

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

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2017

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

Commission file number: 001-37351

National Storage Affiliates Trust

(Exact name of Registrant as specified in its charter)

Maryland
(State or other jurisdiction of
incorporation or organization)

46-5053858
(I.R.S. Employer
Identification No.)

5200 DTC Parkway
Suite 200
Greenwood Village, Colorado 80111
(Address of principal executive offices) (Zip code)
(720) 630-2600

(Registrant's telephone number including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

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

Large Accelerated Filer

Accelerated Filer

Non-accelerated Filer

Smaller Reporting Company

Emerging Growth Company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes No

As of May 3, 2017, 44,256,538 common shares of beneficial interest, \$0.01 par value per share, were outstanding.

NATIONAL STORAGE AFFILIATES TRUST

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PART I. FINANCIAL INFORMATION

ITEM 1. Financial Statements

NATIONAL STORAGE AFFILIATES TRUST
 CONDENSED CONSOLIDATED BALANCE SHEETS
 (dollars in thousands, except per share amounts)
 (Unaudited)

| | March 31, 2017 | December 31, 2016 |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|----------------------|
| ASSETS | | |
| Real estate | | |
| Self storage properties | \$ 1,887,255 | \$ 1,844,336 |
| Less accumulated depreciation | (124,941) | (110,803) |
| Self storage properties, net | 1,762,314 | 1,733,533 |
| Cash and cash equivalents | 14,207 | 12,570 |
| Restricted cash | 3,043 | 2,767 |
| Debt issuance costs, net | 2,836 | 3,069 |
| Investment in unconsolidated real estate venture | 79,650 | 81,486 |
| Other assets, net | 43,681 | 44,730 |
| Assets held for sale | — | 13,937 |
| Total assets | <u>\$ 1,905,731</u> | <u>\$ 1,892,092</u> |
| LIABILITIES AND EQUITY | | |
| Liabilities | | |
| Debt financing | \$ 893,767 | \$ 878,954 |
| Accounts payable and accrued liabilities | 21,355 | 21,616 |
| Deferred revenue | 12,589 | 12,454 |
| Total liabilities | 927,711 | 913,024 |
| Commitments and contingencies (Note 11) | | |
| Equity | | |
| Common shares of beneficial interest, par value \$0.01 per share. 250,000,000 shares authorized, 44,202,780 and 43,110,362 shares issued and outstanding at March 31, 2017 and December 31, 2016, respectively | 442 | 431 |
| Additional paid-in capital | 590,526 | 576,365 |
| Distributions in excess of earnings | (18,728) | (8,719) |
| Accumulated other comprehensive income | 10,651 | 9,025 |
| Total shareholders' equity | 582,891 | 577,102 |
| Noncontrolling interests | 395,129 | 401,966 |
| Total equity | 978,020 | 979,068 |
| Total liabilities and equity | <u>\$ 1,905,731</u> | <u>\$ 1,892,092</u> |

See notes to condensed consolidated financial statements.

NATIONAL STORAGE AFFILIATES TRUST
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share amounts)
(Unaudited)

| | Three Months Ended March 31, | |
|--------------------------------------------------------------|---------------------------------|-----------------|
| | 2017 | 2016 |
| REVENUE | | |
| Rental revenue | \$ 57,844 | \$ 38,501 |
| Other property-related revenue | 1,881 | 1,148 |
| Management fees and other revenue | 1,838 | — |
| Total revenue | <u>61,563</u> | <u>39,649</u> |
| OPERATING EXPENSES | | |
| Property operating expenses | 19,749 | 13,277 |
| General and administrative expenses | 7,181 | 4,335 |
| Depreciation and amortization | 18,683 | 10,892 |
| Total operating expenses | <u>45,613</u> | <u>28,504</u> |
| Income from operations | 15,950 | 11,145 |
| OTHER EXPENSE | | |
| Interest expense | (7,471) | (4,941) |
| Equity in losses of unconsolidated real estate venture | (785) | — |
| Acquisition costs | (144) | (1,288) |
| Non-operating expense | (52) | (5) |
| Other expense | <u>(8,452)</u> | <u>(6,234)</u> |
| Income before income taxes | 7,498 | 4,911 |
| Income tax expense | <u>(317)</u> | <u>(109)</u> |
| Net income | 7,181 | 4,802 |
| Net income attributable to noncontrolling interests | <u>(6,626)</u> | <u>(2,592)</u> |
| Net income attributable to National Storage Affiliates Trust | <u>\$ 555</u> | <u>\$ 2,210</u> |
| Earnings (loss) per share - basic | | |
| | <u>\$ 0.01</u> | <u>\$ 0.10</u> |
| Earnings (loss) per share - diluted | | |
| | <u>\$ 0.01</u> | <u>\$ 0.07</u> |
| Weighted average shares outstanding - basic | | |
| | <u>43,401</u> | <u>23,005</u> |
| Weighted average shares outstanding - diluted | | |
| | <u>43,401</u> | <u>67,994</u> |
| Dividends declared per common share | | |
| | <u>\$ 0.24</u> | <u>\$ 0.20</u> |

See notes to condensed consolidated financial statements.

NATIONAL STORAGE AFFILIATES TRUST
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(dollars in thousands)
(Unaudited)

| | Three Months Ended | |
|------------------------------------------------------------------------|---------------------------|-----------------|
| | March 31, | |
| | 2017 | 2016 |
| Net income | \$ 7,181 | \$ 4,802 |
| Other comprehensive income (loss) | | |
| Unrealized gain (loss) on derivative contracts | 1,613 | (1,895) |
| Reclassification of other comprehensive loss to interest expense | 770 | 403 |
| Other comprehensive income (loss) | <u>2,383</u> | <u>(1,492)</u> |
| Comprehensive income | 9,564 | 3,310 |
| Comprehensive income attributable to noncontrolling interests | <u>(7,586)</u> | <u>(1,793)</u> |
| Comprehensive income attributable to National Storage Affiliates Trust | <u>\$ 1,978</u> | <u>\$ 1,517</u> |

See notes to condensed consolidated financial statements.

NATIONAL STORAGE AFFILIATES TRUST
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(dollars in thousands, except share amounts)
(Unaudited)

| | <u>Common Shares</u> | | <u>Additional Paid-in Capital</u> | <u>Distributions In Excess Of Earnings</u> | <u>Accumulated Other Comprehensive Income</u> | <u>Noncontrolling Interests</u> | <u>Total Equity</u> |
|--------------------------------------------------------------------|----------------------|---------------|-------------------------------------------|----------------------------------------------------|-----------------------------------------------------------|-------------------------------------|-------------------------|
| | <u>Number</u> | <u>Amount</u> | | | | | |
| | | | | | | | |
| Balances, December 31, 2016 | 43,110,362 | \$ 431 | \$ 576,365 | \$ (8,719) | \$ 9,025 | \$ 401,966 | \$ 979,068 |
| OP equity issued for property acquisitions: | | | | | | | |
| OP units and subordinated performance units, net of offering costs | — | — | — | — | — | 4,964 | 4,964 |
| Issuance of subordinated performance units | — | — | — | — | — | 7,000 | 7,000 |
| Redemptions of OP units | 1,077,074 | 11 | 14,163 | — | 222 | (14,396) | — |
| Effect of changes in ownership for consolidated entities | — | — | (42) | — | (19) | 61 | — |
| Equity-based compensation expense | — | — | 60 | — | — | 923 | 983 |
| Issuance of restricted common shares | 15,925 | — | — | — | — | — | — |
| Vesting and forfeitures of restricted common shares, net | (581) | — | (20) | — | — | — | (20) |
| Reduction in receivables from partners of OP | — | — | — | — | — | 41 | 41 |
| Other comprehensive income | — | — | — | — | 1,423 | 960 | 2,383 |
| Common share dividends | — | — | — | (10,564) | — | — | (10,564) |
| Distributions to limited partners of OP | — | — | — | — | — | (13,016) | (13,016) |
| Net income | — | — | — | 555 | — | 6,626 | 7,181 |
| Balances, March 31, 2017 | 44,202,780 | \$ 442 | \$ 590,526 | \$ (18,728) | \$ 10,651 | \$ 395,129 | \$ 978,020 |

See notes to condensed consolidated financial statements.

NATIONAL STORAGE AFFILIATES TRUST
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(dollars in thousands)
(Unaudited)

| | Three Months Ended March 31, | |
|-----------------------------------------------------------------------------------------|---------------------------------|-----------------|
| | 2017 | 2016 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Net income | \$ 7,181 | \$ 4,802 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation and amortization | 18,683 | 10,892 |
| Amortization of debt issuance costs | 516 | 587 |
| Amortization of debt discount and premium, net | (399) | (467) |
| Equity-based compensation expense | 983 | 598 |
| Equity in losses of unconsolidated real estate venture | 785 | — |
| Distributions from unconsolidated real estate venture | 1,251 | — |
| Change in assets and liabilities, net of effects of self storage property acquisitions: | | |
| Other assets | (665) | (1,108) |
| Accounts payable and accrued liabilities | (102) | 2,189 |
| Deferred revenue | (28) | 199 |
| Net Cash Provided by Operating Activities | 28,205 | 17,692 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Acquisition of self storage properties | (26,363) | (62,669) |
| Capital expenditures | (3,154) | (600) |
| Deposits and advances for self storage property and other acquisitions | (138) | (97) |
| | (40) | (209) |
| Expenditures for corporate furniture, equipment and other | | |
| Proceeds from sale of self storage properties | 5,091 | — |
| Net Cash Used In Investing Activities | (24,604) | (63,575) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Proceeds from issuance of subordinated performance units | 7,000 | — |
| Borrowings under debt financings | 222,000 | 79,500 |
| Receipts for OP unit subscriptions | 6 | 265 |
| Collection of receivables from issuance of OP equity | — | 193 |
| Principal payments under debt financings | (205,757) | (18,572) |
| Payment of dividends to common shareholders | (10,564) | (4,605) |
| Distributions to noncontrolling interests | (12,942) | (8,777) |
| Debt issuance costs | (1,315) | (113) |
| Equity offering costs | (116) | (7) |
| Net Cash (Used In) Provided By Financing Activities | (1,688) | 47,884 |
| Increase in Cash, Cash Equivalents and Restricted Cash | 1,913 | 2,001 |
| CASH, CASH EQUIVALENTS AND RESTRICTED CASH | | |
| Beginning of period | 15,337 | 9,377 |
| End of period | \$ 17,250 | \$ 11,378 |
| Supplemental Cash Flow Information | | |
| Cash paid for interest | \$ 7,131 | \$ 4,717 |

See notes to condensed consolidated financial statements.

NATIONAL STORAGE AFFILIATES TRUST
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2017
(Unaudited)

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," "our," and "us" refers to National Storage Affiliates Trust and its consolidated subsidiaries, except where the context indicates otherwise. The Company has elected and believes it has qualified as a real estate investment trust ("REIT") for U.S. federal income tax purposes commencing with its taxable year ending December 31, 2015.

Through its controlling interest as the sole general partner of NSA OP, LP (its "operating partnership"), a Delaware limited partnership formed on February 13, 2013, the Company is focused on the ownership, operation, and acquisition of self storage properties located within the top 100 metropolitan statistical areas in the United States. Pursuant to the Agreement of Limited Partnership (as amended, the "LP Agreement") of its operating partnership, the Company's operating partnership is authorized to issue Class A Units ("OP units"), different series of Class B Units ("subordinated performance units"), and Long-Term Incentive Plan Units ("LTIP units"). The Company also owns certain of its self storage properties through other consolidated limited partnership subsidiaries of its operating partnership, which we refer to as "DownREIT partnerships." The DownREIT partnerships issue equity ownership interests that are intended to be economically equivalent to the Company's OP units ("DownREIT OP units") and subordinated performance units ("DownREIT subordinated performance units").

The Company owned 386 self storage properties in 20 states with approximately 23.3 million rentable square feet in approximately 186,000 storage units as of March 31, 2017. These properties are managed with local operational focus and expertise by the Company's participating regional operators ("PROs"). These PROs are SecurCare Self Storage, Inc. and its controlled affiliates ("SecurCare"), Kevin Howard Real Estate Inc., d/b/a Northwest Self Storage and its controlled affiliates ("Northwest"), Optivest Properties LLC and its controlled affiliates ("Optivest"), Guardian Storage Centers LLC and its controlled affiliates ("Guardian"), Move It Self Storage and its controlled affiliates ("Move It"), Arizona Mini Storage Management Company d/b/a Storage Solutions and its controlled affiliates ("Storage Solutions") and Hide-Away Storage Services, Inc. and its controlled affiliates ("Hide-Away"). In February 2017, the Company entered into definitive agreements with an affiliate of Shader Brothers Corporation d/b/a Personal Mini Storage ("Personal Mini") of Orlando, Florida, to add Personal Mini as the Company's eighth PRO.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying condensed consolidated financial statements are presented on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles ("GAAP") and have been prepared by the Company pursuant to the rules and regulations of the Securities and Exchange Commission (the "SEC") regarding interim financial reporting. Accordingly, certain information and footnote disclosures required by GAAP for complete financial statements have been condensed or omitted in accordance with such rules and regulations. In the opinion of management, all adjustments (consisting of normal recurring adjustments) considered necessary for a fair presentation of the condensed consolidated financial statements have been included. The Company's results of operations for the quarterly period ended March 31, 2017 are not necessarily indicative of the results to be expected for the full year or any other future period.

Principles of Consolidation

The Company's financial statements include the accounts of its operating partnership and its controlled subsidiaries. All significant intercompany balances and transactions have been eliminated in the consolidation 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 controls a limited partnership or similar entity when the limited partners have certain rights. The Company consolidates all entities that are VIEs and of which the Company is deemed to be the primary beneficiary. The Company has determined that its operating partnership is a VIE. The sole significant asset of National Storage Affiliates Trust is its investment in its

operating partnership, and consequently, substantially all of the Company's assets and liabilities represent those assets and liabilities of its operating partnership.

As of March 31, 2017 and December 31, 2016, the Company's operating partnership was the primary beneficiary of, and therefore consolidated, 21 DownREIT partnerships that are considered VIEs, which owned 34 self storage properties. The net book value of the real estate owned by these VIEs was \$254.8 million and \$256.8 million as of March 31, 2017 and December 31, 2016, respectively. For the DownREIT partnerships which are subject to fixed rate mortgages payable, the carrying value of such fixed rate mortgages payable held by these VIEs was \$41.0 million and \$41.4 million as of March 31, 2017 and December 31, 2016, respectively. The creditors of the consolidated VIEs do not have recourse to the Company's general credit.

Reclassifications

Certain amounts in the consolidated financial statements and related notes have been reclassified to conform to the current year presentation. Such reclassifications do not impact the Company's previously reported financial position or net income (loss).

Revenue Recognition

Management has determined that all of the Company's 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-related access fees and 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.

The Company earns management and other fees for managing and operating its unconsolidated real estate venture. These fees include property management fees, call center fees, platform fees, acquisition fees, development fees and a portion of tenant warranty protection proceeds. The Company recognizes these fees when they are earned, fixed and determinable. The fees are reported in management fees and other revenue in the Company's condensed consolidated statements of operations.

Investments in Unconsolidated Real Estate Venture

The Company's investment in its unconsolidated real estate venture is recorded under the equity method of accounting in the accompanying consolidated financial statements. Under the equity method, the Company's investment in unconsolidated real estate venture is stated at cost and adjusted for the Company's share of net earnings or losses and reduced by distributions. Equity in earnings (losses) is recognized based on the Company's ownership interest in the earnings (losses) of the unconsolidated real estate venture. The Company follows the "look through" approach for classification of distributions from its unconsolidated real estate venture in its consolidated statements of cash flows. Under this approach, distributions are reported under operating cash flow unless the facts and circumstances of a specific distribution clearly indicate that it is a return of capital (e.g., proceeds from the unconsolidated real estate venture's sale of assets), in which case it is reported as an investing activity.

Noncontrolling Interests

All of the limited partner equity interests in the operating partnership not held by the Company are reflected as noncontrolling interests. Noncontrolling interests also include ownership interests in DownREIT partnerships held by entities other than the operating partnership or its subsidiaries. In the condensed consolidated statements of operations, the Company allocates net income (loss) attributable to noncontrolling interests to arrive at net income (loss) attributable to National Storage Affiliates Trust.

For transactions that result in changes to the Company's ownership interest in its operating partnership, the carrying amount of noncontrolling interests is adjusted to reflect such changes. The difference between the fair value of the consideration received or paid and the amount by which the noncontrolling interest is adjusted is reflected as an adjustment to additional paid-in capital on the condensed consolidated balance sheets.

Allocation of Net Income (Loss)

The distribution rights and priorities set forth in the operating partnership's LP Agreement differ from what is reflected by the underlying percentage ownership interests of the unitholders. Accordingly, the Company allocates 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. The HLBV method is commonly applied to equity investments where cash distribution percentages vary at different points in time and are not directly linked to an equity holder's ownership percentage.

The HLBV method is a balance sheet-focused approach to income (loss) allocation. A calculation is prepared at each balance sheet date to determine the amount that unitholders would receive if the operating partnership were to liquidate all of its assets (at GAAP net book value) and distribute the resulting proceeds to its creditors and unitholders based on the contractually defined liquidation priorities. The difference between the calculated liquidation distribution amounts at the beginning and the end of the reporting period, after adjusting for capital contributions and distributions, is used to derive each unitholder's share of the income (loss) for the period. Due to the stated liquidation priorities and because the HLBV method incorporates non-cash items such as depreciation expense, in any given period, income or loss may be allocated disproportionately to unitholders as compared to their respective ownership percentage in the operating partnership, and net income (loss) attributable to National Storage Affiliates Trust could be more or less net income than actual cash distributions received and more or less income or loss than what may be received in the event of an actual liquidation. Additionally, the HLBV method could result in net income (or net loss) attributable to National Storage Affiliates Trust during a period when the Company reports consolidated net loss (or net income), or net income (or net loss) attributable to National Storage Affiliates Trust in excess of the Company's consolidated net income (or net loss). The computations of basic and diluted earnings (loss) per share may be materially affected by these disproportionate income (loss) allocations, resulting in volatile fluctuations of basic and diluted earnings (loss) per share.

Other Comprehensive Income (Loss)

The Company has cash flow hedge derivative instruments that are measured at fair value with unrealized gains or losses recognized in other comprehensive income (loss) with a corresponding adjustment to accumulated other comprehensive loss within equity, as discussed further in Note 12. Under the HLBV method of allocating income (loss) discussed above, a calculation is prepared at each balance sheet date by applying the HLBV method including, and excluding, the assets and liabilities resulting from the Company's cash flow hedge derivative instruments to determine comprehensive income (loss) attributable to National Storage Affiliates Trust. As a result of the distribution rights and priorities set forth in the operating partnership's LP Agreement, in any given period, other comprehensive income (loss) may be allocated disproportionately to unitholders as compared to their respective ownership percentage in the operating partnership and as compared to their respective allocation of net income (loss).

Assets held for sale

The Company classifies properties as held for sale when certain criteria are met. At such time, the properties, including significant assets and liabilities that are expected to be transferred as part of a sale transaction, are presented separately on the condensed consolidated balance sheet at the lower of carrying value or estimated fair value less costs to sell and depreciation is no longer recognized. As of December 31, 2016 the Company had two self storage properties classified as held for sale. The results of operations for the self storage properties classified as held for sale are reflected within income from operations in the Company's condensed consolidated statements of operations.

Use of Estimates

The preparation of financial statements in conformity with GAAP 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.

Recent Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board ("FASB") issued ASU 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. ASU 2014-09 will replace most existing revenue recognition guidance in GAAP when it becomes effective. ASU 2014-09 is effective for the Company on January 1, 2018, with early application permitted for the Company on January 1, 2017. ASU 2014-09 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 condensed consolidated financial statements and related disclosures. Although the Company has not yet selected a transition method, as ASU 2014-09 does not impact lessor accounting, the Company does not believe the adoption of ASU 2014-09 will significantly impact its accounting for rental revenue.

In February 2016, the FASB issued ASU 2016-02, Leases, which amends the existing guidance for accounting for leases, including requiring lessors to account for leases using an approach that is substantially equivalent to existing guidance for sales-type leases, direct financing leases and operating leases and lessees to recognize most leases on-balance sheet as lease liabilities with corresponding right-of-use assets. ASU 2016-02 is effective for the Company on January 1, 2019, with early application permitted. ASU 2016-02 requires a modified retrospective approach, with entities applying the new guidance at the beginning of the earliest period presented in the financial statements in which they first apply the new standard, with certain elective transition relief. The Company is evaluating the effect that ASU 2016-02 will have on its operating leases, condensed consolidated financial statements and related disclosures.

In August 2016, the FASB issued ASU 2016-15, Statement of Cash Flows, which clarifies the classification of certain cash receipts and cash payments in the statement of cash flows, including debt prepayment or extinguishment costs, settlement of contingent consideration arising from a business combination, insurance settlement proceeds, and distributions from certain equity method investees. During the three months ended March 31, 2017, the Company adopted ASU 2016-15, which did not result in any changes to the presentation of amounts shown on the Company's condensed consolidated statements of cash flows for the three months ended March 31, 2017 and 2016.

In November 2016, the FASB issued an ASU 2016-18, Statement of Cash Flows - Restricted Cash, that requires the inclusion of restricted cash and restricted cash equivalents with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. During the three months ended March 31, 2017, the Company adopted ASU 2016-18, which resulted in the inclusion of the Company's restricted cash balances along with cash and cash equivalents in the Company's condensed consolidated statement of cash flows and separate line items showing changes in restricted cash balances were eliminated from the Company's condensed consolidated statements of cash flows. ASU 2016-18 was applied retrospectively to all periods presented.

In January 2017, the FASB issued ASU 2017-01, Clarifying the Definition of a Business, which narrows the definition of a business and provides an amended framework for determining whether a transaction involves an asset or a business. During the three months ended March 31, 2017, the Company adopted ASU 2017-01. As further discussed in Note 6, as a result of the adoption of ASU 2017-01, the Company's self storage property acquisitions during the three months ended March 31, 2017 were accounted for as asset acquisitions, and accordingly, the acquisition costs related to the self storage property acquisitions were capitalized as part of the basis of the acquired properties.

3. NONCONTROLLING INTERESTS

Noncontrolling Interests

All of the limited partner equity interests in the Company's operating partnership not held by the Company are reflected as noncontrolling interests. Noncontrolling interests also include ownership interests in DownREIT partnerships held by entities other than the Company's operating partnership. NSA is the general partner of its operating partnership and is authorized to cause its operating partnership 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. While the Company controls its operating partnership and manages the daily operations of its operating partnership's business, the Company did not have an ownership interest or share in its operating partnership's profits and losses prior to the completion of the Company's initial public offering.

As of March 31, 2017 and December 31, 2016, units reflecting noncontrolling interests consisted of the following:

| | March 31, 2017 | December 31, 2016 |
|-----------------------------------------|---------------------------|------------------------------|
| OP units | 25,223,064 | 26,125,444 |
| Subordinated performance units | 11,369,753 | 11,022,378 |
| LTIP units | 1,750,746 | 1,543,905 |
| DownREIT units | | |
| DownREIT OP units | 1,834,786 | 1,834,786 |
| DownREIT subordinated performance units | 4,386,999 | 4,386,999 |
| Total | 44,565,348 | 44,913,512 |

OP Units and DownREIT OP units

OP units in the Company's operating partnership are redeemable for cash or, at the Company's option, exchangeable for the Company's common shares of beneficial interest, \$0.01 par value per share ("common shares") on a one-for-one basis, and DownREIT OP units are redeemable for cash or, at the Company's option, exchangeable for OP units in its operating partnership on a one-for-one basis, subject to certain adjustments in each case. The holders of OP units are generally not entitled to elect redemption until one year after the later of the closing of the Company's initial public offering or the issuance of the OP units. The holders of DownREIT OP units are generally not entitled to elect redemption until five years after the date of the contributor's initial contribution. Accordingly, these limited partner interests are included in noncontrolling interests within equity in the accompanying balance sheets as of March 31, 2017 and December 31, 2016.

The decrease in OP Units outstanding from December 31, 2016 to March 31, 2017 was due to the redemption of 1,077,074 OP units for common shares partially offset by the issuance of 174,694 OP units in connection with the acquisition of self storage properties.

Subordinated Performance Units and DownREIT Subordinated Performance Units

Subordinated performance units may also, under certain circumstances, be convertible into OP units which are exchangeable for common shares as described above, and DownREIT subordinated performance units may, under certain circumstances, be exchangeable for subordinated performance units on a one-for-one basis. Subordinated performance units are only convertible into OP units after a two year lock-out period and then generally (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 that holds such subordinated performance units or upon certain qualifying terminations. The holders of DownREIT subordinated performance units are generally not entitled to elect redemption until at least five years after the date of the contributor's initial contribution.

The increase in subordinated performance units outstanding from December 31, 2016 to March 31, 2017 was due to the issuance of 300,043 subordinated performance units to an affiliate of Personal Mini (the Company's chairman and chief executive officer, Arlen D. Nordhagen, has a noncontrolling minority ownership interest in this affiliate of Personal Mini) and the issuance of 47,332 subordinated performance units in connection with the acquisition of self storage properties.

LTIP Units

LTIP units are a special class of partnership interest in the Company's 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 the Company's operating partnership or the achievement of certain events). LTIP units may also, under certain circumstances, be convertible into OP units on a one-for-one basis, which are then exchangeable for common shares as described above.

LTIP units were first granted under the 2013 Long-Term Incentive Plan (the "2013 Plan"). Some of the granted LTIP units vested immediately or upon completion of the Company's initial public offering. Others vest upon the contribution of self storage properties or along a schedule at certain times through January 1, 2020. LTIP units do not have full parity with OP units with respect to liquidating distributions and may 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.

The increase in LTIP units outstanding from December 31, 2016 to March 31, 2017 was due to the issuance of 206,841 compensatory LTIP units to employees and consultants.

4. SELF STORAGE PROPERTIES

Self storage properties are summarized as follows (dollars in thousands):

| | March 31, 2017 | December 31, 2016 |
|-------------------------------|---------------------------|------------------------------|
| Land | \$ 464,590 | \$ 456,135 |
| Buildings and improvements | 1,417,750 | 1,383,603 |
| Furniture and equipment | 4,915 | 4,598 |
| Total self storage properties | 1,887,255 | 1,844,336 |
| Less accumulated depreciation | (124,941) | (110,803) |
| Self storage properties, net | \$ 1,762,314 | \$ 1,733,533 |

Depreciation expense related to self storage properties amounted to \$14.1 million and \$8.6 million during the three months ended March 31, 2017 and 2016, respectively.

5. INVESTMENT IN UNCONSOLIDATED REAL ESTATE VENTURE

As of March 31, 2017, the Company's unconsolidated real estate venture (the "Joint Venture") owned and operated a portfolio of 66 properties containing approximately 4.5 million rentable square feet, configured in approximately 36,000 storage units and located across 12 states. The following table presents the condensed financial position of the Joint Venture as of March 31, 2017 and December 31, 2016 (in thousands):

| | March 31, 2017 | December 31, 2016 |
|-------------------------------|-----------------------|--------------------------|
| ASSETS | | |
| Self storage properties, net | \$ 610,633 | \$ 614,754 |
| Other assets | 16,521 | 19,936 |
| Total assets | \$ 627,154 | \$ 634,690 |
| LIABILITIES AND EQUITY | | |
| Debt financing | \$ 317,109 | \$ 317,047 |
| Other liabilities | 5,041 | 4,498 |
| Equity | 305,004 | 313,145 |
| Total liabilities and equity | \$ 627,154 | \$ 634,690 |

The following table presents the condensed operating information of the Joint Venture for the three months ended March 31, 2017 (in thousands):

| | Three Months Ended March 31, 2017 |
|------------------------------------------------|----------------------------------------------|
| Total revenue | \$ 12,507 |
| Property operating expenses | 4,068 |
| Net operating income | 8,439 |
| Supervisory, administrative and other expenses | (898) |
| Depreciation and amortization | (7,489) |
| Interest expense | (2,826) |
| Acquisition and other expenses | (366) |
| Net loss | \$ (3,140) |

6. SELF STORAGE PROPERTY ACQUISITIONS AND DISPOSITIONS

Acquisitions

The Company acquired five self storage properties with an estimated fair value of \$31.9 million during the three months ended March 31, 2017. Of these acquisitions, two self storage properties with an estimated fair value of \$11.3 million were acquired by the Company from its PROs. As a result of the Company's adoption of ASU 2017-01 during the three months ended March 31, 2017, the five self storage property acquisitions were accounted for as asset acquisitions and accordingly, \$0.2 million of acquisition costs related to the acquisitions were capitalized as part of the basis of the acquired properties. 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. The Company allocated a portion of the purchase price to identifiable intangible assets consisting of customer in-place leases which were recorded at estimated fair value of \$0.7 million, resulting in a total fair value of \$31.2 million allocated to real estate.

The following table summarizes the investment in self storage property acquisitions completed by the Company during the three months ended March 31, 2017 (dollars in thousands):

| Acquisitions Closed During the Three Months Ended: | Number of Properties | Summary of Investment | | | |
|----------------------------------------------------------|-------------------------|-------------------------------|-----------------------------------|-------------------|-----------|
| | | Cash and Acquisition Costs | Value of OP Equity ⁽¹⁾ | Other Liabilities | Total |
| March 31, 2017 | 5 | \$ 26,780 | \$ 4,964 | \$ 183 | \$ 31,927 |

(1) Value of OP equity represents the fair value of OP units, subordinated performance units and LTIP units.

Pro Forma Financial Information For 2016 Business Combinations

The Company acquired 107 self storage properties during the year ended December 31, 2016 that were accounted for as business combinations. On a pro forma basis, after giving effect to the acquisition of 100 of the 107 self storage properties as if they were acquired on January 1, 2015 (pro forma financial information is not presented for seven of the self storage properties acquired during the year ended December 31, 2016 since the information required is not available to the Company), the Company would have recorded incremental additional revenue and net income of \$15.5 million and \$2.9 million, respectively, for the three months ended March 31, 2016. This pro forma information was prepared using the following significant assumptions: (i) 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 2.04% as of March 31, 2016; (ii) for assumed debt financing directly associated with the acquisition of specific self storage properties, interest was computed for the entirety of the periods presented using the effective interest rates under such financings; and (iii) for acquisition costs of \$1.3 million incurred during the three months ended March 31, 2016, pro forma adjustments give effect to these costs as if they were incurred on January 1, 2015.

The pro forma information presented in the paragraph above 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. As described in greater detail above, given that certain information with respect to the business

combinations is not available to the Company, readers of this Form 10-Q and investors are cautioned not to place undue reliance on the Company's pro forma financial information.

Dispositions

During the three months ended March 31, 2017, the Company sold to an unrelated third party one of the self storage properties acquired as part of a larger portfolio of self storage properties acquired during the year ended December 31, 2016. The self storage property sold was classified as held for sale as of December 31, 2016. The gross sales price was \$5.3 million and the Company did not recognize any gain or loss on the sale.

7. OTHER ASSETS

Other assets consist of the following (dollars in thousands):

| | March 31, 2017 | December 31, 2016 |
|------------------------------------------------------------------------------------------------|-------------------|----------------------|
| Customer in-place leases, net of accumulated amortization of \$9,964 and \$7,831, respectively | \$ 6,076 | \$ 9,374 |
| Receivables: | | |
| Trade, net | 1,580 | 1,898 |
| PROs and other affiliates | 377 | 601 |
| Receivable from unconsolidated real estate venture | 897 | 1,093 |
| Property acquisition and other deposits | 265 | 477 |
| Interest rate swaps | 10,775 | 8,742 |
| Prepaid expenses and other | 3,275 | 1,879 |
| Corporate furniture, equipment and other, net | 1,190 | 1,243 |
| Trade name | 3,200 | 3,200 |
| Management contract, net of accumulated amortization of \$325 and \$148, respectively | 10,296 | 10,473 |
| Goodwill | 5,750 | 5,750 |
| Total | <u>\$ 43,681</u> | <u>\$ 44,730</u> |

8. DEBT FINANCING

The Company's outstanding debt as of March 31, 2017 and December 31, 2016 is summarized as follows (dollars in thousands):

| | Interest Rate ⁽¹⁾ | March 31, 2017 | December 31, 2016 |
|-------------------------------------------------------|---------------------------------|-------------------|----------------------|
| Credit Facility: | | | |
| Revolving line of credit | 2.38% | \$ 102,500 | \$ 246,500 |
| Term loan A | 2.60% | 235,000 | 225,000 |
| Term loan B | 3.24% | 155,000 | 100,000 |
| Term loan C | 3.71% | 105,000 | — |
| Term loan facility | 3.08% | 100,000 | 100,000 |
| Fixed rate mortgages payable | 4.13% | 191,937 | 201,694 |
| Total principal | | 889,437 | 873,194 |
| Unamortized debt issuance costs and debt premium, net | | 4,330 | 5,760 |
| Total debt | | <u>\$ 893,767</u> | <u>\$ 878,954</u> |

(1) Represents the effective interest rate as of March 31, 2017. Effective interest rate incorporates the stated rate plus the impact of interest rate cash flow hedges and discount and premium amortization, if applicable. For the revolving line of credit, the effective interest rate excludes fees for unused borrowings.

Credit Facility Increase

On February 8, 2017, pursuant to a partial exercise by the Company's operating partnership of its expansion option under its amended and restated credit agreement dated as of May 6, 2016, the Company's operating partnership, as borrower, certain of its subsidiaries that are party to the amended and restated credit agreement, as subsidiary guarantors, and the Company, as parent guarantor, entered into a second increase agreement and amendment (the "Increase Agreement") with a syndicated group of lenders to increase the total borrowing capacity under the tranche A term loan facility (the "Term Loan A") and the tranche B term loan facility (the "Term Loan B") by \$10.0 million and \$55.0 million, respectively, and to provide a new tranche C term loan facility ("Term Loan C") in an aggregate outstanding principal amount of \$105.0 million, which, in the aggregate, increased the total borrowing capacity by \$170.0 million for a total unsecured credit facility of \$895.0 million consisting of the following components: (i) a \$400.0 million revolving line of credit (the "Revolver" and together with the Term Loan A, Term Loan B and Term Loan C, the "credit facility"), (ii) Term Loan A, which now provides for a total borrowing commitment of up to \$235.0 million, (iii) Term Loan B, which now provides for a total borrowing commitment of up to \$155.0 million and (iv) Term Loan C, which provides for a total borrowing commitment of up to \$105.0 million. The Company continues to have an expansion option under the credit facility, which, if exercised in full, would provide for a total credit facility of \$1.0 billion.

The Term Loan C matures on February 8, 2024. It is not subject to any scheduled reduction or amortization payment prior to maturity. Interest rates applicable to loans under Term Loan C are determined based on a 1, 2, 3 or 6 month London Interbank Offered Rate ("LIBOR") period (as elected by the Company at the beginning of any applicable interest period) plus an applicable margin or a base rate, determined by the greatest of the Key Bank prime rate, the federal funds rate plus 0.50% or one month LIBOR plus 1.00%, plus an applicable margin. The applicable margins for Term Loan C are leverage based and range from 1.70% to 2.25% for LIBOR loans and 0.70% to 1.25% for base rate loans; provided that after such time as the Company achieves an investment grade rating from at least two rating agencies, the Company may elect (but is not required to elect) that Term Loan C is subject to the rating based on applicable margins ranging from 1.50% to 2.45% for LIBOR Loans and 0.50% to 1.45% for base rate loans. Prepayments of any loans under Term Loan C are subject to prepayment premiums of 2.00% from the date of the Increase Agreement through and including the first anniversary of the Increase Agreement and 1.00% from the first anniversary of the Increase Agreement through and including the second anniversary of the Increase Agreement. There is no prepayment penalty thereafter. Other than the increases and amendments related to Term Loan C described above, the Increase Agreement did not impact or amend the amended and restated credit agreement's previously disclosed terms, including its covenants, events of default, or terms of payment.

As of March 31, 2017, the Company had outstanding letters of credit totaling \$4.7 million and would have had the capacity to borrow remaining Revolver commitments of \$292.8 million while remaining in compliance with the credit facility's financial covenants. At March 31, 2017, the Company was in compliance with all such covenants.

For a summary of the Company's financial covenants and additional detail regarding the Company's credit facility, term loan facility, and fixed rate mortgage payables, please see Note 8 to the Company's most recent Annual Report on Form 10-K filed with the Securities and Exchange Commission.

Future Debt Obligations

Based on existing debt agreements in effect as of March 31, 2017, the scheduled principal and maturity payments for the Company's outstanding borrowings are presented in the table below (in thousands):

| Year Ending December 31, | Scheduled Principal and Maturity Payments | Amortization of Premium and Unamortized Debt Issuance Costs | Total |
|--------------------------|-------------------------------------------|-------------------------------------------------------------|-------------------|
| Remainder of 2017 | \$ 5,347 | \$ 295 | \$ 5,642 |
| 2018 | 10,617 | 298 | 10,915 |
| 2019 | 4,983 | 230 | 5,213 |
| 2020 | 141,745 | (122) | 141,623 |
| 2021 | 242,509 | (210) | 242,299 |
| 2022 | 159,205 | 72 | 159,277 |
| Thereafter | 325,031 | 3,767 | 328,798 |
| | <u>\$ 889,437</u> | <u>\$ 4,330</u> | <u>\$ 893,767</u> |

9. EARNINGS PER SHARE

The following table sets forth the computation of basic and diluted earnings (loss) per common share for the three months ended March 31, 2017 and 2016, respectively (in thousands, except per share amounts):

| | Three Months Ended March 31, | |
|--------------------------------------------------------------------------------------------------------|---------------------------------|-----------------|
| | 2017 | 2016 |
| Earnings (loss) per common share - basic and diluted | | |
| Numerator | | |
| Net income | \$ 7,181 | \$ 4,802 |
| Net income attributable to noncontrolling interests | (6,626) | (2,592) |
| Net income attributable to National Storage Affiliates Trust | 555 | 2,210 |
| Distributed and undistributed earnings allocated to participating securities | (6) | (4) |
| Net income attributable to common shareholders - basic | 549 | 2,206 |
| Effect of assumed conversion of dilutive securities | — | 2,571 |
| Net income attributable to common shareholders - diluted | <u>\$ 549</u> | <u>\$ 4,777</u> |
| Denominator | | |
| Weighted average shares outstanding - basic | 43,401 | 23,005 |
| Effect of dilutive securities: | | |
| Weighted average OP units outstanding | — | 22,235 |
| Weighted average DownREIT OP unit equivalents outstanding | — | 1,835 |
| Weighted average LTIP units outstanding | — | 2,151 |
| Weighted average subordinated performance units and DownREIT subordinated performance unit equivalents | — | 18,768 |
| Weighted average shares outstanding - diluted | <u>43,401</u> | <u>67,994</u> |
| Earnings (loss) per share - basic | <u>\$ 0.01</u> | <u>\$ 0.10</u> |
| Earnings (loss) per share - diluted | <u>\$ 0.01</u> | <u>\$ 0.07</u> |

As discussed in Note 2, 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. Due to the stated liquidation priorities and because the HLBV method incorporates non-cash items such as depreciation expense, in any given period, income or loss may be allocated disproportionately to National Storage Affiliates Trust and noncontrolling interests, resulting in volatile fluctuations of basic and diluted earnings (loss) per share.

Outstanding equity interests of the operating partnership and DownREIT partnerships are considered potential common shares for purposes of calculating diluted earnings (loss) per share as the unitholders may, through the exercise of redemption rights, obtain common shares, subject to various restrictions. 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 unvested LTIP units subject to a service condition outstanding during the period and the if-converted method for any convertible securities outstanding during the period.

Generally, following certain lock-out periods, OP units in the operating partnership are redeemable for cash or, at the Company's option, exchangeable for common shares on a one-for-one basis, subject to certain adjustments and DownREIT OP units are redeemable for cash or, at the Company's option, exchangeable for OP units in the operating partnership on a one-for-one basis, subject to certain adjustments in each case.

LTIP units may also, under certain circumstances, be convertible into OP units on a one-for-one basis, which are then exchangeable for common shares as described above. Certain LTIP units vested prior to or upon the completion of the Company's initial public offering and certain LTIP units have vested upon the satisfaction of a service condition or will vest upon the satisfaction of future service and market conditions. Vested LTIP units and unvested LTIP units that vest based on a service or market condition are allocated income or loss in a similar manner as OP units. Unvested LTIP units subject to a service or market condition are evaluated for dilution using the treasury stock method. For the three months ended March 31, 2017, 437,799 unvested LTIP units that vest based on a service or market condition are excluded from the calculation of diluted earnings (loss) per share as they are not dilutive to earnings (loss) per share. In addition, certain LTIP units vest upon the future acquisition of properties sourced by PROs. For the three months ended March 31, 2017, 260,400 unvested LTIP units that vest upon the future acquisition of properties are excluded from the calculation of diluted earnings (loss) per share because the contingency for the units to vest has not been attained as of the end of the reported periods.

Subordinated performance units may also, under certain circumstances, be convertible into OP units which are exchangeable for common shares as described above, and DownREIT subordinated performance units may, under certain circumstances, be exchangeable for subordinated performance units on a one-for-one basis. Subordinated performance units are only convertible into OP units, after a two year lock-out period and then generally (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 that holds such subordinated performance units or upon certain qualifying terminations. Although subordinated performance units may only be convertible after a two year lock-out period, the Company assumes a hypothetical conversion of each subordinated performance unit (including each DownREIT subordinated performance unit) into OP units (with subsequently assumed redemption into common shares) for the purposes of calculating diluted weighted average common shares. This hypothetical conversion is calculated using historical financial information, and as a result, is not necessarily indicative of the results of operations, cash flows or financial position of the Company upon expiration of the two-year lock out period on conversions.

For the three months ended March 31, 2017, potential common shares totaling 50.0 million related to OP units, DownREIT OP 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.

Participating securities, which consist of unvested restricted common shares, receive dividends equal to those received by common shares. The effect of participating securities for the periods presented above is calculated using the two-class method of allocating distributed and undistributed earnings.

10. RELATED PARTY TRANSACTIONS

Supervisory and Administrative Fees

The Company has entered into asset management agreements with the PROs to continue providing leasing, operating, supervisory and administrative services related to the Company's self storage properties. The asset management agreements generally provide for fees ranging from 5% to 6% of gross revenue for the managed self storage properties. During the three months ended March 31, 2017 and 2016, the Company incurred \$3.3 million and \$2.2 million, respectively, for supervisory and administrative fees to the PROs. Such fees are included in general and administrative expenses in the accompanying condensed consolidated statements of operations.

Affiliate Payroll Services

The employees responsible for operation of the self storage properties are employees of the PROs who charge the Company for the costs associated with the respective employees. For the three months ended March 31, 2017 and 2016, the Company incurred \$5.8 million and \$4.0 million, respectively, for payroll and related costs reimbursable to these affiliates. Such costs are included in property operating expenses in the accompanying condensed consolidated statements of operations.

Due Diligence Costs

During the three months ended March 31, 2017 and 2016, the Company incurred \$0.1 million and \$0.1 million, respectively, of expenses payable to certain PROs related to self storage property acquisitions sourced by the PROs. These expenses, which are based on the volume of transactions sourced by the PROs, are intended to reimburse the PROs for due diligence costs incurred in the sourcing and underwriting process. For the three months ended March 31, 2017, these due diligence costs are capitalized as part of the basis of the acquired self storage properties and for the three months ended March 31, 2016, these due diligence costs are included in acquisition costs in the accompanying condensed consolidated statements of operations.

Management Fees and Other Revenue

The Joint Venture pays certain customary fees to the Company for managing and operating the Joint Venture properties, including property management fees, call center fees, platform fees, acquisition fees and development management fees. During the three months ended March 31, 2017, the Company earned \$1.8 million of management fees and other revenue for managing and operating the Joint Venture. The fees are reported in management fees and other revenue in the accompanying condensed consolidated statements of operations.

11. COMMITMENTS AND CONTINGENCIES

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.

12. FAIR VALUE MEASUREMENTS

Recurring Fair Value Measurements

The Company sometimes limits its exposure to interest rate fluctuations by entering into interest rate swap agreements. The interest rate swap agreements moderate the Company's exposure to interest rate risk by effectively converting the interest on variable rate debt to a fixed rate. The Company measures its interest rate swap derivatives at fair value on a recurring basis. The effective portion of changes in the fair value of derivatives designated and that qualify as cash flow hedges are recorded in accumulated other comprehensive income (loss) and are subsequently reclassified into earnings in the period that the hedged transaction affects earnings. The ineffective portion of the change in fair value of the derivatives is recognized directly into earnings.

Information regarding the Company's interest rate swaps measured at fair value, which are classified within Level 2 of the GAAP fair value hierarchy, is presented below (dollars in thousands):

| | | |
|------------------------------------------------------------------------------------------------------------|----|----------------|
| Fair value at December 31, 2015 | \$ | (972) |
| Swap ineffectiveness | | 7 |
| Losses on interest rate swaps reclassified into interest expense from accumulated other comprehensive loss | | 403 |
| Unrealized losses included in accumulated other comprehensive loss | | (1,895) |
| Fair value at March 31, 2016 | \$ | <u>(2,457)</u> |
| Fair value at December 31, 2016 | \$ | 8,159 |
| Swap ineffectiveness | | 4 |
| Losses on interest rate swaps reclassified into interest expense from accumulated other comprehensive loss | | 770 |
| Unrealized gains included in accumulated other comprehensive loss | | 1,613 |
| Fair value at March 31, 2017 | \$ | <u>10,546</u> |

As of March 31, 2017 and December 31, 2016, the Company had outstanding interest rate swaps with aggregate notional amounts of \$595.0 million and \$425.0 million, respectively, designated as cash flow hedges. As of March 31, 2017, the Company's swaps had a weighted average remaining term of approximately 4.3 years. The fair value of these swaps are presented within accounts payable and accrued liabilities and other assets in the Company's balance sheets, and the Company recognizes any changes in the fair value as an adjustment of accumulated other comprehensive income (loss) within equity to the extent of their effectiveness. If the forward rates at March 31, 2017 remain constant, the Company estimates that during the next 12 months, the Company would reclassify into earnings approximately \$1.6 million of the unrealized losses included in accumulated other comprehensive income (loss). If market interest rates increase above the 1.51% weighted average fixed rate under these interest rate swaps the Company will benefit from net cash payments due to it from the counterparty to the interest rate swaps.

There were no transfers between levels during the three months ended March 31, 2017 and 2016. 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 March 31, 2017, 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.

Fair Value Disclosures

The carrying values of cash and cash equivalents, restricted cash, trade receivables, and accounts payable and accrued liabilities reflected in the balance sheets at March 31, 2017 and December 31, 2016, 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 March 31, 2017 and December 31, 2016 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.

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 principal balance of the Company's fixed rate mortgages payable was approximately \$191.9 million as of March 31, 2017 with a fair value of approximately \$204.4 million. In determining the fair value, the Company estimated a weighted average market interest rate of approximately 3.92%, compared to the weighted average contractual interest rate of 5.21%. The combined

principal balance of the Company's fixed rate mortgages was approximately \$201.7 million as of December 31, 2016 with a fair value of approximately \$214.0 million. In determining the fair value as of December 31, 2016, the Company estimated a weighted average market interest rate of approximately 3.89%, compared to the weighted average contractual interest rate of 5.25%.

ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Forward-Looking Statements

We make forward-looking statements in this report 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 report 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:

- 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 ability of our acquisitions to achieve underwritten capitalization rates and our ability to execute on our acquisition pipeline;*
- the timing of acquisitions;*
- our relationships with, and our ability and timing 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 managed portfolios into the 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;*
- 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 continue to qualify and maintain our qualification as a REIT for U.S. federal income tax purposes;*
- availability of qualified personnel;*

- *the timing of conversions of subordinated performance units in our operating partnership and subsidiaries of our operating partnership into OP units in our operating partnership, the conversion ratio in effect at such time and the impact of such convertibility on our diluted earnings (loss) per share;*
- *the risks of investing through joint ventures, including whether the anticipated benefits from a joint venture are realized or may take longer to realize than expected;*
- *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. Readers should carefully review our financial statements and the notes thereto, as well as the sections entitled "Business," "Risk Factors," "Properties," and "Management's Discussion and Analysis of Financial Condition and Results of Operations," described in the Company's Annual Report on Form 10-K filed with the SEC on February 28, 2017 (the "Annual Report"), and the other documents we file from time to time with the Securities and Exchange Commission. 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.

Overview

National Storage Affiliates Trust is a fully integrated, self-administered and self-managed real estate investment trust organized in the state of Maryland on May 16, 2013. We have elected and believe we have qualified to be taxed as a REIT commencing with our taxable year ended December 31, 2015. We serve as the sole general partner of our operating partnership, a Delaware limited partnership formed on February 13, 2013 to conduct our business, which is focused on the ownership, operation, and acquisition of self storage properties located within the top 100 metropolitan statistical areas throughout the United States.

Our chairman and 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 the Company, aligns the interests of our participating regional operators ("PROs"), with those of our public shareholders by allowing our PROs to participate alongside our shareholders in our financial performance and the performance of our PROs' managed portfolios. This structure offers our PROs a unique opportunity to serve as regional property managers for their managed portfolios and directly participate in the potential upside of those properties while simultaneously diversifying their investment to include a broader portfolio of self storage properties.

Our Structure

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 or disproportionately to 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 managed portfolios. 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.

Our PROs

The Company had eight PROs as of March 31, 2017: SecurCare, Northwest, Optivest, Guardian, Move It, Storage Solutions, Hide Away and Personal Mini. We seek to further expand our platform by continuing to recruit 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. Our national platform allows us to capture cost savings by eliminating redundancies and utilizing economies of scale across the property management platforms of our PROs while also providing greater access to lower-cost capital.

Consolidated Properties

We seek to own properties that are well located in high quality sub-markets with highly accessible street access and attractive supply and demand characteristics, providing our properties with strong and stable cash flows that are less sensitive to the fluctuations of the general economy. 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.

As of March 31, 2017, we owned a geographically diversified portfolio of 386 self storage properties, located in 20 states, comprising approximately 23.3 million rentable square feet, configured in approximately 186,000 storage units. Of these properties, 239 were acquired by us from our PROs and 147 were acquired by us from third-party sellers.

During the three months ended March 31, 2017, we acquired five self storage properties with an aggregate fair value of \$31.9 million, comprising approximately 0.3 million rentable square feet, configured in approximately 2,200 storage units. Of these acquisitions, two were acquired by us from our PROs and three were acquired by us from third-party sellers.

In March 2017, we sold to an unrelated party one of the self storage properties acquired as part of a larger portfolio of properties during the year ended December 31, 2016. The gross selling price for the property sold was \$5.3 million and it comprised approximately 43,935 rentable square feet, configured in 360 storage units.

Our Joint Venture

We seek to opportunistically partner with institutional funds and other institutional investors to acquire attractive portfolios utilizing a promoted return structure. We believe there is significant opportunity for continued external growth by partnering with institutional investors seeking to deploy capital in the self storage industry.

As of March 31, 2017, our Joint Venture, in which we have a 25% ownership interest, owned and operated a portfolio of 66 properties containing approximately 4.5 million rentable square feet, configured in approximately 36,000 storage units and located across 12 states.

Our Property Management Platform

Through our property management platform, we direct, manage and control the day-to-day operations and affairs of the Joint Venture and earn certain customary fees for managing and operating the properties. In addition, we provide tenant warranty protection to tenants at the Joint Venture properties in exchange for half of all proceeds from the tenant warranty protection program at each Joint Venture property.

Results of Operations

When reviewing our results of operations it is important to consider the timing of acquisition activity. We acquired five self storage properties during the three months ended March 31, 2017 and 107 self storage properties during the year ended December 31, 2016. As a result of these and other factors, we do not believe that our historical results of operations 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. Our same store portfolio is defined as those properties owned and operated for the entirety of the applicable periods presented, excluding any properties sold or expected to be sold or where we completed a storage space expansion which caused the property's year-over-year operating results to no longer be comparable. As of March 31, 2017, our same store portfolio consisted of 277 self storage properties which consists of only those properties that were included in our condensed consolidated financial statements since January 1, 2016, excluding two properties we plan to dispose of during 2017.

The following discussion and analysis of the results of our operations and financial condition should be read in conjunction with the accompanying condensed consolidated financial statements in Item 1. 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 condensed consolidated financial statements or in the associated text. Certain other amounts that appear in this section may similarly not sum due to rounding.

Three Months Ended March 31, 2017 compared to the Three Months Ended March 31, 2016

Net income was \$7.2 million for the three months ended March 31, 2017, compared to \$4.8 million for the three months ended March 31, 2016, an increase of \$2.4 million. The increase was primarily due to an increase in net operating income ("NOI") resulting from an additional 95 self storage properties acquired between April 1, 2016 and March 31, 2017, same store NOI growth and reductions to acquisition costs, partially offset by increases in depreciation and amortization, interest expense and general and administrative expenses. For a description of NOI, see "Non-GAAP Financial measures – NOI". The following table illustrates the changes in rental revenue, other property-related revenue, management fees and other revenue, property operating expenses, and other expenses for the three months ended March 31, 2017 compared to the three months ended March 31, 2016 (dollars in thousands):

| | Three Months Ended March 31, | | |
|--------------------------------------------------------------|-------------------------------------|-------------|---------------|
| | 2017 | 2016 | Change |
| Rental revenue | | | |
| Same store portfolio | \$ 39,873 | \$ 37,499 | \$ 2,374 |
| Non-same store portfolio | 17,971 | 1,002 | 16,969 |
| Total rental revenue | 57,844 | 38,501 | 19,343 |
| Other property-related revenue | | | |
| Same store portfolio | 1,310 | 1,124 | 186 |
| Non-same store portfolio | 571 | 24 | 547 |
| Total other property-related revenue | 1,881 | 1,148 | 733 |
| Management fees and other revenue | 1,838 | — | 1,838 |
| Total revenue | 61,563 | 39,649 | 21,914 |
| Property operating expenses | | | |
| Same store portfolio | 13,102 | 12,893 | 209 |
| Non-same store portfolio | 6,647 | 384 | 6,263 |
| Total property operating expenses | 19,749 | 13,277 | 6,472 |
| General and administrative expenses | 7,181 | 4,335 | 2,846 |
| Depreciation and amortization | 18,683 | 10,892 | 7,791 |
| Total operating expenses | 45,613 | 28,504 | 17,109 |
| Income from operations | 15,950 | 11,145 | 4,805 |
| Other expense | | | |
| Interest expense | (7,471) | (4,941) | (2,530) |
| Equity in losses of unconsolidated real estate venture | (785) | — | (785) |
| Acquisition costs | (144) | (1,288) | 1,144 |
| Non-operating expense | (52) | (5) | (47) |
| Other expense | (8,452) | (6,234) | (2,218) |
| Income before income taxes | 7,498 | 4,911 | 2,587 |
| Income tax expense | (317) | (109) | (208) |
| Net income | 7,181 | 4,802 | 2,379 |
| Net income attributable to noncontrolling interests | (6,626) | (2,592) | (4,034) |
| Net income attributable to National Storage Affiliates Trust | \$ 555 | \$ 2,210 | \$ (1,655) |

Total Revenue

Our total revenue increased by \$21.9 million, or 55.3%, for the three months ended March 31, 2017, as compared to the three months ended March 31, 2016. This increase was primarily attributable to incremental revenue from 95 self storage properties we acquired between April 1, 2016 and March 31, 2017, increased market rates and fees, regular rental increases for in-place tenants, partially offset by a decrease in total portfolio average occupancy from 88.7% to 88.3%. Average occupancy is calculated based on the average of the month-end occupancy immediately preceding the period presented and the month-end occupancies included in the respective period presented.

Rental Revenue

Rental revenue increased by \$19.3 million, or 50.2%, for the three months ended March 31, 2017, as compared to the three months ended March 31, 2016. The increase in rental revenue was due to a \$17.0 million increase in non-same store rental revenue which was primarily attributable to incremental rental revenue of \$15.4 million from 90 self storage properties acquired between April 1, 2016 and December 31, 2016, and \$0.5 million from five self storage properties acquired during the three months ended March 31, 2017. Same store portfolio rental revenues increased \$2.4 million, or 6.3%, due to a 6.1% increase, from \$10.67 to \$11.32, in same store rental revenue divided by average occupied square feet ("rental revenue per occupied square foot"), driven primarily by increased contractual lease rates and fees.

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 sales of storage supplies. Other property-related revenue increased by \$0.7 million, or 63.9%, for the three months ended March 31, 2017, as compared to the three months ended March 31, 2016. This increase resulted from a \$0.5 million increase in non-same store other property-related revenue which was primarily attributable to incremental other property-related revenue from 95 self storage properties acquired between April 1, 2016 and March 31, 2017.

Management Fees and Other Revenue

During the three months ended March 31, 2017, we earned \$1.8 million of management and other fees for managing and operating the Joint Venture. The Joint Venture pays certain customary fees to us for managing and operating the Joint Venture properties, including property management fees, call center fees, platform fees and acquisition fees.

Total Operating Expenses

Total operating expenses for the three months ended March 31, 2017 were \$45.6 million compared to \$28.5 million for the three months ended March 31, 2016, an increase of \$17.1 million, or 60.0%. As discussed below, this change was primarily due to an increase of \$6.5 million in property operating expenses, \$2.8 million in general and administrative expenses, and \$7.8 million in depreciation and amortization.

Property Operating Expenses

Property operating expenses were \$19.7 million for the three months ended March 31, 2017 compared to \$13.3 million for the three months ended March 31, 2016, an increase of \$6.5 million, or 48.7%. This increase resulted from a \$6.3 million increase in non-same store property operating expenses that was primarily attributable to incremental property operating expenses of \$5.7 million from 90 self storage properties acquired between April 1, 2016 and December 31, 2016 and \$0.2 million from five self storage properties acquired during the three months ended March 31, 2017. In addition, same store portfolio property operating expenses increased \$0.2 million, or 1.6%, due to increases in property taxes and maintenance expense, partially offset by decreases in advertising expenses.

General and Administrative Expenses

General and administrative expenses increased \$2.8 million, or 65.7%, for the three months ended March 31, 2017, compared to the three months ended March 31, 2016. This increase was attributable to increases in supervisory and administrative fees charged by our PROs of \$1.1 million primarily as a result of incremental fees related to the 95 properties we acquired from April 1, 2016 to March 31, 2017, \$0.8 million of costs related to our property management platform, \$0.5 million of salaries and benefits and \$0.1 million of professional fees.

Depreciation and Amortization

Depreciation and amortization increased \$7.8 million, or 71.5%, for the three months ended March 31, 2017, compared to the three months ended March 31, 2016. This increase was primarily attributable to incremental depreciation expense of \$4.6 million from 90 self storage properties acquired between April 1, 2016 and December 31, 2016, and \$0.1 million from five self storage properties acquired during the three months ended March 31, 2017. In addition, amortization of customer in-place leases increased \$2.1 million from \$2.2 million for the three months ended March 31, 2016 to \$4.3 million for the three months ended March 31, 2017. Customer in-place leases are amortized over the 12-month period following the respective acquisition dates of our self storage properties. As of March 31, 2017, the unamortized balance of customer in-place leases totaled \$6.1 million.

Interest Expense

Interest expense increased \$2.5 million, or 51.2%, for the three months ended March 31, 2017, compared to the three months ended March 31, 2016. The increase in interest expense was primarily attributable to increases in outstanding borrowings under our credit facility, a new term loan facility borrowing during 2016 and the assumption of fixed-rate mortgages in connection with self storage property acquisitions subsequent to March 31, 2016.

Equity In Losses Of Unconsolidated Real Estate Venture

During the three months ended March 31, 2017, we recorded \$0.8 million of equity in losses from our unconsolidated real estate venture. Equity in losses of unconsolidated real estate venture represents our share of earnings and losses earned through our 25% ownership interest in the Joint Venture. The Joint Venture recorded a net loss of \$3.1 million during the three months ended March 31, 2017, primarily due to NOI of \$8.4 million, offset by \$7.5 million of depreciation and amortization, \$2.8 million of interest expense, \$0.9 million of supervisory, administrative and other expenses and \$0.4 million of other expenses.

Acquisition Costs

Acquisition costs decreased \$1.1 million, or 88.8%, for the three months ended March 31, 2017, compared to the three months ended March 31, 2016. This decrease was due to a decrease in the number of properties acquired and the adoption of ASU 2017-01 during the three months ended March 31, 2017. As a result of the adoption of ASU 2017-01, the self storage properties acquired during the three months ended March 31, 2017 were accounted for as asset acquisitions, and accordingly, \$0.2 million of acquisition costs related to the self storage property acquisitions during the three months ended March 31, 2017 were capitalized as part of the basis of the acquired properties.

Income Tax Expense

Income tax expense increased \$0.2 million, or 190.8%, for the three months ended March 31, 2017, compared to the three months ended March 31, 2016. The increase in income tax expense was primarily related to growth in the Company's portfolio contributing to certain state and local taxes that are considered income-based taxes and the Company's tax provision for its taxable REIT subsidiary, through which the Company provides management and other services to the Joint Venture as well as other activities.

Net Income (Loss) Attributable to Noncontrolling Interests

We allocate GAAP income (loss) utilizing the hypothetical liquidation at book value ("HLBV") method, in which we allocate income or loss based on the change in each unitholders' claim on the net assets of our operating partnership at period end after adjusting for any distributions or contributions made during such period.

Due to the stated liquidation priorities and because the HLBV method incorporates non-cash items such as depreciation expense, in any given period, income or loss may be allocated disproportionately to noncontrolling interests. Net income attributable to noncontrolling interests was \$6.6 million for the three months ended March 31, 2017, compared to a net income of \$2.6 million for the three months ended March 31, 2016.

Non-GAAP Financial Measures

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 (loss) (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 include amortization of customer in-place leases in real estate depreciation and amortization in the calculation 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. Distributions declared on subordinated performance units and DownREIT subordinated performance units represent our allocation of FFO to noncontrolling interests held by subordinated performance unitholders and DownREIT subordinated performance unitholders for the purpose of calculating FFO attributable to common shareholders, OP unitholders, and LTIP unitholders. 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, gains (losses) on early extinguishment of debt and after adjustments for unconsolidated partnerships and joint ventures.

Management uses FFO and Core FFO as key performance indicators in evaluating the operations of 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 condensed consolidated financial statements.

The following table presents a reconciliation of net income (loss) to FFO and Core FFO for the three months ended March 31, 2017 and 2016 (in thousands, except per share and unit amounts):

| | Three Months Ended March 31, | |
|-------------------------------------------------------------------------------------------------|-----------------------------------------|------------------|
| | 2017 | 2016 |
| Net income | \$ 7,181 | \$ 4,802 |
| Add (subtract): | | |
| Real estate depreciation and amortization | 18,243 | 10,779 |
| Company's share of unconsolidated real estate venture real estate depreciation and amortization | 1,872 | — |
| FFO attributable to subordinated performance unitholders ⁽¹⁾ | (6,141) | (4,343) |
| FFO attributable to common shareholders, OP unitholders, and LTIP unitholders | 21,155 | 11,238 |
| Add: | | |
| Acquisition costs | 144 | 1,288 |
| Company's share of unconsolidated real estate venture acquisition costs | 19 | — |
| Core FFO attributable to common shareholders, OP unitholders, and LTIP unitholders | \$ 21,318 | \$ 12,526 |
| Weighted average shares and units outstanding - FFO and Core FFO:⁽²⁾ | | |
| Weighted average shares outstanding - basic | 43,401 | 23,005 |
| Weighted average restricted common shares outstanding | 17 | 16 |
| Weighted average OP units outstanding | 25,959 | 22,235 |
| Weighted average DownREIT OP unit equivalents outstanding | 1,835 | 1,835 |
| Weighted average LTIP units outstanding | 1,468 | 2,456 |
| Total weighted average shares and units outstanding - FFO and Core FFO | 72,680 | 49,547 |
| FFO per share and unit | \$ 0.29 | \$ 0.23 |
| Core FFO per share and unit | \$ 0.29 | \$ 0.25 |

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

(2) NSA combines OP units and DownREIT OP units with common shares because, after the applicable lock-out periods, OP units in the Company's operating partnership are redeemable for cash or, at NSA's option, exchangeable for common shares on a one-for-one basis and DownREIT OP units are also redeemable for cash or, at NSA's option, exchangeable for OP units in our operating partnership on a one-for-one basis, subject to certain adjustments in each case. Subordinated performance units, DownREIT subordinated performance units, and LTIP units may also, under certain circumstances, be convertible into or exchangeable for common shares (or other units that are convertible into or exchangeable for common shares). See footnote⁽¹⁾ in the following table for additional discussion of subordinated performance units, DownREIT subordinated performance units, and LTIP units in the calculation of FFO and Core FFO per share and unit.

The following table presents a reconciliation of earnings (loss) per share - diluted to FFO and Core FFO per share and unit for the three months ended March 31, 2017 and 2016:

| | Three Months Ended | |
|------------------------------------------------------------------------------------------------------------------------------------------|---------------------------|----------------|
| | March 31, | |
| | 2017 | 2016 |
| Earnings (loss) per share - diluted | \$ 0.01 | \$ 0.07 |
| Impact of the difference in weighted average number of shares ⁽¹⁾ | (0.01) | 0.03 |
| Impact of GAAP accounting for noncontrolling interests, two-class method and treasury stock method ⁽²⁾ | 0.09 | — |
| Add real estate depreciation and amortization | 0.25 | 0.22 |
| Add Company's share of unconsolidated venture real estate depreciation and amortization | 0.03 | — |
| FFO attributable to subordinated performance unitholders | (0.08) | (0.09) |
| FFO per share and unit | 0.29 | 0.23 |
| Add acquisition costs, Company's share of unconsolidated real estate venture acquisition costs, and loss on early extinguishment of debt | — | 0.02 |
| Core FFO per share and unit | \$ 0.29 | \$ 0.25 |

(1) Adjustment accounts for the difference between the weighted average number of shares used to calculate diluted earnings per share and the weighted average number of shares used to calculate FFO and Core FFO per share and unit. Diluted earnings per share is calculated using the two-class method for the company's restricted common shares, the treasury stock method for certain unvested LTIP units, and includes the assumption of a hypothetical conversion of subordinated performance units and DownREIT subordinated performance units into OP units, even though such units may only be convertible into OP units (i) after a lock-out period and (ii) upon certain events or conditions. For additional information about the conversion of subordinated performance units, DownREIT subordinated performance units and LTIP units into OP units, see Note 9 in Item 1. The computation of weighted average shares and units for FFO and Core FFO per share and unit includes all restricted common shares and LTIP units that participate in distributions and excludes all subordinated performance units and DownREIT subordinated performance units because their effect has been accounted for through the allocation of FFO to the related unitholders based on distributions declared.

(2) Represents the effect of adjusting the numerator to consolidated net income (loss) prior to GAAP allocations for noncontrolling interests and the application of the two-class method and treasury stock method, as described in footnote ⁽¹⁾.

NOI

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

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 income (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 three months ended March 31, 2017 and 2016 (dollars in thousands):

| | Three Months Ended March 31, | |
|--------------------------------------------------------|-----------------------------------------|------------------|
| | 2017 | 2016 |
| Net income | \$ 7,181 | \$ 4,802 |
| (Subtract) Add: | | |
| Management fees and other revenue | (1,838) | — |
| General and administrative expenses | 7,181 | 4,335 |
| Depreciation and amortization | 18,683 | 10,892 |
| Interest expense | 7,471 | 4,941 |
| Equity in losses of unconsolidated real estate venture | 785 | — |
| Acquisition costs | 144 | 1,288 |
| Income tax expense | 317 | 109 |
| Non-operating expense | 52 | 5 |
| Net Operating Income | \$ 39,976 | \$ 26,372 |

Our consolidated NOI shown in the table above does not include our proportionate share of the Joint Venture's net operating income. For additional information about our Joint Venture see Note 5 to the condensed consolidated financial statements in Item 1.

EBITDA and Adjusted EBITDA

We define EBITDA as net income (loss), as determined under GAAP, plus interest expense, loss on early extinguishment of debt, income taxes, depreciation and amortization expense and the Company's share of unconsolidated real estate venture depreciation and amortization. We define Adjusted EBITDA as EBITDA plus acquisition costs, the Company's share of unconsolidated real estate venture acquisition costs, organizational and offering expenses, equity-based compensation expense, losses on sale of properties, and impairment of long-lived assets; and by subtracting gains on sale of properties and debt forgiveness. These further adjustments eliminate the impact of items that 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 three months ended March 31, 2017 and 2016 (dollars in thousands):

| | Three Months Ended March 31, | |
|-------------------------------------------------------------------------------------|---------------------------------|------------------|
| | 2017 | 2016 |
| Net income | \$ 7,181 | \$ 4,802 |
| Add: | | |
| Depreciation and amortization | 18,683 | 10,892 |
| Company's share of unconsolidated real estate venture depreciation and amortization | 1,872 | — |
| Interest expense | 7,471 | 4,941 |
| Income tax expense | 317 | 109 |
| EBITDA | 35,524 | 20,744 |
| Add: | | |
| Acquisition costs | 144 | 1,288 |
| Company's share of unconsolidated real estate venture acquisition costs | 19 | — |
| Equity-based compensation expense ⁽¹⁾ | 983 | 598 |
| Adjusted EBITDA | \$ 36,670 | \$ 22,630 |

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

Liquidity and Capital Resources

Liquidity is the ability to meet present and future financial obligations. Our primary source of liquidity is cash flow from our operations. Additional sources are proceeds from equity and debt offerings, and debt financings including borrowings under our credit facility and Term Loan Facility (as defined below).

Our short-term liquidity requirements consist primarily of property operating expenses, property acquisitions, capital expenditures, general and administrative expenses, acquisition pursuit costs and principal and interest on our outstanding indebtedness. A further short-term liquidity requirement relates to distributions to our shareholders and holders of OP units, subordinated performance units, DownREIT OP units and DownREIT subordinated performance units. We expect to fund short-term liquidity requirements from our operating cash flow, cash on hand and borrowings under our credit facility.

As discussed in Note 8 in Item 1, on February 8, 2017, we entered into an Increase Agreement with a syndicated group of lenders to increase the total borrowing capacity under the credit facility by \$170.0 million for a total credit facility of \$895.0 million, which included entry into a new \$105.0 million Term Loan C. We continue to have an expansion option under the credit facility, which, if exercised in full, would provide for a total credit facility of \$1.0 billion

As of March 31, 2017, \$235.0 million was outstanding under the Term Loan A with an effective interest rate of 2.60%, \$155.0 million was outstanding under the Term Loan B with an effective interest rate of 3.24%, \$105.0 million was outstanding under the Term Loan C with an effective interest rate of 3.71% and \$102.5 million was outstanding under the Revolver with an effective interest rate of 2.38%. As of March 31, 2017, we would have had the capacity to

borrow remaining Revolver commitments of \$292.8 million while remaining in compliance with the credit facility's financial covenants.

For a summary of our financial covenants and additional detail regarding our credit facility, Term Loan Facility (as defined below), and fixed rate mortgage payables, please see Note 8 to the Company's most recent Annual Report on Form 10-K filed with the Securities and Exchange Commission.

Our long-term liquidity needs consist primarily of the repayment of debt, property acquisitions, and capital expenditures. We acquire properties through the use of cash, OP units and subordinated performance units in our operating partnership or DownREIT partnerships. 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 have a credit agreement with a syndicated group of lenders for a term loan facility (the "Term Loan Facility") in an aggregate amount of \$100.0 million, which amount is outstanding, with an effective interest rate of 3.08% as of March 31, 2017. We have an expansion option under the Term Loan Facility, which, if exercised in full, would provide for a total Term Loan Facility in an aggregate amount of \$200.0 million.

We believe that, 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, we cannot assure you that this will be the case.

At March 31, 2017, we had \$14.2 million in cash and cash equivalents and \$3.0 million of restricted cash, an increase in cash and cash equivalents of \$1.6 million and an increase in restricted cash of \$0.3 million from December 31, 2016. Restricted cash primarily 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. The following discussion relates to changes in cash due to operating, investing, and financing activities, which are presented in our condensed consolidated statements of cash flows included in Item 1 of this report.

Cash Flows From Operating Activities

Cash provided by our operating activities was \$28.2 million for the three months ended March 31, 2017 compared to \$17.7 million for the three months ended March 31, 2016, an increase of \$10.5 million. Our operating cash flow increased primarily due to the 90 self storage properties that were acquired between April 1, 2016 and December 31, 2016 that generated cash flow for the entire three months ended March 31, 2017, and an additional five self storage properties acquired during the three months ended March 31, 2017. Because these 95 self storage properties were acquired after March 31, 2016, our operating results for the three months ended March 31, 2016 were not impacted by them. The increase in our operating cash flows from these acquisitions was partially offset by higher cash payments for general and administrative expenses and interest expense.

Cash Flows From Investing Activities

Cash used in investing activities was \$24.6 million for the three months ended March 31, 2017 compared to \$63.6 million for the three months ended March 31, 2016. The primary uses of cash for the three months ended March 31, 2017 were for our acquisition of five self storage properties for cash consideration of \$26.4 million, capital expenditures of \$3.2 million and deposits for potential acquisitions of \$0.1 million. The primary uses of cash for the three months ended March 31, 2016 were for our acquisition of 17 self storage properties for cash consideration of \$62.7 million and capital expenditures of \$0.6 million.

Capital expenditures totaled \$3.2 million and \$0.6 million during the three months ended March 31, 2017 and 2016, respectively. We generally fund post-acquisition capital additions from cash provided by operating activities.

We categorize our capital expenditures broadly into three primary categories:

- recurring capital expenditures, which represent the portion of capital expenditures that are deemed to replace the consumed portion of acquired capital assets and extend their useful life;
- revenue enhancing capital expenditures, which represent the portion of capital expenditures that are made to enhance the revenue and value of an asset from its original purchase condition; and
- acquisitions capital expenditures, which represent the portion of capital expenditures capitalized during the current period that were identified and underwritten prior to a property's acquisition.

A summary of the capital expenditures for these categories, along with a reconciliation of the total for these categories to the capital expenditures reported in the accompanying condensed consolidated statements of cash flows for the three months ended March 31, 2017 and 2016, are presented below (dollars in thousands):

| | Three Months Ended March 31, | |
|--------------------------------------------------|-----------------------------------------|-------------|
| | 2017 | 2016 |
| Recurring capital expenditures | \$ 758 | \$ 512 |
| Revenue enhancing capital expenditures | 85 | — |
| Acquisitions capital expenditures | 2,260 | 156 |
| Total capital expenditures | 3,103 | 668 |
| Change in accrued capital spending | 51 | (68) |
| Capital expenditures per statement of cash flows | \$ 3,154 | \$ 600 |

Cash Flows From Financing Activities

Cash used in our financing activities was \$1.7 million for the three months ended March 31, 2017 compared to cash provided by our financing activities of \$47.9 million for the three months ended March 31, 2016. Our sources of financing cash flows for the three months ended March 31, 2017 primarily consisted of \$222.0 million of borrowings under our credit facility and \$7.0 million of proceeds from the issuance of 300,043 subordinated performance units to an affiliate of Personal Mini. Our primary uses of financing cash flows for the three months ended March 31, 2017 were for principal payments on existing debt of \$205.8 million (which included \$196.0 million of principal repayments under the Revolver, \$8.6 million of fixed rate mortgage principal payoffs and \$1.2 million of scheduled fixed rate mortgage principal payments), distributions to noncontrolling interests of \$12.9 million, and distributions to common shareholders of \$10.6 million. Our sources of financing cash flows for the three months ended March 31, 2016 primarily consisted of \$79.5 million of borrowings under our credit facility. Our primary uses of financing cash flows for the three months ended March 31, 2016 were for principal payments on existing debt of \$18.6 million, distributions to noncontrolling interests of \$8.8 million, and distributions to common shareholders of \$4.6 million.

In connection with the five properties acquired during the three months ended March 31, 2017, we issued OP equity of \$5.0 million (consisting of 174,694 OP units and 47,332 subordinated performance units) and paid cash of \$26.4 million.

On February 23, 2017, our board of trustees declared a cash dividend and distribution, respectively, of \$0.24 per common share and OP unit. Such distributions were paid on March 30, 2017 to shareholders and OP unitholders of record as of March 15, 2017. On March 13, 2017, our board of trustees declared cash distributions of \$6.1 million, in the aggregate, to subordinated performance unitholders of record as of March 15, 2017. Such distributions were paid on March 30, 2017.

During the three months ended March 31, 2017, after receiving notices of redemption from certain holders of OP units, we elected to issue 1,077,074 common shares to such holders in exchange for 1,077,074 OP units in satisfaction of the operating partnership's redemption obligations.

Cash Distributions from our Operating Partnership

Under the LP Agreement of our operating partnership, to the extent that we, as the general partner of our operating partnership, determine to make distributions to the partners of our operating partnership out of the operating cash flow or capital transaction proceeds generated by a real property portfolio managed by one of our PROs, the holders of the series of subordinated performance units that relate to such portfolio are entitled to share in such distributions. Under the LP Agreement of our operating partnership, operating cash flow with respect to a portfolio of properties managed by one of our PROs is generally an amount determined by us, as general partner, of our operating partnership equal to the excess of property revenues over property related expenses from that 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 particular portfolio of properties.

In general, property-related expenses include all direct expenses related to the operation of the properties in that portfolio, 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 may also be allocated by us, as general partner, to the property portfolio 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, debt service or other liabilities, as determined by us.

To the extent that we, as the general partner of our operating partnership, determine to make distributions to the partners of our operating partnership out of the operating cash flow of a real property portfolio managed by one of our PROs, operating cash flow from a property portfolio is required to be allocated to holders of OP units and to the holders of series of subordinated performance units that relate to such property portfolio as follows:

First, an amount is allocated to holders of OP units in order to provide holders of OP units (together with any prior allocations of capital transaction proceeds) with a cumulative preferred allocation on the unreturned capital contributions attributed to the OP units in respect of such property portfolio. The preferred allocation for all of our existing portfolios is 6%. As of March 31, 2017, our operating partnership had an aggregate of \$1,072.6 million of such unreturned capital contributions with respect to common shareholders, OP unitholders, and the various property portfolios.

Second, an amount is allocated to the holders of the series of subordinated performance units relating to such property portfolio in order to provide such holders with an allocation (together with prior distributions of capital transaction proceeds) on their unreturned capital contributions. Although the subordinated allocation for the subordinated performance units is non-cumulative from period to period, if the operating cash flow from a property portfolio related to a series of subordinated performance units is sufficient, in the judgment of the general partner (with the approval of a majority of our independent trustees), to fund distributions to the holders of such series of subordinated performance units, but we, as the general partner of our operating partnership, decline to make distributions to such holders, the amount available but not paid as distributions will be added to the capital contributions corresponding to such series of subordinated performance units. The subordinated allocation for the outstanding subordinated performance units is 6%. As of March 31, 2017, an aggregate of \$187.2 million of unreturned capital contributions has been allocated to the various series of subordinated performance units.

Thereafter, any additional operating cash flow is allocated to holders of OP units and the applicable series of subordinated performance units equally.

Following the allocation described above, we as the general partner of our operating partnership, will generally cause our operating partnership to distribute the amounts allocated to the relevant series of subordinated performance units to the holders of such series of subordinated performance units. We, as the general partner may cause our operating partnership to distribute the amounts allocated to holders of the OP units or may cause our operating partnership to retain such amounts to be used by our operating partnership for any purpose. Any operating cash flow that is attributable to amounts retained by our operating partnership pursuant to the preceding sentence will generally be available to be allocated as an additional capital contribution to the various property portfolios.

The foregoing description of the allocation of operating cash flow between the OP unit holders and subordinated performance unit holders is used for purposes of determining distributions to holders of subordinated performance units but does not necessarily represent the operating cash flow that will be distributed to holders of OP units (or paid as dividends to holders of our common shares). Any distribution of operating cash flow allocated to the holders of OP

units will be made at our discretion (and paid as dividends to holders of our common shares at the discretion of our board of trustees).

Under the LP Agreement of our operating partnership, 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 holders of 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 allocated to holders of OP units in order to provide holders of OP units (together with any prior allocations of operating cash flow) with a cumulative preferred allocation on the unreturned capital contributions attributed to the holders of OP units in respect of such property portfolio that relate to such capital transaction plus an additional amount equal to such unreturned capital contributions.

Second, an amount determined by us, as the general partner, is allocated 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 allocation on the unreturned capital contributions made by such holders in respect of such property portfolio that relates to such capital transaction plus an additional amount equal to such unreturned capital contributions.

The preferred allocation and subordinated allocation with respect to capital transaction proceeds for each portfolio is equal to the preferred allocation and subordinated allocation for distributions of operating cash flow with respect to that portfolio.

Thereafter, any additional capital transaction proceeds are equally allocated to holders of OP units and the applicable series of subordinated performance units.

Following the allocation described above, we, as the general partner of our operating partnership, will generally cause our operating partnership to distribute the amounts allocated to the relevant series of subordinated performance units to the holders of such series of subordinated performance units. We, as general partner of our operating partnership, may cause our operating partnership to distribute the amounts allocated to holders of the OP units or may cause our operating partnership to retain such amounts to be used by our operating partnership for any purpose, including additional acquisitions through the use of 1031 exchanges. Any capital transaction proceeds that are attributable to amounts retained by our operating partnership pursuant to the preceding sentence will generally be available to be allocated as an additional capital contribution to the various property portfolios.

The foregoing allocation of capital transaction proceeds between the OP unit holders and subordinated performance unit holders is used for purposes of determining distributions to holders of subordinated performance units but does not necessarily represent the capital transaction proceeds that will be distributed to holders of OP units (or paid as dividends to holders of our common shares). Any distribution of capital transaction proceeds allocated to the holders of OP units will be made at our discretion (and paid as dividends to holders of our common shares at the discretion of our board of trustees).

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, the retention by our operating partnership of cash for working capital purposes 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.

Off-Balance Sheet Arrangements

Except as disclosed in the notes to our financial statements, as of March 31, 2017, we did not 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, as of March 31, 2017, 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.

ITEM 3. Quantitative and Qualitative Disclosures About Market Risk

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. The primary market risk to which we believe we are exposed is interest rate risk. 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. We use interest rate swaps to moderate our exposure to interest rate risk by effectively converting the interest on variable rate debt to a fixed rate. We make limited use of other derivative financial instruments and we do not use them for trading or other speculative purposes.

As of March 31, 2017, we had \$102.5 million of debt subject to variable interest rates (excluding variable-rate debt subject to interest rate swaps). 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 subject to interest rate swaps) would increase or decrease future earnings and cash flows by approximately \$1.0 million 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.

ITEM 4. Controls and Procedures

Disclosure Controls and Procedures

The Company's management, with the participation of the Company's chief executive officer and chief financial officer, has evaluated the effectiveness of the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of the end of the period covered by this report. Based on that evaluation, the chief executive officer and chief financial officer concluded that the Company's disclosure controls and procedures, as of the end of the period covered by this report, are effective.

Changes in Internal Control Over Financial Reporting

There have been no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the three months ended March 31, 2017 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Notwithstanding the foregoing, a control system, no matter how well designed and operated, can provide only reasonable, not absolute assurance that it will detect or uncover failures within the Company to disclose material information otherwise required to be set forth in our periodic reports.

PART II. OTHER INFORMATION

ITEM 1. Legal Proceedings

We are not currently subject to any legal proceedings that we consider to be material.

ITEM 1A. Risk Factors

For a discussion of our potential risks and uncertainties, see the Company's Annual Report on Form 10-K for the year ended December 31, 2016 filed with the SEC on February 28, 2017 under the heading Item 1A. "Risk Factors" beginning on page 14, which is accessible on the SEC's website at www.sec.gov. During the three months ended March 31, 2017, there have been no material changes to such risk factors disclosed in our Annual Report on Form 10-K filed with the SEC on February 28, 2017.

ITEM 2. Unregistered Sales of Equity Securities and Use of Proceeds

Unregistered Sales of Equity Securities

During the three months ended March 31, 2017, the Company, in its capacity as general partner of its operating partnership, caused the operating partnership to issue 1,077,074 common shares to satisfy redemption requests from certain limited partners.

On January 11, 2017, the operating partnership issued 75,147 OP units and 23,666 subordinated performance units to Howard Family Limited Partnership I, an affiliate of Northwest, one of the Company's existing PROs and an affiliate of Kevin Howard, a member of the Company's board of trustees, 23,666 subordinated performance units to J. Timothy Warren, an affiliate of Northwest, and 12,668 OP units to an unrelated third party as partial consideration for the acquisition of two self storage properties.

On February 1, 2017, the operating partnership issued 86,879 OP units to an unrelated third party as partial consideration for the acquisition of a self storage property expansion adjacent to one of the Company's existing self storage properties.

On February 24, 2017, the operating partnership issued 300,043 subordinated performance units in exchange for \$7.0 million of cash to an affiliate of Personal Mini, one of the Company's PROs, and an entity in which Arlen D. Nordhagen, the Company's chairman and chief executive officer, held a non-controlling minority ownership interest that was equal to approximately 15%.

On May 1, 2017, the operating partnership issued 155,152 OP units to an unrelated third party as partial consideration for the acquisition of a self storage property.

Following a specified lock up period after the respective dates of issuance set forth above, the OP units issued by the operating partnership may be redeemed from time to time by holders for a cash amount per OP unit equal to the market value of an equivalent number of common shares of the Company. The Company has the right, but not the obligation, to assume and satisfy the redemption obligation of its operating partnership described above by issuing one common share in exchange for each OP unit tendered for redemption. The Company has elected to report early the private placement of its common shares that may occur if the Company elects to assume the redemption obligation of its operating partnership as described above in the event that OP units are in the future tendered for redemption.

As of May 3, 2017, other than those OP units held by the Company, after reflecting the transactions described herein, 28,910,152 OP units of its operating partnership were outstanding (including 1,750,908 outstanding LTIP units in the operating partnership and 1,834,786 outstanding OP units ("DownREIT OP units") in certain consolidated subsidiaries of the operating partnership, which are convertible into, or exchangeable for, OP units on a one-for-basis, subject to certain conditions). These issuances were exempt from registration under Section 4(a)(2) of the Securities Act of 1933, as amended.

Use of Proceeds

Not applicable.

Issuer Purchases of Equity Securities

During the three months ended March 31, 2017, certain of our employees surrendered common shares owned by them to satisfy their statutory minimum federal and state tax obligations associated with the vesting of restricted shares. The table below summarizes all of our repurchases of common shares during the quarter ended March 31, 2017:

| Period | Total number of shares purchased | - | Total number of shares purchased as part of publicly announced plans or programs | Maximum numbers of shares that may yet be purchased under the plans or programs |
|--------------------------------|----------------------------------|---|----------------------------------------------------------------------------------|---------------------------------------------------------------------------------|
| January 1 - January 31, 2017 | 581 ⁽¹⁾ | | n/a | n/a |
| February 1 - February 28, 2017 | — | | n/a | n/a |
| March 1 - March 31, 2017 | — | | n/a | n/a |

(1) The number of shares purchased represents restricted common shares surrendered by certain of our employees to satisfy their statutory minimum federal and state tax obligations associated with the vesting of restricted common shares issued to them. The price paid per share was \$22.07 and is based on the closing price of our common shares as of January 1, 2017, the date of withholding.

ITEM 3. Defaults Upon Senior Securities

Not applicable.

ITEM 4. Mine Safety Disclosures

Not applicable.

ITEM 5. Other Information

Not applicable.

ITEM 6. Exhibits

The following exhibits are filed with this report:

| Exhibit Number | Exhibit Description |
|----------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 3.1 | Articles of Amendment and Restatement of National Storage Affiliates Trust (Exhibit 3.1 to the Quarterly Report on Form 10-Q, filed with the SEC on June 5, 2015, is incorporated herein by this reference) |
| 3.2 | Amended and Restated Bylaws of National Storage Affiliates Trust (Exhibit 3.2 to the Quarterly Report on Form 10-Q, filed with the SEC on June 5, 2015, is incorporated herein by this reference) |
| 4.1 | Specimen Common Share Certificate of National Storage Affiliates Trust (Exhibit 4.1 to the Registration Statement on Form S-11/A filed with the SEC on April 20, 2015, is incorporated by reference) |
| 10.1* | Form of 2017 LTIP Unit Award Agreement for Executive Officers |
| 10.2* | Partnership Unit Designation of Series PM Class B OP Units of NSA OP, LP |
| 10.3* | Facilities Portfolio Management Agreement, dated February 24, 2017, by and among (i) NSA OP, LP, (ii) the property owners listed therein (iii) Shader Brothers Corporation, and (iv) Marc M. Smith and Laurie Shader Smith, each an individual |
| 31.1* | Certification of Chief Executive Officer pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 |
| 31.2* | Certification of Chief Financial Officer pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 |
| 32.1* | Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 |
| 101* | XBRL (Extensible Business Reporting Language). The following materials from NSA's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2016, tagged in XBRL: ((i) condensed consolidated balance sheets; (ii) condensed consolidated statements of operations; (iii) condensed consolidated statements of comprehensive income (loss); (iv) condensed consolidated statement of changes in equity; (v) condensed consolidated statements of cash flows; and (vi) notes to condensed consolidated financial statements. |

* Filed herewith.

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.

National Storage Affiliates Trust

Form of 2017 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**"), by National Storage Affiliates Trust, in its sole capacity as general partner of the Partnership, on the date hereof subject to the terms and conditions of this 2017 LTIP Unit Award Agreement (this "**Agreement**") and subject to the provisions of the National Storage Affiliates Trust 2015 Equity Incentive Plan (the "**Plan**") and the Third Amended and Restated Limited Partnership Agreement of the Partnership, dated as of April 28, 2015 (as amended, the "**Partnership Agreement**"). 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 and the Partnership Agreement:

(a) LTIP Units shall vest as specified in **Annex A** attached hereto (the "**Time Vested LTIP Units** ") and LTIP Units, representing the maximum number of LTIP Units that can vest based on performance, shall vest as specified in **Annex B** attached hereto (the "**Performance Vested LTIP Units** "). Subject to paragraph 5(b) below, during the period prior to the full vesting of any LTIP Unit (the "**Vesting Period**"), the Grantee shall not be permitted voluntarily or involuntarily to sell, transfer, pledge, anticipate, alienate, encumber or assign such LTIP Unit (or have such LTIP Unit attached or garnished).

(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 and allocations with respect to the LTIP Units shall be made to the Grantee in accordance with the terms of the Partnership Agreement, except that the Grantee, during the Vesting Period, shall be entitled to receive distributions (1) with respect to each Time Vested LTIP Unit, equal to and concurrently with each distribution paid to a holder of a Class A OP Unit as distributions on Class A OP Units are made and (2) with respect to each Performance Vested LTIP Unit at the "Maximum Level" (as set forth on Annex B), equal to ten percent (10%) of the distributions payable with respect to each distribution paid to a holder of a Class A OP Unit as distributions on Class A OP Units are made (the "**Interim Distributions**"). Upon the completion of the Vesting Period, Grantee shall be entitled to receive an amount equal to

(1) the distributions payable during the Vesting Period with respect to a number of Class A OP Units of the Company that is identical to the actual number of Performance Vested LTIP Units earned pursuant to Annex B, less (2) the amount of the Interim Distributions (such amount, the "**Performance Distribution**"). After the completion of the Vesting Period, Grantee shall be entitled to receive distributions on each vested LTIP Unit equal to distributions paid to a holder of a Class A OP Unit as distributions on Class A OP Units are made.

(c) Subject to paragraphs (d), (e) and (f) below, if the Grantee has a Termination of Service prior to the completion of the Vesting Period (i) without Cause (as defined in Grantee's employment agreement with the Company dated [] (the "**Employment Agreement**")), (ii) for Good Reason (as defined in the Employment Agreement), (iii) by reason of the Grantee's death or (iv) on account of the Grantee's Disability (as defined in the Employment Agreement) prior to the completion of the Vesting Period, then upon the completion of the Vesting Period, (1) the Grantee shall receive a prorated number of the Performance Vested LTIP Units calculated by *multiplying* the number of the Performance Vested LTIP Units that would have been awarded upon the completion of the Vesting Period if Grantee had not had a Termination of Service prior to the completion of the Vesting Period by a fraction (the "**Termination Fraction**") the numerator of which is (y) the number of calendar days that elapsed from the beginning of the Vesting Period to and including the date of the Grantee's Termination of Service, and the denominator of which is (z) the number of calendar days in the Vesting Period, (2) the Grantee shall receive a prorated amount of the Performance Distribution calculated by *multiplying* the amount of the Performance Distribution that would have been paid upon the completion of the Vesting Period if Grantee had not had a Termination of Service prior to the completion of the Vesting Period (as calculated under paragraph 2(b) above) by the Termination Fraction, and (3) the outstanding Time Vested LTIP Units shall immediately vest. Notwithstanding the foregoing or any provisions of the Employment Agreement, in the event of such a Termination of Service following a Change of Control which occurs after June 30, 20[], then the number of Performance Vested LTIP Units that shall vest shall be calculated in the same manner as set forth in this paragraph (c) without being subject to proration.

(d) Upon the completion of the Vesting Period, or, if earlier, the Grantee's Termination of Service for any reason other than as specified above in paragraph (c), all LTIP Units granted hereunder that have not vested will be forfeited without payment of any consideration, and neither the Grantee nor his or her successors, heirs, assigns, or personal representatives will thereafter have any further rights or interests in such LTIP Units.

(e) If the Grantee commences or continues service as a director or consultant of the Company upon termination of employment, such continued service shall be treated as continued employment hereunder (and for purposes of the Plan), and the subsequent termination of service shall be treated as the applicable Termination of Service for purposes of this Agreement.

(f) If the Grantee's Employment Agreement provides that LTIP Units subject to restriction shall be subject to terms other than those set forth above, the terms of the Employment Agreement shall apply with respect to such LTIP Units granted hereby and shall, to the extent applicable, supersede the terms hereof.

(g) For purposes of this Agreement, a Termination of Service shall occur when the employee-employer relationship or trusteeship, or other service relationship, between the Grantee and the Company is terminated for any reason, including, but not limited to, any termination by resignation, discharge, death or retirement under the Employment Agreement. The Compensation Committee, 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 Compensation Committee).

3. Certain Terms of LTIP Units.

(a) The Company 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 Company'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 Compensation Committee 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 NATIONAL STORAGE AFFILIATES TRUST 2015 EQUITY 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 OFFICES OF NSA OP, LP.

(b) Certificates, if any, evidencing the LTIP Units granted hereby shall be held in custody by the Company until the restrictions have lapsed. If and when such restrictions so lapse, the certificates shall be delivered by the Company to the Grantee.

(c) So long as the Grantee holds any LTIP Units, the Grantee shall disclose to the Company in writing such information as may be reasonably requested with respect to ownership of LTIP Units and any conditions applicable thereto, as the Company, 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 Company or to comply with requirements of any other appropriate taxing or other regulatory authority.

4. 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 Company (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 Company, 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 Company 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 Company, and have done so, as they have deemed appropriate.

5. 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 the Grantee may transfer all or any portion of the Grantee's vested LTIP 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 the Grantee. 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) The Grantee shall be responsible for filing 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 C** and reasonably satisfactory to the Company (and will include a copy thereof with the applicable tax return) within 30 days after the date hereof. 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 Compensation Committee 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 Compensation Committee 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 Compensation Committee shall be final and binding upon all persons.

(f) All notices hereunder shall be in writing, and if to the Company or the Compensation Committee, shall be delivered to the Company or mailed to its principal office, addressed to the attention of the Compensation Committee; 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 Company. Such addresses may be changed at any time by written notice to the other party given in accordance with this paragraph 5(f).

(g) The failure of the Grantee or the Company to insist upon strict compliance with any provision of this Agreement or the Plan, or to assert any right the Grantee or the Company, 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 Company or interfere in any way with the right of the Company or its affiliates to terminate the Grantee's employment or other service at any time.

(i) The terms of this Agreement shall be binding upon the Grantee and upon the Grantee's heirs, executors, administrators, personal representatives, transferees, assignees and successors in interest and upon the Company and its successors and assignees, subject to the terms of the Plan.

(j) Notwithstanding anything to the contrary contained in this Agreement, to the extent that the board of trustees of the Company (the "**Board**") determines that an LTIP Unit or the Plan is subject to Section 409A of the Code and fails to comply with the requirements of Section 409A of the Code, the Compensation Committee reserves the right (without any obligation to do so or to indemnify the Grantee for failure to do so), without the consent of the Grantee, to amend or terminate this Agreement and the Plan and/or amend, restructure, terminate or replace the LTIP Unit in order to cause the LTIP Unit to either not be subject to Section 409A of the Code or to comply with the applicable provisions of such section.

(k) If, in the opinion of the independent trustees of the Board, the Company's financial results are restated due in whole or in part to intentional fraud or misconduct by one or more of the Company's executive officers, the Company's independent trustees may, based upon the facts and

circumstances surrounding the restatement, direct that the Company recover all or a portion of, or cancel, the awards granted under this Agreement.

(l) 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 []th day of [], 20[].
National Storage Affiliates Trust

By: ___
Name: ___
Title: ___

GRANTEE

By: ___
Name: ___
Title: _____

ANNEX A

Time Vested LTIP Units

Subject to Section 2 of this Agreement, the Time Vested LTIP Units shall otherwise vest on the following dates:

| Percentage (Amount) of Time Vested LTIP Units Awarded Hereunder | Vesting Date |
|--------------------------------------------------------------------------------|----------------------------------------|
| 33.33% (<input type="checkbox"/>) | January 1, 20 <input type="checkbox"/> |
| 33.33% (<input type="checkbox"/>) | January 1, 20 <input type="checkbox"/> |
| 33.33% (<input type="checkbox"/>) | January 1, 20 <input type="checkbox"/> |

ANNEX B

Performance Vested LTIP Units

Subject to Section 2 of this Agreement, the [] Performance Vested LTIP Units shall be subject to the following vesting rules during the period between January 1, 20[] and December 31, 20[] (the "**Performance Period**") and shall vest on January 1, 20[], subject to the achievement of certain performance criteria as set forth below:

1. As to [] of the Performance Vested LTIP Units Granted:

| | <u>3-Year Relative TSR vs MSCI US REIT Index (RMS)</u> | <u>Vesting Percentage</u> | <u>Number of Performance Vested LTIP Units</u> |
|------------------------|---------------------------------------------------------------|----------------------------------|-------------------------------------------------------|
| "Minimum Level" | ≤ 35 th Percentile | 0% | [] |
| "Target Level" | 55 th Percentile | 44.44% | [] |
| "Maximum Level" | 75 th Percentile | 100% | [] |

In the event the 3-Year Relative TSR vs. MSCI US REIT Index falls between the 35th and 55th percentile, the Vesting Percentage and number of Performance Vested LTIP Units vesting shall be determined using a straight line linear interpolation between 0% and 44.44% and in the event that the 3-Year Relative TSR vs. MSCI US REIT Index falls between the 55th and 75th percentile, the Vesting Percentage and number of Performance Vested LTIP Units vesting shall be determined using a straight line linear interpolation between 44.44% and 100%. In the event the 3-Year Relative TSR vs. MSCI US REIT Index exceeds the 75th percentile, the Vesting Percentage and number of Performance Vested LTIP Units vesting shall equal 100% of the "Maximum Level" Performance Vested LTIP Units.

2. As to [] of the Performance Vested LTIP Units Granted:

| | <u>3-Year Relative TSR vs SS Peers</u> | <u>Vesting Percentage</u> | <u>Number of Performance Vested LTIP Units</u> |
|------------------------|-----------------------------------------------|----------------------------------|-------------------------------------------------------|
| "Minimum Level" | ≤ 4 th Place | 0% | [] |
| "Target Level" | 2 nd or 3 rd Place | 44.44% | [] |
| "Maximum Level" | 1 st Place | 100% | [] |

3. For purposes of this Annex B, TSR performance will be calculated as the compounded annual growth rate, expressed as a percentage (rounded to the nearest tenth of a percent (0.1%)), in the value per share of common stock during the Performance Period due to the appreciation in the price per share of common stock and dividends paid during the Performance Period, assuming dividends are reinvested. The Absolute TSR Percentage is calculated as follows:

$$\text{Absolute TSR Percentage} = (1 * (1 + \text{Cumulative TSR}))^{(1/3)} - 1$$

- Where "**Cumulative TSR**" = $((1 * (1 + \text{TSR Year 1}) * (1 + \text{TSR Year 2}) * (1 + \text{TSR Year 3})) - 1)$
- For purposes of the Cumulative TSR calculation, "**TSR**" for a given year shall be calculated as follows:

$$\text{TSR} = \left(\frac{\text{Ending Share Price} + \text{D}}{\text{Beginning Share Price}} \right) - 1$$

Where "**D**" is the amount of dividends paid to a shareholder of record with respect to one share of common stock during the Performance Period. For purposes of the calculation above, the "**Ending Share Price**" for the last year (third year) of performance shall be based on a 20 day trailing average closing stock price.

The Absolute TSR Percentage of National Storage Affiliates Trust will be compared with the Absolute TSR Percentage of each company in the MSCI US REIT Index and each SS Peer Company. The relative performance of National Storage Affiliates Trust versus the other companies in the MSCI US REIT Index will be expressed in terms of relative percentile ranking, which shall be applied as set forth in the table in Section 1 above. The relative performance of National Storage Affiliates Trust versus the other SS Peer Companies will be expressed as a relative numerical ranking against the other SS Peer Companies, which shall be applied as set forth in the table in Section 2 above.

4. For purposes of Section 2 of this Annex B, the "**SS Peer Companies**" are:

- CubeSmart
- Extra Space Storage Inc.
- Public Storage
- Life Storage, Inc. (formerly Sovran Self Storage, Inc.)

In order for a SS Peer Company to be included in the relative calculation for ascertaining the level of relative TSR performance under Section 2 of this Annex B, the SS Peer Company must be present for the entire Performance Period (i.e., a SS Peer Company that is, for example, acquired during the Performance Period, shall be entirely omitted from the calculation).

ANNEX C

[, 20[

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 National Storage Affiliates Trust, a Maryland real estate investment trust (the "**Company**"). ____ of such LTIP Units are subject to restriction.

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 _____. The taxable year for which the election is made is the calendar year _____.

4. The nature of the restrictions to which the property is subject: LTIP Units are subject to time-based and performance vesting. LTIP Units are subject to forfeiture in the event of certain terminations of the Taxpayer's service with the Company.

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 \$[0] per unit.

6. The amount paid for such property: The LTIP Units were acquired for a purchase price of \$[0] 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,

**PARTNERSHIP UNIT DESIGNATION OF SERIES PM
CLASS B OP UNITS OF
NSA OP, LP**

This Partnership Unit Designation (this "**Partnership Unit Designation**") is made as of February 24, 2017 by National Storage Affiliates Trust, a Maryland real estate investment trust and the general partner (the "**General Partner**") of NSA OP, LP, a Delaware limited partnership (the "**Partnership**").

WHEREAS, the General Partner has determined that it is necessary to establish a series of Class B OP Units in the Partnership designated as Series PM Class B OP Units (the "**Series PM Class B OP Units**") in accordance with Section 4.3(a) of the Third Amended and Restated Agreement of Limited Partnership, as amended (the "**Partnership Agreement**").

NOW, THEREFORE, in consideration of the premises and for other good and valuable consideration, the receipt and sufficiency of which hereby are acknowledged, the General Partner hereby establishes the Series PM Class B OP Units as follows:

ARTICLE I

SERIES PM CLASS B OP UNITS

Section 1.1 **Creation and Designation.** A series of Class B OP Units is hereby created and is designated as "Series PM Class B OP Units."

Section 1.2 **Separate Series.** The Series PM Class B OP Units is considered a separate series of Class B OP Units for purposes of the Partnership Agreement, entitling the holders thereof, except as provided below, with the rights and obligations of the holders of the Series PM Class B OP Units as specified in the Partnership Agreement and in this Partnership Unit Designation.

ARTICLE II

DEFINITIONS

For purposes of this Partnership Unit Designation, the following terms shall have the respective meanings indicated in this Article II, and capitalized terms used but not otherwise defined herein shall have the respective meanings ascribed thereto in the Partnership Agreement:

"**Actual FCCR**" has the meaning set forth in the Facilities Portfolio Management Agreement relating to the Series PM Facilities Portfolio.

"**Allocated Portfolio Capital Expense Reserve**" means the annual capital reserve funds allocated to capital improvements for the Series PM Facilities Portfolio. Such allocation shall be equal to the greater of (a) \$0.15 per average annual square feet (calculated on a per day basis) for the Series PM Facilities Portfolio and (b) total capital reserves as determined by a Property Condition Audit for each property in the Series PM Facilities Portfolio (as adjusted annually based on the consumer price index), divided by the average annual square feet (calculated on a per day basis) for the Series PM Facilities Portfolio.

"**Annual FCCR Assessment**" has the meaning set forth in the Facilities Portfolio Management Agreement relating to the Series PM Facilities Portfolio.

"Applicable Percentage" shall equal 110%, except that, (i) upon termination of the Facilities Portfolio Management Agreement pursuant to (a) Section 4.4 (Termination following FCCR Non-Compliance) of the Facilities Portfolio Management Agreement or (b) Section 4.6 (Termination for Breach of Certain Provisions) of the Facilities Portfolio Management Agreement, the Applicable Percentage shall be 120%; and (ii) in connection with a Retirement Event occurring during the period that (a) begins on the two-year anniversary of the date hereof and ends on the day immediately prior to the three-year anniversary of the date hereof, the Applicable Percentage shall be 120%; and (b) begins on the three-year anniversary of the date hereof and ends on the day immediately prior to the four-year anniversary of the date hereof, the Applicable Percentage shall be 115%.

"Cash Available For Distribution" means with respect to the Partnership or the Class A OP Units of the Partnership, the Facilities Portfolio Available Revenues from all Facilities Portfolios held by the Partnership, together with all amounts comparable to Facilities Portfolio Available Revenue generated by other assets, properties, operations and businesses of the Partnership, and with respect to the Series PM Facilities Portfolio or the Series PM Class B OP Units, the Facilities Portfolio Available Revenues from the Series PM Facilities Portfolio, in each case as adjusted to exclude the impact of reserves to meet anticipated operating expenditures, debt service or other liabilities of the General Partner, with all such amounts to be determined by the General Partner in accordance with the General Partner's audited financial statements for the applicable year.

"Conversion Effective Date" means the immediately succeeding January 1 following receipt by the General Partner of a Notice of Conversion on or before the immediately preceding December 1.

"Converted Units" has the meaning set forth in Section 4.1(a) hereof.

"Converting Partner" has the meaning set forth in Section 4.1(a) hereof.

"Facilities Portfolio Management Agreement" means the Facilities Portfolio Management Agreement dated as of February 24, 2017 by and among (i) NSA OP, LP, a Delaware limited partnership, (ii) the property owners (or holders of an interest in real property, as the case may be) listed as "Owners" on the signature page thereto, (iii) the property owners (or holders of an interest in real property, as the case may be) listed as "Deferred Management Property Owners" on the signature page thereto, (iv) Shader Brothers Corporation, a Florida corporation, and (v) Marc M. Smith and Laurie Shader Smith.

"FCCR Conversion Amount" means the product of (a) the number of Converted Units multiplied by (b) the quotient obtained when dividing (1) the Cash Available For Distribution per Series PM Class B OP Units over the calendar year period prior to (but not including) the Conversion Effective Date or date of the Non-Voluntary Conversion Notice, as applicable (using the daily weighted average number of Series PM Class B OP Units outstanding over such period), by (2) the Applicable Percentage of the Cash Available For Distribution per Class A OP Unit of the Partnership as determined over the calendar year period ending prior to (but not including) the Conversion Effective Date or date of the Non-Voluntary Conversion Notice, as applicable (using the daily weighted average number of Class A OP Units outstanding over such period); provided that, if one year of audited financial statements is not yet available for purposes of the one-year period set forth in the definition of FCCR Conversion Amount, such one-year period will instead be deemed to be the shorter period for which unaudited financial statements are available.

"General Partner" has the meaning set forth in the recitals hereto.

"Lockup Expiration Date" means the date that is two years after February 24, 2017.

"**MCFCCR**" has the meaning set forth in the Facilities Portfolio Management Agreement relating to the Series PM Facilities Portfolio.

"**Non-Voluntary Conversion**" has the meaning set forth in Section 4.1(b) hereof.

"**Non-Voluntary Conversion Notice**" has the meaning set forth in Section 4.1(b) hereof.

"**Non-Voluntary Converting Partner**" has the meaning set forth in Section 4.1(b) hereof.

"**Notice of Conversion**" has the meaning set forth in Section 4.1(a) hereof.

"**Partnership Agreement**" has the meaning set forth in the recitals hereto.

"**Partnership Unit Designation**" has the meaning set forth in the recitals hereto.

"**Property Condition Audit**" means the preparation of an assessment by an independent third-party consultant, in accordance with the American Society for Testing and Materials (ASTM) E 2018-08, Standard Guide for Property Condition Assessments: Baseline Property Condition Assessment Process, of the total capital reserves required for a property over a 12 year period for replacement needs and preventive maintenance based on current construction costs.

"**Qualifying Number of Units**" means a number of Series PM Class B OP Units which, if the Converting Partner had converted such units using the conversion ratio set forth in the definition of FCCR Conversion Amount at the beginning of the applicable Annual FCCR Assessment, the number of Class A OP Units that would have been issued in such conversion would not have resulted in a failure to comply with the MCFCCR for the one-year period prior to conversion.

"**Retirement Event**" has the meaning set forth in the Facilities Portfolio Management Agreement relating to the Series PM Facilities Portfolio.

"**Retirement Trigger Date**" has the meaning set forth in the Facilities Portfolio Management Agreement relating to the Series PM Facilities Portfolio.

"**Series PM Class B OP Units**" has the meaning set forth in the recitals hereto.

"**Series PM Facilities Portfolio Subsidiary**" shall mean any entity that owns any, all or any part of any of the properties set forth on Schedule B, such Schedule B to be amended from time to time by the General Partner without the consent of any limited partners.

"**Series PM Facilities Portfolio**" means the Properties set forth on Schedule B to this Partnership Unit Designation, as the same may be amended from time to time by the General Partner, which are owned directly or indirectly by the Partnership, through a Series PM Facilities Portfolio Subsidiary or otherwise. The Series PM Facilities Portfolio shall constitute a Facilities Portfolio within the meaning of the Partnership Agreement, and the Series PM Facilities Portfolio shall correspond to the Series PM Class B OP Units for purposes of the Partnership Agreement.

"**Voluntary Conversion**" has the meaning set forth in Section 4.1(a) hereof.

ARTICLE III

CAPITAL CONTRIBUTIONS

Section 3.1 **Initial Capital Contributions.** Set forth on Schedule A to this Partnership Unit Designation is the amount of capital contributions initially allocated to the holders of the Class A OP Units and the holders of the Series PM Class B OP Units of the Partnership in respect of the Series PM Facilities Portfolio.

Section 3.2 **Changes in Allocated Capital Contribution Amounts.** The amount of capital contributions allocated to the holders of the Class A OP Units and the Series PM Class B OP Units in respect of the Series PM Facilities Portfolio shall be subject to adjustment as provided in Section 4.4(c) of the Partnership Agreement.

Section 3.3 **Notice of Changes in Allocated Capital Contribution Amounts.** The General Partner shall at least annually notify the holders of the Series PM Class B OP Units of any change in the amount of capital contributions attributed to the holders of the Class A OP Units or the Series PM Class B OP Units in respect of the Series PM Facilities Portfolio.

ARTICLE IV

CONVERSION

Section 4.1 **Conversion of Series PM Class B OP Units for Class A OP Units.**

(a) On or after the Lockup Expiration Date, each holder of Series PM Class B OP Units shall have the right (subject to the terms and conditions set forth herein and in any other such agreement, as applicable) to require the Partnership to convert all or a portion of the Series PM Class B OP Units held by such holder (such Series PM Class B OP Units being hereafter referred to as "**Converted Units**") into Class A OP Units (a "**Voluntary Conversion**"). All such Voluntary Conversions shall be made in accordance with the terms and conditions of this Article IV. All Voluntary Conversions shall be exercised pursuant to a written notice, which must be received by the General Partner at or before 5:00 pm, Mountain time, on December 1 of each calendar year, from the holder of Series PM Class B OP Units who is exercising the conversion right (the "**Converting Partner**") indicating such holder's irrevocable intent to effectuate the Voluntary Conversion and the number of Series PM Class B OP Units which are subject to the Voluntary Conversion (a "**Notice of Conversion**"). To the extent that the number of Series PM Class B OP Units specified in a Notice of Conversion exceeds the maximum Qualifying Number of Units, the number of Series PM Class B OP Units specified in the Notice of Conversion will instead be deemed to be the maximum Qualifying Number of Units. Each holder of Series PM Class B OP Units may deliver no more than one Voluntary Conversion in each fiscal year. All Voluntary Conversions shall be deemed effective as of the Conversion Effective Date. A Notice of Conversion shall constitute an irrevocable obligation of the Converting Partner to convert the applicable number of such Converting Partner's Series PM Class B OP Units as of the Conversion Effective Date and the Converting Partner shall not be permitted to withdraw the Notice of Conversion, at any time, without the express prior written consent of the General Partner, which the General Partner may withhold in its discretion. The Converting Partner shall have no right, with respect to any Series PM Class B OP Units so converted, to receive any distributions with respect to the Series PM Class B OP Units declared on or after the Conversion Effective Date but shall be entitled to any distributions declared but not paid prior the Conversion Effective Date. Class A OP Units to be issued to the Converting Partner in the Voluntary Conversion shall be equal to the FCCR Conversion Amount.

(b) Upon (i) a termination of the Facilities Portfolio Management Agreement pursuant to (A) Section 4.4 (Termination following FCCR Non-Compliance) thereof or (B) Section 4.6 (Termination for Breach of Certain Provisions) thereof or (ii) a Retirement Trigger Date (each of the conversions described in clauses (i) and (ii) of this Section 4.1(b) shall be referred to herein as a "**Non-Voluntary Conversion**"), the General Partner, in its discretion, may deliver a written notice (the "**Non-Voluntary Conversion Notice**") requiring all holders of Series PM Class B OP Units to convert all of such holders' Series PM Class B OP Units for Class A OP Units in the Partnership (each, a "**Non-Voluntary Conversion**"), in accordance with the terms and conditions of this Article IV. Upon delivery of such Non-Voluntary Conversion Notice by the General Partner, each holder of Series PM Class B OP Units (the "**Non-Voluntary Converting Partner**") shall be deemed to have irrevocably agreed to convert such holders' Series PM Class OP Units. Non-Voluntary Conversions will be deemed effective as of the date of the Non-Voluntary Conversion Notice. The holders of Series PM Class B OP Units shall have no right, with respect to any Series PM Class B OP Units so converted, to receive any distributions with respect to the Series PM Class B OP Units declared on or after the date of the Non-Voluntary Conversion Notice but shall be entitled to any distributions declared but not paid prior to the date of the Non-Voluntary Conversion Notice. Class A OP Units to be issued to the holder of Series PM Class B OP Units in the Non-Voluntary Conversion shall be equal to the FCCR Conversion Amount.

(c) Class A OP Units equal to the FCCR Conversion Amount shall be delivered to the Converting Partner or Non-Voluntary Converting Partner, respectively, as duly authorized, validly issued, fully paid and non-assessable Class A OP Units and free of any pledge, lien, encumbrance or restriction, other than those provided in the Partnership Agreement, the Securities Act, relevant state securities or blue sky laws and any other applicable agreement with respect to such Class A OP Units entered into by the Converting Partner or Non-Voluntary Converting Partner, respectively. Notwithstanding any delay in such delivery (but subject to Sections 4.1(d) and 4.1(e)), each Converting Partner and Non-Voluntary Converting Partner, respectively, shall be deemed owners of such Class A OP Units for all purposes, including without limitation, rights to vote or consent, and receive distributions declared, as of the Conversion Effective Date or the date of the Non-Voluntary Conversion Notice, respectively.

(d) Each Converting Partner and Non-Voluntary Converting Partner, as the case may be, covenants and agrees with the General Partner and the Partnership that all Converted Units shall be free and clear of all liens, claims and encumbrances whatsoever and should any such liens, claims and/or encumbrances exist or arise with respect to such Converted Units, neither the General Partner nor the Partnership shall be under any obligation to convert the same. Each Converting Partner and Non-Voluntary Converting Partner further agrees that, in the event any state or local property transfer tax is payable as a result of the Conversion, such Converting Partner or Non-Voluntary Converting Partner, respectively, shall assume and pay such transfer tax.

(e) Notwithstanding the provisions of Sections 4.1(a), 4.1(b), 4.1(c) or any other provision of this Partnership Unit Designation, a holder of Series PM Class B OP Units shall have no rights under this Partnership Unit Designation to acquire Class A OP Units which would otherwise be prohibited under the Partnership Agreement or this Partnership Unit Designation. To the extent any attempted Voluntary Conversion or Non-Voluntary Conversion would be in violation of this Section 4.1(e), it shall be null and void *ab initio* and such holder of Series PM Class B OP Units shall not acquire any rights or economic interest in the Class A OP Units otherwise issuable upon such Voluntary Conversion or Non-Voluntary Conversion.

(f) Notwithstanding anything herein to the contrary (but subject to Section 4.1(e)):

(i) a holder of Series PM Class B OP Units may effect a Voluntary Conversion only if the Annual FCCR Assessment resulted in the Actual FCCR being in excess of the MCFCCR;

(ii) no holder of Series PM Class B OP Units may effect a Voluntary Conversion for less than 1,000 Series PM Class B OP Units or, if such holder holds less than 1,000 Series PM Class B OP Units, all of the Series PM Class B OP Units held by such Limited Partner;

(iii) no conversion will be effective until the expiration or termination of the applicable waiting period, if any, under the Hart Scott-Rodino Antitrust Improvements Act of 1976, as amended; and

(iv) each Converting Partner or Non-Voluntary Converting Partner, as the case may be, shall continue to own all Series PM Class B OP Units subject to any Voluntary Conversion or Non-Voluntary Conversion, respectively, and be treated as a Holder of the applicable Series PM Class B OP Units for all purposes of the Partnership Agreement and this Partnership Unit Designation, until the Conversion Effective Date or the date of the Non-Voluntary Conversion Notice, respectively.

(g) In the event that the Partnership issues additional Partnership Interests to any Additional Limited Partner, pursuant to Section 5.3 of the Partnership Agreement, the General Partner shall make such revisions to this Section 4.1 as it determines are necessary or desirable, if any, to reflect the issuance of such additional Partnership Interests.

ARTICLE V

RESTRICTION ON SALE OF PROPERTIES

Section 5.1 **Sale of the Series PM Facilities Portfolio Properties** Except for sales, dispositions or other transfers of Properties to wholly owned Subsidiaries of the Partnership, until March 31, 2023, the Partnership shall not, and shall cause its Subsidiaries not to, sell, dispose or otherwise transfer any of the Properties (or the interest of the Partnership or any Subsidiary thereof, as the case may be in such Properties) comprising the Series PM Facilities Portfolio without the consent of holders of (a) at least 50% of the then outstanding Class A OP Units and (b) at least 50% of the then outstanding Series PM Class B OP Units.

ARTICLE VI

MISCELLANEOUS

Section 6.1 **Construction.** This Partnership Unit Designation shall be construed and enforced in accordance with and governed by the laws of the State of Delaware, without regard to conflicts of law. If any provision of this Partnership Unit Designation is or becomes invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not be affected thereby. Each reference to "hereof," "herein," "hereunder," and "hereby" shall, from and after the date hereof, refer to the Partnership Agreement as amended by this Partnership Unit Designation.

Section 6.2 **Partnership Records.** The General Partner shall amend Exhibit A to the Partnership Agreement from time to time to the extent necessary to reflect accurately the grant and any subsequent

redemption or conversion of, or other event having an effect on the ownership of, the Series PM Class B OP Units. The General Partner shall amend Schedule A and Schedule B to this Partnership Unit Designation from time to time to the extent necessary to reflect accurately any changes, including changes in Capital Contributions and the Series PM Facilities Portfolio.

Section 6.3 Amendments. This Partnership Unit Designation may only be amended with the written consent of the General Partner together with the holders of a majority in interest of holders of Series PM Class B OP Units or in the case of substantially similar amendments or amendments with substantially similar effects being adopted by the General Partner in respect of all other series of Class B OP Units established by the Partnership from time to time by a majority in interest of all holders of Class B OP Units, except that, the General Partner may amend the Schedules hereto in a manner permitted under the Partnership Agreement or this Partnership Unit Designation, or to make any amendments that are clerical or ministerial in nature and do not impact the substantive rights of the holders of Series PM Class B OP Units. Majority in interest shall be calculated on as converted into Class A OP Units basis, with the number of votes to be cast by each holder of Class B OP Units being equal to the number of Class A OP Units such holder would receive had they converted their Class B OP Units into Class A OP Units, assuming that any conversion lock-up would not apply.

* * * * *

FACILITIES PORTFOLIO MANAGEMENT AGREEMENT

This FACILITIES PORTFOLIO MANAGEMENT AGREEMENT (this "Agreement") dated as of February 24, 2017 (the "Effective Date") by and among (i) NSA OP, LP, a Delaware limited partnership (the "Operating Partnership"), (ii) the property owners (or holders of an interest in real property, as the case may be) listed as "Owners" on the signature page hereto (individually and collectively, "Owner" or "Owners"), (iii) the property owners (or holders of an interest in real property, as the case may be) listed as "Deferred Management Property Owners" on the signature page hereto (individually and collectively, the "Deferred Management Property Owner" or the "Deferred Management Property Owners"), (iv) Shader Brothers Corporation, a Florida corporation ("Manager"), and (v) Marc M. Smith and Laurie Shader Smith, each an individual (together with such other Person(s) who may hereafter become a Key Person pursuant to the terms hereof, collectively, the "Key Persons", and together with Manager, collectively, the "Manager Parties"). Owners, the Deferred Management Property Owners, the Operating Partnership, Manager and the Key Persons are each referred to herein as a "Party", and collectively referred to as the "Parties".

RECITALS

A. The Operating Partnership is the operating partnership of National Storage Affiliates Trust, a Maryland real estate investment trust (the "REIT"), and owns an interest (whether directly or indirectly) in each Owner and each Deferred Management Property Owner.

B. Each Owner owns or leases the self-storage and/or mini-warehouse facilities listed alongside such Owner's name on Exhibit B-1 hereof (collectively, the "Properties" and each a "Property"). Each Deferred Management Property Owner owns or leases the self-storage and/or mini-warehouse facilities listed alongside such Deferred Management Property Owner's name on Exhibit B-2 hereof (collectively, the "Deferred Management Properties" and each a "Deferred Management Property"), which are each subject to an Existing Deferred Management Property Loan the terms of which do not permit the termination, modification or amendment of the applicable existing property management agreement without the consent of the applicable lender.

C. The Key Persons are principals of and/or key advisors to Manager.

D. Prior to the Effective Date, Manager was appointed by Owner and the Operating Partnership to manage one or more of the Properties (collectively, the "Early Contribution Properties") pursuant to the property management agreements listed on Schedule 1 hereof (the "Existing NSA Property Management Agreements").

E. On the Effective Date, Owner, the Operating Partnership and Manager desire to (i) replace the Existing NSA Property Management Agreements for each of the Early Contribution Properties with new asset management agreements in substantially the form of Exhibit D hereto, (ii) enter into new asset management agreements appointing Manager as the property manager for each of the remaining Properties in substantially the form of Exhibit D hereto, and (iii) enter into sales commission agreement with NSA TRS, LLC, a Delaware limited liability company ("NSA TRS"), a subsidiary of the Operating Partnership, appointing Manager as NSA TRS's sales representative for sales of merchandise at the Properties and the Deferred Management Properties in substantially the form of Exhibit F (the "Sales Commission Agreement").

F. Owner, the Operating Partnership and Manager also desire that, upon the applicable Loan Satisfaction Date, each Deferred Management Property shall be managed by Manager pursuant to an asset management agreement in substantially the form of Exhibit D hereto. Each asset management agreement

entered into in accordance with the terms of this Agreement shall be referred to herein, individually, as an "NSA Asset Management Agreement", and collectively, as the "NSA Asset Management Agreements".

G. The Parties also desire to set forth their agreement as to various terms and conditions affecting the entire property portfolio of the Owners and the Deferred Management Property Owners, including, without limitation, compliance with certain income thresholds, termination rights, exclusivity, and additional property acquisitions, all as more particularly set forth herein.

NOW, THEREFORE, in consideration of the premises and mutual covenants herein contained, and other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, each of the Parties agree as follows:

ARTICLE 1

DEFINED TERMS

The definitions set forth on Exhibit A hereof shall be for all purposes, unless otherwise clearly indicated to the contrary, applied to the terms used in this Agreement.

ARTICLE 2

COMMENCEMENT AND TERMINATION DATES; NSA ASSET MANAGEMENT AGREEMENTS; DEFERRED MANAGEMENT PROPERTIES; KEY PERSONS; COVERED TERRITORY

2.1 Term. The initial term of this Agreement shall begin on the Effective Date and shall terminate on the date that is three (3) years after the Effective Date (the "Initial Term"), unless the Initial Term is sooner terminated pursuant to the terms and conditions of this Agreement. Upon expiration of the Initial Term, this Agreement shall automatically renew for continuous successive one (1) year terms unless (i) each of the Parties agree to terminate this Agreement by mutual written agreement or (ii) this Agreement is otherwise terminated pursuant to the terms and conditions hereof. The Initial Term and any successive renewal term thereafter shall be referred to herein as the "Term".

2.2 NSA Asset Management Agreements; Sales Commission Agreement.

(a) On the Effective Date, the Parties shall enter into an NSA Asset Management Agreement for each of the Properties so that as of the Effective Date, (i) the Operating Partnership and each Owner, severally and not jointly, shall have appointed Manager as the asset manager for the applicable Owner's Property, and (ii) Manager shall have accepted such appointment thereunder.

(b) Upon the expiration or earlier termination of any one NSA Asset Management Agreement, (i) the Operating Partnership shall amend, without further action or approval by any other Party hereto, Exhibit B-1, to exclude the property subject to such NSA Asset Management Agreement, (ii) the defined term "Properties" shall thereafter exclude the property subject to such NSA Asset Management Agreement; (iii) the defined term "Owner" shall thereafter be deemed amended to exclude the Owner of such Property, and (iv) such Owner shall no longer be deemed to be a party to this Agreement; provided, however, that upon the expiration or earlier termination of all of the NSA Asset Management Agreements, the provisions of Section 4.3 shall apply.

(c) On the Effective Date, the Operating Partnership, NSA TRS, Manager, each Owner and each Deferred Management Property Owner shall also enter into the Sales Commission Agreement so that as of the Effective Date, (i) the Operating Partnership, NSA TRS, each Owner and each Deferred Management Property Owner shall have appointed Manager as NSA TRS's sales representative for the Properties and the Deferred Management Properties, and (ii) Manager shall have accepted such appointment thereunder.

2.3 Deferred Management Properties. Notwithstanding anything herein to the contrary (including the execution of this Agreement by the Deferred Management Property Owners), no NSA Asset Management Agreement shall be deemed effective as to any Deferred Management Property, and Manager shall not be deemed appointed as the property manager of any Deferred Management Property until the date on which the Existing Deferred Management Property Loan encumbering such Deferred Management Property is paid in full and the obligations thereunder are fully performed or otherwise satisfied (in each case, the "Loan Satisfaction Date"). Effective as of the applicable Loan Satisfaction Date for each Deferred Management Property, provided that this Agreement is still in effect, (A) the Operating Partnership shall amend, without further action by any other Party hereto, the following: (i) Exhibit B-1 to include such Deferred Management Property, and (ii) Exhibit B-2 to exclude such Deferred Management Property, (B) the defined term "Properties" shall be deemed amended to include such Deferred Management Property, (C) the defined term "Deferred Management Properties" shall be deemed amended to exclude such Deferred Management Property, (D) the defined term "Owner" shall be deemed amended to include the applicable Deferred Management Property Owner, (E) the defined term "Deferred Management Property Owner" shall be deemed amended to exclude the applicable Deferred Management Property Owner, and (F) Manager shall be deemed to have entered into an NSA Asset Management Agreement for such Deferred Management Property with the Operating Partnership and the applicable Deferred Management Property Owner, which the Operating Partnership shall execute on behalf of Manager pursuant the power of attorney set forth in Section 9.2 hereof.

2.4 Key Persons.

(a) As of the Effective Date, Marc M. Smith and Laurie Shader Smith shall be the only Key Persons. At any time, and from time to time, during the Term, the Manager Parties may request, by written notice to the REIT's board of trustees, that (i) one or more Key Persons be replaced by one or more other individuals specified in such notice, or (ii) additional individuals specified in such notice be appointed as Key Persons in addition to the then-existing Key Persons. If the individual or individuals specified in any such request is or are approved by the REIT's board of trustees, the Operating Partnership shall so notify the Manager Parties in writing, which notice shall request that the applicable individual, or individuals so approved execute and deliver to the Operating Partnership a joinder to this Agreement in substantially the form of Exhibit C hereto (a "Key Person Joinder"). Following the execution of a Key Person Joinder, the Operating Partnership shall amend Exhibit A to the Operating Partnership's LPA to reflect the resulting ownership of the Class B OP Units. Upon the approval by the REIT's board of trustees of any one or more individuals as a Key Person and fulfillment of each of the requirements set forth in clauses (i) and (ii) above, each of the then-existing Key Person or Key Persons, as the case may be, and each individual having been approved by the REIT's board of trustees as a Key Person in accordance with this Section 2.4, shall thereafter be deemed to be "Key Persons" hereunder.

(b) At all times during the Term, each Key Person shall remain active in and devote a sufficient portion of his or her business time to the business and affairs of the Manager with respect to the Properties and the Deferred Management Properties to operate the same in a manner consistent with past practice.

2.5 Covered Territory.

(a) Modification of Exclusive Territory. The Exclusive Territory may be modified at any time, from time to time, and in any manner, by the Operating Partnership, if the Manager Parties fail to meet at least seventy-five percent (75%) of their aggregate property acquisition targets, as set forth in the Operating Partnership's operating budgets during the immediately preceding three (3) year period.

(b) Modification of Shared Territory. The Shared Territory may be modified at any time, from time to time, and in any manner, by the Operating Partnership, subject to approval by a majority of the REIT's board of trustees including approval by a majority of the REIT's independent trustees.

(c) Modification of Non-Exclusive Territory. The Non-Exclusive Territory may be modified (including, but not limited to the designation of all or any portion of the Non-Exclusive Territory as a Shared Territory or Exclusive Territory hereunder) at any time, from time to time, and in any manner by the Operating Partnership, subject to approval by a majority of the REIT's board of trustees, including approval by a majority of the REIT's independent trustees.

ARTICLE 3

SUPERVISORY AND ADMINISTRATIVE FEE TRUE-UP

3.1 Deferred Management Properties Credit. Notwithstanding anything to the contrary herein or in any NSA Asset Management Agreement or the Sales Commission Agreement, commencing on the Effective Date until the date that all Deferred Management Properties have become Properties pursuant to Section 2.3 above, at the end of each calendar quarter, the Operating Partnership and/or the Owners be granted a credit in the amount of the Deferred Management Property Credit against the next monthly payment (and any monthly payment thereafter) of the aggregate Supervisory and Administrative Fees due and payable to Manager under all of the NSA Asset Management Agreements for the Properties until such credit is satisfied in full, or if the Deferred Management Property Credit would take longer than two (2) months to satisfy in full, then upon demand of the Operating Partnership or the Owners, Manager shall promptly (but in no event longer than ten (10) business days) pay the unsatisfied portion of the Deferred Management Property Credit directly to the Operating Partnership. The term "Deferred Management Property Credit" shall mean, for each calendar quarter, the positive amount (if any) equal to (i) the aggregate amount of property management, supervisory and/or administrative fees, or the like, payable each month during such quarterly period to Manager or its Affiliates by the Operating Partnership or any of its Affiliates (including any Deferred Management Property Owner) with respect to Manager's services as manager of any Deferred Management Property pursuant to any property or asset management agreement other than an NSA Asset Management Agreement, less (ii) the sum of (x) the aggregate property management and/or administrative fees, or the like, which would have been payable each month during such quarterly period to Manager or its Affiliates with respect to Manager's services as manager of all such Deferred Management Properties if the management of all such Deferred Management Properties were subject to NSA Asset Management Agreements during such period and (y) the Sales Commission payable under the Sales Commission Agreement for each month during such quarterly period to Manager or its Affiliates with respect to Manager's services as NSA TRS's sales representative for all such Deferred Management Properties.

3.2 After-Acquired Property Credit. Notwithstanding anything to the contrary herein or in any NSA Asset Management Agreement, in the event that the Operating Partnership has not entered into an NSA Asset Management Agreement for any After-Acquired Property that becomes a Property pursuant to the terms hereof on the date of the acquisition thereof by the Operating Partnership or its Affiliate, then from and after the date of any such acquisition until the date on which the Operating Partnership, the entity owning

or holding an interest in such After-Acquired Property and the Manager enter into an NSA Asset Management Agreement for applicable After-Acquired Property, at the end of each calendar quarter, the Operating Partnership and/or the Owners shall be granted a credit in the amount of the After-Acquired Property Credit against the next monthly payment (and any monthly payment thereafter) of the aggregate Supervisory and Administrative Fees due and payable to Manager under all of the NSA Asset Management Agreements for the Properties until such credit is satisfied in full, or if the After-Acquired Property Credit would take longer than two (2) months to satisfy in full, then upon demand of the Operating Partnership or the Owners, Manager shall promptly (but in no event longer than ten (10) business days) pay the unsatisfied portion of the After-Acquired Property Credit directly to the Operating Partnership. The term "After-Acquired Property Credit" shall mean, for each calendar quarter, the positive amount (if any) equal to (i) the aggregate amount of property management, supervisory and/or administrative fees, or the like, payable each month during such quarterly period to Manager or its Affiliates by the Operating Partnership or any of its Affiliates with respect to Manager's services as manager of any After-Acquired Property pursuant to any asset or property management agreement other than an NSA Asset Management Agreement, less (ii) the sum of (x) the aggregate property management and/or administrative fees, or the like, which would have been payable each month during such quarterly period to Manager or its Affiliates with respect to Manager's services as manager of all such After-Acquired Properties if the management of all such After-Acquired Properties were subject to NSA Asset Management Agreements during such period and (y) the Sales Commission payable under the Sales Commission Agreement for each month during such quarterly period to Manager or its Affiliates with respect to Manager's services as NSA TRS's sales representative for all such After-Acquired Properties.

ARTICLE 4

TERMINATION

4.1 Termination of the NSA Asset Management Agreements. Notwithstanding anything to the contrary in the NSA Asset Management Agreements, neither the Operating Partnership nor any Owner shall have the right to unilaterally terminate any NSA Asset Management Agreement or the Sales Commission Agreement except for the reasons set forth in this Agreement, in any of which cases Owner and/or Operating Partnership shall have the right, subject to any rights of the lender under any Loan Documents, to unilaterally terminate any or all of the NSA Asset Management Agreements and/or the Sales Commission Agreement without penalty upon thirty (30) days' prior written notice to Manager.

4.2 Termination upon Default continuing beyond Cure Period. If any Party (the "Defaulting Party") defaults in the performance of its obligations under this Agreement and fails to remedy such default within ten (10) days following written notice thereof (the "Cure Period") from any other Party (the "Non-Defaulting Party") pursuant to Article 7 hereof, the Non-Defaulting Party may terminate this Agreement immediately following the expiration of the Cure Period. Notwithstanding the foregoing, if any non-monetary default hereunder cannot practicably be remedied by the Defaulting Party within such ten (10) day period, then upon written notice thereof from the Defaulting Party to the Non-Defaulting Party, the Cure Period shall be extended for an amount of time reasonably necessary to remedy the applicable default; provided, however, that any such extension shall not exceed thirty (30) days. Notwithstanding anything herein to the contrary, (i) there shall be no cure period if any Manager Party misappropriates any funds of any Owner or has committed fraud, willful misconduct or gross negligence relating to this Agreement, any NSA Asset Management Agreement and/or any Property or Deferred Management Property, as the case may be; and (ii) there shall be no additional cure periods for any of the events described in Section 4.5 hereof, which provisions shall be limited to the cure periods expressly noted therein.

4.3 Termination upon Termination of NSA Asset Management Agreements. Without limiting any other provision of this Agreement, this Agreement shall terminate upon the termination or earlier expiration of all of the NSA Asset Management Agreements.

4.4 Termination following FCCR Non-Compliance. This Agreement shall terminate in accordance with Section 5.1(c) hereof in connection with FCCR Non-Compliance.

4.5 Termination upon Bankruptcy Event. Notwithstanding anything to the contrary in this Agreement, this Agreement shall automatically terminate, without notice, upon the occurrence of any of the following circumstances:

(a) if Manager shall admit, in writing, that it is unable to pay its debts as same become due;

(b) if Manager shall make an assignment for the benefit of creditors;

(c) if Manager shall file a voluntary petition under Title 11 of the United States Code or if such petition is filed against it, and an order for relief is entered, or if Manager shall file any petition or answer seeking, consenting to or acquiescing in any reorganization, arrangement, composition, other present or future applicable federal, state or other statute or law, or shall seek or consent to or acquiesce in or suffer the appointment of any trustee, receiver, custodian, assignee, sequestrator, liquidator or other similar official of Manager, or of all or any substantial part of its properties, or if Manager shall take any corporate action in furtherance of any action described in this Section 4.5(c);

(d) if within sixty (60) days after the commencement of any proceeding against Manager seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under the present or any future federal bankruptcy code or any other present or future applicable federal, state or other statute or law, such proceeding shall not have been dismissed or stayed, or if, within ninety (90) days after the appointment, without the consent or acquiescence by Manager, of any trustee, receiver, custodian, assignee, sequestrator, liquidator or other similar official of Manager or of all or any substantial part of its properties or such appointment shall not have been vacated or stayed on appeal or otherwise, or if, within sixty (60) days after the expiration of any such stay, such appointment shall not have been vacated; or

(e) upon the dissolution or liquidation of Manager.

4.6 Termination for Breach of Certain Provisions. This Agreement may be terminated unilaterally by the Operating Partnership but with notice to Manager pursuant to Article 7 hereof, if (i) at any time during the Term, the Key Persons collectively cease to beneficially own (directly or indirectly) at least fifty percent (50%) of the ownership interest in Manager, (ii) at any time during the Term, no Key Person Controls Manager, (iii) any Manager Party fails to comply with any of the provisions of Article 8 hereof, or (iv) at any time during the Term, the Key Persons collectively cease to beneficially own (directly or indirectly) at least fifty percent (50%) of the aggregate outstanding Class B OP Units.

4.7 Termination by the Operating Partnership for Cause. This Agreement may be terminated by the Operating Partnership for Cause; provided, however, that the Operating Partnership Company shall not be permitted to terminate this Agreement for Cause except on written notice given to the Key Persons at any time within thirty (30) days following the occurrence of any of the events constituting such Cause (or, if later, the Operating Partnership's knowledge thereof). Notwithstanding anything herein to the contrary, this Agreement shall not be terminable by the Operating Partnership for Cause unless and until there shall have

been delivered to the Manager Parties a copy of a resolution duly adopted by the affirmative vote of the REIT's board of trustees at a meeting of the REIT's board of trustees called and held for such purposes (after reasonable notice to the Manager Parties and an opportunity for the applicable Key Person, together with his or her counsel, to be heard before the REIT's board of trustees), finding that in the good faith determination of the REIT's board of trustees that the applicable Key Person has engaged in acts or omissions constituting Cause.

4.8 Transfer Upon Termination. Upon any termination in accordance with the provisions of this Article 4, within fifteen (15) days of the termination, each Manager Party (by the Operating Partnership on behalf of such Manager Party pursuant to the power of attorney set forth in Section 9.2 hereof), as applicable, and the Operating Partnership (or its designee) shall, for no consideration (except to the extent provided in Section 6.1(a)) execute an assignment and assumption agreement in substantially the form attached hereto as Exhibit E, pursuant to which each such Manager Party shall assign to the Operating Partnership (or its designee) their respective right, title and interest in and to all of such Manager Party's intellectual property then owned by or registered in the name of such Manager Party, including, without limitation, all trade names, and trademarks associated with such Manager Party, the Properties and/or the Deferred Management Properties. The Operating Partnership (or its designee) may thereafter enter into a new Facilities Portfolio Management Agreement and related NSA Asset Management Agreements with any other Person.

ARTICLE 5

ANNUAL FCCR ASSESSMENT; FINANCIAL REPORTING OBLIGATIONS

5.1 Annual FCCR Assessment

(a) The Operating Partnership, on behalf of Owner, will annually assess Actual FCCR, measured from the first day of the applicable calendar year through and including the last day of such calendar year, on or before January 31st of the following calendar year (the "Annual FCCR Assessment").

(b) In the event that the Annual FCCR Assessment discloses Actual FCCR in respect of any calendar year to be less than the Compliance FCCR, the Operating Partnership, on behalf of Owner, shall have the right, in its sole and absolute discretion, to direct Manager to take any and all remedial actions specified by the Operating Partnership in order to improve the performance of the Properties and the Deferred Management Properties, which direction may be given on a property-by-property basis. Manager shall promptly and in good faith take all such actions as directed by the Operating Partnership.

(c) The Operating Partnership shall have the right, in its sole and absolute discretion, to terminate this Agreement by written notice to the Parties, which notice shall specify the proposed termination date, if (i) Actual FCCR remains below the Compliance FCCR each year for more than two (2) consecutive calendar years or (ii) the Stable Cash Flow for any calendar year falls below a level that will enable the Operating Partnership to fund during such calendar year an amount equal to the sum of (x) the Facilities Portfolio Capital Contribution Return; (y) the aggregate amount of annual debt service payments allocated to the Properties and the Deferred Management Properties by the Operating Partnership (as contemplated by the Operating Partnership's LPA) during such calendar year; and (z) the aggregate amount of the general and administrative costs allocated by the Operating Partnership (as contemplated by the Operating Partnership's LPA) during such calendar year to the Properties and the Deferred Management Properties, which shall for purposes of this calculation be capped at one-quarter percent (0.25%) of the aggregate invested capital (including debt and equity) allocated to the Properties and the Deferred

Management Properties as determined by the Operating Partnership (the circumstances described in clauses (i) and (ii) of this sentence are each referred to herein as "FCCR Non-Compliance").

5.2 Financial Reporting Obligations. In the event that Manager fails to comply with its financial reporting obligations or other obligations pursuant to Article 4 and Section 8.6 of any NSA Asset Management Agreement, or with any similar obligations pursuant to any other asset or property management agreement with respect to any of the Deferred Management Properties, the Operating Partnership, on behalf of Owner, shall have the right, in its sole and absolute discretion, to take any and all remedial actions, or to direct Manager to take any and all remedial actions, as the Operating Partnership deems appropriate, which action or direction may be taken or given on a Property-by-Property basis, and in all cases at the sole expense of Manager. Manager shall promptly and in good faith take all such actions as directed by the Operating Partnership.

ARTICLE 6

MANAGER RETIREMENT; RESTRICTION ON MANAGER TRANSFERS

6.1 Manager Retirement Event.

(a) Each of the following events occurring during the Term shall be deemed a "Retirement Event" hereunder: (i) at any time following the date that is (x) two (2) years after the date of the initial public offering of the REIT under the Securities Act of 1933, as amended (the "Initial Public Offering"), or (y) in the event that Manager and/or any of its Affiliates did not contribute any self-storage and/or mini-warehouse facilities or any interest therein (or any ownership interest in any entities holding an interest in any self-storage and/or mini-warehouse facilities) to the Operating Partnership (or any subsidiary thereof) prior to the Initial Public Offering, two (2) years after the date (the "Initial Contribution Date") on which Manager and/or any of its Affiliates first contributed one or more self-storage and/or mini-warehouse facilities or any interest therein (or any ownership interest in any entities holding an interest in any self-storage and/or mini-warehouse facilities) to the Operating Partnership (or any subsidiary thereof), if Manager shall provide at least one hundred eighty (180) days' prior written notice to Owner pursuant to Article 7 hereof, of its desire to terminate this Agreement, which notice shall specify the proposed termination date, or (ii) at any time during the Term, any Key Person dies or is otherwise legally incapacitated and (x) the remaining Key Persons (if any) and/or any Key Persons approved in accordance with Section 2.4(a) cease to own at least fifty percent (50%) of the aggregate outstanding Class B OP Units or (y) the remaining Key Persons (if any) and/or any Key Persons approved in accordance with Section 2.4(a) cease to own at least fifty percent (50%) of Manager, and in the case of either (x) or (y), such failure continues for one hundred eighty (180) days thereafter. The first to occur of (A) the date of Manager's proposed termination date pursuant to clause (i) above, and (B) the date on which any of the events set forth in clause (ii) above occurs, shall be referred to herein as the "Retirement Trigger Date". If a Retirement Trigger Date occurs, then:

(i) within fifteen (15) days of the Retirement Trigger Date, each Manager Party (by the Operating Partnership on behalf of such Manager Party pursuant to the power of attorney set forth in Section 9.2 hereof), as applicable, and the Operating Partnership (or its designee) shall execute an assignment and assumption agreement in substantially the form attached hereto as Exhibit E, pursuant to which each such Manager Party shall assign their respective right, title and interest in and to (a) this Agreement, (b) each of the NSA Asset Management Agreements in effect as of the Retirement Trigger Date, and (c) all of such Manager Party's intellectual property then owned by or registered in the name of such

Manager Party, including, without limitation, all trade names, and trademarks associated with such Manager Party, the Properties and/or the Deferred Management Properties; and

(ii) within fifteen (15) days after the determination of the Retirement Fee in accordance with Section 6.1(b) and 6.1(c) below, the Operating Partnership shall pay to the Key Persons (or their respective designees), pro rata with their respective ownership interest in the Manager, an amount (the "Retirement Fee") equal to (x) the annual Normalized EBITDA of the Properties and the Deferred Management Properties (based on Manager's financial statements for the management of the Properties and the Deferred Management Properties for the applicable years) averaged over the eight (8) calendar quarters occurring immediately prior to the Retirement Trigger Date, as reasonably determined by the Operating Partnership (or if the Retirement Trigger Date occurs less than eight (8) calendar quarters following the later of (A) the Initial Public Offering and (B) the Initial Contribution Date, the annualized Normalized EBITDA of the Properties and the Deferred Management Properties (based on Manager's financial statements for the management of the Properties and the Deferred Management Properties for any applicable full calendar year (or any annualized partial calendar year) averaged over such annualized eight (8) calendar quarter period, as reasonably determined by the Operating Partnership), multiplied by (y) four (4).

(b) Within thirty (30) days of the Retirement Trigger Date, the Operating Partnership shall provide the Manager Parties written notice setting forth its determination of the Retirement Fee and a reasonably detailed description of its calculation thereof. If Manager disagrees with the Operating Partnership's calculation of the Retirement Fee and the Operating Partnership and Manager are unable to reach an agreement as to the Retirement Fee within ten (10) days of the date of Operating Partnership's initial notice, then Manager shall independently make its own determination of the Retirement Fee within forty-five (45) days of the date of Operating Partnership's initial notice and submit such determination to the Operating Partnership. If Manager fails to timely object to the Operating Partnership's determination of the Retirement Fee in accordance with the preceding sentence, then the Operating Partnership's determination shall be deemed to be the Retirement Fee. If Manager has timely submitted its determination and the difference between the Operating Partnership's determination and Manager's determination does not exceed ten percent (10%) of the lower of such determinations, then the Retirement Fee shall be an amount equal to the average of both determinations. If the difference between the amounts of such determinations exceeds ten percent (10%) of the lower of such amounts, then the Operating Partnership and Manager shall jointly appoint a certified public accountant who is independent and unaffiliated with the Parties with at least ten (10) years of experience valuing businesses similar to the business of the Manager (an "Approved Accountant") within fifteen (15) days after the determinations have been exchanged by the Operating Partnership and Manager. If the Operating Partnership and Manager fail to appoint an Approved Accountant during such fifteen (15) day period, then either Party may request the American Arbitration Association or any successor organization thereto to appoint the Approved Accountant within fifteen (15) days after such request. If no such Approved Accountant shall have been appointed within such fifteen (15) day period, then the Operating Partnership and Manager may apply to any court having jurisdiction to have such appointment made by such court. The Approved Accountant shall, within ten (10) Business Days after receipt of the determinations of the Retirement Fee prepared by each of the Operating Partnership and Manager, be empowered only to select as the proper amount of the Retirement Fee whichever of the two determinations the Approved Accountant believes is the more accurate determination of the Retirement Fee. Without limiting the generality of the foregoing, in rendering its decision, the Approved Accountant shall not add to, subtract from or otherwise modify the provisions of this Agreement or the determinations provided by the Operating Partnership and Manager. The decision of the Approved Accountant shall be final and binding on the Parties. For the avoidance of doubt, in the event of a dispute pursuant to this Section 6.1(b), the non-prevailing Party shall reimburse the prevailing Party a reasonable sum for attorneys' fees actually

incurred in connection with such dispute and the resolution thereof; provided, however, that the cost of the Approved Accountant shall be shared equally by the parties.

(c) The Retirement Fee will be paid to Manager in Class A common units of limited partnership interest in the Operating Partnership ("Class A OP Units"). The number of Class A OP Units to which the Key Persons (or their respective designees) would be entitled pursuant to this Section 6.1(c) will be equal to (i) the Retirement Fee divided by (ii) the Value of a REIT Common Share as of the Retirement Trigger Date (rounded up to the next whole number of Class A OP Units in the event that the calculation of Class A OP Units equivalent to the Retirement Fee yields any fractional amount of Class A OP Units). Upon a Retirement Trigger Date, the Manager Parties and each of their respective Affiliates shall, subject to the terms and conditions set forth in the applicable Partnership Unit Designation, convert all of their Series PM Class B common units of limited partnership interest in the Operating Partnership ("Class B OP Units") into Class A OP Units in accordance with the Partnership Unit Designation relating to the Class B OP Units.

ARTICLE 7

NOTICES

All notices, requests, demands and other communications required to or permitted to be given to any Party under this Agreement shall be in writing, sent to the address or facsimile number set forth beneath its respective signature hereto, or to such other address or facsimile number as any such Party may designate as its new address for such purpose by notice given to the other Parties in accordance with the provisions of this Article 7, and shall be conclusively deemed to have been duly given (a) upon delivery if delivered by hand; (b) five (5) days after the same have been deposited in a United States post office via certified mail/return receipt requested; (c) the next Business Day after same have been deposited with a national overnight delivery service (e.g., Federal Express); or (d) when delivered by facsimile to the Parties.

ARTICLE 8

EXCLUSIVITY; NON-COMPETE; NON-SOLICITATION; ACQUISITION PIPELINE

8.1 Exclusivity.

(a) In the event that the Operating Partnership, or any entity Controlled (whether directly or indirectly) by the Operating Partnership, as the case may be, enters into a purchase contract, contribution agreement, term sheet or offer for a ground lease, installment sales agreement or the like (any of the foregoing, a "Purchase Contract") contemplating the direct or indirect acquisition or Long-Term Lease of any After-Acquired Property located within the Covered Territory (including, without limitation, Controlled Properties and Non-Controlled Properties), the Operating Partnership shall provide written notice thereof (a "Management Opportunity Notice") to each Manager Party, which notice shall (i) reasonably identify the After-Acquired Property, (ii) identify the anticipated closing date or lease execution date, as applicable, under the applicable Purchase Contract (the "Purchase Closing Date"), (iii) identify each of (w) the purchase price or aggregate base rent during the lease term, as applicable, payable by the Operating Partnership (or the entity Controlled by the Operating Partnership, as the case may be) pursuant to the applicable Purchase Contract (the "Purchase Price"), (x) the amount and terms of any assumed debt being applied to the Purchase Price, (y) the terms and pro rata allocation of any other debt being applied to the Purchase Price, (z) the number of Class B OP Units that are, in the aggregate, determined by the Operating Partnership in its sole but reasonable discretion to be of equivalent value to such Purchase Price, and (iv) offer Manager the opportunity (subject to Manager's compliance with its

obligations under this Section 8.1, including, without limitation, payment of the Required Capital Contribution) to manage the After-Acquired Property.

(b) Prior to the earlier of (i) fifteen (15) days following Manager's receipt of a Management Opportunity Notice pursuant to Section 8.1(a) or Section 8.1(f), as the case may be, and (ii) ten (10) days prior to the Purchase Closing Date set forth therein, Manager shall, at its option, provide the Operating Partnership with written notice of either (x) its election to manage the After-Acquired Property described in such Management Opportunity Notice pursuant to and in accordance with the terms of this Agreement and pursuant to an NSA Asset Management Agreement for the After-Acquired Property (a "Manager Confirmation Notice") or (y) its election to not manage such After-Acquired Property (a "Manager Rejection Notice"). The failure by Manager to timely provide written notice to the Operating Partnership pursuant to the preceding sentence shall be deemed an election by Manager not manage such After-Acquired Property.

(c) If Manager timely provides a Manager Confirmation Notice pursuant to Section 8.1(b), then, upon the applicable Purchase Closing Date, provided that this Agreement is still in effect:

(i) Manager and/or one or more of the Key Persons shall make the Required Capital Contribution to the Operating Partnership;

(ii) provided that Manager has fully performed its obligations pursuant to clause (i) above, the Operating Partnership shall transfer to the Key Person or Key Persons, pro rata with their respective Required Capital Contribution, the number of Class B OP Units set forth in the applicable Management Opportunity Notice; and

(iii) (A) the Operating Partnership shall amend, without any further action by any other Party, Exhibit B-1 to include such After-Acquired Property, (B) if not already a Party hereto, the entity owning or holding a direct interest in such After-Acquired Property shall be deemed to be a Party to this Agreement, as an "Owner", (C) the defined term "Owner" shall be deemed to include the entity owning or holding a direct interest in such After-Acquired Property, (D) the defined term "Properties" shall be deemed to include such After-Acquired Property, and (E) Manager shall be deemed to have entered into an NSA Asset Management Agreement for such After-Acquired Property with the Operating Partnership and the entity owning or holding a direct interest in such After-Acquired Property, by the Operating Partnership on behalf of Manager pursuant the power of attorney set forth in Section 9.2 hereof.

(d) Upon receipt by the Operating Partnership of a Manager Rejection Notice or upon Manager's failure to timely comply with its obligations pursuant to this Section 8.1, Manager shall have no further rights with respect to the After-Acquired Property described in the relevant Management Opportunity Notice, and the Operating Partnership shall be free to enter into an alternative management arrangement with any other property manager.

(e) The obligation of the Operating Partnership to provide any Management Opportunity Notice to Manager, and the rights of Manager pursuant to Section 8.1(a) hereof, shall terminate and be of no further force and effect from and after the occurrence of any of the following: (i) if any of the Manager Parties is in default of any of their respective obligations under this Agreement, (ii) upon the expiration or earlier termination of this Agreement, (iii) upon any FCCR Non-Compliance, (iv) at any time on or after a Retirement Trigger Date, or (v) if the Manager Parties fail to meet at least seventy-five percent (75%) of their aggregate property acquisition targets, as set forth in the Operating Partnership's operating budgets during the immediately preceding three (3) year period, tested on an annual basis.

(f) Notwithstanding anything to the contrary in this Section 8.1, if the opportunity to purchase any After-Acquired Property within the Shared Territory is first brought to the Operating Partnership by any Person which is not a Manager Party under this Agreement, then (i) if such Person has rights under another Facilities Portfolio Management Agreement with respect to the portion of the Shared Territory in which the applicable After-Acquired Property is located, the Operating Partnership shall provide a Management Opportunity Notice with respect to such After-Acquired Property to such other Person, or (ii) if such Person does not have rights under another Facilities Portfolio Management Agreement with respect to the portion of the Shared Territory in which the applicable After-Acquired Property is located (any such Person, a "Sharing PRO"), the Operating Partnership shall provide a Management Opportunity Notice with respect to such After-Acquired Property to Manager or to any Sharing PRO (which determination shall be made at the discretion of the Operating Partnership), and in either such case, the Operating Partnership shall be free to enter into an asset management arrangement with the Manager or any such Sharing PRO, as the case may be, in substantially the form of an NSA Asset Management Agreement with respect to the applicable After-Acquired Property. In the case of clause (ii) above, if the Operating Partnership elects to deliver a Management Opportunity Notice to a Sharing PRO, and such Sharing PRO delivers a Management Rejection Notice (as defined in the Facilities Portfolio Management Agreement to which such Sharing PRO is a party) or fails to act within the prescribed period under the Facilities Portfolio Management Agreement to which such Sharing PRO is a party, then the provisions of clause (ii) above shall again apply until the earlier of (x) such time as Manager has delivered a Management Rejection Notice or fails to act within the prescribed period hereunder and each Sharing PRO has delivered a Management Rejection Notice (as defined in the Facilities Portfolio Management Agreement to which such Sharing PRO is a party) or fails to act within the prescribed period under the Facilities Portfolio Management Agreement to which such Sharing PRO is a party, or (y) the date on which any of the foregoing have delivered a Manager Confirmation Notice (as defined hereunder or in the applicable Facilities Portfolio Management Agreement, as the case may be) in accordance with the terms hereof or of the applicable Facilities Portfolio Management Agreement, as the case may be.

(g) In the event that additional properties (including, without limitation, Deferred Management Properties and/or After-Acquired Properties) become subject to this Agreement in accordance with the terms hereof, Manager may apply to the Operating Partnership for an adjustment to MCFCCR no more than once per year. Any such adjustments shall be made in accordance with the Operating Partnership's FCCR Matrix in place at the time of the request.

8.2 Non-Compete. Except as provided herein, from and after the Effective Date, each of the Manager Parties shall not, and it shall cause its Affiliates to not, enter into any new agreements or arrangements for the management of self-storage and/or mini-warehouse facilities within any Covered Territory (as such term is defined both herein and in each other Facilities Portfolio Management Agreement) without the Operating Partnership's prior written consent, which consent may be withheld in the Operating Partnership's sole and absolute discretion. The provisions of this Section 8.2 shall survive the expiration or earlier termination of this Agreement for a period of three (3) years.

8.3 Non-Solicitation. Upon the termination or earlier expiration of this Agreement, no Manager Party, shall, individually or through an agent, directly or indirectly, as a proprietor, investor, director, officer, employee, substantial stockholder, consultant, partner, member or Affiliate: (a) solicit any customer or tenant of the Operating Partnership or any of its subsidiaries and/or Affiliates for products or services that are competitive with the business of the Operating Partnership and/or any of its subsidiaries and/or Affiliates (provided that the foregoing shall not prohibit non-targeted mass-mailings) or (b) offer employment to or hire any person who is, or has been at any time during the twelve (12) months immediately preceding expiration or earlier termination of this Agreement, employed by the Operating Partnership or any of its

subsidiaries and/or Affiliates. The provisions of this Section 8.3 shall survive the expiration or earlier termination of this Agreement for a period of eighteen (18) months.

8.4 Controlled Properties Option.

(a) (i) Each Manager Party hereby covenants that, from and after the Effective Date, such Manager Party shall not (A) cause or permit a voluntary sale, conveyance, assignment, grant of any options with respect to, or any other transfer or disposition of (directly or indirectly, and whether or not for consideration or of record) any Controlled Property, any legal or beneficial interest therein, or any part thereof (any such transaction, a "Controlled Property Transaction") or (B) solicit, initiate, cause or facilitate the making of (or engage in or otherwise participate in discussions or negotiations with any Person with respect to) any inquiry, proposal or offer that constitutes or would reasonably be expected to lead to any Controlled Property Transaction, without first delivering written notice (each, a "Controlled Property Notice") to the Operating Partnership of such anticipated Controlled Property Transaction, which Controlled Property Notice shall (i) be given no less than the earlier of (x) forty-five (45) days prior to the date on which such Controlled Property Transaction is scheduled to close and (y) within five (5) Business Days of the date any Manager Party has knowledge of or has determined that it desires to enter into an anticipated Controlled Property Transaction, and (ii) offer such Controlled Property for sale to the Operating Partnership pursuant to the terms of and for a purchase price determined in accordance with this Section 8.4, the terms of any third-party offer with respect to such Controlled Property notwithstanding. In addition, no less than forty-five (45) days prior to the scheduled payoff date for any outstanding indebtedness encumbering a Controlled Property, such Manager Party will deliver a written notice (a "Debt Maturity Notice") to the Operating Partnership, which Debt Maturity Notice shall indicate (i) the date of such scheduled payoff date, (ii) the weighted average monthly Economic Occupancy of such Controlled Property based on the twelve (12) month period prior to the date of the Debt Maturity Notice (or, if such Controlled Property has not been open for business during the twelve (12) month period prior to the date of the Debt Maturity Notice, for the longest number of months prior to the date of the Debt Maturity Notice for which such information is reasonably available), and (iii) the weighted average daily Physical Occupancy of such Controlled Property for the thirty (30) day period prior to the date of the Debt Maturity Notice. If the Operating Partnership determines that the applicable Controlled Properties have both Economic Occupancy and Physical Occupancy consistent with or exceeding local market levels for self-storage and/or mini-warehouse facilities for such periods, then the Operating Partnership shall so notify the applicable Manager Parties pursuant to a written notice in accordance with the provisions of Section 8.4(b) below.

(ii) In addition, no less than forty-five (45) days after the end of each calendar year, such Manager Party will deliver a written notice (an "Occupancy Report") to the Operating Partnership with respect to any Controlled Property which is not encumbered by any outstanding indebtedness, which Occupancy Report shall indicate (i) the weighted average monthly Economic Occupancy of such Controlled Property based on the twelve (12) month period prior to the end of such calendar year (or, if such Controlled Property has not been open for business during the twelve (12) month period prior to the date of the Occupancy Report, for the longest number of months prior to the date of the Occupancy Report for which such information is reasonably available), and (ii) the weighted average daily Physical Occupancy of such Controlled Property for the thirty (30) day period prior to the date of the Occupancy Report. If the Operating Partnership determines that the applicable Controlled Properties have both Economic Occupancy and Physical Occupancy consistent with or exceeding local market levels for self-storage and/or mini-warehouse facilities for such periods, then the Operating Partnership shall so notify the applicable Manager Parties pursuant to a written notice in accordance with the provisions of Section 8.4(b) below.

(b) Within five (5) days of receipt of a Controlled Property Notice, if and to the extent required pursuant to Section 8.4(a)(i) above, a Debt Maturity Notice, or, at the option of the Operating Partnership, any Occupancy Report, the Operating Partnership shall provide the Manager Parties with a written notice specifying (i) the Operating Partnership's determination of the value of the applicable Controlled Property as determined in accordance with the Cap Rate Matrix (the "Controlled Property Purchase Price"), together with a reasonably detailed description of its calculation thereof, and (ii) the number of Class A OP Units and Class B OP Units determined by the Operating Partnership in its sole discretion to be of equivalent value to the equity component of such Controlled Property Purchase Price. If the Manager Parties disagree with the Operating Partnership's determination of the Controlled Property Purchase Price for the applicable Controlled Property, it shall so notify the Operating Partnership in writing within two (2) days of receipt of the Operating Partnership's initial notice. If the Operating Partnership and the Manager Parties are unable to reach an agreement as to the Controlled Property Purchase Price within five (5) days of the date of Operating Partnership's initial notice, then the Operating Partnership and the Manager Parties shall jointly appoint a certified real estate appraiser who is independent and unaffiliated with the Parties with at least ten (10) years of experience appraising commercial real estate similar to the applicable Controlled Property (an "Appraiser") to independently prepare its own determination of the purchase price for the applicable Controlled Property in accordance with the Cap Rate Matrix. If the Operating Partnership and the Manager Parties fail to appoint an Appraiser during such five (5) day period, then either such Party may request the American Arbitration Association or any successor organization thereto to appoint the Appraiser within ten (10) days after such request. If no such Appraiser shall have been appointed within such ten (10) day period, then the Operating Partnership and the Manager Parties may apply to any court having jurisdiction to have such appointment made by such court. The Appraiser shall, within ten (10) Business Days after being appointed in accordance with this Section 8.4(b), submit its determination of the purchase price for the applicable Controlled Property, which determination shall be prepared on the basis of a "one-off" sale of the Controlled Property in exchange for immediately available funds. If the Manager Parties timely object to the Operating Partnership's initial determination and the difference between the higher amount of the Operating Partnership's determination and the Appraiser's determination does not exceed two percent (2%) of the Operating Partnership's determination, then the Operating Partnership's determination shall be deemed to be the Controlled Property Purchase Price for the applicable Controlled Property. If the Manager Parties have timely objected to the Operating Partnership's initial determination and the difference between the Manager Parties' determination and the Appraiser's determination exceeds two percent (2%) of the Operating Partnership's determination, then the Appraiser's determination shall be deemed to be the Controlled Property Purchase Price for the applicable Controlled Property. For the avoidance of doubt, in the event of any dispute pursuant to this Section 8.4(b), the non-prevailing Party shall reimburse the prevailing Party a reasonable sum for attorneys' fees actually incurred in connection with such dispute and the resolution thereof; provided, however, that the cost of the Appraiser shall be shared equally by the parties.

(c) At any time within thirty (30) days of the final determination of the Controlled Property Purchase Price in accordance with Section 8.4(b), the Operating Partnership (or its designee) shall have the option, in its sole and absolute discretion, to acquire such Controlled Property (or all of the applicable Manager Party's interest therein) for an amount equal to the applicable Controlled Property Purchase Price, as finally determined in accordance with Section 8.4(b). Such option shall be exercisable by written notice to each Manager Party during such thirty (30) day period, which written notice shall specify (i) the Controlled Property Purchase Price, as finally determined in accordance with Section 8.4(b) and (ii) the number of Class A OP Units and Class B OP Units to be issued in connection with the acquisition of the applicable Controlled Property. If the Operating Partnership fails to timely exercise such option, it shall have no further rights with respect to the applicable Controlled Property, and the Manager Parties shall be free to enter into any Controlled Property Transaction with respect to such Controlled Property, without further obligation to comply with the provisions of this Section 8.4 for the applicable Controlled Property.

8.5 Non-Controlled Properties. Promptly following the date on which any Manager Party becomes aware that holders of a Controlling interest in any Non-Controlled Property desire to enter into a voluntary sale, conveyance, assignment, grant of any options with respect to, or any other transfer or disposition (directly or indirectly, and whether or not for consideration or of record) of any Non-Controlled Property or any legal or beneficial interest in any such Non-Controlled Property (but excluding any new mortgage financing or refinancing of a Non-Controlled Property) (any such transaction, a "Non-Controlled Property Transaction"), such Manager Party shall provide written notice thereof to the Operating Partnership, which notice shall specify the anticipated closing date (if known) of the applicable Non-Controlled Property Transaction. If, within thirty (30) days of receipt of such notice (but in any case, prior to the anticipated closing date set forth in the Manager Party's notice), the Operating Partnership provides written notice to each Manager Party of its desire to purchase the applicable Non-Controlled Property, the Manager Parties shall use commercially reasonable good faith efforts to facilitate an offer by the Operating Partnership to the holders of the Controlling interest in the applicable Non-Controlled Property to purchase such property or any interest therein, as the case may be.

8.6 Restrictions on Future Acquisitions by the Manager Parties. No Manager Party shall enter into any Purchase Contract pursuant to which such Manager Party shall agree to acquire an interest of any kind (whether directly or indirectly) in any self-storage and/or mini-warehouse facility or in any Person owning or holding an interest therein, without first offering such opportunity to the Operating Partnership on the same terms that such interest was offered to the applicable Manager Party. In the event that the Operating Partnership declines to purchase such interest or fails to respond to the applicable Manager Party within ten (10) Business Days following receipt of such offer, the Manager Party shall be free to enter into such Purchase Contract on the same terms offered to the Operating Partnership for the immediately succeeding ninety (90) day period.

ARTICLE 9

MISCELLANEOUS

9.1 Remedies. If any of the conditions set forth in this Agreement are not satisfied in accordance with the terms hereof, each Party shall have the right to pursue any remedy at law or in equity, including, without limitation, specific performance, injunction or otherwise.

9.2 Power of Attorney. Each Manager Party hereby irrevocably constitutes and appoints the Operating Partnership and its successors and assigns, with full power of substitution, the true and lawful attorney in fact for such Manager Party, and in the name, place and stead of such Manager Party, to make, execute, sign, acknowledge, swear to and/or deliver (i) an NSA Asset Management Agreement (x) for each Deferred Management Property upon the applicable Loan Satisfaction Date for such Deferred Management Property pursuant to Section 2.3 above, and (y) for each After-Acquired Property pursuant to Section 8.1(c) above, and (ii) any documents necessary to consummate such Manager Party's obligations pursuant to Section 4.7 and Section 6.1(a)(i) hereof. The power of attorney hereby granted shall be deemed to be coupled with an interest and shall be irrevocable and survive the Term of this Agreement and not be affected by the subsequent insolvency of any Manager Party.

9.3 Assignment. Except as otherwise provided herein, no Manager Party may assign its interest in this Agreement or delegate its duties hereunder without the prior written consent of the Operating Partnership, which consent may be withheld in the Operating Partnership's sole and absolute discretion.

9.4 Entire Agreement; Modification. This Agreement and any agreement, document or instrument referred to herein constitute the entire agreement between the Parties pertaining to the subject matter contained herein and therein and supersede all prior and contemporaneous agreements, representations and understandings of the Parties with respect to such matters. Notwithstanding anything herein or in the NSA Asset Management Agreements to the contrary, in the event of a conflict between any of the terms and provisions of this Agreement and any of the terms and provisions of the NSA Asset Management Agreements, the terms and provisions of this Agreement shall control. This Agreement may be amended (i) by a writing signed by the Parties, (ii) at any time prior to the Initial Public Offering, by a writing executed unilaterally by the Operating Partnership but with notice to Manager, provided (1) that such amendments are intended to conform this Agreement to the terms and conditions of the other Facilities Portfolio Management Agreements and that the Operating Partnership and/or its Affiliates are adopting new Facilities Portfolio Management Agreements or making substantially similar amendments or amendments with substantially similar effects to existing Facilities Portfolio Management Agreements and (2) the amendment has been approved by the board of trustees (or equivalent body) of National Storage Associates Holdings, LLC or the REIT, or (iii) by a writing executed unilaterally by the Operating Partnership to reflect modifications to Exhibits B-1 and/or B-2 as provided herein.

9.5 Governing Law; Venue. This Agreement shall be governed by and construed in accordance with the internal laws of the State of New York without regard to the conflicts of law provisions and principles thereof. Notwithstanding any provision of this Agreement to the contrary, the Parties hereby agree that in the event of any court proceeding or action to enforce the provisions of this Agreement, venue for such proceeding or action shall be proper, and the Parties consent to venue for all actions under this Agreement, in the United States District Court for the Southern District of New York, and each Party hereby irrevocably accepts and submits to the exclusive jurisdiction of such court with respect to any such action, suit or proceeding.

9.6 INDEMNIFICATION BY MANAGER PARTIES. THE MANAGER PARTIES SHALL JOINTLY AND SEVERALLY INDEMNIFY, DEFEND AND HOLD OWNER, THE OPERATING PARTNERSHIP AND THEIR RESPECTIVE DIRECT AND INDIRECT MEMBERS, PARTNERS, DIRECTORS, SHAREHOLDERS, OFFICERS, MANAGERS, AGENTS, EMPLOYEES AND AFFILIATES (COLLECTIVELY, THE " NSA INDEMNITEES") HARMLESS FROM ANY AND ALL CLAIMS, DEMANDS, CAUSES OF ACTION, LOSSES, DAMAGES, FINES, PENALTIES, LIABILITIES, COSTS AND EXPENSES, INCLUDING REASONABLE ATTORNEYS' FEES AND COURT COSTS, SUSTAINED OR INCURRED BY OR ASSERTED AGAINST ANY OF THE NSA INDEMNITEES BY REASON OF THE ACTS OF ANY MANAGER PARTY OR ANY OF ITS DIRECT AND INDIRECT MEMBERS, PARTNERS, DIRECTORS, SHAREHOLDERS, OFFICERS, MANAGERS, AGENTS, EMPLOYEES AND AFFILIATES, WHICH ARISE OUT OF THEIR RESPECTIVE GROSS NEGLIGENCE, WILLFUL MISCONDUCT, BAD FAITH, FRAUD, INTENTIONAL VIOLATION OF LAW OR WILLFUL BREACH OF THIS AGREEMENT. IF ANY PERSON MAKES A CLAIM OR INSTITUTES A SUIT AGAINST ANY OF THE NSA INDEMNITEES ON A MATTER FOR WHICH SUCH NSA INDEMNITEE CLAIMS THE BENEFIT OF THE FOREGOING INDEMNIFICATION, THEN: (A) THE APPLICABLE NSA INDEMNITEE SHALL GIVE THE APPLICABLE MANAGER PARTY PROMPT NOTICE THEREOF IN WRITING; (B) THE APPLICABLE MANAGER PARTY MAY DEFEND SUCH CLAIM OR ACTION BY COUNSEL OF ITS OWN CHOOSING PROVIDED SUCH COUNSEL IS REASONABLY SATISFACTORY TO SUCH NSA INDEMNITEE; (C) NEITHER OWNER, THE OPERATING PARTNERSHIP OR THE APPLICABLE NSA INDEMNITEE ON THE ONE HAND, NOR THE APPLICABLE MANAGER PARTY (OR THEIR RESPECTIVE MEMBERS, PARTNERS, DIRECTORS, SHAREHOLDERS, OFFICERS, MANAGERS, AGENTS, EMPLOYEES OR AFFILIATES, AS THE CASE MAY BE) ON THE OTHER HAND, SHALL

SETTLE ANY CLAIM WITHOUT THE OTHER'S WRITTEN CONSENT; AND (D) THIS SECTION 9.6 SHALL NOT BE SO CONSTRUED AS TO RELEASE OWNER, THE OPERATING PARTNERSHIP OR MANAGER FROM ANY LIABILITY TO THE OTHER FOR A WILLFUL BREACH OF ANY OF THE COVENANTS AGREED TO BE PERFORMED UNDER THE TERMS OF THIS AGREEMENT.

9.7 Severability. If any term or provision of this Agreement is determined to be illegal, unenforceable or invalid, in whole or in part for any reason, such illegal, unenforceable or invalid provision or part thereof shall be stricken from this Agreement and such provision shall not affect the legality, enforceability or validity of the remainder of this Agreement. If any provision or part thereof of this Agreement is stricken in accordance with the provisions of this Section 9.7, then such stricken provision shall be replaced, to the extent possible, with a legal, enforceable and valid provision that is as similar in tenor to the stricken provision as is legally possible.

9.8 No Waiver. The failure by any Party to insist upon the strict performance of, or to seek remedy of, any one of the terms or conditions of this Agreement or to exercise any right, remedy or election set forth herein or permitted by law shall not constitute or be construed as a waiver or relinquishment for the future of such term, condition, right, remedy or election, but such item shall continue and remain in full force and effect. All rights or remedies of the Parties specified in this Agreement and all other rights or remedies that they may have at law, in equity or otherwise shall be distinct, separate and cumulative rights or remedies, and no one of them, whether exercised or not, shall be deemed to be in exclusion of any other right or remedy of the Parties.

9.9 Binding Effect. This Agreement shall be binding upon and shall inure to the benefit of the Parties hereto and their respective heirs, executors, administrators, successors and assigns.

9.10 Enforcement of Manager's Rights. In the enforcement of its rights under this Agreement, Manager shall not seek or obtain a money judgment or any other right or remedy against any stockholders, partners, members or disclosed or undisclosed principals of Owner, the Operating Partnership and/or their respective Affiliates.

9.11 Attorneys' Fees. In any action or proceeding between the Parties arising from or relating to this Agreement or the enforcement or interpretation hereof, the non-prevailing Party shall pay to the prevailing Party a reasonable sum for attorneys' fees incurred in bringing such suit and/or enforcing any judgment granted therein, all of which shall be deemed to have accrued upon the commencement of such action and shall be paid whether or not such action is prosecuted to judgment. Any judgment or order entered in such action shall contain a specific provision providing for the recovery of attorneys' fees and costs incurred in enforcing such judgment.

9.12 Headings. All headings are only for convenience and ease of reference and are irrelevant to the construction or interpretation of any provision of this Agreement.

9.13 Further Assurances. Each Party hereto agrees to execute, with acknowledgment and affidavit if required, any and all documents and to take all actions that may be reasonably required in furtherance of the provisions of this Agreement.

9.14 Counterparts; Facsimiles. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original (including copies sent to a Party by facsimile transmission or e-mail) as against the Party signing such counterpart, but which together shall constitute one and the same instrument. Signatures transmitted via facsimile, or PDF format through electronic mail ("e-mail"), shall be considered authentic and binding.

[SIGNATURES ON FOLLOWING PAGES]

IN WITNESS WHEREOF, this Agreement has been executed as of the date set forth above.

MANAGER:

SHADER BROTHERS CORPORATION,
a Florida corporation

By: /s/ Marc M. Smith
Name: Marc M. Smith
Title: President

Address for Manager:

c/o Personal Mini Storage
6327 Edgewater Drive
Orlando, FL 32810
Fax: (407) 578-0400

KEY PERSONS:

/s/ Marc M. Smith
Marc M. Smith, individually

/s/ Laurie Shader Smith
Laurie Shader Smith, individually

Address for Marc M. Smith and Laurie Shader Smith:

c/o Personal Mini Storage
6327 Edgewater Drive
Orlando, FL 32810
Fax: (407) 578-0400

[SIGNATURES CONTINUE ON NEXT PAGE]

*[Signature Page to Facilities Portfolio
Management Agreement]*

OPERATING PARTNERSHIP:

NSA OP, LP,
a Delaware limited partnership

By: National Storage Affiliates Trust,
its general partner

By: /s/ Tamara D. Fischer
Name: Tamara D. Fischer
Title: Authorized Person

Address for the Operating Partnership:
c/o National Storage Affiliates
5200 DTC Parkway, Suite 200
Greenwood Village, CO 80111
Fax: 720-630-2626

[SIGNATURES CONTINUE ON NEXT PAGE]

*[Signature Page to Facilities Portfolio
Management Agreement]*

OWNERS:

Square Foot Sprint Hill, LLC,
an Ohio limited liability company

By: /s/ Tamara D. Fischer
Name: Tamara D. Fischer
Title: Authorized Person

NSA Property Holdings, LLC,
a Delaware limited liability company

By: /s/ Tamara D. Fischer
Name: Tamara D. Fischer
Title: Authorized Person

Address for all Owners:
c/o National Storage Affiliates
5200 DTC Parkway, Suite 200
Greenwood Village, CO 80111
Fax: 720-630-2626

*[Signature Page to Facilities Portfolio
Management Agreement]*

[SIGNATURES CONTINUE ON NEXT PAGE]

*[Signature Page to Facilities Portfolio
Management Agreement]*

EXHIBIT A

"Actual FCCR" shall mean, for any calendar year, an amount equal to the aggregate Stable Cash Flow for such period, divided by the sum of (i) the Facilities Portfolio Capital Contribution Return; (ii) the aggregate amount of annual debt service payments allocated to the Properties and the Deferred Management Properties by the Operating Partnership during such period; and (iii) the aggregate amount of the general and administrative costs incurred by the Operating Partnership and allocated by the Operating Partnership to the Properties and Deferred Management Properties during such period.

"Affiliate" shall mean a Person that, directly or indirectly, through one or more intermediaries, Controls or is Controlled by, or is under common Control with, the Person specified.

"After-Acquired Property" shall mean any self-storage and/or mini-warehouse facility or interest therein acquired (whether directly or indirectly, in whole or in part) by the Operating Partnership (including, without limitation, (i) any self-storage and/or mini-warehouse facilities in which the Operating Partnership acquires (whether directly or indirectly, in whole or in part) a Long-term Leasehold Interest, and (ii) Controlled Properties and Non-Controlled Properties acquired pursuant to Sections 8.4 or 8.5 hereof, respectively) at any time after the Effective Date.

"After-Acquired Property Credit" shall have the meaning set forth in Section 3.2.

"Agreement" shall have the meaning set forth in the Preamble.

"Annual FCCR Assessment" shall have the meaning set forth in Section 5.1(a).

"Appraiser" shall have the meaning set forth in Section 8.4(b).

"Approved Accountant" shall have the meaning set forth in Section 6.1(b).

"Business Days" shall mean any day which is not a Saturday, Sunday or a day observed as a holiday by any of the State of New York, the State of Colorado and/or the federal government.

"Cap Rate Matrix" shall mean the Operating Partnership's formula for determining the capitalization rate and corresponding purchase price of a self-storage and/or mini-warehouse facility or interest therein, as applicable, as may be modified by the Operating Partnership from time to time.

"Capital Stock" shall mean, relative to any Person, any and all shares, interests (including membership or partnership interests), participations or other equivalents (however designated, whether voting or non-voting) of such Person's capital, whether now outstanding or issued after the Effective Date.

"Cash Available For Distribution" shall have the meaning set forth for such term in the applicable Partnership Unit Designation.

"Cause" shall mean any Key Persons':

(i) conviction of, or plea of *nolo contendere* to, a felony or any crime involving moral turpitude or fraud (but excluding traffic violations) that is injurious to the business or reputation of the REIT;

(ii) willful failure to perform his or her material duties under this Agreement (other than any such failure resulting from such Key Person's incapacity due to injury or physical or mental illness) which failure continues for a period of ten (10) Business Days after written demand for corrective action is delivered by the Operating Partnership specifically identifying the manner in which the Operating Partnership believes the applicable Key Person has not performed his or her duties;

(iii) conduct constituting an act of willful misconduct or gross negligence in connection with the performance of his or her duties that are injurious to the business of the Operating Partnership and/or the REIT, including, without limitation, embezzlement or the misappropriation of funds or property of the Operating Partnership, Owner or NSA TRS;

(iv) failure to adhere to the lawful directions of the Operating Partnership, which failure continues for a period of ten (10) Business Days after written demand for corrective action is delivered by the Operating Partnership;

(v) intentional and material breach of any covenant to be performed by the Key Person pursuant to this Agreement and failure to cure such breach within ten (10) days following written notice from the Operating Partnership specifying such breach; or

(vi) engaging in any other conduct which the REIT's board of trustees deems injurious to the business or reputation of the Operating Partnership and/or the REIT.

"Class A OP Units" shall have the meaning set forth in Section 6.1(c).

"Class B OP Units" shall have the meaning set forth in Section 6.1(c).

"Compliance FCCR" shall mean (x) the sum of (i) MCFCCR and (ii) 1.0, divided by (y) two (2).

"Control" shall mean the power to directly or indirectly direct the management and policies of any Person, whether through the ownership of voting securities, by contract or otherwise (and "Controlled" and "Controlling" shall have meanings correlative to the foregoing).

"Controlled Property" shall mean any self-storage and or mini-warehouse facility, other than the Properties and the Deferred Management Properties, for which any Manager Party or any of their respective Affiliates Controls the fee owner thereof or holder of a Long-term Leasehold Interest therein, as the case may be.

"Controlled Property Notice" shall have the meaning set forth in Section 8.4(a).

"Controlled Property Purchase Price" shall have the meaning set forth in Section 8.4(b).

"Covered Territory" shall mean, collectively, the Exclusive Territory, the Shared Territory and the Non-Exclusive Territory.

"Cure Period" shall have the meaning set forth in Section 4.2.

"Debt Maturity Notice" shall have the meaning set forth in Section 8.4(a).

"Defaulting Party" shall have the meaning set forth in Section 4.2.

"Deferred Management Property" and "Deferred Management Properties" shall have the meaning set forth in the Recitals.

"Deferred Management Property Credit" shall have the meaning set forth in Section 3.1.

"Deferred Management Property Owners" shall have the meaning set forth in the Recitals.

"Early Contribution Properties" shall have the meaning set forth in the Recitals.

"Economic Occupancy" shall mean the percentage occupancy of a self-storage and/or mini-warehouse facility determined by dividing (i) the aggregate amount of rent and any rent-related charges paid by tenants occupying space at such facility during the relevant period by (ii) the product obtained by multiplying (x) the then prevailing market annual rental rate for such facility on a per square foot basis by (y) the aggregate number of rentable square feet at such facility.

"Exclusive Territory" shall mean (i) the following metropolitan statistical area(s) (as designated by the Office of Management and Budget of the Executive Office of the President of the United States): Orlando-Kissimmee-Sanford, FL; and (ii) the following counties in the State of Florida: Alachua County, Citrus County, Lake County, Levy County, Marion County, Polk County and Sumter County.

"Existing Deferred Management Property Loans" shall mean the mortgage loans described on Schedule 2 hereto.

"Effective Date" shall have the meaning set forth in the Preamble.

"Existing NSA Property Management Agreements" shall have the meaning set forth in the Recitals.

"Facilities Portfolio Capital Contribution Return" shall have the meaning ascribed to the term "Class A Preferred Return" in the Operating Partnership's LPA.

"Facilities Portfolio Management Agreement" shall have the meaning set forth in the Operating Partnership's LPA. For the avoidance of doubt, this Agreement shall be deemed to be a Facilities Portfolio Management Agreement.

"FCCR Matrix" shall mean the Operating Partnership's formula for determining the facilities portfolio capital contribution return for any portfolio of self-storage and/or mini-warehouse facilities, as may be modified by the Operating Partnership from time to time.

"FCCR Non-Compliance" shall have the meaning set forth in Section 5.1(c).

"GAAP" shall mean generally accepted accounting principles applied in the United States, consistently applied.

"Initial Contribution Date" shall have the meaning set forth in Section 6.1.

"Initial Public Offering" shall have the meaning set forth in Section 6.1(a).

"Initial Term" shall have the meaning set forth in Section 2.1.

"Key Person" and "Key Persons" shall have the meaning set forth in the Preamble, subject to the provisions of Section 2.4.

"Key Person Joinder" shall have the meanings set forth in Section 2.4.

"Loan Documents" shall mean any deed of trust, mortgage or other loan or security documents encumbering any Property.

"Loan Satisfaction Date" shall have the meaning set forth in Section 2.3.

"Long-term Lease" shall mean any lease granting a Long-term Leasehold Interest with respect to any Property.

"Long-term Leasehold Interest" shall mean any space or ground leasehold interest with a term in excess of ten (10) years.

"Management Opportunity Notice" shall have the meaning set forth in Section 8.1(a).

"Manager" shall have the meaning set forth in the Preamble.

"Manager Confirmation Notice" shall have the meaning set forth in Section 8.1(b).

"Manager Parties" shall have the meaning set forth in the Preamble.

"Manager Rejection Notice" shall have the meaning set forth in Section 8.1(b).

"MCFCRR" shall mean 1.26.

"Non-Controlled Property" shall mean (i) any self-storage and/or mini-warehouse facility in which any Manager Party or any of their respective Affiliates hold (whether directly or indirectly) an ownership interest or Long-term Leasehold Interest, but which is not Controlled by any Manager Party or any of their respective Affiliates, or (ii) any self-storage and/or mini-warehouse facility for which any Manager Party or any of their Affiliates is the managing agent, but in which no Manager Party nor any of their respective Affiliates holds (whether directly or indirectly) an ownership interest or Long-term Leasehold Interest, as the case may be.

"Non-Defaulting Party" shall have the meaning set forth in Section 4.2.

"Non-Exclusive Territory" shall mean shall mean the following metropolitan statistical area(s) (as designated by the Office of Management and Budget of the Executive Office of the President of the United States): None.

"Normalized EBITDA" shall mean, with respect to a particular Property or Deferred Management Property, as the case may be, a non-GAAP financial measure defined as the net income from continuing operations before interest, income taxes, depreciation and amortization, excluding any non-recurring items and/or non-cash equity compensation expense, as determined by the Operating Partnership.

"NSA Asset Management Agreements" shall have the meaning set forth in the Recitals.

"NSA Indemnitees" shall have the meaning set forth in Section 9.6.

"NSA TRS" shall have the meaning set forth in the Recitals.

"Occupancy Report" shall have the meaning set forth in Section 8.4(a).

"Operating Partnership" shall have the meaning set forth in the Preamble.

"Operating Partnership's LPA" shall mean that certain Second Amended and Restated Agreement of Limited Partnership of the Operating Partnership dated as of December 31, 2013, as same may be further amended, amended and restated, modified or supplemented from time to time.

"Owner" and "Owners" shall have the meanings set forth in the Preamble.

"Partnership Unit Designation" shall have the meaning set forth in the Operating Partnership's LPA.

"Party" and "Parties" shall have the meaning set forth in the Preamble.

"Person" and "Persons" shall mean one or more individuals, partnerships, corporations, limited liability companies, trusts or other entities.

"Physical Occupancy" shall mean the percentage occupancy of a self-storage and/or mini-warehouse facility determined by dividing (x) the aggregate number of rentable square feet actually occupied by tenants at such facility by (y) the aggregate number of rentable square feet at such facility.

"Projected FCCR" shall mean Actual FCCR adjusted to reflect the contribution of the applicable After-Acquired Property (as determined by the Operating Partnership as of the most recent fiscal quarter).

"Properties" and "Property" shall have the meanings set forth in the Recitals.

"Purchase Closing Date" shall have the meaning set forth in Section 8.1(a).

"Purchase Contract" shall have the meaning set forth in Section 8.1(a).

"Purchase Price" shall have the meaning set forth in Section 8.1(a).

"REIT" shall have the meaning set forth in the Recitals.

"REIT Common Share" shall mean a common share of the REIT, or a common share or share of common stock issued by any successor to the REIT in any transaction or related series of transactions in which (i) the business or assets of the REIT are disposed of or combined, through merger, consolidation, share exchange, sale, disposition, distribution or contribution of all or substantially all of the REIT 's assets, or otherwise; and (ii) the REIT is liquidated or is not the continuing as a surviving company in such transaction or related series of transactions.

"Required Capital Contribution" shall mean, with respect to the Operating Partnership's acquisition of any After-Acquired Property, a Capital Contribution (as defined in the Operating Partnership's LPA) by the Manager and/or one or more of the Key Persons (or their respective designees) in an amount such that the Projected FCCR shall be equal to or greater than MCFCCR.

"Retirement Event" shall have the meaning set forth in Section 6.1(a).

"Retirement Fee" shall have the meaning set forth in Section 6.1(a)(ii).

"Retirement Trigger Date" shall have the meaning set forth in Section 6.1(a).

"Sales Commission" shall have the meaning given to such term in the Sales Commission Agreement.

"Sales Commission Agreement" shall have the meaning set forth in the Recitals.

"Shared Territory" shall mean the following portions of the following metropolitan statistical area(s) (as designated by the Office of Management and Budget of the Executive Office of the President of the United States): None.

"Sharing PRO" shall have the meaning set forth in Section 8.1(f).

"Supervisory and Administrative Fee" shall have the meaning set forth in the NSA Asset Management Agreements.

"Stable Cash Flow" shall mean, for any period, the aggregate operating income of the Properties and the Deferred Management Properties (and for any After-Acquired Property for purposes of the definition of "Required Capital Contribution"), as determined by the Operating Partnership, less (i) the aggregate property expenses for the Properties and the Deferred Management Properties (and for any After-Acquired Property for purposes of the definition of "Required Capital Contribution"), (ii) the aggregated Supervisory and Administrative Fee for the Properties and the Deferred Management Properties (and for any After-Acquired Property for purposes of the definition of "Required Capital Contribution") and (iii) the aggregate amount of required capital reserves for the Properties and the Deferred Management Properties (and for any After-Acquired Property for purposes the definition of "Required Capital Contribution"), as included in the annual budget or otherwise approved by the Operating Partnership in accordance with the terms hereof.

"Term" shall have the meaning set forth in Section 2.1.

"Value" shall mean, with respect to Section 6.1(c), on any date of determination, the average of the daily Market Prices (as defined below) for ten consecutive trading days immediately preceding the date of determination. The term "Market Price" on any date shall mean, with respect to any class or series of outstanding REIT Common Shares, the Closing Price (as defined below) for such REIT Common Shares on such date. The "Closing Price" on any date shall mean the last sale price for such REIT Common Shares, regular way, or, in case no such sale takes place on such day, the average of the closing bid and asked prices, regular way, for such REIT Common Shares, in either case as reported on the principal national securities exchange on which such REIT Common Shares are listed or admitted to trading or, if such REIT Common Shares are not listed or admitted to trading on any national securities exchange, the last quoted price, or, if not so quoted, the average of the high bid and low asked prices in the over-the-counter market, as reported by the principal other automated quotation system that may then be in use or, if such REIT Common Shares are not quoted by any such organization, the average of the closing bid and asked prices as furnished by a professional market maker making a market in such REIT Common Shares selected by the board of trustees of the REIT or, in the event that no trading price is available for such REIT Common Shares, the fair market value of the REIT Common Shares, as determined in good faith by the board of trustees of the REIT.\

EXHIBIT C

FORM OF JOINDER AGREEMENT TO FACILITIES PORTFOLIO MANAGEMENT AGREEMENT

This JOINDER AGREEMENT TO FACILITIES PORTFOLIO MANAGEMENT AGREEMENT, dated effective as of [●], 201[●] (this "Agreement"), is made by [●] (the "Joining Key Person"), and acknowledged and agreed to by NSA OP, LP, a Delaware limited partnership (the "Operating Partnership"). Capitalized terms used herein but not otherwise defined shall have the meanings set forth in the Portfolio Agreement (as defined below).

WHEREAS, the Operating Partnership and certain other Persons are parties to that certain Facilities Portfolio Management Agreement dated effective as of February 24, 2017, as same may be amended from time to time in accordance with its terms (the "Portfolio Agreement");

WHEREAS, pursuant to Section 2.4 of the Portfolio Agreement, the Operating Partnership may appoint one or more additional Key Persons (as defined in the Portfolio Agreement);

WHEREAS, the Joining Key Person has agreed to enter into a joinder to, and agree be bound by, the terms and provisions of the Portfolio Agreement, as a Key Person thereunder; and

NOW, THEREFORE, in consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Joining Key Person hereby agree as follows:

1. Joinder. The Joining Key Person hereby joins and becomes a party to the Portfolio Agreement, and acknowledges and agrees that the Joining Key Person is hereby bound by and subject to, and shall continue to be bound by and subject to, the terms and provisions of the Portfolio Agreement, as a Key Person thereunder.
2. Acknowledgment. The Joining Key Person acknowledges that it has received a copy of the Portfolio Agreement.
3. Governing Law. This Agreement and the rights and duties of the parties hereto hereunder shall be governed by and construed in accordance with laws of the State of New York (without giving effect to the choice of law principles therein).
4. 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.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Joinder Agreement to Facilities Portfolio Management Agreement as of the date first above written.

[Joining Key Person]

[Signature Page to Joinder Agreement]

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EXHIBIT E

FORM OF ASSIGNMENT AND ASSUMPTION AGREEMENT

THIS ASSIGNMENT AND ASSUMPTION AGREEMENT (this "Agreement") is made and entered into to be effective as of [●] (the "Effective Date"), by and between Shader Brothers Corporation, a Florida corporation ("Manager"), [●], an individual ("[●]"), [and [●], an individual] ("[●]", and together with Manager [and [●]], collectively, "Assignor"), and [●] ("Assignee"). Capitalized terms used herein but not otherwise defined shall have the meanings given to such terms in the Facilities Portfolio Management Agreement (as defined below).

WHEREAS, Assignor and Assignee are parties to (i) that certain Facilities Portfolio Management Agreement dated as of [●] (the "Portfolio Agreement") by and among NSA OP, LP, a Delaware limited partnership (the "Operating Partnership"), on its own behalf and on behalf of the property owners listed as "Owners" on the signature page thereto, the property owners listed as "Deferred Owners" on the signature page thereto, and Assignor, and (ii) those certain property management agreements listed on Schedule 1 attached hereto (the "NSA Asset Management Agreements") by and among NSA OP, LP, a Delaware limited partnership (the "Operating Partnership"), on its own behalf and on behalf of the property owners listed on the signature page thereto, and Manager.

WHEREAS, pursuant to and in accordance with the terms of the Portfolio Agreement, upon the Retirement Trigger Date, Assignor shall assign to Assignee all of its right, title and interest in and to (a) the Portfolio Agreement, (b) each of the NSA Asset Management Agreements, and (c) all intellectual property used by Assignor in connection with the operation of the Properties, including, without limitation, all trade names and trademarks associated with Assignor, the Properties and/or the Deferred Management Properties (collectively, the "Assigned IP"), in each case, pursuant to the terms hereof.

1. Assignment and Assumption. For good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Assignor hereby assigns, transfers, sets over and conveys to Assignee, as-is, where-is, and Assignee hereby accepts and assumes, in each case, all of Assignor's rights and obligations accruing from and after the Effective Date, in, to, and with respect to (a) the Portfolio Agreement, (b) each of the NSA Asset Management Agreements, and (c) the Assigned IP.

2. Successors. This Agreement shall be binding on and inure to the benefit of Assignor and Assignee and their respective successors and assigns.

3. Further Actions. 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 Agreement.

4. Governing Law. This Agreement shall be construed and enforced in accordance with the laws of the State of New York, without regard to principles of conflict of law.

5. Counterparts. This Agreement 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. Amendments. This Agreement 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.

[Signature page follows]

IN WITNESS WHEREOF, the parties have executed and delivered this Agreement as of the Effective Date.

Assignor:

[[•]

By: _____

Name:

Title:

Assignee:

[•]

Chief Executive Officer Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Arlen D. Nordhagen, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of National Storage Affiliates Trust;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal controls over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of trustees (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 4, 2017

By: /s/ Arlen D. Nordhagen

Arlen D. Nordhagen
Chairman of the Board of Trustees and Chief
Executive Officer

Chief Financial Officer Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Tamara D. Fischer, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of National Storage Affiliates Trust;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal controls over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of trustees (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 4, 2017

By: /s/ Tamara D. Fischer
Tamara D. Fischer
Executive Vice President and Chief Financial Officer

**Certification, Chief Executive Officer and Chief Financial Officer Pursuant To
18 U.S.C. Section 1350,
as Adopted Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Quarterly Report of National Storage Affiliates Trust (the "Company") on Form 10-Q for the period ended March 31, 2017 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Arlen D. Nordhagen, Chairman of the Board of Trustees and Chief Executive Officer of the Company, and I, Tamara D. Fischer, Executive Vice President and Chief Financial Officer of the Company, hereby certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 4, 2017

By: /s/ Arlen D. Nordhagen
Arlen D. Nordhagen
Chairman of the Board of Trustees and Chief
Executive Officer

By: /s/ Tamara D. Fischer
Tamara D. Fischer
Executive Vice President and Chief Financial Officer

Pursuant to the Securities and Exchange Commission Release 33-8238, dated June 5, 2003, this certification is being furnished and shall not be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or incorporated by reference in any registration statement of the Company filed under the Securities Act of 1933, as amended.

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.