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 September 30, 2024

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	46-5053858
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

8400 East Prentice Avenue, 9th Floor
Greenwood Village, Colorado 80111
(Address of principal executive offices) (Zip code)
(720) 630-2600
(Registrant's telephone number including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading symbols	Name of each exchange on which registered
Common Shares of Beneficial Interest, $0.01 par value per share	NSA	New York Stock Exchange
Series A Cumulative Redeemable Preferred Shares of Beneficial Interest, par value $0.01 per share	NSA Pr A	New York Stock Exchange
Series B Cumulative Redeemable Preferred Shares of Beneficial Interest, par value $0.01 per share	NSA Pr B	New York Stock Exchange

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 every Interactive Data File required to be submitted 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 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.

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 October 28, 2024, 76,244,354 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)

	September 30, 2024	December 31, 2023
ASSETS		
Real estate		
Self storage properties	$ 5,821,364	$ 5,792,174
Less accumulated depreciation	(1,006,543)	(874,359)
Self storage properties, net	4,814,821	4,917,815
Cash and cash equivalents	69,886	64,980
Restricted cash	8,539	22,713
Debt issuance costs, net	6,343	8,442
Investment in unconsolidated real estate ventures	257,381	211,361
Other assets, net	211,176	134,002
Assets held for sale, net	—	550,199
Operating lease right-of-use assets	21,515	22,299
Total assets	$ 5,389,661	$ 5,931,811
LIABILITIES AND EQUITY		
Liabilities		
Debt financing	$ 3,428,304	$ 3,658,205
Accounts payable and accrued liabilities	108,424	92,766
Interest rate swap liabilities	7,774	3,450
Operating lease liabilities	23,493	24,195
Deferred revenue	20,778	27,354
Total liabilities	3,588,773	3,805,970
Commitments and contingencies (Note 11)		
Equity		
Preferred shares of beneficial interest, par value $0.01 per share. 50,000,000 authorized, 14,692,381 and 14,685,716 issued (in series) and outstanding at September 30, 2024 and December 31, 2023, respectively, at liquidation preference	340,818	340,651
Common shares of beneficial interest, par value $0.01 per share. 250,000,000 authorized, 76,216,680 and 82,285,995 shares issued and outstanding at September 30, 2024 and December 31, 2023, respectively	762	823
Additional paid-in capital	1,124,533	1,509,563
Distributions in excess of earnings	(498,787)	(449,907)
Accumulated other comprehensive income	19,543	21,058
Total shareholders' equity	986,869	1,422,188
Noncontrolling interests	814,019	703,653
Total equity	1,800,888	2,125,841
Total liabilities and equity	$ 5,389,661	$ 5,931,811

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 September 30,		Nine Months Ended September 30,	
	2024	**2023**	**2024**	**2023**
REVENUE				
Rental revenue	$ 174,467	$ 201,833	$ 529,218	$ 595,273
Other property-related revenue	7,405	7,764	20,654	22,184
Management fees and other revenue	11,749	9,550	30,345	25,194
Total revenue	193,621	219,147	580,217	642,651
OPERATING EXPENSES				
Property operating expenses	52,712	58,581	159,607	172,158
General and administrative expenses	13,114	15,100	44,977	44,325
Depreciation and amortization	47,661	55,842	141,702	168,005
Other	3,643	4,138	10,510	8,531
Total operating expenses	117,130	133,661	356,796	393,019
OTHER (EXPENSE) INCOME				
Interest expense	(39,575)	(43,065)	(114,920)	(120,706)
Loss on early extinguishment of debt	(323)	—	(323)	(758)
Equity in (losses) earnings of unconsolidated real estate ventures	(4,712)	1,930	(10,791)	5,469
Acquisition and integration costs	(1,164)	(341)	(2,151)	(1,424)
Non-operating (expense) income	(83)	(24)	352	(426)
Gain on sale of self storage properties	—	—	63,841	—
Other expense, net	(45,857)	(41,500)	(63,992)	(117,845)
Income before income taxes	30,634	43,986	159,429	131,787
Income tax expense	(863)	(922)	(2,290)	(2,855)
Net income	29,771	43,064	157,139	128,932
Net income attributable to noncontrolling interests	(11,070)	(13,827)	(62,349)	(41,290)
Net income attributable to National Storage Affiliates Trust	18,701	29,237	94,790	87,642
Distributions to preferred shareholders	(5,112)	(5,110)	(15,332)	(13,908)
Net income attributable to common shareholders	$ 13,589	$ 24,127	$ 79,458	$ 73,734
Earnings per share - basic	$ 0.18	$ 0.28	$ 1.03	$ 0.83
Earnings per share - diluted	$ 0.18	$ 0.26	$ 1.03	$ 0.77
Weighted average shares outstanding - basic	75,760	87,004	77,047	88,263
Weighted average shares outstanding - diluted	75,760	146,118	77,047	147,610
Dividends declared per common share	$ 0.56	$ 0.56	$ 1.68	$ 1.67

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 September 30,		Nine Months Ended September 30,	
	2024	**2023**	**2024**	**2023**
Net income	$ 29,771	$ 43,064	$ 157,139	$ 128,932
Other comprehensive income (loss)				
Unrealized (loss) gain on derivative contracts	(21,234)	20,433	5,760	35,706
Realized loss on derivative contracts	—	—	—	(1,643)
Reclassification of other comprehensive income to interest expense	(7,813)	(9,018)	(26,449)	(26,239)
Other comprehensive (loss) income	(29,047)	11,415	(20,689)	7,824
Comprehensive income	724	54,479	136,450	136,756
Comprehensive loss (income) attributable to noncontrolling interests	1,668	(17,466)	(52,372)	(43,840)
Comprehensive income attributable to National Storage Affiliates Trust	$ 2,392	$ 37,013	$ 84,078	$ 92,916

See notes to condensed consolidated financial statements.

NATIONAL STORAGE AFFILIATES TRUST
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(dollars in thousands, except number of shares)
(Unaudited)

	Preferred Shares		Common Shares		Additional Paid-in Capital	Distributions In Excess Of Earnings	Accumulated Other Comprehensive (Loss) Income	Noncontrolling Interests	Total Equity
	Number	Amount	Number	Amount					
Balances, December 31, 2022	9,017,588	$ 225,439	89,842,145	$ 898	$ 1,777,984	$ (396,650)	$ 40,530	$ 740,813	$2,389,014
Issuance of preferred shares	5,668,128	115,212	—	—	(1,938)	—	—	—	113,274
OP equity issued:									
Acquisition of properties	—	—	—	—	—	—	—	37,257	37,257
Issuance of Series A-1 preferred units	—	—	—	—	—	—	—	750	750
Redemptions of OP units	—	—	67,431	1	1,093	—	30	(1,124)	—
Repurchase of common shares	—	—	(1,622,874)	(16)	(69,295)	—	—	—	(69,311)
Effect of changes in ownership for consolidated entities	—	—	—	—	(18,720)	—	(1,245)	19,965	—
Equity-based compensation expense	—	—	—	—	101	—	—	1,548	1,649
Issuance of restricted common shares	—	—	12,417	—	—	—	—	—	—
Vesting and forfeitures of restricted common shares, net	—	—	(2,977)	—	(89)	—	—	—	(89)
Preferred share dividends	—	—	—	—	—	(3,962)	—	—	(3,962)
Common share dividends	—	—	—	—	—	(48,755)	—	—	(48,755)
Distributions to noncontrolling interests	—	—	—	—	—	—	—	(34,431)	(34,431)
Other comprehensive loss	—	—	—	—	—	—	(14,162)	(6,552)	(20,714)
Net income	—	—	—	—	—	28,959	—	11,433	40,392
Balances, March 31, 2023	14,685,716	$ 340,651	88,296,142	$ 883	$ 1,689,136	$ (420,408)	$ 25,153	$ 769,659	$2,405,074
OP equity issued:									
Acquisition of properties	—	—	—	—	—	—	—	5,577	5,577
Redemptions of OP units	—	—	354,936	3	5,530	—	113	(5,646)	—
Effect of changes in ownership for consolidated entities	—	—	—	—	(1,833)	—	(18)	1,851	—
Equity-based compensation expense	—	—	—	—	125	—	—	1,552	1,677
Issuance of restricted common shares	—	—	439	—	—	—	—	—	—

See notes to condensed consolidated financial statements.

NATIONAL STORAGE AFFILIATES TRUST
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(dollars in thousands, except number of shares)
(Unaudited)

	Preferred Shares		Common Shares		Additional Paid-in Capital	Distributions In Excess Of Earnings	Accumulated Other Comprehensive (Loss) Income	Noncontrolling Interests	Total Equity
	Number	Amount	Number	Amount					
Vesting and forfeitures of restricted common shares, net	—	—	(1,723)	—	(217)	—	—	—	(217)
Preferred share dividends	—	—	—	—	—	(5,402)	—	—	(5,402)
Common share dividends	—	—	—	—	—	(49,451)	—	—	(49,451)
Distributions to noncontrolling interests	—	—	—	—	—	—	—	(35,456)	(35,456)
Other comprehensive income	—	—	—	—	—	—	11,658	5,465	17,123
Net income	—	—	—	—	—	29,448	—	16,028	45,476
Balances, June 30, 2023	14,685,716	$ 340,651	88,649,794	$ 886	$ 1,692,741	$ (445,813)	$ 36,906	$ 759,030	$2,384,401
Issuance of preferred shares	—	—	—	—	(92)	—	—	—	(92)
OP equity issued for property acquisitions:									
OP units, LTIP units, subordinated performance units and Series A-1 preferred units, net of offering costs	—	—	—	—	—	—	—	16,370	16,370
Redemptions of OP units	—	—	667,484	7	10,055	—	279	(10,341)	—
Repurchase of common shares	—	—	(6,360,994)	(63)	(213,374)	—	—	—	(213,437)
Effect of changes in ownership for consolidated entities	—	—	—	—	49,827	—	(559)	(49,268)	—
Equity-based compensation expense	—	—	—	—	122	—	—	1,580	1,702
Vesting and forfeitures of restricted common shares, net	—	—	(487)	—	—	—	—	—	—
Preferred share dividends	—	—	—	—	—	(5,393)	—	—	(5,393)
Common share dividends	—	—	—	—	—	(46,642)	—	—	(46,642)
Distributions to noncontrolling interests	—	—	—	—	—	—	—	(34,657)	(34,657)
Other comprehensive income	—	—	—	—	—	—	7,776	3,639	11,415
Net income	—	—	—	—	—	29,237	—	13,827	43,064
Balances, September 30, 2023	14,685,716	$ 340,651	82,955,797	$ 830	$ 1,539,279	$ (468,611)	$ 44,402	$ 700,180	$2,156,731

See notes to condensed consolidated financial statements.

NATIONAL STORAGE AFFILIATES TRUST
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(dollars in thousands, except number of shares)
(Unaudited)

	Preferred Shares		Common Shares		Additional Paid-in	Distributions In Excess Of	Accumulated Other Comprehensive	Noncontrolling	Total
	Number	Amount	Number	Amount	Capital	Earnings	(Loss) Income	Interests	Equity
Balances, December 31, 2023	14,685,716	$ 340,651	82,285,995	$ 823	$ 1,509,563	$ (449,907)	$ 21,058	$ 703,653	$2,125,841
Redemptions of OP units	—	—	72,802	1	1,025	—	19	(1,426)	(381)
Repurchase of common shares	—	—	(5,491,925)	(55)	(203,518)	—	—	—	(203,573)
Effect of changes in ownership for consolidated entities	—	—	—	—	40,676	—	(620)	(40,056)	—
Equity-based compensation expense	—	—	—	—	109	—	—	1,746	1,855
Issuance of restricted common shares	—	—	8,886	—	—	—	—	—	—
Vesting and forfeitures of restricted common shares, net	—	—	(2,658)	—	(88)	—	—	—	(88)
Equity offering costs	—	—	—	—	(255)	—	—	—	(255)
Preferred share dividends	—	—	—	—	—	(5,110)	—	—	(5,110)
Common share dividends	—	—	—	—	—	(43,751)	—	—	(43,751)
Distributions to noncontrolling interests	—	—	—	—	—	—	—	(33,653)	(33,653)
Other comprehensive income	—	—	—	—	—	—	7,379	3,720	11,099
Net income	—	—	—	—	—	59,027	—	36,061	95,088
Balances, March 31, 2024	14,685,716	$ 340,651	76,873,100	$ 769	$ 1,347,512	$ (439,741)	$ 27,836	$ 670,045	$1,947,072
Redemptions of OP equity	—	—	205,910	2	2,668	—	84	(11,877)	(9,123)
Repurchase of common shares	—	—	(1,908,397)	(19)	(71,648)	—	—	—	(71,667)
Effect of changes in ownership for consolidated entities	—	—	—	—	15,115	—	(257)	(14,858)	—
Equity-based compensation expense	—	—	—	—	139	—	—	2,192	2,331
Vesting and forfeitures of restricted common shares, net	—	—	(1,451)	—	(35)	—	—	—	(35)
Equity offering costs	—	—	—	—	(57)	—	—	—	(57)
Preferred share dividends	—	—	—	—	—	(5,110)	—	—	(5,110)
Common share dividends	—	—	—	—	—	(41,979)	—	—	(41,979)

See notes to condensed consolidated financial statements.

NATIONAL STORAGE AFFILIATES TRUST
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(dollars in thousands, except number of shares)
(Unaudited)

	Preferred Shares		Common Shares		Additional Paid-in Capital	Distributions In Excess Of Earnings	Accumulated Other Comprehensive (Loss) Income	Noncontrolling Interests	Total Equity
	Number	Amount	Number	Amount					
Distributions to noncontrolling interests	—	—	—	—	—	—	—	(33,906)	(33,906)
Other comprehensive loss	—	—	—	—	—	—	(1,782)	(959)	(2,741)
Net income	—	—	—	—	—	17,062	—	15,218	32,280
Balances, June 30, 2024	14,685,716	$ 340,651	75,169,162	$ 752	$ 1,293,694	$ (469,768)	$ 25,881	$ 625,855	$1,817,065
Issuance of preferred shares upon redemption of preferred units	6,665	167	—	—	10	—	—	(177)	—
OP equity issued in connection with internalization of PRO structure (Note 2)	—	—	—	—	—	—	—	62,311	62,311
Redemptions of OP Units	—	—	1,048,202	10	13,766	—	199	(13,975)	—
Effect of changes in ownership for consolidated entities	—	—	—	—	(182,956)	—	9,772	173,184	—
Equity-based compensation expense	—	—	—	—	98	—	—	1,813	1,911
Vesting and forfeitures of restricted common shares, net	—	—	(684)	—	—	—	—	—	—
Equity offering costs	—	—	—	—	(79)	—	—	—	(79)
Preferred share dividends	—	—	—	—	—	(5,112)	—	—	(5,112)
Common share dividends	—	—	—	—	—	(42,608)	—	—	(42,608)
Distributions to noncontrolling interests	—	—	—	—	—	—	—	(33,324)	(33,324)
Other comprehensive loss	—	—	—	—	—	—	(16,309)	(12,738)	(29,047)
Net income	—	—	—	—	—	18,701	—	11,070	29,771
Balances, September 30, 2024	14,692,381	$ 340,818	76,216,680	$ 762	$ 1,124,533	$ (498,787)	$ 19,543	$ 814,019	$1,800,888

See notes to condensed consolidated financial statements.

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

	Nine Months Ended September 30,	
	2024	**2023**
OPERATING ACTIVITIES		
Net income	$ 157,139	$ 128,932
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	141,702	168,005
Amortization of debt issuance costs	5,013	4,841
Amortization of debt discount and premium, net	(491)	(428)
Gain on sale of self storage properties	(63,841)	—
Other	323	969
Equity-based compensation expense	6,097	5,028
Equity in losses (earnings) of unconsolidated real estate ventures	10,791	(5,469)
Distributions from unconsolidated real estate ventures	17,403	17,761
Change in assets and liabilities, net of effects of self storage property acquisitions:		
Other assets	1,716	(3,632)
Accounts payable and accrued liabilities	13,733	28,483
Deferred revenue	(6,661)	3,092
Net Cash Provided by Operating Activities	282,924	347,582
INVESTING ACTIVITIES		
Acquisition of self-storage properties	(25,063)	(31,753)
Capital expenditures	(13,005)	(25,955)
Deposits and advances for self storage properties and other acquisitions	(98)	(241)
Investment in unconsolidated real estate venture	(74,215)	—
Expenditures for corporate furniture, equipment and other	(1,693)	(1,063)
Acquisition of intangible assets from former PROs	(32,741)	(16,924)
Proceeds from sale of self storage properties	616,812	—
Other	908	—
Net Cash Provided by (Used In) Investing Activities	470,905	(75,936)
FINANCING ACTIVITIES		
Borrowings under debt financings	1,099,000	928,800
Redemption of OP equity	(9,504)	—
Repurchase of common shares	(275,195)	(282,748)
Principal payments under debt financings	(1,328,683)	(632,587)
Payment of dividends to common shareholders	(128,338)	(144,848)
Payment of dividends to preferred shareholders	(15,332)	(14,757)
Distributions to noncontrolling interests	(100,872)	(104,845)
Debt issuance costs	(3,601)	(2,213)
Equity offering costs	(572)	—
Net Cash Used In Financing Activities	(763,097)	(253,198)
(Decrease) Increase in Cash, Cash Equivalents and Restricted Cash	(9,268)	18,448

See notes to condensed consolidated financial statements.

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

	Nine Months Ended September 30,	
	2024	2023
CASH, CASH EQUIVALENTS AND RESTRICTED CASH		
Beginning of period	87,693	42,199
End of period	$ 78,425	$ 60,647
Supplemental Cash Flow Information		
Cash paid for interest	$ 106,345	$ 100,466
Supplemental Disclosure of Non-Cash Investing and Financing Activities		
Consideration exchanged in investment activity		
Issuance of OP units and subordinated performance units	—	59,204
Issuance of Series B preferred shares	—	113,182
Other net liabilities assumed	174	197
Internalization of PRO structure:		
Issuance of OP units for acquisition of intangible assets from former PROs	62,311	—
Change in accrued capital spending	(468)	741

See notes to condensed consolidated financial statements.

1. ORGANIZATION AND NATURE OF OPERATIONS

National Storage Affiliates Trust was organized in the state of Maryland on May 16, 2013 and is a fully integrated, self-administered and self-managed real estate investment trust focused on the self storage sector. As used herein, "NSA," the "Company," "we," "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 that it has qualified to be taxed as a real estate investment trust for U.S. federal income tax purposes ("REIT") commencing with its taxable year ended December 31, 2015.

Through its controlling interest as the sole general partner of NSA OP, LP (its "operating partnership"), a Delaware limited partnership formed on February 13, 2013, the Company is focused on the ownership, operation, and acquisition of self storage properties predominantly located within the top 100 metropolitan statistical areas throughout the United States. The Company also owns certain of its self storage properties through other consolidated subsidiaries of its operating partnership, which the Company refers 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").

The Company owned, managed and controlled 811 of its consolidated self storage properties in 38 states and Puerto Rico with approximately 52.0 million rentable square feet in approximately 407,000 storage units as of September 30, 2024. These properties are managed with local operational focus and expertise.

As of September 30, 2024, the Company also managed through its property management platform an additional portfolio of 259 properties owned by the Company's unconsolidated real estate ventures. These properties contain approximately 18.0 million rentable square feet, configured in approximately 143,000 storage units and located across 24 states. The Company owns a 25% equity interest in each of its unconsolidated real estate ventures.

As of September 30, 2024, in total, the Company operated and held ownership interests in 1,070 self storage properties located across 42 states and Puerto Rico with approximately 70.0 million rentable square feet in approximately 550,000 storage units.

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 and year to date periods are not necessarily indicative of the results to be expected for the full year or any other future period.

On January 3, 2023, the operating partnership, as borrower, the Company, and certain of the operating partnership's subsidiaries, as subsidiary guarantors, entered into a third amended and restated credit agreement with KeyBank National Association, as administrative agent, and a syndicated group of lenders party thereto, which expanded the total borrowing capacity of its credit facility by $405.0 million to $1.955 billion. The Company presented changes in borrowings from certain lenders on a net basis in its prior year interim condensed consolidated statement of cash flows. The Company has corrected this error in the accompanying condensed consolidated statement of cash flows for the nine month period ended September 30, 2023 to present on a gross basis the constructive receipts and payments under debt financings of $129.8 million and $129.8 million, respectively. The corrections had no impact to the total net cash used in financing activities in any interim period. The Company evaluated this adjustment both qualitatively and quantitatively and has concluded that this adjustment is immaterial to all impacted periods.

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 September 30, 2024, the Company's operating partnership was the primary beneficiary of, and therefore consolidated, 22 partnerships that are considered VIEs, which owned 49 self storage properties. The net book value of the real estate owned by these VIEs was $410.0 million and $418.9 million as of September 30, 2024 and December 31, 2023, respectively. For certain DownREIT partnerships which are subject to fixed rate mortgages payable, the carrying value of such fixed rate mortgages payable held by these VIEs was $188.7 million and $188.7 million as of September 30, 2024 and December 31, 2023, respectively. The creditors of the consolidated VIEs do not have recourse to the Company's general credit.

Revenue Recognition

Rental revenue

Rental revenue consists of space rentals and related fees. 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

Other property-related revenue primarily consists of ancillary revenues such as tenant insurance and/or tenant warranty protection-related access fees, sales of storage supplies and truck rentals which are recognized in the period earned.

The Company has tenant insurance and/or tenant warranty protection plan-related arrangements with insurance companies and the Company's tenants. During the three months ended September 30, 2024 and 2023, the Company recognized $6.3 million and $6.3 million, respectively, of tenant insurance and tenant warranty protection plan revenues and during the nine months ended September 30, 2024 and 2023, the Company recognized $17.1 million and $17.9 million, respectively, of tenant insurance and tenant warranty protection plan revenues.

The Company sells boxes, packing supplies, locks, other retail merchandise and rents moving trucks at its properties. During the three months ended September 30, 2024 and 2023, the Company recognized retail sales of $0.5 million and $0.6 million, respectively and during the nine months ended September 30, 2024 and 2023, the Company recognized retail sales of $1.5 million and $1.9 million, respectively.

Management fees and other revenue

Management fees and other revenue consist of property management fees, platform fees, call center fees, acquisition fees, amounts related to the facilitation of tenant warranty protection or tenant insurance programs for certain stores in the Company's consolidated portfolio and unconsolidated real estate ventures, access fees associated with tenant insurance-related arrangements, and profit distributions from the Company's interest in a reinsurance company.

With respect to the 2016 Joint Venture, the 2018 Joint Venture, the 2023 Joint Venture and the 2024 Joint Venture (as each is defined in Note 5), the Company provides supervisory and administrative property management services, centralized call center services, and technology platform and revenue management services to the properties in the unconsolidated real estate ventures. The property management fees for the 2016 Joint Venture, 2018 Joint Venture and 2023 Joint Venture are equal to 6% of monthly gross revenues and net sales revenues from the assets of the unconsolidated real estate ventures, and the platform fees are equal to $1,250 per month per unconsolidated real estate venture property. The property management fees for the 2024 Joint Venture are equal to 4% of monthly gross revenues and net sales revenues from the assets of the unconsolidated real estate venture. With respect to the 2016 Joint Venture, the 2023 Joint Venture and 2024 Joint Venture, the call center fee is equal to 1% of each of monthly gross revenues and net sales revenues. During the three months ended September 30, 2024 and 2023, the Company recognized property management fees, call center fees and platform fees of $4.7 million and $4.2 million, respectively and during the nine months ended September 30, 2024 and 2023, the Company recognized property management fees, call center fees and platform fees of $13.5 million and $12.6 million, respectively.

The Company also earns acquisition fees for properties acquired by the unconsolidated real estate ventures, which are the 2016 Joint Venture, the 2018 Joint Venture, 2023 Joint Venture and the 2024 Joint Venture (each as defined in Note 5). These fees are based on a percentage of the gross capitalization of the acquired assets determined by the members of the 2016 Joint Venture, the 2018 Joint Venture, the 2023 Joint Venture and the 2024 Joint Venture, and are generally earned when the unconsolidated real estate ventures obtain title and control of an acquired property. During the three months ended September 30, 2024 and 2023, the Company recognized acquisition fees of $0.6 million and $0, respectively and during the nine months ended September 30, 2024 and 2023, the Company recognized acquisition fees of $0.6 million and $0, respectively.

The Company provides or makes available tenant insurance or tenant warranty protection programs for tenants at its properties. For certain of the properties in the Company's consolidated portfolio and unconsolidated real estate ventures, the Company provides such tenant insurance through the Company's wholly-owned captive insurance company and a separate reinsurance company in which the Company has a partial ownership interest. With respect to properties in all of the Company's unconsolidated real estate ventures, the Company receives 50% of all proceeds from tenant insurance and tenant warranty protection programs at each unconsolidated real estate venture property in exchange for facilitating the programs at those properties. During the three months ended September 30, 2024 and 2023, the Company recognized $6.1 million and $5.2 million, respectively, of revenue related to these activities and during the nine months ended September 30, 2024 and 2023, the Company recognized $15.6 million and $12.3 million, respectively, of revenue related to these activities.

Gain on sale of self storage properties

The Company recognizes gains from disposition of properties only upon closing in accordance with the guidance on sales of nonfinancial assets. Profit on real estate sold is recognized upon closing when all, or substantially all, of the promised consideration has been received and is nonrefundable and the Company has transferred control of the facilities to the purchaser.

Investments in Unconsolidated Real Estate Ventures

The Company's investments in its unconsolidated real estate ventures are recorded under the equity method of accounting in the accompanying condensed consolidated financial statements. Under the equity method, the Company's investments in unconsolidated real estate ventures are 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 25% ownership interest in the earnings (losses) of the unconsolidated real estate ventures, except for the 2024 Joint Venture, for which the Company follows the hypothetical liquidation at book value ("HLBV") method. The Company follows the "nature of the distribution approach" for classification of distributions from its unconsolidated real estate ventures in its condensed consolidated statements of cash flows. Under this approach, distributions are reported on the basis of the nature of the activity or activities that generated the distributions as either a return on investment, which are classified as operating cash flows, or a return of investment (e.g., proceeds from the unconsolidated real estate ventures' sale of assets) which are reported as investing cash flows.

Noncontrolling Interests

All of the limited partner equity interests ("OP equity") 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)

Effective July 1, 2024, in connection with the internalization of the PRO structure, all outstanding Class B units of our operating partnership ("subordinated performance units"') including all units of the DownREIT partnerships intended to be economically equivalent to the subordinated performance units ("DownREIT subordinated performance units") were converted into OP units and units of the DownREIT partnerships intended to be economically equivalent to OP units ("DownREIT OP units"), respectively. For periods in which the subordinated performance units were outstanding, the Company allocated GAAP income utilizing the HLBV method, in which income or loss was allocated 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. For periods in which the subordinated performance units are not outstanding, the Company allocates GAAP income based on the number of common shares and partnership units (including DownREIT OP units) outstanding.

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 income (loss) within equity, as discussed further in Note 12.

Cash and Cash Equivalents

The Company considers all highly-liquid investments purchased with original maturities of three months or less to be cash equivalents. From time to time, the Company maintains cash balances in financial institutions in excess of federally insured limits. The Company has never experienced a loss that resulted from exceeding federally insured limits.

Restricted Cash

The Company's restricted cash consists of escrowed funds deposited with financial institutions resulting from property sales for which we elected to purchase replacement property in accordance with Section 1031 of the Code, and for real estate taxes, insurance and other reserves for capital improvements in accordance with the Company's loan agreements.

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.

Internalization of PRO Structure

The Company completed the internalization of its PRO structure on July 1, 2024 (the "Closing Date"). As a result of the internalization, the Company purchased certain of each PRO's assets, which included each PRO's asset management and property management contracts (collectively, the "management contracts"), certain of each PRO's intellectual property and brands ("PRO IP") and certain rights related to certain PROs' tenant insurance programs (collectively, along with the management contracts and PRO IP, the "PROs' intangible assets"). The Company is transitioning the majority of operations in a phased approach, which has begun and is expected to continue over the 12 month period following the Closing Date, and the Company has executed new asset management and property management agreements with a number of its former PROs for all or a part of this transitionary period at newly negotiated management fees.

Consideration paid for the PROs' management contracts and PRO IP totaled approximately $34.6 million, consisting of 775,210 OP units and $3.4 million in cash. The Company allocated the purchase price to intangible assets acquired, consisting of management contracts and certain PROs' trade names. The Company also acquired certain rights related to certain PROs' tenant insurance-related programs. The consideration paid for the rights associated with the tenant insurance-related programs was approximately $60.3 million, consisting of 773,656 OP units and $29.2 million in cash. In addition, the Company incurred $1.4 million in transaction fees related to the transactions.

Additionally, in connection with the internalization of its PRO structure, effective July 1, 2024, all 11,906,167 outstanding subordinated performance units including all DownREIT subordinated performance units were converted into an aggregate of 17,984,787 OP units and DownREIT OP units. Each subordinated performance unit and DownREIT subordinated performance unit was converted into a number of OP units and DownREIT OP units determined by dividing the average cash available for distribution (CAD) per unit on the series subordinated performance units and DownREIT subordinated performance units over a one-year period ending December 31, 2023, by 110% of the CAD per unit on the OP units determined over the same period. CAD per unit on the series subordinated performance units, DownREIT subordinated performance units, OP units and DownREIT OP units was determined by the Company based upon the application of the provisions of the operating partnership agreement applicable to the distributions of operating cash flow and capital transactions proceeds.

3. SHAREHOLDERS' EQUITY AND NONCONTROLLING INTERESTS

Shareholders' Equity

At the Market ("ATM") Program

On February 27, 2019, the Company entered into a sales agreement with certain sales agents, pursuant to which the Company may sell from time to time up to an aggregate of $250.0 million of common shares of beneficial interest, $0.01 par value per share of the Company ("common shares") and 6.000% Series A cumulative redeemable Preferred Shares of beneficial interest ("Series A Preferred Shares") in sales deemed to be "at the market" offerings (the "sales agreement"). On May 19, 2021, the Company entered into an amendment to the sales agreement with certain sales agents, whereby the Company increased the aggregate gross sale price under the program to $400.0 million, which included $31.0 million of the remaining available offered shares. The sales agreement contemplates that, in addition to the issuance and sale by the Company of offered shares to or through the sale agents, the Company may enter into separate forward sale agreements with any forward purchaser. Forward sale agreements, if any, will include only the Company's common shares and will not include any Series A Preferred Shares. If the Company enters into a forward sale agreement with any forward purchaser, such forward purchaser will attempt to borrow from third parties and sell, through the related agent, acting as sales agent for such forward purchaser (each, a "forward seller"), offered shares, in an amount equal to the offered shares subject to such forward sale agreement, to hedge such forward purchaser's exposure under such forward sale agreement. The Company may offer the common shares and Series A Preferred Shares through the agents, as the Company's sales agents, or, as applicable, as forward seller, or directly to the agents or forward sellers, acting as principals, by means of, among others, ordinary brokers' transactions on the NYSE or otherwise at market prices prevailing at the time of sale or at negotiated prices.

During the nine months ended September 30, 2024, the Company did not sell any common shares through the ATM program. As of September 30, 2024, the Company had $169.1 million of capacity remaining under its most recent ATM Program.

Common Share Repurchase Program

On July 11, 2022, the Company approved a share repurchase program authorizing, but not obligating, the repurchase of up to $400.0 million of the Company's common shares of beneficial interest from time to time. On December 1, 2023, the Company approved a new share repurchase program authorizing, but not obligating, the repurchase of up to $275.0 million of the Company's common shares from time to time. The timing, manner, price and amount of any repurchase transactions will be determined by the Company in its discretion and will be subject to share price, availability, trading volume and general market conditions. During the nine months ended September 30, 2024, the Company repurchased 7,400,322 common shares for approximately $275.2 million, including commissions and fees.

Series A Preferred Shares

The Series A Preferred Shares rank senior to the Company's common shares with respect to rights and rights upon its liquidation, dissolution or winding up. Dividends on the Series A Preferred Shares, which are payable quarterly in arrears, are cumulative from the date of original issuance in the amount of $1.50 per share each year. The Series A Preferred Shares became redeemable by the Company in October 2022 for a cash redemption price of $25.00 per share, plus accrued but unpaid dividends. The increase in Series A Preferred Shares outstanding from December 31, 2023 to September 30, 2024, was due to the issuance of 6,665 Series A Preferred Shares upon the redemption of an equivalent number of 6.000% Series A-1 Cumulative Redeemable Preferred Units ("Series A-1 preferred units").

Noncontrolling Interests

All of the OP equity 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 preferred units, OP units and LTIP units at such prices and on such other terms as it determines in its sole discretion.

As of September 30, 2024 and December 31, 2023, units reflecting noncontrolling interests consisted of the following:

	September 30, 2024	December 31, 2023
Series A-1 preferred units	1,205,675	1,212,340
OP units	52,301,412	37,635,683
Subordinated performance units	—	7,991,271
LTIP units	870,732	785,932
DownREIT units		
DownREIT OP units	5,769,214	2,120,491
DownREIT subordinated performance units	—	4,133,474
Total	60,147,033	53,879,191

Series A-1 Preferred Units

The Series A-1 preferred units rank senior to OP units in the Company's operating partnership with respect to distributions and liquidation. The Series A-1 preferred units have a stated value of $25.00 per unit and receive distributions at an annual rate of 6.000%. These distributions are cumulative. The Series A-1 preferred units are redeemable at the option of the holder after the first anniversary of the date of issuance, which redemption obligations may be satisfied at the Company’s option in cash in an amount equal to the market value of an equivalent number of the Series A Preferred Shares or the issuance of Series A Preferred Shares on a one-for-one basis, subject to adjustments. The Series A Preferred Shares are redeemable by the Company for a cash redemption price of $25.00 per share, plus accrued but unpaid dividends beginning in October 2022. The decrease in Series A-1 preferred units outstanding from December 31, 2023 to September 30, 2024, was due to the redemption of 6,665 Series A-1 preferred units for an equivalent number of Series A Preferred Shares.

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 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 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.

The increase in OP units outstanding from December 31, 2023 to September 30, 2024 was due to (i) 14,376,264 OP units issued upon the conversion of 7,772,693 subordinated performance units due to the internalization of the PRO structure, (ii) the issuance of 1,548,866 OP units in connection with the purchase of the PROs' intangible assets, (iii) 43,556 OP units issued upon the voluntary conversion of 23,690 subordinated performance units, and (iv) the conversion of 92,174 LTIP units into an equivalent number of OP units, partially offset by the redemption of 1,326,914 OP units for an equal number of common shares, 40,200 OP units that were exchanged for DownREIT OP units and the redemption of 28,017 OP units for cash.

The increase in DownREIT OP units outstanding from December 31, 2023 to September 30, 2024 was due to 3,608,523 DownREIT OP units issued upon the conversion of 4,133,474 DownREIT subordinated performance units due to the internalization of the PRO structure and 40,200 DownREIT OP units that were issued in exchange for OP units.

Subordinated Performance Units and DownREIT Subordinated Performance Units

Effective July 1, 2024, in connection with the internalization of the PRO structure, all 11,906,167 outstanding subordinated performance units (including all DownREIT subordinated performance units) were converted into an aggregate of 17,984,787 OP units and DownREIT OP units. Each subordinated performance unit and DownREIT subordinated performance unit was converted into the number of OP units and DownREIT OP units determined by dividing the average cash available for distribution (CAD) per unit on the series subordinated performance units over the one-year period ending December 31, 2023, by 110% of the CAD per unit on the OP units determined over the same period.

The decrease in subordinated performance units outstanding from December 31, 2023 to September 30, 2024 was due to (i) the conversion of 7,772,693 subordinated performance units into 14,376,264 OP units due to the internalization of the PRO structure, (ii) the voluntary conversion of 23,690 subordinated performance units into 43,556 OP units (iii) and the redemption of 194,888 subordinated performance units for cash.

The decrease in DownREIT subordinated performance units outstanding from December 31, 2023 to September 30, 2024 was due to the conversion of 4,133,474 DownREIT subordinated performance units into 3,608,523 DownREIT OP units due to the internalization of the PRO structure.

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.

The increase in LTIP units outstanding from December 31, 2023 to September 30, 2024 was due to issuance of 176,974 compensatory LTIP units to employees and trustees, net of forfeitures, partially offset by the conversion of 92,174 LTIP units into an equivalent number of OP units.

4. SELF STORAGE PROPERTIES

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

	September 30, 2024	December 31, 2023
Land	$ 1,038,183	$ 1,035,562
Buildings and improvements	4,772,797	4,746,105
Furniture and equipment	10,384	10,507
Total self storage properties	5,821,364	5,792,174
Less accumulated depreciation	(1,006,543)	(874,359)
Self storage properties, net	$ 4,814,821	$ 4,917,815

Depreciation expense related to self storage properties amounted to $45.4 million and $53.2 million during the three months ended September 30, 2024 and 2023, respectively and $136.2 million and $158.3 million during the nine months ended September 30, 2024 and 2023, respectively.

5. INVESTMENT IN UNCONSOLIDATED REAL ESTATE VENTURES

2024 Joint Venture

On February 13, 2024, a wholly owned subsidiary of the Company (the "2024 NSA Member") entered into an agreement (the "2024 JV Agreement") to form a joint venture (the "2024 Joint Venture") with an affiliate of Heitman Capital Management LLC (the "2024 JV Investor" and, together with the 2024 NSA Member, the "2024 JV Members"). The 2024 Joint Venture was capitalized with approximately $140.8 million in equity (approximately $35.2 million from the 2024 NSA Member in exchange for a 25% ownership interest and approximately $105.6 million from the 2024 JV Investor in exchange for a 75% ownership interest) and proceeds from a $210.0 million interest-only secured debt financing with an interest rate of 6.05% per annum and a term of five years.

A subsidiary of the Company is acting as the non-member manager of the 2024 Joint Venture (the "2024 NSA Manager"). The 2024 NSA Manager directs, manages and controls the day-to-day operations and affairs of the 2024 Joint Venture but may not cause the 2024 Joint Venture to make certain major decisions involving the business of the 2024 Joint Venture without the consent of both 2024 JV Members, including the approval of annual budgets, sales and acquisitions of properties, financings, and certain actions relating to bankruptcy.

The Company's investment in the 2024 Joint Venture is accounted for using the equity method of accounting and is included in investment in unconsolidated real estate ventures in the Company’s condensed consolidated balance sheets. The Company’s earnings from its investment in the 2024 Joint Venture are presented in equity in (losses) earnings of unconsolidated real estate ventures on the Company’s condensed consolidated statements of operations.

During the three months ended March 31, 2024, pursuant to a contribution agreement executed by the 2024 JV Members on December 21, 2023, in exchange for cash the Company contributed to the 2024 Joint Venture 56 self storage properties located across seven states, consisting of approximately 3.2 million rentable square feet configured in over 24,000 storage units.

2023 Joint Venture

On December 15, 2023, the Company, through a newly formed subsidiary (the "2023 NSA Member"), entered into an agreement (the "2023 JV Agreement") to form a joint venture (the "2023 Joint Venture") with a state pension fund advised by Heitman Capital Management LLC (the "2023 JV Investor," together with the 2023 NSA Member, the "2023 JV Members") to acquire and operate self storage properties. The 2023 JV Agreement provides for equity capital contributions by the 2023 JV Members of up to $400.0 million over a twenty-four month investment period (subject to two six-month extension options if both of the 2023 JV Members agree) starting in December 2023, with the 2023 JV Investor holding a 75% ownership interest and the 2023 NSA Member holding a 25% ownership interest.

A subsidiary of the Company is acting as the non-member manager of the 2023 Joint Venture (the "2023 NSA Manager"). The 2023 NSA Manager directs, manages and controls the day-to-day operations and affairs of the 2023 Joint Venture but may not cause the 2023 Joint Venture to make certain major decisions involving the business of the 2023 Joint Venture without the consent of both 2023 JV Members, including the approval of annual budgets, sales and acquisitions of properties, financings, and certain actions relating to bankruptcy.

The Company's investment in the 2023 Joint Venture is accounted for using the equity method of accounting and is included in investment in unconsolidated real estate ventures in the Company's condensed consolidated balance sheets. The Company's earnings from its investment in the 2023 Joint Venture are presented in equity in (losses) earnings of unconsolidated real estate ventures on the Company's condensed consolidated statements of operations.

During the three months ended September 30, 2024, the 2023 Joint Venture acquired 18 self storage properties located across two states, consisting of approximately 1.2 million rentable square feet configured in over 8,000 storage units for approximately $147.9 million. The 2023 Joint Venture financed the acquisitions with capital contributions from the 2023 JV Members, of which the Company contributed approximately $37.0 million.

2018 Joint Venture

As of September 30, 2024, the Company's unconsolidated real estate venture, formed in September 2018 with an affiliate of Heitman America Real Estate REIT LLC (the "2018 Joint Venture"), owned and operated a portfolio of 104 self storage properties containing approximately 7.9 million rentable square feet, configured in approximately 65,000 storage units and located across 17 states.

2016 Joint Venture

As of September 30, 2024, the Company's unconsolidated real estate venture, formed in September 2016 with a state pension fund advised by Heitman Capital Management LLC (the "2016 Joint Venture"), owned and operated a portfolio of 81 properties containing approximately 5.7 million rentable square feet, configured in approximately 47,000 storage units and located across 13 states.

The following table presents the combined condensed financial position of the Company's unconsolidated real estate ventures as of September 30, 2024 and December 31, 2023 (dollars in thousands):

	September 30, 2024	December 31, 2023
ASSETS		
Self storage properties	$ 2,696,454	$ 2,200,522
Less accumulated depreciation	(424,994)	(369,412)
Self storage properties, net	2,271,460	1,831,110
Other assets	52,666	37,826
Total assets	$ 2,324,126	$ 1,868,936
LIABILITIES AND EQUITY		
Debt financing	$ 1,212,881	$ 1,003,223
Other liabilities	40,451	28,333
Equity	1,070,794	837,380
Total liabilities and equity	$ 2,324,126	$ 1,868,936

The following tables present the combined condensed operating information of the Company's unconsolidated real estate ventures for the three and nine months ended September 30, 2024 and 2023 (dollars in thousands):

	Three Months Ended September 30,	
	2024	2023
Total revenue	$ 63,293	$ 53,989
Property operating expenses	(19,471)	(15,084)
Supervisory, administrative and other expenses	(4,150)	(3,564)
Depreciation and amortization	(21,671)	(17,147)
Interest expense	(13,650)	(10,417)
Non-operating expenses	(1,037)	(123)
Net income	$ 3,314	$ 7,654

	Nine Months Ended September 30,	
	2024	2023
Total revenue	$ 180,105	$ 161,426
Property operating expenses	(56,523)	(45,246)
Supervisory, administrative and other expenses	(11,683)	(10,654)
Depreciation and amortization	(60,441)	(52,290)
Interest expense	(39,405)	(31,247)
Non-operating expenses	(192)	(310)
Net income	$ 11,861	$ 21,679

6. ACQUISITIONS AND DISPOSITIONS

Acquisitions

The Company acquired three self storage properties for $25.2 million during the nine months ended September 30, 2024. All of these acquisitions were acquired by the Company from third parties. The self storage property acquisitions were accounted for as asset acquisitions and accordingly, $0.1 million of transaction costs related to the acquisitions were capitalized as part of the basis of the acquired properties. 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 an estimated value of $0.5 million, resulting in a total value of $24.7 million allocated to real estate.

The following table summarizes the investment in self storage property acquisitions completed by the Company during the nine months ended September 30, 2024 (dollars in thousands):

		Summary of Investment			
Acquisitions Closed During the Three Months Ended:	**Number of Properties**	**Cash and Acquisition Costs**	**Value of Equity**	**Other Liabilities**	**Total**
March 31, 2024	—	$ —	$ —	$ —	$ —
June 30, 2024	3	25,063	—	174	25,237
September 30, 2024	—	—	—	—	—
Total	3	$ 25,063	$ —	$ 174	$ 25,237

Dispositions

During the nine months ended September 30, 2024, the Company sold 40 self storage properties to third parties for net proceeds of $273.1 million and contributed 56 self storage properties to the 2024 Joint Venture for net cash proceeds of $343.7 million. The Company recorded a net gain on the dispositions of $63.8 million.

7. OTHER ASSETS

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

	September 30, 2024	December 31, 2023
Customer in-place leases, net of accumulated amortization of $780 and $3,263, respectively	$ 368	$ 1,609
Receivables:		
Trade, net	9,602	9,842
Former PROs and other affiliates	9,057	7,784
Receivables from unconsolidated real estate ventures	8,315	4,446
Property acquisition and other deposits	98	—
Interest rate swaps	13,122	29,610
Prepaid expenses and other	12,590	14,743
Corporate furniture, equipment and other, net	2,891	2,659
Trade names	12,256	8,851
Management contracts, net of accumulated amortization of $8,304 and $6,777, respectively	43,662	14,049
Tenant reinsurance intangible, net of accumulated amortization of $5,352 and $3,839, respectively	91,033	32,227
Goodwill	8,182	8,182
Total	$ 211,176	$ 134,002

Amortization expense related to customer in-place leases amounted to $0.4 million and $1.8 million for the three months ended September 30, 2024 and 2023, respectively and $1.8 million and $7.1 million for the nine months ended September 30, 2024 and 2023, respectively. Amortization expense related to management contracts amounted to $0.8 million and $0.3 million for the three months ended September 30, 2024 and 2023, respectively and $1.5 million and $1.0 million for the nine months ended September 30, 2024 and 2023, respectively. Amortization expense related to the tenant reinsurance intangible amounted to $0.8 million and $0.3 million for the three months ended September 30, 2024 and 2023, respectively and $1.5 million and $1.0 million for the nine months ended September 30, 2024 and 2023, respectively.

8. DEBT FINANCING

The Company's outstanding debt as of September 30, 2024 and December 31, 2023 is summarized as follows (dollars in thousands):

	Interest Rate[1]	September 30, 2024	December 31, 2023
Credit Facility:			
Revolving line of credit	4.43 %	$ 406,800	$ 381,000
Term loan B	— %	—	275,000
Term loan C	— %	—	325,000
Term loan D	3.96 %	275,000	275,000
Term loan E	4.91 %	130,000	130,000
2028 Term loan facility	4.62 %	75,000	75,000
April 2029 Term loan facility	4.27 %	100,000	100,000
June 2029 Term loan facility	5.37 %	285,000	285,000
May 2026 Senior Unsecured Notes	2.16 %	35,000	35,000
October 2026 Senior Unsecured Notes	6.46 %	65,000	65,000
July 2028 Senior Unsecured Notes	5.75 %	120,000	120,000
September 2028 Senior Unsecured Notes	5.40 %	75,000	—
October 2028 Senior Unsecured Notes	6.55 %	100,000	100,000
2029 Senior Unsecured Notes	3.98 %	100,000	100,000
August 2030 Senior Unsecured Notes	2.99 %	150,000	150,000
October 2030 Senior Unsecured Notes	6.66 %	35,000	35,000
November 2030 Senior Unsecured Notes	2.72 %	75,000	75,000
May 2031 Senior Unsecured Notes	3.00 %	90,000	90,000
August 2031 Senior Unsecured Notes	4.08 %	50,000	50,000
September 2031 Senior Unsecured Notes	5.55 %	125,000	—
November 2031 Senior Unsecured Notes	2.81 %	175,000	175,000
August 2032 Senior Unsecured Notes	3.09 %	100,000	100,000
November 2032 Senior Unsecured Notes	5.06 %	200,000	200,000
May 2033 Senior Unsecured Notes	3.10 %	55,000	55,000
October 2033 Senior Unsecured Notes	6.73 %	50,000	50,000
November 2033 Senior Unsecured Notes	2.96 %	125,000	125,000
2034 Senior Unsecured Notes	5.74 %	150,000	—
2036 Senior Unsecured Notes	3.06 %	75,000	75,000
Fixed rate mortgages payable	3.60 %	217,147	222,757
Total principal		3,438,947	3,668,757
Unamortized debt issuance costs and debt premium, net		(10,643)	(10,552)
Total debt		$ 3,428,304	$ 3,658,205

(1) Represents the effective interest rate as of September 30, 2024. 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.

As of September 30, 2024, the Company's unsecured credit facility provided for total borrowing capacity of $1.355 billion (the "credit facility") consisting of the following components: (i) a revolving line of credit (the "Revolver") which provides for a total borrowing commitment up to $950.0 million, under which the Company may borrow, repay and re-borrow amounts, (ii) a $275.0 million tranche D term loan facility (the "Term Loan D") and (iii) a $130.0 million tranche E term loan facility (the "Term Loan E"). During the three months ended September 30, 2024, the Company repaid the remaining $145.0 million of the tranche B term loan facility (the "Term Loan B") and the $325.0 million tranche C term loan facility (the "Term Loan C"). As of September 30, 2024, the Company had an expansion option under the credit facility, which, if exercised in full, would provide for a total credit facility of $1.900 billion. As of September 30, 2024, $225.0 million of the Revolver is subject to interest rate swaps that mature in February 2025, which is reflected in the effective interest rate of 4.43%.

As of September 30, 2024, the Company had outstanding letters of credit totaling $6.5 million and would have had the capacity to borrow remaining Revolver commitments of $536.7 million while remaining in compliance with the credit facility's financial covenants. At September 30, 2024, the Company was in compliance with all such covenants.

September 2028, September 2031 And 2034 Senior Unsecured Notes

On September 5, 2024, the operating partnership issued $75.0 million of 5.40% senior unsecured notes due September 5, 2028 (the "September 2028 Notes"), $125.0 million of 5.55% senior unsecured notes due September 5, 2031 (the "September 2031 Notes"), and $150.0 million of 5.74% senior unsecured notes due September 5, 2034 (the "2034 Notes") in a private placement to certain institutional investors.

Future Debt Obligations

Based on existing debt agreements in effect as of September 30, 2024, the scheduled principal and maturity payments for the Company's outstanding borrowings are presented in the table below (dollars in thousands):

Year Ending December 31,	Scheduled Principal and Maturity Payments	Amortization of Premium and Unamortized Debt Issuance Costs	Total
Remainder of 2024	$ 16,353	$ (644)	$ 15,709
2025	2,185	(2,565)	(380)
2026	377,322	(2,272)	375,050
2027	624,169	(1,656)	622,513
2028	460,624	(1,367)	459,257
2029	487,789	(647)	487,142
Thereafter	1,470,505	(1,492)	1,469,013
	$ 3,438,947	$ (10,643)	$ 3,428,304

9. EARNINGS PER SHARE

The following table sets forth the computation of basic and diluted earnings per common share for the three and nine months ended September 30, 2024 and 2023 (dollars in thousands, except per share amounts):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Earnings per common share - basic and diluted				
Numerator				
Net income	$ 29,771	$ 43,064	$ 157,139	$ 128,932
Net income attributable to noncontrolling interests	(11,070)	(13,827)	(62,349)	(41,290)
Net income attributable to National Storage Affiliates Trust	18,701	29,237	94,790	87,642
Distributions to preferred shareholders	(5,112)	(5,110)	(15,332)	(13,908)
Distributed and undistributed earnings allocated to participating securities	(9)	(13)	(34)	(44)
Net income attributable to common shareholders - basic	13,580	24,114	79,424	73,690
Effect of assumed conversion of dilutive securities	—	13,396	—	40,012
Net income attributable to common shareholders - diluted	$ 13,580	$ 37,510	$ 79,424	$ 113,702
Denominator				
Weighted average shares outstanding - basic	75,760	87,004	77,047	88,263
Effect of dilutive securities:				
Weighted average OP units outstanding	—	38,030	—	38,505
Weighted average DownREIT OP units outstanding	—	2,121	—	2,121
Weighted average LTIP units outstanding	—	61	—	54
Weighted average subordinated performance units and DownREIT subordinated performance unit equivalents	—	18,902	—	18,667
Weighted average shares outstanding - diluted	75,760	146,118	77,047	147,610
Earnings per share - basic	$ 0.18	$ 0.28	$ 1.03	$ 0.83
Earnings per share - diluted	$ 0.18	$ 0.26	$ 1.03	$ 0.77

Outstanding equity interests of the Company's operating partnership and DownREIT partnerships are considered potential common shares for purposes of calculating diluted earnings 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 Company's 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 its 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 or market 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 and nine months ended September 30, 2024, 540,751 unvested LTIP units that vest based on a service or market condition are excluded from the calculation of diluted earnings per share as they are not dilutive to earnings per share. For the three and nine months ended September 30, 2024, 208,400 LTIP units that vest upon the future acquisition of properties are excluded from the calculation of diluted earnings per share because the contingency for the units to vest has not been attained as of the end of the reported period.

Effective July 1, 2024, in connection with the internalization of the PRO structure, all outstanding subordinated performance units and DownREIT subordinated performance units were converted into OP units and DownREIT OP units, respectively. For periods in which the subordinated performance units were outstanding, the Company calculated the potentially dilutive impact of such units by assuming a hypothetical conversion into OP units and DownREIT OP units and considering the GAAP income that was allocated to such units.

For the three months ended September 30, 2024, potential common shares totaling 58.6 million, related to OP units, DownREIT OP units and vested LTIP units have been excluded from the calculation of diluted earnings (loss) per share as they are not dilutive to earnings (loss) per share. For the nine months ended September 30, 2024, potential common shares totaling 58.2 million, related to OP units, DownREIT OP units, subordinated performance units, DownREIT subordinated performance units and vested LTIP 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

Effective July 1, 2024, in connection with the internalization of the PRO structure, the Company purchased the PROs' management contracts and is transitioning the majority of operations in a phased approach, which has begun and is expected to continue over the 12-month period following the Closing Date. The Company has executed new asset management agreements with a number of its former PROs for all or a part of this transitionary period at newly negotiated management fees.

Supervisory and Administrative Fees

For certain of the self storage properties that were managed by the former PROs, the Company entered into asset management agreements with certain of its former PROs prior to the internalization of the PRO structure, to provide leasing, operating, supervisory and administrative services. These asset management agreements generally provided for fees ranging from 5% to 6% of gross revenue for such managed self storage properties. Through June 30, 2024, the Company incurred \$10.2 million for supervisory and administrative fees to the former PROs under the prior asset management agreements. For the three and nine months ended September 30, 2023, the Company incurred \$5.5 million and \$16.1 million, respectively, for supervisory and administrative fees to the former PROs. Such fees are included in general and administrative expenses in the accompanying condensed consolidated statements of operations.

Payroll Services

For the self storage properties that were managed by the former PROs, the employees responsible for operations were employees of its former PROs who charged the Company for the costs associated with the respective employees. Through June 30, 2024, the Company incurred $13.7 million for payroll and related costs reimbursable to the former PROs under the prior asset management agreements. For the three and nine months ended September 30, 2023, the Company incurred $6.7 million and $19.8 million, respectively, for payroll and related costs reimbursable to these former PROs. Such costs are included in property operating expenses in the accompanying condensed consolidated statements of operations.

In connection with the internalization of the PRO structure, a company owned and controlled by Mark Van Mourick, a former trustee of the Company, received 209,333 OP units with a value of approximately $8.4 million, along with approximately $2.9 million in cash. Prior to becoming a trustee of the Company, Warren Allen and a company owned and controlled by Mr. Allan, collectively received 209,333 OP units with a value of approximately $8.4 million and approximately $2.9 million in cash. Additionally, Arlen Nordhagen, the vice chairperson of the Company's board of trustees, received 64,887 OP units with a value of approximately $2.6 million as a result of a noncontrolling investment in one of the former PRO's affiliates.

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 does not use derivatives for trading or speculative purposes. The Company measures its interest rate swap derivatives at fair value on a recurring basis. The 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.

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	
	Number of Contracts	**Notional Amount**	**Other Assets, net**	**Interest Rate Swap Liabilities**
As of September 30, 2024				
Interest Rate Swaps	12	$ 1,085,000	$ 13,122	$ 7,774
As of December 31, 2023				
Interest Rate Swaps	17	$ 1,335,000	$ 29,610	$ 3,450

The following table presents the effect of our derivative instruments on our consolidated financial statements (dollars in thousands):

Fair value at December 31, 2022	$	50,983
(Gains) and losses on interest rate swaps reclassified into interest expense from accumulated other comprehensive income (loss)		(26,309)
Unrealized gains and realized (losses) on interest rate swaps and forward starting swaps included in accumulated other comprehensive income (loss)		35,706
Fair value at September 30, 2023	$	60,380
Fair value at December 31, 2023	$	26,160
(Gains) and losses on interest rate swaps reclassified into interest expense from accumulated other comprehensive income (loss)		(26,572)
Unrealized (losses) gains and realized (losses) on interest rate swaps and forward starting swaps included in accumulated other comprehensive income (loss)		5,760
Fair value at September 30, 2024	$	5,348

As of September 30, 2024 and December 31, 2023, the Company had outstanding interest rate swaps with aggregate current notional amounts of $1,085.0 million and $1,335.0 million, respectively, designated as cash flow hedges. As of September 30, 2024, the Company's swaps had a weighted average remaining term of approximately 2.9 years.

In connection with the issuance of fixed rate unsecured notes in the second quarter of 2023, we entered into $50.0 million of forward starting interest rate swaps on March 16, 2023, and a $25.0 million forward starting interest rate swap on March 24, 2023, locking the interest rate of compounded SOFR at 3.25% through April 5, 2023. These interest rate swaps have been designated as cash flow hedges. The realized loss of $1.6 million of the compounded SOFR swaps are included in unrealized and realized gains (loss) on derivative instruments in comprehensive income (loss) and will be reclassified into interest expense over 10 years, which is the term of anticipated unsecured fixed rate debt including any replacement debt thereof. Amounts reported in accumulated other comprehensive (loss) income will be reclassified into interest expense as interest payments are made on the anticipated debt.

The fair value of these swaps are included in other assets and liabilities in the Company's condensed consolidated balance sheets, and the Company recognizes any changes in the fair value as an adjustment of accumulated other comprehensive income (loss) within equity. If the forward rates at September 30, 2024 remain constant, the Company estimates that during the next 12 months, the Company would reclassify into earnings, as a reduction in interest expense, approximately $8.3 million of the unrealized gains and losses included in accumulated other comprehensive income (loss). If market interest rates remain above the 2.76% weighted average fixed rate under these interest rate swaps the Company will continue to receive payments due to it from its counterparties to the interest rate swaps.

There were no transfers between levels of the three-tier fair value measurement hierarchy during the nine months ended September 30, 2024 and 2023. For financial assets and liabilities that utilize Level 2 inputs, the Company utilizes both direct and indirect observable price quotes, including SOFR yield curves. The Company uses valuation techniques for Level 2 financial assets and liabilities which include SOFR 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 September 30, 2024, 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 condensed consolidated balance sheets at September 30, 2024 and December 31, 2023, approximate fair value due to the short term nature of these financial assets and liabilities. The carrying value of variable rate debt financing, comprising the Revolver, term loans under our credit facility and our term loan facilities, reflected in the condensed consolidated balance sheets at September 30, 2024 and December 31, 2023 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 private placement notes and 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 following table presents the carrying value and estimated fair value of our fixed rate private placement notes and mortgages (dollars in thousands):

	Carrying Value(1)		Fair Value	
	September 30, 2024	**December 31, 2023**	**September 30, 2024**	**December 31, 2023**
Liabilities				
Private Placement Notes	$ 1,950,000	$ 1,600,000	$ 1,834,086	$ 1,417,147
Mortgage Notes	217,147	222,757	212,044	211,480

(1) Carrying value represents the principal balance outstanding

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, inflation, the debt and lending markets or the general economy;*
- *our business and investment strategy;*
- *the acquisition or disposition of properties, including those under contract, and the ability of our acquisitions to achieve underwritten capitalization rates and our ability to execute on our acquisition pipeline;*
- *the timing of acquisitions or dispositions;*
- *the integration of the properties managed by our former PROs 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, regulations, tax laws and rates, related accounting guidance, and the execution and impact of these actions, initiatives, policies, regulations, guidance and laws;*
- *the state of the U.S. economy generally or in specific geographic regions, states, territories 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;*
- *impacts from highly infectious or contagious diseases, including unfavorable changes to economic conditions that could adversely affect occupancy levels, rental rates, expenses and the ability of the Company's tenants to pay rent;*
- *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, the degree to which our hedging strategies may or may not protect us from interest rate volatility and the impact of such changes on the economy and our industry;*
- *our ability to continue to qualify and maintain our qualification as a real estate investment trust for U.S. federal income tax purposes ("REIT");*

- *availability of qualified personnel;*
- *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;*
- *risks related to or a consequence of natural disasters or acts of violence, pandemics, active shooters, terrorism, insurrection or war that affect the markets in which we operate;*
- *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 for the year ended December 31, 2023, and the other documents we file from time to time with the SEC. 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. In addition, we cannot assess the impact of each factor on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. 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 we believe that 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 predominantly within the top 100 metropolitan statistical areas throughout the United States.

Our vice chairperson of the board of trustees and former 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. Although the PRO structure contributed to our significant growth over the last decade, the internalization of the PRO structure has always been a part of our long term vision. Our former structure offered 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. Over time, largely through our unconsolidated real estate ventures and internalization of PROs, we have developed a full service internally-staffed property management platform. Effective July 1, 2024, we internalized our PRO structure.

As a result of the internalization of the PRO structure, effective July 1, 2024 (the "Closing Date"), we purchased each PRO's management contracts, certain PRO IP, and certain rights with respect to the PROs' tenant insurance programs. We are transitioning the majority of operations in a phased approach, which has begun and is expected to continue over the 12 month period following the Closing Date, and we have executed new asset management and property management agreements with a number of our former PROs for all or a part of this transitionary period at newly negotiated management fees. In connection with the internalization, on July 1, 2024, all 11,906,167 outstanding subordinated performance units and DownREIT subordinated performance units were converted into an aggregate of 17,984,787 OP units and DownREIT OP units.

Our Structure

Through our property management platform, we direct, manage and control the day-to-day operations and affairs of our consolidated properties and our unconsolidated real estate ventures. As of September 30, 2024, our property management platform managed and controlled the majority of our 811 consolidated properties and all 259 properties in our unconsolidated real estate ventures. The properties are primarily managed by us under the brands of iStorage, Move It, Moove In, Northwest, RightSpace, SecurCare and Southern.

We earn certain customary fees for managing and operating the properties in the unconsolidated real estate ventures and we facilitate tenant insurance and/or tenant warranty protection programs for tenants at these properties in exchange for half of all proceeds from such programs.

Our 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 September 30, 2024, we owned a geographically diversified portfolio of 811 self storage properties, located in 38 states and Puerto Rico, comprising approximately 52.0 million rentable square feet, configured in approximately 407,000 storage units. Of these properties, 306 were acquired by us from our former PROs, 504 were acquired from third-party sellers and one was acquired from the 2016 Joint Venture.

During the nine months ended September 30, 2024, we acquired three self storage properties for $25.2 million, comprising approximately 200,000 rentable square feet, configured in approximately 1,300 storage units. All of these self storage properties were acquired by us from third parties.

Our Unconsolidated Real Estate Ventures

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. In addition, we consider the 75% third-party interest in the Company's unconsolidated real estate ventures, which currently own 259 properties, to present a potential acquisition opportunity. This 75% third-party share of gross real estate assets is approximately $2.0 billion based on the historical book value of the joint ventures. Were we to pursue an acquisition of these interests, it could potentially drive our future growth.

2024 Joint Venture

On February 13, 2024, we entered into the 2024 Joint Venture, in which we have a 25% ownership interest. During 2024, we contributed 56 self storage properties containing approximately 3.2 million rentable square feet, configured in over 24,000 storage units and located across seven states.

2023 Joint Venture

During the three months ended September 30, 2024, the 2023 Joint Venture acquired 18 self storage properties located across two states, consisting of approximately 1.2 million rentable square feet configured in over 8,000 storage units for approximately $147.9 million. The 2023 Joint Venture financed these acquisitions with capital contributions from the 2023 JV Members, of which we contributed approximately $37.0 million. The 2023 JV Agreement allows for equity capital contributions of up to $400.0 million from the 2023 JV Members over a twenty-four month period starting in December 2023, with options to extend the investment time period by two additional six month periods.

2018 Joint Venture

As of September 30, 2024, our 2018 Joint Venture, in which we have a 25% interest, owned and operated a portfolio of 104 properties containing approximately 7.9 million rentable square feet, configured in approximately 65,000 storage units and located across 17 states.

2016 Joint Venture

As of September 30, 2024, our 2016 Joint Venture, in which we have a 25% ownership interest, owned and operated a portfolio of 81 properties containing approximately 5.7 million rentable square feet, configured in approximately 47,000 storage units and located across 13 states.

Results of Operations

When reviewing our results of operations it is important to consider the timing of acquisition and disposition activity and the internalization of our PRO structure. We contributed 56 self storage properties to the 2024 Joint Venture and sold an additional 40 self storage properties to third parties during the nine months ended September 30, 2024. We also sold 32 self storage properties to a third party during the three months ended December 31, 2023. We acquired three self storage properties during the nine months ended September 30, 2024 and 20 self storage properties during the year ended December 31, 2023. 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.

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 September 30, 2024 compared to the Three Months Ended September 30, 2023

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 September 30, 2024 compared to the three months ended September 30, 2023 (dollars in thousands):

	Three Months Ended September 30,		
	2024	**2023**	**Change**
Rental revenue	$ 174,467	$ 201,833	$ (27,366)
Other property-related revenue	7,405	7,764	(359)
Management fees and other revenue	11,749	9,550	2,199
Total revenue	193,621	219,147	(25,526)
Property operating expenses	52,712	58,581	(5,869)
General and administrative expenses	13,114	15,100	(1,986)
Depreciation and amortization	47,661	55,842	(8,181)
Other	3,643	4,138	(495)
Total operating expenses	117,130	133,661	(16,531)
Other (expense) income			
Interest expense	(39,575)	(43,065)	3,490
Loss on early extinguishment of debt	(323)	—	(323)
Equity in (losses) earnings of unconsolidated real estate ventures	(4,712)	1,930	(6,642)
Acquisition and integration costs	(1,164)	(341)	(823)
Non-operating expense	(83)	(24)	(59)
Other expense, net	(45,857)	(41,500)	(4,357)
Income before income taxes	30,634	43,986	(13,352)
Income tax expense	(863)	(922)	59
Net income	29,771	43,064	(13,293)
Net income attributable to noncontrolling interests	(11,070)	(13,827)	2,757
Net income attributable to National Storage Affiliates Trust	18,701	29,237	(10,536)
Distributions to preferred shareholders	(5,112)	(5,110)	(2)
Net income attributable to common shareholders	$ 13,589	$ 24,127	$ (10,538)

Total Revenue

Our total revenue, including management fees and other revenue, decreased by $25.5 million, or 11.6%, for the three months ended September 30, 2024, as compared to the three months ended September 30, 2023. This decrease was primarily attributable to (i) the sale of 32 self storage properties to a third party in the three months ended December 31, 2023, (ii) the contribution of 56 self storage properties to the 2024 Joint Venture in the three months ended March 31, 2024, and (iii) the sale of 40 self storage properties to third parties in the nine months ended September 30, 2024. The decrease in total revenue was also attributable to a decrease in total portfolio average occupancy from 88.6% for the three months ended September 30, 2023 to 86.0% for the three months ended September 30, 2024. 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 decreased by $27.4 million, or 13.6%, for the three months ended September 30, 2024, as compared to the three months ended September 30, 2023. The decrease in rental revenue was primarily attributable to (i) the sale of 32 self storage properties to a third party in the three months ended December 31, 2023, (ii) the contribution of 56 self storage properties to the 2024 Joint Venture in the three months ended March 31, 2024, and (iii) the sale of 40 self storage properties to third parties in the nine months ended September 30, 2024. Annualized total portfolio rental revenues (including fees and net of any discounts and uncollectible customer amounts) divided by average occupied square feet ("average annualized rental revenue per occupied square foot") increased from $15.32, for the three months ended September 30, 2023 to $15.57, or 1.6%, for the three months ended September 30, 2024, driven primarily by increased contractual lease rates for in-place tenants.

Other Property-Related Revenue

Other property-related revenue represents ancillary income from our self storage properties, such as tenant insurance-related fees and sales of storage supplies. Other property-related revenue decreased by $0.4 million, or 4.6%, for the three months ended September 30, 2024, as compared to the three months ended September 30, 2023. This decrease primarily resulted from a decrease in tenant insurance revenue due to the disposition of properties during the three months ended December 31, 2023 and nine months ended September 30, 2024.

Management Fees and Other Revenue

Management fees and other revenue, which includes revenue related to managing and operating the unconsolidated real estate ventures and other revenue from our tenant insurance programs, increased $2.2 million, or 23.0%, for the three months ended September 30, 2024, as compared to the three months ended September 30, 2023. This increase was primarily attributable to increased property management and acquisition fees resulting from the 2023 Joint Venture and the 2024 Joint Venture and changes in our tenant insurance programs.

Property Operating Expenses

Property operating expenses decreased $5.9 million, or 10.0%, for the three months ended September 30, 2024 as compared to the three months ended September 30, 2023. The decrease in property operating expenses was primarily attributable to (i) the sale of 32 self storage properties to a third party in the three months ended December 31, 2023, (ii) the contribution of 56 self storage properties to the 2024 Joint Venture in the three months ended March 31, 2024, and (iii) the sale of 40 self storage properties to third parties in the nine months ended September 30, 2024.

General and Administrative Expenses

General and administrative expenses decreased $2.0 million, or 13.2%, for the three months ended September 30, 2024, compared to the three months ended September 30, 2023. This decrease was primarily attributable to a decrease in management fees following the internalization of the PRO structure.

Depreciation and Amortization

Depreciation and amortization decreased $8.2 million, or 14.7%, for the three months ended September 30, 2024, compared to the three months ended September 30, 2023. This decrease was primarily attributable to (i) the sale of 32 self storage properties to a third party in the three months ended December 31, 2023, (ii) the contribution of 56 self storage properties to the 2024 Joint Venture in the three months ended March 31, 2024, and (iii) the sale of 40 self storage properties to third parties in the nine months ended September 30, 2024.

Other

Other expenses decreased $0.5 million, or 12.0%, for the three months ended September 30, 2024, compared to the three months ended September 30, 2023. This decrease was primarily attributable to decreases in casualty-related expenses and losses, partially offset by an increase in administrative costs relating to our tenant insurance programs.

Interest Expense

Interest expense decreased $3.5 million, or 8.1%, for the three months ended September 30, 2024, compared to the three months ended September 30, 2023. The decrease in interest expense was primarily attributable to a decrease in the amount of debt subject to variable interest rates (excluding variable-rate debt subject to interest rate swaps) outstanding from $942.0 million, as of September 30, 2023, to $186.8 million as of September 30, 2024.

Loss on Early Extinguishment of Debt

Loss on early extinguishment of debt increased $0.3 million for the three months ended September 30, 2024, compared to the three months ended September 30, 2023. During the three months ended September 30, 2024, in connection with the early repayment of Term Loan C, we expensed $0.3 million of unamortized debt issuance costs.

Equity In (Losses) Earnings Of Unconsolidated Real Estate Ventures

Equity in (losses) earnings of unconsolidated real estate ventures represents our share of earnings and losses incurred through our ownership interests in the 2024 Joint Venture, 2023 Joint Venture, 2018 Joint Venture and the 2016 Joint Venture. During the three months ended September 30, 2024, we recorded $4.7 million of equity in losses from our unconsolidated real estate ventures compared to $1.9 million of earnings for the three months ended September 30, 2023. The decrease was primarily attributable to the non-cash impact of applying hypothetical liquidation at book value (HLBV) to the 2024 Joint Venture, which allocates income (loss) based on the change in each owners' claim on net assets upon a hypothetical liquidation of the underlying joint venture at book value as of September 30, 2024.

Net Income Attributable to Noncontrolling Interests

Net income attributable to noncontrolling interests was $11.1 million for the three months ended September 30, 2024, compared to $13.8 million for the three months ended September 30, 2023.

Nine Months Ended September 30, 2024 compared to the Nine Months Ended September 30, 2023

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 nine months ended September 30, 2024 compared to the nine months ended September 30, 2023 (dollars in thousands):

	Nine Months Ended September 30,		
	2024	2023	Change
Rental revenue	$ 529,218	$ 595,273	$ (66,055)
Other property-related revenue	20,654	22,184	(1,530)
Management fees and other revenue	30,345	25,194	5,151
Total revenue	580,217	642,651	(62,434)
Property operating expenses	159,607	172,158	(12,551)
General and administrative expenses	44,977	44,325	652
Depreciation and amortization	141,702	168,005	(26,303)
Other	10,510	8,531	1,979
Total operating expenses	356,796	393,019	(36,223)
Other (expense) income			
Interest expense	(114,920)	(120,706)	5,786
Loss on early extinguishment of debt	(323)	(758)	435
Equity in (losses) earnings of unconsolidated real estate ventures	(10,791)	5,469	(16,260)
Acquisition and integration costs	(2,151)	(1,424)	(727)
Non-operating income (expense)	352	(426)	778
Gain on sale of self storage properties	63,841	—	63,841
Other expense, net	(63,992)	(117,845)	53,853
Income before income taxes	159,429	131,787	27,642
Income tax expense	(2,290)	(2,855)	565
Net income	157,139	128,932	28,207
Net income attributable to noncontrolling interests	(62,349)	(41,290)	(21,059)
Net income attributable to National Storage Affiliates Trust	94,790	87,642	7,148
Distributions to preferred shareholders	(15,332)	(13,908)	(1,424)
Net income attributable to common shareholders	$ 79,458	$ 73,734	$ 5,724

Total Revenue

Our total revenue, including management fees and other revenue, decreased by $62.4 million, or 9.7%, for the nine months ended September 30, 2024, as compared to the nine months ended September 30, 2023. This decrease was primarily attributable to (i) the sale of 32 self storage properties to a third party in the three months ended December 31, 2023, (ii) the contribution of 56 self storage properties to the 2024 Joint Venture in the three months ended March 31, 2024, and (iii) the sale of 40 self storage properties to third parties in the nine months ended September 30, 2024. The decrease in total revenue was also attributable to a decrease in total portfolio average occupancy from 88.7% for the nine months ended September 30, 2023 to 85.8% for the nine months ended September 30, 2024. 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 decreased by $66.1 million, or 11.1%, for the nine months ended September 30, 2024, as compared to the nine months ended September 30, 2023. The decrease in rental revenue was primarily attributable to (i) the sale of 32 self storage properties to a third party in the three months ended December 31, 2023, (ii) the contribution of 56 self storage properties to the 2024 Joint Venture in the three months ended March 31, 2024, and (iii) the sale of 40 self storage properties to third parties in the nine months ended September 30, 2024. Average annualized rental revenue per occupied square foot increased from $15.13, for the nine months ended September 30, 2023 to $15.64, or 3.4%, for the nine months ended September 30, 2024, driven primarily by increased contractual lease rates for in-place tenants.

Other Property-Related Revenue

Other property-related revenue represents ancillary income from our self storage properties, such as tenant insurance-related fees and sales of storage supplies. Other property-related revenue decreased by $1.5 million, or 6.9%, for the nine months ended September 30, 2024, as compared to the nine months ended September 30, 2023. This decrease primarily resulted from a decrease in tenant insurance revenue due to the disposition of properties during the three months ended December 31, 2023 and nine months ended September 30, 2024.

Management Fees and Other Revenue

Management fees and other revenue, which include revenue related to managing and operating the unconsolidated real estate ventures and other revenue from our tenant insurance programs, increased $5.2 million, or 20.4%, for the nine months ended September 30, 2024, as compared to the nine months ended September 30, 2023. This increase was primarily attributable to increased property management and acquisition fees resulting from the 2023 Joint Venture and the 2024 Joint Venture and changes in our tenant insurance programs.

Property Operating Expenses

Property operating expenses decreased $12.6 million, or 7.3%, for the nine months ended September 30, 2024 as compared to the nine months ended September 30, 2023. The decrease in property operating expenses was primarily attributable to (i) the sale of 32 self storage properties to a third party in the three months ended December 31, 2023, (ii) the contribution of 56 self storage properties to the 2024 Joint Venture in the three months ended March 31, 2024, and (iii) the sale of 40 self storage properties to third parties in the nine months ended September 30, 2024.

General and Administrative Expenses

General and administrative expenses increased $0.7 million, or 1.5%, for the nine months ended September 30, 2024, compared to the nine months ended September 30, 2023. This increase was primarily attributable to increases in personnel costs and increased equity compensation expense resulting from the accelerated vesting of awards related to executive severance.

Depreciation and Amortization

Depreciation and amortization decreased $26.3 million, or 15.7%, for the nine months ended September 30, 2024, compared to the nine months ended September 30, 2023. This decrease was primarily attributable to (i) the sale of 32 self storage properties to a third party in the three months ended December 31, 2023, (ii) the contribution of 56 self storage properties to the 2024 Joint Venture in the three months ended March 31, 2024, and (iii) the sale of 40 self storage properties to third parties in the nine months ended September 30, 2024.

Other

Other expenses increased $2.0 million, or 23.2%, for the nine months ended September 30, 2023, compared to the nine months ended September 30, 2024. This increase was primarily attributable to increases in administrative costs relating to our tenant insurance programs.

Interest Expense

Interest expense decreased $5.8 million, or 4.8%, for the nine months ended September 30, 2024, compared to the nine months ended September 30, 2023. The decrease in interest expense was primarily attributable to a decrease in the amount of debt subject to variable interest rates (excluding variable-rate debt subject to interest rate swaps) outstanding from $942.0 million, as of September 30, 2023, to $186.8 million as of September 30, 2024.

Loss on Early Extinguishment of Debt

Loss on early extinguishment of debt decreased $0.4 million for the nine months ended September 30, 2024, compared to the nine months ended September 30, 2023. During the nine months ended September 30, 2024, in connection with the early repayment of Term Loan C, we expensed $0.3 million of unamortized debt issuance costs. During the nine months ended September 30, 2023, in connection with an amendment to our credit facility, two of the lenders that were included in the syndicated group of lenders prior to the amendment are no longer participating lenders following the amendment, which constitutes an extinguishment of debt for accounting purposes. Additionally, in connection with the amendment we retired two term loans prior to their contractual maturity. Loss on early extinguishment of debt includes costs incurred related to these extinguishments, and the write off of $0.4 million of unamortized debt issuance costs related to the retired term loans or attributed to the entities no longer included in the lender syndicate.

Equity In (Losses) Earnings Of Unconsolidated Real Estate Ventures

Equity in (losses) earnings of unconsolidated real estate ventures represents our share of earnings and losses incurred through our ownership interests in the 2024 Joint Venture, 2023 Joint Venture, 2018 Joint Venture and the 2016 Joint Venture. During the nine months ended September 30, 2024, we recorded $10.8 million of equity in losses from our unconsolidated real estate ventures compared to $5.5 million of earnings for the nine months ended September 30, 2023. The decrease was primarily attributable to the non-cash impact of applying HLBV to the 2024 Joint Venture, which allocates income (loss) based on the change in each owners' claim on net assets upon a hypothetical liquidation of the underlying joint venture at book value as of September 30, 2024.

Gain on Sale of Self Storage Properties

Gain on sale of self storage properties increased $63.8 million for the nine months ended September 30, 2024, compared to the nine months ended September 30, 2023. The increase in gain on sale of self storage properties was primarily attributable to the sale of 40 self storage properties to third parties and contribution of 56 self storage properties to the 2024 Joint Venture during the nine months ended September 30, 2024, for net proceeds of $616.8 million.

Net Income Attributable to Noncontrolling Interests

Net income attributable to noncontrolling interests was $62.3 million for the nine months ended September 30, 2024, compared to $41.3 million for the nine months ended September 30, 2023.

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 December 2018 Nareit Funds From Operations White Paper - 2018 Restatement defines FFO as net income (as determined under GAAP), excluding: real estate depreciation and amortization, gains and losses from the sale of certain real estate assets, gains and losses from change in control, mark-to-market changes in value recognized on equity securities, impairment write-downs of certain real estate assets and impairment of investments in entities when it is directly attributable to decreases in the value of depreciable real estate held by the entity, and after adjusting equity in earnings (losses) to reflect our share of FFO in unconsolidated real estate ventures. 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 purposes of calculating FFO attributable to common shareholders, OP unitholders, and LTIP unitholders, we exclude distributions declared on subordinated performance units, DownREIT subordinated performance units, preferred shares and preferred units. 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, integration costs, executive severance costs, gains on debt forgiveness, gains (losses) on early extinguishment of debt, casualty-related expenses, losses, and related recoveries and 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 consolidated financial statements.

The following table presents a reconciliation of net income to FFO and Core FFO for the three and nine months ended September 30, 2024 and 2023 (dollars in thousands, except per share and unit amounts):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Net income	**$ 29,771**	**$ 43,064**	**$ 157,139**	**$ 128,932**
Add (subtract):				
Real estate depreciation and amortization	47,286	55,528	140,588	167,078
Equity in losses (earnings) of unconsolidated real estate ventures	4,712	(1,930)	10,791	(5,469)
Company's share of FFO in unconsolidated real estate ventures	6,164	6,217	18,026	18,542
Gain on sale of self storage properties	—	—	(63,841)	—
Distributions on preferred shares and units	(5,568)	(5,393)	(16,704)	(14,758)
FFO attributable to subordinated performance units[(1)]	—	(12,068)	(21,622)	(36,164)
FFO attributable to common shareholders, OP unitholders, and LTIP unitholders	**82,365**	**85,418**	**224,377**	**258,161**
Add (subtract):				
Acquisition costs	287	341	1,274	1,424
Integration and executive severance costs[(2)]	907	—	1,534	—
Casualty-related recoveries[(3)]	—	—	—	(522)
Loss on early extinguishment of debt	323	—	323	758
Core FFO attributable to common shareholders, OP unitholders, and LTIP unitholders	**$ 83,882**	**$ 85,759**	**$ 227,508**	**$ 259,821**
Weighted average shares and units outstanding - FFO and Core FFO:[(4)]				
Weighted average shares outstanding - basic	75,760	87,004	77,047	88,263
Weighted average restricted common shares outstanding	19	25	21	26
Weighted average OP units outstanding	52,740	38,030	42,709	38,504
Weighted average DownREIT OP unit equivalents outstanding	5,769	2,120	3,346	2,120
Weighted average LTIP units outstanding	663	562	676	545
Total weighted average shares and units outstanding - FFO and Core FFO	**134,951**	**127,741**	**123,799**	**129,458**
FFO per share and unit	**$ 0.61**	**$ 0.67**	**$ 1.81**	**$ 1.99**
Core FFO per share and unit	**$ 0.62**	**$ 0.67**	**$ 1.84**	**$ 2.01**

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

(2) Integration costs relate to expenses incurred as a part of the internalization of the PRO structure. Executive severance costs are recorded within the line items "General and administrative expenses" and "Non-operating (expense) income" in our condensed consolidated statements of operations.

(3) Casualty-related recoveries relate to casualty-related expenses incurred during 2022 and are recorded in the line item "Other" within operating expenses in our condensed consolidated statements of operations.

(4) 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. All subordinated performance units and DownREIT subordinated performance units were converted into OP units on July 1, 2024, in connection with the internalization of the PRO structure. See footnote[(1)] to 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 per share - diluted to FFO and Core FFO per share and unit for the three and nine months ended September 30, 2024 and 2023:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Earnings per share - diluted	**$ 0.18**	**$ 0.26**	**$ 1.03**	**$ 0.77**
Impact of the difference in weighted average number of shares[1]	(0.08)	0.04	(0.39)	0.11
Impact of GAAP accounting for noncontrolling interests, two-class method and treasury stock method[2]	0.08	—	0.49	—
Add real estate depreciation and amortization	0.35	0.44	1.14	1.29
Add (subtract) equity in losses (earnings) of unconsolidated real estate ventures	0.03	(0.02)	0.08	(0.04)
Add Company's share of FFO in unconsolidated real estate ventures	0.05	0.05	0.15	0.14
Subtract gain on sale of self storage properties	—	—	(0.52)	—
FFO attributable to subordinated performance unitholders	—	(0.10)	(0.17)	(0.28)
FFO per share and unit	**0.61**	**0.67**	**1.81**	**1.99**
Add acquisition costs	—	—	0.01	0.01
Add integration and executive severance	0.01	—	0.02	—
Add loss on early extinguishment of debt	—	—	—	0.01
Core FFO per share and unit	**$ 0.62**	**$ 0.67**	**$ 1.84**	**$ 2.01**

(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 and the treasury stock method for certain unvested LTIP units, and assumes the conversion of vested LTIP units into OP units on a one-for-one basis and the hypothetical conversion of subordinated performance units, and DownREIT subordinated performance units into OP units. All outstanding subordinated performance units and DownREIT subordinated performance units were converted into OP units on July 1, 2024, in connection with the internalization of the PRO structure. 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, after deducting preferred share and unit distributions, and before the application of the two-class method and treasury stock method, as described in footnote[1].

Net Operating Income

Net operating income, or NOI, represents rental revenue plus other property-related revenue less property operating expenses. 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 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 and net income (loss).

Three Months Ended September 30, 2024 compared to the Three Months Ended September 30, 2023

As of September 30, 2024, our same store portfolio consisted of 776 self storage properties. Our same store portfolio is defined as those properties owned and operated since the first day of the earliest year presented, excluding any properties sold, expected to be sold or subject to significant changes such as expansions or casualty events which cause the portfolio's year-over-year operating results to no longer be comparable. The following table illustrates the changes in rental revenue, other property-related revenue, and property operating expenses, for the three months ended September 30, 2024 and 2023 (dollars in thousands):

	Three Months Ended September 30,		
	2024	**2023**	**Change**
Rental revenue			
Same store portfolio	$ 167,796	$ 174,671	$ (6,875)
Non-same store portfolio	6,671	27,162	(20,491)
Total rental revenue	174,467	201,833	(27,366)
Other property-related revenue			
Same store portfolio	7,012	6,540	472
Non-same store portfolio	393	1,224	(831)
Total other property-related revenue	7,405	7,764	(359)
Property operating expenses			
Same store portfolio	50,164	49,566	598
Non-same store portfolio	2,548	9,015	(6,467)
Total property operating expenses	52,712	58,581	(5,869)
Net operating income			
Same store portfolio	124,644	131,645	(7,001)
Non-same store portfolio	4,516	19,371	(14,855)
Total net operating income	$ 129,160	$ 151,016	$ (21,856)

Rental Revenue

Same store portfolio rental revenues decreased $6.9 million, or 3.9%, for the three months ended September 30, 2024, as compared to the three months ended September 30, 2023. This decrease in same store portfolio rental revenue was driven by a decrease in average occupancy from 89.2% for the three months ended September 30, 2023 to 86.3% for the three months ended September 30, 2024. Annualized same store portfolio rental revenue per occupied square feet decreased from $15.81 to $15.67, or 0.9%, for the three months ended September 30, 2024, driven primarily by decreased lease rates for new tenants.

Other Property-Related Revenue

Same store portfolio other property-related revenue increased by $0.5 million, or 7.2%, for the three months ended September 30, 2024, as compared to the three months ended September 30, 2023.

Property Operating Expenses

Same store portfolio property operating expenses increased $0.6 million, or 1.2%, for the three months ended September 30, 2024 compared to the three months ended September 30, 2023. The increase in same store property operating expenses was primarily a result of increases in property tax and insurance expense.

For details regarding the changes in non-same store portfolio rental revenue, other property-related revenue, and property operating expenses, please refer to "Results of Operations" above.

Nine Months Ended September 30, 2024 compared to the Nine Months Ended September 30, 2023

As of September 30, 2024, our same store portfolio consisted of 776 self storage properties. Our same store portfolio is defined as those properties owned and operated since the first day of the earliest year presented, excluding any properties sold, expected to be sold or subject to significant changes such as expansions or casualty events which cause the portfolio's year-over-year operating results to no longer be comparable. The following table illustrates the changes in rental revenue, other property-related revenue, and property operating expenses, for the nine months ended September 30, 2024 compared to the nine months ended September 30, 2023 (dollars in thousands):

	Nine Months Ended September 30,		
	2024	**2023**	**Change**
Rental revenue			
Same store portfolio	$ 503,501	$ 518,180	$ (14,679)
Non-same store portfolio	25,717	77,093	(51,376)
Total rental revenue	529,218	595,273	(66,055)
Other property-related revenue			
Same store portfolio	19,360	18,802	558
Non-same store portfolio	1,294	3,382	(2,088)
Total other property-related revenue	20,654	22,184	(1,530)
Property operating expenses			
Same store portfolio	149,659	144,674	4,985
Non-same store portfolio	9,948	27,484	(17,536)
Total property operating expenses	159,607	172,158	(12,551)
Net operating income			
Same store portfolio	373,202	392,308	(19,106)
Non-same store portfolio	17,063	52,991	(35,928)
Total net operating income	$ 390,265	$ 445,299	$ (55,034)

Rental Revenue

Same store portfolio rental revenues decreased $14.7 million, or 2.8%, for the nine months ended September 30, 2024, as compared to the nine months ended September 30, 2023. This decrease in same store portfolio rental revenue was driven primarily by a decrease in average occupancy from 89.4% for the nine months ended September 30, 2023 to 86.1% for the nine months ended September 30, 2024. Average annualized same store rental revenue per occupied square foot increased from $15.61 to $15.72, or 0.7%, for the nine months ended September 30, 2024, driven primarily by increased contractual lease rates for in-place tenants.

Other Property-Related Revenue

Same store portfolio other property-related revenue increased by $0.6 million, or 3.0%, for the nine months ended September 30, 2024, as compared to the nine months ended September 30, 2023.

Property Operating Expenses

Same store portfolio property operating expenses increased $5.0 million, or 3.4%, for the nine months ended September 30, 2024 compared to the nine months ended September 30, 2023. The increase in same store property operating expenses was primarily a result of increases in marketing and insurance costs.

For details regarding the changes in non-same store portfolio rental revenue, other property-related revenue, and property operating expenses, please refer to "Results of Operations" above.

The following table presents a reconciliation of net income to NOI for the three and nine months ended September 30, 2024 and 2023 (dollars in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Net income	**$ 29,771**	**$ 43,064**	**$ 157,139**	**$ 128,932**
(Subtract) Add:				
Management fee and other revenue	(11,749)	(9,550)	(30,345)	(25,194)
General and administrative expenses	13,114	15,100	44,977	44,325
Other	3,643	4,138	10,510	8,531
Depreciation and amortization	47,661	55,842	141,702	168,005
Interest expense	39,575	43,065	114,920	120,706
Equity in losses (earnings) of unconsolidated real estate venture	4,712	(1,930)	10,791	(5,469)
Loss on early extinguishment of debt	323	—	323	758
Acquisition and integration costs	1,164	341	2,151	1,424
Income tax expense	863	922	2,290	2,855
Gain on sale of self storage properties	—	—	(63,841)	—
Non-operating expense (income)	83	24	(352)	426
Net Operating Income	**$ 129,160**	**$ 151,016**	**$ 390,265**	**$ 445,299**

Our consolidated NOI shown in the table above does not include our proportionate share of NOI for our unconsolidated real estate ventures. For additional information about our 2016 Joint Venture, 2018 Joint Venture, 2023 Joint Venture and 2024 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, integration costs, executive severance costs, equity-based compensation expense, losses on sale of properties, impairment of long-lived assets and casualty-related expenses, losses and recoveries, minus gains on sale of properties and debt forgiveness, and after adjustments for unconsolidated partnerships and joint ventures, including the removal of the non-cash effect of applying hypothetical liquidation at book value (HLBV) for purposes of allocating GAAP net income (loss) for the 2024 Joint Venture. 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 their usefulness as comparative measures.

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 and net income (loss).

The following table presents a reconciliation of net income to EBITDA and Adjusted EBITDA for the three and nine months ended September 30, 2024 and 2023 (dollars in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	**2023**	**2024**	**2023**
Net income	**$ 29,771**	**$ 43,064**	**$ 157,139**	**$ 128,932**
Add:				
Depreciation and amortization	47,661	55,842	141,702	168,005
Company's share of unconsolidated real estate ventures depreciation and amortization	5,418	4,287	15,110	13,073
Interest expense	39,575	43,065	114,920	120,706
Income tax expense	863	922	2,290	2,855
Loss on early extinguishment of debt	323	—	323	758
EBITDA	**123,611**	**147,180**	**431,484**	**434,329**
Add (subtract):				
Acquisition costs	287	341	1,274	1,424
Effect of hypothetical liquidation at book value (HLBV) accounting for unconsolidated 2024 Joint Venture(1)	5,458	—	13,707	—
Gain on sale of self storage properties	—	—	(63,841)	—
Integration and executive severance costs, excluding equity-based compensation(2)	877	—	1,100	—
Casualty-related recoveries(3)	—	—	—	(522)
Equity-based compensation expense(4)	1,911	1,702	6,097	5,028
Adjusted EBITDA	**$ 132,144**	**$ 149,223**	**$ 389,821**	**$ 440,259**

(1) Reflects the non-cash impact of applying HLBV to the 2024 Joint Venture, which allocates GAAP income (loss) on a hypothetical liquidation of the underlying joint venture at book value as of the reporting date.

(2) Integration costs relate to expenses incurred as a part of the internalization of the PRO structure. Executive severance costs are recorded within the line items "General and administrative expenses" and "Non-operating (expense) income" in our condensed consolidated statements of operations.

(3) Casualty-related recoveries relate to casualty-related expenses incurred during 2022 and are recorded in the line item "Other" within operating expenses in our condensed consolidated statements of operations.

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

Liquidity and Capital Resources

Liquidity Overview

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 dispositions of self storage properties (including contributions to joint ventures), equity and debt offerings, debt financings including additional borrowing capacity under the credit facility, and expansion options available under the 2028 Term Loan Facility, the June 2029 Term Loan Facility, and our credit facility.

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

Our long-term liquidity needs consist primarily of the repayment of debt, property acquisitions, and capital expenditures. We acquire properties through the use of cash, preferred units, and OP 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.

The availability of credit and its related effect on the overall economy may affect our liquidity and future financing activities, both through changes in interest rates and access to financing. In 2022 and 2023, the Federal Reserve Board increased interest rates from historically low levels, until pausing increases in August 2023 and decreasing rates in September 2024. Although the Federal Reserve Board has signaled an intention to continue to reduce interest rates in 2024, there is no assurance that this will occur or that the Federal Reserve Board will not maintain or raise interest rates in the future. Our ability to access capital on favorable terms as well as to use cash from operations to continue to meet our liquidity needs, all of which are highly uncertain and cannot be predicted, could be affected by various risks and uncertainties. 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.

Cash Flows

At September 30, 2024, we had $69.9 million in cash and cash equivalents and $8.5 million of restricted cash, an increase in cash and cash equivalents of $4.9 million and a decrease in restricted cash of $14.2 million from December 31, 2023. Restricted cash primarily consists of escrowed funds deposited with financial institutions resulting from property sales for which we elected to purchase replacement property in accordance with Section 1031 of the Code, and 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.

Operating Activities

Cash provided by our operating activities was $282.9 million for the nine months ended September 30, 2024 compared to $347.6 million for the nine months ended September 30, 2023, a decrease of $64.7 million. Our operating cash flow decreased primarily due to a decrease in rental revenue, partially offset by a decrease in property operating expenses driven by (i) the sale of 32 self storage properties to a third party in the three months ended December 31, 2023, (ii) the contribution of 56 self storage properties to the 2024 Joint Venture in the three months ended March 31, 2024, and (iii) the sale of 40 self storage properties to third parties in the nine months ended September 30, 2024.

Investing Activities

Cash provided by investing activities was $470.9 million for the nine months ended September 30, 2024 compared to $75.9 million of cash used in investing activities for the nine months ended September 30, 2023. The primary sources of cash for the nine months ended September 30, 2024 were the $616.8 million of proceeds from the 56 self storage properties contributed to the 2024 Joint Venture in the three months ended March 31, 2024, and the sale of 40 self storage properties to third parties in the nine months ended September 30, 2024, partially offset by our investment in the 2023 and 2024 Joint Venture of $74.2 million, $32.7 million in cash in connection with our acquisition of the PROs intangible assets related to the internalization of our PRO structure and our acquisition of three self storage properties for cash consideration of $25.1 million.

Capital expenditures totaled $13.0 million and $26.0 million during the nine months ended September 30, 2024 and 2023, 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;
- value 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 nine months ended September 30, 2024 and 2023, are presented below (dollars in thousands):

	Nine Months Ended September 30,	
	2024	**2023**
Recurring capital expenditures	$ 9,187	$ 11,298
Value enhancing capital expenditures	2,675	5,844
Acquisitions capital expenditures	1,611	8,072
Total capital expenditures	13,473	25,214
Change in accrued capital spending	(468)	741
Capital expenditures per statement of cash flows	$ 13,005	$ 25,955

Financing Activities

Cash used in our financing activities was $763.1 million for the nine months ended September 30, 2024 compared to $253.2 million for the nine months ended September 30, 2023. Our primary uses of financing cash flows for the nine months ended September 30, 2024 were for principal payments on existing debt of $1.3 billion (which included $723.2 million of principal repayments under the Revolver, $275.0 million repayment of Term Loan B, $325.0 million repayment of Term Loan C, $4.0 million of fixed rate mortgage repayments and $1.6 million of scheduled fixed rate mortgage principal amortization payments), common share repurchases of $275.2 million (inclusive of commissions and fees), payments of dividends to common shareholders of $128.3 million, distributions to noncontrolling interests of $100.9 million, and distributions to preferred shareholders of $15.3 million. Our sources of financing cash flows for the nine months ended September 30, 2024 primarily consisted of $749.0 million of borrowings under our Revolver, $75.0 million from the issuance of the September 2028 Notes, $125.0 million from the issuance of the September 2031 Notes and $150.0 million from the issuance of the 2034 Notes.

Credit Facility and Term Loan Facilities

As of September 30, 2024, our credit facility provided for total borrowings of $1.355 billion, consisting of the following components: (i) a Revolver which provides for a total borrowing commitment up to $950.0 million, whereby we may borrow, repay and re-borrow amounts under the Revolver, (ii) a $275.0 million Term Loan D and (iii) a $130.0 million Term Loan E. The Revolver is set to mature in January 2027; provided that we may elect up to two times to extend the maturity by six months each up to January 2028 by paying an extension fee for each such election of 0.0625% of the total borrowing commitment thereunder at the time of extension and meeting other customary conditions with respect to compliance. Term Loan B matured in July 2024 and Term Loan C was repaid in September 2024. Term Loan D matures in July 2026 and the Term Loan E matures in March 2027. The Revolver, Term Loan D and Term Loan E are not subject to any scheduled reduction or amortization payments prior to maturity. As of September 30, 2024, we have an expansion option under the credit facility, which, if exercised in full, would provide for a total credit facility of $1.900 billion.

As of September 30, 2024, $275.0 million was outstanding under the Term Loan D with an effective interest rate of 3.96% and $130.0 million was outstanding under the Term Loan E with an effective interest rate of 4.91%. As of September 30, 2024, we would have had the capacity to borrow remaining Revolver commitments of $536.7 million while remaining in compliance with the credit facility's financial covenants.

We have a 2028 Term Loan Facility that matures in December 2028 and is separate from the credit facility in an aggregate amount of $75.0 million. As of September 30, 2024, the entire amount was outstanding under the 2028 Term Loan Facility with an effective interest rate of 4.62%. We have an expansion option under the 2028 Term Loan Facility, which, if exercised in full, would provide for total borrowings in an aggregate amount up to $125.0 million.

We have an April 2029 Term Loan Facility that matures in April 2029 and is separate from the credit facility and 2028 Term Loan Facility in an aggregate amount of $100.0 million. As of September 30, 2024, the entire amount was outstanding under the April 2029 Term Loan Facility with an effective interest rate of 4.27%.

We have a June 2029 Term Loan Facility that matures in June 2029 and is separate from the credit facility, 2028 Term Loan Facility, and April 2029 Term Loan Facility in an aggregate amount of $285.0 million. As of September 30, 2024, the June 2029 Term Loan Facility had an effective interest rate of 5.37%. We have an expansion option under the June 2029 Term Loan Facility, which, if exercised in full, would provide for total borrowings in an aggregate amount up to $300.0 million.

2029 and August 2031 Senior Unsecured Notes

On August 30, 2019, our operating partnership issued $100.0 million of 3.98% senior unsecured notes due August 30, 2029 and $50.0 million of 4.08% senior unsecured notes due August 30, 2031 in a private placement to certain institutional investors.

August 2030 and August 2032 Senior Unsecured Notes

On October 22, 2020, our operating partnership issued $150.0 million of 2.99% senior unsecured notes due August 5, 2030 and $100.0 million of 3.09% senior unsecured notes due August 5, 2032 in a private placement to certain institutional investors.

May 2026, May 2031 and May 2033 Senior Unsecured Notes

On May 26, 2021, our operating partnership issued $55.0 million of 3.10% senior unsecured notes due May 4, 2033. On July 26, 2021, our operating partnership issued $35.0 million of 2.16% senior unsecured notes due May 4, 2026 and $90.0 million of 3.00% senior unsecured notes due May 4, 2031.

November 2030, November 2031, November 2033, and 2036 Senior Unsecured Notes

On December 14, 2021, our operating partnership issued $75.0 million of 2.72% senior unsecured notes due November 30, 2030, $175.0 million of 2.81% senior unsecured notes due November 30, 2031 and $75.0 million of 3.06% senior unsecured notes due November 30, 2036. On January 28, 2022, our operating partnership issued $125.0 million of 2.96% senior unsecured notes due November 30, 2033.

November 2032 Senior Unsecured Notes

On September 28, 2022, our operating partnership issued $200.0 million of 5.06% senior unsecured notes due November 16, 2032.

July 2028 Senior Unsecured Notes

On April 27, 2023, our operating partnership issued $120.0 million of 5.61% senior unsecured notes due July 5, 2028 in a private placement to certain institutional investors. The July 2028 Notes have an effective interest rate of 5.75% after taking into account the effect of interest rate swaps.

October 2026, October 2028, October 2030 and October 2033 Senior Unsecured Notes

On October 5, 2023, our operating partnership issued $65.0 million of 6.46% senior unsecured notes due October 5, 2026, $100.0 million of 6.55% senior unsecured notes due October 5, 2028, $35.0 million of 6.66% senior unsecured notes due October 5, 2030 and $50.0 million of 6.73% senior unsecured notes due October 5, 2033 in a private placement to certain institutional investors.

September 2028, September 2031 and 2034 Senior Unsecured Notes

On September 5, 2024, our operating partnership issued $75.0 million of 5.40% senior unsecured notes due September 5, 2028, $125.0 million of 5.55% senior unsecured notes due September 5, 2031, and $150.0 million of 5.74% senior unsecured notes due September 5, 2034 in a private placement to certain institutional investors.

Equity Transactions

Issuance of Common Shares

During the nine months ended September 30, 2024, after receiving notices of redemption from certain OP unitholders, we elected to issue 1,326,914 common shares to such holders in exchange for 1,326,914 OP units in satisfaction of the operating partnership's redemption obligations.

Common Share Repurchases

During the nine months ended September 30, 2024, we repurchased 7,400,322 common shares for approximately $275.2 million (inclusive of commissions and fees).

Issuance and Redemption of OP Equity

During the nine months ended September 30, 2024, we issued (i) 14,376,264 OP units upon the conversion of 7,772,693 subordinated performance units due to the internalization of the PRO structure, (ii) 1,548,866 OP units in connection with the purchase of the PROs' intangible assets, (iii) 43,556 OP units upon the conversion of 23,690 subordinated performance units, (iv) and 92,174 OP units upon the conversion of an equivalent number of LTIP units. In addition, we redeemed 28,017 OP units, 194,888 subordinated performance units for cash and 6,665 Series A-1 preferred units for an equivalent number of Series A Preferred Shares.

During the nine months ended September 30, 2024, we issued 3,608,523 DownREIT OP units upon the conversion of 4,133,474 DownREIT subordinated performance units due to the internalization of the PRO structure and 40,200 DownREIT OP units that were issued in exchange for OP units.

Dividends and Distributions

On August 15, 2024, our board of trustees declared a cash dividend and distribution, respectively, of $0.56 per common share and OP unit to shareholders and OP unitholders of record as of September 13, 2024. On August 15, 2024, our board of trustees also declared cash distributions of $0.375 per Series A Preferred Share, Series B Preferred Share and Series A-1 preferred unit to shareholders and unitholders of record as of September 13, 2024.

Off-Balance Sheet Arrangements

Except as disclosed in the notes to our financial statements, as of September 30, 2024, 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 September 30, 2024, we have not guaranteed any obligations of unconsolidated entities, nor made any commitments to provide funding to any such entities, that creates any material exposure to any financing, liquidity, market or credit risk.

Seasonality

The self storage business is subject to minor seasonal fluctuations. A greater portion of revenues and profits are generally 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

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

Interest Rate Risk

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 September 30, 2024, we had $186.8 million of debt subject to variable interest rates (excluding variable-rate debt subject to interest rate swaps). If our reference rates (SOFR) 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 decrease or increase future earnings and cash flows by approximately $1.9 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 September 30, 2024 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, 2023 filed with the SEC under the heading Item 1A. "Risk Factors" beginning on page 17, which is accessible on the SEC's website at www.sec.gov.

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

Unregistered Sales of Equity Securities

During the three months ended September 30, 2024, the Company, in its capacity as general partner of its operating partnership, caused the operating partnership to issue 1,048,202 common shares to satisfy redemption requests from certain limited partners.

On July 1, 2024, in connection with the internalization of the PRO structure as described above in this Form 10-Q, the operating partnership issued 1,548,866 OP Units to the PROs as consideration for the purchase of the PROs' intangible assets.

On July 1, 2024, in connection with the internalization of the PRO structure as described above in this Form 10-Q, 11,906,167 subordinated performance units (including all DownREIT subordinated performance units) were converted into 17,984,787 OP units and DownREIT OP units.

Following a specified lock up period after the date 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. The Company has the right, but not the obligation, to assume and satisfy the redemption obligation of the 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 the operating partnership as described above in the event that OP units are in the future tendered for redemption.

As of October 28, 2024, other than those OP units held by the Company, after reflecting the transactions described herein, 58,914,586 OP units were outstanding (including 871,576 outstanding LTIP units in the operating partnership and 5,769,214 outstanding DownREIT OP units, 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.

Issuer Purchases of Equity Securities

On July 11, 2022, the Company approved a share repurchase program authorizing the repurchase of up to $400.0 million of the Company's common shares, under which $256,892 of common shares remain available for repurchase. On December 1, 2023, the Company approved a new share repurchase program authorizing, but not obligating, the repurchase of up to an additional $275.0 million of the Company's common shares, under which no common shares remain available for repurchase. The table below summarizes all of our repurchases of common shares during three months ended September 30, 2024:

Period	Total number of shares purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet be Purchased under the Plans or Programs
July 1 - July 31, 2024	—	$ —	—	$ 256,892
August 1 - August 31, 2024	—	—	—	256,892
September 1 - September 30, 2024	—	—	—	256,892
Total/Weighted Average	—	$ —	—	$ 256,892

Use of Proceeds

Not applicable.

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	Third Amended and Restated Bylaws of National Storage Affiliates Trust (Exhibit 3.1 to the Current Report on Form 8-K, filed with the SEC on November 9, 2023, is incorporated herein by this reference)
3.3	Articles Supplementary designating the Series A Preferred Shares of National Storage Affiliates Trust (Exhibit 3.3 to the Form 8-A, filed with the SEC on October 10, 2017, is incorporated herein by this reference)
3.4	Articles Supplementary designating the Series A Preferred Shares of National Storage Affiliates Trust (Exhibit 3.4 to the Form S-3ASR, filed with the SEC on March 14, 2018, is incorporated herein by this reference)
3.5	Articles Supplementary designating the Series A Preferred Shares of National Storage Affiliates Trust (Exhibit 3.5 to the Quarterly Report on Form 10-Q, filed with the SEC on May 3, 2019, is incorporated herein by this reference)
3.6	Articles Supplementary designating the Series A Preferred Shares of National Storage Affiliates Trust (Exhibit 3.1 to the Current Report on Form 8-K filed with the SEC on May 19, 2021, is incorporated herein by this reference)
3.7	Articles Supplementary designating the Series B Preferred Shares of National Storage Affiliates Trust (Exhibit 3.1 to the Current Report on Form 8-K filed with the SEC on March 21, 2023, 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 herein by reference)
4.2	Form of Specimen Certificate of Series A Preferred Shares of National Storage Affiliates Trust (Exhibit 4.1 to the Registration Statement on Form 8-A filed with the SEC on October 10, 2017, is incorporated herein by this reference)
4.3	Description of Common Shares of Beneficial Interest, 6.000% Series A Cumulative Redeemable Preferred Shares of Beneficial Interest and 6.000% Series B Cumulative Redeemable Preferred Shares of Beneficial Interest (Exhibit 4.3 to the Annual Report on Form 10-K, filed with the SEC on February 28, 2024, is incorporated herein by this reference)
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.INS*	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH*	Inline XBRL Taxonomy Extension Schema
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase
104*	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)

* Filed herewith.

** Furnished herewith.

SIGNATURES

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

National Storage Affiliates Trust

By: /s/ DAVID G. CRAMER

David G. Cramer

president and chief executive officer

(principal executive officer)

By: /s/ BRANDON S. TOGASHI

Brandon S. Togashi

chief financial officer

(principal accounting and financial officer)

Date: October 31, 2024