participate in such Incremental Term Loans, an "Increasing Lender"), or by one or more new banks, financial institutions or other entities (each such new bank, financial institution or other entity, an "Augmenting Lender"), to increase their existing Revolving Commitments, or to participate in such Incremental Term Loans, or extend Revolving Commitments, as the case may be; provided, that (i) each Augmenting Lender shall be subject to the approval of the Parent Borrower and the Administrative Agent and (ii) (A) in the case of an Increasing Lender, the Parent Borrower and such Increasing Lender execute an agreement substantially in the form of Exhibit J, and (B) in the case of an Augmenting Lender, the Parent Borrower and such Augmenting Lender execute an agreement substantially in the form of Exhibit K hereto. No consent of any Lender (other than the Lenders participating in such Revolving Commitment increase or Incremental Term Loan) shall be required for any such increase or Incremental Term Loan pursuant to this Section 2.16.

(b) Conditions to Effectiveness. Revolving Commitment increases, new Revolving Commitments and Incremental Term Loans created pursuant to this Section 2.16 shall become effective on the date agreed by the Parent Borrower, the Administrative Agent and the relevant Increasing Lenders or Augmenting Lenders, and the Administrative Agent shall notify each Lender thereof. Notwithstanding the foregoing, no increase in the Revolving Commitments (or in the Revolving Commitment of any Lender) or Incremental Term Loan shall become effective under this paragraph unless (i) on the proposed date of the effectiveness of such



Revolving Commitment increase or Incremental Term Loan, both immediately before and immediately after giving effect thereto, (A) no Default or Event of Default exists and (B) the representations and warranties made or deemed made by the Borrowers and each other Loan Party in the Loan Documents to which any of them is a party, are true and correct in all material respects with the same force and effect as if made on and as of such date except to the extent that such representations and warranties expressly relate solely to an earlier date (in which case such representations and warranties shall have been true and correct in all material respects on and as of such earlier date), and the Administrative Agent shall have received a certificate executed by a Responsible Officer of the Parent Borrower certifying the satisfaction of such conditions, and (ii) to the extent requested by the Administrative Agent, the Administrative Agent shall have received documents (including legal opinions) consistent with those delivered on the Effective Date as to the corporate power and authority of the Borrowers to borrow hereunder immediately after giving effect to such Revolving Commitment increase or Incremental Term Loan.

(c) Funding and Reallocations. On the effective date of any increase in the Revolving Commitments, (i) each relevant Increasing Lender and Augmenting Lender shall make available to the Administrative Agent such amounts in immediately available funds as the Administrative Agent shall determine, for the benefit of the other Lenders, as being required in order to cause, after giving effect to such Revolving Commitment increase and the use of such amounts to make payments to such other Lenders, each Lender's portion of the outstanding Revolving Loans of all the Lenders to equal its Commitment Percentage of such outstanding Revolving Loans, and (ii) if necessary to keep the outstanding Revolving Loans ratable with any revised Commitment Percentages arising from any nonratable increase in the Commitments under this Section, the Borrowers shall be deemed to have repaid and reborrowed any outstanding Revolving Loans as of the date of any increase in the Revolving Commitments (with such reborrowing to consist of the Types of Revolving Loans, with related Interest Periods if applicable, specified in a notice delivered by the Parent Borrower, in accordance with the requirements of Section 2.1(b) in order to maintain such ratability). The deemed payments made pursuant to clause (ii) of the immediately preceding sentence shall be accompanied by payment of all accrued interest on the amount prepaid and, in respect of each LIBOR Loan, shall be subject to indemnification by the Borrowers pursuant to the provisions of Section 4.4 if the deemed payment occurs other than on the last day of the related Interest Periods.

(d) Terms. The Incremental Term Loans (i) shall rank pari passu in right of payment with the Revolving Loans and the initial Term Loans, (ii) shall not mature earlier than the Termination Date for the initial Term Loans (but may have amortization prior to such date) and (iii) shall be treated substantially the same as (and in any event no more favorably than) the Revolving Loans and the initial Term Loans; provided, that (x) the terms and conditions applicable to any Incremental Term Loan maturing after the Termination Date for the initial Term Loans may provide for material additional or different financial or other covenants or prepayment requirements applicable only during periods after the Termination Date for the initial Term Loans and (y) the Incremental Term Loans may be priced differently than the Revolving Loans and the initial Term Loans.

(e) Documentation. Incremental Term Loans may be made hereunder pursuant to an amendment or restatement (an "Incremental Term Loan Amendment") of this Agreement and, as appropriate, the other Loan Documents, executed by the Parent Borrower,



each Increasing Lender participating in such Incremental Term Loan, if any, each Augmenting Lender participating in such Incremental Term Loan, if any, and the Administrative Agent. Each Incremental Term Loan Amendment may, without the consent of any other Lenders, effect such amendments to this Agreement and the other Loan Documents as may be necessary or appropriate, in the reasonable opinion of the Administrative Agent, to effect the provisions of this Section 2.16. Nothing contained in this Section 2.16 shall constitute, or otherwise be deemed to be, a commitment on the part of any Lender to increase its Revolving Commitment hereunder, or provide Incremental Term Loans, at any time.

**Section 2.17 Funds Transfer Disbursements.**

(a) Generally. The Borrowers hereby authorize the Administrative Agent to disburse the proceeds of any Loan made by the Lenders or any of their Affiliates pursuant to the Loan Documents as requested by an authorized representative of the Parent

Borrower to any of the accounts designated by the Parent Borrower. Each Borrower agrees to be bound by any transfer request: (i) authorized or transmitted by the Parent Borrower; or, (ii) made in such Borrower's name and accepted by the Administrative Agent in good faith and in compliance with these transfer instructions, even if not properly authorized by such Borrower. Each Borrower further agrees and acknowledges that the Administrative Agent may rely solely on any bank routing number or identifying bank account number or name provided by the Parent Borrower to effect a wire of funds transfer even if the information provided by the Parent Borrower identifies a different bank or account holder than named by any Borrower. The Administrative Agent is not obligated or required in any way to take any actions to detect errors in information provided by any Borrower. If the Administrative Agent takes any actions in an attempt to detect errors in the transmission or content of transfer requests or takes any actions in an attempt to detect unauthorized funds transfer requests, each Borrower agrees that no matter how many times the Administrative Agent takes these actions the Administrative Agent will not in any situation be liable for failing to take or correctly perform these actions in the future and such actions shall not become any part of the transfer disbursement procedures authorized under this provision, the Loan Documents, or any agreement between the Administrative Agent and any Borrower. The Parent Borrower agrees to notify the Administrative Agent of any errors in the transfer of any funds or of any unauthorized or improperly authorized transfer requests within fourteen (14) days after the Administrative Agent's confirmation to the Parent Borrower of such transfer.

(b) Funds Transfer. The Administrative Agent will, in its sole discretion, determine the funds transfer system and the means by which each transfer will be made. The Administrative Agent may delay or refuse to accept a funds transfer request if the transfer would: (i) violate the terms of this authorization; (ii) require the use of a bank unacceptable to the Administrative Agent or any Lender or prohibited by any Governmental Authority; (iii) cause the Administrative Agent or any Lender, in their reasonable judgment, to violate any regulatory risk control program or guideline promulgated by the Board of Governors of the Federal Reserve System or any other similar program or guideline; or (iv) otherwise cause the Administrative Agent or any Lender to violate any Applicable Law.

(c) Limitation of Liability. Neither the Administrative Agent nor any Lender shall be liable to any Borrower or any other parties for (i) errors, acts or failures to act of others, including other entities, banks, communications carriers or clearinghouses, through which any



Borrower's transfers may be made or information received or transmitted, and no such entity shall be deemed an agent of the Administrative Agent or any Lender, (ii) any loss, liability or delay caused by fires, earthquakes, wars, civil disturbances, power surges or failures, acts of government, labor disputes, failures in communications networks, legal constraints or other events beyond Administrative Agent's or any Lender's control, or (iii) any special, consequential, indirect or punitive damages, whether or not (x) any claim for these damages is based on tort or contract or (y) the Administrative Agent, any Lender or any Borrower knew or should have known the likelihood of these damages in any situation; provided, however, that, the Administrative Agent and the Lenders shall be liable to the extent any of the above were the result of the Administrative Agent's or Lenders' gross negligence or willful misconduct as determined by a court of competent jurisdiction in a final, non-appealable judgment. Neither the Administrative Agent nor any Lender makes any representations or warranties other than those expressly made in this Agreement.

## ARTICLE III.
## PAYMENTS, FEES AND OTHER GENERAL PROVISIONS

**Section 3.1 Payments.**

(a) Payments by the Borrowers. Except to the extent otherwise provided herein, all payments of principal, interest and other amounts to be made by the Borrowers under this Agreement or any other Loan Document shall be made in Dollars, in immediately available funds, without deduction, set-off or counterclaim, to the Administrative Agent at its Principal Office, not later than 2:00 p.m. on the date on which such payment shall become due (each such payment made after such time on such due date to be deemed to have been made on the next succeeding Business Day). Subject to Section 11.4, the Parent Borrower shall, at the time of making each payment under this Agreement or any other Loan Document, specify to the Administrative Agent the amounts payable by the Borrowers hereunder to which such payment is to be applied. Each payment received by the Administrative Agent for the account of a Lender under this Agreement or any other Loan Document shall be paid to such Lender by wire transfer of immediately available funds in accordance with the wiring instructions provided by such Lender to the Administrative Agent from time to time, for the account of such Lender at the applicable Lending Office of such Lender. If the Administrative Agent fails to pay such amounts to such Lender, within one Business Day of receipt of such amounts, the Administrative Agent shall pay interest on such amount at a rate per annum equal to the Federal Funds Effective Rate from time to time in effect. If the due date of any payment under this Agreement or any other Loan Document would otherwise fall on a day which is not a Business Day such date shall be extended to the next succeeding Business Day and interest shall be payable for the period of such extension.

(b) Presumptions Regarding Payments by Borrowers. Unless the Administrative Agent shall have received notice from the Parent Borrower prior to the date on which any payment is due to the Administrative Agent for the account of the Lenders hereunder that the Borrowers will not make such payment, the Administrative Agent may assume that the Borrowers have made such payment on such date in accordance herewith and may (but shall not be obligated to), in reliance upon such assumption, distribute to the Lenders the amount due. In such event, if the Borrowers have not in fact made such payment, then each of the Lenders



severally agrees to repay to the Administrative Agent on demand that amount so distributed to such Lender, with interest thereon, for each day from and including the date such amount is distributed to it to but excluding the date of payment to the Administrative Agent, at the

greater of the Federal Funds Effective Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation.

**Section 3.2 Pro Rata Treatment.**

Except to the extent otherwise provided herein: (a) each borrowing from the Lenders under Sections 2.1(a), 2.3(d) and 2.4(e) shall be made from the Lenders, each payment of the Fees under Section 3.6(a) and under the first sentence of Section 3.6(b) shall be made for the account of the Lenders, and each termination or reduction of the amount of the Revolving Commitments under Section 2.12 shall be applied to the respective Revolving Commitments of the Lenders, in each case pro rata according to the amounts of their respective Revolving Commitments; (b) each payment or prepayment of principal of Revolving Loans by the Borrowers shall be made for the account of the Lenders pro rata in accordance with the respective unpaid principal amounts of the Revolving Loans held by them; (c) each payment of interest on Revolving Loans by the Borrowers shall be made for the account of the Lenders pro rata in accordance with the amounts of interest on such Loans then due and payable to the respective Lenders; (d) each payment or prepayment of principal of Term Loans by the Borrowers shall be made for the account of the Lenders pro rata in accordance with the respective unpaid principal amounts of the Term Loans held by them; (e) each payment of interest on Term Loans by the Borrowers shall be made for the account of the Lenders pro rata in accordance with the amounts of interest on the Term Loans then due and payable to the respective applicable Lenders; (f) the Conversion and Continuation of Revolving Loans or Term Loans of a particular Type (other than Conversions provided for by Section 4.6) shall be made pro rata among the Lenders according to the amounts of their respective Revolving Loans or Term Loans, as applicable, and the then current Interest Period for each Lender's portion of each such Loan of such Type shall be coterminous; (g) the Lenders' participation in, and payment obligations in respect of, Letters of Credit under Section 2.4, shall be pro rata in accordance with their respective Revolving Commitments; and (h) the Lenders' participation in, and payment obligations in respect of, Swingline Loans under Section 2.3, shall be pro rata in accordance with their respective Revolving Commitments. All payments of principal, interest, fees and other amounts in respect of the Swingline Loans shall be for the account of the Swingline Lender only (except to the extent any Lender shall have acquired and funded a participating interest in any such Swingline Loan pursuant to Section 2.3(e), in which case such payments shall be pro rata in accordance with such participating interests).

**Section 3.3 Sharing of Payments, Etc.**

If a Lender shall obtain payment of any principal of, or interest on, any Loan made by it to the Borrowers under this Agreement, or shall obtain payment on any other Obligation owing by any Loan Party through the exercise of any right of set-off, banker's lien or counterclaim or similar right or otherwise or through voluntary prepayments directly to a Lender or other payments made by any Loan Party to a Lender (other than any payment in respect of Specified Derivatives Obligations) not in accordance with the terms of this Agreement and such payment should be distributed to the Lenders pro rata in accordance with Section 3.2 or Section 11.4, as



applicable, such Lender shall promptly purchase from the other Lenders participations in (or, if and to the extent specified by such Lender, direct interests in) the Loans made by the other Lenders or other Obligations owed to such other Lenders in such amounts, and make such other adjustments from time to time as shall be equitable, to the end that all the Lenders shall, subject to Section 3.11 if applicable, share the benefit of such payment (net of any reasonable expenses which may be incurred by such Lender in obtaining or preserving such benefit) pro rata in accordance with Section 3.2 or Section 11.4, as applicable. To such end, all the Lenders shall make appropriate adjustments among themselves (by the resale of participations sold or otherwise) if such payment is rescinded or must otherwise be restored. Each Borrower agrees that any Lender so purchasing a participation (or direct interest) in the Loans or other Obligations owed to such other Lenders may exercise all rights of set-off, banker's lien, counterclaim or similar rights with respect to such participation as fully as if such Lender were a direct holder of Loans in the amount of such participation. Nothing contained herein shall require any Lender to exercise any such right or shall affect the right of any Lender to exercise, and retain the benefits of exercising, any such right with respect to any other indebtedness or obligation of the Borrowers.

**Section 3.4 Several Obligations.**

No Lender shall be responsible for the failure of any other Lender to make a Loan or to perform any other obligation to be made or performed by such other Lender hereunder, and the failure of any Lender to make a Loan or to perform any other obligation to be made or performed by it hereunder shall not relieve the obligation of any other Lender to make any Loan or to perform any other obligation to be made or performed by such other Lender.

**Section 3.5 Minimum Amounts.**

(a) Borrowings and Conversions. Except as otherwise provided in Sections 2.3(d) and 2.4(e), each borrowing of Base Rate Loans shall be in an aggregate minimum amount of $500,000 and integral multiples of $500,000 in excess thereof. Each borrowing, Conversion and Continuation of LIBOR Loans shall be in an aggregate minimum amount of $500,000 and integral multiples of $500,000 in excess of that amount.

(b) Prepayments. Each voluntary prepayment of Revolving Loans shall be in an aggregate minimum amount of $500,000 and integral multiples of $100,000 in excess thereof (or, if less, the aggregate principal amount of Revolving Loans then outstanding). Each voluntary prepayment of Term Loans shall be in an aggregate minimum amount of $1,000,000 and integral multiples of $500,000 in excess thereof (or, if less, the aggregate principal amount of Term Loans then outstanding).

(c) Reductions of Revolving Commitments. Each reduction of the Revolving Commitments under Section 2.12 shall be in an aggregate minimum amount of $5,000,000 and integral multiples of $1,000,000 in excess thereof.

(d) Letters of Credit. The initial Stated Amount of each Letter of Credit shall be at least $100,000 (or such lesser amount as may be acceptable to the Parent Borrower and the Administrative Agent).



**Section 3.6 Fees.**

(a) Unused Fees. The Borrowers agree to pay to the Administrative Agent for the account of the Lenders with Revolving Commitments an unused facility fee equal to (i) the actual daily amount by which (A) the aggregate Revolving Commitment of all Lenders exceeds (B) the aggregate principal amount of all outstanding Revolving Loans and Swingline Loans, together with the aggregate amount of all Letter of Credit Liabilities, multiplied by (ii) the Applicable Unused Fee. For the avoidance of doubt, outstanding Swingline Loans shall not be counted toward or considered usage of the Revolving Commitments for purposes of determining such fee. Such fee shall be nonrefundable, computed quarterly in arrears based on such actual daily amount, and payable in arrears on (x) the first Business Day of each calendar quarter, (y) the Termination Date for Revolving Loans and Revolving Commitments, and (z) the date the Revolving Commitments are terminated or reduced to zero. If there is any change in the Applicable Unused Fee during any quarter, the actual daily amount shall be computed and multiplied by the Applicable Unused Fee separately for each period during such quarter that such Applicable Unused Fee was in effect.

(b) [Reserved]

(c) Letter of Credit Fees. The Borrowers agree to pay to the Administrative Agent for the account of the Lenders a letter of credit fee at a rate per annum equal to the Applicable Margin in respect of Revolving Loans that are LIBOR Loans (or while an Event of Default exists, at a per annum rate equal to the Applicable Margin in respect of Revolving Loans that are LIBOR Loans plus 2.0%) times the daily average Stated Amount of each Letter of Credit for the period from and including the date of issuance of such Letter of Credit (x) through and including the date such Letter of Credit expires or is terminated or (y) to but excluding the date such Letter of Credit is drawn in full and is not subject to reinstatement, as the case may be. The fees provided for in the immediately preceding sentence shall be nonrefundable and payable in arrears on (i) the first Business Day of each calendar quarter, (ii) the Termination Date for Revolving Loans and Revolving Commitments, and (iii) the date the Revolving Commitments are terminated or reduced to zero. The Borrowers shall pay directly to the Administrative Agent from time to time on demand all commissions, charges, costs and expenses in the amounts customarily charged by the Administrative Agent from time to time in like circumstances with respect to the issuance of each Letter of Credit, drawings, amendments and other transactions relating thereto.

(d) Extension Fee. If the Borrowers exercise their right to extend the Termination Date for Revolving Loans and Revolving Commitments in accordance with Section 2.14, the Borrowers agree to pay to the Administrative Agent for the account of each Lender a fee equal to 0.20% of the amount of such Lender's Revolving Commitment (whether or not utilized). Such fee shall be due and payable in full no later than 30 days prior to the current Termination Date for Revolving Loans and Revolving Commitments, as a condition precedent to the effectiveness of such extension.

(e) Fee Letter. The Borrowers agree to pay the fees set forth in the Fee Letter, in the amounts, to the Persons and for the account of the Persons identified therein.



**Section 3.7 Computations.**

Unless otherwise expressly set forth herein, any accrued interest on any Loan, any Fees or any other Obligations due hereunder shall be computed on the basis of a year of 360 days and the actual number of days elapsed; provided, however, interest on Base Rate Loans shall be computed on the basis of a year of 365 or 366 days, as applicable, and the actual number of days elapsed.

**Section 3.8 Usury.**

In no event shall the amount of interest due or payable on the Loans or other Obligations exceed the maximum rate of interest allowed by Applicable Law and, if any such payment is paid by any Loan Party or received by any Lender, then such excess sum shall be credited as a payment of principal, unless the Parent Borrower shall notify the respective Lender in writing that the Borrowers elect to have such excess sum returned to it forthwith. It is the express intent of the parties hereto that the Borrowers not pay and the Lenders not receive, directly or indirectly, in any manner whatsoever, interest in excess of that which may be lawfully paid by the Borrowers under Applicable Law.

**Section 3.9 Agreement Regarding Interest and Charges.**

The parties hereto hereby agree and stipulate that the only charge imposed upon the Borrowers for the use of money in connection with this Agreement is and shall be the interest specifically described in Sections 2.5(a)(i) and (ii) and in Section 2.3(c). Notwithstanding the foregoing, the parties hereto further agree and stipulate that all agency fees, syndication fees, unused fees, closing fees, letter of credit fees, underwriting fees, default charges, funding or "breakage" charges, increased cost charges, attorneys' fees and reimbursement for costs and expenses paid by the Administrative Agent or any Lender to third parties or for damages incurred by the Administrative Agent or any Lender, in each case in connection with the transactions contemplated by this Agreement and the other Loan Documents, are charges made to compensate the Administrative Agent or any such Lender for underwriting or administrative services and costs or losses performed or incurred, and to be performed or incurred, by the Administrative Agent and the Lenders in connection with this Agreement and shall under no circumstances be deemed to be charges for the use of money. All charges other than charges for

the use of money shall be fully earned and nonrefundable when due.

**Section 3.10 Statements of Account.**

The Administrative Agent will endeavor to account to the Parent Borrower monthly with a statement of Loans, Letters of Credit, accrued interest and Fees, charges and payments made pursuant to this Agreement and the other Loan Documents, and such account rendered by the Administrative Agent shall be deemed conclusive upon the Borrowers absent manifest error, provided that the failure of the Administrative Agent to deliver such a statement of accounts shall not relieve or discharge the Borrowers from any of their obligations hereunder.



**Section 3.11 Defaulting Lenders.**

Notwithstanding anything to the contrary contained in this Agreement, if any Lender becomes a Defaulting Lender, then, until such time as such Lender is no longer a Defaulting Lender, to the extent permitted by Applicable Law:

(a) Waivers and Amendments. Such Defaulting Lender's right to approve or disapprove any amendment, waiver or consent with respect to this Agreement shall be restricted as set forth in the definition of Requisite Lenders.

(b) Defaulting Lender Waterfall. Any payment of principal, interest, Fees or other amounts received by the Administrative Agent for the account of such Defaulting Lender (whether voluntary or mandatory, at maturity, pursuant to Article XI or otherwise) or received by the Administrative Agent from a Defaulting Lender pursuant to Section 13.3 shall be applied at such time or times as may be determined by the Administrative Agent as follows: first, to the payment of any amounts owing by such Defaulting Lender to the Administrative Agent hereunder; second, to the payment on a pro rata basis of any amounts owing by such Defaulting Lender to the Administrative Agent or the Swingline Lender hereunder; third, to Cash Collateralize the Administrative Agent's Fronting Exposure with respect to such Defaulting Lender in accordance with subsection (e) below; fourth, as the Parent Borrower may request (so long as no Default or Event of Default exists), to the funding of any Loan in respect of which such Defaulting Lender has failed to fund its portion thereof as required by this Agreement, as determined by the Administrative Agent; fifth, if so determined by the Administrative Agent and the Parent Borrower, to be held in a deposit account and released pro rata in order to (x) satisfy such Defaulting Lender's potential future funding obligations with respect to Loans under this Agreement and (y) Cash Collateralize the Administrative Agent's future Fronting Exposure with respect to such Defaulting Lender with respect to future Letters of Credit issued under this Agreement, in accordance with subsection (e) below; sixth, to the payment of any amounts owing to the Lenders, the Administrative Agent or the Swingline Lender as a result of any judgment of a court of competent jurisdiction obtained by any Lender, the Administrative Agent or the Swingline Lender against such Defaulting Lender as a result of such Defaulting Lender's breach of its obligations under this Agreement; seventh, so long as no Default or Event of Default exists, to the payment of any amounts owing to the Borrowers as a result of any judgment of a court of competent jurisdiction obtained by the Borrowers against such Defaulting Lender as a result of such Defaulting Lender's breach of its obligations under this Agreement; and eighth, to such Defaulting Lender or as otherwise directed by a court of competent jurisdiction; provided that if (x) such payment is a payment of the principal amount of any Loans or amounts owing by such Defaulting Lender under Section 2.4(j) in respect of Letters of Credit (such amounts "L/C Disbursements"), in respect of which such Defaulting Lender has not fully funded its appropriate share, and (y) such Loans were made or the related Letters of Credit were issued at a time when the conditions set forth in Article VI were satisfied or waived, such payment shall be applied solely to pay the Loans of, and L/C Disbursements owed to, all Non-Defaulting Lenders on a pro rata basis prior to being applied to the payment of any Loans of, or L/C Disbursements owed to, such Defaulting Lender until such time as all Loans and funded and unfunded participations in Letter of Credit Liabilities and Swingline Loans are held by the Lenders pro rata in accordance with their respective Commitment Percentages (determined without giving effect to subsection (d) of this Section 3.11). Any payments, prepayments or other amounts paid or payable to a Defaulting Lender that are applied (or held) to pay amounts owed by a Defaulting Lender or to post Cash Collateral pursuant to this subsection shall be



deemed paid to and redirected by such Defaulting Lender, and each Lender irrevocably consents hereto.

(c) Certain Fees.

(i) No Defaulting Lender shall be entitled to receive any Fee payable under Section 3.6(a) or (b) for any period during which that Lender is a Defaulting Lender (and the Borrowers shall not be required to pay any such fee that otherwise would have been required to have been paid to that Defaulting Lender).

(ii) Each Defaulting Lender shall be entitled to receive the Fee payable under Section 3.6(c) for any period during which that Lender is a Defaulting Lender only to the extent allocable to its Commitment Percentage of the stated amount of Letters of Credit for which it has provided Cash Collateral pursuant to subsection (e) of this Section 3.11.

(iii) With respect to any Fee not required to be paid to any Defaulting Lender pursuant to the immediately preceding clauses (i) or (ii), the Borrowers shall (x) pay to each Non-Defaulting Lender that portion of any such Fee otherwise payable to such Defaulting Lender with respect to such Defaulting Lender's participation in Letter of Credit Liabilities or Swingline Loans that has been reallocated to such Non-Defaulting Lender pursuant to the immediately following subsection (d), (y) pay to the Administrative Agent and Swingline Lender, as applicable, the amount of any

such Fee otherwise payable to such Defaulting Lender to the extent allocable to the Administrative Agent's or Swingline Lender's Fronting Exposure to such Defaulting Lender, and (z) not be required to pay the remaining amount of any such Fee.

(d) Reallocation of Participations to Reduce Fronting Exposure. All or any part of such Defaulting Lender's participation in Letter of Credit Liabilities and Swingline Loans shall be reallocated among the Non-Defaulting Lenders in accordance with their respective Commitment Percentages (determined without regard to such Defaulting Lender's Commitment) but only to the extent that (x) the conditions set forth in Article VI are satisfied at the time of such reallocation (and, unless the Parent Borrower shall have otherwise notified the Administrative Agent at such time, the Borrowers shall be deemed to have represented and warranted that such conditions are satisfied at such time), and (y) such reallocation does not cause the aggregate Revolving Credit Exposure of any Non-Defaulting Lender to exceed such Non-Defaulting Lender's Commitment. No reallocation hereunder shall constitute a waiver or release of any claim of any party hereunder against a Defaulting Lender arising from that Lender having become a Defaulting Lender, including any claim of a Non-Defaulting Lender as a result of such Non-Defaulting Lender's increased exposure following such reallocation.

(e) Cash Collateral, Repayment of Swingline Loans.

(i) If the reallocation described in the immediately preceding subsection (d) above cannot, or can only partially, be effected, the Borrowers



shall, without prejudice to any right or remedy available to it hereunder or under law, (x) first, prepay Swingline Loans in an amount equal to the Swingline Lender's Fronting Exposure and (y) second, Cash Collateralize the Administrative Agent's Fronting Exposure in accordance with the procedures set forth in this subsection.

(ii) At any time that there shall exist a Defaulting Lender, within 1 Business Day following the written request of the Administrative Agent or the Administrative Agent (with a copy to the Administrative Agent), the Borrowers shall Cash Collateralize the Administrative Agent's Fronting Exposure with respect to such Defaulting Lender (determined after giving effect to the immediately preceding subsection (d) and any Cash Collateral provided by such Defaulting Lender) in an amount not less than 105% of the aggregate Fronting Exposure of the Administrative Agent with respect to Letters of Credit issued and outstanding at such time.

(iii) Each Borrower, and to the extent provided by any Defaulting Lender, such Defaulting Lender, hereby grant to the Administrative Agent, for its own benefit, and agree to maintain, a first priority security interest in all such Cash Collateral as security for the Defaulting Lenders' obligation to fund participations in respect of Letter of Credit Liabilities, to be applied pursuant to the immediately following clause (iv). If at any time the Administrative Agent determines that Cash Collateral is subject to any right or claim of any Person other than the Administrative Agent as herein provided, or that the total amount of such Cash Collateral is less than 105% of the aggregate Fronting Exposure of the Administrative Agent with respect to Letters of Credit issued and outstanding at such time, the Borrowers will, promptly upon demand by the Administrative Agent, pay or provide to the Administrative Agent additional Cash Collateral in an amount sufficient to eliminate such deficiency (after giving effect to any Cash Collateral provided by the Defaulting Lender).

(iv) Notwithstanding anything to the contrary contained in this Agreement, Cash Collateral provided under this Section in respect of Letters of Credit shall be applied to the satisfaction of the Defaulting Lender's obligation to fund participations in respect of Letter of Credit Liabilities (including, as to Cash Collateral provided by a Defaulting Lender, any interest accrued on such obligation) for which the Cash Collateral was so provided, prior to any other application of such property as may otherwise be provided for herein.

(v) Cash Collateral (or the appropriate portion thereof) provided to reduce the Administrative Agent's Fronting Exposure shall no longer be required to be held as Cash Collateral pursuant to this subsection following (x) the elimination of the applicable Fronting Exposure (including by the termination of Defaulting Lender status of the applicable Lender), or (y) the determination by the Administrative Agent that there exists excess Cash Collateral; provided, that, subject to the other provisions of this Section 3.11, the Person providing Cash Collateral and the Administrative Agent may agree that Cash Collateral shall be



held to support future anticipated Fronting Exposure or other obligations and provided further that to the extent that such Cash Collateral was provided by the Borrowers, such Cash Collateral shall remain subject to the security interest granted pursuant to the Collateral Documents.

(f) Defaulting Lender Cure. If the Parent Borrower, the Administrative Agent and the Swingline Lender agree in writing that a Lender is no longer a Defaulting Lender, the Administrative Agent will so notify the parties hereto, whereupon as of the effective date specified in such notice and subject to any conditions set forth therein (which may include arrangements with respect to any Cash Collateral), that Lender will, to the extent applicable, purchase at par that portion of outstanding Loans of the other Lenders or take such other actions as the Administrative Agent may determine to be necessary to cause the Loans and funded and unfunded participations in Letters of Credit and Swingline Loans to be held pro rata by the Lenders in accordance with their respective Commitment Percentages

(determined without giving effect to the immediately preceding subsection (d)), whereupon such Lender will cease to be a Defaulting Lender; provided that no adjustments will be made retroactively with respect to Fees accrued or payments made by or on behalf of the Borrowers while that Lender was a Defaulting Lender; and provided, further, that except to the extent otherwise expressly agreed by the affected parties, no change hereunder from Defaulting Lender to Lender will constitute a waiver or release of any claim of any party hereunder arising from that Lender's having been a Defaulting Lender.

(g) New Swingline Loans/Letters of Credit. So long as any Lender is a Defaulting Lender, (i) the Swingline Lender shall not be required to fund any Swingline Loans unless it is satisfied that it will have no Fronting Exposure after giving effect to such Swingline Loan and (ii) the Administrative Agent shall not be required to issue, extend, renew or increase any Letter of Credit unless it is satisfied that it will have no Fronting Exposure after giving effect thereto.

(h) Purchase of Defaulting Lender's Commitment and Loans. During any period that a Lender is a Defaulting Lender, the Parent Borrower may, by giving written notice thereof to the Administrative Agent, such Defaulting Lender and the other Lenders, demand that such Defaulting Lender assign its Commitment and Loans to an Eligible Assignee subject to and in accordance with the provisions of Section 13.5(b). No party hereto shall have any obligation whatsoever to initiate any such replacement or to assist in finding an Eligible Assignee. In addition, any Lender who is not a Defaulting Lender may, but shall not be obligated, in its sole discretion, to acquire the face amount of all or a portion of such Defaulting Lender's Commitment and Loans via an assignment subject to and in accordance with the provisions of Section 13.5(b). In connection with any such assignment, such Defaulting Lender shall promptly execute all documents reasonably requested to effect such assignment, including an appropriate Assignment and Acceptance Agreement and, notwithstanding Section 13.5(b), shall pay to the Administrative Agent an assignment fee in the amount of $3,500. The exercise by the Parent Borrower of its rights under this Section shall be at the Borrowers' sole cost and expense and at no cost or expense to the Administrative Agent or any of the Lenders.



**Section 3.12 Taxes; Lenders.**

(a) Taxes Generally. All payments by the Borrowers of principal of, and interest on, the Loans and all other Obligations shall be made free and clear of and without deduction for any present or future excise, stamp or other taxes, fees, duties, levies, imposts, charges, deductions, withholdings or other charges of any nature whatsoever imposed by any taxing authority, but excluding (i) franchise taxes, (ii) any taxes that would not be imposed but for a connection between the Administrative Agent or a Lender and the jurisdiction imposing such taxes (other than a connection arising solely by virtue of the activities of the Administrative Agent or such Lender pursuant to or in respect of this Agreement or any other Loan Document), (iii) any taxes imposed on or measured by any Lender's assets, net income, receipts or branch profits, (iv) any taxes the Administrative Agent or a Lender is subject to at the time it becomes a party to this Agreement, (v) any taxes arising after the Agreement Date solely as a result of or attributable to a Lender changing its designated Lending Office after the date such Lender becomes a party hereto, (vi) any taxes imposed by Sections 1471 through Section 1474 of the Internal Revenue Code (including any official interpretations thereof, collectively "FATCA") on any "withholdable payment" payable to a recipient as a result of the failure of such recipient to satisfy the applicable requirements as set forth in FATCA after the Agreement Date, and (vii) any taxes imposed as a result of a failure by the Administrative Agent or a Lender to comply with Section 3.12(c) (such non-excluded items being collectively called "Taxes"). If any withholding or deduction from any payment to be made by the Borrowers hereunder is required in respect of any Taxes pursuant to any Applicable Law, then the Borrowers will:

(i) pay directly to the relevant Governmental Authority the full amount required to be so withheld or deducted;

(ii) promptly forward to the Administrative Agent an official receipt or other documentation reasonably satisfactory to the Administrative Agent evidencing such payment to such Governmental Authority; and

(iii) pay to the Administrative Agent for its account or the account of the applicable Lender such additional amount or amounts as is necessary to ensure that the net amount actually received by the Administrative Agent or such Lender will equal the full amount that the Administrative Agent or such Lender would have received had no such withholding or deduction of Taxes been required.

(b) Tax Indemnification. If the Borrowers fail to pay any Taxes when due to the appropriate Governmental Authority or fail to remit to the Administrative Agent, for its account or the account of the respective Lender, the required receipts or other required documentary evidence, the Borrowers shall indemnify the Administrative Agent and the Lenders for any incremental Taxes, interest or penalties that may become payable by the Administrative Agent or any Lender as a result of any such failure. For purposes of this Section, a distribution hereunder by the Administrative Agent or any Lender to or for the account of any Lender shall be deemed a payment by the Borrowers.

(c) Tax Forms. Prior to the date that any Lender becomes a party hereto, such Lender shall deliver to the Parent Borrower and the Administrative Agent such certificates, documents or other evidence, as required by the Internal Revenue Code or Treasury Regulations issued pursuant thereto (including Internal Revenue Service Forms W-9, W-8ECI and W-8BEN,



as applicable, or appropriate successor forms), properly completed, currently effective and duly executed by such Lender establishing that

payments to it hereunder and under the Notes are (i) not subject to United States Federal backup withholding tax and (ii) not subject to United States Federal withholding tax imposed under the Internal Revenue Code. Each such Lender shall, to the extent it may lawfully do so, (x) deliver further copies of such forms or other appropriate certifications on or before the date that any such forms expire or become obsolete and after the occurrence of any event requiring a change in the most recent form delivered to the Parent Borrower or the Administrative Agent and (y) obtain such extensions of the time for filing, and renew such forms and certifications thereof, as may be reasonably requested by the Parent Borrower or the Administrative Agent. The Borrowers shall not be required to pay any amount pursuant to the last sentence of subsection (a) above to any Lender or the Administrative Agent, if such Lender or the Administrative Agent, as applicable, fails to comply with the requirements of this subsection. If any such Lender, to the extent it may lawfully do so, fails to deliver the above forms or other documentation, then the Administrative Agent may withhold from any payments to such Lender under any of the Loan Documents such amounts as are required by the Internal Revenue Code. If any Governmental Authority asserts that the Administrative Agent did not properly withhold or backup withhold, as the case may be, any tax or other amount from payments made to or for the account of any Lender, such Lender shall indemnify the Administrative Agent therefor, including all penalties and interest, any taxes imposed by any jurisdiction on the amounts payable to the Administrative Agent under this Section, and costs and expenses (including all reasonable fees and disbursements of any law firm or other external counsel and the allocated cost of internal legal services and all disbursements of internal counsel) of the Administrative Agent. The obligation of the Lenders under this Section shall survive the termination of the Commitments, repayment of all Obligations and the resignation or replacement of the Administrative Agent.

(d) FATCA Forms. If a payment made to a Lender would be subject to U.S. federal withholding Tax imposed by FATCA if such Lender were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Internal Revenue Code, as applicable), such Lender shall deliver to the Parent Borrower and the Administrative Agent at the time or times prescribed by law and at such time or times reasonably requested by the Parent Borrower or the Administrative Agent such documentation prescribed by applicable law (including as prescribed by Section 1471(b)(3)(C)(i) of the Internal Revenue Code) and such additional documentation reasonably requested by the Parent Borrower or the Administrative Agent as may be necessary for the Parent Borrower and the Administrative Agent to comply with their obligations under FATCA and to determine that such Lender has complied with such Lender's obligations under FATCA or to determine the amount to deduct and withhold from such payment. The Administrative Agent shall deliver the comparable information about its own status to the Parent Borrower at such times.

(e) Treatment of Certain Refunds. If any party determines, in its sole discretion exercised in good faith, that it has received a refund of any Taxes as to which it has been indemnified pursuant to this Section 3.12 (including by the payment of additional amounts pursuant to this subsection (e)), it shall pay to the indemnifying party an amount equal to such refund (but only to the extent of indemnity payments made under this Section with respect to the Taxes giving rise to such refund), net of all out-of-pocket expenses (including Taxes) of such indemnified party and without interest (other than any interest paid by the relevant Governmental



Authority with respect to such refund). Such indemnifying party, upon the request of such indemnified party, shall repay to such indemnified party the amount paid over pursuant to this subsection (e) (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) in the event that such indemnified party is required to repay such refund to such Governmental Authority. Notwithstanding anything to the contrary in this subsection (e), in no event will the indemnified party be required to pay any amount to an indemnifying party pursuant to this subsection (e) the payment of which would place the indemnified party in a less favorable net after-Tax position than the indemnified party would have been in if the Tax subject to indemnification and giving rise to such refund had never been owed or paid. This paragraph shall not be construed to require any indemnified party to make available its Tax returns (or any other information relating to its Taxes that it deems confidential) to the indemnifying party or any other Person.

(f) USA Patriot Act Notice; Compliance. In order for the Administrative Agent to comply with the USA Patriot Act of 2001 (Public Law 107-56), prior to any Lender or Participant that is organized under the laws of a jurisdiction outside of the United States of America becoming a party hereto, the Administrative Agent may request, and such Lender or Participant shall provide to the Administrative Agent, its name, address, tax identification number and/or such other identification information as shall be necessary for the Administrative Agent to comply with federal law.

## ARTICLE IV.
## YIELD PROTECTION, ETC.

**Section 4.1 Additional Costs; Capital Adequacy.**

(a) Capital Adequacy. If any Lender or any Participant determines that compliance with any Regulatory Change affects or would affect the amount of capital or liquidity required or expected to be maintained by such Lender or such Participant, or any corporation Controlling such Lender or such Participant, as a consequence of, or with reference to, such Lender's or such Participant's or such corporation's Commitments or its making or maintaining Loans or participating in Letters of Credit below the rate which such Lender or such Participant or such corporation Controlling such Lender or such Participant could have achieved but for such Regulatory Change (taking into account the policies of such Lender or such Participant or such corporation with regard to capital and liquidity), then the Borrowers shall, from time to time, within thirty (30) calendar days after written demand by such Lender or such Participant, pay to such Lender or such Participant additional amounts sufficient to compensate such Lender or such Participant or such corporation Controlling such Lender or such Participant to the extent that such Lender or such Participant determines such increase in capital is allocable to such Lender's or such Participant's obligations hereunder. Any Participant's right to receive compensation pursuant to this subsection (a) is limited by the terms of Sections 13.5(d) and (e).

(b) Additional Costs. In addition to, and not in limitation of the immediately preceding subsection (a), the

Borrowers shall promptly pay to the Administrative Agent for the account of each affected Lender from time to time such amounts as such Lender may determine to be necessary to compensate such Lender for any costs incurred by such Lender that it determines are attributable to its making, continuing, converting to or maintaining of any LIBOR



Loans or its obligation to make any LIBOR Loans hereunder, any reduction in any amount receivable by such Lender under this Agreement or any of the other Loan Documents in respect of any of such Loans or such obligation or the maintenance by such Lender of capital in respect of its Loans or its Commitments (such increases in costs and reductions in amounts receivable being herein called "Additional Costs"), to the extent resulting from any Regulatory Change that: (i) changes the basis of taxation of any amounts payable to such Lender under this Agreement or any of the other Loan Documents in respect of any of such Loans or its Commitments (other than taxes, fees, duties, levies, imposts, charges, deductions, withholdings or other charges which are excluded from the definition of Taxes pursuant to the first sentence of Section 3.12(a)); or (ii) imposes or modifies any reserve, special deposit or similar requirements (other than Regulation D of the Board of Governors of the Federal Reserve System or other reserve requirement to the extent utilized in the determination of LIBOR for such Loan) relating to any extensions of credit or other assets of, or any deposits with or other liabilities of, such Lender, or any commitment of such Lender (including, without limitation, the Commitments of such Lender hereunder); or (iii) has or would have the effect of reducing the rate of return on capital of such Lender to a level below that which such Lender could have achieved but for such Regulatory Change (taking into consideration such Lender's policies with respect to capital adequacy).

(c) Lender's Suspension of LIBOR Loans. Without limiting the effect of the provisions of the immediately preceding subsections (a) and (b), if, by reason of any Regulatory Change, any Lender either (i) incurs Additional Costs based on or measured by the excess above a specified level of the amount of a category of deposits or other liabilities of such Lender that includes deposits by reference to which the interest rate on LIBOR Loans is determined as provided in this Agreement or a category of extensions of credit or other assets of such Lender that includes LIBOR Loans or (ii) becomes subject to restrictions on the amount of such a category of liabilities or assets that it may hold, then, if such Lender so elects by notice to the Parent Borrower (with a copy to the Administrative Agent), the obligation of such Lender to make or Continue, or to Convert any other Type of Loans into, LIBOR Loans hereunder shall be suspended until such Regulatory Change ceases to be in effect (in which case the provisions of Section 4.6 shall apply).

(d) Additional Costs in Respect of Letters of Credit. Without limiting the obligations of the Borrowers under the preceding subsections of this Section (but without duplication), if as a result of any Regulatory Change (including any Regulatory Change pertaining to any risk-based capital guideline or other requirement issued by any Governmental Authority) there shall be imposed, modified or deemed applicable any tax, reserve, special deposit, capital adequacy or similar requirement against or with respect to or measured by reference to Letters of Credit and the result shall be to increase the cost to the Administrative Agent of issuing (or any Lender of purchasing participations in) or maintaining its obligation hereunder to issue (or purchase participations in) any Letter of Credit or reduce any amount receivable by the Administrative Agent or any Lender hereunder in respect of any Letter of Credit, then, upon demand by the Administrative Agent or such Lender, the Borrowers shall pay promptly, and in any event within 3 Business Days of demand, to the Administrative Agent for its account or the account of such Lender, as applicable, from time to time as specified by the Administrative Agent or a Lender, such additional amounts as shall be sufficient to compensate the Administrative Agent or such Lender for such increased costs or reductions in amount.



(e) Notification and Determination of Additional Costs. Each of the Administrative Agent and each Lender and each Participant (through its participating Lender), as the case may be, agrees to notify the Parent Borrower of any event occurring after the Agreement Date entitling the Administrative Agent or such Lender or such Participant to compensation under any of the preceding subsections of this Section as promptly as practicable; provided, however, the failure of the Administrative Agent or any Lender or any Participant (through its participating Lender) to give such notice shall not release the Borrowers from any of their obligations hereunder. Notwithstanding the foregoing, the Borrowers shall not be required to compensate the Administrative Agent, any Lender or any Participant pursuant to the foregoing provisions of this Section for any increased costs incurred or reductions suffered more than six months prior to the date that the Administrative Agent or such Lender or such Participant (through its participating Lender) notifies the Parent Borrower of the Regulatory Change giving rise to such increases costs or reductions and of the Administrative Agent's or such Lender's or such Participant's intention to claim compensation therefor (except that, if the Regulatory Change giving rise to such increased costs or reductions is retroactive, then the six-month period referred to above shall be extended to include the period of retroactive effect thereof). The Administrative Agent or such Lender or such Participant (through its participating Lender) agrees to furnish to the Parent Borrower (and in the case of a Lender or a Participant, to the Administrative Agent) a certificate setting forth in reasonable detail the basis and amount of each request by the Administrative Agent or such Lender for compensation under this Section. Absent manifest error, determinations by the Administrative Agent or any Lender or any Participant of the effect of any Regulatory Change shall be conclusive, provided that such determinations are made on a reasonable basis and in good faith.

**Section 4.2 Suspension of LIBOR Loans.**

Anything herein to the contrary notwithstanding, if, on or prior to the determination of LIBOR for any Interest Period:

(a) the Administrative Agent reasonably determines (which determination shall be conclusive) that by reason of circumstances affecting the relevant market, adequate and reasonable means do not exist for ascertaining LIBOR for such Interest Period, or

(b) the Administrative Agent reasonably determines (which determination shall be conclusive) that the relevant

rates of interest referred to in the definition of LIBOR upon the basis of which the rate of interest for LIBOR Loans for an Interest Period is to be determined are not likely to adequately cover the cost to the Requisite Lenders of making or maintaining such LIBOR Loans;

then the Administrative Agent shall give the Parent Borrower and each Lender prompt notice thereof and, so long as such condition remains in effect, the Lenders shall be under no obligation to, and shall not, make additional LIBOR Loans, Continue LIBOR Loans or Convert Loans into LIBOR Loans and the Borrowers shall, on the last day of each current Interest Period for each outstanding LIBOR Loan, either repay such Loan or Convert such Loan into a Base Rate Loan.



**Section 4.3 Illegality.**

Notwithstanding any other provision of this Agreement, if any Lender shall reasonably determine (which determination shall be conclusive and binding) that it has become unlawful for such Lender to honor its obligation to make or maintain LIBOR Loans hereunder, then such Lender shall promptly notify the Parent Borrower thereof (with a copy to the Administrative Agent) and such Lender's obligation to make or Continue, or to Convert Loans of any other Type into, LIBOR Loans shall be suspended until such time as such Lender may again make and maintain LIBOR Loans (in which case the provisions of Section 4.6 shall be applicable).

**Section 4.4 Compensation.**

The Borrowers shall pay to the Administrative Agent for the account of each Lender, within 15 days after the Parent Borrower receives a request for such payment accompanied by the certificate described in the final paragraph of this Section, such amount or amounts as shall be sufficient (in the reasonable opinion of such Lender) to compensate it for any loss, cost or expense that such Lender reasonably determines is attributable to:

(a) any payment or prepayment (whether mandatory or optional) of a LIBOR Loan or Conversion of a LIBOR Loan, made by such Lender for any reason (including, without limitation, acceleration) on a date other than the last day of the Interest Period for such Loan; or

(b) any failure by the Borrowers for any reason (including, without limitation, the failure of any of the applicable conditions precedent specified in Article VI to be satisfied) to borrow a LIBOR Loan from such Lender on the requested date for such borrowing, or to Convert a Base Rate Loan into a LIBOR Loan or Continue a LIBOR Loan on the requested date of such Conversion or Continuation.

Not in limitation of the foregoing, such compensation shall include, without limitation, an amount equal to the then present value of (a) the amount of interest that would have accrued on such LIBOR Loan for the remainder of the applicable Interest Period at the rate applicable to such LIBOR Loan, less (b) the amount of interest that would accrue on the same LIBOR Loan or for the same period if LIBOR were set on the date on which such LIBOR Loan was repaid, prepaid or Converted or the date on which the Borrowers failed to borrow, Convert or Continue such LIBOR Loan, calculating present value by using as a discount rate LIBOR quoted on such date. Any Lender requesting compensation under this Section shall provide the Parent Borrower with a statement setting forth in reasonable detail the basis for requesting such compensation and the method for determining the amount thereof. Absent manifest error, determinations by any Lender in any such statement shall be conclusive, provided that such determinations are made on a reasonable basis and in good faith.

**Section 4.5 Affected Lenders and Non-Consenting Lenders.**

If (a) a Lender requests compensation pursuant to Section 3.12 or 4.1, and the Requisite Lenders are not also doing the same, or (b) the obligation of any Lender to make LIBOR Loans or to Continue, or to Convert Base Rate Loans into, LIBOR Loans shall be suspended pursuant to Section 4.1(c) or 4.3 but the obligation of the Requisite Lenders shall not have been suspended under such Sections, or (c) a Lender is a Non-Consenting Lender, then, so long as there does not then exist any Default or Event of Default, the Parent Borrower may demand that such Lender



(the "Affected Lender"), and upon such demand the Affected Lender shall promptly, assign its Revolving Commitment and Loans to an Eligible Assignee (who, in the case of an assignment resulting from a Lender becoming a Non-Consenting Lender, shall have consented to the applicable amendment, waiver or consent) subject to and in accordance with the provisions of Section 13.5(b) for a purchase price equal to the aggregate principal balance of all Loans then owing to the Affected Lender plus any accrued but unpaid interest thereon and accrued but unpaid fees owing to the Affected Lender, or any other amount as may be mutually agreed upon by such Affected Lender and Eligible Assignee. Each of the Administrative Agent and the Affected Lender shall reasonably cooperate in effectuating the replacement of such Affected Lender under this Section, but at no time shall the Administrative Agent, such Affected Lender nor any other Lender be obligated in any way whatsoever to initiate any such replacement or to assist in finding an Eligible Assignee. The exercise by the Parent Borrower of its rights under this Section shall be at the Borrowers' sole cost and expense and at no cost or expense to the Administrative Agent, the Affected Lender or any of the other Lenders. The terms of this Section shall not in any way limit the Borrowers' obligation to pay to any Affected Lender compensation owing to such Affected Lender pursuant to Section 3.12 or 4.1 with respect to periods up to the date of replacement.

**Section 4.6 Treatment of Affected Loans.**

If the obligation of any Lender to make LIBOR Loans or to Continue, or to Convert Base Rate Loans into, LIBOR Loans shall be

suspended pursuant to Section 4.1(c) or 4.3, then such Lender's LIBOR Loans shall be automatically Converted into Base Rate Loans on the last day(s) of the then current Interest Period(s) for LIBOR Loans (or, in the case of a Conversion required by Section 4.1(c) or 4.3, on such earlier date as such Lender may specify to the Parent Borrower with a copy to the Administrative Agent) and, unless and until such Lender gives notice as provided below that the circumstances specified in Section 4.1 or 4.3 that gave rise to such Conversion no longer exist:

(a) to the extent that such Lender's LIBOR Loans have been so Converted, all payments and prepayments of principal that would otherwise be applied to such Lender's LIBOR Loans shall be applied instead to its Base Rate Loans; and

(b) all Loans that would otherwise be made or Continued by such Lender as LIBOR Loans shall be made or Continued instead as Base Rate Loans, and all Base Rate Loans of such Lender that would otherwise be Converted into LIBOR Loans shall remain as Base Rate Loans.

If such Lender gives notice to the Parent Borrower (with a copy to the Administrative Agent) that the circumstances specified in Section 4.1 or 4.3 that gave rise to the Conversion of such Lender's LIBOR Loans pursuant to this Section no longer exist (which such Lender agrees to do promptly upon such circumstances ceasing to exist) at a time when LIBOR Loans made by other Lenders are outstanding, then such Lender's Base Rate Loans shall be automatically Converted, on the first day(s) of the next succeeding Interest Period(s) for such outstanding LIBOR Loans, to the extent necessary so that, after giving effect thereto, all Loans held by the Lenders holding LIBOR Loans and by such Lender are held pro rata (as to principal amounts, Types and Interest Periods) in accordance with their respective Revolving Commitments.



**Section 4.7 Change of Lending Office.**

Each Lender agrees that it will use reasonable efforts (consistent with legal and regulatory restrictions) to designate an alternate Lending Office with respect to any of its Loans affected by the matters or circumstances described in Section 3.12, 4.1 or 4.3 to reduce the liability of the Borrowers or avoid the results provided thereunder, so long as such designation is not disadvantageous to such Lender as determined by such Lender in its sole discretion, except that such Lender shall have no obligation to designate a Lending Office located in the United States of America.

**Section 4.8 Assumptions Concerning Funding of LIBOR Loans.**

Calculation of all amounts payable to a Lender under this Article IV shall be made as though such Lender had actually funded LIBOR Loans through the purchase of deposits in the relevant market bearing interest at the rate applicable to such LIBOR Loans in an amount equal to the amount of the LIBOR Loans and having a maturity comparable to the relevant Interest Period; provided, however, that each Lender may fund each of its LIBOR Loans in any manner it sees fit and the foregoing assumption shall be used only for calculation of amounts payable under this Article IV.

## ARTICLE V.
## BORROWING BASE PROPERTIES

**Section 5.1 Initial Borrowing Base Properties; Borrowing Base Property Requests.**

(a) Initial Borrowing Base Properties. Each of the Initial Borrowing Base Properties shall be deemed to be a Borrowing Base Property unless and until it is released or disqualified as such pursuant to Section 5.2(a) or (b).

(b) Additional Borrowing Base Properties.

(i) Notice and Preliminary Due Diligence Package. If at any time the Parent Borrower desires that an Eligible Property be approved as a Borrowing Base Property, the Parent Borrower shall so notify the Administrative Agent in writing (a "Borrowing Base Property Request"), a copy of which the Administrative Agent shall promptly provide to the Lenders. No Borrowing Base Property Request will be considered unless and until the Parent Borrower delivers to the Administrative Agent the following preliminary due diligence package, in form and substance satisfactory to the Administrative Agent (the "Preliminary Due Diligence Package"), a copy of which the Administrative Agent shall promptly provide to the Lenders:

(A) an executive summary of such Eligible Property including, at a minimum, the following information: (i) a description of such Eligible Property, such description to include the age, location, site plan, current Occupancy Rate and physical condition of such Property, (ii) the purchase price paid or to be paid for such Eligible Property if it is being



acquired, (iii) the current and projected condition of the regional self-storage market and specific submarket in which such Eligible Property is located, (iv) the current projected capital plans and, if applicable current renovation plans for such Eligible Property, and (v) the Subsidiary that owns or will acquire such Eligible Property; and

(B) any other preliminary due diligence as reasonably requested by the Administrative Agent, which may include, without limitation, operating statements and rent rolls.

(ii) Initial Evaluation. Within ten Business Days after receipt of a Borrowing Base Property Request and a complete copy of the corresponding Preliminary Due Diligence Package (including any additional due diligence requested pursuant to Section 5.1(b)(i)(B)), the Administrative Agent or the Requisite Lenders (as may be required pursuant to this paragraph) shall approve or reject such Borrowing Base Property Request. Any such approval shall be subject to the satisfaction of the requirements set forth in Sections 5.1(b)(iii) through 5.1(b)(v). Any Lender that does not respond during such ten-Business Day period shall be deemed to have approved such Borrowing Base Property Request. If the Borrowing Base Value is less than $250,000,000 at the time such Borrowing Base Property Request is made, then such Borrowing Base Property Request must be approved by the Requisite Lenders; otherwise, such Borrowing Base Property Request may be approved by the Administrative Agent alone.

(iii) Additional Due Diligence Package. If a Borrowing Base Property Request is approved pursuant to Section 5.1(b)(ii), then such approval shall become effective upon (x) satisfaction of the requirements set forth in Sections 5.1(b)(iv) and 5.1(b)(v) and (y) receipt and approval by the Administrative Agent of such additional due diligence information and materials as the Administrative Agent may reasonably request, which may include, without limitation, formation and governing documents, UCC searches, evidence of insurance and copies of title insurance policies (the "Additional Due Diligence Package").

(iv) Final Evaluation. Within ten Business Days after receipt of a complete copy of the Additional Due Diligence Package, the Administrative Agent shall approve or reject such Borrowing Base Property Request. Any such approval shall be subject to the satisfaction of the requirements set forth in Section 5.1(b)(v).

(v) Conditions Precedent to Effectiveness. A Borrowing Base Property Request that has been approved pursuant to Section 5.1(b)(iv) shall become effective upon the receipt and approval by the Administrative Agent of each of the following:

(A) if the Eligible Property is not owned by an existing Borrower, a joinder agreement in form and substance reasonably satisfactory to the Administrative Agent pursuant to which the Subsidiary



that owns such Eligible Property (as well as each other direct or indirect parent of such Subsidiary that is not already a Borrower) becomes a Subsidiary Borrower hereunder;

(B) if the Eligible Property is not owned by an existing Borrower, allonges to the Revolving Notes, Term Notes and Swingline Note, in form and substance reasonably satisfactory to the Administrative Agent, signed by each such new Subsidiary Borrower;

(C) new pledge agreements and/or a supplement to the Pledge Agreement, in form and substance reasonably satisfactory to the Administrative Agent, reflecting the pledge of Equity Interests of each such new Subsidiary Borrower as additional Collateral;

(D) new and/or supplemented perfection certificates, reflecting such pledged Equity Interests of each such new Subsidiary Borrower;

(E) if the Eligible Property is not owned by an existing Borrower, an opinion of counsel to the Subsidiary that owns such Eligible Property and the parent of such Subsidiary, addressed to the Administrative Agent and the Lenders and in form and substance reasonably satisfactory to the Administrative Agent;

(F) if the Eligible Property is not owned by an existing Borrower, the deliverables described in Sections 6.1(a)(vi) with respect to the Subsidiary that owns such Eligible Property and the parent of such Subsidiary;

(G) the deliverables described in Sections 6.1(a)(vii) and (viii) with respect to each such new Subsidiary Borrower;

(H) certificates and instruments representing the Equity Interests of each such new Subsidiary Borrower pledged as Collateral pursuant to the Pledge Agreement, accompanied by undated stock powers or instruments of transfer executed in blank;

(I) A Borrowing Base Certificate calculated as of the end of the then most recently ended Reference Period for which a Borrowing Base Certificate has been delivered pursuant to Section 9.4 (giving pro forma effect to the addition of such Eligible Property as a Borrowing Base Property);

(J) a certificate signed by a Responsible Officer of the Parent Borrower, certifying the following as of the effective date of such Borrowing Base Property Request approval, both immediately before and immediately after giving effect thereto: (A) that no Default or Event of Default exists, (B) that the

representations and warranties made or deemed made by each Loan Party in the Loan Documents to which it is a party are



true and correct in all material respects (or in all respects to the extent that such representations and warranties are already subject to concepts of materiality) on and as of such date with the same force and effect as if made on and as of such date, except to the extent that such representations and warranties expressly relate solely to an earlier date (in which case such representations and warranties are true and correct in such respects on and as of such earlier date), and (C) that such Eligible Property satisfies the requirements of an "Eligible Property" set forth in the definition thereof;

(K) any Fees payable pursuant to the Loan Documents to the Administrative Agent in connection with such Borrowing Base Property Request (including the reasonable and documented fees, charges and disbursements of counsel to the Administrative Agent);

(L) all documentation and other information required by bank regulatory authorities under applicable "know your customer" and anti-money laundering rules and regulations, including USA PATRIOT Act, and a properly completed and signed IRS Form W-8 or W-9, as applicable, for each such new Subsidiary Borrower;

(M) a mortgage or deed of trust providing the Administrative Agent, for the benefit of itself, the Lenders and any Specified Derivatives Provider, a perfected first-priority security interest in such Eligible Property, together with the other deliverables described in Section 13.19, if the requirement for such collateral has been triggered pursuant to Section 13.19 (or the requirement to provide Escrowed Mortgages has been triggered pursuant to Section 8.13); and

(N) such other documents, agreements and instruments as the Administrative Agent on behalf of the Lenders may reasonably request.

**Section 5.2 Release of Borrowing Base Properties; Disqualification of Borrowing Base Properties; Release of Subsidiary Borrowers.**

(a) Release of Borrowing Base Properties. From time to time the Parent Borrower may request, upon not less than 30 days' prior written notice to the Administrative Agent (or such shorter period to which the Administrative Agent may agree in its sole discretion), that a Borrowing Base Property cease to be a Borrowing Base Property and be released and excluded from the calculation of Borrowing Base Availability, which release shall be effected by the Administrative Agent if it determines all of the following conditions are satisfied as of the date of such release:

(i) no Default or Event of Default exists or will exist immediately after giving effect to such release and the reduction of Borrowing Base Availability by reason of such release;



(ii) the Parent Borrower shall have delivered to the Administrative Agent a Borrowing Base Certificate demonstrating on a pro forma basis that (A) the aggregate principal amount of all outstanding Loans, together with the aggregate amount of all Letter of Credit Liabilities, will not exceed Borrowing Base Availability and (B) the aggregate principal amount of all outstanding Revolving Loans and Swingline Loans, together with the aggregate amount of all Letter of Credit Liabilities, will not exceed the aggregate Revolving Commitment of all Lenders, in each case after giving effect to such release and any prepayment required pursuant to Section 2.8(b) to be made and/or the acceptance of any Eligible Property as an additional or replacement Borrowing Base Property to be given concurrently with such request;

(iii) the Parent Borrower shall have paid to the Administrative Agent all reasonable and documented costs and expenses, including reasonable and documented attorneys' fees, incurred by the Administrative Agent in connection with such release; and

(iv) after giving effect to such release and/or the acceptance of any Eligible Property as an additional or replacement Borrowing Base Property to be given concurrently with such request, the Borrowing Base Value will be at least $250,000,000 and there will be at least 25 Borrowing Base Properties, unless otherwise approved by the Requisite Lenders.

(b) Disqualification of Borrowing Base Properties. A Borrowing Base Property immediately and automatically shall cease to be a Borrowing Base Property and shall be excluded from the calculation of Borrowing Base Availability if (i) such Borrowing Base Property ceases to be an Eligible Property or (ii) prior to the Collateral Fallaway, the Administrative Agent ceases to hold a valid and perfected first priority Lien (other than Permitted Liens described in clauses (a) through (e) of the definition thereof) on the Equity Interests of the Subsidiary Borrower that owns such Borrowing Base Property, and, if applicable pursuant to Section 13.19, a valid and perfected first priority Lien on such Borrowing Base Properties. If at any time the average Occupancy Rate of the Borrowing Base Properties, taken as a whole, is less than 75%, then a sufficient number of Borrowing Base Properties with the lowest Occupancy Rates

immediately and automatically shall cease to be Borrowing Base Properties and shall be excluded from the calculation of Borrowing Base Availability such that the average Occupancy Rate of the remaining Borrowing Base Properties, taken as a whole, is at least 75%.

(c) Release of Subsidiary Borrowers. From time to time the Parent Borrower may request, upon not less than 30 days' prior written notice to the Administrative Agent (or such shorter period to which the Administrative Agent may agree in its sole discretion), that a Subsidiary Borrower cease to be a Borrower and be released from its Obligations under the Loan Documents, and that the Administrative Agent's Lien on the Equity Interests of such Subsidiary Borrower be released, which releases shall be effected by the Administrative Agent if it determines all of the following conditions are satisfied as of the date of such release:



(i) no Default or Event of Default exists or will exist immediately after giving effect to such release;

(ii) such Subsidiary Borrower does not own (A) any Borrowing Base Properties or (B) any Real Estate Assets that are disqualified as Borrowing Base Properties pursuant to Section 5.2(b) or (C) any Equity Interests (directly or indirectly) in any other Subsidiary Borrower (other than another Subsidiary Borrower that is being released simultaneously pursuant to this Section 5.3(c)); and

(iii) the Parent Borrower shall have paid to the Administrative Agent all reasonable and documented costs and expenses, including reasonable and documented attorneys' fees, incurred by the Administrative Agent in connection with such release.

**Section 5.3 Frequency of Borrowing Base Availability Calculations.**

Initially, Borrowing Base Availability shall be the amount set forth as such in the Borrowing Base Certificate delivered under Section 6.1(a)(xv). Thereafter, Borrowing Base Availability shall be the amount set forth as such in the Borrowing Base Certificate most recently delivered under Sections 5.1, 5.2 and 9.4.

## ARTICLE VI.
## CONDITIONS PRECEDENT

**Section 6.1 Initial Conditions Precedent.**

The obligation of the Lenders to effect or permit the occurrence of the first Credit Event hereunder, whether as the making of a Loan or the issuance of a Letter of Credit, is subject to the following conditions precedent:

(a) Except as otherwise set forth in the Post-Closing Letter, the Administrative Agent shall have received each of the following, in form and substance satisfactory to the Administrative Agent and the Lenders:

(i) Counterparts of this Agreement, the Guaranty, the Pledge Agreement and the Intercreditor Agreement executed by each of the parties hereto and thereto;

(ii) Revolving Notes and Term Notes executed by the Borrowers, payable to each Lender (other than a Lender that has requested not to receive a Revolving Note or a Term Note, as applicable) and complying with the applicable provisions of Section 2.11, and the Swingline Note executed by the Borrowers;

(iii) [Reserved]

(iv) Opinions of counsel to the Loan Parties (limited in scope to the REIT Parent, the REIT, the Parent Borrower, each Borrower that owns a



Borrowing Base Property, and each parent of a Borrower that owns a Borrowing Base Property), addressed to the Administrative Agent and the Lenders;

(v) The articles of incorporation, articles of organization, certificate of limited partnership, declaration of trust or other comparable organizational instrument (if any) of each Loan Party certified as of a recent date by the Secretary of State (or comparable official) of the state of formation of such Loan Party;

(vi) A certificate of good standing or certificate of similar meaning with respect to the REIT Parent, the REIT, the Parent Borrower, each Borrower that owns a Borrowing Base Property, and each parent of a Borrower that owns a Borrowing Base Property, issued as of a recent date by the Secretary of State (or comparable official) of the state of formation of each such Loan Party and certificates of qualification to transact business or other comparable certificates issued by each Secretary of State (or comparable official and any state department of taxation, as applicable) of each state in which such Loan Party is required to be so qualified;

(vii) A certificate of incumbency signed by the Secretary or Assistant Secretary (or other individual

performing similar functions) of each Loan Party with respect to each of the officers of such Loan Party authorized to execute and deliver the Loan Documents to which such Loan Party is a party, and in the case of the Parent Borrower, and the officers of the Parent Borrower then authorized to deliver Notices of Borrowing, Notices of Swingline Borrowings, Notices of Continuation and Notices of Conversion and to request the issuance of Letters of Credit;

(viii) Copies certified by the Secretary or Assistant Secretary (or other individual performing similar functions) of each Loan Party of (x) the by-laws of such Loan Party, if a corporation, the operating agreement of such Loan Party, if a limited liability company, the partnership agreement of such Loan Party, if a limited or general partnership, or other comparable document in the case of any other form of legal entity and (y) all corporate, partnership, member or other necessary action taken by such Loan Party to authorize the execution, delivery and performance of the Loan Documents to which it is a party;

(ix) The Fees then due and payable under Section 3.6, and any other Fees payable to the Administrative Agent, the Titled Agents and the Lenders on or prior to the Effective Date (including the reasonable and documented fees, charges and disbursements of counsel to the Administrative Agent);

(x) The results of (A) a recent UCC lien search in the jurisdiction of organization of each Loan Party, which search results shall reveal no Liens on any of the assets of the Loan Parties except for Liens permitted by Section 10.6 or discharged on or prior to the Effective Date pursuant to a payoff letter or other documentation reasonably satisfactory to the Administrative Agent, and (B) recent



tax (state and federal), judgment, litigation and bankruptcy searches against the REIT Parent, the REIT, the Parent Borrower, each Borrower that owns a Borrowing Base Property, and each parent of a Borrower that owns a Borrowing Base Property, in all relevant jurisdictions;

(xi) A perfection certificate for each Borrower that is a party to the Pledge Agreement, in the form provided by the Administrative Agent, signed by a Responsible Officer of such Borrower;

(xii) certificates and instruments representing the Equity Interests (to the extent such Equity Interests are certificated as of the Effective Date) pledged as Collateral pursuant to the Pledge Agreement, accompanied by undated stock powers or instruments of transfer executed in blank;

(xiii) Proper UCC-1 financing statements in form appropriate for filing under the Uniform Commercial Code of all jurisdictions that the Administrative Agent may deem necessary or desirable in order to perfect the Liens created under the Collateral Documents, covering the Collateral;

(xiv) A Compliance Certificate calculated as of December 31, 2013 (giving pro forma effect to the financing contemplated by this Agreement and the use of the proceeds of the Loans to be funded on the Effective Date);

(xv) A Borrowing Base Certificate calculated as of December 31, 2013 for the Initial Borrowing Base Properties;

(xvi) A certificate signed by a Responsible Officer of the Parent Borrower, certifying that the conditions set forth in Section 6.1(b) have been satisfied;

(xvii) A Preliminary Due Diligence Package and an Additional Due Diligence Package for each of the Initial Borrowing Base Properties;

(xviii) All documentation and other information required by bank regulatory authorities under applicable "know your customer" and anti-money laundering rules and regulations, including USA PATRIOT Act, and a properly completed and signed IRS Form W-8 or W-9, as applicable, for each Loan Party; and

(xix) Such other documents, agreements and instruments as the Administrative Agent on behalf of the Lenders may reasonably request.

(b) In the determination of the Administrative Agent and the Lenders:

(i) Both immediately before and immediately after giving effect to the financing contemplated by this Agreement and the use of the proceeds of the Loans to be funded on the Effective Date, (A) no Default or Event of Default exists, (B) the representations and warranties made or deemed made by each Loan



Party in the Loan Documents to which it is a party are true and correct in all respects on and as of the Effective Date, except to the extent that such representations and warranties expressly relate solely to an earlier date (in which case such representations and warranties are true and correct in all respects on and as of such earlier date);

(ii) There shall not have occurred any material adverse change since December 31, 2013, in the business, assets, operations or condition (financial or otherwise) of any Loan Party, or in the facts and information regarding any Loan Party provided by or on behalf of any Loan Party to the Administrative Agent or any Lender;

(iii) After giving effect to the financing contemplated by this Agreement and the use of the proceeds of the Loans to be funded on the Effective Date, there shall not have occurred any event or condition that constitutes an "event of default" (howsoever defined) or that, with the giving of any notice, the passage of time, or both, would be an "event of default" under any of the Loan Parties' financial obligations in existence on the Effective Date;

(iv) The REIT Parent and the REIT and its Subsidiaries shall have received all approvals, consents and waivers, and shall have made or given all necessary filings and notices, as shall be required to consummate the transactions contemplated hereby without the occurrence of any material default under, material conflict with or material violation of (1) any Applicable Law or (2) any agreement, document or instrument to which any Loan Party is a party or by which any Loan Party or its properties is bound; and

(v) The Net Worth of the REIT and its Subsidiaries as of the Effective Date is at least equal to $177,760,943.

**Section 6.2 Conditions Precedent to All Loans and Letters of Credit.**

The obligations of the Lenders to make any Loans, and of the Administrative Agent to issue Letters of Credit, are all subject to the further condition precedent that: (a) no Default or Event of Default shall exist as of the date of the making of such Loan or date of issuance of such Letter of Credit or would exist immediately after giving effect thereto; (b) the representations and warranties made or deemed made by each Loan Party in the Loan Documents to which it is a party shall be true and correct in all material respects (or in all respects to the extent that such representations and warranties are already subject to concepts of materiality) on and as of the date of the making of such Loan or date of issuance of such Letter of Credit with the same force and effect as if made on and as of such date except to the extent that such representations and warranties expressly relate solely to an earlier date (in which case such representations and warranties shall have been true and correct in all material respects on and as of such earlier date) and (c) in the case of the issuance of a Letter of Credit or the making of a Swingline Loan, no Lender shall be a Defaulting Lender; provided, however, in the case of the issuance of a Letter of Credit, the Administrative Agent may, in its sole and absolute discretion, waive this condition precedent on behalf of itself and all Lenders. Each Credit Event shall constitute a certification



by the Borrowers to the effect set forth in clauses (a) and (b) of the preceding sentence (both as of the date of the giving of notice relating to such Credit Event and, unless the Parent Borrower otherwise notifies the Administrative Agent prior to the date of such Credit Event, as of the date of the occurrence of such Credit Event). In addition, if such Credit Event is the making of a Loan or the issuance of a Letter of Credit, the Borrowers shall be deemed to have represented to the Administrative Agent and the Lenders at the time such Loan is made or Letter of Credit issued that all conditions to the occurrence of such Credit Event contained in this Article VI have been satisfied.

## ARTICLE VII.
## REPRESENTATIONS AND WARRANTIES

In order to induce the Administrative Agent and each Lender to enter into this Agreement and to make Loans and issue Letters of Credit, each of the Loan Parties represents and warrants to the Administrative Agent and each Lender as follows:

**Section 7.1 Organization; Power; Qualification.**

Each of the REIT Parent and the REIT and each of its Subsidiaries is a corporation, partnership, trust or other legal entity, duly organized or formed, validly existing and in good standing under the jurisdiction of its incorporation or formation, has the power and authority to own or lease its respective properties and to carry on its respective business as now being and hereafter proposed to be conducted and is duly qualified and is in good standing as a foreign corporation, partnership, trust or other legal entity, and authorized to do business, in each jurisdiction in which the character of its properties or the nature of its business requires such qualification or authorization.

**Section 7.2 Ownership Structure.**

As of the Agreement Date, Part I of Schedule 7.2 is a complete and correct list of all Subsidiaries of the REIT, setting forth for each such Subsidiary (a) the jurisdiction of organization of such Subsidiary, (b) each Person holding any Equity Interests in such Subsidiary, (c) the nature of the Equity Interests held by each such Person, and (d) the percentage of ownership of such Subsidiary represented by such Equity Interests. Except as disclosed in such Schedule, as of the Agreement Date (x) each of the REIT and each of its Subsidiaries owns, free and clear of all Liens (other than Permitted Liens), and has the unencumbered right to vote, all outstanding Equity Interests in each Person shown to be held by it on such Schedule, (y) all of the issued and outstanding capital stock of each such Person organized as a corporation is validly issued, fully paid and nonassessable and (z) there are no outstanding subscriptions, options, warrants, commitments, preemptive rights or agreements of any kind (including, without limitation, any stockholders' or voting trust agreements) for the issuance, sale, registration or voting of, or outstanding securities convertible into, any additional shares of capital stock of any class, or partnership or other ownership interests of any type in, any such Person. As of the Agreement Date, Part II of Schedule 7.2 correctly sets forth all Partially-Owned Entities of the REIT, including the correct legal name of such Person, the type of legal entity which each such Person is, and all Equity Interests in such Person held directly or indirectly by the REIT.

**Section 7.3 Authorization of Agreement, Etc.**

Each Borrower has the right and power, and has taken all necessary action to authorize it, to borrow and obtain other extensions of credit hereunder. Each Loan Party has the right and power, and has taken all necessary action to authorize it, to execute, deliver and perform each of the Loan Documents to which it is a party in accordance with their respective terms and to consummate the transactions contemplated hereby and thereby. The Loan Documents to which any Loan Party is a party have been duly executed and delivered by the duly authorized officers of such Person and each is a legal, valid and binding obligation of such Person enforceable against such Person in accordance with its respective terms except as the same may be limited by bankruptcy, insolvency, and other similar laws affecting the rights of creditors generally and the availability of equitable remedies for the enforcement of certain obligations (other than the payment of principal) contained herein or therein and as may be limited by equitable principles generally.

**Section 7.4 Compliance of Loan Documents with Laws, Etc.**

The execution, delivery and performance of this Agreement and the other Loan Documents to which any Loan Party is a party in accordance with their respective terms and the borrowings and other extensions of credit hereunder do not and will not, by the passage of time, the giving of notice, or both, (a) require any Governmental Approval or violate any Applicable Law (including all Environmental Laws) relating to any Loan Party; (b) conflict with, result in a breach of or constitute a default under the organizational documents of any Loan Party, or any material indenture, agreement or other instrument to which any Loan Party or any of their respective Subsidiaries is a party or by which any of them or any of their respective properties may be bound (including, in any event, the agreements and other documents listed on Schedule 7.7); or (c) result in or require the creation or imposition of any Lien upon or with respect to any property now owned or hereafter acquired by any Loan Party other than Liens created under the Loan Documents.

**Section 7.5 Compliance with Law; Governmental Approvals.**

Each of the REIT Parent and the REIT and each of its Subsidiaries is in compliance in all material respects with each Governmental Approval applicable to it and in compliance in all material respects with all other Applicable Laws (including, without limitation, Environmental Laws) relating to the REIT Parent, the REIT or such Subsidiary.

**Section 7.6 Title to Properties; Liens.**

As of the Agreement Date, Part I of Schedule 7.6 is a complete and correct listing of all of the real property owned or leased by the REIT Parent and the REIT and each of its Subsidiaries. Each such Person has good, marketable and legal title to, or a valid leasehold interest in, its respective assets. As of the Agreement Date, there are no Liens against any assets of the REIT Parent or the REIT or any of its Subsidiaries except for Permitted Liens.



**Section 7.7 Existing Indebtedness.**

Schedule 7.7 is, as of the Agreement Date, a complete and correct listing of all Indebtedness of the REIT Parent and the REIT and its Subsidiaries, including without limitation, Guarantees of the REIT Parent and the REIT and its Subsidiaries, and indicating whether such Indebtedness is Secured Indebtedness (and if so whether such Indebtedness is Nonrecourse Indebtedness) or Unsecured Indebtedness.

**Section 7.8 Material Contracts.**

Schedule 7.8 is, as of the Agreement Date, a true, correct and complete listing of all Material Contracts. Each of the REIT and each of its Subsidiaries that is a party to any Material Contract has performed and is in compliance in all material respects with all of the terms of such Material Contract, and no default or event of default, or event or condition which with the giving of notice, the lapse of time, or both, would constitute such a default or event of default, exists with respect to any such Material Contract.

**Section 7.9 Litigation.**

There are no actions, suits, investigations or proceedings pending (nor, to the knowledge of any Knowledgeable Officer of any Loan Party, are there any actions, suits or proceedings threatened) against or in any other way relating adversely to or affecting the REIT Parent or the REIT or any of its Subsidiaries or any of their respective properties in any court or before any arbitrator of any kind or before or by any other Governmental Authority which could, either individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. There are no strikes, slow downs, work stoppages or walkouts or other labor disputes in progress or threatened relating to the REIT Parent or the REIT or any of its Subsidiaries which could, either individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

**Section 7.10 Taxes.**

All federal, state and other tax returns of the REIT Parent or the REIT or any of its Subsidiaries required by Applicable Law to be filed have been duly filed, and all federal, state and other taxes, assessments and other governmental charges or levies upon the REIT Parent, the REIT, the REIT's Subsidiaries and their respective properties, income, profits and assets which are due and payable have been

paid, except any such nonpayment which is at the time permitted under Section 8.6. As of the Agreement Date, none of the United States income tax returns of the REIT Parent or the REIT or any of its Subsidiaries is under audit. All charges, accruals and reserves on the books of the REIT Parent and the REIT and its Subsidiaries in respect of any taxes or other governmental charges are in accordance with GAAP.

**Section 7.11 Financial Statements.**

The REIT has furnished to each Lender copies of the unaudited consolidated balance sheet of the REIT and its Subsidiaries as at December 31, 2013, and the related unaudited consolidated statements of operations, cash flows and shareholders' equity of the REIT and its Subsidiaries for the period of two fiscal quarters ended on such date. Such financial statements (including in each case related schedules and notes) present fairly, in all material respects and in accordance with GAAP consistently applied throughout the periods involved, the consolidated financial position of the REIT and its Subsidiaries as at their respective dates and the results of



operations and the cash flow for such periods. Neither the REIT nor any of its Subsidiaries has on the Agreement Date any material contingent liabilities, liabilities, liabilities for taxes, unusual or long-term commitments or unrealized or forward anticipated losses from any unfavorable commitments that would be required to be set forth in its financial statements or in the notes thereto, except as referred to or reflected or provided for in said financial statements.

**Section 7.12 No Material Adverse Change; Solvency.**

Since December 31, 2013, there has been no material adverse change in the business, assets, operations or condition (financial or otherwise) of any Loan Party. Each of the Loan Parties is Solvent. No Loan Party is entering into any of the transactions contemplated by the Loan Documents with the actual intent to hinder, delay, or defraud any creditor. Each Loan Party has received reasonably equivalent value in exchange for the obligations incurred by it under the Loan Documents to which it is a party.

**Section 7.13 ERISA.**

(a) Each Benefit Arrangement and Plan is in compliance in all material respects with the applicable provisions of ERISA, the Internal Revenue Code and other Applicable Laws. Except with respect to Multiemployer Plans, each Qualified Plan (i) has received a favorable determination from the Internal Revenue Service applicable to such Qualified Plan's current remedial amendment cycle (as defined in Revenue Procedure 2007-44 or "2007-44" for short), (ii) has timely filed for a favorable determination letter from the Internal Revenue Service during its staggered remedial amendment cycle (as defined in 2007-44) and such application is currently being processed by the Internal Revenue Service, or (iii) is maintained under a prototype plan and may rely upon a favorable opinion letter issued by the Internal Revenue Service with respect to such prototype plan. To the best knowledge of the REIT and the Borrowers, nothing has occurred which would cause the loss of its reliance on each Qualified Plan's favorable determination letter or opinion letter.

(b) With respect to any Benefit Arrangement that is a retiree welfare benefit arrangement, all amounts have been accrued on the applicable ERISA Group's financial statements in accordance with FASB ASC 715. The "benefit obligation" of all Plans does not exceed the "fair market value of plan assets" for such Plans by more than $10,000,000 all as determined by and with such terms defined in accordance with FASB ASC 715.

(c) (i) Except as could not reasonably be expected, either individually or in the aggregate, to have a Material Adverse Effect, no ERISA Event has occurred or is expected to occur; (ii) except as could not reasonably be expected, either individually or in the aggregate, to have a Material Adverse Effect, there are no pending, or to the best knowledge of the REIT and the Borrowers, threatened, claims, actions or lawsuits or other action by any Governmental Authority, plan participant or beneficiary with respect to a Benefit Arrangement or Plan; (iii) except as could not reasonably be expected, either individually or in the aggregate, to have a Material Adverse Effect, there are no violations of the fiduciary responsibility rules with respect to any Benefit Arrangement or Plan; and (iv) no member of the ERISA Group has engaged in a non-exempt "prohibited transaction," as defined in Section 406 of ERISA and Section 4975 of the Internal Revenue Code, in connection with any Benefit Arrangement or Plan, that would



subject any member of the ERISA Group to a tax on prohibited transactions imposed by Section 502(i) of ERISA or Section 4975 of the Internal Revenue Code which could reasonably be expected, either individually or in the aggregate, to have a Material Adverse Effect.

(d) None of the assets of the REIT or any of its Subsidiaries constitutes "plan assets" within the meaning of ERISA, the Internal Revenue Code and the respective regulations promulgated thereunder.

**Section 7.14 Absence of Defaults.**

No Default or Event of Default exists.

**Section 7.15 Environmental Laws.**

Each of the REIT Parent and the REIT and each of its Subsidiaries has obtained all Governmental Approvals which are required under Environmental Laws and is in compliance in all material respects with all terms and conditions of such Governmental Approvals.

Except for any of the following matters that could not, either individually or in the aggregate, be reasonably expected to have a Material Adverse Effect, (a) no Loan Party has received notice of, and neither is otherwise aware of, any past, present, or future events, conditions, circumstances, activities, practices, incidents, actions, or plans which, with respect to the REIT Parent or the REIT or any of its Subsidiaries, may interfere with or prevent compliance or continued compliance with Environmental Laws, or may give rise to any common-law or legal liability, or otherwise form the basis of any claim, action, demand, suit, proceeding, hearing, study, or investigation, based on or related to the manufacture, processing, distribution, use, treatment, storage, disposal, transport, or handling or the emission, discharge, release or threatened release into the environment, of any Hazardous Material; and (b) there is no civil, criminal, or administrative action, suit, demand, claim, hearing, notice, or demand letter, notice of violation, investigation, or proceeding pending or, to the knowledge of any Knowledgeable Officer of any Loan Party after due inquiry, threatened, against the REIT Parent or the REIT or any of its Subsidiaries relating in any way to Environmental Laws. To the knowledge of any Knowledgeable Officer of any Loan Party, no Hazardous Materials generated at or transported from any Real Estate Asset of the REIT Parent or the REIT or any of its Subsidiaries is or has been transported to, or disposed of at, any location that is listed or proposed for listing on the National Priority List, 40 C.F.R. Section 300 Appendix B, or any analogous state or local priority list, or any other location that is or has been the subject of a clean-up, removal or remedial action pursuant to any Environmental Law, except to the extent that such transportation or disposal could not reasonably be expected to have a Material Adverse Effect.

**Section 7.16 Investment Company; Etc.**

None of the REIT Parent nor the REIT or any of its Subsidiaries is (a) an "investment company" or a company "controlled" by an "investment company" within the meaning of the Investment Company Act of 1940, as amended or (b) subject to any other Applicable Law which purports to regulate or restrict its ability to borrow money or to consummate the transactions contemplated by this Agreement or to perform its obligations under any Loan Document to which it is a party.



**Section 7.17 Margin Stock.**

None of the REIT Parent nor the REIT or any of its Subsidiaries is engaged principally, or as one of its important activities, in the business of extending credit for the purpose, whether immediate, incidental or ultimate, of buying or carrying "margin stock" within the meaning of Regulation U of the Board of Governors of the Federal Reserve System.

**Section 7.18 Affiliate Transactions.**

Except as permitted by Section 10.11, none of the REIT Parent nor the REIT or any of its Subsidiaries is a party to any transaction with an Affiliate.

**Section 7.19 Intellectual Property.**

Each of the REIT Parent and the REIT and each of its Subsidiaries owns or has the right to use, under valid license agreements or otherwise, all material patents, licenses, franchises, trademarks, trademark rights, service marks, service mark rights, trade names, trade name rights, trade secrets and copyrights (collectively, "Intellectual Property") necessary to the conduct of its businesses as now conducted and as contemplated by the Loan Documents, without known conflict with any patent, license, franchise, trademark, trademark right, service mark, service mark right, trade secret, trade name, copyright or other proprietary right of any other Person. The REIT Parent and the REIT and each of its Subsidiaries have taken all such steps as they deem reasonably necessary to protect their respective rights under and with respect to such Intellectual Property. No material claim has been asserted by any Person with respect to the use of any such Intellectual Property by the REIT Parent or the REIT or any of its Subsidiaries, or challenging or questioning the validity or effectiveness of any such Intellectual Property. The use of such Intellectual Property by the REIT Parent and the REIT and its Subsidiaries does not infringe on the rights of any Person, subject to such infringements as do not give rise to any liabilities on the part of the REIT Parent or the REIT or any of its Subsidiaries that could, either individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

**Section 7.20 Business.**

As of the Agreement Date, the REIT Parent and the REIT and its Subsidiaries are substantially engaged in the business of the ownership, operation, acquisition and development of self-storage facilities in the United States of America, together with other business activities incidental thereto.

**Section 7.21 Broker's Fees.**

No broker's or finder's fee, commission or similar compensation will be payable with respect to the transactions contemplated hereby. No other similar fees or commissions will be payable by any Loan Party for any other services rendered to the REIT Parent or the REIT or any of its Subsidiaries ancillary to the transactions contemplated hereby.



**Section 7.22 Accuracy and Completeness of Information.**

No written information, report or other papers or data (excluding financial projections and other forward looking statements)

furnished to the Administrative Agent or any Lender by, on behalf of, or at the direction of, the REIT Parent or the REIT or any of its Subsidiaries in connection with, pursuant to or relating in any way to this Agreement, contained any untrue statement of a fact material to the creditworthiness of the REIT Parent or the REIT or any of its Subsidiaries or omitted to state a material fact necessary in order to make such statements contained therein, in light of the circumstances under which they were made, not misleading. All financial statements (including in each case all related schedules and notes) furnished to the Administrative Agent or any Lender by, on behalf of, or at the direction of, the REIT Parent or the REIT or any of its Subsidiaries in connection with, pursuant to or relating in any way to this Agreement, present fairly in all material respects, the financial position of the Persons involved as at the date thereof and the results of operations for such periods and in accordance with GAAP consistently applied throughout the periods involved (subject, as to interim statements, to changes resulting from normal year-end audit adjustments). All financial projections and other forward looking statements prepared by or on behalf of the REIT Parent or the REIT or any of its Subsidiaries that have been or may hereafter be made available to the Administrative Agent or any Lender were or will be prepared in good faith based on reasonable assumptions. As of the Effective Date, no fact is known to any Knowledgeable Officer of any Loan Party which has had, or may in the future have (so far as any Knowledgeable Officer of any Loan Party can reasonably foresee), a Material Adverse Effect which has not been set forth in the financial statements referred to in Section 7.11 or in such information, reports or other papers or data or otherwise disclosed in writing to the Administrative Agent and the Lenders.

**Section 7.23 REIT Status.**

The REIT is in compliance with all requirements and conditions (other than the duration of its existence as a legal entity) imposed under the Internal Revenue Code to allow the REIT to elect to be treated as a "real estate investment trust" under the Internal Revenue Code.

**Section 7.24 OFAC,Other Sanctions Programs, and Anti-Corruption.**

Neither the REIT Parent, the REIT, any of its Subsidiaries or their respective Affiliates, any directors or officers thereof, nor any Person that has an interest therein, (a) is a Sanctioned Person or a Sanctioned Entity, (b) derives any of its funds, capital, assets or operating income from investments in or transactions with any such Sanctioned Person or Sanctioned Entity or in violation of Applicable Law, or (c) is owned or controlled, directly or indirectly, by any Sanctioned Person or Sanctioned Entity; and none of the proceeds of the Loans will be used (i) to finance any operations, investments or activities in, or make any payments to, any Sanctioned Person or Sanctioned Entity, (ii) in violation of any Anti-Corruption Laws, or (iii) in violation of any other Applicable Law.

## ARTICLE VIII.
## AFFIRMATIVE COVENANTS

For so long as this Agreement is in effect, each Loan Party shall, and shall cause each of its respective Subsidiaries to, comply with the following covenants:



**Section 8.1 Preservation of Existence and Similar Matters.**

Except as otherwise permitted under Section 10.7, the Loan Parties shall, and shall cause each of their respective Subsidiaries to, preserve and maintain its respective existence, rights, franchises, licenses and privileges in the jurisdiction of its incorporation or formation and qualify and remain qualified and authorized to do business in each jurisdiction in which the character of its properties or the nature of its business requires such qualification and authorization.

**Section 8.2 Compliance with Applicable Laws, Anti-Corruption Laws, and Material Contracts.**

The Loan Parties shall, and shall cause each of their respective Subsidiaries to, comply in all material respects with (a) all Applicable Laws, including the obtaining of all Governmental Approvals, as necessary; (b) all Anti-Corruption Laws, including the obtaining of all Governmental Approvals, as necessary; and (c) all terms and conditions of all Material Contracts to which it is a party

**Section 8.3 Maintenance of Property.**

In addition to the requirements of any of the other Loan Documents, the Loan Parties shall, and shall cause each of their respective Subsidiaries to, (a) protect and preserve all of its respective material properties necessary in the conduct of its business, including, but not limited to, all Intellectual Property, and maintain in good repair, working order and condition all tangible properties, ordinary wear and tear excepted, and (b) make or cause to be made all needed and appropriate repairs, renewals, replacements and additions to such properties, so that the business carried on in connection therewith may be properly and advantageously conducted at all times.

**Section 8.4 Conduct of Business.**

The Loan Parties shall, and shall cause each of their respective Subsidiaries to, carry on, their respective businesses as described in Section 7.20.

**Section 8.5 Insurance.**

The Loan Parties shall, and shall cause each of their respective Subsidiaries to, maintain insurance (on a replacement cost basis) with financially sound and reputable insurance companies against such risks and in such amounts as is customarily maintained by Persons

engaged in similar businesses or as may be required by Applicable Law. The Borrower shall from time to time deliver to the Administrative Agent upon its request a detailed list, together with copies of all policies of the insurance then in effect, stating the names of the insurance companies, the amounts and rates of the insurance, the dates of the expiration thereof and the properties and risks covered thereby.

**Section 8.6 Payment of Taxes and Claims.**

The Loan Parties shall, and shall cause each of their respective Subsidiaries to, pay and discharge when due (a) all taxes, assessments and governmental charges or levies imposed upon it or upon its income or profits or upon any properties belonging to it, and (b) all lawful claims of



materialmen, mechanics, carriers, warehousemen and landlords for labor, materials, supplies and rentals which, if unpaid, might become a Lien on any properties of such Person; provided, however, that this Section shall not require the payment or discharge of any such tax, assessment, charge, levy or claim which is being contested in good faith by appropriate proceedings which operate to suspend the collection thereof and for which adequate reserves have been established on the books of such Loan Party or such Subsidiary, as applicable, in accordance with GAAP.

**Section 8.7 Visits and Inspections.**

The Loan Parties shall, and shall cause each of their respective Subsidiaries to, permit representatives or agents of the Administrative Agent and, if such visit or inspection is arranged by the Administrative Agent, of any Lender, from time to time after reasonable prior notice if no Event of Default shall be in existence, as often as may be reasonably requested, but only during normal business hours and at the expense of the Borrowers, to: (a) visit and inspect all properties of such Loan Party or such Subsidiary to the extent any such right to visit or inspect is within the control of such Person; (b) inspect and make extracts from their respective books and records, including but not limited to management letters prepared by independent accountants; and (c) discuss with its officers, and its independent accountants, its business, assets, operations, condition (financial or otherwise), or prospects. If requested by the Administrative Agent, any Loan Party shall execute an authorization letter addressed to its accountants authorizing the Administrative Agent or, if the same has been arranged by the Administrative Agent, any Lender, to discuss the financial affairs of the REIT Parent or the REIT or any of its Subsidiaries with its accountants.

**Section 8.8 Use of Proceeds; Letters of Credit.**

The Borrowers shall use the proceeds of the Loans and the Letters of Credit for general corporate purposes only, including to repay certain indebtedness existing as of the Effective Date, to acquire additional self-storage facilities in accordance with the terms hereof and to pay fees and expenses incurred in connection with this Agreement. No part of the proceeds of any Loan or Letter of Credit will be used (a) for the purpose of buying or carrying "margin stock" within the meaning of Regulation U of the Board of Governors of the Federal Reserve System or to extend credit to others for the purpose of purchasing or carrying any such margin stock; (b) to fund any operations in, finance any investments or activities in, or make any payments to, a Sanctioned Person or Sanctioned Entity; or (c) in furtherance of an offer, payment, promise to pay, or authorization of the payment or giving of money, or anything else of value, to any Person in violation of any Anti-Corruption Laws.

**Section 8.9 Environmental Matters.**

The Loan Parties shall, and shall cause each of their respective Subsidiaries to, comply in all material respects with all Environmental Laws. If the REIT Parent or the REIT or any of its Subsidiaries shall (a) receive notice that any violation of any Environmental Law may have been committed or is about to be committed by such Person, (b) receive notice that any administrative or judicial complaint or order has been filed or is about to be filed against the REIT Parent or the REIT or any of its Subsidiaries alleging violations of any Environmental Law or requiring the REIT Parent or the REIT or any of its Subsidiaries to take any action in connection with the



release of Hazardous Materials or (c) receive any notice from a Governmental Authority or private party alleging that the REIT Parent or the REIT or any of its Subsidiaries may be liable or responsible for costs associated with a response to or cleanup of a release of Hazardous Materials or any damages caused thereby, and the matters referred to in such notices, either individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect, the Parent Borrower shall provide the Administrative Agent with a copy of such notice promptly, and in any event within 10 Business Days, after the receipt thereof by the REIT Parent or the REIT or any of its Subsidiaries. The Loan Parties shall, and shall cause each of their respective Subsidiaries to, take promptly all actions necessary to prevent the imposition of any Liens on any of their respective properties arising out of or related to any Environmental Laws.

**Section 8.10 Books and Records.**

The Loan Parties shall, and shall cause each of their respective Subsidiaries to, maintain books and records pertaining to its respective business operations in such detail, form and scope as is consistent with good business practice and in accordance with GAAP.

**Section 8.11 Further Assurances.**

The Loan Parties shall, at their sole cost and expense and promptly following the request of the Administrative Agent, execute and deliver or cause to be executed and delivered, to the Administrative Agent such further instruments, documents and certificates, and do and cause to be done such further acts that may be reasonably necessary or advisable in the reasonable opinion of the Administrative Agent to carry out more effectively the provisions and purposes of this Agreement and the other Loan Documents.

**Section 8.12 REIT Status.**

The REIT shall (a) at all times remain in compliance with all requirements and conditions (other than the duration of its existence as a legal entity) imposed under the Internal Revenue Code to allow the REIT to elect to be treated as a "real estate investment trust" under the Internal Revenue Code and (b) following the occurrence of the Capital Event, make such election as soon as reasonably practicable after it is eligible to do so, and at all times thereafter maintain its status as such. Without limitation of the immediately preceding sentence, and notwithstanding any other provision of this Agreement to the contrary, the REIT shall not engage in any business other than the business of acting as a real estate investment trust and serving as the general partner of the Parent Borrower and matters directly relating thereto, and shall (x) conduct all of its business operations through the Parent Borrower or through Subsidiaries of the Parent Borrower, (y) own no real property or material personal property other than through its ownership interests in the Parent Borrower.

**Section 8.13 Escrowed Mortgages.**

In the event that the Capital Event has not been consummated on or before March 31, 2015 and the proceeds thereof used to repay in full the loans outstanding under the Senior Unsecured Term Loan Agreement, the Borrowers shall, to the extent required by the Administrative Agent (as directed by the Requisite Lenders), deliver within 30 days of request therefor mortgages and deeds of trust in form and substance satisfactory to the Administrative



Agent with respect to the Real Estate Assets which are then Borrowing Base Properties, providing the Administrative Agent, for the benefit of the Administrative Agent, the Lenders and any Specified Derivatives Provider, a perfected first-priority security interest in such Real Estate Assets. The Administrative Agent shall hold such mortgages and deeds of trust in escrow for filing if and when required pursuant to Section 13.19.

## ARTICLE IX.
## INFORMATION

For so long as this Agreement is in effect, the applicable Loan Party shall furnish to each Lender (or to the Administrative Agent if so provided below) at its Lending Office:

**Section 9.1 Quarterly Financial Statements.**

As soon as available and in any event within 60 days after the end of each of the first, second and third fiscal quarters of the REIT (or within 75 days after the end of the fiscal quarter ending March 31, 2014), the unaudited consolidated balance sheet of the REIT and its Subsidiaries as at the end of such period and the related unaudited consolidated statements of income, shareholders' equity and cash flows of the REIT and its Subsidiaries for such period, setting forth in each case in comparative form the figures as of the end of and for the corresponding periods of the previous fiscal year, all of which shall be certified by the chief financial officer or chief accounting officer of the REIT, in his or her opinion, to present fairly, in accordance with GAAP and in all material respects, the consolidated financial position of the REIT and its Subsidiaries as at the date thereof and the results of operations for such period (subject to normal year-end audit adjustments).

**Section 9.2 Year-End Statements.**

As soon as available and in any event within 120 days after the end of each fiscal year of the REIT (or, after the occurrence of the Capital Event, within 90 days after the end of each fiscal year of the REIT), the audited consolidated balance sheet of the REIT and its Subsidiaries as at the end of such fiscal year and the related audited consolidated statements of income, shareholders' equity and cash flows of the REIT and its Subsidiaries for such fiscal year, setting forth in comparative form the figures as at the end of and for the previous fiscal year, all of which shall be (a) certified by the chief financial officer, treasurer, or chief accounting officer of the REIT, in his or her opinion, to present fairly, in accordance with GAAP and in all material respects, the consolidated financial position of the REIT and its Subsidiaries as at the date thereof and the results of operations for such period and (b) accompanied by the audit report thereon of independent certified public accountants of recognized national standing, whose report shall be unqualified and who shall have authorized the REIT to deliver such financial statements and report to the Administrative Agent and the Lenders.

**Section 9.3 Compliance Certificate.**

At the time financial statements are furnished pursuant to Sections 9.1 and 9.2, a certificate substantially in the form of Exhibit L (a "Compliance Certificate") executed by the chief financial officer, treasurer, or chief accounting officer of the REIT Parent, the REIT and the Parent Borrower: (a) setting forth in reasonable detail as at the end of such quarterly accounting

period or fiscal year, as the case may be, the calculations required to establish whether or not the Loan Parties were in compliance with the covenants set forth in Section 10.1 through 10.5 and (b) stating that, to the best of his or her knowledge, information and belief after due inquiry, no Default or Event of Default exists, or, if such is not the case, specifying such Default or Event of Default and its nature, when it occurred, whether it is continuing and the steps being taken by the REIT Parent or the REIT and its Subsidiaries with respect to such event, condition or failure.

**Section 9.4 Borrowing Base Certificate.**

At the time financial statements are furnished pursuant to Sections 9.1 and 9.2, a certificate substantially in the form of Exhibit M (a "Borrowing Base Certificate") executed by the chief financial officer, treasurer, or chief accounting officer of the REIT Parent, the REIT and the Parent Borrower, setting forth in reasonable detail as at the end of such quarterly accounting period or fiscal year, as the case may be, the calculations required to establish Borrowing Base Availability as of such date.

**Section 9.5 Other Information.**

(a) Management Reports. Promptly upon receipt thereof, copies of all management reports, if any, submitted to the REIT Parent or the REIT or its governing board by its independent public accountants;

(b) Shareholder Information. Promptly upon the mailing thereof to the shareholders of the REIT Parent or the REIT generally, copies of all financial statements, reports and proxy statements so mailed and promptly upon the issuance thereof copies of all press releases issued by the REIT Parent or the REIT or any of its Subsidiaries;

(c) ERISA. If any ERISA Event shall occur that individually, or together with any other ERISA Event that has occurred, could reasonably be expected to have a Material Adverse Effect, a certificate of the chief executive officer or chief financial officer of the Parent Borrower setting forth details as to such occurrence and the action, if any, which the Parent Borrower or applicable member of the ERISA Group is required or proposes to take;

(d) Litigation. To the extent any Knowledgeable Officer of the REIT Parent or the REIT or any of its Subsidiaries is aware of the same, prompt notice of the commencement of any proceeding or investigation by or before any Governmental Authority and any action or proceeding in any court or other tribunal or before any arbitrator against or in any other way relating adversely to, or adversely affecting, the REIT Parent or the REIT or any of its Subsidiaries or any of their respective properties, assets or businesses which could reasonably be expected to have a Material Adverse Effect, and prompt notice of the receipt of notice that any United States income tax returns of the REIT Parent or the REIT or any of its Subsidiaries are being audited;

(e) Modification of Organizational Documents. A copy of any amendment to the articles of incorporation, bylaws, partnership agreement, operating agreement or other similar organizational documents of any Loan Party within 15 Business Days after the effectiveness thereof;



(f) Change of Management or Financial Condition. Prompt notice of any change in the senior management of the any Loan Party and any change in the business, assets, liabilities, financial condition or results of operations of the REIT Parent or the REIT or any of its Subsidiaries which has had or could reasonably be expected to have a Material Adverse Effect;

(g) Default. Notice of the occurrence of any of the following promptly upon a Responsible Officer of any Loan Party obtaining knowledge thereof: (i) any Default or Event of Default or (ii) any event which constitutes or which with the passage of time, the giving of notice, or otherwise, would constitute a default or event of default by the REIT Parent or the REIT or any of its Subsidiaries under any Material Contract to which any such Person is a party or by which any such Person or any of its respective properties may be bound;

(h) Judgments. Prompt notice of any order, judgment or decree in excess of $2,000,000 having been entered against the REIT Parent or the REIT or any of its Subsidiaries or any of their respective properties;

(i) Notice of Violations of Law. Prompt notice if the REIT Parent or the REIT or any of its Subsidiaries shall receive any notification from any Governmental Authority alleging a violation of any Applicable Law or any inquiry which, in either case, could reasonably be expected to have a Material Adverse Effect;

(j) Budget. As soon as available, and in any event no later than 60 days after the end of each fiscal year of the REIT, a detailed consolidated budget for the following four consecutive fiscal quarters (including a projected consolidated balance sheet of the REIT and its Subsidiaries as of the end of the following fiscal year, and the related consolidated statements of projected cash flow, projected changes in financial position and projected income and a description of the underlying assumptions applicable thereto), and, as soon as available, significant revisions, if any, of such budget and projections with respect to such fiscal quarters (collectively, the "Projections"), which Projections shall in each case be accompanied by a certificate of a Responsible Officer of the REIT stating that such Projections are based on reasonable estimates, information and assumptions and that such Responsible Officer has no reason to believe that such Projections are incorrect or misleading in any material respect;

(k) Framework Agreements. A copy of each new Framework Agreement entered into after the Agreement Date, and a copy of any amendment to any Framework Agreement, in each case within 5 Business Days after the effectiveness thereof;

(l) Securities Filings. Within five Business Days after the filing thereof, electronic copies of all registration statements, reports on Forms 10-K, 10-Q and 8-K (or their equivalents) and all other periodic reports which any Loan Party or any

Subsidiary shall file with the Securities and Exchange Commission (or any Governmental Authority substituted therefor) or any national securities exchange; and

(m) Other Information. From time to time and promptly upon each request, such data, certificates, reports, statements, documents or further information regarding the business, assets, liabilities, financial condition, results of operations or business prospects of the



REIT Parent or the REIT or any of its Subsidiaries as the Administrative Agent or any Lender may reasonably request.

**Section 9.6 Delivery of Documents.**

Documents required to be delivered pursuant to Article IX may be delivered electronically; provided, that such documents shall be deemed to have been delivered on the date on which such documents are received by the Administrative Agent for posting on the Borrowers' behalf on an internet or intranet website, if any, to which each Lender and the Administrative Agent has access (whether a commercial, third-party website (such as Intralinks or SyndTrak) or a website sponsored by the Administrative Agent); provided further that the Parent Borrower shall deliver paper copies of such documents to the Administrative Agent or any Lender that requests the Parent Borrower to deliver such paper copies until a written request to cease delivering paper copies is given by the Administrative Agent or such Lender. Notwithstanding anything contained herein, in every instance the Parent Borrower shall be required to provide paper copies of each Compliance Certificate required by Section 9.3 and each Borrowing Base Certificate required by Section 9.4 to the Administrative Agent. The Administrative Agent shall have no obligation to request the delivery or to maintain copies of the documents referred to above, and in any event shall have no responsibility to monitor compliance by the Parent Borrower with any such request for delivery, and each Lender shall be solely responsible for requesting delivery to it or maintaining its copies of such documents.

**Section 9.7 USA Patriot Act Notice; Compliance.**

The USA Patriot Act of 2001 (Public Law 107-56) and federal regulations issued with respect thereto require all financial institutions to obtain, verify and record certain information that identifies individuals or business entities which open an "account" with such financial institution. Consequently, a Lender (for itself and/or as the Administrative Agent for all Lenders hereunder) may from time-to-time request, and each Loan Party shall provide to such Lender such Loan Party's name, address, tax identification number and/or such other identification information as shall be necessary for such Lender to comply with federal law. An "account" for this purpose may include, without limitation, a deposit account, cash management service, a transaction or asset account, a credit account, a loan or other extension of credit, and/or other financial services product.

## ARTICLE X.
## NEGATIVE COVENANTS

For so long as this Agreement is in effect, each applicable Loan Party shall comply with the following covenants:

**Section 10.1 Financial Covenants.**

The Loan Parties shall not permit:

(a) Maximum Total Leverage Ratio. The Total Leverage Ratio at any time (with compliance certified as of the last day of each Reference Period in a Compliance Certificate delivered pursuant to Section 9.3) to exceed the applicable ratio set forth below;



provided, however, that at all times after the occurrence of the Capital Event, the Total Leverage Ratio shall not exceed 0.60 to 1.00:

| Period | Ratio |
|---|---|
| Prior to June 30, 2015 | 0.70 to 1.00 |
| On and after June 30, 2015, and prior to December 31, 2015 | 0.675 to 1.00 |
| On and after December 31, 2015, and prior to March 31, 2016 | 0.65 to 1.00 |
| On and after March 31, 2016 | 0.60 to 1.00 |

(b) Minimum Fixed Charge Coverage Ratio. The ratio of (i) Adjusted EBITDA for any Reference Period to (ii) Fixed Charges for such Reference Period, to be less than 1.50 to 1.00.

(c) Minimum Net Worth. Net Worth at any time (with compliance certified as of the last day of each Reference Period in a Compliance Certificate delivered pursuant to Section 9.3) to be less than (i) $133,320,707 plus (ii) 75% of the Net Proceeds of all Equity Issuances by the REIT and its Subsidiaries after the Effective Date (other than Equity Issuances to the REIT or any of its Subsidiaries).

(d) No Mezzanine Debt. The REIT Parent or the REIT or any of its Subsidiaries to incur, assume, suffer to exist or otherwise become obligated in respect of any Indebtedness secured by a Lien on any of their Equity Interests (other than Indebtedness under the Loan Documents), other than the Indebtedness described on Schedule 10.1(d) as such Indebtedness exists on the Agreement Date (which Indebtedness described on Schedule 10.1(d) shall be repaid in full in with the proceeds of the Capital Event).

(e) Maximum Unhedged Variable Rate Indebtedness. The ratio of (i) Unhedged Variable Rate Indebtedness of the REIT and its Subsidiaries to (ii) Gross Asset Value to exceed (A) 0.30 to 1.00 at any time prior to the occurrence of the Capital Event or (B) 0.25 to 1.00 at any time after the occurrence of the Capital Event.

**Section 10.2 Restricted Payments.**

The Loan Parties shall not, and shall not permit any other Subsidiary to, declare or make any Restricted Payment; provided, however, that the REIT Parent and the REIT and each of its Subsidiaries may declare and make the following Restricted Payments so long as no Default or Event of Default exists or would result therefrom:

(a) the Parent Borrower may declare or make cash distributions to the REIT and the Parent Borrower's limited partners during the period of four consecutive fiscal quarters most recently ending in an aggregate amount not to exceed the greater of (i) the amount required to be distributed by the REIT to remain in compliance with Section 8.12 and (ii) 95.0% of Funds From Operations of the REIT (less distributions declared or made pursuant to clause (b) below);



(b) each California Partnership may declare or make cash distributions to its third-party limited partners (i.e., other than the applicable Borrower owning Equity Interests therein) during the period of four consecutive fiscal quarters most recently ending in an aggregate amount not to exceed 95.0% of Funds From Operations of the REIT (less distributions declared or made pursuant to clause (a) above);

(c) Subsidiaries of the Parent Borrower may declare or make Restricted Payments to the Parent Borrower or any of its other Subsidiaries; and

(d) the REIT and the REIT Parent may declare or make cash distributions to their respective shareholders.

Without limiting the generality of the foregoing, except for repayments of Indebtedness in connection with the Capital Event, the Loan Parties shall not, and shall not permit any other Subsidiary to, use cash flow from operations or net cash proceeds from asset dispositions or new equity issuances to repay or retire any existing equity capital or to voluntarily prepay any Indebtedness (other than Indebtedness hereunder or under the Senior Unsecured Term Loan Agreement), unless expressly approved by the Administrative Agent and Requisite Lenders.

Notwithstanding the foregoing, if a Default or Event of Default specified in Section 11.1(a), Section 11.1(b), Section 11.1(f) or Section 11.1(g) exists, or if as a result of the occurrence of any other Event of Default any of the Obligations have been accelerated pursuant to Section 11.2(a), (x) the Parent Borrower may only declare and make cash distributions to the REIT and other holders of partnership interests in the Parent Borrower with respect to any fiscal year to the extent necessary for the REIT to distribute, and the REIT may so distribute, an aggregate amount not to exceed the minimum amount necessary for the REIT to remain in compliance with Section 8.12, and (y) the Loan Parties shall not, and shall not permit any other Subsidiary of the Parent Borrower to, make any Restricted Payments to any Person other than to the REIT or any of its Subsidiaries.

**Section 10.3 Indebtedness.**

(a) At all times prior to the occurrence of the Capital Event, the Loan Parties shall not, and shall not permit any of their respective Subsidiaries to, incur, assume, suffer to exist or otherwise become obligated in respect of any Indebtedness, except for any of the following if, both immediately prior to and immediately after incurring, assuming or otherwise becoming obligated in respect thereof, no Default or Event of Default is or would be in existence, including, without limitation, a Default or Event of Default resulting from a violation of any of the covenants set forth in Section 10.1:

(i) Indebtedness under the Loan Documents;

(ii) Unsecured Indebtedness under the Senior Unsecured Term Loan Agreement in an aggregate principal amount not to exceed $50,000,000 at any time outstanding;

(iii) Nonrecourse Indebtedness;



(iv) the existing Secured Recourse Indebtedness described on Schedule 10.3(a) (and renewals, refinancings and extensions thereof; provided, that (A) the amount of such Indebtedness is not increased at the time of such renewal, refinancing or extension except by an amount equal to a reasonable premium or other reasonable amount paid, and fees and expenses reasonably incurred, in connection with such refinancing, (B) no new obligors are added in connection therewith, and (C) no new property is encumbered in connection therewith);

(v) Secured Recourse Indebtedness (other than the Indebtedness described on Schedule 10.3(a)) in an aggregate principal amount not to exceed $25,000,000 at any time outstanding; provided, that, with respect to any underlying mortgage Indebtedness for any given Real Estate Asset, the aggregate original principal amount of such mortgage Indebtedness shall be less than 75% of the Appraised Value of such Real Estate Asset at the time such mortgage Indebtedness is incurred;

(vi) Indebtedness of the REIT to any of its Subsidiaries and of any such Subsidiary to the REIT or any other Subsidiary; provided, that (A) such Indebtedness shall be subject to the limitations on Investments set forth in Section 10.5 and (B) any such Indebtedness of any Loan Party to a non-Loan Party shall be subordinated to the Obligations on terms reasonably satisfactory to the Administrative Agent;

(vii) Guarantees by (A) the REIT of Indebtedness of the Parent Borrower, any California Partnership (for so long as such California Partnership is a Borrower) or any Wholly-Owned Subsidiary of the Parent Borrower and (B) the Parent Borrower, any California Partnership or any Wholly-Owned Subsidiary of Indebtedness of the REIT, the Parent Borrower, any California Partnership (for so long as such California Partnership is a Borrower) or any other Wholly-Owned Subsidiary of the Parent Borrower; provided, that (x) the Indebtedness so Guaranteed is permitted by this Section 10.3, and (y) Guarantees permitted under this clause (vii) shall be subordinated to the Obligations on the same terms as the Indebtedness so Guaranteed is subordinated to the Obligations;

(viii) Indebtedness of the REIT or any of its Subsidiaries constituting purchase money Indebtedness (including Capital Lease Obligations); provided, that (A) such Indebtedness is incurred prior to or within 90 days after the acquisition of the assets financed thereby and (B) the aggregate principal amount of Indebtedness permitted by this clause (viii) shall not exceed $2,000,000 at any time outstanding;

(ix) Indebtedness owed to any Person providing workers' compensation, health, disability or other employee benefits or property, casualty or liability insurance, pursuant to reimbursement or indemnification obligations to such Person, in each case incurred in the ordinary course of business;



(x) Indebtedness in respect of performance bonds, bid bonds, appeal bonds, surety bonds and similar obligations, in each case provided in the ordinary course of business; and

(xi) obligations under Derivatives Contracts permitted under Section 10.13.

(b) At all times after the occurrence of the Capital Event, the Loan Parties shall not, and shall not permit any of their respective Subsidiaries to, incur, assume, suffer to exist or otherwise become obligated in respect of any Indebtedness, except:

(i) Indebtedness under the Loan Documents;

(ii) Secured Indebtedness in an aggregate principal amount not to exceed 45.0% of Gross Asset Value at any time outstanding; provided, that the aggregate principal amount of such Secured Indebtedness constituting Secured Recourse Indebtedness shall not exceed 15.0% of Gross Asset Value at any time outstanding; and provided further, that (x) with respect to any underlying mortgage Indebtedness for any given Real Estate Asset, the aggregate original principal amount of such mortgage Indebtedness shall be less than 75% of the Appraised Value of such Real Estate Asset at the time such mortgage Indebtedness is incurred and (y) such Secured Indebtedness shall not be in the nature of a revolving credit facility;

(iii) Indebtedness of the REIT to any of its Subsidiaries and of any such Subsidiary to the REIT or any other Subsidiary; provided, that (A) such Indebtedness shall be subject to the limitations on Investments set forth in Section 10.5 and (B) any such Indebtedness of any Loan Party to a non-Loan Party shall be subordinated to the Obligations on terms reasonably satisfactory to the Administrative Agent;

(iv) Guarantees by (A) the REIT of Indebtedness of the Parent Borrower, any California Partnership (for so long as such California Partnership is a Borrower) or any Wholly-Owned Subsidiary of the Parent Borrower and (B) the Parent Borrower, any California Partnership or any Wholly-Owned Subsidiary of Indebtedness of the REIT, the Parent Borrower, any California Partnership (for so long as such California Partnership is a Borrower) or any other Wholly-Owned Subsidiary of the Parent Borrower; provided, that (x) the Indebtedness so Guaranteed is permitted by this Section 10.3, and (y) Guarantees permitted under this clause (iv) shall be subordinated to the Obligations on the same terms as the Indebtedness so Guaranteed is subordinated to the Obligations;

(v) Indebtedness of the REIT or any of its Subsidiaries constituting purchase money Indebtedness (including Capital Lease Obligations); provided, that (A) such Indebtedness is incurred prior to or within 90 days after the acquisition of the assets financed thereby and (B) the aggregate principal amount

of Indebtedness permitted by this clause (v) shall not exceed $2,000,000 at any time outstanding;

(vi) Indebtedness owed to any Person providing workers' compensation, health, disability or other employee benefits or property, casualty or liability insurance, pursuant to reimbursement or indemnification obligations to such Person, in each case incurred in the ordinary course of business;

(vii) Indebtedness in respect of performance bonds, bid bonds, appeal bonds, surety bonds and similar obligations, in each case provided in the ordinary course of business;

(viii) obligations under Derivatives Contracts permitted under Section 10.13; and

(ix) Unsecured Indebtedness consisting of investment grade or high-yield senior unsecured notes issued in a public offering or private placement (but excluding any other revolving credit facility or bank-related Unsecured Indebtedness), provided that (i) any such Unsecured Indebtedness shall be at market rates and subject to market terms, (ii) both before and immediately after giving effect any issuance of such Unsecured Indebtedness (any "Senior Unsecured Note Issuance"), no Default or Event of Default exists, and (iii) immediately prior to such Senior Unsecured Note Issuance, the Administrative Agent shall have received a pro forma Compliance Certificate from the Borrowers as of the date of, and after giving effect to, such Senior Unsecured Note Issuance evidencing compliance with the financial covenants set forth in Section 10.1 (in each case using consolidated Indebtedness of the REIT and its Subsidiaries as of the date of, and after giving effect to, such Senior Unsecured Note Issuance and the repayment of any Indebtedness in connection therewith, and Gross Asset Value as at the end of the most recent Reference Period).

**Section 10.4 Certain Permitted Investments.**

The REIT and each Borrower shall not, and shall not permit any other Subsidiary to, make any Investment in or otherwise own the following items which would cause the aggregate value of such holdings of the REIT and its Subsidiaries to exceed the applicable limits set forth below:

(a) Investments in Partially-Owned Entities and any other Persons that are not Subsidiaries, such that the aggregate value of such Investments (determined in accordance with GAAP) exceeds 10.0% of Gross Asset Value at any time;

(b) Unimproved Land, such that the Cost Basis Value of all Unimproved Land as a percentage of Gross Asset Value exceeds 5.0% at any time;

(c) Construction-in-Process, such that the aggregate Cost Basis Value of all Construction-in-Process as a percentage of Gross Asset Value exceeds 5.0% at any time; and



(d) Mortgage Notes, such that the aggregate book value (determined in accordance with GAAP) of all Mortgage Notes exceeds 5.0% of Gross Asset Value at any time.

In addition to the foregoing limitations, the aggregate Cost Basis Value or book value, as applicable, of all of the items subject to the limitations in the preceding clauses (a) through (d) shall not exceed 20.0% of Gross Asset Value at any time.

**Section 10.5 Investments Generally.**

The Loan Parties shall not, and shall not permit any other Subsidiary to, directly or indirectly, acquire, make or purchase any Investment, or permit any Investment of such Person to be outstanding on and after the Agreement Date, other than the following:

(a) Investments permitted under Section 10.4;

(b) Investments in Cash Equivalents;

(c) investments by (i) the REIT Parent in the Equity Interests of the REIT, (ii) the REIT in the Equity Interests of the Parent Borrower, (iii) the Parent Borrower or any Subsidiary Borrower that is a Wholly-Owned Subsidiary in the Equity Interests of any California Partnership (for so long as such California Partnership is a Borrower), and (iv) the Parent Borrower and its Wholly-Owned Subsidiaries in the Equity Interests of their respective Wholly-Owned Subsidiaries;

(d) loans or advances made by (i) the REIT Parent to the REIT, (ii) the REIT to the Parent Borrower, any California Partnership (for so long as such California Partnership is a Borrower) or any Wholly-Owned Subsidiary of the Parent Borrower and (iii) the Parent Borrower or any Wholly-Owned Subsidiary to the REIT, the Parent Borrower, any California Partnership (for so long as such California Partnership is a Borrower) or any other Wholly-Owned Subsidiary of the Parent Borrower, in each case on terms reasonably satisfactory to the Administrative Agent;

(e) Guarantees constituting Indebtedness permitted by Section 10.3(a)(vii) or (b)(iv), on terms reasonably satisfactory to the Administrative Agent;

(f) investments in the form of Derivatives Contracts permitted by Section 10.13;

(g) loans and advances to officers and employees for moving, entertainment, travel and other similar expenses in the ordinary course of business consistent with past practices;

(h) the Affiliate Loan; and

(i) any Investment constituting an acquisition (other than an acquisition by a California Partnership) of assets or Equity Interests of another Person so long as (i) immediately prior to making such Investment, and immediately thereafter and after giving effect thereto, no Default or Event of Default is or would be in existence, and (ii) in the case of any such



acquisition of the Equity Interests of another Person, such Person becomes a Partially-Owned Entity or a Wholly-Owned Subsidiary.

**Section 10.6 Liens; Negative Pledges; Restrictive Agreements.**

(a) The Loan Parties shall not, and shall not permit any of their respective Subsidiaries to, create, assume, or incur any Lien upon any of their respective properties, assets, income or profits of any character whether now owned or hereafter acquired, except for any of the following if, both immediately prior to and immediately after the creation, assumption or incurring of such Lien, no Default or Event of Default is or would be in existence, including, without limitation, a Default or Event of Default resulting from a violation of any of the covenants contained in Section 10.1:

(i) Permitted Liens;

(ii) Liens securing Nonrecourse Indebtedness permitted under Section 10.3(a)(iii) and encumbering only the specific Real Estate Assets being financed by such Indebtedness;

(iii) Liens securing Secured Recourse Indebtedness permitted under Sections 10.3(a)(iv) or (a)(v), or Secured Indebtedness permitted under Section 10.3 (b)(ii), and encumbering only the specific assets being financed by such Indebtedness;

(iv) [Reserved]

(v) Liens on fixed or capital assets acquired by the REIT or any of its Subsidiaries; provided, that (A) such Liens secure Indebtedness permitted by Section 10.3(a)(viii) or (b)(v), (B) such Liens and the Indebtedness secured thereby are incurred prior to or within 90 days after such acquisition, (C) the Indebtedness secured thereby does not exceed the cost of acquiring such fixed or capital assets, and (D) such Liens shall not apply to any other property or assets of the Borrower or any Subsidiary; and

(vi) Deposits securing Indebtedness permitted under Sections 10.3(a)(x) and (b)(vii).

(b) The Loan Parties shall not, and shall not permit any of their respective Subsidiaries to, enter into, assume or otherwise be bound by any Negative Pledge except for a Negative Pledge contained in (i) the Senior Unsecured Term Loan Agreement, so long as such Negative Pledge expressly permits the Liens granted under the Collateral Documents in favor of the Administrative Agent for the benefit of itself, the Lenders and the Specified Derivatives Providers; (ii) an agreement (x) evidencing Indebtedness which such Loan Party or such Subsidiary may create, incur, assume, or permit or suffer to exist under Section 10.3, which Indebtedness is secured by a Lien permitted to exist under the Loan Documents, and (y) which prohibits the creation of any other Lien on only the property securing such Indebtedness as of the date such agreement was entered into (and, except as provided in clause (iii) below, in no event prohibits the creation of a Lien on the Equity Interests of the Subsidiary Borrowers); or (iii) an



agreement relating to the sale of a Subsidiary or assets pending such sale, provided that in any such case the Negative Pledge applies only to the Subsidiary or the assets that are the subject of such sale.

(c) The Loan Parties shall not, and shall not permit any other Subsidiary to, create or otherwise cause or suffer to exist or become effective any consensual encumbrance or restriction of any kind (other than pursuant to any Loan Document or the Senior Unsecured Term Loan Agreement) on the ability of any Loan Party to: (i) pay dividends or make any other distribution on any of such Loan Party's capital stock or other equity interests owned by any other Loan Party; (ii) pay any Indebtedness owed to any other Loan Party; (iii) make loans or advances to any other Loan Party; or (iv) transfer any of its property or assets to any other Loan Party.

**Section 10.7 Fundamental Changes.**

The Loan Parties shall not, and shall not permit any of their respective Subsidiaries to: (i) enter into any transaction of merger or consolidation; (ii) liquidate, wind up or dissolve itself (or suffer any liquidation or dissolution); or (iii) convey, sell, lease, sublease, transfer or otherwise dispose of, in one transaction or a series of transactions, all or substantially all of its business or assets, whether now owned or hereafter acquired; provided, however, that:

(a) any of the actions described in the immediately preceding clauses (i) through (iii) may be taken with respect to

any Subsidiary of the REIT (other than a Borrower) so long as immediately prior to the taking of such action, and immediately thereafter and after giving effect thereto, no Default or Event of Default is or would be in existence;

(b) a Person (other than a Loan Party) may merge with and into, and may dispose of its assets to, any Loan Party so long as (i) such Loan Party is the survivor of such merger, (ii) immediately prior to such merger, and immediately thereafter and after giving effect thereto, no Default or Event of Default is or would be in existence and (iii) the Parent Borrower shall have given the Administrative Agent at least 10 Business Days' prior written notice of such merger, such notice to include a certification as to the matters described in the immediately preceding clause (ii); and

(c) the Loan Parties may convey, sell, lease, sublease, transfer or otherwise dispose of assets among themselves, and any Subsidiary of the REIT (other than a Borrower) may convey, sell, lease, sublease, transfer or otherwise dispose of assets to the REIT or any other Wholly-Owned Subsidiary of the REIT.

**Section 10.8 Fiscal Year.**

The REIT shall not change its fiscal year from that in effect as of the Agreement Date.

**Section 10.9 Modifications to Material Contracts.**

The REIT and the Borrower shall not, and shall not permit any of their respective Subsidiaries to, enter into any amendment or modification to any Material Contract which could reasonably be expected to have a Material Adverse Effect.



**Section 10.10 Modifications of Organizational Documents.**

The Loan Parties shall not, and shall not permit any of their respective Subsidiaries to, amend, supplement, restate or otherwise modify its articles or certificate of incorporation, by-laws, operating agreement, declaration of trust, partnership agreement or other applicable organizational document if such amendment, supplement, restatement or other modification could reasonably be expected to have a Material Adverse Effect.

**Section 10.11 Transactions with Affiliates.**

The Loan Parties shall not, and shall not permit any of their respective Subsidiaries to, permit to exist or enter into, any transaction (including the purchase, sale, lease or exchange of any property or the rendering of any service) with any Affiliate (other than a Loan Party), except (a) transactions that (i) are in the ordinary course of business and (ii) are at prices and on terms and conditions not less favorable to such Loan Party or such other Subsidiary than could be obtained on an arm's-length basis from unrelated third parties, (b) transactions among Loan Parties not involving any other Affiliate, (c) any transaction otherwise expressly permitted by this Agreement, (d) the payment of compensation and employee benefit arrangements paid to, and indemnities provided for the benefit of, directors, officers or employees of the REIT Parent or the REIT or any of its Subsidiaries in the ordinary course of business, and (e) the Affiliate Loan. For the avoidance of doubt, this Section 10.11 shall not prohibit the REIT Parent or the REIT or any of its Subsidiaries from acquiring Real Estate Assets from its "core affiliate" investors in the ordinary course of business, and consistent with past practices, in accordance with the Framework Agreements.

**Section 10.12 Plans.**

The REIT and each Borrower shall not, and shall not permit any of their respective Subsidiaries to, permit any of its respective assets to become or be deemed to be "plan assets" within the meaning of ERISA, the Internal Revenue Code and the respective regulations promulgated thereunder. The REIT and each Borrower shall not cause, and shall not permit any other member of the ERISA Group to cause, any ERISA Event if such ERISA Event could reasonably be expected to have a Material Adverse Effect.

**Section 10.13 Derivatives Contracts.**

The Loan Parties shall not, and shall not permit any of their respective Subsidiaries to, enter into or become obligated in respect of, Derivatives Contracts other than Derivatives Contracts (i) entered into by the REIT Parent or the REIT or any of its Subsidiaries in the ordinary course of business for the purpose of directly mitigating risks associated with liabilities, commitments, investments, assets, or property held or reasonably anticipated by such Person, or changes in the value of securities issued by such Person, and not for purposes of speculation or taking a "market view;" and (ii) that do not contain any provision exonerating the non-defaulting party from its obligation to make payments on outstanding transactions to the defaulting party.



## ARTICLE XI.
## DEFAULT

**Section 11.1 Events of Default.**

Each of the following shall constitute an Event of Default, whatever the reason for such event and whether it shall be voluntary or involuntary or be affected by operation of Applicable Law or pursuant to any judgment or order of any Governmental Authority:

(a) Default in Payment of Principal. The Borrowers shall fail to pay when due (whether upon demand, at maturity, by reason of acceleration or otherwise) the principal of any of the Loans, or any Reimbursement Obligation.

(b) Default in Payment of Interest and Other Obligations. The Borrowers shall fail to pay when due any interest on any of the Loans or any of the other payment Obligations owing by the Borrowers under this Agreement or any other Loan Document, or any other Loan Party shall fail to pay when due any payment Obligation owing by such other Loan Party under any Loan Document to which it is a party, and any such failure shall continue for a period of three Business Days.

(c) Default in Performance. (i) Any Loan Party shall fail to perform or observe any term, covenant, condition or agreement contained in Section 8.1, 8.5 (other than any such failure that affects only Real Estate Assets having an aggregate Operating Property Value or Cost Basis Value, as applicable, less than 5% of Gross Asset Value), 8.7, 8.8 or 8.12 or in Article IX or in Article X or (ii) any Loan Party shall fail to perform or observe any term, covenant, condition or agreement contained in this Agreement or any other Loan Document to which it is a party and not otherwise mentioned in this Section 11.1 and in the case of this clause (ii) only such failure shall continue for a period of 30 days.

(d) Misrepresentations. Any written statement, representation or warranty made or deemed made by or on behalf of any Borrower or any other Loan Party under this Agreement or under any other Loan Document, or any amendment hereto or thereto, or in any other writing or statement at any time furnished or made or deemed made by or on behalf of any Loan Party to the Administrative Agent or any Lender pursuant to any Loan Document, shall at any time prove to have been incorrect or misleading, in light of the circumstances in which made or deemed made, in any material respect when furnished or made or deemed made.

(e) Indebtedness Cross-Default; Derivatives Contracts.

(i) With respect to any Nonrecourse Indebtedness having an aggregate outstanding principal amount (or, in the case of any Derivatives Contract, having, without regard to the effect of any close-out netting provision, a Derivatives Termination Value) of $25,000,000 or more, (x) the REIT Parent or the REIT or any of its Subsidiaries shall fail to pay when due and payable, within any applicable grace or cure period (not to exceed 30 days), the principal of, or interest on, such Nonrecourse Indebtedness, (y) the maturity of such Nonrecourse Indebtedness shall have been accelerated in accordance with the provisions of any indenture, contract or instrument evidencing, providing for the creation of or



otherwise concerning such Nonrecourse Indebtedness, or (z) such Nonrecourse Indebtedness shall have been required to be prepaid or repurchased prior to the stated maturity thereof;

(ii) with respect to any Indebtedness that is not Nonrecourse Indebtedness (including, for the avoidance of doubt, Indebtedness under the Senior Unsecured Term Loan Agreement), (w) the REIT Parent or the REIT or any of its Subsidiaries shall fail to pay when due and payable, without regard to any applicable grace or cure period, the principal of, or interest on, such Indebtedness, (x) the maturity of such Indebtedness shall have been accelerated in accordance with the provisions of any indenture, contract or instrument evidencing, providing for the creation of or otherwise concerning such Indebtedness, (y) such Indebtedness shall have been required to be prepaid or repurchased prior to the stated maturity thereof, or (z) any other event shall have occurred and be continuing which permits any holder or holders of such Indebtedness, any trustee or agent acting on behalf of such holder or holders or any other Person, to accelerate the maturity of any such Indebtedness or require any such Indebtedness to be prepaid, repurchased or redeemed prior to its stated maturity; or

(iii) there occurs an "Event of Default" under and as defined in any Derivatives Contract as to which the REIT Parent or the REIT or any of its Subsidiaries is a "Defaulting Party" (as defined therein), or there occurs an "Early Termination Date" (as defined therein) in respect of any Derivatives Contract as a result of a "Termination Event" (as defined therein) as to which the REIT Parent or the REIT or any of its Subsidiaries is an "Affected Party" (as defined therein).

(f) Voluntary Bankruptcy Proceeding. The REIT Parent or the REIT or any of its Subsidiaries shall: (i) commence a voluntary case under the Bankruptcy Code of 1978, as amended, or other federal bankruptcy laws (as now or hereafter in effect); (ii) file a petition seeking to take advantage of any other Applicable Laws, domestic or foreign, relating to bankruptcy, insolvency, reorganization, winding-up, or composition or adjustment of debts; (iii) consent to, or fail to contest in a timely and appropriate manner, any petition filed against it in an involuntary case under such bankruptcy laws or other Applicable Laws or consent to any proceeding or action described in the immediately following subsection; (iv) apply for or consent to, or fail to contest in a timely and appropriate manner, the appointment of, or the taking of possession by, a receiver, custodian, trustee, or liquidator of itself or of a substantial part of its property, domestic or foreign; (v) admit in writing its inability to pay its debts as they become due; (vi) make a general assignment for the benefit of creditors; (vii) make a conveyance fraudulent as to creditors under any Applicable Law; or (viii) take any corporate or partnership action for the purpose of effecting any of the foregoing.

(g) Involuntary Bankruptcy Proceeding. A case or other proceeding shall be commenced against the REIT Parent or the REIT or any of its Subsidiaries in any court of competent jurisdiction seeking: (i) relief under the Bankruptcy Code of 1978, as amended, or other federal bankruptcy laws (as now or hereafter in effect) or under any other Applicable Laws, domestic or foreign, relating to bankruptcy, insolvency, reorganization, winding-up, or

composition or adjustment of debts; or (ii) the appointment of a trustee, receiver, custodian, liquidator or the like of such Person, or of all or any substantial part of the assets, domestic or foreign, of such Person, and such case or proceeding shall continue undismissed or unstayed for a period of 60 consecutive calendar days, or an order granting the remedy or other relief requested in such case or proceeding against such Person (including, but not limited to, an order for relief under such Bankruptcy Code or such other federal bankruptcy laws) shall be entered.

(h) Litigation; Enforceability. Any Loan Party shall disavow, revoke or terminate (or attempt to terminate) any Loan Document to which it is a party or shall otherwise challenge or contest in any action, suit or proceeding in any court or before any Governmental Authority the validity or enforceability of this Agreement, or any other Loan Document or this Agreement or any other Loan Document shall cease to be in full force and effect (except as a result of the express terms thereof).

(i) Judgment. A final judgment or order for the payment of money or for an injunction shall be entered against the REIT Parent or the REIT or any of its Subsidiaries by any court or other tribunal and (i) such judgment or order shall continue for a period of 30 consecutive days without being paid, stayed or dismissed through appellate proceedings prosecuted by the REIT Parent or the REIT or such Subsidiary in good faith and (ii) either (A) the amount of such judgment or order for which insurance has not been acknowledged in writing by the applicable insurance carrier (or the amount as to which the insurer has denied liability) exceeds, individually or together with all other such outstanding judgments or orders entered against the REIT Parent and the REIT and its Subsidiaries, $5,000,000 or (B) in the case of an injunction or other non-monetary judgment, such injunction or judgment could reasonably be expected to have a Material Adverse Effect.

(j) Attachment. A warrant, writ of attachment, execution or similar process shall be issued against any property of the REIT Parent or the REIT or any of its Subsidiaries which exceeds, individually or together with all other such warrants, writs, executions and processes, $5,000,000, and such warrant, writ, execution or process shall not be discharged, vacated, stayed or bonded for a period of 30 consecutive days; provided, however, that if a bond has been issued in favor of the claimant or other Person obtaining such warrant, writ, execution or process, the issuer of such bond shall execute a waiver or subordination agreement in form and substance satisfactory to the Administrative Agent pursuant to which the issuer of such bond subordinates its right of reimbursement, contribution or subrogation to the Obligations and waives or subordinates any Lien it may have on the assets of any Loan Party.

(k) ERISA. Any ERISA Event shall have occurred that results or could reasonably be expected to result in liability to any member of the ERISA Group aggregating in excess of $10,000,000.

(l) Change of Control.

(i) Any "person" or "group" (as such terms are used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")), is or becomes the "beneficial owner" (as defined in Rules 13d-3 and 13d-5 under the Exchange Act, except that a Person will be deemed to have "beneficial



ownership" of all securities that such Person has the right to acquire, whether such right is exercisable immediately or only after the passage of time), directly or indirectly, of more than 25% of the total voting power of the then outstanding voting stock of the REIT (other than the REIT Parent) or the REIT Parent;

(ii) During any period of 12 consecutive months ending after the Agreement Date, individuals who at the beginning of any such 12-month period constituted the governing board of the REIT Parent or the REIT (together with any new directors whose election by such board or whose nomination for election by the shareholders of the REIT Parent or the REIT, as the case may be, was approved by a vote of a at least two-thirds of the directors then still in office who were either directors at the beginning of such period or whose election or nomination for election was previously so approved but excluding any director whose initial nomination for, or assumption of office as, a director occurs as a result of an actual or threatened solicitation of proxies or consents for the election or removal of one or more directors by any person or group other than a solicitation for the election of one or more directors by or on behalf of such board) cease for any reason to constitute a majority of the governing board of the REIT Parent or the REIT, as the case may be, then in office;

(iii) The REIT shall cease to be the sole general partner of the Parent Borrower or shall cease to have the sole and exclusive power to Control the Parent Borrower (including, without limitation, the power to cause the sale or other transfer, financing or refinancing, or encumbrance of assets (including Equity Interests and Real Estate Assets) owned directly, or indirectly through one or more Subsidiaries, of the Parent Borrower, subject only to Negative Pledges permitted by Section 10.6(b));

(iv) Prior to the occurrence of the Capital Event, the REIT Parent shall cease to own and Control, directly, of record and beneficially, 100% of the outstanding Equity Interests of the REIT free and clear of all Liens (other than Permitted Liens of the types referred to in clauses (a), (b), (c) and (e) of the definition of Permitted Lien); or

(v) The Parent Borrower or Subsidiary Borrower owning Equity Interests in any California Partnership shall cease to Control such California Partnership.

(m) Collateral Documents. Any Collateral Document shall for any reason fail to create a valid and perfected first priority security interest in any portion of the Collateral purported to be covered thereby, except as permitted by the terms of any Loan Document (including after any Collateral Fallaway).

**Section 11.2 Remedies Upon Event of Default.**

Upon the occurrence of an Event of Default the following provisions shall apply:



(a) Acceleration; Termination of Facilities.

(i) Automatic. Upon the occurrence of an Event of Default specified in Section 11.1(f) or 11.1(g), (A) (i) the principal of, and all accrued interest on, the Loans and the Notes at the time outstanding, (ii) an amount equal to the Stated Amount of all Letters of Credit outstanding as of the date of the occurrence of such Event of Default for deposit into the Collateral Account pursuant to Section 11.5 and (iii) all of the other Obligations (other than obligations in respect of Derivatives Contracts), including, but not limited to, the other amounts owed to the Lenders, the Swingline Lender and the Administrative Agent under this Agreement, the Notes or any of the other Loan Documents shall become immediately and automatically due and payable without presentment, demand, protest, or other notice of any kind, all of which are expressly waived by the Borrowers and (B) all of the Commitments, the obligation of the Lenders to make Loans, the Swingline Commitment, the obligation of the Swingline Lender to make Swingline Loans, and the obligation of the Administrative Agent to issue Letters of Credit hereunder, shall all immediately and automatically terminate.

(ii) Optional. If any other Event of Default shall exist, the Administrative Agent may, and at the direction of the Requisite Lenders shall: (A) declare (1) the principal of, and accrued interest on, the Loans and the Notes at the time outstanding, (2) an amount equal to the Stated Amount of all Letters of Credit outstanding as of the date of the occurrence of such other Event of Default for deposit into the Collateral Account pursuant to Section 11.5 and (3) all of the other Obligations (other than obligations in respect of Derivatives Contracts), including, but not limited to, the other amounts owed to the Lenders and the Administrative Agent under this Agreement, the Notes or any of the other Loan Documents to be forthwith due and payable, whereupon the same shall immediately become due and payable without presentment, demand, protest or other notice of any kind, all of which are expressly waived by the Borrowers and (B) terminate the Commitments, the Swingline Commitment, the obligation of the Lenders to make Loans hereunder and the obligation of the Administrative Agent to issue Letters of Credit hereunder. Moreover, notwithstanding anything contained in this Agreement to the contrary, so long as any Default or Event of Default exists, Lenders shall have no obligation to make any Loans hereunder.

(b) Loan Documents. The Requisite Lenders may direct the Administrative Agent to, and the Administrative Agent if so directed shall, exercise any and all of its rights under any and all of the other Loan Documents.

(c) Applicable Law. The Requisite Lenders may direct the Administrative Agent to, and the Administrative Agent if so directed shall, exercise all other rights and remedies it may have under any Applicable Law.

(d) Appointment of Receiver. To the extent permitted by Applicable Law, the Administrative Agent and the Lenders shall be entitled to the appointment of a receiver for the assets and properties of the Borrowers and their Subsidiaries, without notice of any kind whatsoever and without regard to the adequacy of any security for the Obligations or the solvency of any party bound for its payment, to take possession of all or any portion of the



business operations of the Borrowers and their Subsidiaries and to exercise such power as the court shall confer upon such receiver.

(e) Specified Derivatives Contract Remedies. Notwithstanding any other provision of this Agreement or other Loan Document, each Specified Derivatives Provider shall have the right, with prompt notice to the Administrative Agent, but without the approval or consent of or other action by the Administrative Agent or the Lenders, and without limitation of other remedies available to such Specified Derivatives Provider under contract or Applicable Law, to undertake any of the following: (i) to declare an event of default, termination event or other similar event under any Specified Derivatives Contract and to create an "Early Termination Date" (as defined therein) in respect thereof, (ii) to determine net termination amounts in respect of any and all Specified Derivatives Contracts in accordance with the terms thereof, and to set off amounts among such contracts, and (iii) to prosecute any legal action against any Loan Party to enforce or collect net amounts owing to such Specified Derivatives Provider by any such Person pursuant to any Specified Derivatives Contract.

**Section 11.3 Marshaling; Payments Set Aside.**

None of the Administrative Agent, any Lender or any Specified Derivatives Provider shall be under any obligation to marshal any assets in favor of any Loan Party or any other party or against or in payment of any or all of the Obligations or the Specified Derivatives Obligations. To the extent that any Loan Party makes a payment or payments to the Administrative Agent, any Lender or any Specified Derivatives Provider, or the Administrative Agent, any Lender or any Specified Derivatives Provider enforces any Lien or exercises any of

its rights of setoff, and such payment or payments or the proceeds of such enforcement or setoff or any part thereof are subsequently invalidated, declared to be fraudulent or preferential, set aside or required to be repaid to a trustee, receiver or any other party under any bankruptcy law or other Applicable Law, then to the extent of such recovery, the Obligations or Specified Derivatives Obligations, or part thereof originally intended to be satisfied, and all Liens, rights and remedies therefor, shall be revived and continued in full force and effect as if such payment had not been made or such enforcement or setoff had not occurred.

**Section 11.4 Allocation of Proceeds.**

If an Event of Default shall exist and maturity of any of the Obligations has been accelerated, or if an Event of Default specified in Section 11.1(a) and/or (b) shall exist, any amounts received on account of the Obligations or the Specified Derivatives Obligations shall be applied in the following order and priority:

(a) that portion of the Obligations constituting fees, indemnities, expenses and other amounts (including fees, charges and disbursements of counsel to the Administrative Agent) payable to the Administrative Agent (in its capacity as administrative agent);

(b) that portion of the Obligations constituting fees, indemnities, expenses and other amounts (other than principal, interest and Letter of Credit fees) payable to the Lenders and the Administrative Agent (in its capacity as the issuer of Letters of Credit);

(c) payments of interest on Swingline Loans;



(d) payments of Letter of Credit fees and interest on all other Loans and Reimbursement Obligations, pro rata in the amount then due each Lender;

(e) payments of principal of Swingline Loans;

(f) payments of principal of all other Loans, Reimbursement Obligations and other Letter of Credit Liabilities, and all Specified Derivatives Obligations then owing, pro rata in the amount then due each Lender and Specified Derivatives Provider; provided, however, to the extent that any amounts available for distribution pursuant to this subsection are attributable to the issued but undrawn amount of an outstanding Letter of Credit, such amounts shall be paid to the Administrative Agent for deposit into the Collateral Account;

(g) payment of all other Obligations and other amounts due and owing by the Loan Parties under any of the Loan Documents, if any, to be applied for the ratable benefit of the Lenders; and

(h) any amount remaining after application as provided above, shall be paid to the Borrowers or whomever else may be legally entitled thereto.

In no event shall the Administrative Agent apply any amounts so received, or any proceeds of Collateral, to the payment of Specified Derivatives Obligations if and to the extent that, with respect to the Loan Party making such payment, or owning such Collateral, such Specified Derivatives Obligations constitute Excluded Swap Obligations.

Notwithstanding the foregoing, Specified Derivatives Obligations shall be excluded from the application described above if the Administrative Agent has not received written notice thereof, together with such supporting documentation as the Administrative Agent may request, from the applicable Specified Derivatives Provider. Each Specified Derivatives Provider not a party to the Credit Agreement that has given the notice contemplated by the preceding sentence shall, by such notice, be deemed to have acknowledged and accepted the appointment of the Administrative Agent pursuant to the terms of Article XII hereof for itself and its Affiliates as if a "Lender" party hereto.

**Section 11.5 Collateral Account.**

(a) As collateral security for the prompt payment in full when due of all Letter of Credit Liabilities and the other Obligations, each Borrower hereby pledges and grants to the Administrative Agent, for the ratable benefit of the Administrative Agent and the Lenders as provided herein, a security interest in all of its right, title and interest in and to the Collateral Account and the balances from time to time in the Collateral Account (including the investments and reinvestments therein provided for below). The balances from time to time in the Collateral Account shall not constitute payment of any Letter of Credit Liabilities until applied by the Administrative Agent as provided herein. Anything in this Agreement to the contrary notwithstanding, funds held in the Collateral Account shall be subject to withdrawal only as provided in this Section.

(b) Amounts on deposit in the Collateral Account shall be invested and reinvested by the Administrative Agent in such Cash Equivalents as the Administrative Agent



shall determine in its sole discretion. All such investments and reinvestments shall be held in the name of and be under the sole dominion

and control of the Administrative Agent for the ratable benefit of itself and the Lenders. The Administrative Agent shall exercise reasonable care in the custody and preservation of any funds held in the Collateral Account and shall be deemed to have exercised such care if such funds are accorded treatment substantially equivalent to that which the Administrative Agent accords other funds deposited with the Administrative Agent, it being understood that the Administrative Agent shall not have any responsibility for taking any necessary steps to preserve rights against any parties with respect to any funds held in the Collateral Account.

(c) If a drawing pursuant to any Letter of Credit occurs on or prior to the expiration date of such Letter of Credit, the Borrowers and the Lenders authorize the Administrative Agent to use the monies deposited in the Collateral Account and proceeds thereof to make payment to the beneficiary with respect to such drawing or the payee with respect to such presentment.

(d) If an Event of Default exists, the Requisite Lenders may, in their discretion, at any time and from time to time, instruct the Administrative Agent to liquidate any such investments and reinvestments and apply proceeds thereof to the Obligations in accordance with Section 11.4.

(e) So long as no Default or Event of Default exists, and to the extent amounts on deposit in or credited to the Collateral Account exceed the aggregate amount of the Letter of Credit Liabilities then due and owing, the Administrative Agent shall, from time to time, at the request of the Parent Borrower, deliver to the Parent Borrower within 10 Business Days after the Administrative Agent's receipt of such request from the Parent Borrower, against receipt but without any recourse, warranty or representation whatsoever, such amount of the credit balances in the Collateral Account as exceeds the aggregate amount of the Letter of Credit Liabilities at such time.

(f) The Borrowers shall pay to the Administrative Agent from time to time such fees as the Administrative Agent normally charges for similar services in connection with the Administrative Agent's administration of the Collateral Account and investments and reinvestments of funds therein.

**Section 11.6 Performance by Administrative Agent.**

If any Loan Party shall fail to perform any covenant, duty or agreement contained in any of the Loan Documents, the Administrative Agent may, after notice to the Parent Borrower, perform or attempt to perform such covenant, duty or agreement on behalf of such Loan Party after the expiration of any cure or grace periods set forth herein. In such event, the Borrowers shall, at the request of the Administrative Agent, promptly pay any amount reasonably expended by the Administrative Agent in such performance or attempted performance to the Administrative Agent, together with interest thereon at the applicable Post-Default Rate from the date of such expenditure until paid. Notwithstanding the foregoing, neither the Administrative Agent nor any Lender shall have any liability or responsibility whatsoever for the performance of any obligation of the Borrowers under this Agreement or any other Loan Document.



**Section 11.7 Rights Cumulative.**

The rights and remedies of the Administrative Agent and the Lenders under this Agreement, each of the other Loan Documents shall be cumulative and not exclusive of any rights or remedies which any of them may otherwise have under Applicable Law. In exercising their respective rights and remedies the Administrative Agent and the Lenders may be selective and no failure or delay by the Administrative Agent or any of the Lenders in exercising any right shall operate as a waiver of it, nor shall any single or partial exercise of any power or right preclude its other or further exercise or the exercise of any other power or right.

## ARTICLE XII.
## THE ADMINISTRATIVE AGENT

**Section 12.1 Authorization and Action.**

Each Lender hereby appoints and authorizes the Administrative Agent to take such action as contractual representative on such Lender's behalf and to exercise such powers under this Agreement and the other Loan Documents as are specifically delegated to the Administrative Agent by the terms hereof and thereof, together with such powers as are reasonably incidental thereto.

The Administrative Agent shall also act as "collateral agent" under the Loan Documents, and each of the Lenders hereby appoints and authorizes the Administrative Agent to act as the agent of such Lender for purposes of acquiring, holding and enforcing any and all Liens on Collateral granted by any of the Loan Parties to secure any of the Obligations, together with such powers and discretion as are reasonably incidental thereto. In this connection, the Administrative Agent, as "collateral agent" and any co-agents, sub-agents and attorneys-in-fact appointed by the Administrative Agent for purposes of holding or enforcing any Lien on the Collateral (or any portion thereof) granted under the Collateral Documents, or for exercising any rights and remedies thereunder at the direction of the Administrative Agent, shall be entitled to the benefits of all provisions of this Article XII and Article XIII (as though such co-agents, sub-agents and attorneys-in-fact were the "collateral agent" under the Loan Documents) as if set forth in full herein with respect thereto.

Not in limitation of the foregoing, each Lender authorizes and directs the Administrative Agent to enter into the Loan Documents for the benefit of the Lenders. Each Lender hereby agrees that, except as otherwise set forth herein, any action taken by the Requisite Lenders in accordance with the provisions of this Agreement or the Loan Documents, and the exercise by the Requisite Lenders of the powers set forth herein or therein, together with such other powers as are reasonably incidental thereto, shall be authorized and binding upon all of the Lenders. Nothing herein shall be construed to deem the Administrative Agent a trustee or fiduciary for any Lender or to impose on the Administrative Agent duties or obligations other than those expressly provided for herein. Without limiting the generality of the foregoing, the use of the terms "Administrative Agent", "agent" and similar terms in the Loan Documents with reference to the Administrative Agent is not intended to connote any fiduciary or other implied (or express) obligations arising under agency

doctrine of any Applicable Law. Instead, use of such terms is merely a matter of market custom, and is intended to create or reflect only an



administrative relationship between independent contracting parties. At the request of a Lender, the Administrative Agent will forward to such Lender copies or, where appropriate, originals of the documents delivered to the Administrative Agent pursuant to this Agreement or the other Loan Documents. The Administrative Agent will also furnish to any Lender, upon the request of such Lender, a copy of any certificate or notice furnished to the Administrative Agent by the Parent Borrower, any other Loan Party or any other Affiliate thereof, pursuant to this Agreement or any other Loan Document not already delivered to such Lender pursuant to the terms of this Agreement or any such other Loan Document. As to any matters not expressly provided for by the Loan Documents (including, without limitation, enforcement or collection of any of the Obligations), the Administrative Agent shall not be required to exercise any discretion or take any action, but shall be required to act or to refrain from acting (and shall be fully protected in so acting or refraining from acting) upon the instructions of the Requisite Lenders (or all of the Lenders if explicitly required under any other provision of this Agreement), and such instructions shall be binding upon all Lenders and all holders of any of the Obligations; provided, however, that, notwithstanding anything in this Agreement to the contrary, the Administrative Agent shall not be required to take any action which exposes the Administrative Agent to personal liability or which is contrary to this Agreement or any other Loan Document or Applicable Law. Not in limitation of the foregoing, the Administrative Agent may exercise any right or remedy it or the Lenders may have under any Loan Document upon the occurrence of a Default or an Event of Default unless the Requisite Lenders have directed the Administrative Agent otherwise. Without limiting the foregoing, no Lender shall have any right of action whatsoever against the Administrative Agent as a result of the Administrative Agent acting or refraining from acting under this Agreement or any of the other Loan Documents in accordance with the instructions of the Requisite Lenders, or where applicable, all the Lenders.

**Section 12.2 Administrative Agent's Reliance, Etc.**

Notwithstanding any other provisions of this Agreement or any other Loan Documents, neither the Administrative Agent nor any of its directors, officers, agents, employees or counsel shall be liable for any action taken or omitted to be taken by it or them under or in connection with this Agreement or any other Loan Document, except for its or their own gross negligence or willful misconduct as determined by a court of competent jurisdiction in a final, non-appealable judgment. Without limiting the generality of the foregoing, the Administrative Agent: (a) may treat the payee of any Note as the holder thereof until the Administrative Agent receives written notice of the assignment or transfer thereof signed by such payee and in form satisfactory to the Administrative Agent; (b) may consult with legal counsel (including its own counsel or counsel for any Loan Party), independent public accountants and other experts selected by it and shall not be liable for any action taken or omitted to be taken in good faith by it in accordance with the advice of such counsel, accountants or experts; (c) makes no warranty or representation to any Lender or any other Person and shall not be responsible to any Lender or any other Person for any statements, warranties or representations made by any Person in or in connection with this Agreement or any other Loan Document; (d) shall not have any duty to ascertain or to inquire as to the performance or observance of any of the terms, covenants or conditions of any of this Agreement or any other Loan Document or the satisfaction of any conditions precedent under this Agreement or any Loan Document on the part of the Borrowers or other Persons (except for the delivery to it of any certificate or document specifically required to be delivered to it pursuant to Section 6.1) or inspect the property, books or records of any Borrower or any other



Person; (e) shall not be responsible to any Lender for the due execution, legality, validity, enforceability, genuineness, sufficiency or value of this Agreement or any other Loan Document, any other instrument or document furnished pursuant thereto or any collateral covered thereby or the perfection or priority of any Lien in favor of the Administrative Agent on behalf of the Lenders in any such collateral; and (f) shall incur no liability under or in respect of this Agreement or any other Loan Document by acting upon any notice, consent, certificate or other instrument or writing (which may be by telephone, telecopy, or electronic mail) believed by it to be genuine and signed, sent or given by the proper party or parties. The Administrative Agent may execute any of its duties under the Loan Documents by or through agents, employees or attorneys-in-fact. Unless set forth in writing to the contrary, the making of its initial Loan by a Lender shall constitute a certification by such Lender to the Administrative Agent and the other Lenders that the Borrowers have satisfied the conditions precedent for initial Loans set forth in Sections 6.1 and 6.2 that have not previously been waived by the Requisite Lenders.

**Section 12.3 Notice of Defaults.**

The Administrative Agent shall not be deemed to have knowledge or notice of the occurrence of a Default or Event of Default unless the Administrative Agent has received notice from a Lender or a Loan Party referring to this Agreement, describing with reasonable specificity such Default or Event of Default and stating that such notice is a "notice of default." If any Lender (excluding the Lender which is also serving as the Administrative Agent) becomes aware of any Default or Event of Default, it shall promptly send to the Administrative Agent such a "notice of default." Further, if the Administrative Agent receives such a "notice of default", the Administrative Agent shall give prompt notice thereof to the Lenders.

**Section 12.4 Administrative Agent as Lender.**

The Lender acting as Administrative Agent shall have the same rights and powers under this Agreement and any other Loan Document as any other Lender and may exercise the same as though it were not the Administrative Agent; and the term "Lender" or "Lenders" shall, unless otherwise expressly indicated, include the Lender then acting as Administrative Agent in each case in its

individual capacity. Such Lender and its Affiliates may each accept deposits from, maintain deposits or credit balances for, invest in, lend money to, act as trustee under indentures of, serve as financial advisor to, and generally engage in any kind of business with, any Loan Party or any other Affiliate thereof as if it were any other bank and without any duty to account therefor to the Lenders. Further, such Lender and any Affiliate may accept fees and other consideration from the Borrowers for services in connection with this Agreement, any Specified Derivatives Contract or otherwise without having to account for the same to the Lenders. The Lenders acknowledge that, pursuant to such activities, the Lender acting as Administrative Agent or its Affiliates may receive information regarding the Loan Parties, other Subsidiaries of the Loan Parties and other Affiliates thereof (including information that may be subject to confidentiality obligations in favor of such Person) and acknowledge that the Administrative Agent shall be under no obligation to provide such information to them.

**Section 12.5 [Reserved].**



**Section 12.6 Lender Credit Decision, Etc.**

Each Lender expressly acknowledges and agrees that neither the Administrative Agent nor any of its officers, directors, employees, agents, counsel, attorneys-in-fact or other Affiliates has made any representations or warranties as to the financial condition, operations, creditworthiness, solvency or other information concerning the business or affairs of any Borrower, any other Loan Party, any Subsidiary or any other Person to such Lender and that no act by the Administrative Agent hereafter taken, including any review of the affairs of the Borrower, any other Loan Party or any other Subsidiary, shall be deemed to constitute any such representation or warranty by the Administrative Agent to any Lender. Each Lender acknowledges that it has made its own credit and legal analysis and decision to enter into this Agreement and the transactions contemplated hereby, independently and without reliance upon the Administrative Agent, any other Lender or counsel to the Administrative Agent, or any of their respective officers, directors, employees and agents, and based on the financial statements of the Borrowers, the Subsidiaries or any other Affiliate thereof, and inquiries of such Persons, its independent due diligence of the business and affairs of the Borrowers, the other Loan Parties, the Subsidiaries and other Persons, its review of the Loan Documents, the advice of its own counsel and such other documents and information as it has deemed appropriate. Each Lender also acknowledges that it will, independently and without reliance upon the Administrative Agent, any other Lender or counsel to the Administrative Agent or any of their respective officers, directors, employees and agents, and based on such review, advice, documents and information as it shall deem appropriate at the time, continue to make its own decisions in taking or not taking action under the Loan Documents. The Administrative Agent shall not be required to keep itself informed as to the performance or observance by any Borrower or any other Loan Party of the Loan Documents or any other document referred to or provided for therein or to inspect the properties or books of, or make any other investigation of, any Borrower, any other Loan Party or any other Person. Except for notices, reports and other documents and information expressly required to be furnished to the Lenders by the Administrative Agent under this Agreement or any of the other Loan Documents, the Administrative Agent shall have no duty or responsibility to provide any Lender with any credit or other information concerning the business, operations, property, financial and other condition or creditworthiness of any Borrower, any other Loan Party or any other Affiliate thereof which may come into possession of the Administrative Agent, or any of its officers, directors, employees, agents, attorneys-in-fact or other Affiliates. Each Lender acknowledges that the Administrative Agent's legal counsel in connection with the transactions contemplated by this Agreement is only acting as counsel to the Administrative Agent and is not acting as counsel to such Lender.

**Section 12.7 Indemnification of Administrative Agent.**

Each Lender agrees to indemnify the Administrative Agent (to the extent not reimbursed by the Borrowers and without limiting the obligation of the Borrowers to do so) pro rata in accordance with such Lender's respective Commitment Percentage, from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, reasonable out-of-pocket costs and expenses, or disbursements of any kind or nature whatsoever which may at any time be imposed on, incurred by, or asserted against the Administrative Agent (in its capacity as Administrative Agent but not as a Lender) in any way relating to or arising out of the Loan Documents, any transaction contemplated hereby or thereby or any action taken or omitted by the Administrative Agent under the Loan Documents (collectively, "Indemnifiable Amounts"); provided, however, that no Lender shall be liable for any portion of such Indemnifiable Amounts



to the extent resulting from the Administrative Agent's gross negligence or willful misconduct as determined by a court of competent jurisdiction in a final, non-appealable judgment or if the Administrative Agent fails to follow the written direction of the Requisite Lenders (or all of the Lenders if expressly required hereunder) unless such failure results from the Administrative Agent following the advice of counsel to the Administrative Agent of which advice the Lenders have received notice. Without limiting the generality of the foregoing but subject to the preceding proviso, each Lender agrees to reimburse the Administrative Agent (to the extent not reimbursed by the Borrowers and without limiting the obligation of the Borrowers to do so), promptly upon demand for its ratable share of any out-of-pocket expenses (including counsel fees of the counsel(s) of the Administrative Agent's own choosing) incurred by the Administrative Agent in connection with the preparation, negotiation, execution, administration, or enforcement of, or legal advice with respect to the rights or responsibilities of the parties under, the Loan Documents, any suit or action brought by the Administrative Agent to enforce the terms of the Loan Documents and/or collect any Obligations, any "lender liability" suit or claim brought against the Administrative Agent and/or the Lenders, and any claim or suit brought against the Administrative Agent, and/or the Lenders arising under any Environmental Laws. Such out-of-pocket expenses (including counsel fees) shall be advanced by the Lenders on the request of the Administrative Agent notwithstanding any claim or assertion that the Administrative Agent is not entitled to indemnification hereunder upon receipt of an undertaking by the Administrative Agent that the Administrative Agent will reimburse the Lenders if it is actually and finally determined by a court of competent jurisdiction that the Administrative Agent is not so entitled to indemnification. The agreements in this

Section shall survive the payment of the Loans and all other amounts payable hereunder or under the other Loan Documents and the termination of this Agreement. If the Borrowers shall reimburse the Administrative Agent for any Indemnifiable Amount following payment by any Lender to the Administrative Agent in respect of such Indemnifiable Amount pursuant to this Section, the Administrative Agent shall share such reimbursement on a ratable basis with each Lender making any such payment.

**Section 12.8 Resignation or Removal of Administrative Agent.**

(a) The Administrative Agent may at any time give notice of its resignation to the Lenders and the Parent Borrower. Upon receipt of any such notice of resignation, the Requisite Lenders shall have the right, in consultation with the Parent Borrower, to appoint a successor. If no such successor shall have been so appointed by the Requisite Lenders and shall have accepted such appointment within 30 days after the retiring Administrative Agent gives notice of its resignation (or such earlier day as shall be agreed by the Requisite Lenders) (the "Resignation Effective Date"), then the retiring Administrative Agent may (but shall not be obligated to), on behalf of the Lenders, appoint a successor Administrative Agent meeting the qualifications set forth above. Whether or not a successor has been appointed, such resignation shall become effective in accordance with such notice on the Resignation Effective Date.

(b) If the Person serving as Administrative Agent (i) is a Defaulting Lender pursuant to clause (d) of the definition thereof, or (ii) is also the administrative agent under the Senior Unsecured Term Loan Agreement when an Event of Default under any of Sections 11.1(a), (b), (f) or (g), or any other Event of Default that results in the acceleration of the Obligations (or the Requisite Lenders directing the Administrative Agent to accelerate the



Obligations) pursuant to Section 11.2(a), has occurred and is continuing, the Requisite Lenders (excluding for this purpose the Lender that is the Administrative Agent) may, to the extent permitted by applicable law, by notice in writing to the Parent Borrower and such Person (a "Removal Notice") remove such Person as Administrative Agent and, in consultation with the Parent Borrower, appoint a successor. In the event that any such Removal Notice is given to the Person then serving as Administrative Agent as a result of the circumstances described in clause (b)(ii) above, the Administrative Agent shall have 45 days to resign as administrative agent under the Senior Unsecured Term Loan Agreement (and the Removal Effective Date shall not occur during such period), and if such Person has so resigned within such 45 days, the Removal Notice given pursuant to clause (b)(ii) above shall be deemed withdrawn and null and void. If no such successor shall have been so appointed by the Requisite Lenders and shall have accepted such appointment within 50 days (the "Removal Effective Date"), then such removal shall nonetheless become effective in accordance with such notice on the Removal Effective Date.

(c) With effect from the Resignation Effective Date or the Removal Effective Date (as applicable) (1) the retiring or removed Administrative Agent shall be discharged from its duties and obligations hereunder and under the other Loan Documents (except that in the case of any collateral security held by the Administrative Agent on behalf of the Lenders or the Administrative Agent (in its capacity as issuer of the Letters of Credit) under any of the Loan Documents, the retiring or removed Administrative Agent shall continue to hold such collateral security until such time as a successor Administrative Agent is appointed) and (2) except for any indemnity payments owed to the retiring or removed Administrative Agent, all payments, communications and determinations provided to be made by, to or through the Administrative Agent shall instead be made by or to each Lender and the Administrative Agent (in its capacity as issuer of the Letters of Credit) directly, until such time, if any, as the Requisite Lenders appoint a successor Administrative Agent as provided for above. Upon the acceptance of a successor's appointment as Administrative Agent hereunder, such successor shall succeed to and become vested with all of the rights, powers, privileges and duties of the retiring or removed Administrative Agent (other than any rights to indemnity payments owed to the retiring or removed Administrative Agent), and the retiring or removed Administrative Agent shall be discharged from all of its duties and obligations hereunder or under the other Loan Documents. The fees payable by the Borrowers to a successor Administrative Agent shall be the same as those payable to its predecessor unless otherwise agreed between the Borrowers and such successor. After the retiring or removed Administrative Agent's resignation or removal hereunder and under the other Loan Documents, the provisions of this Article and Sections 13.2 and 13.9 shall continue in effect for the benefit of such retiring or removed Administrative Agent, its sub-agents and their respective related Indemnified Parties in respect of any actions taken or omitted to be taken by any of them while the retiring or removed Administrative Agent was acting as Administrative Agent.

**Section 12.9 Titled Agent.**

The Titled Agents, in such capacities, assume no responsibility or obligation hereunder, including, without limitation, for servicing, enforcement or collection of any of the Loans, or for any duties as an agent hereunder for the Lenders. The titles of "Lead Arranger" and "Bookrunner" and "Co-Syndication Agent" are solely honorific and imply no fiduciary responsibility on the part of the Titled Agents to the Administrative Agent, any Borrower or any



Lender and the use of such title does not impose on the Titled Agents any duties or obligations greater than those of any other Lender or entitle the Titled Agents to any rights other than those to which any other Lender is entitled.

**Section 12.10 Collateral Matters.**

Each of the Lenders irrevocably authorizes the Administrative Agent, at its option and in its discretion, to take any of the following actions:

(a) to release any Lien on any property granted to or held by the Administrative Agent under any Loan Document (i) upon termination of the Commitments and payment in full of all Obligations (other than contingent indemnification obligations) and the expiration or termination of all Letters of Credit (other than Letters of Credit as to which other arrangements satisfactory to the Administrative Agent have been made), (ii) if, with respect to any such release of a Lien on the Equity Interests of a Subsidiary Borrower, such Subsidiary Borrower has ceased to be a Borrower and has been released from its Obligations under the Loan Documents pursuant to Section 5.2(c), (iii) if approved, authorized or ratified in writing in accordance with Section 13.6, or (iv) in connection with the Collateral Fallaway; and

(b) to subordinate any Lien on any property (excluding, for the avoidance of doubt, any Collateral) granted to or held by the Administrative Agent under any Loan Document to the holder of any Lien on such property, to the extent such holder is permitted by Section 10.3 to have a more senior Lien.

Upon request by the Administrative Agent at any time, the Requisite Lenders will confirm in writing the Administrative Agent's authority to release or subordinate its interest in particular types or items of property pursuant to this Section 12.10. In each case as specified in this Section 12.10, the Administrative Agent will, at the Borrowers' expense, execute and deliver to the applicable Loan Party such documents as such Loan Party may reasonably request to evidence the release of such item of Collateral from the assignment and security interest granted under the Collateral Documents or to subordinate its interest in such item, in each case in accordance with the terms of the Loan Documents and this Section 12.10.

**Section 12.11 Rights of Specified Derivatives Providers.**

No Specified Derivatives Provider that obtains the benefits of Section 11.4, the Guaranty, or any Collateral by virtue of the provisions hereof or of the Guaranty or any Collateral Document shall have any right to notice of any action or to consent to, direct or object to any action hereunder or under any other Loan Document or otherwise in respect of the Collateral (including the release or impairment of any Collateral) other than in its capacity as a Lender and, in such case, only to the extent expressly provided in the Loan Documents. Notwithstanding any other provision of this Article XII to the contrary, the Administrative Agent shall not be required to verify the payment of, or that other satisfactory arrangements have been made with respect to, Specified Derivatives Obligations unless the Administrative Agent has received written notice of such Specified Derivatives Obligations, together with such supporting documentation as the Administrative Agent may request, from the applicable Specified Derivatives Provider. The Administrative Agent shall not be required to verify the payment of, or that other satisfactory



arrangements have been made with respect to, Specified Derivatives Obligations as a condition to releasing Liens pursuant to Section 12.10(a).

## ARTICLE XIII.
## MISCELLANEOUS

**Section 13.1 Notices.**

Unless otherwise provided herein, communications provided for hereunder shall be in writing and shall be mailed, telecopied or delivered as follows:

| | |
|---|---|
| If to a Loan Party: | 5200 DTC Parkway, Suite 200<br>Greenwood Village, CO 80111<br>Attn: Tamara D. Fischer, Chief Financial Officer<br>Telephone: (303) 768-8191<br>Telecopy: (303) 705-8021 |
| with a copy to: | Clifford Chance US LLP<br>31 West 52nd Street<br>New York, NY 10019<br>Attn: Thomas Schulte, Esq.<br>Telephone: (212) 878-8403<br>Telecopy: (212) 878-8375 |
| If to the Administrative Agent: | KeyBank National Association<br>127 Public Square<br>Cleveland, Ohio<br>Attn: Real Estate Capital<br>Telephone: (216) 689-5984<br>Telecopy: (216) 689-5819 |
| | with a copy to: |
| | KeyBank National Association<br>127 Public Square<br>Cleveland, Ohio |

Attn: Timothy Sylvain
Telephone: (216) 689-5433
Telecopy: (216) 689-5819

and a copy to:

KeyBank National Association
127 Public Square
Cleveland, Ohio
Attn: Michael Szuba



Telephone: (216) 689-5984
Telecopy: (216) 689-5819

If to the Administrative Agent under Article II: KeyBank National Association
127 Public Square
Cleveland, Ohio
Attn: Real Estate Capital
Telephone: (216) 689-5984
Telecopy: (216) 689-5819

If to a Lender: To such Lender's address or telecopy number, as applicable, set forth in its Administrative Questionnaire;

or, as to each party at such other address as shall be designated by such party in a written notice to the other parties delivered in compliance with this Section; provided, a Lender shall only be required to give notice of any such other address to the Administrative Agent and the Parent Borrower. All such notices and other communications shall be effective (i) if mailed, when received; (ii) if sent by electronic means (whether by electronic mail, facsimile or otherwise), when transmitted; or (iii) if hand delivered or sent by overnight courier, when delivered. Notwithstanding the immediately preceding sentence, all notices or communications to the Administrative Agent or any Lender under Article II shall be effective only when actually received. Neither the Administrative Agent nor any Lender shall incur any liability to any Loan Party (nor shall the Administrative Agent incur any liability to the Lenders) for acting upon any telephonic notice referred to in this Agreement which the Administrative Agent or such Lender, as the case may be, believes in good faith to have been given by a Person authorized to deliver such notice or for otherwise acting in good faith hereunder. Failure of a Person designated to get a copy of a notice to receive such copy shall not affect the validity of notice properly given to any other Person.

**Section 13.2 Expenses.**

Each Borrower agrees (a) to pay or reimburse the Administrative Agent for all of its reasonable and documented out-of-pocket costs and expenses incurred in connection with the preparation, negotiation and execution of, and any amendment, supplement or modification to, any of the Loan Documents (including due diligence expenses and travel expenses relating to closing), and the consummation of the transactions contemplated thereby, including the reasonable and documented fees and disbursements of outside counsel to the Administrative Agent and costs and expenses in connection with the use of IntraLinks, Inc., SyndTrak or other similar information transmission systems in connection with the Loan Documents, (b) to pay or reimburse the Administrative Agent and the Lenders for all their reasonable and documented costs and expenses incurred in connection with the enforcement or preservation of any rights under the Loan Documents, including the reasonable and documented fees and disbursements of their respective counsel and any payments in indemnification or otherwise payable by the Lenders to the Administrative Agent pursuant to the Loan Documents, (c) to pay, and indemnify and hold harmless the Administrative Agent and the Lenders from, any and all recording and



filing fees and any and all liabilities with respect to, or resulting from any failure to pay or delay in paying, documentary, stamp, excise and other similar taxes, if any, which may be payable or determined to be payable in connection with the execution and delivery of any of the Loan Documents, or consummation of any amendment, supplement or modification of, or any waiver or consent under or in respect of, any Loan Document and (d) to the extent not already covered by any of the preceding subsections, to pay the reasonable and documented fees and disbursements of counsel to the Administrative Agent and any Lender incurred in connection with the representation of the Administrative Agent or such Lender in any matter relating to or arising out of any bankruptcy or other proceeding of the type described in Section 11.1(f) or 11.1(g), including, without limitation (i) any motion for relief from any stay or similar order, (ii) the negotiation, preparation, execution and delivery of any document relating to the Obligations and (iii) the negotiation and preparation of any debtor-in-possession financing or any plan of reorganization of any Borrower or any other Loan Party, whether proposed by such Borrower, such other Loan Party, the Lenders or any other Person, and whether such fees and expenses are incurred prior to, during or after the commencement of such proceeding or the confirmation or conclusion of any such proceeding. If the Borrowers shall fail to pay any amounts required to be paid by it pursuant to this Section within 15 days after invoiced or demand therefor, the Administrative Agent and/or the Lenders may pay such amounts on behalf of the Borrowers and either deem the same to be Loans outstanding hereunder or otherwise Obligations owing hereunder.

**Section 13.3 Setoff.**

Subject to Section 3.3 and in addition to any rights now or hereafter granted under Applicable Law and not by way of limitation of any such rights, each Borrower hereby authorizes the Administrative Agent, each Lender, and each Affiliate of the Administrative Agent or any Lender, at any time while an Event of Default exists, without prior notice to such Borrower or to any other Person, any such notice being hereby expressly waived, but in the case of a Lender or an Affiliate of a Lender subject to receipt of the prior written consent of the Administrative Agent and the Requisite Lenders exercised in their sole discretion, to set off and to appropriate and to apply any and all deposits (general or special, including, but not limited to, indebtedness evidenced by certificates of deposit, whether matured or unmatured) and any other indebtedness at any time held or owing by the Administrative Agent, such Lender or any such Affiliate of the Administrative Agent or such Lender, to or for the credit or the account of the Borrowers against and on account of any of the Obligations, irrespective of whether or not any or all of the Loans and all other Obligations have been declared to be, or have otherwise become, due and payable as permitted by Section 11.2, and although such Obligations shall be contingent or unmatured.

**Section 13.4 Litigation; Jurisdiction; Other Matters; Waivers.**

(a) EACH PARTY HERETO ACKNOWLEDGES THAT ANY DISPUTE OR CONTROVERSY BETWEEN OR AMONG ANY OF SUCH PARTIES WOULD BE BASED ON DIFFICULT AND COMPLEX ISSUES OF LAW AND FACT AND WOULD RESULT IN DELAY AND EXPENSE TO THE PARTIES. ACCORDINGLY, TO THE EXTENT PERMITTED BY APPLICABLE LAW, EACH PARTY HERETO HEREBY WAIVES ITS RIGHT TO A TRIAL BY JURY IN ANY ACTION OR PROCEEDING OF ANY KIND OR



NATURE IN ANY COURT OR TRIBUNAL IN WHICH AN ACTION MAY BE COMMENCED BY OR AGAINST ANY PARTY HERETO ARISING OUT OF THIS AGREEMENT, THE NOTES, OR ANY OTHER LOAN DOCUMENT OR BY REASON OF ANY OTHER SUIT, CAUSE OF ACTION OR DISPUTE WHATSOEVER BETWEEN OR AMONG ANY OF THE PARTIES HERETO OF ANY KIND OR NATURE RELATING TO ANY OF THE LOAN DOCUMENTS.

(b) EACH PARTY HERETO HEREBY AGREES THAT ANY FEDERAL DISTRICT COURT AND ANY STATE COURT LOCATED IN NEW YORK, NEW YORK, IN THE BOROUGH OF MANHATTAN, SHALL HAVE JURISDICTION TO HEAR AND DETERMINE ANY CLAIMS OR DISPUTES BETWEEN OR AMONG ANY OF THE PARTIES HERETO, PERTAINING DIRECTLY OR INDIRECTLY TO THIS AGREEMENT, THE LOANS AND LETTERS OF CREDIT, THE NOTES OR ANY OTHER LOAN DOCUMENT OR TO ANY MATTER ARISING HEREFROM OR THEREFROM. EACH PARTY HERETO EXPRESSLY SUBMITS AND CONSENTS IN ADVANCE TO SUCH JURISDICTION IN ANY ACTION OR PROCEEDING COMMENCED IN SUCH COURTS WITH RESPECT TO SUCH CLAIMS OR DISPUTES. EACH PARTY HERETO FURTHER WAIVES ANY OBJECTION THAT IT MAY NOW OR HEREAFTER HAVE TO THE VENUE OF ANY SUCH ACTION OR PROCEEDING IN ANY SUCH COURT OR THAT SUCH ACTION OR PROCEEDING WAS BROUGHT IN AN INCONVENIENT FORUM, AND EACH AGREES NOT TO PLEAD OR CLAIM THE SAME. THE CHOICE OF FORUM SET FORTH IN THIS SECTION SHALL NOT BE DEEMED TO PRECLUDE THE BRINGING OF ANY ACTION BY ANY PARTY OR THE ENFORCEMENT BY ANY PARTY OF ANY JUDGMENT OBTAINED IN SUCH FORUM IN ANY OTHER APPROPRIATE JURISDICTION.

(c) THE PROVISIONS OF THIS SECTION HAVE BEEN CONSIDERED BY EACH PARTY WITH THE ADVICE OF COUNSEL AND WITH A FULL UNDERSTANDING OF THE LEGAL CONSEQUENCES THEREOF, AND SHALL SURVIVE THE PAYMENT OF THE LOANS AND ALL OTHER AMOUNTS PAYABLE HEREUNDER OR UNDER THE OTHER LOAN DOCUMENTS, THE TERMINATION OR EXPIRATION OF ALL LETTERS OF CREDIT AND THE TERMINATION OF THIS AGREEMENT.

**Section 13.5 Successors and Assigns.**

(a) Successors and Assigns Generally. The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby, except that no Loan Party may assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of the Administrative Agent and each Lender, and no Lender may assign or otherwise transfer any of its rights or obligations hereunder except (i) to an assignee in accordance with the provisions of subsection (b) below, (ii) by way of participation in accordance with the provisions of subsection (d) below or (iii) by way of pledge or assignment of a security interest subject to the restrictions of subsection (f) below (and any other attempted assignment or transfer by any party hereto shall be null and void). Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby,



Participants to the extent provided in subsection (d) below and, to the extent expressly contemplated hereby, the Affiliates and the partners, directors, officers, employees, agents and advisors of the Administrative Agent and the Lenders and of their respective Affiliates) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) Assignments by Lenders. Any Lender may at any time assign to one or more assignees all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitments and the Loans at the time owing to it); provided that (in each case with respect to any Facility) any such assignment shall be subject to the following conditions:

(i) Minimum Amounts.

(A) in the case of an assignment of the entire remaining amount of the assigning Lender's Commitment and/or the Loans at the time owing to it (in each case with respect to any Facility), or contemporaneous assignments to related Approved Funds that equal at least the amount specified in subsection (b)(i)(B) below in the aggregate, or in the case of an assignment to a Lender, an Affiliate of a Lender or an Approved Fund, no minimum amount need be assigned; and

(B) in any case not described in subsection (b)(i)(A) above, the aggregate amount of the Commitment (which for this purpose includes Loans outstanding thereunder) or, if the applicable Commitment is not then in effect, the outstanding principal balance of the Loans of the assigning Lender subject to each such assignment (determined as of the date the Assignment and Acceptance Agreement with respect to such assignment is delivered to the Administrative Agent or, if "Trade Date" is specified in the Assignment and Acceptance Agreement, as of the Trade Date) shall not be less than $5,000,000 in the case of any assignment in respect of the Revolving Credit Facility, or $1,000,000 in the case of any assignment in respect of the Term Loan Facility, unless each of the Administrative Agent and, so long as no Default or Event of Default shall exist, the Parent Borrower otherwise consents (each such consent not to be unreasonably withheld or delayed).

(ii) Proportionate Amounts. Each partial assignment shall be made as an assignment of a proportionate part of all the assigning Lender's rights and obligations under this Agreement with respect to the Loan or Commitment assigned, except that this subsection (b)(ii) shall not prohibit any Lender from assigning all or a portion of its rights and obligations among separate Facilities on a non-pro rata basis.

(iii) Required Consents. No consent shall be required for any assignment except to the extent required by subsection (b)(i)(B) above and, in addition:



(A) the consent of the Parent Borrower (such consent not to be unreasonably withheld or delayed) shall be required unless (x) a Default or Event of Default shall exist at the time of such assignment or (y) such assignment is to a Lender, an Affiliate of a Lender or an Approved Fund; provided, that the Parent Borrower shall be deemed to have consented to any such assignment unless it shall object thereto by written notice to the Administrative Agent within five Business Days after having received notice thereof;

(B) the consent of the Administrative Agent (such consent not to be unreasonably withheld or delayed) shall be required for any assignment in respect of any Term Loans to a Person who is not a Lender, an Affiliate of a Lender or an Approved Fund; and

(C) the consent of the Administrative Agent and the Swingline Lender shall be required for any assignment in respect of the Revolving Commitments or Revolving Loans.

(iv) Assignment and Acceptance Agreements. The parties to each assignment shall execute and deliver to the Administrative Agent an Assignment and Acceptance Agreement, together with a processing and recordation fee of $3,500; provided, that the Administrative Agent may, in its sole discretion, elect to waive such processing and recordation fee in the case of any assignment. The assignee, if it is not a Lender, shall deliver to the Administrative Agent an Administrative Questionnaire.

(v) No Assignment to Certain Persons. No such assignment shall be made to (A) any Loan Party or its Affiliates or Subsidiaries or (B) to any Defaulting Lender or any of its Subsidiaries, or any Person who, upon becoming a Lender hereunder, would constitute any of the foregoing persons described in this clause (B).

(vi) No Assignment to Natural Persons. No such assignment shall be made to a natural person.

(vii) Certain Additional Payments. In connection with any assignment of rights and obligations of any Defaulting Lender hereunder, no such assignment shall be effective unless and until, in addition to the other conditions thereto set forth herein, the parties to the assignment shall make such additional payments to the Administrative Agent in an aggregate amount sufficient, upon distribution thereof as appropriate (which may be outright payment, purchases by the assignee of participations or subparticipations, or other compensating actions, including funding, with the consent of the Parent Borrower and the Administrative Agent, the applicable pro rata share of Loans previously requested but not funded by the Defaulting Lender, to each of which the applicable assignee and assignor hereby irrevocably consent), to (A) pay and satisfy in full all payment liabilities then owed by such Defaulting Lender to the Administrative Agent, the Swingline



Lender and each other Lender hereunder (and interest accrued thereon), and (B) acquire (and fund as appropriate) its full pro rata share of all Loans and participations in Letters of Credit and Swingline Loans. Notwithstanding the foregoing, in the event that any assignment of rights and obligations of any Defaulting Lender hereunder shall become effective under applicable law without compliance with the provisions of this paragraph, then the assignee of such interest shall be

deemed to be a Defaulting Lender for all purposes of this Agreement until such compliance occurs.

Subject to acceptance and recording thereof by the Administrative Agent pursuant to subsection (c) below, from and after the effective date specified in each Assignment and Acceptance Agreement, the assignee thereunder shall be a party to this Agreement and, to the extent of the interest assigned by such Assignment and Acceptance Agreement, have the rights and obligations of a Lender under this Agreement, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Acceptance Agreement, be released from its obligations under this Agreement (and, in the case of an Assignment and Acceptance Agreement covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto) but shall continue to be entitled to the benefits of Sections 4.4, 13.2 and 13.9 and the other provisions of this Agreement and the other Loan Documents as provided in Section 13.10 with respect to facts and circumstances occurring prior to the effective date of such assignment; provided, that except to the extent otherwise expressly agreed by the affected parties, no assignment by a Defaulting Lender will constitute a waiver or release of any claim of any party hereunder arising from that Lender's having been a Defaulting Lender. Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this paragraph shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with subsection (d) below.

(c) Register. The Administrative Agent, acting solely for this purpose as an agent of the Borrowers, shall maintain at the Principal Office a copy of each Assignment and Acceptance Agreement delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Commitments of, and principal amounts (and stated interest) of the Loans owing to, each Lender pursuant to the terms hereof from time to time (the "Register"). The entries in the Register shall be conclusive absent manifest error, and the Borrowers, the Administrative Agent and the Lenders shall treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement. The Register shall be available for inspection by the Borrowers and any Lender, at any reasonable time and from time to time upon reasonable prior notice.

(d) Participations. Any Lender may at any time, without the consent of the Borrowers, the Administrative Agent or the Swingline Lender (but with notice to the Administrative Agent), sell participations to any Person (other than to a natural person or to a Loan Party or its Affiliates or Subsidiaries) (each, a "Participant") in all or a portion of such Lender's rights and/or obligations under this Agreement (including all or a portion of its Commitment and/or the Loans owing to it); provided that (i) such Lender's obligations under this Agreement shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations and (iii) the Loan Parties, the



Administrative Agent and the Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement.

Any agreement or instrument pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and to approve any amendment, modification or waiver of any provision of this Agreement; provided that such agreement or instrument may provide that such Lender will not, without the consent of the Participant, agree to (x) increase such Lender's Commitment, (y) extend the date fixed for the payment of principal on the Loans or portions thereof owing to such Lender or (z) reduce the rate at which interest is payable thereon. Each Borrower agrees that each Participant shall be entitled to the benefits of Sections 3.12, 4.1, 4.4 (subject to the requirements and limitations therein, including the requirements under Section 3.12 (it being understood that the documentation required under Section 3.12 shall be delivered to the participating Lender)) to the same extent as if it were the Lender it purchased such participation from and had acquired its interest by assignment pursuant to subsection (b) above; provided, that such Participant (A) agrees to be subject to the provisions of Sections 4.5 and 4.7 as if it were an assignee under subsection (b) above; and (B) shall not be entitled to receive any greater payment under Section 3.12 or 4.1, with respect to any participation, than its participating Lender would have been entitled to receive, except to the extent such entitlement to receive a greater payment results from a Regulatory Change that occurs after the Participant acquired the applicable participation. Each Lender that sells a participation agrees, at the Parent Borrower's request and the expense of the Borrowers, to use reasonable efforts to cooperate with the Parent Borrower to effectuate the provisions of Section 4.5 with respect to any Participant. To the extent permitted by Applicable Law, each Participant also shall be entitled to the benefits of Section 13.3 as though it were a Lender, provided such Participant agrees to be subject to Section 3.3 as though it were a Lender. Each Lender that sells a participation shall, acting solely for this purpose as a non-fiduciary agent of the Borrowers, maintain a register on which it enters the name and address of each Participant and the principal amounts (and stated interest) of each Participant's interest in the Loans or other obligations under the Loan Documents (the "Participant Register"); provided that no Lender shall have any obligation to disclose all or any portion of the Participant Register (including the identity of any Participant or any information relating to a Participant's interest in any commitments, loans, letters of credit or its other obligations under any Loan Document) to any Person other than the Administrative Agent except to the extent that such disclosure is necessary to establish that such commitment, loan, letter of credit or other obligation is in registered form under Section 5f.103-1(c) of the United States Treasury Regulations. The entries in the Participant Register shall be conclusive absent manifest error, and such Lender shall treat each Person whose name is recorded in the Participant Register as the owner of such participation for all purposes of this Agreement notwithstanding any notice to the contrary. For the avoidance of doubt, the Administrative Agent (in its capacity as Administrative Agent) shall have no responsibility for maintaining a Participant Register.

(e) Certain Pledges. Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement to secure obligations of such Lender, including any pledge or assignment to secure obligations to a Federal Reserve Bank; provided that no such pledge or assignment shall release such Lender from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto.

**Section 13.6 Amendments.**

(a) Except as otherwise expressly provided in this Agreement (including as provided in Section 2.16 with respect to an Incremental Term Loan Amendment and Section 13.19(b)), any consent or approval required or permitted by this Agreement or any other Loan Document (other than the Fee Letter) to be given by the Lenders may be given, and any term of this Agreement or of any other Loan Document may be amended, and the performance or observance by any Loan Party of any terms of this Agreement or such other Loan Document or the continuance of any Default or Event of Default may be waived (either generally or in a particular instance and either retroactively or prospectively) with, but only with, the written consent of the Requisite Lenders (or the Administrative Agent at the written direction of the Requisite Lenders) and, in the case of an amendment to any Loan Document, the written consent of each Loan Party that is a party thereto. Any term of the Fee Letter may be amended, and the performance or observance by the Borrower of any terms of the Fee Letter may be waived (either generally or in a particular instance and either retroactively or prospectively) with, but only with, the written consent of the parties thereto.

(b) Notwithstanding the foregoing, no amendment (including any Incremental Term Loan Amendment), waiver or consent shall do any of the following:

(i) extend or increase the Commitments of any Lender, without the prior written consent of such Lender;

(ii) reduce the principal of, or the rates of interest that will be charged on the outstanding principal amount of, any Loans or other Obligations, or any fees or other amounts payable under any Loan Document, without the prior written consent of each Lender adversely affected thereby; provided, however, that only the consent of the Requisite Lenders shall be necessary (A) to amend the definition of "Post-Default Rate" or to waive any obligation of the Borrowers to pay interest at the Post-Default Rate or (B) to amend any financial covenant hereunder (or any defined term used therein) even if the effect of such amendment would be to reduce the rate of interest on any Loan or other Obligation or to reduce any fee payable hereunder;

(iii) except in accordance with Section 2.14, modify the definition of the term "Termination Date" or otherwise postpone any date fixed for any payment of any principal of, or interest on, any Loans or any other Obligations or any fee or other amount payable under any Loan Document (including the waiver of any Default or Event of Default as a result of the nonpayment of any such Obligations as and when due), or extend the expiration date of any Letter of Credit beyond the Termination Date, in each case without the prior written consent of each Lender adversely affected thereby;

(iv) amend or otherwise modify the provisions of Section 3.2 or the definition of the term "Commitment Percentage", without the prior written consent of each Lender adversely affected thereby;



(v) modify the definition of the term "Requisite Lenders" or otherwise modify in any other manner the number or percentage of the Lenders required to make any determinations or waive any rights hereunder or to modify any provision hereof, including without limitation, any modification of this Section 13.6 if such modification would have such effect, without the prior written consent of each Lender adversely affected thereby (it being understood that, solely with the consent of the parties to an Incremental Term Loan Amendment, Incremental Term Loans may be included in the determination of Requisite Lenders on substantially the same basis as the Commitments and the Loans are included on the Effective Date);

(vi) release either of the Guarantors from its obligations under the Guaranty, without the prior written consent of each Lender;

(vii) release all or substantially all of the Collateral in any transaction or series of related transactions (except in connection with the Collateral Fallaway), or modify Section 13.19 in a manner that makes the conditions to effectiveness of the Collateral Fallaway more favorable to the Loan Parties, in each case without the prior written consent of each Lender; or

(viii) amend or otherwise modify the provisions of Section 2.15, without the prior written consent of each Lender adversely affected thereby.

(c) No amendment, waiver or consent, unless in writing and signed by the Administrative Agent, in such capacity, in addition to the Lenders required hereinabove to take such action, shall affect the rights or duties of the Administrative Agent (including in its capacity as the issuer of Letters of Credit) under this Agreement or any of the other Loan Documents. Any amendment, waiver or consent relating to Section 2.3 or the obligations of the Swingline Lender under this Agreement or any other Loan Document shall, in addition to the Lenders required hereinabove to take such action, require the written consent of the Swingline Lender. Any amendment, waiver or consent with respect to any Loan Document that (i) diminishes the rights of a Specified Derivatives Provider in a manner or to an extent dissimilar to that affecting the Lenders or (ii) increases the liabilities or obligations of a Specified Derivatives Provider shall, in addition to the Lenders required hereinabove to take such action, require the consent of the Lender that is (or having an Affiliate that is) such Specified Derivatives Provider.

(d) No waiver shall extend to or affect any obligation not expressly waived or impair any right consequent thereon and any amendment, waiver or consent shall be effective only in the specific instance and for the specific purpose set forth therein. Except as otherwise provided in Section 12.5, no course of dealing or delay or omission on the part of the Administrative Agent or any Lender in

exercising any right shall operate as a waiver thereof or otherwise be prejudicial thereto. Any Event of Default occurring hereunder shall continue to exist until such time as such Event of Default is waived in writing in accordance with the terms of this Section, notwithstanding any attempted cure or other action by the Borrowers, any other Loan Party or any other Person subsequent to the occurrence of such Event of Default. Except as otherwise explicitly provided for herein or in any other Loan Document, no notice to or demand



upon the Borrowers shall entitle the Borrowers to any other or further notice or demand in similar or other circumstances.

**Section 13.7 Nonliability of Administrative Agent and Lenders.**

The relationship between the Borrowers, on the one hand, and the Lenders and the Administrative Agent, on the other hand, shall be solely that of borrower and lender. Neither the Administrative Agent nor any Lender shall have any fiduciary responsibilities to the Borrowers or any other Loan Party and no provision in this Agreement or in any of the other Loan Documents, and no course of dealing between or among any of the parties hereto, shall be deemed to create any fiduciary duty owing by the Administrative Agent or any Lender to any Lender, the Borrowers, any Subsidiary or any other Loan Party. Neither the Administrative Agent nor any Lender undertakes any responsibility to the Borrowers to review or inform the Borrowers of any matter in connection with any phase of the Borrowers' business or operations. In connection with all aspects of each transaction contemplated hereby, each Borrower and each other Loan Party acknowledges and agrees, and acknowledges its Affiliates' understanding, that (a) the credit facilities provided for hereunder and any related arranging or other services in connection therewith (including in connection with any amendment, waiver or other modification hereof or of any other Loan Document) are an arm's-length commercial transaction between the Borrowers, each other Loan Party and their respective Affiliates, on the one hand, and the Administrative Agent and the Lenders, on the other hand; (b) neither the Administrative Agent nor any Lender has assumed or will assume any advisory, agency or fiduciary responsibility in favor of any Borrower or any other Loan Party with respect to any of the transactions contemplated hereby or the process leading hereto (irrespective of whether the Administrative Agent, any Lender or any of their respective Affiliates has advised or is currently advising any Borrower, any other Loan Party or any of their respective Affiliates on other matters) and neither the Administrative Agent nor any Lender has any obligation to any Borrower, any other Loan Party or any of their respective Affiliates with respect to the transactions contemplated hereby except those obligations expressly set forth herein and in the other Loan Documents; and (c) the Administrative Agent, the Lenders and their respective Affiliates may be engaged in a broad range of transactions that involve interests that differ from those of the Borrowers, the other Loan Parties and their respective Affiliates, and neither the Administrative Agent nor any Lender has any obligation to disclose any of such interests by virtue of any advisory, agency or fiduciary relationship.

**Section 13.8 Confidentiality.**

The Administrative Agent and each Lender shall use reasonable efforts to assure that information about the REIT Parent and the REIT and its Subsidiaries, and the respective properties thereof and their operations, affairs and financial condition, not generally disclosed to the public, which is furnished to the Administrative Agent or any Lender pursuant to the provisions of this Agreement or any other Loan Document, is used only for the purposes of this Agreement and the other Loan Documents and shall not be divulged to any Person other than the Administrative Agent, the Lenders, and their respective agents who are actively and directly participating in the evaluation, administration or enforcement of the Loan Documents and other transactions between the Administrative Agent or such Lender, as applicable, and the Borrowers, but in any event the Administrative Agent and the Lenders may make disclosure: (a) to any of



their respective Affiliates and to any of their (and their Affiliates') respective directors, officers, agents, employees, advisors and counsel (provided such Persons shall be informed of the confidential nature of such information and be instructed to keep such information confidential); (b) as reasonably requested by (i) any potential or actual Assignee, Participant or other transferee in connection with the contemplated transfer of any Commitment or participations therein as permitted hereunder or (ii) any actual or prospective party (or its Affiliates or their respective directors, officers, agents, employees, advisors or counsel) to any swap, derivative or other transaction under which payments are to be made by reference to the Borrowers and their obligations, this Agreement or payments hereunder (provided, in each case, that they shall agree to keep such information confidential in accordance with the terms of this Section); (c) as required or requested by any Governmental Authority or representative thereof or pursuant to legal process or in connection with any legal proceedings or as otherwise required by Applicable Law; provided, however, if the Administrative Agent or a Lender receives a summons or subpoena to disclose any such confidential information to any Person, the Administrative Agent or such Lender, as applicable, shall, if legally permitted, endeavor to notify the Parent Borrower thereof as soon as possible after receipt of such request, summons or subpoena and the Parent Borrower shall be afforded an opportunity to seek protective orders, or such other confidential treatment of such disclosed information, as the Parent Borrower and the Administrative Agent or such Lender, as applicable, may deem reasonable; (d) to the Administrative Agent's or such Lender's independent auditors and other professional advisors (provided they shall be notified of the confidential nature of the information); (e) after the happening and during the continuance of an Event of Default, to any other Person, in connection with the exercise by the Administrative Agent or the Lenders of rights hereunder or under any of the other Loan Documents; (f) upon Parent Borrower's prior consent (which consent shall not be unreasonably withheld), to any contractual counter-parties to any swap or similar hedging agreement or to any rating agency; and (g) to the extent such information (x) becomes publicly available other than as a result of a breach of this Section actually known to such Lender to be such a breach or (y) becomes available to the Administrative Agent or any Lender on a nonconfidential basis from a source other than the Borrowers or any Affiliate. Notwithstanding the foregoing, the Administrative Agent and each Lender may disclose any such confidential information, without notice to any Borrower or any other Loan Party, to Governmental Authorities and other regulatory authorities (including any self-regulatory authority, such as the National Association of Insurance Commissioners) in connection with any regulatory examination of the Administrative Agent or such

Lender or in accordance with the regulatory compliance policy of the Administrative Agent or such Lender.

**Section 13.9 Indemnification.**

(a) Each Borrower shall and hereby agrees to indemnify, defend and hold harmless the Administrative Agent, each of the Lenders, any Affiliate of the Administrative Agent or any Lender, and their respective directors, officers, agents, employees and counsel (each referred to herein as an "Indemnified Party") from and against any and all of the following (collectively, the "Indemnified Costs"): losses, costs, claims, damages, liabilities, deficiencies, judgments or reasonable expenses of every kind and nature (including, without limitation, amounts paid in settlement, court costs and the reasonable and documented fees and disbursements of counsel incurred in connection with any litigation, investigation, claim or proceeding or any advice rendered in connection therewith, but excluding losses, costs, claims,



damages, liabilities, deficiencies, judgments or expenses indemnification in respect of which is specifically covered by Section 3.12 or 4.1 or expressly excluded from the coverage of such Section 3.12 or 4.1) incurred by an Indemnified Party in connection with, arising out of, or by reason of, any suit, cause of action, claim, arbitration, investigation or settlement, consent decree or other proceeding (the foregoing referred to herein as an "Indemnity Proceeding") which is in any way related directly or indirectly to: (i) this Agreement or any other Loan Document or the transactions contemplated thereby; (ii) the making of any Loans or issuance of Letters of Credit hereunder; (iii) any actual or proposed use by the Borrowers of the proceeds of the Loans or Letters of Credit; (iv) the Administrative Agent's or any Lender's entering into this Agreement; (v) the fact that the Administrative Agent and the Lenders have established the credit facility evidenced hereby in favor of the Borrowers; (vi) the fact that the Administrative Agent and the Lenders are creditors of the Borrowers and have or are alleged to have information regarding the financial condition, strategic plans or business operations of the Borrowers and the Subsidiaries; (vii) the fact that the Administrative Agent and the Lenders are material creditors of the Borrowers and are alleged to influence directly or indirectly the business decisions or affairs of the Borrowers and the Subsidiaries or their financial condition; (viii) the exercise of any right or remedy the Administrative Agent or the Lenders may have under this Agreement or the other Loan Documents; (ix) any civil penalty or fine assessed by the OFAC against, and all reasonable costs and expenses (including reasonable and documented counsel fees and disbursements) incurred in connection with defense thereof by, the Administrative Agent or any Lender as a result of conduct of any Borrower, any other Loan Party or any Subsidiary that violates a sanction enforced by the OFAC; or (x) any violation or non-compliance by any Borrower or any Subsidiary of any Applicable Law (including any Environmental Law) including, but not limited to, any Indemnity Proceeding commenced by (A) the Internal Revenue Service or state taxing authority or (B) any Governmental Authority or other Person under any Environmental Law, including any Indemnity Proceeding commenced by a Governmental Authority or other Person seeking remedial or other action to cause any Borrower or its Subsidiaries (or its respective properties) (or the Administrative Agent and/or the Lenders as successors to the Borrowers) to be in compliance with such Environmental Laws; provided, however, that the Borrowers shall not be obligated to indemnify any Indemnified Party for (A) any acts or omissions of such Indemnified Party in connection with matters described in this subsection to the extent arising from the gross negligence or willful misconduct of such Indemnified Party, as determined by a court of competent jurisdiction in a final, non-appealable judgment, (B) Indemnified Costs to the extent arising directly out of or resulting directly from claims of one or more Indemnified Parties against another Indemnified Party, or (C) Indemnified Costs to the extent resulting from a claim brought by any Borrower or any other Loan Party against an Indemnified Party for breach in bad faith of such Indemnified Party's obligations hereunder or under any other Loan Document, if such Borrower or such other Loan Party has obtained a final and non-appealable judgment in its favor on such claim as determined by a court of competent jurisdiction.

(b) The Borrowers' indemnification obligations under this Section 13.9 shall apply to all Indemnity Proceedings arising out of, or related to, the foregoing whether or not an Indemnified Party is a named party in such Indemnity Proceeding. In this regard, this indemnification shall cover all Indemnified Costs of any Indemnified Party in connection with any deposition of any Indemnified Party or compliance with any subpoena (including any subpoena requesting the production of documents). This indemnification shall, among other things, apply to any Indemnity Proceeding commenced by other creditors of any Borrower or



any Subsidiary, any shareholder of any Borrower or any Subsidiary (whether such shareholder(s) are prosecuting such Indemnity Proceeding in their individual capacity or derivatively on behalf of the Borrowers), any account debtor of any Borrower or any Subsidiary or by any Governmental Authority. If indemnification is to be sought hereunder by an Indemnified Party, then such Indemnified Party shall notify the Parent Borrower of the commencement of any Indemnity Proceeding; provided, however, that the failure to so notify the Parent Borrower shall not relieve the Borrowers from any liability that they may have to such Indemnified Party pursuant to this Section 13.9.

(c) This indemnification shall apply to any Indemnity Proceeding arising during the pendency of any bankruptcy proceeding filed by or against any Borrower and/or any Subsidiary.

(d) [Reserved].

(e) An Indemnified Party may conduct its own investigation and defense of, and may formulate its own strategy with respect to, any Indemnity Proceeding covered by this Section and, as provided above, all Indemnified Costs incurred by such Indemnified Party shall be reimbursed by the Borrowers. No action taken by legal counsel chosen by an Indemnified Party in investigating or defending against any such Indemnity Proceeding shall vitiate or in any way impair the obligations and duties of the Borrowers hereunder to indemnify and hold harmless each such Indemnified Party; provided, however, that if (i) the Borrowers are

required to indemnify an Indemnified Party pursuant hereto and (ii) the Borrowers have provided evidence reasonably satisfactory to such Indemnified Party that the Borrowers have the financial wherewithal to reimburse such Indemnified Party for any amount paid by such Indemnified Party with respect to such Indemnity Proceeding, such Indemnified Party shall not settle or compromise any such Indemnity Proceeding without the prior written consent of the Parent Borrower (which consent shall not be unreasonably withheld or delayed). Notwithstanding the foregoing, an Indemnified Party may settle or compromise any such Indemnity Proceeding without the prior written consent of the Parent Borrower where (x) no monetary relief is sought against such Indemnified Party in such Indemnity Proceeding or (y) there is an allegation of a violation of law by such Indemnified Party.

(f) If and to the extent that the obligations of the Borrowers under this Section are unenforceable for any reason, the Borrowers hereby agree to make the maximum contribution to the payment and satisfaction of such obligations which is permissible under Applicable Law.

(g) The Borrowers' obligations under this Section shall survive any termination of this Agreement and the other Loan Documents and the payment in full in cash of the Obligations, and are in addition to, and not in substitution of, any other of their obligations set forth in this Agreement or any other Loan Document to which it is a party.

(h) References in this Section to "Lender" or "Lenders" shall be deemed to include such Persons (and their Affiliates) in their capacity as Specified Derivatives Providers.



**Section 13.10 Termination; Survival.**

This Agreement shall terminate at such time as (a) all of the Commitments have been terminated, (b) all Letters of Credit have terminated or expired (or the Borrowers' obligations in respect of all outstanding Letters of Credit have been cash collateralized on terms acceptable to the Administrative Agent and the Borrowers have executed and delivered a reimbursement agreement in form and substance acceptable to the Administrative Agent and such other documents requested by the Administrative Agent evidencing the Borrowers' reimbursement obligations in respect of such Letters of Credit), (c) none of the Lenders is obligated any longer under this Agreement to make any Loans and (d) all Obligations (other than obligations which survive as provided in the following sentence) have been paid and satisfied in full. The indemnities to which the Administrative Agent, the Lenders and the Swingline Lender are entitled under the provisions of Sections 3.12, 4.1, 4.4, 12.7, 13.2 and 13.9 and any other provision of this Agreement and the other Loan Documents which, by its terms, expressly survives termination of this Agreement or such other Loan Document, and the provisions of Section 13.4, shall continue in full force and effect and shall protect the Administrative Agent, the Lenders and the Swingline Lender (i) notwithstanding any termination of this Agreement, or of the other Loan Documents, against events arising after such termination as well as before and (ii) at all times after any such party ceases to be a party to this Agreement with respect to all matters and events existing on or prior to the date such party ceased to be a party to this Agreement.

**Section 13.11 Severability of Provisions.**

Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective only to the extent of such prohibition or unenforceability without invalidating the remainder of such provision or the remaining provisions or affecting the validity or enforceability of such provision in any other jurisdiction.

**Section 13.12 GOVERNING LAW.**

THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK APPLICABLE TO CONTRACTS EXECUTED, AND TO BE FULLY PERFORMED, IN SUCH STATE.

**Section 13.13 Counterparts.**

This Agreement and any amendments, waivers, consents or supplements may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed an original, but all of which counterparts together shall constitute but one and the same instrument.

**Section 13.14 Obligations with Respect to Loan Parties.**

The obligations of the Loan Parties to direct or prohibit the taking of certain actions by the other Loan Parties as specified herein shall be absolute and not subject to any defense any Loan Party may have that it does not control any such other Loan Party.



**Section 13.15 Limitation of Liability.**

Neither the Administrative Agent nor any Lender, nor any Affiliate, officer, director, employee, attorney, or agent of the Administrative Agent or any Lender shall have any liability with respect to, and each Borrower hereby waives, releases, and agrees not to sue any of them upon, any claim for any special, indirect, incidental, or consequential damages suffered or incurred by any Borrower in connection with, arising out of, or in any way related to, this Agreement or any of the other Loan Documents, or any of the transactions contemplated by this Agreement or any of the other Loan Documents. Each Loan Party hereby waives, releases, and agrees not to sue the Administrative Agent or any Lender or any of the Administrative Agent's or any Lender's Affiliates, officers, directors, employees,

attorneys, or agents for punitive damages in respect of any claim in connection with, arising out of, or in any way related to, this Agreement or any of the other Loan Documents, or any of the transactions contemplated by this Agreement or financed hereby. Neither the Administrative Agent nor any Lender, nor any Affiliate, officer, director, employee, attorney, or agent of the Administrative Agent or any Lender shall have any liability with respect to, and each Borrower hereby waives, releases, and agrees not to sue any of them upon, any damages arising from the use by unintended recipients of any information or other materials distributed by them through telecommunications, electronic or other information transmission systems in connection with this Agreement or the other Loan Documents or the transactions contemplated hereby and thereby.

**Section 13.16 Entire Agreement.**

This Agreement, the Notes, and the other Loan Documents referred to herein embody the final, entire agreement among the parties hereto and supersede any and all prior commitments, agreements, representations, and understandings, whether written or oral, relating to the subject matter hereof and thereof and may not be contradicted or varied by evidence of prior, contemporaneous, or subsequent oral agreements or discussions of the parties hereto. There are no oral agreements among the parties hereto.

**Section 13.17 Construction.**

Each Loan Party, each Lender and the Administrative Agent acknowledge that each of them has had the benefit of legal counsel of its own choice and has been afforded an opportunity to review this Agreement and the other Loan Documents with its legal counsel and that this Agreement and the other Loan Documents shall be construed as if jointly drafted by each Loan Party, each Lender and the Administrative Agent.

**Section 13.18 Joint and Several Liability of the Borrowers.**

(a) Each of the Borrowers, jointly and severally, hereby irrevocably and unconditionally accepts, not merely as a surety but also as a co-debtor, joint and several liability with the other the Borrowers with respect to the payment and performance of all of the Obligations, it being the intention of the parties hereto that all of the Obligations shall be the joint and several obligations of each of the Borrowers without preferences or distinction among them.

(b) If and to the extent that any of the Borrowers shall fail to make any payment with respect to any of the Obligations as and when due or to perform any of the



Obligations in accordance with the terms thereof, then in each such event the other Borrowers will make such payment with respect to, or perform, such Obligation.

(c) The Obligations of each of the Borrowers under the provisions of this Section 13.18 constitute full recourse obligations of each such Borrowers enforceable against each such Borrower to the full extent of its properties and assets.

(d) Except as otherwise expressly provided in this Agreement, each of the Borrowers, to the fullest extent permitted by Applicable Law, hereby waives notice of acceptance of its joint and several liability, notice of any Loans or Letters of Credit or other extensions of credit made under this Agreement, notice of any action at any time taken or omitted by the Administrative Agent or any Lender under or in respect of any of the Obligations, and, generally, to the extent permitted by Applicable Law, all demands, notices (other than those required pursuant to the terms of any Loan Document) and other formalities of every kind in connection with the Loan Documents. Each Borrower, to the fullest extent permitted by Applicable Law, hereby waives all defenses which may be available by virtue of any valuation, stay, moratorium law or other similar law now or hereafter in effect, any right to require the marshaling of assets of the Borrowers and any other entity or Person primarily or secondarily liable with respect to any of the Obligations and all suretyship defenses generally. Each of the Borrowers, to the fullest extent permitted by Applicable Law, hereby assents to, and waives notice of, any extension or postponement of the time for the payment of any of the Obligations, the acceptance of any payment of any of the Obligations, the acceptance of any partial payment thereon, any waiver, consent or other action or acquiescence by the Administrative Agent or any Lender at any time or times in respect of any default by any of the Borrowers in the performance or satisfaction of any term, covenant, condition or provision of any Loan Document, any and all other indulgences whatsoever by the Administrative Agent or any Lender in respect of any of the Obligations, and the taking, addition, substitution or release, in whole or in part, at any time or times, of any collateral security for any of the Obligations or the addition, substitution or release, in whole or in part, of any of the Borrowers. Without limiting the generality of the foregoing, each of the Borrowers assents to any other action or delay in acting or failure to act on the part of the Administrative Agent or any Lender with respect to the failure by any of the Borrowers to comply with any of its respective Obligations, including any failure strictly or diligently to assert any right or to pursue any remedy or to comply fully with Applicable Laws thereunder, which might, but for the provisions of this Section 13.18, afford grounds for terminating, discharging or relieving any Borrower, in whole or in part, from any of its Obligations under this Section 13.18, it being the intention of each of the Borrowers that, so long as any of the Obligations hereunder remain unsatisfied, the Obligations of such the Borrowers under this Section 13.18 shall not be discharged except by performance and then only to the extent of such performance. The Obligations of each of the Borrowers under this Section 13.18 shall not be diminished or rendered unenforceable by any winding up, reorganization, arrangement, liquidation, re-construction or similar proceeding with respect to any of the Borrowers or the Administrative Agent or any Lender. The joint and several liability of the Borrowers hereunder shall continue in full force and effect notwithstanding any absorption, merger, amalgamation or any other change whatsoever in the name, membership, constitution or place of formation of any of the Borrowers, the Administrative Agent or any Lender.

(e) To the extent any Borrower makes a payment hereunder in excess of the aggregate amount of the benefit received by such Borrower in respect of the extensions of credit under this Agreement (the "Benefit Amount"), then such Borrower, after the irrevocable payment in full of all of the Obligations, shall be entitled to recover from each other Borrower such excess payment, pro rata, in accordance with the ratio of the Benefit Amount received by each such other Borrower to the total Benefit Amount received by all the Borrowers, and the right to such recovery shall be deemed to be an asset and property of such Borrower so funding; provided, that each of the Borrowers hereby agrees that it will not enforce any of its rights of contribution or subrogation against the other the Borrowers with respect to any liability incurred by it hereunder or under any of the other Loan Documents, any payments made by it to the Administrative Agent or any Lender with respect to any of the Obligations or any collateral security therefor until such time as all of the Obligations have been irrevocably paid in full. Any claim which any Borrower may have against any other Borrower with respect to any payments to the Administrative Agent or any Lender hereunder or under any other Loan Document are hereby expressly made subordinate and junior in right of payment, without limitation as to any increases in the Obligations arising hereunder or thereunder, to the prior irrevocable payment in full of the Obligations and, in the event of any insolvency, bankruptcy, receivership, liquidation, reorganization or other similar proceeding under the laws of any jurisdiction relating to any Borrower, its debts or its assets, whether voluntary or involuntary, all such Obligations shall be irrevocably paid in full before any payment or distribution of any character, whether in cash, securities or other property, shall be made to any other Borrower therefor.

(f) Each of the Borrowers hereby agrees that the payment of any amounts due with respect to the indebtedness owing by any Borrower to any other Borrower is hereby subordinated to the prior irrevocable payment in full of the Obligations. Each Borrower hereby agrees that after the occurrences and during the continuance of any Default or Event of Default, such Borrower will not demand, sue for or otherwise attempt to collect any indebtedness of any other Borrower owing to such Borrower until the Obligations shall have been irrevocably paid in full. If, notwithstanding the foregoing sentence, such Borrower shall collect, enforce or receive any amounts in respect of such indebtedness before the irrevocable payment in full of the Obligations, such amounts shall be collected, enforced, received by such Borrower as trustee for Administrative Agent and be paid over to the Administrative Agent for the pro rata accounts of the Lenders to be applied to repay (or be held as collateral security for the repayment of) the Obligations.

**Section 13.19 Collateral Fallaway; Additional Collateral.**

(a) Promptly following the occurrence of the Capital Event, the Administrative Agent shall release the Liens under the Collateral Documents and return to the applicable Borrowers any equity certificates held as Collateral and any mortgages and deeds of trust held (but not yet recorded) by the Administrative Agent pursuant to Section 8.13 (the "Collateral Fallaway"), provided that, (i) immediately prior to the Collateral Fallaway and immediately after giving effect thereto, no Default or Event of Default exists, (ii) immediately prior to the Collateral Fallaway and immediately after giving effect thereto, the representations and warranties made or deemed made by the Borrowers and each other Loan Party in the Loan Documents to which any of them is a party are true and correct in all material respects on and as of the date of the Collateral Fallaway with the same force and effect as if made on and as of such date, except to



the extent that such representations and warranties expressly relate solely to an earlier date (in which case such representations and warranties were true and correct in all material respects on and as of such earlier date), (iii) immediately following the occurrence of the Capital Event, and giving pro forma effect thereto and the repayment of Indebtedness in connection therewith, the Loan Parties will be in compliance with the covenants set forth in Section 10.1, 10.2 and 10.4, and (iv) the Administrative Agent shall have received a certificate from the chief executive officer or chief financial officer of the Borrowers certifying (with supporting calculations reasonably acceptable to the Administrative Agent) the matters referred to in the immediately preceding clauses (i) through (iii). The Lenders hereby authorize the Administrative Agent to take all actions, and execute all documents, necessary to effect the Collateral Fallaway upon the satisfaction of the conditions set forth in this Section 13.19.

(b) In the event that (i) the Capital Event has not been consummated on or before December 31, 2015 and the proceeds thereof used to repay in full the loans outstanding under the Senior Unsecured Term Loan Agreement or (ii) prior to the consummation of the Capital Event, an Event of Default under Section 11.1(a), (b), (c), (e), (f), (g), (h), (i), (j) or (m) occurs, the Loan Parties shall (unless otherwise directed by the Administrative Agent at the direction of all of the Lenders, or, with respect to any deed of trust on any Real Estate Asset located in the State of California, unless otherwise directed by the Administrative Agent at the direction of the Requisite Lenders) deliver, as promptly as practicable, but in any event within 30 days thereafter, mortgages and deeds of trust in form and substance satisfactory to the Administrative Agent with respect to the Real Estate Assets which are Borrowing Base Properties (or, with respect to any Escrowed Mortgages, the Administrative Agent shall record such Escrowed Mortgages unless otherwise directed by all of the Lenders or the Requisite Lenders, as applicable) and take such other steps and make such other deliveries as may be reasonably requested by the Administrative Agent (including, without limitation, the delivery of legal opinions, environmental site assessment reports, surveys and lender's title insurance) so as to provide the Administrative Agent, for the benefit of the Administrative Agent, the Lenders and any Specified Derivatives Provider, a perfected first-priority security interest in such Real Estate Assets. In connection with the foregoing, the Administrative Agent may, and at the request of the Administrative Agent, the Borrowers shall, enter into a conforming amendment to this Agreement to reflect the addition of such mortgages and deeds of trust to the collateral granted pursuant to the Loan Documents and related modifications.

[Signature Pages Follow]

IN WITNESS WHEREOF, the parties hereto have caused this Credit Agreement to be executed by their authorized officers all as of the day and year first above written.

**BORROWERS:**

NSA OP, LP, a Delaware limited partnership

By: NATIONAL STORAGE AFFILIATES TRUST, its general partner

By: NATIONAL STORAGE AFFILIATES Holdings, LLC, its trustee

By: /s/ Tamara D. Fischer
Name: Tamara D. Fischer
Title: CFO



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GSC MONTCLAIR, LP, a California limited partnership

By: /s/ Tamara D. Fischer
Name: Tamara D. Fischer
Title: Authorized Signatory

COLTON HAWAIIAN GARDENS, LP, a California limited partnership

By: /s/ Tamara D. Fischer
Name: Tamara D. Fischer
Title: Authorized Signatory

SECURCARE OKLAHOMA I, LLC, a Delaware limited liability company

By: /s/ Tamara D. Fischer
Name: Tamara D. Fischer
Title: Authorized Signatory

SECURCARE OKLAHOMA II, LLC, a Delaware limited liability company

By: /s/ Tamara D. Fischer
Name: Tamara D. Fischer
Title: Authorized Signatory



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SECURCARE COLORADO III, LLC, a Delaware limited liability company

By: /s/ Tamara D. Fischer
Name: Tamara D. Fischer

Title: Authorized Signatory

SECURCARE PROPERTIES I, LLC, a Delaware limited liability company

By: /s/ Tamara D. Fischer
Name: Tamara D. Fischer
Title: Authorized Signatory

SECURCARE PROPERTIES II, LLC, a Delaware limited liability company

By: /s/ Tamara D. Fischer
Name: Tamara D. Fischer
Title: Authorized Signatory



NSA-OPTIVEST ACQUISITION HOLDINGS, LLC, a Delaware limited liability company

By: /s/ Tamara D. Fischer
Name: Tamara D. Fischer
Title: Authorized Signatory

NSA NORTHWEST HOLDINGS II, LLC, a Delaware limited liability company

By: /s/ Tamara D. Fischer
Name: Tamara D. Fischer
Title: Authorized Signatory

SECURCARE PORTFOLIO HOLDINGS, LLC, a Delaware limited liability company

By: /s/ Tamara D. Fischer
Name: Tamara D. Fischer
Title: Authorized Signatory



NSA-NORTHWEST ACQUISITION HOLDINGS, LLC, a Delaware limited liability company

By: /s/ Tamara D. Fischer
Name: Tamara D. Fischer
Title: Authorized Signatory

AMERICAN MINI STORAGE-SAN ANTONIO, LLC, a Delaware limited liability company

By: /s/ Tamara D. Fischer
Name: Tamara D. Fischer

Title: Authorized Signatory

SECURCARE OF COLORADO SPRINGS #602 GP, LLC, a Delaware limited liability company

By: /s/ Tamara D. Fischer
Name: Tamara D. Fischer
Title: Authorized Signatory



BANKS STORAGE, LLC, an Oregon limited liability company

By: /s/ Tamara D. Fischer
Name: Tamara D. Fischer
Title: Authorized Signatory

ABC RV AND MINI STORAGE, L.L.C., an Oregon limited liability company

By: /s/ Tamara D. Fischer
Name: Tamara D. Fischer
Title: Authorized Signatory

PORTLAND MINI STORAGE LLC, an Oregon limited liability company

By: /s/ Tamara D. Fischer
Name: Tamara D. Fischer
Title: Authorized Signatory



HPRH STORAGE, LLC, an Oregon limited liability company

By: /s/ Tamara D. Fischer
Name: Tamara D. Fischer
Title: Authorized Signatory

BAUER NW STORAGE LLC, an Oregon limited liability company

By: /s/ Tamara D. Fischer
Name: Tamara D. Fischer
Title: Authorized Signatory

S AND S STORAGE, LLC, a Washington limited liability company

By: /s/ Tamara D. Fischer
Name: Tamara D. Fischer
Title: Authorized Signatory

FREEWAY SELF STORAGE, L.L.C., a Washington limited

liability company

By: /s/ Tamara D. Fischer
Name: Tamara D. Fischer
Title: Authorized Signatory



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ABERDEEN MINI STORAGE, L.L.C., a Washington limited liability company

By: /s/ Tamara D. Fischer
Name: Tamara D. Fischer
Title: Authorized Signatory

VANCOUVER MINI STORAGE, LLC, a Washington limited liability company

By: /s/ Tamara D. Fischer
Name: Tamara D. Fischer
Title: Authorized Signatory

SALEM SELF STOR, LLC, a Washington limited liability company

By: /s/ Tamara D. Fischer
Name: Tamara D. Fischer
Title: Authorized Signatory



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BULLHEAD FREEDOM STORAGE, L.L.C., an Arizona limited liability company

By: /s/ Tamara D. Fischer
Name: Tamara D. Fischer
Title: Authorized Signatory

SECURCARE OF COLORADO SPRINGS 602, LTD.

By: /s/ Tamara D. Fischer
Name: Tamara D. Fischer
Title: Authorized Signatory



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**REIT:**

NATIONAL STORAGE AFFILIATES TRUST, a Maryland real estate investment trust

By: NATIONAL STORAGE AFFILIATES HOLDINGS, LLC, its trustee

By: /s/ Tamara D. Fischer
Name: Tamara D. Fischer
Title: CFO

**REIT PARENT:**

NATIONAL STORAGE AFFILIATES HOLDINGS, LLC, a Delaware limited liability company

By: /s/ Tamara D. Fischer
Name: Tamara D. Fischer
Title: CFO

[Signature Page to Credit Agreement]

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KEYBANK NATIONAL ASSOCIATION, as Administrative Agent and Swingline Lender

By: /s/ Michael P. Szuba
Name: Michael P. Szuba
Title: Vice President

[Signature page to Credit Agreement]

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KEYBANK NATIONAL ASSOCIATION, as a Lender

By: /s/ Michael P. Szuba
Name: Michael P. Szuba
Title: Vice President

[Signature page to Credit Agreement]

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PNC BANK, NATIONAL ASSOCIATION, as a Lender

By: /s/ James A. Harmann
Name: James A. Harmann
Title: Senior Vice President

[Signature page to Credit Agreement]

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Wells Fargo Bank, National Association

as a Lender

By: /s/ Kevin A Stacker
Name: Kevin A Stacker
Title: Vice President

[Signature page to Credit Agreement]

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**Morgan Stanley Senior Funding, Inc.**, as a Lender

By: /s/ Michael King
Name: Michael King
Title: Vice President

[Signature page to Credit Agreement]

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The Huntington National Bank, a National Banking Association, as a Lender

By: /s/ Scott Childs
Name: Scott Childs
Title: Senior Vice President

[Signature page to Credit Agreement]

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## SCHEDULE 1.1

## Lender Commitments

| Lender | Revolving Commitment Amount | Revolving Percentage | Term Loan Commitment Amount | Term Loan Percentage |
|---|---|---|---|---|
| KeyBank National Association | $ 49,489,795.93 | 20.4081632701% | $ 25,510,204.07 | 20.4081632560% |
| PNC Bank, National Association | $ 56,088,435.37 | 23.1292516990% | $ 28,911,564.63 | 23.1292517040% |
| Wells Fargo Bank, National Association | $ 56,088,435.37 | 23.1292516990% | $ 28,911,564.63 | 23.1292517040% |
| Morgan Stanley Senior Funding, Inc. | $ 47,840,136.05 | 19.7278911546% | $ 24,659,863.95 | 19.7278911600% |
| The Huntington National Bank | $ 32,993,197.28 | 13.6054421773% | $ 17,006,802.72 | 13.6054421760% |
| **TOTAL** | $ 242,500,000.00 | 100% | $ 125,000,000.00 | 100% |

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Schedule 5.1(a)
Initial Borrowing Base Properties

| OWNER ENTITY | PROPERTY NAME | ADDRESS |
|---|---|---|
| NSA -Optivest Acquisition Holdings, LLC | Summit Plaza | 4375 Sahara Ave. Las Vegas, NV |
| Bauer NW Storage LLC | HWY 99 -Bauer | 1601 Highway 99, Eugene, OR |
| Bauer NW Storage LLC | Portland SS (26th) | 5803 SE 122nd, Portland, OR |
| Bauer NW Storage LLC | Portland SS (122nd) | 5122 SE 26th, Portland, OR |
| Bauer NW Storage LLC | Stor-Haus | 505 SW Buchanan, Corvallis, OR |
| SecurCare Portfolio Holdings, LLC | Pooler #157 | 108 Sharon Court, Pooler, GA |
| HPRH Storage, LLC | Attic Self Storage | 3150 Hawthorne Lane, Eugene, OR |
| ABC RV and Mini Storage, L.L.C. | Cipole Road Mini Storage & RV | 20475 SW Cipole Road, Sherwood, OR |
| Freeway Self Storage, L.L.C. | Freeway Self Storage | 10600 18th Avenue E, Tacoma , WA |

| | | |
|---|---|---|
| Aberdeen Mini Storage Limited Liability Company | Aberdeen Mini Storage | 316 S Washington, Aberdeen, WA |
| Banks Storage, LLC | Banks Storage | 140 E Oak Way, Banks, OR |
| S and S Storage, LLC | Safe and Sound Storage | 421 NE 104th Avenue, Vancouver, WA |
| Portland Mini Storage LLC | Portland Mini Storage | 3510 NE Columbia Blvd, Portland, OR |
| Vancouver Mini Storage, LLC | Vancouver Mini | 4200 NE 78th Street, Vancouver, WA |
| Salem Self Stor, LLC | Self Stor (Salem) | 3191 Del Webb Ave NE, Salem, OR |
| Bullhead Freedom Storage, LLC | Freedom Storage - BHC | 2123 Interstate Place, Bullhead City, AZ |
| NSA-Optivest Acquisition Holdings, LLC | Sunset Mini Storage | 3921 E Sunset Rd, Las Vegas, NV |



| | | |
|---|---|---|
| American Mini Storage- San Antonio, LLC | American Mini Storage - San Antonio | 3567 Fredericksburg Rd, San Antonio, TX |
| SecurCare Oklahoma II, LLC | SecurCare 001 | 8900 S Sooner Rd, Oklahoma City, OK |
| SecurCare Oklahoma II, LLC | SecurCare 002 | 11700 S May Ave, Oklahoma City, OK |
| SecurCare Oklahoma II, LLC | SecurCare 003 | 600 NW 178th St, Edmond, OK |
| SecurCare Oklahoma II, LLC | SecurCare 004 | 7829 W Hefner Rd, Oklahoma City, OK |
| SecurCare Oklahoma I, LLC | SecurCare 006 | 6733 NW Expressway, Oklahoma City, OK |
| SecurCare Oklahoma I, LLC | SecurCare 007 | 168 E 33rd St, Oklahoma City, OK |
| SecurCare Oklahoma I, LLC | SecurCare 008 | 5110 NW 10th St, Edmond, OK |
| SecurCare Oklahoma I, LLC | SecurCare 009 | 2420 S Meridian Ave, Oklahoma City, OK |
| SecurCare Oklahoma I, LLC | SecurCare 010 | 8311 S Western Ave, Oklahoma City, OK |
| SecurCare Oklahoma I, LLC | SecurCare 011 | 1708 S Air Depot Blvd, Oklahoma City, OK |
| SecurCare Oklahoma I, LLC | SecurCare 012 | 201 N Sooner Rd, Oklahoma City, OK |
| SecurCare Oklahoma I, LLC | SecurCare 013 | 9809 SE 29th St, Midwest City, OK |
| SecurCare Oklahoma II, LLC | Securcare 014 | 3401 S. Prospect Ave, Oklahoma City, OK |
| SecurCare Properties I, LLC | SecurCare 222/223 | 20 West Wilshire Blvd. / 7800 NorthBroadway Extension, Oklahoma City, OK |
| SecurCare Properties I, | SecurCare 870 | 8905 S. Lewis, Tulsa, OK |



| | | |
|---|---|---|
| LLC | | |
| SecurCare Properties I, LLC | SecurCare 871 | 3218 S. Garnett Rd, Tulsa, OK |
| SecurCare Properties I, LLC | SecurCare 872 | 1434 S. Sheridan, Tulsa, OK |
| SecurCare Properties I, LLC | SecurCare 873 | 9727 East 11th, Tulsa, OK |
| SecurCare Properties I, LLC | SecurCare 874 | 12323 E. Skelly Dr., Tulsa, OK |
| SecurCare Properties I, LLC | SecurCare 875 | 6436 S. Peoria, Tulsa, OK |

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|---|---|---|
| SecurCare Properties II, LLC | SecurCare 1007 | 11525 W. 59th St, Tulsa, OK |
| SecurCare Properties I, LLC | SecurCare 1008 | 5815 S. Mingo Rd., Tulsa, OK |
| SecurCare Properties II, LLC | SecurCare 1009 | 11122 E. 61st St., Tulsa, OK |
| SecurCare Properties II, LLC | SecurCare 1010 | 6308 S. Mingo Rd., Tulsa, OK |
| SecurCare Properties I, LLC | SecurCare 1001 | 3400 Longmire Dr., College Station, TX |
| SecurCare Properties II, LLC | SecurCare 1002 | 3007 Longmire Dr, College Station, TX |
| SecurCare Properties I, LLC | SecurCare 1003 | 4074 State Hwy 6 South, College Station, TX |
| SecurCare Properties II, LLC | SecurCare 1004 | 625 S. Graham Rd, College Station, TX |
| SecurCare Properties II, LLC | SecurCare 1005 | 2306 S. College Ave, Bryan, TX |
| SecurCare Properties II, LLC | SecurCare 1006 | 1218 Baker St, Bryan, TX |
| SecurCare Properties II, | SecurCare 169 | 3016 S. Cooper, Arlington, TX |



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|---|---|---|
| LLC | | |
| SecurCare Properties II, LLC | SecurCare 170 | 2331 S. Collins, Arlington, TX |
| SecurCare Properties II, LLC | SecurCare 171 | 2306 N. Collins, Arlington, TX |
| SecurCare Properties I, LLC | SecurCare 172 | 1320 Norwood Dr, Bedford, TX |
| SecurCare Properties I, LLC | SecurCare 207 | 5717 Will Ruth Ave., El Paso, TX |
| SecurCare Properties I, LLC | SecurCare 208 | 4701 Osborne Dr, El Paso, TX |
| SecurCare Properties I, LLC | SecurCare 604 | 777 S. Academy Blvd., Colorado Springs, CO |
| SecurCare Properties II, LLC | SecurCare 510 | 2460 East Midway Blvd, Broomfield, CO |
| SecurCare Properties I, LLC | SecurCare 800 | 1961 Caribou Dr, Ft. Collins, CO |
| SecurCare Properties I, LLC | SecurCare 801 | 4815 Boardwalk Dr., Ft. Collins, CO |
| SecurCare Properties I, LLC | SecurCare 853 | 1057 Rim Road, Fayetteville, NC |
| SecurCare Properties I, LLC | SecurCare 73/850 | 3730 W. Wendover Ave, Greensboro, NC |
| SecurCare Properties II, LLC | SecurCare 71 | 5502 Durham Chapel Hill Blvd., Durham, NC |
| SecurCare Properties I, LLC | SecurCare 72 | 3472 Hillsborough Road, Durham, NC |
| SecurCare Properties I, LLC | SecurCare 74 | 4615 Beryl Road, Raleigh, NC |
| SecurCare Properties I, LLC | SecurCare 75 | 7012 Glenwood, Raleigh, NC |
| SecurCare Properties I, | SecurCare 854 | 6837 Market St, Wilmington, NC |



| | | |
|---|---|---|
| LLC | | |
| SecurCare Properties I, LLC | SecurCare 77 | 2115 Silas Creek Pkwy, Winston-Salem, NC |
| SecurCare Properties I, LLC | SecurCare 851 | 6501 Hillsborough Street, Raleigh, NC |
| SecurCare Properties I, LLC | SecurCare 152 | 2960 S. Cobb Drive, Smyrna, GA |

| | | |
|---|---|---|
| SecurCare Properties I, LLC | SecurCare 153 | 3751 Longmire Way, Atlanta, GA |
| SecurCare Properties II, LLC | SecurCare 156 | 4141 Snapfinger Woods, Decatur, GA |
| SecurCare Properties I, LLC | SecurCare 226 | 1515 Mt. Zion, Morrow, GA |
| SecurCare Properties I, LLC | SecurCare 855 | 1 Western Hills Ct NW, Norcross, GA |
| SecurCare Properties I, LLC | SecurCare 856 | 1185 S Cobb Dr SE, Marietta, GA |
| SecurCare Properties I, LLC | SecurCare 880 | 523 Wylie Road SE, Marietta, GA |
| SecurCare Properties I, LLC | SecurCare 161 | 1881 Gordon Highway, Augusta, GA |
| SecurCare Properties I, LLC | SecurCare 162 | 3121 Washington Road, Augusta, GA |
| SecurCare Properties II, LLC | SecurCare 164 | 2990 Pio Nono Ave, Macon, GA |
| SecurCare Properties I, LLC | SecurCare 165 | 9303 Abercorn Ext, Savannah, GA |
| SecurCare Properties I, LLC | SecurCare 224 | 1412 Poinsett Hwy, Greenville, SC |
| SecurCare Properties I, LLC | SecurCare 225 | 2815 White Horse Road, Greenville, SC |
| SecurCare of Colorado Springs 602, Ltd. | SecurCare 602 | 1545 S. Nevada Ave. , Colorado Springs, CO |
| SecurCare Colorado III, LLC | SecurCare 603 | 3420 E. Vickers Dr. , Colorado Springs, CO |
| SecurCare Colorado III, LLC | SecurCare 606 | 2005 King St, Colorado Springs, CO |
| Colton Hawaiian Gardens, LP | Hawaiian Gardens | 12336 Carson Street, Hawaiian Gardens, CA |
| GSC Montclair, LP | Montclair | 10580 Benson Ave., Montclair, CA |





Schedule 7.2- Part I

**Subsidiaries of REIT**

**Parent: National Storage Affiliates Trust**

| Jurisdiction of Organization of each Subsidiary of the above Parent | Legal Entity Name of each Subsidiary of the above Parent | Type of Equity Interest held by the above Parent | Percent Ownership Interest of the above Parent |
|---|---|---|---|
| Delaware | NSA OP, LP | General Partner | 100 % |

**Schedule of Limited Partner Ownership Interests in NSA OP, LP**

| Limited Partners | Percent Ownership Interest |
|---|---|
| ALM LLC (NW) | 1.32 % |
| Atkins Enterprises, LLC (OV) | 0.14 % |
| B Family LLC (NW) | 0.90 % |
| B&Z Investments Trust (SC) | 0.37 % |
| Beverly Warren-Leigh (NW) | 2.74 % |
| BRIO Harris Partners, LP (OV) | 0.22 % |
| Cameron J. Warren Jr. (NW) | 1.99 % |
| CJW Family LLC (NW) | 0.87 % |
| David Brooker (NW) | 0.16 % |
| Deborah Lerma (OV) | 0.03 % |
| Dennis Brooker (NW) | 0.16 % |
| Dominion Storage Group, Inc. (OV) | 0.12 % |
| Estate of Beth Hepfer (NW) | 2.06 % |

| | |
|---|---|
| Freedman Exchange (NW) | 0.19 % |
| Gordon Flath (NW) | 0.46 % |
| Howard Family Limited Partnership I (NW) | 12.32 % |
| Howard Family Limited Partnership II (NW) | 18.33 % |



| | |
|---|---|
| J&D Holton Trust (NW) | 1.28 % |
| J. Timothy Warren (NW) | 1.02 % |
| James L. & Sylvia Bramhall (NW) | 0.87 % |
| JHJ Properties LLC (NW) | 5.79 % |
| Jo Carolyn Hipp Revocable Trust Dtd. 1/28/05 (SC) | 0.37 % |
| Kevin and Bobby Howard (NW) | 0.29 % |
| Kevin Howard (NW) | 3.12 % |
| L. L. Terry Kenneweg (OV) | 0.18 % |
| Leigh Family LLC (NW) | 0.51 % |
| Lesher Family Trust (NW) | 0.44 % |
| Lesher Revocable Living Trust (NW) | 0.44 % |
| Lohmiller Family Holding Co., LLC (SC) | 0.37 % |
| Lynne Bangsund (NW) | 0.87 % |
| Maple Investors, LLC (NW) | 2.64 % |
| Martin J. Fliegelman (SC) | 0.37 % |
| Michael Speraw (NW) | 0.32 % |
| Narrangansett Investments, LLC (OV) | 0.10 % |
| Newell Family Trust (OV) | 0.06 % |
| Optivest Properties (OV) | 0.47 % |
| Patricia Williams (NW) | 3.23 % |
| Phillips Family Partnership (SC) | 0.32 % |
| Phillips Family Partnership, LLLP (SC) | 0.37 % |
| PhiNord, LLC (SC) | 0.40 % |
| Roloff Trust (NW) | 0.96 % |
| SecurCare Portfolio Holdings, Ltd. (SC) | 7.00 % |



| | |
|---|---|
| SecurCare Self Storage, Inc. (SC) | 0.89 % |
| Security Financial Bank Corp. (NW) | 0.51 % |
| Self Storage GP, LLC (SC) | 0.04 % |
| SWE Investments, LLLP (SC) | 0.19 % |
| The Atherton Group, LLC (OV) | 0.59 % |
| The Stipe Living Trust (NW) | 0.87 % |
| TJ Aston Group, LLC (OV) | 0.49 % |
| Tom Petramallo (NW) | 7.15 % |
| Unity Limited Partnership (NW) | 2.97 % |
| Van Mourick Diversified, LP (OV) | 0.53 % |
| Warren Allan (OV) | 0.03 % |
| Warren Limited Partnership II (NW) | 2.45 % |
| Wimberly M. Warren (NW) | 9.12 % |

**Parent: NSA OP, LP**

| Jurisdiction of Organization of each Subsidiary of the above Parent | Legal Entity Name of each Subsidiary of the above Parent | Type of Equity Interest held by the above Parent | Percent Ownership Interest of the above Parent |
|---|---|---|---|
| Delaware | NSA Preferred Holdings, LLC | Membership | 100 % |
| Delaware | SecurCare Portfolio Holdings, LLC | Membership | 100 % |
| Delaware | NSA-Northwest Acquisition Holdings, LLC | Membership | 100 % |
| Delaware | NSA Acquisition Holdings, LLC | Membership | 100 % |
| Delaware | NSA — Optivest Acquisition Holdings, | Membership | 100 % |

| | | | |
|---|---|---|---|
| | LLC | | |
| Delaware | NSA Northwest Holdings II, LLC | Membership | 100 % |
| Delaware | NSA SecurCare Holdings, LLC | Membership | 100 % |
| Delaware | NSA Northwest Holdings, LLC | Membership | 100 % |

**Parent: NSA Preferred Holdings, LLC**

| Jurisdiction of Organization of each Subsidiary of the above Parent | Legal Entity Name of each Subsidiary of the above Parent | Type of Equity Interest held by the above Parent | Percent Ownership Interest of the above Parent |
|---|---|---|---|
| Delaware | NSA Property Holdings, LLC | Membership | 100 % |

**Parent: SecurCare Portfolio Holdings, LLC**

| Jurisdiction of Organization of each Subsidiary of the above Parent | Legal Entity Name of each Subsidiary of the above Parent | Type of Equity Interest held by the above Parent | Percent Ownership Interest of the above Parent |
|---|---|---|---|
| Delaware | SecurCare Oklahoma I, LLC | Membership | 100 % |
| Delaware | SecurCare Oklahoma II, LLC | Membership | 100 % |
| Delaware | SecurCare Properties I, LLC | Membership | 100 % |
| Delaware | SecurCare Properties II, LLC | Membership | 100 % |
| Delaware | SecurCare Colorado III, LLC | Membership | 100 % |
| Delaware | Securcare of Colorado Springs #602 GP, LLC | Membership | 100 % |
| Colorado | SecurCare of Colorado Springs 602, Ltd. | Limited Partner | 100 % |



**Parent: SecurCare of Colorado Springs #602 GP, LLC**

| Jurisdiction of Organization of each Subsidiary of the above Parent | Legal Entity Name of each Subsidiary of the above Parent | Type of Equity Interest held by the above Parent | Percent Ownership Interest of the above Parent |
|---|---|---|---|
| Colorado | SecurCare of Colorado Springs 602, Ltd. | General Partner | 100 % |

**Parent: NSA-Northwest Acquisition Holdings, LLC**

| Jurisdiction of Organization of each Subsidiary of the above Parent | Legal Entity Name of each Subsidiary of the above Parent | Type of Equity Interest held by the above Parent | Percent Ownership Interest of the above Parent |
|---|---|---|---|
| Oregon | Bauer NW Storage LLC | Membership | 100 % |

**Parent: NSA Acquisition Holdings, LLC**

| Jurisdiction of Organization of each Subsidiary of the above Parent | Legal Entity Name of each Subsidiary of the above Parent | Type of Equity Interest held by the above Parent | Percent Ownership Interest of the above Parent |
|---|---|---|---|
| Delaware | NSA-SecurCare Acquisition Holdings, LLC | Membership | 100 % |

**Parent: NSA-Optivest Acquisition Holdings, LLC**

| Jurisdiction of Organization of each Subsidiary of the above Parent | Legal Entity Name of each Subsidiary of the above Parent | Type of Equity Interest held by the above Parent | Percent Ownership Interest of the above Parent |
|---|---|---|---|
| Arizona | Bullhead Freedom Storage, L.L.C. | Membership | 100 % |
| Delaware | American Mini Storage — San Antonio, LLC | Membership | 100 % |



**Parent: NSA Northwest Holdings II, LLC**

| Jurisdiction of Organization of each Subsidiary of the above Parent | Legal Entity Name of each Subsidiary of the above Parent | Type of Equity Interest held by the above Parent | Percent Ownership Interest of the above Parent |
|---|---|---|---|
| Oregon | HPRH Storage, LLC | Membership | 100 % |
| Oregon | ABC-RV and Mini Storage, L.L.C. | Membership | 100 % |
| Washington | Freeway Self Storage, L.L.C. | Membership | 100 % |
| Washington | Aberdeen Mini Storage Limited Liability Company | Membership | 100 % |
| Oregon | Banks Storage, LLC | Membership | 100 % |
| Washington | S and S Storage, LLC | Membership | 100 % |
| Oregon | Portland Mini Storage LLC | Membership | 100 % |
| Washington | Vancouver Mini Storage, LLC | Membership | 100 % |
| Washington | Salem Self Stor, LLC | Membership | 100 % |

**Parent: NSA SecurCare Holdings, LLC**

| Jurisdiction of Organization of each Subsidiary of the above Parent | Legal Entity Name of each Subsidiary of the above Parent | Type of Equity Interest held by the above Parent | Percent Ownership Interest of the above Parent |
|---|---|---|---|
| Delaware | NSA SecurCare CMBS I, LLC | Membership | 100 % |

**Parent: NSA Northwest Holdings, LLC**

| Jurisdiction of Organization of each Subsidiary of the above Parent | Legal Entity Name of each Subsidiary of the above Parent | Type of Equity Interest held by the above Parent | Percent Ownership Interest of the above Parent |
|---|---|---|---|
| **Delaware** | NSA Northwest CMBS | Membership | 100 % |



| | | | |
|---|---|---|---|
| | II, LLC | | |

**Parent: NSA Property Holdings, LLC**

| Jurisdiction of Organization of each Subsidiary of the above Parent | Legal Entity Name of each Subsidiary of the above Parent | Type of Equity Interest held by the above Parent | Percent Ownership Interest of the above Parent |
|---|---|---|---|
| Delaware | NSA Northwest, LLC | Membership | 100 % |

| | | | |
|---|---|---|---|
| Delaware | NSA Optivest, LLC | Membership | 100 % |

**Parent: NSA SecurCare Acquisition Holdings, LLC**

| Jurisdiction of Organization of each Subsidiary of the above Parent | Legal Entity Name of each Subsidiary of the above Parent | Type of Equity Interest held by the above Parent | Percent Ownership Interest of the above Parent |
|---|---|---|---|
| Delaware | SecurCare Fayettville I, LLC | Membership | 100 % |
| Delaware | SecurCare Fayetteville II, LLC | Membership | 100 % |

**Parent: NSA SecurCare CMBS I, LLC**

| Jurisdiction of Organization of each Subsidiary of the above Parent | Legal Entity Name of each Subsidiary of the above Parent | Type of Equity Interest held by the above Parent | Percent Ownership Interest of the above Parent |
|---|---|---|---|
| Delaware | NSA-SecurCare, LLC | Membership | 100 % |

**Parent: NSA Northwest CMBS II, LLC**

| Jurisdiction of Organization of each Subsidiary of the above Parent | Legal Entity Name of each Subsidiary of the above Parent | Type of Equity Interest held by the above Parent | Percent Ownership Interest of the above Parent |
|---|---|---|---|
| Delaware | NSA Northwest II, LLC | Membership | 100 % |



**Parent: NSA — Northwest, LLC**

| Jurisdiction of Organization of each Subsidiary of the above Parent | Legal Entity Name of each Subsidiary of the above Parent | Type of Equity Interest held by the above Parent | Percent Ownership Interest of the above Parent |
|---|---|---|---|
| Oregon | Mt. Hood Mini Storage, LLC | Membership | 100 % |
| Washington | Oregon Self Storage, LLC | Membership | 100 % |
| Oregon | Parkrose Mini Storage, LLC | Membership | 100 % |
| Oregon | Barlow Mini Storage, LLC | Membership | 100 % |
| Oregon | Clackamas River Mini Storage Limited Liability Company | Membership | 100 % |
| Oregon | West 11th Storage, LLC | Membership | 100 % |
| Oregon | Molalla Mini Storage, LLC | Membership | 100 % |
| Oregon | Redmond Mini Storage, LLC | Membership | 100 % |
| Oregon | Scappoose — St. Helens Storage LLC | Membership | 100 % |
| Oregon | Smith Rock Storage, LLC | Membership | 100 % |
| Washington | Vancouver 88th Street Storage, LLC | Membership | 100 % |
| Washington | C/W Mini Storage, LLC | Membership | 100 % |

**Parent: NSA — Optivest, LLC**

| Jurisdiction of Organization of each Subsidiary of the above Parent | Legal Entity Name of each Subsidiary of the above Parent | Type of Equity Interest held by the above Parent | Percent Ownership Interest of the above Parent |
|---|---|---|---|

| | | | |
|---|---|---|---|
| Delaware | Tanque Verde Storage | Membership | 100 % |



| | | | |
|---|---|---|---|
| | Partners, LLC | | |
| Nevada | Banning Storage, LLC | Membership | 100 % |
| Delaware | Eagle Bow Wakefield, LLC | Membership | 100 % |
| Delaware | Great American Storage Partners, LLC | Membership | 100 % |
| California | Allen Storage Partners, LLC | Membership | 100 % |
| California | Forney Storage Partners, LLC | Membership | 100 % |
| California | Grand Prairie Storage Partners, LLC | Membership | 100 % |
| California | Murphy Storage Partners, LLC | Membership | 100 % |
| California | Terrell Storage Partners, LLC | Membership | 100 % |
| California | Optivest Storage Partners of Austin, LLC | Membership | 100 % |

**Parent: NSA — SecurCare , LLC**

| Jurisdiction of Organization of each Subsidiary of the above Parent | Legal Entity Name of each Subsidiary of the above Parent | Type of Equity Interest held by the above Parent | Percent Ownership Interest of the above Parent |
|---|---|---|---|
| Delaware | SecurCare Properties II R,LLC | Membership | 100 % |
| Delaware | SecurCare Value Properties R, LLC | Membership | 100 % |
| Colorado | Oklahoma Self Storage LP | Limited Partner | 99.5 % |
| Delaware | Oklahoma Self Storage GP, LLC | Membership | 100 % |



**Parent: Oklahoma Self Storage GP, LLC**

| Jurisdiction of Organization of each Subsidiary of the above Parent | Legal Entity Name of each Subsidiary of the above Parent | Type of Equity Interest held by the above Parent | Percent Ownership Interest of the above Parent |
|---|---|---|---|
| Colorado | Oklahoma Self Storage, LP | General Partner | 0.5 % |

**Parent: NSA — Northwest II, LLC**

| Jurisdiction of Organization of each Subsidiary of the above Parent | Legal Entity Name of each Subsidiary of the above Parent | Type of Equity Interest held by the above Parent | Percent Ownership Interest of the above Parent |
|---|---|---|---|
| Oregon | Bend — Eugene Storage, LLC | Membership | 99 % |
| Washington | Bishop Road Mini Storage, LLC | Membership | 99 % |
| Oregon | Forest Grove Mini Storage, LLC | Membership | 99 % |
| Oregon | Gresham Storage, LLC | Membership | 99 % |
| Oregon | Highway 97 Mini Storage, LLC | Membership | 99 % |
| Oregon | Highway 99 Mini Storage, LLC | Membership | 99 % |
| Washington | Keepers Storage, LLC | Membership | 99 % |

| | | | |
|---|---|---|---|
| Washington | Lewisville Storage, LLC | Membership | 99 % |
| Oregon | Safegard Mini Storage, LLC | Membership | 99 % |
| Oregon | Springfield Mini Storage, LLC | Membership | 99 % |
| Oregon | Supreme Storage, LLC | Membership | 99 % |
| Oregon | Troutdale Mini Storage, LLC | Membership | 99 % |



| | | | |
|---|---|---|---|
| Delaware | Northwest II Chief Manager, LLC | Membership | 100 % |

**Parent: NSA — Northwest II Chief Manager, LLC**

| Jurisdiction of Organization of each Subsidiary of the above Parent | Legal Entity Name of each Subsidiary of the above Parent | Type of Equity Interest held by the above Parent | Percent Ownership Interest of the above Parent |
|---|---|---|---|
| Oregon | Bend — Eugene Storage, LLC | Membership | 1 % |
| Washington | Bishop Road Mini Storage, LLC | Membership | 1 % |
| Oregon | Forest Grove Mini Storage, LLC | Membership | 1 % |
| Oregon | Gresham Storage, LLC | Membership | 1 % |
| Oregon | Highway 97 Mini Storage, LLC | Membership | 1 % |
| Oregon | Highway 99 Mini Storage, LLC | Membership | 1 % |
| Washington | Keepers Storage, LLC | Membership | 1 % |
| Washington | Lewisville Storage, LLC | Membership | 1 % |
| Oregon | Safegard Mini Storage, LLC | Membership | 1 % |
| Oregon | Springfield Mini Storage, LLC | Membership | 1 % |
| Oregon | Supreme Storage, LLC | Membership | 1 % |
| Oregon | Troutdale Mini Storage, LLC | Membership | 1 % |



**Schedule of Ownership Interests in Colton Hawaiian Gardens, LP**

| Entity Name | Series B Units | Series X Units | Series Y Units |
|---|---|---|---|
| NSA OP, LP | 0% | 0% | 100% (includes the general partnership interest) |
| The J.M. Trust | 49.5% | 49.5% | 0 % |
| Lamb Family Trust | 49.5% | 49.5% | 0 % |
| Colton Holdings, LLC | 1% | 1% | 0 % |

**Schedule of Ownership Interests in GSC Montclair, LP**

| Entity Name | Series B Units | Series X Units | Series Y Units |
|---|---|---|---|
| NSA OP, LP | 0% | 0% | 100% (includes the general partnership |

| | | | |
|---|---|---|---|
| | | | interest) |
| The J.M. Trust | 38% | 38% | 0% |
| The C.A.M. Irrevocable Trust | 51% | 51% | 0% |
| The E.J.M. Irrevocable Trust | 9% | 9% | 0% |
| GSC Holdings 1, LLC | 2% | 2% | 0% |



Schedule 7.2- Part II

**Partially Owned Entities of REIT**

NONE



Schedule 7.6 Part I
**Property Owned or Leased by REIT Parent and REIT and Subsidiaries**

Owned Property

| Direct Owner | Property Name | Address | City | State |
|---|---|---|---|---|
| SecurCare Properties II R, LLC | SecurCare #70 | 5311 Apex Highway | Durham | NC |
| SecurCare Properties II R, LLC | SecurCare #78 | 426 South College Rd | Wilmington | NC |
| SecurCare Properties II R, LLC | SecurCare #158 | 8457-D Roswell Road | Dunwoody | GA |
| SecurCare Properties II R, LLC | SecurCare #166 | 218 Eisenhower Drive | Savannah | GA |
| SecurCare Properties II R, LLC | SecurCare #200 | 3654 W. Pioneer Pkwy | Pantego | TX |
| SecurCare Properties II R, LLC | SecurCare #202 | 914 N. Beltline | Grand Prairie | TX |
| SecurCare Properties II R, LLC | SecurCare #301 | 13870 Indian Street | Moreno Valley | CA |
| SecurCare Properties II R, LLC | SecurCare #601 | 4729 Astrozon Blvd | Colo. Springs | CO |
| SecurCare Properties II R, LLC | SecurCare #852 | 526 McArthur Rd | Fayetteville | NC |
| SecurCare Properties II R, LLC | SecurCare #876 | 6834 S. Trenton Ave. | Tulsa | OK |
| SecurCare Properties II R, LLC | SecurCare #877 | 9135 S. Sheridan Rd. | Tulsa | OK |
| SecurCare Value Properties R, LLC | SecurCare #215 | 1010 N. Loop 250 West | Midland | TX |
| SecurCare Value Properties R, LLC | SecurCare #387 | 108 Gilmer Rd | Longview | TX |
| SecurCare Value | SecurCare #185 | 1311 Northwest loop 281 | Longview | TX |



| | | | | |
|---|---|---|---|---|
| Properties R, LLC | | | | |
| SecurCare Value Properties R, LLC | SecurCare #189 | 3415 Hwy 45 North | Meridian | MS |
| SecurCare Value Properties R, LLC | SecurCare #213 | 3120 Knickerbocker Rd | San Angelo | TX |
| SecurCare Value Properties R, LLC | SecurCare #190 | 2316 Highway 19 North | Meridian | MS |
| SecurCare Value Properties R, LLC | SecurCare #212 | 4000 I-40 East | Amarillo | TX |

| | | | | |
|---|---|---|---|---|
| SecurCare Value Properties R, LLC | SecurCare #163 | 4155 Milgen Road, | Columbus | GA |
| SecurCare Value Properties R, LLC | SecurCare #1201 | 3814 W. Amarillo Blvd | Amarillo | TX |
| SecurCare Value Properties R, LLC | SecurCare #216 | 3233 E. Highway 80 | Odessa | TX |
| SecurCare Value Properties R, LLC | SecurCare #210 | 831 N. Forest | Amarillo | TX |
| SecurCare Value Properties R, LLC | SecurCare #186 | 1005 W. Cotton | Longview | TX |
| Oklahoma Self Storage LP | SecurCare OSS | 4360 S. Mingo Rd. | Tulsa | OK |
| Vancouver 88th Street Storage, LLC | 88th Street Storage | 6212 NE 89th Street | Vancouver | WA |
| Barlow Mini Storage, LLC | Barlow Mini Storage | 24622 S Barlow Road | Canby | OR |
| Bishop Road Mini Storage, LLC | Bishop Road Mini Storage | 1533 Bishop Road | Chehalis | WA |
| C/W Mini Storage, LLC | C/W Mini Storage | 345 N Shepherd Road | Camas | WA |
| Clackamas River Mini Storage, LLC | Clackamas River Mini Storage | 13003 SE Highway 212 | Clackamas | OR |
| West 11th Storage, | Eugene Mini | 3550 W 11th Avenue | Eugene | OR |



| | | | | |
|---|---|---|---|---|
| LLC | Warehouse | | | |
| Forest Grove Mini Storage, LLC | Forest Grove Mini Storage | 3312 Pacific Avenue | Forest Grove | OR |
| Gresham Storage, LLC | Gresham Storage | 629 Mt Hood Highway | Gresham | OR |
| Highway 97 Mini Storage, LLC | Hwy 97 Mini Storage | 539 NW Maple Ave | Redmond | OR |
| Highway 99 Mini Storage, LLC | Hwy 99 Mini Storage | 1233 SE First | Canby | OR |
| Keepers Storage, LLC | Keepers Mini Storage | 2401 Harrison Avenue | Centralia | WA |
| Lewisville Storage, LLC | Lewisville Meadows Mini Storage | 18 NW 29th Street | Battleground | WA |
| Molalla Mini Storage, LLC | Molalla Mini Storage | 704 W Main Street | Molalla | OR |
| Mt. Hood Mini Storage, LLC | Mt Hood Mini Storage | 36800 Industrial Way | Sandy | OR |
| Oregon Self Storage, LLC | Oregon Self Storage | 660 SE 82nd Drive | Gladstone | OR |
| Parkrose Mini Storage, LLC | Parkrose Mini Storage | 12107-12139 NE Erin Way | Portland | OR |
| Redmond Mini Storage, LLC | Redmond Mini Storage | 1401 N Highway 97 | Redmond | OR |
| Safegard Mini Storage, LLC | Safegard Mini Storage | 14735 SE 82nd Drive | Clackamas | OR |
| West 11th Storage, LLC | Sav-N-Lock of Eugene | 3210 W 11th Avenue | Eugene | OR |
| Scappoose - St. Helens Storage, LLC | Scappoose Secure Storage | 53365 Columbia River Hwy | Scappoose | OR |
| Scappoose - St. Helens Storage, LLC | St Helens Mini | 295 S Vernonia Rd | St Helens | OR |
| Smith Rock Storage, | Smith Rock | 1130 B Avenue | Terrebonne | OR |



| | | | | |
|---|---|---|---|---|
| LLC | Storage | | | |

| | | | | |
|---|---|---|---|---|
| Springfield Mini Storage, LLC | Springfield Mini Storage | 2656 Olympic Avenue | Springfield | OR |
| Supreme Storage, LLC | Supreme Storage | 7901 Old Hwy 99 North | Roseburg | OR |
| Troutdale Mini Storage, LLC | Troutdale Mini Storage | 576 SW Halsey | Troutdale | OR |
| Bend - Eugene Storage, LLC | Bend Mini Storage | 100 SE 3rd | Bend | OR |
| Bend - Eugene Storage, LLC | 4 Corners Mini | 599 Oregon 99 | Eugene | OR |
| Tanque Verde Storage Partners, LLC | Bear Canyon | 9000 E Tanque Verde | Tucson | AZ |
| Tanque Verde Storage Partners, LLC | Tanque Verde | 6750 E. Tanque Verde | Tucson | AZ |
| Eagle Bow Wakefield, LLC | Eagle Bow | 555 Rt 3A | Bow | NH |
| Eagle Bow Wakefield, LLC | Eagle Wakefield | 1683 White Mountain Highway | Wakefield | NH |
| Great American Storage Partners, LLC | Great American- Round Rock | 16450 Ranch Road 620 | Round Rock | TX |
| Great American Storage Partners, LLC | Great American- Wylie | 3475 Farm to Market Road 544 | Wylie | TX |
| Allen Storage Partners, LLC | Store More-Allen | 610 E Main St | Allen | TX |
| Forney Storage Partners, LLC | Store More-Forney | 394 East US Hwy 80 | Forney | TX |
| Grand Prairie Storage Partners, LLC | Store More-Grand Prairie | 4660 S State Highway 360 | Grand Prairie | TX |
| Murphy Storage Partners, LLC | Store More-Murphy | 231 W FM 544 | Murphy | TX |
| Terrell Storage Partners, LLC | Store More-Terrell | 3800 W US Hwy 80 | Terrell | TX |



| | | | | |
|---|---|---|---|---|
| Optivest Storage Partners of Austin, LLC | Store More-Midwood | 9023 W Highway 71 | Midwood | TX |
| Banning Storage, LLC | Sunset Storage | 2909 & 2947-2984 W. Lincoln St | Banning | CA |
| SecurCare Oklahoma II, LLC | SecurCare 001 | 8900 S Sooner Rd | Oklahoma City | OK |
| SecurCare Oklahoma II, LLC | SecurCare 002 | 11700 S May Ave | Oklahoma City | OK |
| SecurCare Oklahoma II, LLC | SecurCare 003 | 600 NW 178th St | Edmond | OK |
| SecurCare Oklahoma II, LLC | SecurCare 004 | 7829 W Hefner Rd | Oklahoma City | OK |
| SecurCare Oklahoma I, LLC | SecurCare 006 | 6733 NW Expressway | Oklahoma City | OK |
| SecurCare Oklahoma I, LLC | SecurCare 007 | 168 E 33rd St | Oklahoma City | OK |
| SecurCare Oklahoma I, LLC | SecurCare 008 | 5110 NW 10th St | Edmond | OK |
| SecurCare Oklahoma I, LLC | SecurCare 009 | 2420 S Meridian Ave | Oklahoma City | OK |
| SecurCare Oklahoma I, LLC | SecurCare 010 | 8311 S Western Ave | Oklahoma City | OK |
| SecurCare Oklahoma I, LLC | SecurCare 011 | 1708 S Air Depot Blvd | Oklahoma City | OK |
| SecurCare Oklahoma I, LLC | SecurCare 012 | 201 N Sooner Rd | Oklahoma City | OK |
| SecurCare Oklahoma I, LLC | SecurCare 013 | 9809 SE 29th St | Midwest City | OK |
| SecurCare Oklahoma II, LLC | SecurCare 014 | 3401 S Prospect Ave | Oklahoma City | OK |
| SecurCare Properties | SecurCare 71 | 5502 Durham Chapel Hill | Durham | NC |

| | | | | |
|---|---|---|---|---|
| II, LLC | | Blvd. | | |
| SecurCare Properties I, LLC | SecurCare 72 | 3472 Hillsborough Road | Durham | NC |
| SecurCare Properties I, LLC | SecurCare 74 | 4615 Beryl Road | Raleigh | NC |
| SecurCare Properties I, LLC | SecurCare 75 | 7012 Glenwood | Raleigh | NC |
| SecurCare Properties I, LLC | SecurCare 77 | 2115 Silas Creek Pkwy | Winston-Salem | NC |
| SecurCare Properties I, LLC | SecurCare 152 | 2960 S. Cobb Drive | Smyrna | GA |
| SecurCare Properties I, LLC | SecurCare 153 | 3751 Longmire Way | Doraville | GA |
| SecurCare Properties II, LLC | SecurCare 156 | 4141 Snapfinger Woods | Decatur | GA |
| SecurCare Portfolio Holdings, LLC | SecurCare 157 | 108 Sharon Court | Pooler | GA |
| SecurCare Properties I, LLC | SecurCare 161 | 1881 Gordon Highway | Augusta | GA |
| SecurCare Properties I, LLC | SecurCare 162 | 3121 Washington Road | Augusta | GA |
| SecurCare Properties II, LLC | SecurCare 164 | 2990 Pio Nono Ave | Macon | GA |
| SecurCare Properties I, LLC | SecurCare 165 | 9303 Abercorn Ext | Savannah | GA |
| SecurCare Properties II, LLC | SecurCare 169 | 3016 S. Cooper | Arlington | TX |
| SecurCare Properties II, LLC | SecurCare 170 | 2331 S. Collins | Arlington | TX |
| SecurCare Properties II, LLC | SecurCare 171 | 2306 N. Collins | Arlington | TX |
| SecurCare Properties I, | SecurCare 172 | 1320 Norwood Dr | Bedford | TX |



| | | | | |
|---|---|---|---|---|
| LLC | | | | |
| SecurCare Properties I, LLC | SecurCare 207 | 5717 Will Ruth Ave. | El Paso | TX |
| SecurCare Properties I, LLC | SecurCare 208 | 4701 Osborne Dr | El Paso | TX |
| SecurCare Properties I, LLC | SecurCare 224 | 1412 Poinsett Hwy | Greenville | SC |
| SecurCare Properties I, LLC | SecurCare 225 | 2815 White Horse Road | Greenville | SC |
| SecurCare Properties I, LLC | SecurCare 226 | 1515 Mt. Zion | Morrow | GA |
| SecurCare Properties II, LLC | SecurCare 510 | 2460 East Midway Blvd | Broomfield | CO |
| SecurCare of Colorado Springs 602, Ltd. | SecurCare 602 | 1545 S. Nevada Ave. | Colorado Springs | CO |
| SecurCare Colorado III, LLC | SecurCare 603 | 3420 E. Vickers Dr. | Colorado Springs | CO |
| SecurCare Properties I, LLC | SecurCare 604 | 777 S. Academy Blvd. | Colorado Springs | CO |
| SecurCare Colorado III, LLC | SecurCare 606 | 2005 King St | Colorado Springs | CO |
| SecurCare Properties I, LLC | SecurCare 800 | 1961 Caribou Dr | Ft. Collins | CO |
| SecurCare Properties I, LLC | SecurCare 801 | 4815 Boardwalk Dr. | Ft. Collins | CO |
| SecurCare Properties I, LLC | SecurCare 851 | 6501 Hillsborough Street | Raleigh | NC |

| | | | | |
|---|---|---|---|---|
| SecurCare Properties I, LLC | SecurCare 853 | 1057 Rim Road | Fayetteville | NC |
| SecurCare Properties I, LLC | SecurCare 854 | 6837 Market St | Wilmington | NC |
| SecurCare Properties I, | SecurCare 855 | 1 Western Hills Ct NW | Norcross | GA |



| | | | | |
|---|---|---|---|---|
| LLC | | | | |
| SecurCare Properties I, LLC | SecurCare 856 | 1185 S Cobb Dr SE | Marietta | GA |
| SecurCare Properties I, LLC | SecurCare 870 | 8905 S. Lewis | Tulsa | OK |
| SecurCare Properties I, LLC | SecurCare 871 | 3218 S. Garnett Rd. | Tulsa | OK |
| SecurCare Properties I, LLC | SecurCare 872 | 1434 S. Sheridan | Tulsa | OK |
| SecurCare Properties I, LLC | SecurCare 873 | 9727 East 11th | Tulsa | OK |
| SecurCare Properties I, LLC | SecurCare 874 | 12323 E. Skelly Dr. | Tulsa | OK |
| SecurCare Properties I, LLC | SecurCare 875 | 6436 S. Peoria | Tulsa | OK |
| SecurCare Properties I, LLC | SecurCare 880 | 523 Wylie Road SE | Marietta | GA |
| SecurCare Properties I, LLC | SecurCare 1001 | 3400 Longmire Dr. | College Station | TX |
| SecurCare Properties II, LLC | SecurCare 1002 | 3007 Longmire Dr | College Station | TX |
| SecurCare Properties I, LLC | SecurCare 1003 | 4074 State Hwy 6 South | College Station | TX |
| SecurCare Properties II, LLC | SecurCare 1004 | 625 S. Graham Rd | College Station | TX |
| SecurCare Properties II, LLC | SecurCare 1005 | 2306 S. College Ave | Bryan | TX |
| SecurCare Properties II, LLC | SecurCare 1006 | 1218 Baker St | Bryan | TX |
| SecurCare Properties II, LLC | SecurCare 1007 | 11525 W. 59th St | Tulsa - Sand Springs | OK |
| SecurCare Properties I, | SecurCare 1008 | 5815 S. Mingo Rd. | Tulsa | OK |



| | | | | |
|---|---|---|---|---|
| LLC | | | | |
| SecurCare Properties II, LLC | SecurCare 1009 | 11122 E. 61st St. | Tulsa | OK |
| SecurCare Properties II, LLC | SecurCare 1010 | 6308 S. Mingo Rd. | Tulsa | OK |
| SecurCare Properties I, LLC/SecurCare Properties III, LLC | SecurCare 222/223 | 20 W Wilshire Blvd City | Oklahoma | OK |
| SecurCare Properties I, LLC | SecurCare 73/850 | 3730 W. Wendover Ave | Greensboro | NC |
| Aberdeen Mini Storage Limited Liability Company | Aberdeen Mini Storage | 316 S Washington | Aberdeen | WA |
| HPRH Storage, LLC | Attic Self Storage | 3150 Hawthorne Lane | Eugene | OR |
| Banks Storage, LLC | Banks Storage | 140 E Oak Way | Banks | OR |
| ABC RV and Mini Storage, L.L.C. | Cipole Road Mini Storage & RV | 20475 SW Cipole Road | Sherwood | OR |
| Freeway Self Storage, L.L.C. | Freeway Self Storage | 10600 18th Avenue E | Tacoma | WA |

| | | | | |
|---|---|---|---|---|
| Bauer NW Storage LLC | Hwy 99 Self Storage | 1601 Highway 99 | Eugene | OR |
| Portland Mini Storage LLC | Portland Mini Storage | 3510 NE Columbia Blvd | Portland | OR |
| Bauer NW Storage LLC | Portland Self Storage (122nd) | 5803 SE 122nd | Portland | OR |
| Bauer NW Storage LLC | Portland Self Storage (26th) | 5122 SE 26th | Portland | OR |
| S and S Storage, LLC Storage | Safe and Sound | 421 NE 104th Avenue | Vancouver | WA |
| Salem Self Stor, LLC | Self Stor (Salem) | 3191 Del Webb Ave NE | Salem | OR |
| Bauer NW Storage LLC | Stor-Haus | 505 SW Buchanan | Corvallis | OR |



| | | | | |
|---|---|---|---|---|
| Vancouver Mini Storage, LLC | Vancouver Mini | 4200 NE 78th Street | Vancouver | WA |
| American Mini Storage - San Antonio, LLC | American Mini Storage - San Antonio | 3567 Fredericksburg Rd | San Antonio | TX |
| NSA-Optivest Acquisition Holdings, LLC | StoreMore Sahara | 4375 E. Sahara Ave. | Las Vegas | NV |
| Bullhead Freedom Storage, LLC | Freedom Storage -BHC | 2123 Interstate Place | Bullhead City | AZ |
| NSA-Optivest Acquisition Holdings | Sunset Mini Storage | 3921 E Sunset Rd | Las Vegas | NV |
| GSC Allsafe Riv-l, LP | All Safe | 1807 Columbia Ave. | Riverside | CA |
| Colton Hawaiian Gardens, LP | Hawaiian Gardens | 12336 Carson Street Gardens | Hawaiian | CA |
| GSC Leave It Riv-2, LP | LILI | 1825 Service Court Rd. | Riverside | CA |
| GSC Montclair, LP | Montclair | 10580 Benson Ave. | Montclair | CA |
| SecurCare Fayetteville I, LLC | Reilly Road | 320 N. Reilly Road | Fayetteville | NC |
| SecurCare Fayetteville II, LLC | Bragg Blvd. | 3800 Bragg Boulevard | Fayetteville | NC |
| SecurCare Fayetteville II, LLC | George Owen Road | 2655 George Owen Road | Hope Mills | NC |

Leased Property

None



Schedule 7.6- Part II

**Existing Liens**

None



Schedule 7.7

**ALL Existing Indebtedness (including Guarantees)**

Secured. Non-Recourse

$41,104,000 Loan Agreement dated as of June 10, 2013 among Wells Fargo Bank, National Association, as Lender, and SecureCare

Properties II R, LLC, SecureCare Value Properties R, LLC, and Oklahoma Self Storage, LP, as Borrowers.

$27,084,000 Loan Agreement dated as of June 10, 2013 among Wells Fargo Bank, National Association, as Lender, and Bend - Eugene Storage, LLC, Bishop Road Mini Storage, LLC, Gresham Storage, LLC, Forest Grove Mini Storage, LLC, Highway 97 Mini Storage, LLC, Highway 99 Mini Storage, LLC, Keepers Storage, LLC, Lewisville Storage LLC, Safegard Mini Storage, LLC, Springfield Mini Storage, LLC, Supreme Storage, LLC, and Troutdale Mini Storage, LLC, as Borrowers.

$25,000,000 Mezzanine Loan Agreement dated as of June 24, 2013 between NSA Preferred Holdings, LLC, as Borrower and GREFG NSA Storage Mezz Lender, LLC, as Lender.

$4,500,000 Promissory Note issued by Third Eye Investments, LLC, as maker, and Morgan Stanley Mortgage Capital Holdings LLC, as Lender.

Secured. Recourse

$6,500,000 Loan Agreement dated as of October 9, 2013 among SecureCare Fayettville II, LLC, as Borrower, NSA OP, LP, as Guarantor, and U.S. Bank National Association, as Bank.

$52,000,000 Loan Agreement dated as of June 24, 2013 among NSA Property Holdings, LLC, as Borrower, NSA OP, LP, and National Storage Affiliates Trust, as Guarantors, and U.S. Bank National Association, as Bank.

Unsecured

None



Schedule 7.8

**Framework Agreements**

Framework Agreement, dated as of November 30, 2012, among SecurCare Self Storage, Inc.; Howard Family Limited Partnership II; and Optivest Properties LLC.

Framework Agreement, dated as of February 18, 2014, between National Storage Affiliates and Guardian Storage Centers, LLC.



Schedule 10.1 (d)

**Existing Mezzanine Indebtedness**

$25,000,000 Mezzanine Loan Agreement dated as of June 24, 2013 between NSA Preferred Holdings, LLC, as Borrower and GREFG NSA Storage Mezz Lender, LLC, as Lender.



Schedule 10.3(a)

**Existing Secured Recourse Indebtedness**

$52,000,000 Loan Agreement dated as of June 24, 2013 among NSA Property Holdings, LLC, as Borrower, NSA OP, LP, and National Storage Affiliates Trust, as Guarantors, and U.S. Bank National Association, as Bank, as amended by the First Amendment to Loan Agreement effective as of July 25, 2013 and as further amended by the Second Amendment to Loan Agreement effective as of August 29, 2013.

$6,500,000 Loan Agreement dated as of October 9, 2013 among SecureCare Fayettville II, LLC, as Borrower, NSA OP, LP, as Guarantor, and U.S. Bank National Association, as Bank.



Schedule 10.11

**Contribution Provisions**

Each Core Affiliate (as defined in the applicable Framework Agreement referenced in Schedule 7.8) agrees to contribute qualifying self-storage facilities to the Parent Borrower in exchange for limited partnership interests in the Parent Borrower. In order to be eligible for contribution, a facility must satisfy the following requirements: (1) any debt on the facility must be pre-payable without significant penalty or premium (unless such penalty or premium is payable by the contributing Core Affiliate) and (2) the facility must meet specified quality and market desirability thresholds. An independent consulting group selecting by the Core Affiliates will determine the property quality and market desirability of each facility, determined in accordance with the applicable Framework Agreement.



EXHIBIT A

FORM OF ASSIGNMENT AND ACCEPTANCE AGREEMENT

This Assignment and Acceptance Agreement (the "Assignment and Acceptance Agreement") is dated as of the Effective Date set forth below and is entered into by and between [the] [each] Assignor identified in item 1 below ([the] [each, an] "Assignor") and [the] [each] Assignee identified in item 2 below ([the] [each, an] "Assignee"). [It is understood and agreed that the rights and obligations of [the Assignors] [the Assignees] hereunder are several and not joint.] Capitalized terms used but not defined herein shall have the meanings given to them in the Credit Agreement identified below (as amended, the "Credit Agreement"), receipt of a copy of which is hereby acknowledged by [the] [each] Assignee. The Standard Terms and Conditions set forth in Annex 1 attached hereto are hereby agreed to and incorporated herein by reference and made a part of this Assignment and Acceptance Agreement as if set forth herein in full.

For an agreed consideration, [the] [each] Assignor hereby irrevocably sells and assigns to [the Assignee][the respective Assignees], and [the][each] Assignee hereby irrevocably purchases and assumes from [the Assignor][the respective Assignors], subject to and in accordance with the Standard Terms and Conditions and the Credit Agreement, as of the Effective Date inserted by the Administrative Agent as contemplated below (i) all of [the Assignor's][the respective Assignors'] rights and obligations in [its capacity as a Lender][their respective capacities as Lenders] under the Credit Agreement and any other documents or instruments delivered pursuant thereto to the extent related to the amount and percentage interest identified below of all of such outstanding rights and obligations of [the Assignor] [the respective Assignors] under the respective facilities identified below (including, without limitation, any letters of credit, guarantees, and swingline loans included in such facilities) and (ii) to the extent permitted to be assigned under applicable law, all claims, suits, causes of action and any other right of [the Assignor (in its capacity as a Lender)] [the respective Assignors (in their respective capacities as Lenders)] against any Person, whether known or unknown, arising under or in connection with the Credit Agreement, any other documents or instruments delivered pursuant thereto or the loan transactions governed thereby or in any way based on or related to any of the foregoing, including, but not limited to, contract claims, tort claims, malpractice claims, statutory claims and all other claims at law or in equity related to the rights and obligations sold and assigned pursuant to clause (i) above (the rights and obligations sold and assigned by [the] [any] Assignor to [the] [any] Assignee pursuant to clauses (i) and (ii) above being referred to herein collectively as [the] [an] "Assigned Interest"). Each such sale and assignment is without recourse to [the][any] Assignor and, except as expressly provided in this Assignment and Acceptance Agreement, without representation or warranty by [the] [any] Assignor.

1. Assignor[s]:

2. Assignee[s]:

[for each Assignee, indicate [Affiliate][Approved Fund] of [identify Lender], if applicable]



3. Parent Borrower: NSA OP, LP

4. Administrative Agent: KeyBank National Association, as the administrative agent under the Credit Agreement

5. Credit Agreement: CREDIT AGREEMENT dated as of April 1, 2014, by and among NSA OP, LP, a limited partnership formed under the laws of the State of Delaware (the "Parent Borrower"), certain Subsidiaries of the Parent Borrower from time to time party thereto (the "Subsidiary Borrowers", and together with the Parent Borrower, collectively, the "Borrowers"), NATIONAL STORAGE AFFILIATES TRUST, a Maryland real estate investment trust (the "REIT"), NATIONAL STORAGE AFFILIATES HOLDINGS, LLC, a Delaware limited liability company (the "REIT Parent"), the Lenders from time to time party thereto, and KEYBANK NATIONAL ASSOCIATION, as Administrative Agent.

6. Assigned Interest[s]:

| Assignor[s] | Assignee[s] | Facility Assigned(1) | Aggregate Amount of Commitment/Loans for all Lenders | Amount of Commitment/Loans Assigned(2) | Percentage Assigned of Commitment/Loans(3) | CUSIP Number |
|---|---|---|---|---|---|---|
| | | | $ | $ | % | |
| | | | $ | $ | % | |

[7. Trade Date: ](4)

[Page break]

(1) Fill in the appropriate terminology for the types of facilities under the Credit Agreement that are being assigned under this Assignment (i.e., "Revolving Commitment" or "Term Loan Commitment").
(2) Amount to be adjusted by the counterparties to take into account any payments or prepayments made between the Trade Date and the Effective Date.
(3) Set forth, to at least 9 decimals, as a percentage of the Commitment/Loans of all Lenders thereunder.
(4) To be completed if the Assignor(s) and the Assignee(s) intend that the minimum assignment amount is to be determined as of the Trade Date.



Effective Date , 20 [TO BE INSERTED BY AGENT AND WHICH SHALL BE THE EFFECTIVE DATE OF RECORDATION OF TRANSFER IN THE REGISTER THEREFOR.]

The terms set forth in this Assignment and Acceptance Agreement are hereby agreed to:

ASSIGNOR[S]

[NAME OF ASSIGNOR]

By: _____
Name: _____
Title: _____

[NAME OF ASSIGNOR]

By: _____
Name: _____
Title: _____

ASSIGNEE[S]

[NAME OF ASSIGNEE]

By: _____
Name: _____
Title: _____

[NAME OF ASSIGNEE]

By: _____
Name: _____
Title: _____

[Page Break]



[Consented to and](5) Accepted:

KEYBANK NATIONAL ASSOCIATION, as Administrative Agent

By: _____
Name: _____

Title: _____

[Consented to:](6)

[NAME OF RELEVANT PARTY]

By: _____
Name: _____
Title: _____

(5) To be added only if the consent of the Administrative Agent is required by the terms of the Credit Agreement.
(6) To be added only if the consent of the Borrower and/or other parties is required by the terms of the Credit Agreement.



ANNEX 1

STANDARD TERMS AND CONDITIONS FOR
ASSIGNMENT AND ACCEPTANCE AGREEMENT

1. Representations and Warranties.

1.1 Assignor[s]. [The][Each] Assignor (a) represents and warrants that (i) it is the legal and beneficial owner of [the] [the relevant] Assigned Interest, (ii) [the] [such] Assigned Interest is free and clear of any lien, encumbrance or other adverse claim and (iii) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Acceptance Agreement and to consummate the transactions contemplated hereby; and (b) assumes no responsibility with respect to (i) any statements, warranties or representations made in or in connection with the Credit Agreement or any other Loan Document, (ii) the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Loan Documents or any collateral thereunder, (iii) the financial condition of the Parent Borrower, any of the Subsidiaries or Affiliates or any other Person obligated in respect of any Loan Document or (iv) the performance or observance by the Parent Borrower, any of the Subsidiaries or Affiliates or any other Person of any of their respective obligations under any Loan Document.

1.2 Assignee[s]. [The][Each] Assignee (a) represents and warrants that (i) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Acceptance Agreement and to consummate the transactions contemplated hereby and to become a Lender under the Credit Agreement, (ii) it meets all the requirements to be an assignee under Section 13.5(b)(iii), (v) and (vi) of the Credit Agreement (subject to such consents, if any, as may be required under Section 13.5(b)(iii) of the Credit Agreement), (iii) from and after the Effective Date specified for this Assignment and Acceptance Agreement, it shall be bound by the provisions of the Credit Agreement as a Lender thereunder and, to the extent of [the] [the relevant] Assigned Interest, shall have the obligations of a Lender thereunder, (iv) it is sophisticated with respect to decisions to acquire assets of the type represented by the Assigned Interest and either it, or the person exercising discretion in making its decision to acquire the Assigned Interest, is experienced in acquiring assets of such type, (v) it has received a copy of the Credit Agreement, and has received or has been accorded the opportunity to receive copies of the most recent financial statements delivered pursuant to Section 9.1 or 9.2, as applicable, and such other documents and information as it deems appropriate to make its own credit analysis and decision to enter into this Assignment and Acceptance Agreement and to purchase [the] [such] Assigned Interest, (vi) it has, independently and without reliance upon the Administrative Agent or any other Lender and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Assignment and Acceptance Agreement and to purchase [the] [such] Assigned Interest, and (vii) if it is a Foreign Lender, attached to the Assignment and Acceptance Agreement is any documentation required to be delivered by it pursuant to the terms of the Credit Agreement, duly completed and



executed by [the] [such] Assignee; and (b) agrees that (i) it will, independently and without reliance on the Administrative Agent, [the] [any] Assignor or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Loan Documents, and (ii) it will perform in accordance with their terms all of the obligations which by the terms of the Loan Documents are required to be performed by it as a Lender.

2. Payments. From and after the Effective Date, the Administrative Agent shall make all payments in respect of [the] [each] Assigned Interest (including payments of principal, interest, fees and other amounts) to [the] [the relevant] Assignee whether such amounts have accrued prior to, on or after the Effective Date specified for this Assignment and Acceptance Agreement. The Assignor[s] and the Assignee[s] shall make all appropriate adjustments in payments by the Administrative Agent for periods prior to such Effective Date or with respect to the making of this assignment directly between themselves.

3. General Provisions. This Assignment and Acceptance Agreement shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and assigns. This Assignment and Acceptance Agreement may be executed in any number of counterparts, which together shall constitute one instrument. Delivery of an executed counterpart of a signature page of this Assignment and Acceptance Agreement by telecopy shall be effective as delivery of a manually executed counterpart of this Assignment and

Acceptance Agreement. This Assignment and Acceptance Agreement shall be governed by, and construed in accordance with, the law of the State of New York.



EXHIBIT B

FORM OF GUARANTY

[Attached]



EXHIBIT C

FORM OF NOTICE OF BORROWING

, 20

KeyBank National Association, as Administrative Agent
127 Public Square
Cleveland, Ohio
Attn: Real Estate Capital

Ladies and Gentlemen:

Reference is made to that certain Credit Agreement (the "Loan Agreement") dated as of April 1, 2014, by and among NSA OP, LP, a limited partnership formed under the laws of the State of Delaware (the "Parent Borrower"), certain Subsidiaries of the Parent Borrower from time to time party thereto (the "Subsidiary Borrowers", and together with the Parent Borrower, collectively, the "Borrowers"). NATIONAL STORAGE AFFILIATES TRUST, a Maryland real estate investment trust (the "REIT"). NATIONAL STORAGE AFFILIATES HOLDINGS, LLC, a Delaware limited liability company (the "REIT Parent"), the Lenders from time to time party thereto, and KEYBANK NATIONAL ASSOCIATION, as Administrative Agent. Capitalized terms used herein, and not otherwise defined herein, have their respective meanings given them in the Loan Agreement.

1. Pursuant to Section [2.1(b)] [2.2(b)] of the Loan Agreement, the Parent Borrower hereby requests that the Lenders make [Revolving Loans] [Term Loans] to the Borrowers in an aggregate principal amount equal to $ .

2. The Parent Borrower requests that such Loans be made available to the Borrowers on , 20 .

3. The Parent Borrower hereby requests that the requested Loans all be of the following Type:

   - ☐ Base Rate Loans
   - ☐ LIBOR Loans, with an initial Interest Period for a duration of:

     - ☐ 1 month
     - ☐ 2 months
     - ☐ 3 months
     - ☐ 6 months

4. The proceeds of this borrowing of Loans will be used for purposes that are consistent with the terms of Section 8.8 of the Loan Agreement.

5. The location and number of the Borrowers' account to which funds are to be disbursed are as follows:



Bank Name:
Bank Address:
ABA number:
Account number:
Account Name:
SWIFT CODE (if needed):

The Parent Borrower hereby certifies to the Administrative Agent and the Lenders that as of the date of the making of the requested Loans and after giving effect thereto, (a) no Default or Event of Default shall exist and (b) the representations and warranties

made or deemed made by the REIT, the Parent Borrower and each other Loan Party in the Loan Documents to which any of them is a party shall be true and correct in all respects, except to the extent that such representations and warranties expressly relate solely to an earlier date (in which case such representations and warranties shall have been true and correct on and as of such earlier date). In addition, the Parent Borrower certifies to the Administrative Agent and the Lenders that all conditions to the making of the requested Loans contained in Article VI of the Loan Agreement will have been satisfied (or waived in accordance with the applicable provisions of the Loan Documents) at the time such Loans are made.

*[Signature Pages Follow]*



IN WITNESS WHEREOF, the undersigned has duly executed and delivered this Notice of Borrowing as of the date first written above.

NSA OP, LP, as Parent Borrower

By: NATIONAL STORAGE AFFILIATES TRUST, its general partner

By: _____
Name:
Title:



EXHIBIT D

FORM OF NOTICE OF CONTINUATION

, 20

KeyBank National Association, as Administrative Agent
127 Public Square
Cleveland, Ohio
Attn: Real Estate Capital

Ladies and Gentlemen:

Reference is made to that certain Credit Agreement (the "Loan Agreement") dated as of April 1, 2014, by and among NSA OP, LP, a limited partnership formed under the laws of the State of Delaware (the "Parent Borrower"). certain Subsidiaries of the Parent Borrower from time to time party thereto (the "Subsidiary Borrowers", and together with the Parent Borrower, collectively, the "Borrowers"), NATIONAL STORAGE AFFILIATES TRUST, a Maryland real estate investment trust (the "REIT"). NATIONAL STORAGE AFFILIATES HOLDINGS, LLC, a Delaware limited liability company (the "REIT Parent"), the Lenders from time to time party thereto, and KEYBANK NATIONAL ASSOCIATION, as Administrative Agent. Capitalized terms used herein, and not otherwise defined herein, have their respective meanings given them in the Loan Agreement.

Pursuant to Section 2.9 of the Credit Agreement, the Parent Borrower hereby requests a Continuation of a borrowing of Loans under the Credit Agreement, and in that connection sets forth below the information relating to such Continuation as required by such Section of the Credit Agreement:

1. The proposed date of such Continuation is , 20 .

2. The Loans to be Continued pursuant hereto are [Revolving Loans][Term Loans].

3. The aggregate principal amount of Loans subject to the requested Continuation is $ and was originally borrowed by the Borrowers on , 20 .

4. The portion of such principal amount subject to such Continuation is $ .

5. The current Interest Period for each of the Loans subject to such Continuation ends on , 20 .

6. The duration of the new Interest Period for each of such Loans or portion thereof subject to such Continuation is:

**[Check one box only]**

☐ 1 month

☐ 2 months

☐ 3 months

☐ 6 months

The Parent Borrower hereby certifies to the Administrative Agent and the Lenders that as of the date hereof and as of the date of the requested Continuation and after giving effect thereto, (a) no Default or Event of Default exists or will exist, and (b) the representations and warranties made or deemed made by the REIT, the Parent Borrower and each other Loan Party in the Loan Documents to which any of them is a party are and shall be true and correct in all material respects (or in all respects to the extent that such representations and warranties are already subject to concepts of materiality), except to the extent that such representations and warranties expressly relate solely to an earlier date (in which case such representations and warranties shall have been true and correct in all material respects on and as of such earlier date).

If notice of the requested Continuation was given previously by telephone, this notice is to be considered the written confirmation of such telephone notice required by Section 2.9 of the Credit Agreement.

IN WITNESS WHEREOF, the undersigned has duly executed and delivered this Notice of Continuation as of the date first written above.

NSA OP, LP, a Delaware limited partnership

By: NATIONAL STORAGE AFFILIATES TRUST, its general partner

By: _____
Name: _____
Title: _____



EXHIBIT E

FORM OF NOTICE OF CONVERSION

, 20

KeyBank National Association, as Administrative Agent
127 Public Square
Cleveland, Ohio
Attn: Real Estate Capital

Ladies and Gentlemen:

Reference is made to that certain Credit Agreement (the "Loan Agreement") dated as of April 1, 2014, by and among NSA OP, LP, a limited partnership formed under the laws of the State of Delaware (the "Parent Borrower"), certain Subsidiaries of the Parent Borrower from time to time party thereto (the "Subsidiary Borrowers", and together with the Parent Borrower, collectively, the "Borrowers"). NATIONAL STORAGE AFFILIATES TRUST, a Maryland real estate investment trust (the "REIT"). NATIONAL STORAGE AFFILIATES HOLDINGS, LLC, a Delaware limited liability company (the "REIT Parent"), the Lenders from time to time party thereto, and KEYBANK NATIONAL ASSOCIATION, as Administrative Agent. Capitalized terms used herein, and not otherwise defined herein, have their respective meanings given them in the Loan Agreement.

Pursuant to Section 2.10 of the Loan Agreement, the Parent Borrower hereby requests a Conversion of a borrowing of Loans of one Type into Loans of another Type under the Credit Agreement, and in that connection sets forth below the information relating to such Conversion as required by such Section of the Credit Agreement:

1. The proposed date of such Conversion is , 20 .

2. The Loans to be Converted pursuant hereto are [Revolving Loans][Term Loans].

3. The Loans to be Converted pursuant hereto are currently [Base Rate Loans] [LIBOR Loans]:

4. The aggregate principal amount of Loans subject to the requested Continuation is $ . and was originally borrowed by the Borrowers on , 20 .

5. The portion of such principal amount subject to such Conversion is $ .

6. The amount of such Loans to be so Converted is to be converted into Loans of the following Type:

**[Check the relevant box]**



☐ Base Rate Loans

☐ LIBOR Loans, each with an initial Interest Period for a duration of:

**[Check one box only]**

☐ 1 month

☐ 2 months

☐ 3 months

☐ 6 months

The Parent Borrower hereby certifies to the Administrative Agent and the Lenders that as of the date hereof and as of the date of the requested Continuation and after giving effect thereto, (a) no Default or Event of Default exists or will exist (provided the certification under this clause (a) shall not be made in connection with the Conversion of a Loan into a Base Rate Loan), and (b) the representations and warranties made or deemed made by the REIT, the Parent Borrower and each other Loan Party in the Loan Documents to which any of them is a party are and shall be true and correct in all material respects (or in all respects to the extent that such representations and warranties are already subject to concepts of materiality), except to the extent that such representations and warranties expressly relate solely to an earlier date (in which case such representations and warranties shall have been true and correct in all material respects on and as of such earlier date).

If notice of the requested Conversion was given previously by telephone, this notice is to be considered the written confirmation of such telephone notice required by Section 2.10 of the Credit Agreement.

IN WITNESS WHEREOF, the undersigned has duly executed and delivered this Notice of Conversion as of the date first written above.

NSA OP, LP

By: NATIONAL STORAGE AFFILIATES TRUST, its general partner

By: _____
Name: _____
Title: _____



EXHIBIT F

FORM OF NOTICE OF SWINGLINE BORROWING

, 20

KeyBank National Association, as Administrative Agent
127 Public Square
Cleveland, Ohio
Attn: Real Estate Capital

Ladies and Gentlemen:

Reference is made to that certain Credit Agreement (the "Loan Agreement") dated as of April 1, 2014, by and among NSA OP, LP, a limited partnership formed under the laws of the State of Delaware (the "Parent Borrower"), certain Subsidiaries of the Parent Borrower from time to time party thereto (the "Subsidiary Borrowers", and together with the Parent Borrower, collectively, the "Borrowers"), NATIONAL STORAGE AFFILIATES TRUST, a Maryland real estate investment trust (the "REIT"), NATIONAL STORAGE AFFILIATES HOLDINGS, LLC, a Delaware limited liability company (the "REIT Parent"), the Lenders from time to time party thereto, and KEYBANK NATIONAL ASSOCIATION, as Administrative Agent. Capitalized terms used herein, and not otherwise

defined herein, have their respective meanings given them in the Loan Agreement.

1. Pursuant to Section 2.3(b) of the Loan Agreement, the Parent Borrower hereby requests that the Swingline Lender make a Swingline Loan to the Borrowers in an aggregate principal amount equal to $ .

2. The Parent Borrower requests that such Swingline Loan be made available to the Borrowers on , 20 .

3. The proceeds of this borrowing of Swingline Loans will be used for purposes that are consistent with the terms of Section 8.8 of the Loan Agreement.

4. The location and number of the Borrowers' account to which funds are to be disbursed are as follows:

Bank Name:
Bank Address:
ABA number:
Account number:
Account Name:
SWIFT CODE (if needed):

The Parent Borrower hereby certifies to the Administrative Agent and the Lenders that as of the date of the making of the requested Swingline Loan and after giving effect thereto, (a) no Default or Event of Default shall exist and (b) the representations and warranties made or deemed made by the REIT, the Parent Borrower and each other Loan Party in the Loan Documents to which any of them is a party shall be true and correct in all respects, except to the



extent that such representations and warranties expressly relate solely to an earlier date (in which case such representations and warranties shall have been true and correct on and as of such earlier date). In addition, the Parent Borrower certifies to the Administrative Agent and the Lenders that all conditions to the making of the requested Swingline Loan contained in Article VI of the Loan Agreement will have been satisfied (or waived in accordance with the applicable provisions of the Loan Documents) at the time such Swingline Loan is made.

*[Signature Pages Follow]*



IN WITNESS WHEREOF, the undersigned has duly executed and delivered this Notice of Swingline Borrowing as of the date first written above.

NSA OP, LP, as Parent Borrower

By: NATIONAL STORAGE AFFILIATES TRUST, its general partner

By: _____
Name:
Title:



EXHIBIT G

FORM OF SWINGLINE PROMISSORY NOTE

, 20

FOR VALUE RECEIVED, the undersigned hereby jointly and severally promise to pay to KEYBANK NATIONAL ASSOCIATION (the "Swingline Lender") or its registered assigns, at 127 Public Square, Cleveland, Ohio 44114, or at such other address as may be specified in writing by the Swingline Lender to the Parent Borrower, the aggregate unpaid principal amount of Swingline Loans made by the Swingline Lender to the Borrowers under the Credit Agreement, on the dates and in the principal amounts provided in the Credit Agreement, and to pay interest on the unpaid principal amount owing hereunder, at the rates and on the dates provided in the Credit Agreement.

The date and amount of each Swingline Loan, and each payment made on account of the principal thereof, shall be recorded by the Swingline Lender on its books and, prior to any transfer of this Swingline Promissory Note (the "Note"'), endorsed by the Swingline

Lender on the schedule attached hereto or any continuation thereof, provided that the failure of the Swingline Lender to make any such recordation or endorsement shall not affect the obligations of the Borrowers to make a payment when due of any amount owing under the Credit Agreement or hereunder in respect of the Swingline Loans made by the Swingline Lender.

This Note is the Swingline Note referred to in the Credit Agreement (the "Credit Agreement") dated as of April 1, 2014, by and among NSA OP, LP, a limited partnership formed under the laws of the State of Delaware (the "Parent Borrower"), certain Subsidiaries of the Parent Borrower from time to time party thereto (the "Subsidiary Borrowers", and together with the Parent Borrower, collectively, the "Borrowers"'). NATIONAL STORAGE AFFILIATES TRUST, a Maryland real estate investment trust (the "REIT"). NATIONAL STORAGE AFFILIATES HOLDINGS, LLC, a Delaware limited liability company (the "REIT Parent"), the Lenders from time to time party thereto, and KEYBANK NATIONAL ASSOCIATION, as Administrative Agent. Capitalized terms used herein, and not otherwise defined herein, have their respective meanings given them in the Credit Agreement.

The Credit Agreement provides for the acceleration of the maturity of this Note upon the occurrence of certain events and for prepayments of Swingline Loans upon the terms and conditions specified therein.

This Note is guaranteed as provided in the Guaranty. Reference is hereby made to the Guaranty for a description of the nature and extent of such guaranty, the terms and conditions upon which such guaranty was granted and the rights of the holder of this Note in respect thereof. This Note is secured as provided in the Pledge and Security Agreement. Reference is hereby made to the Pledge and Security Agreement for a description of the nature and extent of such collateral security, the terms and conditions upon which such collateral security was granted and the rights of the holder of this Note in respect thereof.



Except as permitted by Section 13.5 of the Credit Agreement, this Note may not be assigned by the Swingline Lender to any other Person.

[This Note is given in replacement of the Swingline Note dated , 20 previously delivered to the Swingline Lender under the Credit Agreement. THIS NOTE IS NOT INTENDED TO BE, AND SHALL NOT BE CONSTRUED TO BE, A NOVATION OF ANY OF THE OBLIGATIONS OWING UNDER OR IN CONNECTION WITH THE OTHER NOTE.](1)

THIS NOTE SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK APPLICABLE TO CONTRACTS EXECUTED, AND TO BE FULLY PERFORMED, IN SUCH STATE.

The Borrowers hereby waive presentment for payment, demand, notice of demand, notice of non-payment, protest, notice of protest and all other similar notices.

Time is of the essence for this Note.

[Signature Page Follows]

(1) **Bracketed language to be used in replacement notes only.**



IN WITNESS WHEREOF, the undersigned have executed and delivered this Note as of the date first written above.

[BORROWERS' SIGNATURE BLOCKS]



EXHIBIT H

FORM OF REVOLVING PROMISSORY NOTE

$ , 20

FOR VALUE RECEIVED, the undersigned hereby jointly and severally promise to pay to (the "Lender") or its registered assigns, in care of KeyBank National Association, as Administrative Agent (the "Administrative Agent") at KeyBank National Association, 127 Public Square, Cleveland, Ohio 44114, or at such other address as may be specified in writing by the Administrative Agent to the Parent Borrower, the principal sum of AND /100 DOLLARS ($ ) (or such lesser amount as shall equal the aggregate unpaid principal amount of Revolving Loans made by the Lender to the Borrowers under the Credit Agreement), on the dates and in the principal amounts provided in the Credit Agreement, and to pay interest on the unpaid principal amount owing hereunder, at the rates and on the dates provided in the Credit Agreement.

The date and amount of each Revolving Loan made by the Lender to the Borrowers, and each payment made on account of the principal thereof, shall be recorded by the Lender on its books and, prior to any transfer of this Revolving Promissory Note (the "Note"), endorsed by the Lender on the schedule attached hereto or any continuation thereof, provided that the failure of the Lender to make any such recordation or endorsement shall not affect the obligations of the Borrowers to make a payment when due of any amount owing under the Credit Agreement or hereunder in respect of the Revolving Loans made by the Lender.

This Note is one of the Notes referred to in the Credit Agreement (the "Credit Agreement") dated as of April 1, 2014, by and among NSA OP, LP, a limited partnership formed under the laws of the State of Delaware (the "Parent Borrower"), certain Subsidiaries of the Parent Borrower from time to time party thereto (the "Subsidiary Borrowers", and together with the Parent Borrower, collectively, the "Borrowers"). NATIONAL STORAGE AFFILIATES TRUST, a Maryland real estate investment trust (the "REIT"). NATIONAL STORAGE AFFILIATES HOLDINGS, LLC, a Delaware limited liability company (the "REIT Parent"), the Lenders from time to time party thereto, and the Administrative Agent. Capitalized terms used herein, and not otherwise defined herein, have their respective meanings given them in the Credit Agreement.

The Credit Agreement provides for the acceleration of the maturity of this Note upon the occurrence of certain events and for prepayments of Loans upon the terms and conditions specified therein.

This Note is guaranteed as provided in the Guaranty. Reference is hereby made to the Guaranty for a description of the nature and extent of such guaranty, the terms and conditions upon which such guaranty was granted and the rights of the holder of this Note in respect thereof. This Note is secured as provided in the Pledge and Security Agreement. Reference is hereby made to the Pledge and Security Agreement for a description of the nature and extent of



such collateral security, the terms and conditions upon which such collateral security was granted and the rights of the holder of this Note in respect thereof.

Except as permitted by Section 13.5 of the Credit Agreement, this Note may not be assigned by the Lender to any other Person.

[This Note is given in replacement of the Revolving Note dated , 20 in the original principal amount of $ previously delivered to the Lender under the Credit Agreement. THIS NOTE IS NOT INTENDED TO BE, AND SHALL NOT BE CONSTRUED TO BE, A NOVATION OF ANY OF THE OBLIGATIONS OWING UNDER OR IN CONNECTION WITH THE OTHER NOTE.](1)

THIS NOTE SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK APPLICABLE TO CONTRACTS EXECUTED, AND TO BE FULLY PERFORMED, IN SUCH STATE.

The Borrowers hereby waive presentment for payment, demand, notice of demand, notice of non-payment, protest, notice of protest and all other similar notices.

Time is of the essence for this Note.

[Signature Page Follows]

(1) **Bracketed language to be used in replacement notes only.**



IN WITNESS WHEREOF, the undersigned have executed and delivered this Note as of the date first written above.

[BORROWERS' SIGNATURE BLOCKS]



EXHIBIT I

FORM OF TERM LOAN PROMISSORY NOTE

$ , 20

FOR VALUE RECEIVED, the undersigned hereby jointly and severally promise to pay to (the "Lender") or its registered assigns, in care of KeyBank National Association, as Administrative Agent (the "Administrative Agent") at KeyBank National Association, 127 Public Square, Cleveland, Ohio 44114, or at such other address as may be specified in writing by the Administrative Agent to the Parent Borrower, the principal sum of AND /100 DOLLARS ($ ), on the date and in the principal

amount provided in the Credit Agreement, and to pay interest on the unpaid principal amount owing hereunder, at the rates and on the dates provided in the Credit Agreement.

The date, amount of the Term Loan made by the Lender to the Borrowers, and each payment made on account of the principal thereof, shall be recorded by the Lender on its books and, prior to any transfer of this Term Loan Promissory Note (the "Note"), endorsed by the Lender on the schedule attached hereto or any continuation thereof, provided that the failure of the Lender to make any such recordation or endorsement shall not affect the obligations of the Borrowers to make a payment when due of any amount owing under the Credit Agreement or hereunder in respect of the Term Loan made by the Lender.

This Note is one of the Notes referred to in the Credit Agreement (the "Credit Agreement") dated as of April 1, 2014, by and among NSA OP, LP, a limited partnership formed under the laws of the State of Delaware (the "Parent Borrower"), certain Subsidiaries of the Parent Borrower from time to time party thereto (the "Subsidiary Borrowers", and together with the Parent Borrower, collectively, the "Borrowers"). NATIONAL STORAGE AFFILIATES TRUST, a Maryland real estate investment trust (the "REIT"), NATIONAL STORAGE AFFILIATES HOLDINGS, LLC, a Delaware limited liability company (the "REIT Parent"), the Lenders from time to time party thereto, and the Administrative Agent. Capitalized terms used herein, and not otherwise defined herein, have their respective meanings given them in the Credit Agreement.

The Credit Agreement provides for the acceleration of the maturity of this Note upon the occurrence of certain events and for prepayments of Loans upon the terms and conditions specified therein.

This Note is guaranteed as provided in the Guaranty. Reference is hereby made to the Guaranty for a description of the nature and extent of such guaranty, the terms and conditions upon which such guaranty was granted and the rights of the holder of this Note in respect thereof. This Note is secured as provided in the Pledge and Security Agreement. Reference is hereby made to the Pledge and Security Agreement for a description of the nature and extent of such collateral security, the terms and conditions upon which such collateral security was granted and the rights of the holder of this Note in respect thereof.



Except as permitted by Section 13.5 of the Credit Agreement, this Note may not be assigned by the Lender to any other Person.

[This Note is given in replacement of the Term Note dated , 20 in the original principal amount of $ previously delivered to the Lender under the Credit Agreement. THIS NOTE IS NOT INTENDED TO BE, AND SHALL NOT BE CONSTRUED TO BE, A NOVATION OF ANY OF THE OBLIGATIONS OWING UNDER OR IN CONNECTION WITH THE OTHER NOTE.](1)

THIS NOTE SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK APPLICABLE TO CONTRACTS EXECUTED, AND TO BE FULLY PERFORMED, IN SUCH STATE.

The Borrowers hereby waive presentment for payment, demand, notice of demand, notice of non-payment, protest, notice of protest and all other similar notices.

Time is of the essence for this Note.

[Signature Page Follows]

(1) **Bracketed language to be used in replacement notes only.**



IN WITNESS WHEREOF, the undersigned have executed and delivered this Note as of the date first written above.

[BORROWERS' SIGNATURE BLOCKS]



EXHIBIT J

FORM OF INCREASING LENDER AGREEMENT

INCREASING LENDER SUPPLEMENT, dated , 20 (this "Supplement"), by and among each of the signatories hereto, to the Credit Agreement, dated as of April 1, 2014 (as amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement"), by and among NSA OP, LP, a limited partnership formed under the laws of the State of Delaware (the "Parent Borrower"), certain Subsidiaries of the Parent Borrower from time to time party thereto (the "Subsidiary Borrowers", and together with the Parent Borrower, collectively, the "Borrowers"). NATIONAL STORAGE AFFILIATES TRUST, a Maryland real estate investment

trust (the "REIT"). NATIONAL STORAGE AFFILIATES HOLDINGS, LLC, a Delaware limited liability company (the "REIT Parent"), the Lenders from time to time party thereto, and KEYBANK NATIONAL ASSOCIATION, as Administrative Agent. Capitalized terms used herein and not defined herein shall have the meanings defined in the Credit Agreement.

W I T N E S S E T H

WHEREAS, pursuant to Section 2.16 of the Credit Agreement, the Parent Borrower has the right, subject to the terms and conditions thereof, to effectuate from time to time an increase in the Revolving Commitments and/or one or more additional tranches of Incremental Term Loans under the Credit Agreement by requesting one or more Lenders to increase the amount of its Revolving Commitment and/or to participate in such a tranche;

WHEREAS, the Parent Borrower has given notice to the Administrative Agent of its intention to [increase the Revolving Commitments] [and] [enter into a tranche of Incremental Term Loans] pursuant to such Section 2.16; and

WHEREAS, pursuant to such Section 2.16, the undersigned Increasing Lender now desires to [increase the amount of its Revolving Commitment] [and] [participate in a tranche of Incremental Term Loans] under the Credit Agreement by executing and delivering to the Company and the Administrative Agent this Supplement;

NOW, THEREFORE, each of the parties hereto hereby agrees as follows:

1. The undersigned Increasing Lender agrees, subject to the terms and conditions of the Credit Agreement, that on the date of this Supplement it shall [have its Revolving Commitment increased by $ , thereby making the aggregate amount of its Revolving Commitment equal to $ ] [and] [participate in an Incremental Term Loan with a commitment amount equal to $ with respect thereto].

2. The Parent Borrower hereby represents and warrants that on the proposed date of the effectiveness of the increase in the Revolving Commitments and/or tranche of Incremental Term Loans contemplated hereby, both immediately before and immediately after giving effect thereto, (a) no Default or Event of Default exists and (b) the representations and warranties made or deemed made by the Borrowers and each other Loan Party in the Loan Documents to which any of them is a party, are true and correct in



all material respects with the same force and effect as if made on and as of such date except to the extent that such representations and warranties expressly relate solely to an earlier date (in which case such representations and warranties shall have been true and correct in all material respects on and as of such earlier date).

3. This Supplement shall be governed by, and construed in accordance with, the laws of the State of New York applicable to contracts executed, and to be fully performed, in such State.

4. This Supplement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same document.

IN WITNESS WHEREOF, each of the undersigned has caused this Supplement to be executed and delivered by a duly authorized officer on the date first above written.

[INSERT NAME OF INCREASING LENDER]

By: _____
Name:
Title:

Accepted and agreed to as of the date first written above:

NSA OP, LP

By: _____
Name:
Title:

KEYBANK NATIONAL ASSOCIATION,
as Administrative Agent

By: _____

Name:
Title:



EXHIBIT K

FORM OF AUGMENTING LENDER AGREEMENT

AUGMENTING LENDER SUPPLEMENT, dated , 20 (this "Supplement"), by and among each of the signatories hereto, to the Credit Agreement, dated as of April 1, 2014 (as amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement"), by and among NSA OP, LP, a limited partnership formed under the laws of the State of Delaware (the "Parent Borrower"), certain Subsidiaries of the Parent Borrower from time to time party thereto (the "Subsidiary Borrowers", and together with the Parent Borrower, collectively, the "Borrowers"). NATIONAL STORAGE AFFILIATES TRUST, a Maryland real estate investment trust (the "REIT"). NATIONAL STORAGE AFFILIATES HOLDINGS, LLC, a Delaware limited liability company (the "REIT Parent"), the Lenders from time to time party thereto, and KEYBANK NATIONAL ASSOCIATION, as Administrative Agent. Capitalized terms used herein and not defined herein shall have the meanings defined in the Credit Agreement.

**W I T N E S S E T H**

WHEREAS, the Credit Agreement provides in Section 2.16 thereof that any bank, financial institution or other entity may [extend Revolving Commitments] [and] [participate in tranches of Incremental Term Loans] under the Credit Agreement subject to the approval of the Parent Borrower and the Administrative Agent, by executing and delivering to the Parent Borrower and the Administrative Agent a supplement to the Credit Agreement in substantially the form of this Supplement; and

WHEREAS, the undersigned Augmenting Lender was not an original party to the Credit Agreement but now desires to become a party thereto;

NOW, THEREFORE, each of the parties hereto hereby agrees as follows:

1. The undersigned Augmenting Lender agrees to be bound by the provisions of the Credit Agreement and agrees that it shall, on the date of this Supplement, become a Lender for all purposes of the Credit Agreement to the same extent as if originally a party thereto, with a [Revolving Commitment of $ ] [and] [a commitment with respect to Incremental Term Loans of $ ].

2. The undersigned Augmenting Lender (a) represents and warrants that it is legally authorized to enter into this Supplement, (b) confirms that it has received a copy of the Credit Agreement, together with copies of the most recent financial statements delivered pursuant to Sections 9.1 and 9.2 thereof, as applicable, and has reviewed such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Supplement, (c) agrees that it will, independently and without reliance upon the Administrative Agent or any other Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Credit Agreement or any other instrument or document furnished pursuant hereto or



thereto, (d) appoints and authorizes the Administrative Agent to take such action as agent on its behalf and to exercise such powers and discretion under the Credit Agreement or any other instrument or document furnished pursuant hereto or thereto as are delegated to the Administrative Agent by the terms thereof, together with such powers as are incidental thereto, and (e) agrees that it will be bound by the provisions of the Credit Agreement and will perform in accordance with its terms all the obligations which by the terms of the Credit Agreement are required to be performed by it as a Lender.

3. The Parent Borrower hereby represents and warrants that on the proposed date of the effectiveness of the increase in the Revolving Commitments and/or tranche of Incremental Term Loans contemplated hereby, both immediately before and immediately after giving effect thereto, (a) no Default or Event of Default exists and (b) the representations and warranties made or deemed made by the Borrowers and each other Loan Party in the Loan Documents to which any of them is a party, are true and correct in all material respects with the same force and effect as if made on and as of such date except to the extent that such representations and warranties expressly relate solely to an earlier date (in which case such representations and warranties shall have been true and correct in all material respects on and as of such earlier date).

4. This Supplement shall be governed by, and construed in accordance with, the laws of the State of New York applicable to contracts executed, and to be fully performed, in such State.

5. This Supplement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same document.

IN WITNESS WHEREOF, each of the undersigned has caused this Supplement to be executed and delivered by a duly authorized officer on the date first above written.

[INSERT NAME OF AUGMENTING LENDER]

By: _____
Name:
Title:

Accepted and agreed to as of the date first written above:

NSA OP, LP

By: _____
Name:
Title:



KEYBANK NATIONAL ASSOCIATION,
as Administrative Agent

By: _____
Name:
Title:



EXHIBIT L

FORM OF COMPLIANCE CERTIFICATE

, 20

KeyBank National Association, as Administrative Agent
127 Public Square
Cleveland, Ohio
Attn: Real Estate Capital

Each of the Lenders party to the Credit Agreement
referred to below

Ladies and Gentlemen:

Reference is made to that certain Credit Agreement (the "Loan Agreement") dated as of April 1, 2014, by and among NSA OP, LP, a limited partnership formed under the laws of the State of Delaware (the "Parent Borrower"), certain Subsidiaries of the Parent Borrower from time to time party thereto (the "Subsidiary Borrowers", and together with the Parent Borrower, collectively, the "Borrowers"). NATIONAL STORAGE AFFILIATES TRUST, a Maryland real estate investment trust (the "REIT"). NATIONAL STORAGE AFFILIATES HOLDINGS, LLC, a Delaware limited liability company (the "REIT Parent"), the Lenders from time to time party thereto, and KEYBANK NATIONAL ASSOCIATION, as Administrative Agent. Capitalized terms used herein, and not otherwise defined herein, have their respective meanings given them in the Loan Agreement.

Pursuant to Section [6.1(a)][9.3] of the Credit Agreement, the undersigned hereby certify to the Administrative Agent and the Lenders as follows:

(1) The undersigned are the of the REIT, the of the Parent Borrower and the of the REIT Parent.

(2) The undersigned have examined the books and records of the REIT Parent, the REIT and the Parent Borrower and have conducted such other examinations and investigations as are reasonably necessary to provide this Compliance Certificate.

(3) To the best of the undersigneds' knowledge, information and belief after due inquiry, no Default or Event of Default exists *[if such is not the case, specify such Default or Event of Default and its nature, when it occurred and whether it is continuing and the steps being taken by the REIT Parent, the REIT and/or the Parent Borrower with respect to such event, condition or failure]*.

(4) Attached hereto as Schedule 1 are reasonably detailed calculations establishing whether or not the Loan Parties and their Subsidiaries were in compliance with the covenants contained in Sections 10.1, 10.2 and 10.4 of the Credit Agreement.

(5) Attached hereto as Schedule 2 is a reasonably detailed summary of all outstanding Indebtedness of the Loan Parties and their respective Subsidiaries, establishing whether or not the Loan Parties and their Subsidiaries were in compliance with the covenants contained in Sections 10.3 of the Credit Agreement.

(6) Attached hereto as Schedule 3 is a reasonably detailed summary of all Investments of the Loan Parties and their respective Subsidiaries made or outstanding, establishing whether or not the Loan Parties and their Subsidiaries were in compliance with the covenants contained in Sections 10.5 of the Credit Agreement.

*[Signature pages to follow]*



IN WITNESS WHEREOF, the undersigned have executed this certificate as of the date first above written.

**PARENT BORROWER:**

NSA OP, LP, a Delaware limited partnership

By: NATIONAL STORAGE AFFILIATES TRUST, its general partner

By: NATIONAL STORAGE AFFILIATES HOLDINGS, LLC, its trustee

By: _____
Name:
Title:



**REIT:**

NATIONAL STORAGE AFFILIATES TRUST, a Maryland real estate investment trust

By: NATIONAL STORAGE AFFILIATES HOLDINGS, LLC, its trustee

By: _____
Name:
Title:

**REIT PARENT:**

NATIONAL STORAGE AFFILIATES HOLDINGS, LLC, a Delaware limited liability company

By: _____
Name:
Title:



**Schedule 1**

**Reference Period ending , 20**

**I. Section 10.1(a) — Maximum Total Leverage Ratio**

| | | |
|---|---|---|
| A. | Consolidated Indebtedness of the REIT and its Subsidiaries | $ |
| B. | Gross Asset Value *[sum of Lines I.B.1 through I.B.5]* | $ |
| 1. | Operating Property Value(1) *[Line I.B.1.b + Line I.B.1.c + Line I.B.1.e]* | $ |
| a. | Aggregate Property NOI from all Stabilized Properties of the REIT and its Subsidiaries during such Reference Period (excluding Property NOI from Stabilized Properties received by way of contribution during such Reference Period) *[Line L.B.1.a.i – Line I.B.1.a.ii]* | $ |
| i. | Property rental and other income (after adjusting for straight-lining of rents and excluding the rents from tenants in default or bankruptcy) earned in the ordinary course and attributable to such Stabilized Properties | $ |
| ii. | Expenses incurred in connection with and directly attributable to the ownership and operation of such Stabilized Properties, including, without limitation, Property Management Fees and amounts accrued for the payment of real estate taxes and insurance premiums, but excluding Interest Expense or other debt service charges and any non-cash charges such as depreciation or amortization of financing costs | $ |
| b. | *[Line LB.1.a divided by 7.00%]* | $ |
| c. | Aggregate Acquisition Price for all Stabilized Properties of the REIT and its Subsidiaries purchased during such Reference Period | $ |
| d. | Aggregate net operating income from all Stabilized Properties received by way of contribution during such Reference Period (in each case calculated in a manner consistent with the definition of "Property NOI", using financial statements of the predecessor owner of such property for the portion of such | $ |

(1) Adjusted to include the REIT and its Subsidiaries' Pro Rata Share of the Operating Property Value (and the items comprising the Operating Property Value) attributable to any Partially-Owned Entity.



| | | |
|---|---|---|
| | Reference Period prior to contribution, which calculations and supporting financial statements shall be reasonably satisfactory to the Administrative Agent) *[Line I.B.1.d.i – Line I.B.1.d.ii]* | |
| i. | Property rental and other income (after adjusting for straight-lining of rents and excluding the rents from tenants in default or bankruptcy) earned in the ordinary course and attributable to such Stabilized Properties | $ |
| ii. | Expenses incurred in connection with and directly attributable to the ownership and operation of such Stabilized Properties, including, without limitation, Property Management Fees and amounts accrued for the payment of real estate taxes and insurance premiums, but excluding Interest Expense or other debt service charges and any non-cash charges such as depreciation or amortization of financing costs | $ |
| e. | *[Line I.B.1.d divided by 7.00%]* | |
| 2. | Cost Basis Value of all Construction-in-Process(2) | $ |
| 3. | Cost Basis Value of all Unimproved Land(3) | $ |
| 4. | Book value (determined in accordance with GAAP) of all Mortgage Notes(4) | $ |
| 5. | Unrestricted and unencumbered cash and Cash Equivalents of the REIT and its Subsidiaries(5) | $ |
| C. | Total Leverage Ratio *[Line I.A divided by Line I.B]* | to 1.00 |
| D. | Maximum Total Leverage Ratio permitted by Section 10.1(a) | to 1.00 |
| E. | Compliance? | [Pass] [Fail] |

(2) Adjusted to include the REIT and its Subsidiaries' Pro Rata Share of the Cost Basis Value of all Construction-in- Process of any Partially Owned Entity.
(3) Adjusted to include the REIT and its Subsidiaries' Pro Rata Share of the Cost Basis Value of all Unimproved Land owned by a Partially-Owned Entity.

(4) Adjusted to include the REIT and its Subsidiaries' Pro Rata Share of the book value (determined in accordance with GAAP) of all Mortgage Notes held by a Partially-Owned Entity.
(5) Adjusted to include the REIT and its Subsidiaries' Pro Rata Share of the value of all unrestricted and unencumbered cash and Cash Equivalents owned by any Partially-Owned Entity.



**II. Section 10.1(b) — Minimum Fixed Charge Coverage Ratio**

| | | |
|---|---|---|
| A. | Adjusted EBITDA for such Reference Period *[Line II.A. 1 – Line 1I.A.2*] | $ |
| 1. | EBITDA for such Reference Period(6) *[Line II.A.1.a + Line II.A.1.b – Line II.A.1.c]* | $ |
| a. | Net Income of the REIT and its Subsidiaries for such Reference Period(7) | $ |
| b. | Sum of the following, without duplication and to the extent deducted in computing such Net Income: | $ |
| i. | Interest Expense | $ |
| ii. | Losses attributable to the sale or other disposition of assets or debt restructurings | $ |
| iii. | Real estate depreciation and amortization | $ |
| iv. | Acquisition costs related to the acquisition of Real Estate Assets that were capitalized prior to FAS 141-R which do not represent a recurring cash item in such period or in any future period | $ |
| v. | Other non-cash charges | $ |
| c. | To the extent included in Net Income for such Reference Period, all gains attributable to the sale or other disposition of assets | $ |
| 2. | Reserves for Capital Expenditures for all Real Estate Assets (excluding Construction-in-Process) as of the last day of such Reference Period *[Line II.A.2.a multiplied by $0.15]* | $ |
| a. | Aggregate leasable square footage of all completed space of such Real Estate Assets | Square feet |
| B. | Fixed Charges for such Reference Period(8) *[Sum of Lines II.B.1 though II.B.3]* | $ |

(6) The REIT's and its Subsidiaries' Pro Rata Share of the items comprising EBITDA of any Partially-Owned Entity shall be included in EBITDA, calculated in a manner consistent with the treatment for the REIT and its Subsidiaries.
(7) Consolidated net income (or loss), determined on a consolidated basis in accordance with GAAP (excluding the adjustment of rent to straight-line rent), calculated without regard to gains or losses on early retirement of debt or debt restructuring, debt modification charges and prepayment premiums.
(8) The REIT's and its Subsidiaries' Pro Rata Share of the expenses and payments referred to in the definition of "Fixed Charges" of any Partially-Owned Entity of the REIT or any of its Subsidiaries shall be included in Fixed Charges, calculated in a manner consistent with the treatment for the REIT and its Subsidiaries.



| | | |
|---|---|---|
| 1. | Interest Expense for such Reference Period | **$** |
| 2. | All regularly scheduled payments made during such Reference Period on account of principal of Indebtedness of the REIT or any of its Subsidiaries (but excluding (i) balloon, bullet or similar principal payments due upon the stated maturity of any Indebtedness and (ii) payments of principal of the Loans) | **$** |
| 3. | Preferred Dividends payable by the REIT or any of its Subsidiaries during such Reference Period | **$** |
| C. | Fixed Charge Coverage Ratio *[Line II.A divided by Line II.B]* | to 1.00 |
| D. | Minimum Fixed Charge Coverage Ratio required by Section 10.1(b) | 1.50 to 1.00 |
| E. | Compliance? | [Pass] [Fail] |

**III Section 10.1(c) — Minimum Net Worth**

| | | |
|---|---|---|
| A. Net Worth *[Line III.A.1 – Line III.A.2]* | **$** | |
| 1. Gross Asset Value *[From Line I.B]* | **$** | |
| 2. Indebtedness of the REIT and its Subsidiaries(9) | **$** | |
| B. Minimum Net Worth required by Section 10.1(c) | **$** | (10) |
| C. Compliance? | [Pass] [Fail] | |
| **IV Section 10.1(e) — Maximum Unhedged Variable Rate Indebtedness** | | |
| A. Unhedged Variable Rate Indebtedness of the REIT and its Subsidiaries | **$** | |
| B. Gross Asset Value *[From Line I.B]* | **$** | |
| C. *[Line IV.A divided by Line IV.B]* | to 1.00 | |
| D. Maximum ratio permitted by Section 10.1(e) | 0.30 to 1.00 (prior to the Capital Event); 0.25 to 1.00 (after the Capital Event) | |

(9) For the avoidance of doubt, the calculation of consolidated Indebtedness of the REIT and its Subsidiaries shall, without duplication, include their Pro Rata Share of Indebtedness of all Partially-Owned Entities of the REIT and its Subsidiaries.
(10) Sum of (i) $[ ] plus (ii) 75% of the Net Proceeds of all Equity Issuances by the REIT and its Subsidiaries after the Effective Date (other than Equity Issuances to the REIT or any of its Subsidiaries).



| | | |
|---|---|---|
| E. Compliance? | | [Pass] [Fail] |
| **V. Section 10.2 — Restricted Payments** | | |
| A. Cash distributions declared or made by Parent Borrower to the REIT and the Parent Borrower's limited partners during such Reference Period | $ | |
| B. Cash distributions declared or made by the California Partnerships to their third-party limited partners (i.e., other than the applicable Borrower owning Equity Interests therein) during such Reference Period | $ | |
| C. Funds From Operations of the REIT *[Line V.C.1 minus (or plus) Line V.C.2 plus Line V. C. 3]* | $ | |
| 1. Net income (loss) determined on a consolidated basis for such Reference Period | $ | |
| 2. Gains (or losses) from debt restructuring, mark-to-market adjustments on interest rate swaps, and sales of property during such Reference Period | $ | |
| 3. Sum of each of the following to the extent deducted in determining such net income and without duplication: | $ | |
| a. Depreciation with respect to Real Estate Assets and amortization (other than amortization of deferred financing costs) for such Reference Period, all after adjustment for unconsolidated partnerships and joint ventures | $ | |
| b. All non-cash charges for such Reference Period related to deferred financing costs and deferred acquisition costs | $ | |
| c. Non-recurring costs and expenses incurred in connection with acquisitions of Real Estate Assets, to the extent such costs and expenses cannot be capitalized in accordance with GAAP | $ | |
| d. To the extent reasonably approved by the Administrative Agent, non-recurring costs and expenses (i) incurred on or prior to the Capital Event and directly related to preparation for the Capital Event or (ii) incurred prior to or within 90 days after the Effective Date in connection with the formation of the REIT and its Subsidiaries, in each case to | $ | |

| | |
|---|---|
| the extent such costs and expenses cannot be capitalized in accordance with GAAP(11) | |
| D. *[Line V. C multiplied by 95.0%]* | $ |
| *Compliance with respect to Parent Borrower:* | |
| E. Amount required to be distributed by the REIT to remain in compliance with Section 8.12 of the Credit Agreement | $ |
| F. *[Line V.D – Line V.B]* | $ |
| G. Maximum cash distributions permitted under Section 10.2(a) *[Greater of Line V.E and Line V.F]* | $ |
| H. Compliance? *[Line V.A shall be less than or equal to Line V.G]* | [Pass] [Fail] |
| *Compliance with respect to the California Partnerships:* | |
| I. Maximum cash distributions permitted under Section 10.2(b) *[Line V.D D – Line V.A]* | $ |
| J. Compliance? *[Line V.B shall be less than or equal to Line V.I]* | [Pass] [Fail] |
| **VI Section 10.4(a) — Investments in Partially-Owned Entities and any other Persons that are not Subsidiaries** | |
| A. Aggregate value (determined in accordance with GAAP) of Investments in Partially-Owned Entities and any other Persons that are not Subsidiaries | $ |
| B. Maximum permitted under Section 10.4(a) *[Line I.B multiplied by 10.0%]* | $ |
| C. Compliance? | [Pass] [Fail] |
| **VI Section 10.4(b) — Investments in Unimproved Land** | |
| A. Cost Basis Value of all Unimproved Land | $ |
| B. Maximum permitted under Section 10.4(b) *[Line I.B multiplied by 5.0%]* | $ |
| C. Compliance? | [Pass] [Fail] |

(11) The aggregate amount added back pursuant to this paragraph shall not exceed $1,000,000 for all periods taken together.



| | |
|---|---|
| **VIII. Section 10.4(c) – Investments in Construction-in-Process** | |
| A. Cost Basis Value of all Construction-in-Process | $ |
| B. Maximum permitted under Section 10.4(c) *[Line I.B multiplied by 5.0%]* | $ |
| C. Compliance? | [Pass] [Fail] |
| **IX. Section 10.4(d) – Investments in Mortgage Notes** | |
| A. Aggregate book value (determined in accordance with GAAP) of all Mortgage Notes | $ |
| B. Maximum permitted under Section 10.4(d) *[Line I.B multiplied by 5.0%]* | $ |
| C. Compliance? | [Pass] [Fail] |
| **X. Section 10.4 — Aggregate Cap on Certain Permitted Investments** | |
| A. Aggregate Cost Basis Value or book value, as applicable, of all of the items subject to the limitations in Sections 10.4(a) through 10.4(d) | $ |
| B. Maximum permitted under Section 10.4 *[Line I.B multiplied by 20.0%]* | $ |

C. Compliance? [Pass] [Fail]



**Schedule 2**

**Reference Period ending , 20**



**Schedule 3**

**Reference Period ending , 20**



EXHIBIT M

FORM OF BORROWING BASE CERTIFICATE

, 20

KeyBank National Association, as Administrative Agent
127 Public Square
Cleveland, Ohio
Attn: Real Estate Capital

Each of the Lenders party to the Credit Agreement
referred to below

Ladies and Gentlemen:

Reference is made to that certain Credit Agreement (the "Loan Agreement") dated as of April 1, 2014, by and among NSA OP, LP, a limited partnership formed under the laws of the State of Delaware (the "Parent Borrower"), certain Subsidiaries of the Parent Borrower from time to time party thereto (the "Subsidiary Borrowers", and together with the Parent Borrower, collectively, the "Borrowers"). NATIONAL STORAGE AFFILIATES TRUST, a Maryland real estate investment trust (the "REIT"), NATIONAL STORAGE AFFILIATES HOLDINGS, LLC, a Delaware limited liability company (the "REIT Parent"), the Lenders from time to time party thereto, and KEYBANK NATIONAL ASSOCIATION, as Administrative Agent. Capitalized terms used herein, and not otherwise defined herein, have their respective meanings given them in the Loan Agreement.

Pursuant to Section 9.4 of the Credit Agreement, the undersigned hereby certify to the Administrative Agent and the Lenders as follows:

(1) The undersigned are the of the REIT, the of the Parent Borrower and the of the REIT Parent.

(2) The undersigned have examined the books and records of the REIT and the Parent Borrower and has conducted such other examinations and investigations as are reasonably necessary to provide this Compliance Certificate.

(3) Attached hereto as Schedule 1 are reasonably detailed calculations establishing Borrowing Base Availability as of ,20 [INSERT LAST DAY OF MOST RECENT REFERENCE PERIOD].

(a) Borrowing Base Availability: $ . *[From Schedule 1]*

(b) Aggregate Revolving Commitment of all Lenders as of the date hereof: $ .

(c) Aggregate principal amount of all outstanding Loans, together with the aggregate amount of all Letter of Credit Liabilities, as of the date hereof: $ .



(d) Aggregate principal amount of all outstanding Revolving Loans and Swingline Loans, together with the aggregate amount of all Letter of Credit Liabilities, as of the date hereof: $ .

(e) [Aggregate Revolving Commitment deficiency: $ . *[Difference between Line (3)(b) and Line (3)(d), if Line (3)(d) is greater than Line (3)(b)]*]

(f) [Borrowing base deficiency: $ . *[Difference between Line (3)(a) and Line (3)(c), if Line (3)(c) is greater than Line (3)(a)]*]

(g) [Remaining borrowing availability under aggregate Revolving Commitment: $ . *[Lesser of (A) Line (3)(b) – Line (3)(d) and (B) Line (3)(a) –Line (3)(c), if both (A) and (B) are positive numbers]*]

*[Signature pages to follow]*



IN WITNESS WHEREOF, the undersigned has executed this certificate as of the date first above written.

**PARENT BORROWER:**

NSA OP, LP, a Delaware limited partnership

By: NATIONAL STORAGE AFFILIATES TRUST, its general partner

By: NATIONAL STORAGE AFFILIATES HOLDINGS, LLC, its trustee

By: _____
Name:
Title:



**REIT:**

NATIONAL STORAGE AFFILIATES TRUST, a Maryland real estate investment trust

By: NATIONAL STORAGE AFFILIATES HOLDINGS, LLC, its trustee

By: _____
Name:
Title:

**REIT PARENT:**

NATIONAL STORAGE AFFILIATES HOLDINGS, LLC, a Delaware limited liability company

By: _____
Name:
Title:



**Schedule 1**

*[For use prior to the Capital Event]*

**Reference Period ending , 20**

| | |
|---|---|
| A. Borrowing Base Value *[Line A.2 + Line A3](1)* | $ |
| 1. Aggregate Property NOI from all Borrowing Base Properties for such Reference Period (excluding Property NOI from Stabilized Properties purchased from unaffiliated third parties during such Reference Period) *[Line A.1.a — Line A.1.b]* | $ |
| a. Property rental and other income (after adjusting for straight- lining of rents and excluding the rents from tenants in default or bankruptcy) earned in the ordinary course and attributable to such Borrowing Base Properties | $ |
| b. Expenses incurred in connection with and directly attributable to the ownership and operation of such Borrowing Base Properties, including, without limitation, Property Management Fees and amounts accrued for the payment of real estate taxes and insurance premiums, but excluding Interest Expense or other debt service charges and any non- cash charges such as depreciation or amortization of financing costs | $ |
| 2. *[Line A.1 divided by 7.00%]* | $ |
| 3. Aggregate Acquisition Price(2) for all Borrowing Base Properties that are Stabilized Properties purchased from unaffiliated third parties during such Reference Period | $ |
| B. *[Line A multiplied by 60%]* | $ |
| C. *A*ggregate Implied DSCR Value(3) of all Borrowing Base Properties *[Attach schedule showing how such aggregate Implied DSCR Value was* | $ |

(1) The Borrowing Base Value attributable to Borrowing Base Properties held by California Partnerships shall not exceed 10% of the total Borrowing Base Value.
(2) The purchase price paid by the Parent Borrower, any of its Subsidiaries or any of their Partially-Owned Entities, as applicable, for such Real Estate Asset less closing costs and any amounts paid by such Person as a purchase price adjustment, to be held in escrow, to be retained as a contingency reserve, or other similar amounts.
(3) With respect to any Borrowing Base Property, the maximum principal amount of Loans that could be outstanding that yields a debt service coverage ratio of not less than 1.40 to 1.00 for such Borrowing Base Property. The foregoing debt service coverage ratio shall be calculated and determined using a standard mortgage style financial amortization based on (a) the portion of Adjusted NOI generated by such Borrowing Base Property for such



| | |
|---|---|
| *allocated among the Borrowing Base Properties, and showing the calculations of such aggregate Implied DSCR Value]* | |
| D. Borrowing Base Availability *[Lesser of Line B and Line C]* | $ |
| E. Borrowing Base Value attributable to Borrowing Base Properties held by California Partnerships | $ |
| F. Average Occupancy Rate of the Borrowing Base Properties [minimum required is 75%] | % |

Reference Period and (b) the constant derived from the amortization of $l.00 over a period of thirty years at an imputed interest rate equal to the greatest of (x) 6.50% per annum, (y) the sum of 250 basis points per annum and the weekly average yield on United States Treasury Securities Constant Maturities Series issued by the United States Government for a ten-year term as most recently published by the Board of Governors of the Federal Reserve System and Federal Reserve Statistical Release H.15(519) (or any similar or successor publication selected by the Administrative Agent) as of the date of determination, and (z) the actual average per annum rate of interest hereunder for all outstanding LIBOR Loans as of the last day of the calendar quarter most recently ended as of the date of determination.



**Schedule 1**

*[For use after the Capital Event]*

**Reference Period ending , 20**

| | |
|---|---|
| A. Borrowing Base Value *[Line A.2 + Line A.3](4)* | $ |
| 1. Aggregate Property NOI from all Borrowing Base Properties for such Reference Period (excluding Property NOI from Stabilized Properties purchased from unaffiliated third parties during such Reference Period) *[Line A.1.a – Line A.1.b]* | $ |

| | | |
|---|---|---|
| a. | Property rental and other income (after adjusting for straight- lining of rents and excluding the rents from tenants in default or bankruptcy) earned in the ordinary course and attributable to such Borrowing Base Properties | $ |
| b. | Expenses incurred in connection with and directly attributable to the ownership and operation of such Borrowing Base Properties, including, without limitation, Property Management Fees and amounts accrued for the payment of real estate taxes and insurance premiums, but excluding Interest Expense or other debt service charges and any non- cash charges such as depreciation or amortization of financing costs | $ |
| 2. | *[Line A.1 divided by 7.00%]* | $ |
| 3. | Aggregate Acquisition Price(5) for all Borrowing Base Properties that are Stabilized Properties purchased from unaffiliated third parties during such Reference Period | $ |
| B. | *[Line A multiplied by 60%]* | $ |
| C. | Aggregate outstanding principal amount of all Unsecured Indebtedness (other than the Obligations) of the REIT and its Subsidiaries | $ |
| D. | *[Line B – Line C]* | $ |

(4) The Borrowing Base Value attributable to Borrowing Base Properties held by California Partnerships shall not exceed 10% of the total Borrowing Base Value.
(5) The purchase price paid by the Parent Borrower, any of its Subsidiaries or any of their Partially-Owned Entities, as applicable, for such Real Estate Asset less closing costs and any amounts paid by such Person as a purchase price adjustment, to be held in escrow, to be retained as a contingency reserve, or other similar amounts.



| | | |
|---|---|---|
| E. | Implied Unsecured Interest Coverage Value(6) *[Attach schedule showing the calculations of such Implied Unsecured Interest Coverage Value]* | $ |
| F. | Borrowing Base Availability *[Lesser of Line D and Line E]* | $ |
| G. | Borrowing Base Value attributable to Borrowing Base Properties held by California Partnerships | $ |
| H. | Average Occupancy Rate of the Borrowing Base Properties [minimum required is 75%] | % |

(6) The maximum principal of Unsecured Indebtedness amount that could be outstanding that yields an unsecured interest coverage ratio of not less than 2.00 to 1.00. The foregoing unsecured interest coverage ratio shall be calculated by dividing (a) the portion of Adjusted NOI generated by all Borrowing Base Properties for such Reference Period by (b) Unsecured Interest Expense for such Reference Period (giving pro forma effect to such maximum principal amount, to the extent not actually outstanding during such Reference Period, at an imputed interest rate equal to the highest actual interest rate applicable to the Loans outstanding on such date of determination).

**Exhibit 10.16**

EXECUTION VERSION

# INCREASE AGREEMENT

This Increase Agreement (this "Agreement"), dated as of July 21, 2014 (the "Increase Effective Date"), is by and among NSA OP, LP and certain of its Subsidiaries party to the Credit Agreement referred to below (collectively, the "Borrowers"), NATIONAL STORAGE AFFILIATES TRUST, a Maryland real estate investment trust (the "REIT"), NATIONAL STORAGE AFFILIATES HOLDINGS, LLC, a Delaware limited liability company (the "REIT Parent" and, together with the REIT, collectively, the "Guarantors"), the lender parties signatory hereto (each an "Expansion Lender" and collectively the "Expansion Lenders") and KeyBank National Association, as Administrative Agent (the "Administrative Agent") for the Lenders (as hereinafter defined). All capitalized terms used herein without definitions shall have the meanings given such terms in the Credit Agreement (as hereinafter defined).

**WHEREAS**, the Credit Agreement, dated as of April 1, 2014 (as amended, modified, supplemented or restated and in effect from time to time, the "Credit Agreement"), is by and among the Borrowers, the Guarantors, the Administrative Agent and the financial institutions which are or become a party thereto as lenders (each a "Lender" and, collectively, the "Lenders");

**WHEREAS**, Section 2.16 of the Credit Agreement provides that the Borrowers may request, upon notice to the Administrative Agent and satisfaction of the conditions set forth in Section 2.16(b) (the "Increase Conditions"), that the Revolving Commitments and/or term loans made under the Credit Agreement be increased by an aggregate amount of up to $332,500,000;

**WHEREAS**, the Borrowers have requested that the Revolving Commitments and term loans made under the Credit Agreement be increased by an aggregate amount equal to $57,500,000 (the "Increase"), with such Increase being allocated $37,942,176.86 to the Revolving Commitments and $19,557,823.14 to the Term Loan, so that after giving effect to the Increase, the aggregate Revolving Commitments will equal $280,442,176.87 and the aggregate Term Loan will equal $144,557,823.13;

**WHEREAS**, each Expansion Lender has agreed to fund that portion of the Increase in the amounts and types of Loans set forth beside such Expansion Lender's name on Annex 1 attached hereto.

**WHEREAS**, an updated Schedule 2, after giving effect to the Increase, is attached hereto as Annex 2; and

**WHEREAS**, the Administrative Agent is willing to give effect to the Increase provided that the Borrowers, the Administrative Agent and the Expansion Lenders enter into this Agreement;

**NOW THEREFORE**, the parties hereto hereby agree as follows:

1. **Funding of Increase**. Pursuant to Section 2.16 of the Credit Agreement, each Expansion Lender hereby agrees to fund, and make one or more loans in immediately available funds to the Borrowers on the Increase Effective Date in each case in an aggregate principal amount equal to that portion of the Increase in the applicable type of Loan in the amount set forth beside such Expansion Lender's name on Annex 1 attached hereto (less the amount of Revolving Commitments and Term Loan being assigned to such Expansion Lender on the date hereof by existing Lenders, as applicable), with each Lender (including each Expansion Lender) having the resulting Revolving Commitment Amount, Revolving Commitment Percentage, Term Loan Commitment Amount (it being acknowledged that each Term Loan Commitment terminates upon the funding of the applicable Term Loan) and Term Loan Percentage set forth on the new Schedule 1.1 attached as Annex 2 hereto. Each Expansion Lender will enter into an Augmenting Lender Agreement in substantially the form attached to the Credit Agreement as Exhibit K in connection with the Increase (each an "Augmenting Lender Agreement").

---

2. **Amendment of Schedule 1.1.** Schedule 1.1 to the Credit Agreement is hereby amended to reflect the Lenders' adjusted commitments and the increase in the Revolving Commitments and the Term Loan, as set forth on Annex 2 attached hereto.

3. **Affirmation and Acknowledgment**. Subject to the terms of the Loan Documents, the Borrowers hereby ratify and confirm all of their Obligations to the Lenders, including, without limitation, the Loans, the Notes and the other Loan Documents, and the Borrowers hereby affirm their absolute and unconditional promise to pay to the Lenders all Obligations under (and as defined in) the Credit Agreement, both before and after giving effect to this Agreement. The Guarantors hereby consent to the transactions contemplated by this Agreement and acknowledge and agree that the guaranties made by them contained in the Guaranty are, and shall remain, in full force and effect after giving effect to this Agreement.

4. **Representations and Warranties**. Each of the Borrowers and Guarantors hereby jointly and severally represents and warrants to the Lenders as follows:

(a) The execution, delivery and performance of this Agreement by each Borrower and Guarantor (i) are within the authority of such Loan Party, (ii) have been duly authorized by all necessary proceedings on the part of such Loan Party and any general partner thereof, (iii) do not conflict with or result in any breach or contravention of any provision of law, statute, rule or regulation to which such Loan Party is subject or any judgment, order, writ, injunction, license or permit applicable to such Loan Party, (iv) do not conflict with any provision of the organizational documents of such Loan Party or any general partner or manager thereof, and (v) do not contravene any provisions of, or constitute Default or Event of Default under the Credit Agreement or a failure to comply with any term, condition or provision of, any other agreement, instrument, judgment, order, decree, permit, license or undertaking binding upon or applicable to such Loan Party or any of such Loan Party's properties or in the creation of any mortgage, pledge, security interest, lien,

encumbrance or charge upon any of the properties or assets of such Loan Party.

(b) This Agreement (including the Increase) and the Credit Agreement and other Loan Documents constitute legal, valid and binding obligations of each Loan Party, enforceable in accordance with their respective terms, except as the same may be limited by bankruptcy, insolvency, and other similar laws affecting the rights of creditors generally and the availability of equitable remedies for the enforcement of certain obligations (other than the payment of principal) contained herein or therein and as may be limited by equitable principles generally.

(c) Other than approvals or consents which have been obtained (written copies of which have been furnished to the Administrative Agent), the execution, delivery and performance by the Borrowers and Guarantors of this Agreement (including the Increase), and the transactions contemplated hereby, do not require any approval or consent of, or filing with, any third party or any governmental agency or authority.

(d) The representations and warranties made or deemed made by each Loan Party in the Loan Documents to which it is a party shall be true and correct in all material respects (or in all respects to the extent that such representations and warranties are already subject to concepts of materiality) on and as of the date of the making of such Loan or date of issuance of such Letter of Credit with the same force and effect as if made on and as of such date except to the extent that such representations and warranties expressly relate solely to an earlier date (in which case such representations and warranties shall have been true and correct in all material respects on and as of such earlier date). For purposes of this clause (d), the representations and warranties contained in Section 7.11 of the Credit Agreement shall



be deemed to refer to the most recent statements furnished pursuant to Article IX of the Credit Agreement.

(e) Both before and immediately after giving effect to this Agreement (including the Increase) and the transactions contemplated hereby, no Default or Event of Default under (and as defined in) the Credit Agreement has occurred and is continuing.

5. **Conditions Precedent**. This Agreement shall be deemed to be effective as of the Increase Effective Date, subject to the execution and delivery of the following documents, each in form and substance satisfactory to the Administrative Agent:

(a) this Agreement executed and delivered by each Borrower, each Guarantor, the Administrative Agent, and the Expansion Lenders;

(b) one or more Notes substantially in the form of Exhibit A to the Credit Agreement issued in favor of each of the Expansion Lenders reflecting their respective Revolving Commitments and Term Loans (the "New Notes");

(c) a certificate dated as of the date hereof signed by a duly authorized officer of each Borrower and Guarantor (i) certifying and attaching the resolutions adopted by each Borrower and Guarantor's board of directors or trustees (or other appropriate governing body or Persons) authorizing the transactions described herein and evidencing the due authorization, execution and delivery of this Agreement, the New Notes and each of the other Loan Documents to which such Loan Party is a party executed in connection with the Increase, (ii) certifying that the organizational documents of each Borrower and Guarantor have not been amended, modified or rescinded since they were last furnished in writing to the Administrative Agent, and remain in full force and effect as of the date hereof, (iii) certifying that each Borrower and Guarantor is duly formed, validly existing and in good standing under the laws of such entity's organization, and that there is no pending or to such officer's knowledge, threatened proceeding for dissolution, liquidation or other similar matter with respect to any Borrower or Guarantor, (iv) certifying that, before and immediately after giving effect to the Increase and this Agreement, (A) the representations and warranties contained in Section 7 of the Credit Agreement and in the other Loan Documents are true and correct in all material respects (or in all respects to the extent that such representations and warranties are already subject to concepts of materiality) on and as of the Increase Effective Date with the same force and effect as if made on and as of such date except to the extent that such representations and warranties expressly relate solely to an earlier date (in which case such representations and warranties shall have been true and correct in such respects on and as of such earlier date) and except that for purposes hereof, the representations and warranties contained in Section 7.11 of the Credit Agreement shall be deemed to refer to the most recent statements furnished pursuant to Article IX of the Credit Agreement, (B) that there has been no material adverse change in the business, assets, operations, condition (financial or otherwise) or properties of any of the Loan Parties since the date of the financial statements most recently delivered to the Administrative Agent pursuant to the Credit Agreement, and (C) no Default or Event of Default exists;

(d) an Augmenting Lender Agreement executed and delivered by each Expansion Lender;

(e) favorable opinions of counsel to the Borrowers and Guarantors acceptable to the Administrative Agent with respect to this Agreement and the Increase reflected herein and the New Notes; provided, that the Administrative Agent may, in its sole discretion, permit one or more such opinions to be delivered promptly following the effectiveness of this Agreement; and



(f) payment by the Borrowers in immediately available funds of the fees agreed to in connection with the Increase.

6. **Miscellaneous Provisions**.

**(a)** THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK APPLICABLE TO CONTRACTS EXECUTED, AND TO BE FULLY PERFORMED, IN SUCH STATE.

(b) This Agreement may be executed in any number of counterparts and by different parties hereto on separate counterparts, each of which when so executed and delivered shall be an original, but all of which counterparts taken together shall be deemed to constitute one and the same instrument. The existence of this Agreement may be established by the introduction into evidence of counterparts that are separately signed, provided they are otherwise identical in all material respects.

**[Remainder of Page Intentionally Blank]**



**IN WITNESS WHEREOF**, the undersigned have duly executed this Agreement as of the date first above written.

**BORROWERS:**

NSA OP, LP

By: /s/ Tamara D. Fischer
Name: Tamara D. Fischer
Title: Authorized Signatory

GSC MONTCLAIR, LP

By: /s/ Tamara D. Fischer
Name: Tamara D. Fischer
Title: Authorized Signatory

COLTON HAWAIIAN GARDENS, LP

By: /s/ Tamara D. Fischer
Name: Tamara D. Fischer
Title: Authorized Signatory

SECURCARE OKLAHOMA I, LLC

By: /s/ Tamara D. Fischer
Name: Tamara D. Fischer
Title: Authorized Signatory

SECURCARE OKLAHOMA II, LLC

By: /s/ Tamara D. Fischer
Name: Tamara D. Fischer
Title: Authorized Signatory

SECURCARE COLORADO III, LLC

By: /s/ Tamara D. Fischer
Name: Tamara D. Fischer
Title: Authorized Signatory



SECURCARE PROPERTIES I, LLC

By: /s/ Tamara D. Fischer
Name: Tamara D. Fischer
Title: Authorized Signatory

SECURCARE PROPERTIES II, LLC

By: /s/ Tamara D. Fischer
Name:

Title: Tamara D. Fischer Authorized Signatory

NSA-OPTIVEST ACQUISITION HOLDINGS, LLC

By: /s/ Tamara D. Fischer
Name: Tamara D. Fischer
Title: Authorized Signatory

NSA NORTHWEST HOLDINGS II, LLC

By: /s/ Tamara D. Fischer
Name: Tamara D. Fischer
Title: Authorized Signatory

SECURCARE PORTFOLIO HOLDINGS, LLC

By: /s/ Tamara D. Fischer
Name: Tamara D. Fischer
Title: Authorized Signatory

NSA-NORTHWEST ACQUISITION HOLDINGS, LLC

By: /s/ Tamara D. Fischer
Name: Tamara D. Fischer
Title: Authorized Signatory



AMERICAN MINI STORAGE-SAN ANTONIO, LLC

By: /s/ Tamara D. Fischer
Name: Tamara D. Fischer
Title: Authorized Signatory

SECURCARE OF COLORADO SPRINGS #602 GP, LLC

By: /s/ Tamara D. Fischer
Name: Tamara D. Fischer
Title: Authorized Signatory

BANKS STORAGE, LLC

By: /s/ Tamara D. Fischer
Name: Tamara D. Fischer
Title: Authorized Signatory

ABC RV AND MINI STORAGE, L.L.C.

By: /s/ Tamara D. Fischer
Name: Tamara D. Fischer
Title: Authorized Signatory

PORTLAND MINI STORAGE, LLC

By: /s/ Tamara D. Fischer
Name: Tamara D. Fischer
Title: Authorized Signatory

HPRH STORAGE, LLC

By: /s/ Tamara D. Fischer
Name: Tamara D. Fischer
Title: Authorized Signatory

BAUER NW STORAGE, LLC

By: /s/ Tamara D. Fischer
Name: Tamara D. Fischer
Title: Authorized Signatory

S AND S STORAGE, LLC

By: /s/ Tamara D. Fischer
Name: Tamara D. Fischer
Title: Authorized Signatory

FREEWAY SELF STORAGE, L.L.C.

By: /s/ Tamara D. Fischer
Name: Tamara D. Fischer
Title: Authorized Signatory

ABERDEEN MINI STORAGE, L.L.C.

By: /s/ Tamara D. Fischer
Name: Tamara D. Fischer
Title: Authorized Signatory

VANCOUVER MINI STORAGE, LLC

By: /s/ Tamara D. Fischer
Name: Tamara D. Fischer
Title: Authorized Signatory

SALEM SELF STOR, LLC

By: /s/ Tamara D. Fischer
Name: Tamara D. Fischer
Title: Authorized Signatory



---

BULLHEAD FREEDOM STORAGE, L.L.C.

By: /s/ Tamara D. Fischer
Name: Tamara D. Fischer
Title: Authorized Signatory

SECURCARE OF COLORADO SPRINGS 602, LTD.

By: /s/ Tamara D. Fischer
Name: Tamara D. Fischer
Title: Authorized Signatory

EAST BANK STORAGE, L.L.C.

By: /s/ Tamara D. Fischer
Name: Tamara D. Fischer

Title: Authorized Signatory

GSC ALLSAFE RIV-1, LP

By: /s/ Tamara D. Fischer
Name: Tamara D. Fischer
Title: Authorized Signatory

GSC LEAVE IT RIV-2, LP

By: /s/ Tamara D. Fischer
Name: Tamara D. Fischer
Title: Authorized Signatory

NSA-C HOLDINGS, LLC

By: /s/ Tamara D. Fischer
Name: Tamara D. Fischer
Title: Authorized Signatory

[SIGNATURE PAGE TO INCREASE AGREEMENT (KEYBANK/NSA JULY 2014)]

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NSA-COLTON HOLDINGS, LLC

By: /s/ Tamara D. Fischer
Name: Tamara D. Fischer
Title: Authorized Signatory

NSA-G HOLDINGS, LLC

By: /s/ Tamara D. Fischer
Name: Tamara D. Fischer
Title: Authorized Signatory

NSA-GSC HOLDINGS, LLC

By: /s/ Tamara D. Fischer
Name: Tamara D. Fischer
Title: Authorized Signatory

DAMASCUS MINI STORAGE LLC

By: /s/ Tamara D. Fischer
Name: Tamara D. Fischer
Title: Authorized Signatory

SHERWOOD STORAGE, LLC

By: /s/ Tamara D. Fischer
Name: Tamara D. Fischer
Title: Authorized Signatory

GRESHAM MINI & RV STORAGE, LLC

By: /s/ Tamara D. Fischer
Name: Tamara D. Fischer

Title: Authorized Signatory

WILSONVILLE JUST STORE IT, LLC

By: /s/ Tamara D. Fischer
Name: Tamara D. Fischer
Title: Authorized Signatory

[SIGNATURE PAGE TO INCREASE AGREEMENT (KEYBANK/NSA JULY 2014)]

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TUALATIN STORAGE, LLC

By: /s/ Tamara D. Fischer
Name: Tamara D. Fischer
Title: Authorized Signatory

ICDC II, LLC

By: /s/ Tamara D. Fischer

Name: Tamara D. Fischer
Title: Authorized Signatory

GAK, LLC

By: /s/ Tamara D. Fischer
Name: Tamara D. Fischer
Title: Authorized Signatory

WCAL, LLC

By: /s/ Tamara D. Fischer
Name: Tamara D. Fischer
Title: Authorized Signatory

STOREMORE SELF STORAGE-PECOS ROAD, LLC

By: /s/ Tamara D. Fischer
Name: Tamara D. Fischer
Title: Authorized Signatory

[SIGNATURE PAGE TO INCREASE AGREEMENT (KEYBANK/NSA JULY 2014)]

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**GUARANTORS:**

NATIONAL STORAGE AFFILIATES TRUST, a Maryland real estate investment trust

By: NATIONAL STORAGE AFFILIATES Holdings, LLC, its trustee

By: /s/ Tamara D. Fischer
Name: Tamara D. Fischer
Title: CFO

NATIONAL STORAGE AFFILIATES HOLDINGS, LLC, a Delaware limited liability company

By: /s/ Tamara D. Fischer
Name: Tamara D. Fischer
Title: CFO

[SIGNATURE PAGE TO INCREASE AGREEMENT (KEYBANK/NSA JULY 2014)]

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**EXPANSION LENDER:**

**BANK OF THE WEST**

By: /s/ Benjamin Arroyo
Name: Benjamin Arroyo
Title: Vice President - Syndications

[SIGNATURE PAGE TO INCREASE AGREEMENT (KEYBANK/NSA JULY 2014)]

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**EXPANSION LENDER:**

**CAPITAL ONE, NATIONAL ASSOCIATION**

By: /s/ Frederick H. Denecke
Name: Frederick H. Denecke
Title: Senior Vice President

[SIGNATURE PAGE TO INCREASE AGREEMENT (KEYBANK/NSA JULY 2014)]

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**ADMINISTRATIVE AGENT:**

**KEYBANK NATIONAL ASSOCIATION**, as Administrative Agent

By: /s/ Michael P. Szuba
Name: Michael P. Szuba
Title: Vice President

[SIGNATURE PAGE TO INCREASE AGREEMENT (KEYBANK/NSA JULY 2014)]

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**Annex 1**

**Expansion Lenders(1)**

| Expansion Lender | Revolving Commitment (Portion of Increase) | Term Loan Amount (Portion of Increase) |
|---|---|---|
| Bank of the West | $ 19,795,918.37 | $ 10,204,081.63 |
| Capital One, National Association | $ 23,095,238.10 | $ 11,904,761.90 |

(1) The amounts reflected for the Expansion Lenders in the table include a portion of the Revolving Commitments and Term Loan assigned to the Expansion Lenders by certain other Lenders on the date hereof that will not be funded as new loans on the date hereof

Annex 1 to Increase Agreement

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**Annex 2**

**SCHEDULE 1.1**

**Lender Commitments**

| Lender | Revolving Commitment Amount | Revolving Percentage | Term Loan Commitment Amount | Term Loan Percentage |
|---|---|---|---|---|
| KeyBank National Association | $ 49,489,795.92 | 17.6470588235% | $ 25,510,204.08 | 17.6470588235% |
| PNC Bank, National Association | $ 54,438,775.51 | 19.4117647059% | $ 28,061,224.49 | 19.4117647059% |
| Wells Fargo Bank, National Association | $ 54,438,775.51 | 19.4117647059% | $ 28,061,224.49 | 19.4117647059% |
| Morgan Stanley Senior Funding, Inc. | $ 46,190,476.19 | 16.4705882353% | $ 23,809,523.81 | 16.4705882353% |
| The Huntington National Bank | $ 32,993,197.28 | 11.7647058824% | $ 17,006,802.72 | 11.7647058824% |
| Capital One, National Association | $ 23,095,238.10 | 8.2352941176% | $ 11,904,761.90 | 8.2352941176% |
| Bank of the West | $ 19,795,918.37 | 7.0588235294% | $ 10,204,081.63 | 7.0588235294% |
| **TOTAL** | $ 280,442,176.87 | 100% | $ 144,557,823.13 | 100% |

Schedule 1.1

**Exhibit 23.3**

**Consent of Independent Registered Public Accounting Firm**

The Board of Trustees and Shareholder
National Storage Affiliates Trust:

We consent to the use of our report dated March 31, 2015, with respect to the consolidated balance sheets of National Storage Affiliates Trust as of December 31, 2014 and 2013, and the related consolidated statements of operations, comprehensive income (loss), changes in equity (deficit), and cash flows for the year ended December 31, 2014, and for the nine months ended December 31, 2013, and the related financial statement schedule, and our report dated March 31, 2015, with respect to the combined statements of operations, comprehensive income (loss), changes in equity (deficit), and cash flows of NSA Predecessor for the three months ended March 31, 2013, and for the year ended December 31, 2012, included herein and to the reference to our firm under the heading “Experts” in the prospectus.

/s/ KPMG LLP

Denver, Colorado
March 31, 2015

**Exhibit 23.4**

**CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

We hereby consent to the use of our reports, as set forth below, with respect to the following statements of revenue and certain expenses included in the Registration Statement on Form S-11 of National Storage Affiliates Trust and to the reference to our firm under the heading "Experts" in the prospectus:

(i) our report dated November 5, 2014 with respect to the Northwest 2013 Properties for the period from January 1, 2013 through the respective acquisition dates during the year ended December 31, 2013, and for the years ended December 31, 2012 and 2011, and the related notes to the financial statements; (ii) our report dated November 5, 2014 with respect to the Optivest 2013 Properties for the period from January 1, 2013 through the respective acquisition dates during the year ended December 31, 2013, and for the years ended December 31, 2012 and 2011, and the related notes to the financial statements; (iii) our report dated March 23, 2015 with respect to Northwest 2014 Properties for the years ended December 31, 2013 and 2012, and the related notes to the financial statements; (iv) our report dated December 5, 2014 with respect to Optivest 2014 Properties for the year ended December 31, 2013, and for the period commencing on the later of January 1, 2012 or Optivest's respective acquisition date through December 31, 2012, and the related notes to the financial statements; (v) our report dated March 23, 2015 with respect to the Guardian 2014 Properties for the years ended December 31, 2013 and 2012, and the related notes to the financial statements; (vi) our report dated March 23, 2015 with respect to the Guardian 2015 Properties for the years ended December 31, 2014, 2013 and 2012; (vii) our report dated March 23, 2015 with respect to the Storage Solutions Properties for the years ended December 31, 2014 and 2013, and the related notes to the financial statements; (viii) our report dated March 23, 2015 with respect to the All Stor Properties for the period from the later of January 1, 2014 or All Stor's respective acquisition date through December 31, 2014, and for the period from the later of March 14, 2013 or All Stor's respective acquisition date through December 31, 2013, and the related notes to the financial statements; (ix) our report dated November 21, 2014 with respect to Move It Properties for the year ended December 31, 2013, and the related notes to the financial statements; (x) our report dated March 23, 2015 with respect to the Shreveport Properties for the years ended December 31, 2014 and 2013, and the related notes to the financial statements; (xi) our report dated November 21, 2014 with respect to the North 10 Property for the year ended December 31, 2013, and the related notes to the financial statements; (xii) our report dated March 23, 2015 with respect to the LBJ Property for the years ended December 31, 2014 and 2013, and the related notes to the financial statements; (xiii) our report dated March 23, 2015 with respect to the Raleigh Road Property for the year ended December 31, 2013, and the related notes to the financial statements; and (xiv) our report dated December 22, 2014 with respect to the Columbia Property for the year ended December 31, 2013, and the related notes to the financial statements.

/s/ EKS&H LLLP

Denver, Colorado
March 31, 2015