

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 June 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 August 2, 2024, 75,968,109 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)

	June 30, 2024	December 31, 2023
ASSETS		
Real estate		
Self storage properties	\$ 5,818,388	\$ 5,792,174
Less accumulated depreciation	(961,977)	(874,359)
Self storage properties, net	4,856,411	4,917,815
Cash and cash equivalents	58,975	64,980
Restricted cash	8,064	22,713
Debt issuance costs, net	7,055	8,442
Investment in unconsolidated real estate ventures	230,295	211,361
Other assets, net	138,522	134,002
Assets held for sale, net	—	550,199
Operating lease right-of-use assets	21,779	22,299
Total assets	<u>\$ 5,321,101</u>	<u>\$ 5,931,811</u>
LIABILITIES AND EQUITY		
Liabilities		
Debt financing	\$ 3,365,836	\$ 3,658,205
Accounts payable and accrued liabilities	93,042	92,766
Interest rate swap liabilities	—	3,450
Operating lease liabilities	23,731	24,195
Deferred revenue	21,427	27,354
Total liabilities	3,504,036	3,805,970
Commitments and contingencies (Note 11)		
Equity		
Series A Preferred shares of beneficial interest, par value \$0.01 per share. 50,000,000 authorized, 9,017,588 and 9,017,588 issued and outstanding at June 30, 2024 and December 31, 2023, respectively, at liquidation preference	225,439	225,439
Series B Preferred shares of beneficial interest, par value \$0.01 per share. 7,000,000 authorized, 5,668,128 and 5,668,128 issued and outstanding at June 30, 2024 and December 31, 2023, respectively, at liquidation preference	115,212	115,212
Common shares of beneficial interest, par value \$0.01 per share. 250,000,000 authorized, 75,169,162 and 82,285,995 shares issued and outstanding at June 30, 2024 and December 31, 2023, respectively	752	823
Additional paid-in capital	1,293,694	1,509,563
Distributions in excess of earnings	(469,768)	(449,907)
Accumulated other comprehensive income	25,881	21,058
Total shareholders' equity	1,191,210	1,422,188
Noncontrolling interests	625,855	703,653
Total equity	1,817,065	2,125,841
Total liabilities and equity	<u>\$ 5,321,101</u>	<u>\$ 5,931,811</u>

See notes to condensed consolidated financial statements.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
REVENUE				
Rental revenue	\$ 174,369	\$ 199,311	\$ 354,751	\$ 393,440
Other property-related revenue	6,557	7,613	13,249	14,420
Management fees and other revenue	9,522	8,587	18,596	15,644
Total revenue	190,448	215,511	386,596	423,504
OPERATING EXPENSES				
Property operating expenses	52,201	57,094	106,895	113,577
General and administrative expenses	16,189	14,404	31,863	29,225
Depreciation and amortization	46,710	56,705	94,041	112,163
Other	3,375	3,220	6,867	4,393
Total operating expenses	118,475	131,423	239,666	259,358
OTHER (EXPENSE) INCOME				
Interest expense	(37,228)	(39,693)	(75,345)	(77,641)
Loss on early extinguishment of debt	—	—	—	(758)
Equity in (losses) earnings of unconsolidated real estate ventures	(4,449)	1,861	(6,079)	3,539
Acquisition costs	(480)	(239)	(987)	(1,083)
Non-operating income (expense)	337	196	435	(402)
Gain on sale of self storage properties	2,668	—	63,841	—
Other expense, net	(39,152)	(37,875)	(18,135)	(76,345)
Income before income taxes	32,821	46,213	128,795	87,801
Income tax expense	(541)	(737)	(1,427)	(1,933)
Net income	32,280	45,476	127,368	85,868
Net income attributable to noncontrolling interests	(15,218)	(16,028)	(51,279)	(27,461)
Net income attributable to National Storage Affiliates Trust	17,062	29,448	76,089	58,407
Distributions to preferred shareholders	(5,110)	(5,119)	(10,220)	(8,799)
Net income attributable to common shareholders	\$ 11,952	\$ 24,329	\$ 65,869	\$ 49,608
Earnings per share - basic and diluted				
	\$ 0.16	\$ 0.28	\$ 0.85	\$ 0.56
Weighted average shares outstanding - basic and diluted				
	75,160	88,312	77,698	88,902
Dividends declared per common share				
	\$ 0.56	\$ 0.56	\$ 1.12	\$ 1.11

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 June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Net income	\$ 32,280	\$ 45,476	\$ 127,368	\$ 85,868
Other comprehensive income (loss)				
Unrealized gain on derivative contracts	6,581	28,226	26,994	15,273
Realized loss on derivative contracts	—	(1,643)	—	(1,643)
Reclassification of other comprehensive income to interest expense	(9,322)	(9,460)	(18,636)	(17,221)
Other comprehensive (loss) income	(2,741)	17,123	8,358	(3,591)
Comprehensive income	29,539	62,599	135,726	82,277
Comprehensive income attributable to noncontrolling interests	(14,259)	(21,493)	(54,040)	(26,374)
Comprehensive income attributable to National Storage Affiliates Trust	\$ 15,280	\$ 41,106	\$ 81,686	\$ 55,903

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)

					Accumulated				
	Preferred Shares		Common Shares		Additional	Distributions	Other		Total
	Number	Amount	Number	Amount	Paid-in	In Excess Of	Comprehensive	Noncontrolling	
					Capital	Earnings	(Loss) Income	Interests	Equity
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

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, 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	Noncontrolling Interests	Total Equity
	Number	Amount	Number	Amount			(Loss) Income		
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	<u>14,685,716</u>	<u>\$ 340,651</u>	<u>75,169,162</u>	<u>\$ 752</u>	<u>\$ 1,293,694</u>	<u>\$ (469,768)</u>	<u>\$ 25,881</u>	<u>\$ 625,855</u>	<u>\$1,817,065</u>

See notes to condensed consolidated financial statements.

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

	Six Months Ended June 30,	
	2024	2023
OPERATING ACTIVITIES		
Net income	\$ 127,368	\$ 85,868
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	94,041	112,163
Amortization of debt issuance costs	3,418	3,235
Amortization of debt discount and premium, net	(373)	(292)
Gain on sale of self storage properties	(63,841)	—
Other	—	969
Equity-based compensation expense	4,186	3,326
Equity in losses (earnings) of unconsolidated real estate ventures	6,079	(3,539)
Distributions from unconsolidated real estate ventures	11,136	11,921
Change in assets and liabilities, net of effects of self storage property acquisitions:		
Other assets	2,449	(2,729)
Accounts payable and accrued liabilities	(1,234)	5,979
Deferred revenue	(6,012)	1,284
Net Cash Provided by Operating Activities	177,217	218,185
INVESTING ACTIVITIES		
Acquisition of self-storage properties	(25,063)	(18,087)
Capital expenditures	(9,084)	(17,933)
Deposits and advances for self storage properties and other acquisitions	(1,495)	—
Investment in unconsolidated real estate venture	(36,149)	—
Expenditures for corporate furniture, equipment and other	(367)	(678)
Acquisition of management company assets and interest in reinsurance company from PRO retirement	—	(16,924)
Proceeds from sale of self storage properties	616,812	—
Net Cash Provided by (Used In) Investing Activities	544,654	(53,622)
FINANCING ACTIVITIES		
Borrowings under debt financings	419,000	578,815
Redemption of OP equity	(9,504)	—
Repurchase of common shares	(275,195)	(69,311)
Principal payments under debt financings	(712,964)	(489,311)
Payment of dividends to common shareholders	(85,730)	(98,206)
Payment of dividends to preferred shareholders	(10,220)	(9,364)
Distributions to noncontrolling interests	(66,640)	(69,969)
Debt issuance costs	(700)	(2,095)
Equity offering costs	(572)	—
Net Cash Used In Financing Activities	(742,525)	(159,441)
(Decrease) Increase in Cash, Cash Equivalents and Restricted Cash	(20,654)	5,122

See notes to condensed consolidated financial statements.

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

	Six Months Ended June 30,	
	2024	2023
CASH, CASH EQUIVALENTS AND RESTRICTED CASH		
Beginning of period	87,693	42,199
End of period	<u>\$ 67,039</u>	<u>\$ 47,321</u>
Supplemental Cash Flow Information		
Cash paid for interest	\$ 74,895	\$ 64,536
Supplemental Disclosure of Non-Cash Investing and Financing Activities		
Consideration exchanged in investment activity		
Issuance of OP units and subordinated performance units	—	42,834
Issuance of Series B preferred shares	—	113,274
Other net liabilities assumed	174	119
Change in accrued capital spending	(433)	750

See notes to condensed consolidated financial statements.

NATIONAL STORAGE AFFILIATES TRUST
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2024
(Unaudited)

1. ORGANIZATION AND NATURE OF OPERATIONS

National Storage Affiliates Trust was organized in the state of Maryland on May 16, 2013 and is a fully integrated, self-administered and self-managed real estate investment trust focused on the self storage sector. As used herein, "NSA," the "Company," "we," "our," and "us" refers to National Storage Affiliates Trust and its consolidated subsidiaries, except where the context indicates otherwise. The Company has elected and believes 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. Pursuant to the Agreement of Limited Partnership (as amended, the "LP Agreement") of its operating partnership, the Company's operating partnership is authorized to issue preferred units, Class A Units ("OP units"), different series of Class B Units ("subordinated performance units"), and Long-Term Incentive Plan Units ("LTIP units"). The Company also owns certain of its self storage properties through other consolidated 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") and subordinated performance units ("DownREIT subordinated performance units").

The Company owned 811 consolidated self storage properties in 38 states and Puerto Rico with approximately 52.1 million rentable square feet in approximately 407,000 storage units as of June 30, 2024. These properties are managed with local operational focus and expertise by the Company and its participating regional operators ("PROs"). As of June 30, 2024, the Company directly managed 478 of these self storage properties through its corporate brands of iStorage, SecurCare, Northwest and Move It, and the PROs managed the remaining 333 self storage properties. These PROs are Optivest Properties LLC and its controlled affiliates ("Optivest"), Guardian Storage Centers LLC and its controlled affiliates ("Guardian"), Arizona Mini Storage Management Company d/b/a Storage Solutions and its controlled affiliates ("Storage Solutions"), Hide-Away Storage Services, Inc. and its controlled affiliates ("Hide-Away"), an affiliate of Shader Brothers Corporation d/b/a Personal Mini Storage ("Personal Mini"), Southern Storage Management Systems, Inc. d/b/a Southern Self Storage ("Southern"), affiliates of Investment Real Estate Management, LLC d/b/a Moove In Self Storage of York, Pennsylvania ("Moove In") and Blue Sky Self Storage, LLC, a strategic partnership between Argus Professional Storage Management and GYS Development LLC ("Blue Sky").

On June 3, 2024, the Company announced an agreement for the internalization of its PRO structure, effective 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 with respect to each PRO's tenant insurance program. The Company plans to transition the majority of operations in a phased approach, which is expected to occur 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 the PROs for all or a part of this transitional 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 converted into an aggregate of 17,984,787 OP units and DownREIT OP units. See Note 13 for additional information related to the internalization of the PRO structure.

As of June 30, 2024, the Company also managed through its property management platform an additional portfolio of 241 properties owned by the Company's unconsolidated real estate ventures. These properties contain approximately 16.7 million rentable square feet, configured in approximately 135,000 storage units and located across 24 states. The Company owns a 25% equity interest in each of its unconsolidated real estate ventures.

As of June 30, 2024, in total, the Company operated and held ownership interests in 1,052 self storage properties located across 42 states and Puerto Rico with approximately 68.8 million rentable square feet in approximately 542,000 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 six month period ended June 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 June 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 \$ 413.1 million and \$418.9 million as of June 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 June 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 and certain of the Company's PROs have tenant insurance and/or tenant warranty protection plan-related arrangements with insurance companies and the Company's tenants. During the three months ended June 30, 2024 and 2023, the Company recognized \$5.3 million and \$6.1 million, respectively, of tenant insurance and tenant warranty protection plan revenues and during the six months ended June 30, 2024 and 2023, the Company recognized \$10.9 million and \$11.6 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 June 30, 2024 and 2023, the Company recognized retail sales of \$0.6 million and \$0.7 million, respectively and during the six months ended June 30, 2024 and 2023, the Company recognized retail sales of \$1.1 million and \$1.3 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 from the 2016 Joint Venture and 2024 Joint Venture properties, respectively. During the three months ended June 30, 2024 and 2023, the Company recognized property management fees, call center fees and platform fees of \$4.5 million and \$4.2 million, respectively and during the six months ended June 30, 2024 and 2023, the Company recognized property management fees, call center fees and platform fees of \$8.7 million and \$8.4 million, respectively.

The Company also earns acquisition fees for properties acquired by the unconsolidated real estate ventures subsequent to the initial portfolios of each of the 2016 Joint Venture, the 2018 Joint Venture and the 2024 Joint Venture (each as defined in Note 5). The 2023 Joint Venture (as defined in Note 5) does not currently hold any properties. 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 June 30, 2024 and 2023, the Company recognized acquisition fees of \$0 and \$0, respectively and during the six months ended June 30, 2024 and 2023, the Company recognized acquisition fees of \$0 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 June 30, 2024 and 2023, the Company recognized \$4.8 million and \$4.3 million, respectively, of revenue related to these activities and during the six months ended June 30, 2024 and 2023, the Company recognized \$9.5 million and \$7.1 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 JV, 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)

The distribution rights and priorities set forth in the operating partnership's LP Agreement differ from what is reflected by the underlying percentage ownership interests of the unitholders. Accordingly, the Company allocates GAAP income (loss) utilizing the HLBV method, in which the Company allocates income or loss based on the change in each unitholders' claim on the net assets of its operating partnership at period end after adjusting for any distributions or contributions made during such period. The HLBV method is commonly applied to equity investments where cash distribution percentages vary at different points in time and are not directly linked to an equity holder's ownership percentage.

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

Other Comprehensive Income (Loss)

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

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.

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 six months ended June 30, 2024, the Company did not sell any common shares through the ATM program. As of June 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 six months ended June 30, 2024, the Company repurchased 7,400,322 common shares for approximately \$275.2 million, including commissions and fees.

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 OP units and subordinated performance units, at such prices and on such other terms as it determines in its sole discretion.

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

	June 30, 2024	December 31, 2023
Series A-1 preferred units	1,212,340	1,212,340
OP units	37,464,684	37,635,683
Subordinated performance units	7,772,693	7,991,271
LTIP units	870,670	785,932
DownREIT units		
DownREIT OP units	2,120,491	2,120,491
DownREIT subordinated performance units	4,133,474	4,133,474
Total	53,574,352	53,879,191

Series A-1 Preferred Units

The 6.000% Series A-1 Cumulative Redeemable Preferred Units ("Series A-1 preferred units") rank senior to OP units and subordinated performance 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.

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 decrease in OP units outstanding from December 31, 2023 to June 30, 2024 was due to 43,556 OP units issued upon the voluntary conversion of 23,690 subordinated performance units and the conversion of 92,174 LTIP units into an equivalent number of OP units, partially offset by the redemption of 278,712 OP units for an equal number of common shares and the redemption of 28,017 OP units for cash.

Subordinated Performance Units and DownREIT Subordinated Performance Units

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

Following such lock-out period, a holder of subordinated performance units in the Company's operating partnership may elect a voluntary conversion one time each year on or prior to December 1st to convert a pre-determined portion of such subordinated performance units into OP units in the Company's operating partnership, with such conversion effective January 1st of the following year, with each subordinated performance unit being converted into the number of OP units determined by dividing the average cash available for distribution, or CAD, per unit on the series of specific subordinated performance units over the one-year period prior to conversion by 110% of the CAD per unit on the OP units determined over the same period. CAD per unit on the series of specific subordinated performance units and OP units is determined by the Company based generally upon the application of the provisions of the LP Agreement applicable to the distributions of operating cash flow and capital transactions proceeds.

The decrease in subordinated performance units outstanding from December 31, 2023 to June 30, 2024 was due to the voluntary conversion of 23,690 subordinated performance units into 43,556 OP units and the redemption of 194,888 subordinated performance units for cash.

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. See Note 13 for additional information related 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 June 30, 2024 was due to issuance of 176,912 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):

	June 30, 2024	December 31, 2023
Land	\$ 1,038,183	\$ 1,035,562
Buildings and improvements	4,768,865	4,746,105
Furniture and equipment	11,340	10,507
Total self storage properties	5,818,388	5,792,174
Less accumulated depreciation	(961,977)	(874,359)
Self storage properties, net	\$ 4,856,411	\$ 4,917,815

Depreciation expense related to self storage properties amounted to \$ 45.4 million and \$53.1 million during the three months ended June 30, 2024 and 2023, respectively and \$90.8 million and \$105.2 million during the six months ended June 30, 2024 and 2023, respectively.

5. INVESTMENT IN UNCONSOLIDATED REAL ESTATE VENTURES

2024 Joint Venture

During the six months ended June 30, 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 six months ended June 30, 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

During the year ended December 31, 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. As of June 30, 2024, the 2023 Joint Venture had not completed any acquisition activity and had no operations. See Note 13 for additional information related to acquisitions subsequent to June 30, 2024.

2018 Joint Venture

As of June 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 7.8 million rentable square feet, configured in approximately 64,000 storage units and located across 17 states.

2016 Joint Venture

As of June 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 June 30, 2024 and December 31, 2023 (dollars in thousands):

	June 30, 2024	December 31, 2023
ASSETS		
Self storage properties	\$ 2,547,923	\$ 2,200,522
Less accumulated depreciation	(405,518)	(369,412)
Self storage properties, net	2,142,405	1,831,110
Other assets	45,696	37,826
Total assets	\$ 2,188,101	\$ 1,868,936
LIABILITIES AND EQUITY		
Debt financing	\$ 1,212,592	\$ 1,003,223
Other liabilities	34,110	28,333
Equity	941,399	837,380
Total liabilities and equity	\$ 2,188,101	\$ 1,868,936

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

	Three Months Ended June 30,	
	2024	2023
Total revenue	\$ 60,716	\$ 53,685
Property operating expenses	(19,449)	(15,113)
Supervisory, administrative and other expenses	(3,875)	(3,561)
Depreciation and amortization	(20,564)	(17,260)
Interest expense	(13,655)	(10,419)
Other income	904	45
Net income	\$ 4,077	\$ 7,377

	Six Months Ended June 30,	
	2024	2023
Total revenue	\$ 116,812	\$ 107,437
Property operating expenses	(37,052)	(30,162)
Supervisory, administrative and other expenses	(7,533)	(7,090)
Depreciation and amortization	(38,770)	(35,143)
Interest expense	(25,755)	(20,830)
Acquisition and other income (expenses)	845	(187)
Net income	\$ 8,547	\$ 14,025

6. ACQUISITIONS AND DISPOSITIONS

Acquisitions

The Company acquired three self storage properties for \$25.2 million during the three months ended June 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 six months ended June 30, 2024 (dollars in thousands):

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

Dispositions

During the six months ended June 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):

	June 30, 2024	December 31, 2023
Customer in-place leases, net of accumulated amortization of \$ 1,022 and \$3,263, respectively	\$ 715	\$ 1,609
Receivables:		
Trade, net	9,448	9,842
PROs and other affiliates	6,936	7,784
Receivables from unconsolidated real estate ventures	8,228	4,446
Property acquisition and other deposits	1,495	—
Interest rate swaps	34,436	29,610
Prepaid expenses and other	12,704	14,743
Corporate furniture, equipment and other, net	2,641	2,659
Trade names	8,851	8,851
Management contracts, net of accumulated amortization of \$ 7,471 and \$6,777, respectively	13,355	14,049
Tenant reinsurance intangible, net of accumulated amortization of \$ 4,534 and \$3,839, respectively	31,531	32,227
Goodwill	8,182	8,182
Total	\$ 138,522	\$ 134,002

Amortization expense related to customer in-place leases amounted to \$ 0.4 million and \$2.8 million for the three months ended June 30, 2024 and 2023, respectively and \$1.4 million and \$5.3 million for the six months ended June 30, 2024 and 2023, respectively. Amortization expense related to management contracts amounted to \$0.4 million and \$0.4 million for the three months ended June 30, 2024 and 2023, respectively and \$ 0.7 million and \$0.7 million for the six months ended June 30, 2024 and 2023, respectively. Amortization expense related to the tenant reinsurance intangible amounted to \$0.4 million and \$0.4 million for the three months ended June 30, 2024 and 2023, respectively and \$ 0.7 million and \$0.7 million for the six months ended June 30, 2024 and 2023, respectively.

8. DEBT FINANCING

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

	Interest Rate ⁽¹⁾	June 30, 2024	December 31, 2023
Credit Facility:			
Revolving line of credit	6.71 %	\$ 222,000	\$ 381,000
Term loan B	2.95 %	145,000	275,000
Term loan C	2.93 %	325,000	325,000
Term loan D	3.96 %	275,000	275,000
Term loan E	4.79 %	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
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
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
2036 Senior Unsecured Notes	3.06 %	75,000	75,000
Fixed rate mortgages payable	3.60 %	217,665	222,757
Total principal		3,374,665	3,668,757
Unamortized debt issuance costs and debt premium, net		(8,829)	(10,552)
Total debt		\$ 3,365,836	\$ 3,658,205

(1) Represents the effective interest rate as of June 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 June 30, 2024, the Company's unsecured credit facility provided for total borrowing capacity of \$ 1.825 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 \$145.0 million tranche B term loan facility (the "Term Loan B"), (iii) a \$ 325.0 million tranche C term loan facility (the "Term Loan C"), (iv) a \$275.0 million tranche D term loan facility (the "Term Loan D") and (v) a \$ 130.0 million tranche E term loan facility (the "Term Loan E"). As of June 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 \$2.370 billion.

As of June 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 \$721.5 million while remaining in compliance with the credit facility's financial covenants. At June 30, 2024, the Company was in compliance with all such covenants.

Future Debt Obligations

Based on existing debt agreements in effect as of June 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	\$ 161,871	\$ (1,513)	\$ 160,358
2025	327,185	(2,196)	324,989
2026	377,322	(1,841)	375,481
2027	439,369	(1,231)	438,138
2028	385,624	(990)	384,634
2029	487,789	(380)	487,409
Thereafter	1,195,505	(678)	1,194,827
	<u>\$ 3,374,665</u>	<u>\$ (8,829)</u>	<u>\$ 3,365,836</u>

9. EARNINGS PER SHARE

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Earnings per common share - basic and diluted				
Numerator				
Net income	\$ 32,280	\$ 45,476	\$ 127,368	\$ 85,868
Net income attributable to noncontrolling interests	(15,218)	(16,028)	(51,279)	(27,461)
Net income attributable to National Storage Affiliates Trust	17,062	29,448	76,089	58,407
Distributions to preferred shareholders	(5,110)	(5,119)	(10,220)	(8,799)
Distributed and undistributed earnings allocated to participating securities	(11)	(13)	(24)	(31)
Net income attributable to common shareholders - basic and diluted	<u>11,941</u>	<u>24,316</u>	<u>65,845</u>	<u>49,577</u>
Denominator				
Weighted average shares outstanding - basic and diluted	<u>75,160</u>	<u>88,312</u>	<u>77,698</u>	<u>88,902</u>
Earnings per share - basic and diluted	<u>\$ 0.16</u>	<u>\$ 0.28</u>	<u>\$ 0.85</u>	<u>\$ 0.56</u>

As discussed in Note 2, the Company allocates GAAP income utilizing the HLBV method, in which the Company allocates income or loss based on the change in each unitholders' claim on the net assets of its operating partnership at period end after adjusting for any distributions or contributions made during such period. Due to the stated liquidation priorities and because the HLBV method incorporates non-cash items such as depreciation expense, in any given period, income or loss may be allocated disproportionately to National Storage Affiliates Trust and noncontrolling interests, resulting in volatile fluctuations of basic and diluted earnings per share.

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 six months ended June 30, 2024, 543,220 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 six months ended June 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.

Subordinated performance units may also, under certain circumstances, be convertible into OP units which are exchangeable for common shares as described above, and DownREIT subordinated performance units may, under certain circumstances, be exchangeable for subordinated performance units on a one-for-one basis. Subordinated performance units are only convertible into OP units, after a two year lock-out period and then generally (i) at the holder's election only upon the achievement of certain performance thresholds relating to the properties to which such subordinated performance units relate or (ii) at the Company's election upon a retirement event of a PRO that holds such subordinated performance units or upon certain qualifying terminations. Although subordinated performance units may only be convertible after a two year lock-out period, the Company assumes a hypothetical conversion of each subordinated performance unit (including each DownREIT subordinated performance unit) into OP units (with subsequently assumed redemption into common shares) for the purposes of calculating diluted weighted average common shares. This hypothetical conversion is calculated using historical financial information, and as a result, is not necessarily indicative of the results of operations, cash flows or financial position of the Company upon expiration of the two-year lock out period on conversions. Effective July 1, 2024, in connection with the internalization of the PRO structure, all outstanding subordinated performance units (including all DownREIT subordinated performance units) were converted into OP units and DownREIT OP units.

For the three months ended June 30, 2024 and 2023, potential common shares totaling 58.0 million and 59.8 million, respectively, 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. For the six months ended June 30, 2024 and 2023, potential common shares totaling 58.0 million and 59.5 million, respectively, 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

Supervisory and Administrative Fees

For the self storage properties that are managed by the PROs, the Company has entered into asset management agreements with the PROs to provide leasing, operating, supervisory and administrative services. The asset management agreements generally provide for fees ranging from 5% to 6% of gross revenue for the managed self storage properties. During the three months ended June 30, 2024 and 2023, the Company incurred \$ 5.1 million and \$5.4 million, respectively, for supervisory and administrative fees to the PROs and during the six months ended June 30, 2024 and 2023, the Company incurred \$10.2 million and \$10.6 million, respectively, for supervisory and administrative fees to the PROs. Such fees are included in general and administrative expenses in the accompanying condensed consolidated statements of operations.

Payroll Services

For the self storage properties that are managed by the PROs, the employees responsible for operations are employees of the PROs who charge the Company for the costs associated with the respective employees. For the three months ended June 30, 2024 and 2023, the Company incurred \$6.8 million and \$6.5 million, respectively, for payroll and related costs reimbursable to these PROs and for the six months ended June 30, 2024 and 2023, the Company incurred \$13.7 million and \$13.1 million, respectively, for payroll and related costs reimbursable to these PROs. Such costs are included in property operating expenses in the accompanying condensed consolidated statements of operations.

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

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	
			Other Assets, net	Interest Rate Swap Liabilities
As of June 30, 2024				
Interest Rate Swaps	14	\$ 1,335,000	\$ 34,436	\$ —
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)	(17,250)
Unrealized gains and realized (losses) on interest rate swaps and forward starting swaps included in accumulated other comprehensive income (loss)	15,273
Fair value at June 30, 2023	\$ 49,006
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)	(18,718)
Unrealized gains and realized (losses) on interest rate swaps and forward starting swaps included in accumulated other comprehensive income (loss)	26,994
Fair value at June 30, 2024	\$ 34,436

As of June 30, 2024 and December 31, 2023, the Company had outstanding interest rate swaps with aggregate current notional amounts of \$ 1,335.0 million and \$1,335.0 million, respectively, designated as cash flow hedges. As of June 30, 2024, the Company's swaps had a weighted average remaining term of approximately 2.6 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 June 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 \$21.0 million of the unrealized gains and losses included in accumulated other comprehensive income (loss). If market interest rates remain above the 2.54% 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 six months ended June 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 June 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 June 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 June 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	
	June 30, 2024	December 31, 2023	June 30, 2024	December 31, 2023
Liabilities				
Private Placement Notes	\$ 1,600,000	\$ 1,600,000	\$ 1,414,436	\$ 1,417,147
Mortgage Notes	217,665	222,757	206,676	211,480

(1) Carrying value represents the principal balance outstanding

13. SUBSEQUENT EVENTS

Internalization of PRO Structure

As discussed in Note 1, the Company completed the internalization of its PRO structure as of the Closing Date. As a result of the internalization, the Company purchased certain of each PRO's assets, which included each PRO's management contracts, PRO IP, and certain rights with respect to each PRO's tenant insurance program. The Company plans to transition the majority of operations in a phased approach, which is expected to occur 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 the PROs for all or a part of this transitional 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 the PROs' trade names. The Company also acquired certain rights associated with 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 connection with the transactions described above, a company owned and controlled by Mark Van Mourick, a trustee of the Company, received 209,333 OP units with a value of approximately \$8.4 million and approximately \$2.9 million in cash.

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. Of these, 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 PROs' affiliates. Each subordinated performance unit and DownREIT subordinated performance units were 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.

Repayment of Term Loan B

On July 29, 2024, the Company repaid in full the remaining \$ 145.0 million of Term loan B using proceeds from the Revolver.

2023 Joint Venture Acquisitions

On July 30, 2024, the 2023 Joint Venture acquired a portfolio of five properties located in Texas for approximately \$ 71.9 million. The 2023 Joint Venture financed the acquisition with capital contributions from venture members, of which the Company contributed approximately \$18.0 million.

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. Effective July 1, 2024, we internalized our PRO structure. 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. 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. Over time, largely through our unconsolidated real estate ventures and internalization of PROs, we have developed a full service internally-staffed property management platform.

As a result of the internalization of the PRO structure, effective July 1, 2024 (the "Closing Date"), the Company purchased each PRO's management contracts, certain PRO IP, and certain rights with respect to the PROs' tenant insurance programs. We plan to transition the majority of operations in a phased approach, which is expected to occur over the 12 month period following the Closing Date, and we have executed new asset management and property management agreements with a number of the PROs for all or a part of this transitional 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 converted into an aggregate of 17,984,787 OP units and DownREIT OP units. See Note 13 in Item 1 of this 10-Q for additional information related to the internalization of the PRO structure.

Our Structure

Through our property management platform, we direct, manage and control the day-to-day operations and affairs of a majority of our consolidated properties and our unconsolidated real estate ventures. As of June 30, 2024, our property management platform managed and controlled 478 of our consolidated properties and 241 of our unconsolidated real estate venture properties. The properties are managed by us under the brands of iStorage, Move It, Northwest and SecurCare.

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.

As of June 30, 2024, the Company had eight PROs: Optivest, Guardian, Storage Solutions, Hide Away, Personal Mini, Southern, Moove In and Blue Sky. On the Closing Date, the PRO structure was internalized.

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 June 30, 2024, we owned a geographically diversified portfolio of 811 self storage properties, located in 38 states and Puerto Rico, comprising approximately 52.1 million rentable square feet, configured in approximately 407,000 storage units. Of these properties, 306 were acquired by us from our current and former PROs, 504 were acquired from third-party sellers and one was acquired from the 2016 Joint Venture.

During the six months ended June 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 241 properties, to present a potential acquisition opportunity. This 75% third-party share of gross real estate assets is approximately \$1.9 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

During the six months ended June 30, 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

As of June 30, 2024, our 2023 Joint Venture, in which we have a 25% ownership interest, did not own or operate any self storage properties. 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 June 30, 2024, our 2018 Joint Venture, in which we have a 25% interest, owned and operated a portfolio of 104 properties containing approximately 7.8 million rentable square feet, configured in approximately 64,000 storage units and located across 17 states.

2016 Joint Venture

As of June 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. We contributed 56 self storage properties to the 2024 Joint Venture and sold an additional 40 self storage properties to third parties during the six months ended June 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 six months ended June 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 June 30, 2024 compared to the Three Months Ended June 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 June 30, 2024 compared to the three months ended June 30, 2023 (dollars in thousands):

	Three Months Ended June 30,		
	2024	2023	Change
Rental revenue	\$ 174,369	\$ 199,311	\$ (24,942)
Other property-related revenue	6,557	7,613	(1,056)
Management fees and other revenue	9,522	8,587	935
Total revenue	190,448	215,511	(25,063)
Property operating expenses	52,201	57,094	(4,893)
General and administrative expenses	16,189	14,404	1,785
Depreciation and amortization	46,710	56,705	(9,995)
Other	3,375	3,220	155
Total operating expenses	118,475	131,423	(12,948)
Other (expense) income			
Interest expense	(37,228)	(39,693)	2,465
Equity in (losses) earnings of unconsolidated real estate ventures	(4,449)	1,861	(6,310)
Acquisition costs	(480)	(239)	(241)
Non-operating income	337	196	141
Gain on sale of self storage properties	2,668	—	2,668
Other expense, net	(39,152)	(37,875)	(1,277)
Income before income taxes	32,821	46,213	(13,392)
Income tax expense	(541)	(737)	196
Net income	32,280	45,476	(13,196)
Net income attributable to noncontrolling interests	(15,218)	(16,028)	810
Net income attributable to National Storage Affiliates Trust	17,062	29,448	(12,386)
Distributions to preferred shareholders	(5,110)	(5,119)	9
Net income attributable to common shareholders	\$ 11,952	\$ 24,329	\$ (12,377)

Total Revenue

Our total revenue, including management fees and other revenue, decreased by \$25.1 million, or 11.6%, for the three months ended June 30, 2024, as compared to the three months ended June 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 six months ended June 30, 2024. The decrease in total revenue was also attributable to a decrease in total portfolio average occupancy from 89.0% for the three months ended June 30, 2023 to 86.1% for the three months ended June 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 \$24.9 million, or 12.5%, for the three months ended June 30, 2024, as compared to the three months ended June 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 six months ended June 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 \$15.09, for the three months ended June 30, 2023 to \$15.59, or 3.3%, for the three months ended June 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 \$1.1 million, or 13.9%, for the three months ended June 30, 2024, as compared to the three months ended June 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 six months ended June 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 \$0.9 million, or 10.9%, for the three months ended June 30, 2024, as compared to the three months ended June 30, 2023. This increase was primarily attributable to changes in our tenant insurance programs.

Property Operating Expenses

Property operating expenses decreased \$4.9 million, or 8.6%, for the three months ended June 30, 2024 as compared to the three months ended June 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 six months ended June 30, 2024.

General and Administrative Expenses

General and administrative expenses increased \$1.8 million, or 12.4%, for the three months ended June 30, 2024, compared to the three months ended June 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 \$10.0 million, or 17.6%, for the three months ended June 30, 2024, compared to the three months ended June 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 six months ended June 30, 2024.

Other

Other expenses increased \$0.2 million, or 4.8%, for the three months ended June 30, 2024, compared to the three months ended June 30, 2023. This increase was primarily attributable to increases in administrative costs relating to our tenant insurance programs and our reserves for casualty-related expenses and losses.

Interest Expense

Interest expense decreased \$2.5 million, or 6.2%, for the three months ended June 30, 2024, compared to the three months ended June 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 \$605.0 million, as of June 30, 2023, to \$222.0 million as of June 30, 2024.

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, 2018 Joint Venture and the 2016 Joint Venture. During the three months ended June 30, 2024, we recorded \$4.4 million of equity in losses from our unconsolidated real estate ventures compared to \$1.9 million of earnings for the three months ended June 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 June 30, 2024.

Gain on Sale of Self Storage Properties

Gain on sale of self storage properties increased \$2.7 million, for the three months ended June 30, 2024, compared to the three months ended June 30, 2023. The increase in gain on sale of self storage properties was primarily attributable to the sale of one self storage property to a third party for net proceeds of \$8.0 million.

Net Income Attributable to Noncontrolling Interests

As discussed in Note 2 in Item 1, we allocate GAAP income (loss) utilizing the HLBV method, in which we allocate income or loss based on the change in each unitholders' claim on the net assets of our operating partnership at period end after adjusting for any distributions or contributions made during such period.

Due to the stated liquidation priorities and because the HLBV method incorporates non-cash items such as depreciation expense, in any given period, income or loss may be allocated disproportionately to noncontrolling interests. Net income attributable to noncontrolling interests was \$15.2 million for the three months ended June 30, 2024, compared to \$16.0 million for the three months ended June 30, 2023.

Six Months Ended June 30, 2024 compared to the Six Months Ended June 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 six months ended June 30, 2024 compared to the six months ended June 30, 2023 (dollars in thousands):

	Six Months Ended June 30,		
	2024	2023	Change
Rental revenue	\$ 354,751	\$ 393,440	\$ (38,689)
Other property-related revenue	13,249	14,420	(1,171)
Management fees and other revenue	18,596	15,644	2,952
Total revenue	386,596	423,504	(36,908)
Property operating expenses	106,895	113,577	(6,682)
General and administrative expenses	31,863	29,225	2,638
Depreciation and amortization	94,041	112,163	(18,122)
Other	6,867	4,393	2,474
Total operating expenses	239,666	259,358	(19,692)
Other (expense) income			
Interest expense	(75,345)	(77,641)	2,296
Loss on early extinguishment of debt	—	(758)	758
Equity in (losses) earnings of unconsolidated real estate ventures	(6,079)	3,539	(9,618)
Acquisition costs	(987)	(1,083)	96
Non-operating income (expense)	435	(402)	837
Gain on sale of self storage properties	63,841	—	63,841
Other expense, net	(18,135)	(76,345)	58,210
Income before income taxes	128,795	87,801	40,994
Income tax expense	(1,427)	(1,933)	506
Net income	127,368	85,868	41,500
Net income attributable to noncontrolling interests	(51,279)	(27,461)	(23,818)
Net income attributable to National Storage Affiliates Trust	76,089	58,407	17,682
Distributions to preferred shareholders	(10,220)	(8,799)	(1,421)
Net income attributable to common shareholders	\$ 65,869	\$ 49,608	\$ 16,261

Total Revenue

Our total revenue, including management fees and other revenue, decreased by \$36.9 million, or 8.7%, for the six months ended June 30, 2024, as compared to the six months ended June 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 six months ended June 30, 2024. The decrease in total revenue was also attributable to a decrease in total portfolio average occupancy from 88.8% for the six months ended June 30, 2023 to 85.8% for the six months ended June 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 \$38.7 million, or 9.8%, for the six months ended June 30, 2024, as compared to the six months ended June 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 six months ended June 30, 2024. Average annualized rental revenue per occupied square foot increased from \$15.03, for the six months ended June 30, 2023 to \$15.65, or 4.1%, for the six months ended June 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 \$1.2 million, or 8.1%, for the six months ended June 30, 2024, as compared to the six months ended June 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 six months ended June 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 \$3.0 million, or 18.9%, for the six months ended June 30, 2024, as compared to the six months ended June 30, 2023. This increase was primarily attributable to changes in our tenant insurance programs.

Property Operating Expenses

Property operating expenses decreased \$6.7 million, or 5.9%, for the six months ended June 30, 2024 as compared to the six months ended June 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 six months ended June 30, 2024.

General and Administrative Expenses

General and administrative expenses increased \$2.6 million, or 9.0%, for the six months ended June 30, 2024, compared to the six months ended June 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 \$18.1 million, or 16.2%, for the six months ended June 30, 2024, compared to the six months ended June 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 six months ended June 30, 2024.

Other

Other expenses increased \$2.5 million, or 56.3%, for the six months ended June 30, 2023, compared to the six months ended June 30, 2024. This increase was primarily attributable to increases in administrative costs relating to our tenant insurance programs and our reserves for casualty-related expenses and losses.

Interest Expense

Interest expense decreased \$2.3 million, or 3.0%, for the six months ended June 30, 2024, compared to the six months ended June 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 \$605.0 million, as of June 30, 2023, to \$222.0 million as of June 30, 2024.

Loss on Early Extinguishment of Debt

Loss on early extinguishment of debt decreased \$0.8 million for the six months ended June 30, 2024, compared to the six months ended June 30, 2023. During the six months ended June 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, 2018 Joint Venture and the 2016 Joint Venture. During the six months ended June 30, 2024, we recorded \$6.1 million of equity in losses from our unconsolidated real estate ventures compared to \$3.5 million of earnings for the six months ended June 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 June 30, 2024.

Gain on Sale of Self Storage Properties

Gain on sale of self storage properties increased \$63.8 million for the six months ended June 30, 2024, compared to the six months ended June 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 six months ended June 30, 2024, for net proceeds of \$616.8 million.

Net Income Attributable to Noncontrolling Interests

As discussed in Note 2 in Item 1, we allocate GAAP income (loss) utilizing the HLBV method, in which we allocate income or loss based on the change in each unitholders' claim on the net assets of our operating partnership at period end after adjusting for any distributions or contributions made during such period.

Due to the stated liquidation priorities and because the HLBV method incorporates non-cash items such as depreciation expense, in any given period, income or loss may be allocated disproportionately to noncontrolling interests. Net income attributable to noncontrolling interests was \$51.3 million for the six months ended June 30, 2024, compared to \$27.5 million for the six months ended June 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 six months ended June 30, 2024 and 2023 (dollars in thousands, except per share and unit amounts):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Net income	\$ 32,280	\$ 45,476	\$ 127,368	\$ 85,868
Add (subtract):				
Real estate depreciation and amortization	46,339	56,398	93,302	111,551
Equity in losses (earnings) of unconsolidated real estate ventures	4,449	(1,861)	6,079	(3,539)
Company's share of FFO in unconsolidated real estate ventures	6,177	6,176	11,862	12,325
Gain on sale of self storage properties	(2,668)	—	(63,841)	—
Distributions on preferred shares and units	(5,568)	(5,402)	(11,136)	(9,365)
FFO attributable to subordinated performance units ⁽¹⁾	(10,891)	(12,309)	(21,622)	(24,096)
FFO attributable to common shareholders, OP unitholders, and LTIP unitholders	70,118	88,478	142,012	172,744
Add (subtract):				
Acquisition costs	480	239	987	1,083
Integration and executive severance costs ⁽²⁾	626	—	626	—
Casualty-related recoveries ⁽³⁾	—	(522)	—	(522)
Loss on early extinguishment of debt	—	—	—	758
Core FFO attributable to common shareholders, OP unitholders, and LTIP unitholders	\$ 71,224	\$ 88,195	\$ 143,625	\$ 174,063
Weighted average shares and units outstanding - FFO and Core FFO: ⁽⁴⁾				
Weighted average shares outstanding - basic	75,160	88,312	77,698	88,902
Weighted average restricted common shares outstanding	21	28	22	26
Weighted average OP units outstanding	37,644	38,755	37,638	38,746
Weighted average DownREIT OP unit equivalents outstanding	2,120	2,120	2,120	2,120
Weighted average LTIP units outstanding	673	523	683	537
Total weighted average shares and units outstanding - FFO and Core FFO	115,618	129,738	118,161	130,331
FFO per share and unit	\$ 0.61	\$ 0.68	\$ 1.20	\$ 1.32
Core FFO per share and unit	\$ 0.62	\$ 0.68	\$ 1.22	\$ 1.34

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

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

(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. Subordinated performance units, DownREIT subordinated performance units, and LTIP units may also, under certain circumstances, be convertible into or exchangeable for common shares (or other units that are convertible into or exchangeable for common shares). See footnote⁽¹⁾ 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 six months ended June 30, 2024 and 2023:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Earnings per share - diluted	\$ 0.16	\$ 0.28	\$ 0.85	\$ 0.56
Impact of the difference in weighted average number of shares ⁽¹⁾	(0.06)	(0.09)	(0.29)	(0.18)
Impact of GAAP accounting for noncontrolling interests, two-class method and treasury stock method ⁽²⁾	0.13	0.12	0.42	0.21
Add real estate depreciation and amortization	0.40	0.43	0.79	0.85
Add (subtract) equity in losses (earnings) of unconsolidated real estate ventures	0.04	(0.02)	0.05	(0.03)
Add Company's share of FFO in unconsolidated real estate ventures	0.05	0.05	0.10	0.09
Subtract gain on sale of self storage	(0.02)	—	(0.54)	—
FFO attributable to subordinated performance unitholders	(0.09)	(0.09)	(0.18)	(0.18)
FFO per share and unit	0.61	0.68	1.20	1.32
Add acquisition costs	—	—	0.01	0.01
Add integration and executive severance	0.01	—	0.01	—
Add loss on early extinguishment of debt	—	—	—	0.01
Core FFO per share and unit	\$ 0.62	\$ 0.68	\$ 1.22	\$ 1.34

- (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, even though such units may only be convertible into OP units (i) after a lock-out period and (ii) upon certain events or conditions. For additional information about the conversion of subordinated performance units, DownREIT subordinated performance units and LTIP units into OP units, see Note 9 in Item 1. The computation of weighted average shares and units for FFO and Core FFO per share and unit includes all restricted common shares and LTIP units that participate in distributions and excludes all subordinated performance units and DownREIT subordinated performance units because their effect has been accounted for through the allocation of FFO to the related unitholders based on distributions declared.
- (2) Represents the effect of adjusting the numerator to consolidated net income (loss) prior to GAAP allocations for noncontrolling interests, 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 and our PROs to evaluate the economic productivity of our properties, including our ability to lease our properties, increase pricing and occupancy and control our property operating expenses;
- NOI is widely used in the real estate industry and the self storage industry to measure the performance and value of real estate assets without regard to various items included in net income that do not relate to or are not indicative of operating performance, such as depreciation and amortization, which can vary depending upon accounting methods, the book value of assets, and the impact of our capital structure; and

- We believe NOI helps our investors to meaningfully compare the results of our operating performance from period to period by removing the impact of our capital structure (primarily interest expense on our outstanding indebtedness) and depreciation of the cost basis of our assets from our operating results.

There are material limitations to using a non-GAAP measure such as NOI, including the difficulty associated with comparing results among more than one company and the inability to analyze certain significant items, including depreciation and interest expense, that directly affect our net income (loss). We compensate for these limitations by considering the economic effect of the excluded expense items independently as well as in connection with our analysis of net income (loss). NOI should be considered in addition to, but not as a substitute for, other measures of financial performance reported in accordance with GAAP, such as total revenues and net income (loss).

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

As of June 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 June 30, 2024 and 2023 (dollars in thousands):

	Three Months Ended June 30,		
	2024	2023	Change
Rental revenue			
Same store portfolio	\$ 167,930	\$ 172,826	\$ (4,896)
Non-same store portfolio	6,439	26,485	(20,046)
Total rental revenue	174,369	199,311	(24,942)
Other property-related revenue			
Same store portfolio	6,252	6,417	(165)
Non-same store portfolio	305	1,196	(891)
Total other property-related revenue	6,557	7,613	(1,056)
Property operating expenses			
Same store portfolio	49,840	47,576	2,264
Non-same store portfolio	2,361	9,518	(7,157)
Total property operating expenses	52,201	57,094	(4,893)
Net operating income			
Same store portfolio	124,342	131,667	(7,325)
Non-same store portfolio	4,383	18,163	(13,780)
Total net operating income	\$ 128,725	\$ 149,830	\$ (21,105)

Rental Revenue

Same store portfolio rental revenues decreased \$4.9 million, or 2.8%, for the three months ended June 30, 2024, as compared to the three months ended June 30, 2023. This decrease in same store portfolio rental revenue was driven by a decrease in average occupancy from 89.6% for the three months ended June 30, 2023 to 86.4% for the three months ended June 30, 2024. Annualized same store portfolio rental revenue per occupied square feet increased from \$15.57 to \$15.66, or 0.6%, for the three months ended June 30, 2024, driven primarily by increased contractual lease rates for in-place tenants.

Other Property-Related Revenue

Same store portfolio other property-related revenue decreased by \$0.2 million, or 2.6%, for the three months ended June 30, 2024, as compared to the three months ended June 30, 2023.

Property Operating Expenses

Same store portfolio property operating expenses increased \$2.3 million, or 4.8%, for the three months ended June 30, 2024 compared to the three months ended June 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.

Six Months Ended June 30, 2024 compared to the Six Months Ended June 30, 2023

As of June 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 six months ended June 30, 2024 compared to the six months ended June 30, 2023 (dollars in thousands):

	Six Months Ended June 30,		
	2024	2023	Change
Rental revenue			
Same store portfolio	\$ 335,705	\$ 343,509	\$ (7,804)
Non-same store portfolio	19,046	49,931	(30,885)
Total rental revenue	354,751	393,440	(38,689)
Other property-related revenue			
Same store portfolio	12,348	12,262	86
Non-same store portfolio	901	2,158	(1,257)
Total other property-related revenue	13,249	14,420	(1,171)
Property operating expenses			
Same store portfolio	99,495	95,108	4,387
Non-same store portfolio	7,400	18,469	(11,069)
Total property operating expenses	106,895	113,577	(6,682)
Net operating income			
Same store portfolio	248,558	260,663	(12,105)
Non-same store portfolio	12,547	33,620	(21,073)
Total net operating income	\$ 261,105	\$ 294,283	\$ (33,178)

Rental Revenue

Same store portfolio rental revenues decreased \$7.8 million, or 2.3%, for the six months ended June 30, 2024, as compared to the six months ended June 30, 2023. This decrease in same store portfolio rental revenue was driven primarily by a decrease in average occupancy from 89.5% for the six months ended June 30, 2023 to 86.0% for the six months ended June 30, 2024. Average annualized same store rental revenue per occupied square foot increased from \$15.50 to \$15.73, or 1.5%, for the six months ended June 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 \$0.1 million, or 0.7%, for the six months ended June 30, 2024, as compared to the six months ended June 30, 2023.

Property Operating Expenses

Same store portfolio property operating expenses increased \$4.4 million, or 4.6%, for the six months ended June 30, 2024 compared to the six months ended June 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 six months ended June 30, 2024 and 2023 (dollars in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Net income	\$ 32,280	\$ 45,476	\$ 127,368	\$ 85,868
(Subtract) Add:				
Management fee and other revenue	(9,522)	(8,587)	(18,596)	(15,644)
General and administrative expenses	16,189	14,404	31,863	29,225
Other	3,375	3,220	6,867	4,393
Depreciation and amortization	46,710	56,705	94,041	112,163
Interest expense	37,228	39,693	75,345	77,641
Equity in losses (earnings) of unconsolidated real estate venture	4,449	(1,861)	6,079	(3,539)
Loss on early extinguishment of debt	—	—	—	758
Acquisition costs	480	239	987	1,083
Income tax expense	541	737	1,427	1,933
Gain on sale of self storage properties	(2,668)	—	(63,841)	—
Non-operating (income) expense	(337)	(196)	(435)	402
Net Operating Income	\$ 128,725	\$ 149,830	\$ 261,105	\$ 294,283

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 six months ended June 30, 2024 and 2023 (dollars in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Net income	\$ 32,280	\$ 45,476	\$ 127,368	\$ 85,868
Add:				
Depreciation and amortization	46,710	56,705	94,041	112,163
Company's share of unconsolidated real estate ventures depreciation and amortization	5,141	4,315	9,693	8,786
Interest expense	37,228	39,693	75,345	77,641
Income tax expense	541	737	1,427	1,933
Loss on early extinguishment of debt	—	—	—	758
EBITDA	121,900	146,926	307,874	287,149
Add (subtract):				
Acquisition costs	480	239	987	1,083
Effect of hypothetical liquidation at book value (HLBV) accounting for unconsolidated 2024 Joint Venture ⁽¹⁾	5,485	—	8,249	—
Gain on sale of self storage properties	(2,668)	—	(63,841)	—
Integration and executive severance costs, excluding equity-based compensation ⁽²⁾	223	—	223	—
Casualty-related recoveries ⁽³⁾	—	(522)	—	(522)
Equity-based compensation expense ⁽⁴⁾	2,331	1,677	4,186	3,326
Adjusted EBITDA	\$ 127,751	\$ 148,320	\$ 257,678	\$ 291,036

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

(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. Although the Federal Reserve Board has signaled an intention 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 June 30, 2024, we had \$59.0 million in cash and cash equivalents and \$8.1 million of restricted cash, a decrease in cash and cash equivalents of \$6.0 million and a decrease in restricted cash of \$14.6 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 \$177.2 million for the six months ended June 30, 2024 compared to \$218.2 million for the six months ended June 30, 2023, a decrease of \$41.0 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 six months ended June 30, 2024.

Investing Activities

Cash provided by investing activities was \$544.7 million for the six months ended June 30, 2024 compared to \$53.6 million of cash used in investing activities for the six months ended June 30, 2023. The primary sources of cash for the six months ended June 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 six months ended June 30, 2024, partially offset by our investment in the 2024 Joint Venture of \$36.1 million and our acquisition of three self storage properties for cash consideration of \$25.1 million.

Capital expenditures totaled \$9.1 million and \$17.9 million during the six months ended June 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 six months ended June 30, 2024 and 2023, are presented below (dollars in thousands):

	Six Months Ended June 30,	
	2024	2023
Recurring capital expenditures	\$ 5,796	\$ 7,337
Value enhancing capital expenditures	2,172	3,744
Acquisitions capital expenditures	1,549	6,102
Total capital expenditures	9,517	17,183
Change in accrued capital spending	(433)	750
Capital expenditures per statement of cash flows	\$ 9,084	\$ 17,933

Financing Activities

Cash used in our financing activities was \$742.5 million for the six months ended June 30, 2024 compared to \$159.4 million for the six months ended June 30, 2023. Our primary uses of financing cash flows for the six months ended June 30, 2024 were for principal payments on existing debt of \$713.0 million (which included \$578.0 million of principal repayments under the Revolver, \$130.0 million repayment of Term Loan B, \$4.0 million of fixed rate mortgage repayments and \$1.0 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 \$85.7 million, distributions to noncontrolling interests of \$66.6 million, and distributions to preferred shareholders of \$10.2 million. Our sources of financing cash flows for the six months ended June 30, 2024 primarily consisted of \$419.0 million of borrowings under our Revolver.

Credit Facility and Term Loan Facilities

As of June 30, 2024, our credit facility provided for total borrowings of \$1.825 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 \$145.0 million Term Loan B, (iii) a \$325.0 million Term Loan C, (iv) a \$275.0 million Term Loan D and (v) 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. The Term Loan B matured in July 2024 and was repaid using funds from the Revolver, the Term Loan C matures in January 2025, the Term Loan D matures in July 2026 and the Term Loan E matures in March 2027. The Revolver, Term Loan B, Term Loan C, Term Loan D and Term Loan E are not subject to any scheduled reduction or amortization payments prior to maturity. As of June 30, 2024, we have an expansion option under the credit facility, which, if exercised in full, would provide for a total credit facility of \$2.370 billion.

As of June 30, 2024, \$145.0 million was outstanding under the Term Loan B with an effective interest rate of 2.95%, Term Loan B was repaid in July 2024 using funds from the Revolver, \$325.0 million was outstanding under the Term Loan C with an effective interest rate of 2.93%, \$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 4.79%. As of June 30, 2024, we would have had the capacity to borrow remaining Revolver commitments of \$721.5 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 June 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 June 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 June 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.

Fixed Rate Mortgage Payable

On July 9, 2021, we entered into an agreement with a single lender for an \$88.0 million debt financing secured by eight of our self storage properties. This interest-only loan matures in July 2028 and has a fixed interest rate of 2.77%.

Equity Transactions*Issuance of Common Shares*

During the six months ended June 30, 2024, after receiving notices of redemption from certain OP unitholders, we elected to issue 278,712 common shares to such holders in exchange for 278,712 OP units in satisfaction of the operating partnership's redemption obligations.

Common Share Repurchases

During the six months ended June 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 six months ended June 30, 2024, we issued 43,556 OP units upon the conversion of 23,690 subordinated performance units, and 92,174 OP units upon the conversion of an equivalent number of LTIP units. In addition, we redeemed 28,017 OP units and 194,888 subordinated performance units for cash.

Dividends and Distributions

On May 16, 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 June 14, 2024. On May 16, 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 June 14, 2024. On June 14, 2024, our board of trustees declared cash distributions of \$10.9 million, in aggregate, to subordinated performance unitholders of record as of June 14, 2024. Such dividends and distributions were paid on June 28, 2024, except for a portion of the subordinated performance distributions total, which will be paid in August 2024.

Cash Distributions from our Operating Partnership

On May 30, 2024, in connection with the internalization of our PRO structure, NSA, as the general partner of our operating partnership, and the limited partners of the operating partnership entered into the Fourth Amended and Restated Limited Partnership Agreement (the "Fourth Amended and Restated LPA"), which amends and restates the existing Third Amended and Restated Limited Partnership Agreement of the Operating Partnership, dated as of April 28, 2015, as amended. The Fourth Amended and Restated LPA became effective as of July 1, 2024 (the "Effective Date"). As of the Effective Date, all 11,906,167 outstanding subordinated performance units in our Operating Partnership and the DownREIT Partnerships, were converted into an aggregate of 17,984,787 OP units and DownREIT OP units, generally consistent with the formula set forth in the partnership unit designation for each series of subordinated performance units.

Under the Third Amended and Restated Limited Partnership Agreement of our operating partnership dated April 29, 2015 that was in effect as of June 30, 2024 ("the Third LP Agreement"), to the extent that we, as the general partner of our operating partnership, determined to make distributions to the partners of our operating partnership out of the operating cash flow or capital transaction proceeds generated by a real property portfolio managed by one of our PROs, the holders of the series of subordinated performance units that relate to such portfolio are entitled to share in such distributions. Under the Third LP Agreement, operating cash flow with respect to a portfolio of properties managed by one of our PROs was generally an amount determined by us, as general partner of our operating partnership, equal to the excess of property revenues over property related expenses from that portfolio. In general, property revenue from the portfolio included:

- (i) all receipts, including rents and other operating revenues;
- (ii) any incentive, financing, break-up and other fees paid to us by third parties;
- (iii) amounts released from previously set aside reserves; and
- (iv) any other amounts received by us, which we allocate to the particular portfolio of properties.

In general, property-related expenses included all direct expenses related to the operation of the properties in that portfolio, including real property taxes, insurance, property-level general and administrative expenses, employee costs, utilities, property marketing expense, property maintenance and property reserves and other expenses incurred at the property level. In addition, other expenses incurred by our operating partnership were also allocated by us, as general partner, to the property portfolio and were included in the property-related expenses of that portfolio. Examples of such other expenses included:

- (i) corporate-level general and administrative expenses;
- (ii) out-of-pocket costs, expenses and fees of our operating partnership, whether or not capitalized;
- (iii) the costs and expenses of organizing and operating our operating partnership;
- (iv) amounts paid or due in respect of any loan or other indebtedness of our operating partnership during such period;
- (v) extraordinary expenses of our operating partnership not previously or otherwise deducted under item (ii) above;
- (vi) any third-party costs and expenses associated with identifying, analyzing, and presenting a proposed property to us and/or our operating partnership; and
- (vii) reserves to meet anticipated operating expenditures, debt service or other liabilities, as determined by us.

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

First, an amount was allocated to OP unitholders in order to provide OP unitholders (together with any prior allocations of capital transaction proceeds) with a cumulative preferred allocation on the unreturned capital contributions attributed to the OP units in respect of such property portfolio. The preferred allocation for all of our existing portfolios was 6%. As of June 30, 2024, our operating partnership had an aggregate of \$2,555.2 million of unreturned capital contributions with respect to common shareholders and OP unitholders, with respect to the various property portfolios.

Second, an amount was allocated to the holders of the series of subordinated performance units relating to such property portfolio in order to provide such holders with an allocation (together with prior distributions of capital transaction proceeds) on their unreturned capital contributions. Although the subordinated allocation for the subordinated performance units was non-cumulative from period to period, if the operating cash flow from a property portfolio related to a series of subordinated performance units was sufficient, in the judgment of the general partner (with the approval of a majority of our independent trustees), to fund distributions to the holders of such series of subordinated performance units, but we, as the general partner of our operating partnership, declined to make distributions to such holders, the amount available but not paid as distributions was added to the subordinated allocation corresponding to such series of subordinated performance units. The subordinated allocation for the outstanding subordinated performance units was 6%. As of June 30, 2024, an aggregate of \$200.8 million of unreturned capital contributions had been allocated to the various series of subordinated performance units. In connection with the internalization of our PRO structure, on July 1, 2024, all 11,906,167 outstanding subordinated performance units and DownREIT subordinated performance units converted into 17,984,787 OP units and DownREIT OP units.

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

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

The foregoing description of the allocation of operating cash flow between the OP unitholders and subordinated performance unitholders was used for purposes of determining distributions to holders of subordinated performance units but does not necessarily represent the operating cash flow that would be distributed to OP unitholders (or paid as dividends to holders of our common shares). Any distribution of operating cash flow allocated to the OP unitholders would be made at our discretion (and paid as dividends to holders of our common shares at the discretion of our board of trustees).

Under the Third LP Agreement of our operating partnership, capital transactions were transactions that were outside the ordinary course of our operating partnership's business, involve the sale, exchange, other disposition, or refinancing of any property, and are designated as capital transactions by us, as the general partner. To the extent the general partner determined to distribute capital transaction proceeds, the proceeds from capital transactions involving a particular property portfolio were required to be allocated to OP unitholders and to the series of subordinated performance units that relate to such property portfolio as follows:

First, an amount determined by us, as the general partner, of such capital transaction proceeds was allocated to OP unitholders in order to provide OP unitholders (together with any prior allocations of operating cash flow) with a cumulative preferred allocation on the unreturned capital contributions attributed to the OP unitholders in respect of such property portfolio that related to such capital transaction plus an additional amount equal to such unreturned capital contributions.

Second, an amount determined by us, as the general partner, was allocated to the holders of the series of subordinated performance units relating to such property portfolio in order to provide such holders with a non-cumulative subordinated allocation on the unreturned capital contributions made by such holders in respect of such property portfolio that related to such capital transaction plus an additional amount equal to such unreturned capital contributions.

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

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

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

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

Allocation of Capital Contributions

We, as the general partner of our operating partnership, in our discretion, have the right to increase or decrease, as appropriate, the amount of capital contributions allocated to our operating partnership in general and prior to July 1, 2024, to each series of subordinated performance units to reflect capital expenditures made by our operating partnership in respect of each portfolio, the sale or refinancing of all or a portion of the properties comprising the portfolio, the distribution of capital transaction proceeds by our operating partnership, the retention by our operating partnership of cash for working capital purposes and other events impacting the amount of capital contributions allocated to the holders. In addition, to avoid conflicts of interests, any decision by us to increase or decrease allocations of capital contributions must also be approved by a majority of our independent trustees.

Off-Balance Sheet Arrangements

Except as disclosed in the notes to our financial statements, as of June 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 June 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 refers to the risk of loss from adverse changes in market prices and interest rates. Our future income, cash flows, and fair values of financial instruments are dependent upon prevailing market interest rates. The primary market risk to which we believe we are exposed is interest rate risk. Interest rate risk is highly sensitive to many factors, including governmental monetary and tax policies, domestic and international economic and political considerations, and other factors beyond our control. We use interest rate swaps to moderate our exposure to interest rate risk by effectively converting the interest on variable rate debt to a fixed rate. We make limited use of other derivative financial instruments and we do not use them for trading or other speculative purposes.

As of June 30, 2024, we had \$222.0 million of debt subject to variable interest rates (excluding variable-rate debt subject to interest rate swaps). If our reference rates (currently one-month 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 \$2.2 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 June 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 June 30, 2024, the Company, in its capacity as general partner of its operating partnership, caused the operating partnership to issue 205,910 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 management contracts, and in some cases, their brand names, related intellectual property and certain rights to the PROs' tenant insurance programs.

Effective 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 August 2, 2024, other than those OP units held by the Company, after reflecting the transactions described herein, 59,109,747 OP units of its operating partnership were outstanding (including 871,550 outstanding LTIP units in the operating partnership and 5,769,214 outstanding OP units ("DownREIT OP units") in certain consolidated subsidiaries of the operating partnership, which are convertible into, or exchangeable for, OP units on a one-for-basis, subject to certain conditions).

These issuances were exempt from registration under Section 4(a)(2) of the Securities Act of 1933, as amended.

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. During the three months ended June 30, 2024, certain of our employees surrendered common shares owned by them to satisfy their statutory minimum federal and state tax obligations associated with the vesting of restricted shares issued to them. The table below summarizes all of our repurchases of common shares during three months ended June 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
April 1 - April 30, 2024	1,908,397	\$ 37.51	1,908,397	\$ 256,908
May 1 - May 31, 2024 ⁽¹⁾	398	36.58	—	256,908
June 1 - June 30, 2024 ⁽¹⁾	448	38.74	—	256,908
Total/Weighted Average	1,909,243	\$ 37.51	1,908,397	\$ 256,908

(1) The number of shares purchased represents restricted common shares surrendered by certain of our employees to satisfy their statutory minimum federal and state tax obligations associated with the vesting of restricted common shares issued to them. The price paid per share is based on the closing price of our common shares on May 31, 2024 and June 10, 2024, which are the dates prior to the respective dates of withholding.

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
	<u>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)</u>
	<u>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)</u>
	<u>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)</u>
	<u>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)</u>
	<u>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)</u>
	<u>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)</u>
	<u>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)</u>
	<u>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)</u>
	<u>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)</u>
	<u>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)</u>
	<u>10.1 National Storage Affiliates Trust 2024 Equity Incentive Plan (Exhibit 10.1 to the Current Report on Form 8-K filed with the SEC on May 17, 2024, is incorporated herein by this reference)</u>
	<u>10.2 Fourth Amended and Restated Agreement of Limited Partnership of NSA OP, LP (Exhibit 10.1 to the Current Report on Form 8-K filed with the SEC on June 3, 2024, is incorporated herein by this reference)</u>
	<u>10.3 Separation Agreement, dated June 25, 2024 by and between National Storage Affiliates Trust and Derek Bergeon (Exhibit 10.1 to the Current Report on Form 8-K filed with the SEC on June 28, 2024, is incorporated herein by this reference)</u>
	<u>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</u>
	<u>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</u>
	<u>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</u>
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: August 5, 2024

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

I, David G. Cramer, certify that:

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

Date: August 5, 2024

By: /s/ David G. Cramer

David G. Cramer

President and Chief Executive Officer

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

I, Brandon S. Togashi, certify that:

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

Date: August 5, 2024

By: /s/ Brandon S. Togashi

Brandon S. Togashi

Chief Financial Officer

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

In connection with the Quarterly Report of National Storage Affiliates Trust (the "Company") on Form 10-Q for the period ended June 30, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, David G. Cramer, President and Chief Executive Officer of the Company, and I, Brandon S. Togashi, Chief Financial Officer of the Company, hereby certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

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

Date: August 5, 2024

By: /s/ David G. Cramer
David G. Cramer
President and Chief Executive Officer

By: /s/ Brandon S. Togashi
Brandon S. Togashi
Chief Financial Officer

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

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