

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

FORM 8-K/A
(Amendment No. 1)

CURRENT REPORT

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

Date of Report (Date of earliest event reported): November 10, 2016

National Storage Affiliates Trust

(Exact name of registrant as specified in its charter)

Maryland
(State or other jurisdiction
of incorporation)

001-37351
(Commission File Number)

46-5053858
(IRS Employer
Identification No.)

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

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

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))755000-4-2884-v0.3
 - ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Explanatory Note

This Current Report on Form 8-K/A amends and supplements the Current Report on Form 8-K filed by National Storage Affiliates Trust (the “Company”) on November 14, 2016 (the “Original Form 8-K”), as set forth below. In addition, this Current Report includes new financial statements prepared in accordance with Rule 3-14 and Article 11 of Regulation S-X, as set forth below.

Item 2.01. Completion of Acquisition or Disposition of Assets.

On November 10, 2016, the Company, through its operating partnership, NSA OP, LP, completed its acquisition of a portfolio of 26 self storage properties, consisting of 1.8 million square feet with locations in four states, from unrelated third party sellers controlled by Kayne Anderson Real Estate Advisors, LLC (the “Kayne Anderson Portfolio”) for approximately \$185 million in cash, funded with cash on hand and borrowings under the Company's credit facility.

In connection with the acquisition of the portfolio, the Company filed the Original Form 8-K describing the acquisition. The Company is now filing this amendment to include the historical financial statements and pro forma financial information required by Item 9.01 of Form 8-K, to amend and supplement the disclosures in the Original Form 8-K. The historical financial statements and pro forma financial information relating to the Kayne Anderson Portfolio described in Item 9.01 below should be read in conjunction with the Original Form 8-K and this amendment.

Item 9.01. Financial Statements and Exhibits.

(a) Financial Statements of Properties Acquired

The following Statements of Revenues and Certain Expenses are set forth in Exhibit 99.1 which is incorporated herein by reference.

- Report of Independent Auditors
- Kayne Anderson Portfolio Combined Statements of Revenue and Certain Expenses for the Nine Months Ended September 30, 2016 (unaudited) and the Year Ended December 31, 2015
- Notes to Combined Statements of Revenue and Certain Expenses

(b) Pro Forma Financial Information

The following pro forma financial statements for the Company are set forth in Exhibit 99.2 which is incorporated herein by reference.

- Unaudited Pro Forma Condensed Consolidated Balance Sheet as of September 30, 2016.
- Unaudited Pro Forma Condensed Consolidated Statement of Operations for the Nine Months ended September 30, 2016.
- Unaudited Pro Forma Condensed Consolidated Statement of Operations for the Year Ended December 31, 2015.
- Notes to Unaudited Pro Forma Consolidated Financial Statements.

(c) Not applicable.

(d) Exhibits:

The following exhibits are furnished with this report:

Exhibit Number	Description
23.1	Consent of EKS&H LLLP
99.1	Historical Statements of Revenue and Certain Expenses of Acquisition Properties
99.2	Unaudited Pro Forma Consolidated Financial Statements of the Company

SIGNATURES

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

National Storage Affiliates Trust

By:	<u>/s/ TAMARA D. FISCHER</u>
Name:	Tamara D. Fischer
Title:	Executive Vice President and Chief Financial Officer

Date: January 26, 2017

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statement on Form S-8 (File No. 333-208602), Registration Statement on Form S-3 (File No. 333-211570) and Registration Statement on Form S-3 (File No. 333-211974) of our reports, as set forth below, with respect to the statements of revenues and certain operating expenses, which reports appear in the Current Report on Form 8-K/A filed with the Securities and Exchange Commission by National Storage Affiliates Trust on January 26, 2017.

(i) our report dated January 26, 2017 with respect to the Kayne Anderson Portfolio for the year ended December 31, 2015, and the related notes to the financial statements.

/s/ EKS&H LLLP

Denver, Colorado
January 26, 2017

Kayne Anderson Portfolio

Historical Statements of Revenue and Certain Expenses of Acquisition Properties

National Storage Affiliates Trust

	Page
Report of Independent Auditors	<u>F-2</u>
Combined Statements of Revenue and Certain Expenses for the Nine Months Ended September 30, 2016 and the Year Ended December 31, 2015	<u>F-3</u>
Notes to Combined Statements of Revenue and Certain Expenses	<u>F-4</u>

INDEPENDENT AUDITORS' REPORT

To National Storage Affiliates Trust

We have audited the accompanying combined statements of revenue and certain expenses of the Kayne Anderson Portfolio for the year ended December 31, 2015, and the related notes to the combined financial statements.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these combined 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 combined 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 combined 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 combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined 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 combined 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 combined 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 combined financial statements referred to above present fairly, in all material respects, the revenue and certain expenses described in Note 1 to the combined financial statements of the Kayne Anderson Portfolio for the year ended December 31, 2015, in accordance with U.S. generally accepted accounting principles.

BASIS OF ACCOUNTING

As described in Note 1 to the combined 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, and are not intended to be a complete presentation of revenue and expenses of the Kayne Anderson Portfolio. Our opinion is not modified with respect to this matter.

/s/ EKS&H LLLP

Denver, Colorado
January 26, 2017

Kayne Anderson Portfolio

Combined Statements of Revenue and Certain Expenses
For the Nine Months Ended September 30, 2016 (unaudited) and the Year Ended December 31, 2015
(dollars in thousands)

	2016	2015
	(Unaudited)	
Revenue		
Rental revenue	\$ 11,751	\$ 14,150
Other property-related revenue	707	858
Total revenue	12,458	15,008
Certain Expenses		
Property operating expenses	3,177	4,043
Real estate taxes	1,194	1,319
Supervisory and administrative fees	781	952
Total certain expenses	5,152	6,314
Revenue in excess of certain expenses	\$ 7,306	\$ 8,694

The accompanying notes are an integral part of these combined statements of revenue and certain expenses.

Kayne Anderson Portfolio
Notes to Combined Statements of Revenue and Certain Expenses
(dollars in thousands)

1. BASIS OF PRESENTATION

On November 10, 2016, National Storage Affiliates Trust (“NSA”) acquired twenty-six self storage properties (the “Kayne Anderson Portfolio”) located in four states, from unrelated third party sellers controlled by Kayne Anderson Real Estate Advisors, LLC.

The accompanying combined statements of revenue and certain expenses (the “Statements”) of the Kayne Anderson Portfolio 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 Kayne Anderson Portfolio 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 Kayne Anderson Portfolio.

The unaudited interim combined statements of revenue and certain expenses for the period from January 1, 2016 through September 30, 2016, were prepared on the same basis as the combined statements of revenue and certain expenses for the year ended December 31, 2015, 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 Kayne Anderson Portfolio are operating leases, which generally 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 \$324 (unaudited) and \$332 for the nine months ended September 30, 2016 and the year ended December 31, 2015, respectively.

Repairs and Maintenance. Major replacements and betterments that improved or extended the life of the Kayne Anderson Portfolio were capitalized. Expenditures for ordinary repairs and maintenance were expensed as incurred. Repairs and maintenance amounted to \$147 (unaudited) and \$242 for the nine months ended September 30, 2016 and the year ended December 31, 2015, respectively.

3. RELATED PARTY TRANSACTIONS

During the period of the report, the Kayne Anderson Portfolio is subject to agreements entered into with Extra Space Management, Inc. (“Extra Space”) that provide for a fee equal to 6% of gross revenue (as defined in the agreements and subject to a minimum). The amounts incurred under these agreements are included in supervisory and administrative fees in the accompanying statements. The services provided by Extra Space consist of supervis

Kayne Anderson Portfolio
Notes to Combined Statements of Revenue and Certain Expenses
(dollars in thousands)

ory, administrative, leasing and related services.

The employees responsible for operation of the Kayne Anderson Portfolio are employees of Extra Space. The amounts charged by Extra Space for salaries, wages and benefits for the Kayne Anderson Portfolio are included in property operating expenses and amounted to \$1,342 (unaudited) and \$1,662 for the nine months ended September 30, 2016 and the year ended December 31, 2015, respectively.

**4. SUBSEQUENT
EVENTS**

Management has evaluated the events and transactions that have occurred through January 26, 2017, the date that the Statements were available to be issued, and noted no items requiring adjustment of the Statements or additional disclosure.

Index to Financial Statements**National Storage Affiliates Trust**

	<u>Page</u>
National Storage Affiliates Trust Unaudited Pro Forma Condensed Consolidated Financial Information	
Introduction	F-2
Unaudited Pro Forma Condensed Consolidated Balance Sheet as of September 30, 2016	F-3
Unaudited Pro Forma Condensed Consolidated Statement of Operations for the Nine Months Ended September 30, 2016	F-4
Unaudited Pro Forma Condensed Consolidated Statement of Operations for the Year Ended December 31, 2015	F-5
Notes to Unaudited Pro Forma Condensed Consolidated Financial Statements	F-6

NATIONAL STORAGE AFFILIATES TRUST
UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL INFORMATION

National Storage Affiliates Trust 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," "our," and "us" refers to National Storage Affiliates Trust and its consolidated subsidiaries, except where the context indicates otherwise. The Company elected and qualified to be taxed as a real estate investment trust ("REIT") for U.S. federal income tax purposes commencing with its taxable year ended December 31, 2015. Through its controlling interest as the sole general partner of NSA OP, LP (its "operating partnership"), a Delaware limited partnership, the Company is focused on the ownership, operation, and acquisition of self storage properties in the United States.

The accompanying unaudited pro forma condensed consolidated financial statements as of and for the nine months ended September 30, 2016 and for the year ended December 31, 2015 are derived from (i) the financial statements of the Company, (ii) the statements of revenue and certain expenses for certain acquisitions, and (iii) financial information regarding certain other acquisitions.

On November 10, 2016, the Company acquired a 26 self storage property portfolio with an estimated fair value of \$184.5 million (the "Kayne Anderson Portfolio") from unrelated third party sellers. The Company previously disclosed pro forma financial information related to certain closed and probable acquisitions, including other adjustments and the Company's initial public offering (the "IPO") in Exhibit 99.2 to the Current Report on Form 8-K filed by the Company on August 5, 2016 (the "Form 8-K") and Exhibit 99.2 to the Current Report on Form 8-K/A filed by the Company on May 25, 2016 (the "Form 8-K/A"). This previously disclosed pro forma financial information was as of and for the three months ended March 31, 2016 and for the year ended December 31, 2015. Collectively, the acquisitions for which pro forma financial information was previously disclosed are referred to as the "Previously Disclosed Acquisitions." The Form 8-K included pro forma financial information related to a 22 self storage property portfolio with an estimated fair value of \$154.0 million acquired on August 1, 2016 ("the CPA 17 Portfolio") and the Form 8-K/A included pro forma financial information related to 58 self storage properties with an estimated fair value of \$313.0 million acquired during the year ended December 31, 2015, 17 self storage properties with an estimated fair value of \$88.8 million acquired during the three months ended March 31, 2016, and 24 properties with an estimated fair value of \$194.3 million acquired during the period from April 1, 2016 through May 24, 2016. In addition, as of May 24, 2016, the Company had one self storage property under contract that was considered probable of acquisition for an aggregate purchase price of approximately \$3.9 million which was acquired by the Company on June 1, 2016 (the "Probable Acquisition").

Herein, the Company has supplemented this previously disclosed pro forma financial information by including the pro forma effect of the acquisition of the Kayne Anderson Portfolio as well as the necessary incremental adjustments related to the 47 self storage properties acquired subsequent to March 31, 2016 for the period of April 1, 2016 through each self storage property's respective acquisition date. The unaudited pro forma condensed consolidated balance sheet as of September 30, 2016 gives effect to the acquisition of the Kayne Anderson Portfolio. In addition to the historical results of operations of the Company and the Previously Disclosed Acquisitions and IPO included in Exhibit 99.2 to the Form 8-K and Form 8-K/A, the unaudited pro forma condensed consolidated statements of operations for the nine months ended September 30, 2016 and the year ended December 31, 2015 give pro forma effect to the acquisition of the Kayne Anderson Portfolio, as if the acquisitions had occurred on January 1, 2015. The pro forma condensed consolidated statements of operations also give effect to the following:

- An increase in interest expense that would have been incurred for periods that the Kayne Anderson Portfolio is included in the pro forma results but excluded from the Company's historical statements of operations;
- Estimated incremental depreciation and amortization expense for periods that the Kayne Anderson Portfolio is included in the pro forma results but excluded from the Company's historical statements of operations; and
- Estimated net change in supervisory and administrative fees that would have been incurred had the asset management agreements related to the Kayne Anderson Portfolio been in place since January 1, 2015.

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 in the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission (the "SEC") on March 10, 2016 (the "Annual Report"), and the Company's Quarterly Report on Form 10-Q filed with the SEC on November 4, 2016, the Form 8-K and the Form 8-K/A. 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 the acquisition of the Kayne Anderson Portfolio occurred on September 30, 2016; (ii) represent the Company's results of operations that would have actually occurred if the acquisition of the Kayne Anderson Portfolio, Previously Disclosed Acquisitions and the Company's IPO had occurred on January 1, 2015, 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
SEPTEMBER 30, 2016
(dollars in thousands, except per share amounts)

	<u>NSA (A)</u>	<u>Kayne Anderson Portfolio (B)</u>	<u>Other Adjustments</u>	<u>Pro Forma Combined</u>
ASSETS				
Real estate				
Self storage properties	\$ 1,619,014	\$ 180,170	\$ —	\$ 1,799,184
Less accumulated depreciation	(97,993)	—	—	(97,993)
Self storage properties, net	1,521,021	180,170	—	1,701,191
Cash and cash equivalents	11,474	—	—	11,474
Restricted cash	4,627	—	—	4,627
Debt issuance costs, net	2,911	—	—	2,911
Other assets, net	23,371	4,330	—	27,701
Assets held for sale	18,702	—	—	18,702
Total assets	<u>\$ 1,582,106</u>	<u>\$ 184,500</u>	<u>\$ —</u>	<u>\$ 1,766,606</u>
LIABILITIES AND EQUITY				
Liabilities				
Debt financing	\$ 722,622	\$ 182,788	\$ 997 (C)	\$ 906,407
Accounts payable and accrued liabilities	29,593	1,712	—	31,305
Deferred revenue	7,844	—	—	7,844
Total liabilities	760,059	184,500	997	945,556
Equity				
Common shares of beneficial interest, par value \$0.01 per share. 250,000,000 shares authorized, 35,915,871 and 23,015,751 shares issued and outstanding at September 30, 2016 and December 31, 2015, respectively	359	—	—	359
Additional paid-in capital	450,986	—	—	450,986
Retained (deficit) earnings	(8,013)	—	(607) (C)	(8,620)
Accumulated other comprehensive loss	(184)	—	—	(184)
Total shareholders' equity	443,148	—	(607)	442,541
Noncontrolling interests	378,899	—	(390) (C)	378,509
Total equity	822,047	—	(997)	821,050
Total liabilities and equity	<u>\$ 1,582,106</u>	<u>\$ 184,500</u>	<u>\$ —</u>	<u>\$ 1,766,606</u>

See notes to pro forma condensed consolidated financial statements.

NATIONAL STORAGE AFFILIATES TRUST
UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS
NINE MONTHS ENDED SEPTEMBER 30, 2016
(in thousands, except per share amounts)

	NSA (D)	Pro Forma Adjustments			Pro Forma Combined
		Previously Disclosed Acquisitions (E)	Kayne Anderson Portfolio (F)	Other Adjustments	
REVENUE					
Rental revenue	\$ 135,548	\$ 15,374	\$ 11,751	\$ —	\$ 162,673
Other property-related revenue	4,334	223	707	—	5,264
Total revenue	139,882	15,597	12,458	—	167,937
OPERATING EXPENSES					
Property operating expenses	46,064	5,360	4,371	—	55,795
General and administrative expenses	14,431	919	781	(96) (G)	16,035
Depreciation and amortization	38,299	(855)	—	4,392 (H)	41,836
Total operating expenses	98,794	5,424	5,152	4,296	113,666
Income from operations	41,088	10,173	7,306	(4,296)	54,271
OTHER INCOME (EXPENSE)					
Interest expense	(17,050)	(2,825)	—	(2,646) (I)	(22,521)
Loss on early extinguishment of debt	(136)	—	—	—	(136)
Acquisition costs	(4,733)	2,364	—	16 (J)	(2,353)
Non-operating expense	(378)	—	—	—	(378)
Other income (expense)	(22,297)	(461)	—	(2,630)	(25,388)
Net income (loss)	18,791	9,712	7,306	(6,926)	28,883
Net income attributable to noncontrolling interests	(9,222)	(3,203)	—	(7,381) (K)	(19,806)
Net income (loss) attributable to National Storage Affiliates Trust	\$ 9,569	\$ 6,509	\$ 7,306	\$ (14,307)	\$ 9,077
Earnings (loss) per share - basic	\$ 0.35			(L)	\$ 0.33
Earnings (loss) per share - diluted	\$ 0.25			(L)	\$ 0.33
Weighted average shares outstanding - basic	27,084				27,084
Weighted average shares outstanding - diluted	75,492			(L)	27,084
Dividends declared per common share	\$ 0.64				\$ 0.64

See notes to pro forma condensed consolidated financial statements.

NATIONAL STORAGE AFFILIATES TRUST
UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2015
(in thousands, except per share amounts)

		Pro Forma Adjustments			
	NSA (M)	Previously Disclosed Acquisitions and IPO (N)	Kayne Anderson Portfolio (O)	Other Adjustments	Pro Forma Combined
REVENUE					
Rental revenue	\$ 129,869	\$ 56,500	\$ 14,150	\$ —	\$ 200,519
Other property-related revenue	4,050	1,073	858	—	5,981
Total revenue	133,919	57,573	15,008	—	206,500
OPERATING EXPENSES					
Property operating expenses	45,412	21,225	5,362	—	71,999
General and administrative expenses	16,265	3,928	952	(127) (G)	21,018
Depreciation and amortization	40,651	30,534	—	10,186 (H)	81,371
Total operating expenses	102,328	55,687	6,314	10,059	174,388
Income from operations	31,591	1,886	8,694	(10,059)	32,112
OTHER INCOME (EXPENSE)					
Interest expense	(20,779)	(6,222)	—	(3,528) (I)	(30,529)
Loss on early extinguishment of debt	(914)	(684)	—	—	(1,598)
Acquisition costs	(4,765)	4,765	—	—	—
Organizational and offering expenses	(58)	58	—	—	—
Non-operating expense	(279)	—	—	—	(279)
Other income (expense)	(26,795)	(2,083)	—	(3,528)	(32,406)
Net income (loss)	4,796	(197)	8,694	(13,587)	(294)
Net loss attributable to noncontrolling interests	7,644	4,624	—	4,893 (K)	17,161
Net income (loss) attributable to National Storage Affiliates Trust	\$ 12,440	\$ 4,427	\$ 8,694	\$ (8,694)	\$ 16,867
Earnings (loss) per share - basic	\$ 0.80			(L)	\$ 0.73
Earnings (loss) per share - diluted	\$ 0.17			(L)	\$ —
Weighted average shares outstanding - basic	15,463	7,537			23,000
Weighted average shares outstanding - diluted	45,409	25,908			71,317

See notes to pro forma condensed consolidated financial statements.

NATIONAL STORAGE AFFILIATES TRUST
NOTES TO UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PRESENTATION

Our consolidated financial statements include the accounts of the Company, the operating partnership and their controlled subsidiaries. The equity interests of limited partners in the operating partnership and its subsidiaries that are held by owners other than the Company are referred to as noncontrolling interests. All significant intercompany balances and transactions have been eliminated in the consolidation and combination of entities.

2. ADJUSTMENTS TO UNAUDITED PRO FORMA BALANCE SHEET

(A) Historical Balance Sheet. Represents the historical condensed consolidated balance sheet of the Company as of September 30, 2016.

(B) Kayne Anderson Portfolio. Reflects the acquisition of the Kayne Anderson Portfolio. 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 that reflects an estimate of the purchase price allocation to the assets acquired and liabilities incurred (dollars in thousands):

Assets Acquired	
Self storage properties	
Land	\$ 26,660
Buildings and improvements	153,510
Total self storage properties	<u>180,170</u>
Other assets, net	
Customer in-place leases	4,330
Total assets acquired	<u>\$ 184,500</u>
Liabilities Incurred	
Debt financing	
Credit facility borrowings	\$ 182,788
Working capital liabilities assumed	1,712
Total liabilities incurred	<u>\$ 184,500</u>

(C) Acquisition Costs. The Company expects to incur aggregate acquisition costs of approximately \$1.0 million in connection with the acquisition of the Kayne Anderson Portfolio. Acquisition costs are primarily comprised of consulting fees incurred to identify, qualify and close acquisitions. These acquisition costs will be paid with proceeds from borrowings under the Company's revolving line of credit and result in an increase in outstanding indebtedness in the unaudited pro forma condensed consolidated balance sheet as of September 30, 2016. Additionally, as discussed further in Note K, the Company allocates U.S. generally accepted accounting principles ("GAAP") income (loss) utilizing the hypothetical liquidation at book value ("HLBV") method, in which the Company allocates income or loss based on the change in each unitholders' claim on the net assets of its operating partnership at period end after adjusting for any distributions or contributions made during such period. Accordingly, the transaction costs to which the Company gives pro forma effect are allocated to the previously existing unitholders and resulted in pro forma charges to retained (deficit) earnings and noncontrolling interests of \$0.6 million and \$0.4 million, respectively.

3. ADJUSTMENTS TO UNAUDITED PRO FORMA STATEMENTS OF OPERATIONS

(D) Historical Statement of Operations for the Nine Months Ended September 30, 2016. Reflects the historical condensed consolidated statement of operations of the Company for the nine months ended September 30, 2016.

(E) Impact of the Previously Disclosed Acquisitions for the Nine Months Ended September 30, 2016. Represents the previously disclosed pro forma adjustments for the three months ended March 31, 2016 reflected in the Form 8-K/A for the 17 self storage properties acquired during the three months ended March 31, 2016, the 24 properties acquired during the period from April 1, 2016 through May 24, 2016, and the Probable Acquisition acquired by the Company on June 1, 2016 as well as the previously disclosed pro forma adjustments for the three months ended March 31, 2016 reflected in the Form 8-K for the CPA 17 Portfolio acquired by the Company on August 1, 2016.

In addition, the Company has supplemented this previously disclosed pro forma financial information for the three months ended March 31, 2016 by including incremental adjustments related to the 47 self storage properties acquired subsequent to March 31, 2016 for the period of April 1, 2016 through each self storage property's respective acquisition date.

	Three Months Ended March 31, 2016		Incremental Adjustments for the period of April 1, 2016 through September 30, 2016	Impact of Previously Disclosed Acquisitions for the Nine Months Ended September 30, 2016
	Form 8-K/A	Form 8-K		
REVENUE				
Rental revenue	\$ 6,244	\$ 3,629	\$ 5,501	\$ 15,374
Other property-related revenue	74	18	131	223
Total revenue	6,318	3,647	5,632	15,597
OPERATING EXPENSES				
Property operating expenses	2,103	1,304	1,953	5,360
General and administrative expenses	380	201	338	919
Depreciation and amortization	(759)	1,053	(1,149)	(855)
Total operating expenses	1,724	2,558	1,142	5,424
Income from operations	4,594	1,089	4,490	10,173
OTHER INCOME (EXPENSE)				
Interest expense	(955)	(782)	(1,088)	(2,825)
Acquisition costs	1,288	—	1,076	2,364
Other income (expense)	333	(782)	(12)	(461)
Net income (loss)	4,927	307	4,478	9,712
Net income attributable to noncontrolling interests	(2,896)	(307)	—	(3,203)
Net income (loss) attributable to National Storage Affiliates Trust	\$ 2,031	\$ —	\$ 4,478	\$ 6,509

(F) Impact of the Kayne Anderson Portfolio. The table below reflects the revenue and certain expenses for the nine months ended September 30, 2016 for the Kayne Anderson Portfolio (dollars in thousands):

	Kayne Anderson Portfolio⁽¹⁾
Number of Properties	26
Revenue	
Rental revenue	\$ 11,751
Other property-related revenue	707
Total revenue	12,458
Direct Operating Expenses	
Property operating expenses	4,371
Supervisory and administrative fees ⁽²⁾	781
Total Operating Expenses	5,152
Excess of Revenue over Direct Operating Expenses	\$ 7,306

(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) Balance reflects historical supervisory and administrative fees incurred prior to acquisition by the Company. The Company has entered into agreements with affiliates of the Company's participating regional operators ("PROs") to provide supervisory and administrative services related to the self storage properties under NSA ownership following their acquisition by the Company. 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 G for the pro forma adjustment that gives effect to the asset management agreements as if such agreements had been entered into on January 1, 2015.

The direct operating expenses shown in the table above excludes depreciation of self storage properties, amortization of customer in-place leases and interest expense on borrowings required to finance the Kayne Anderson Portfolio. Accordingly, the pro forma adjustments discussed under Notes H and I give effect to these excluded expenses.

(G) Incremental General and Administrative Expenses. The Company has entered into agreements with affiliates of the PROs to provide 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. A pro forma adjustment has been reflected for the contractual fees under such asset management agreements as if such asset management agreements had been entered into on January 1, 2015 and the contractual rates thereunder had been applied to the gross revenue of the Kayne Anderson Portfolio. For the nine months ended September 30, 2016 and the year ended December 31, 2015, pro forma adjustments of \$0.1 million and \$0.1 million, respectively, are reflected for incremental supervisory and administrative fees as if the contractual rates had been applied to the gross revenue of the Kayne Anderson Portfolio for the respective periods presented.

(H) Incremental Depreciation and Amortization. For the nine months ended September 30, 2016 and the year ended December 31, 2015, pro forma adjustments of \$4.4 million and \$10.2 million, respectively, are reflected for incremental depreciation and amortization of the Kayne Anderson Portfolio.

(I) Interest Expense. Pro forma adjustments for interest expense are required to reflect the pro forma debt structure as if the Kayne Anderson Portfolio had been owned for the entirety of the applicable periods. The Company assumed borrowings under the Company's credit facility for the cash portion of the purchase price of the Kayne Anderson Portfolio with interest computed based on the effective interest rate of 1.93% as of September 30, 2016.

(J) Elimination of Acquisition Costs. The Company's historical statements of operations include costs related to the Kayne Anderson Portfolio of less than \$0.1 million for the nine months ended September 30, 2016. Because these acquisition costs are directly related to the Kayne Anderson Portfolio to which we give pro forma effect as if they were acquired on January 1, 2015, a pro forma adjustment is reflected to remove less than \$0.1 million for the nine months ended September 30, 2016.

(K) Net (Income) Loss Attributable to Noncontrolling Interests. The distribution rights and priorities set forth in the operating partnership's Agreement of Limited Partnership differ from what is reflected by the underlying percentage ownership interests of the unitholders. Accordingly, the Company allocates GAAP income (loss) utilizing the HLBV method, in which the Company allocates income or loss based on the change in each unitholders' claim on the net assets of its operating partnership at period end after adjusting for any distributions or contributions made during such period. The HLBV method is a balance sheet-focused approach. A calculation is prepared at each balance sheet date to determine the amount that unitholders would receive if the operating partnership were to liquidate all of its assets (at GAAP net book value) and distribute the resulting proceeds to its creditors and unitholders based on the contractually defined liquidation priorities. The difference between the calculated liquidation distribution amounts at the beginning and the end of the reporting period, after adjusting for capital contributions and distributions, is used to derive each unitholder's share of the income (loss) for the period. After giving pro forma effect to the acquisition of the Kayne Anderson Portfolio, the application of the HLBV method resulted in an adjustment to increase the noncontrolling interests' share of net income by \$7.4 million for the nine months ended September 30, 2016 and the noncontrolling interests' share of net losses by \$4.9 million for the year ended December 31, 2015. The Company's application of the HLBV method for pro forma purposes does not include assumptions regarding distributions that might have been paid on the common shares of the Company and limited partner interests in its operating partnership resulting from the self storage property acquisitions that are included in the pro forma financial information but excluded from the historical financial information, as such assumptions would require projections and estimates of management's intentions that are not factually supportable.

(L) 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 nine months ended September 30, 2016 and the year ended December 31, 2015 (dollars in thousands, except per share amounts):

	Nine Months Ended September 30, 2016	Year Ended December 31, 2015
Earnings (loss) per common share - basic and diluted		
Numerator		
Pro forma net income (loss)	\$ 28,883	\$ (294)
Pro forma net (income) loss attributable to noncontrolling interests	(19,806)	17,161
Pro forma net income attributable to National Storage Affiliates Trust	9,077	16,867
Distributed and undistributed earnings allocated to participating securities	(4)	(9)
Pro forma net income attributable to common shareholders - basic	9,073	16,858
Pro forma effect of assumed conversion of dilutive securities	—	(17,160)
Pro forma net income (loss) attributable to common shareholders - diluted	\$ 9,073	\$ (302)
Denominator		
Pro forma weighted average shares outstanding - basic	27,084	23,000
Effect of dilutive securities:		
Pro forma weighted average OP units outstanding	—	24,780
Pro forma weighted average DownREIT OP unit equivalents outstanding	—	1,835
Pro forma weighted average LTIP units outstanding	—	1,970
Pro forma weighted average subordinated performance units and DownREIT subordinated performance unit equivalents	—	19,732
Pro forma weighted average shares outstanding - diluted	27,084	71,317
Pro forma earnings (loss) per share - basic	\$ 0.33	\$ 0.73
Pro forma earnings (loss) per share - diluted	\$ 0.33	\$ —

For the nine months ended September 30, 2016, potential common shares related to OP units, DownREIT OP units, LTIP units, subordinated performance units and DownREIT subordinated performance units have been excluded from the calculation of diluted earnings (loss) per share as they are not dilutive to earnings (loss) per share.

(M) Historical Statement of Operations for the Year Ended December 31, 2015. Reflects the historical condensed consolidated statement of operations of the Company for the year ended December 31, 2015.

(N) Impact of the Previously Disclosed Acquisitions and IPO. Represents the pro forma adjustments related to the Previously Disclosed Acquisitions in Exhibit 99.2 to the Form 8-K/A and Form 8-K and the Company's IPO in Exhibit 99.2 to the Form 8-K/A. The Previously Disclosed Acquisitions include one Probable Acquisition that closed on June 1, 2016.

(O) Impact of the Kayne Anderson Portfolio. The table below reflects the revenue and certain expenses for the year ended December 31, 2015 for the Kayne Anderson Portfolio (dollars in thousands):

	Kayne Anderson Portfolio⁽¹⁾
Number of Properties	26
Revenue	
Rental revenue	\$ 14,150
Other property-related revenue	858
Total revenue	15,008
Direct Operating Expenses	
Property operating expenses	5,362
Supervisory and administrative fees ⁽²⁾	952
Total Operating Expenses	6,314
Excess of Revenue over Direct Operating Expenses	\$ 8,694

- (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) Balance reflects historical supervisory and administrative fees incurred prior to acquisition by the Company. The Company has entered into agreements with affiliates of the PROs to provide supervisory and administrative services related to the self storage properties under NSA ownership following their acquisition by the Company. 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 G for the pro forma adjustment that gives effect to the asset management agreements as if such agreements had been entered into on January 1, 2015.