NATIONAL STORAGE REIT

JP MORGAN

AUSTRALIAN REIT FORUM

ASIA

MARCH 2017

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AUSTRALASIA'S LARGEST SELF-STORAGE OWNER - OPERATOR

STRONG PIPELINE OF ACQUISITION OPPORTUNITIES

STRENGTHENING THE PLATFORM

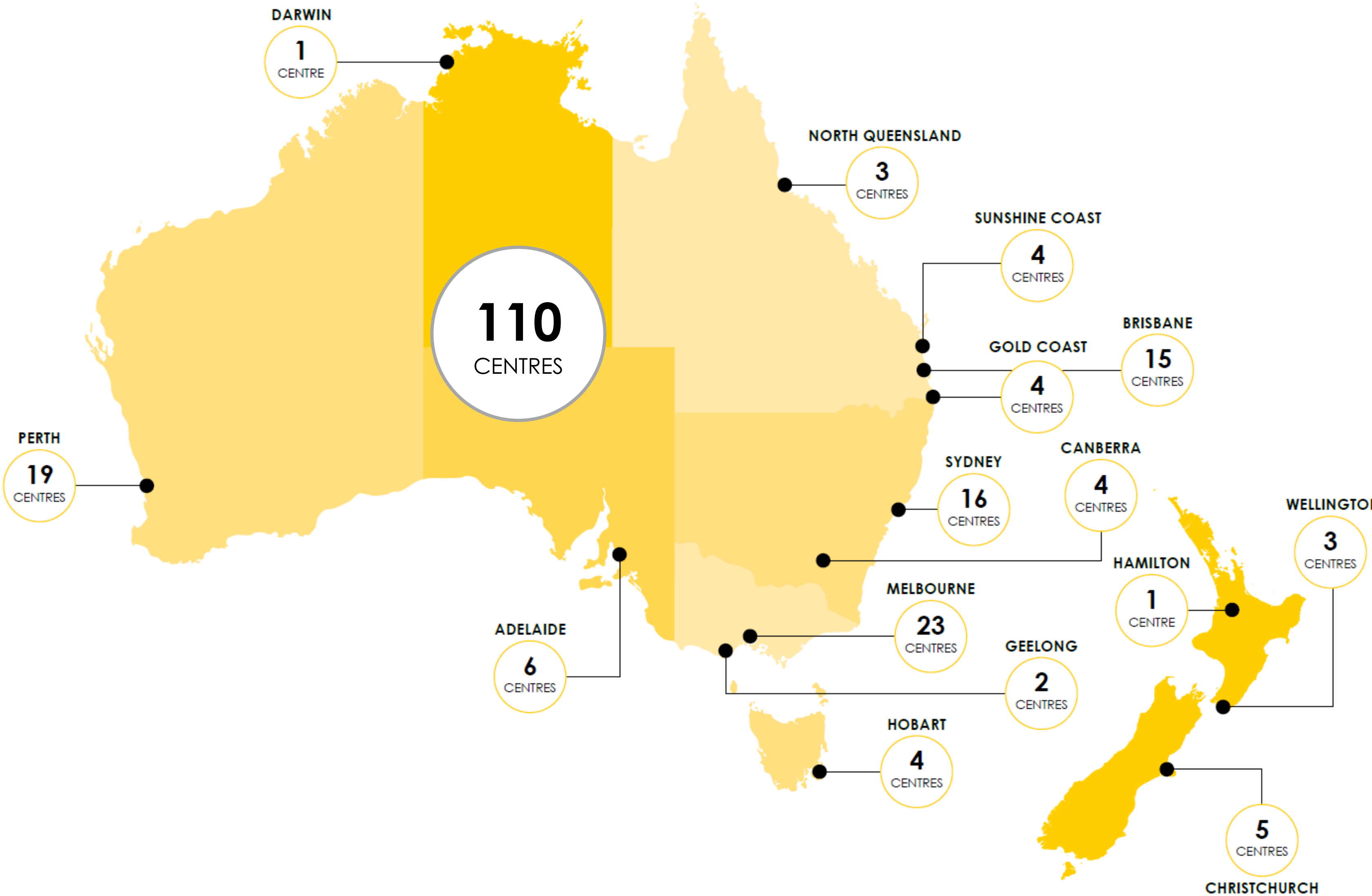
STRONG ORGANIC GROWTH

ENHANCING THE OPERATING BUSINESS

ROBUST CAPITAL AND DEBT STRUCTURE

WELL POSITIONED INTO FY18 AND BEYOND

NATIONAL STORAGE FOOTPRINT



1H FY17 HIGHLIGHTS

NATIONAL STORAGE

A-IFRS PROFIT $23.7 million

$20.1m	9.2c – 9.4c PER STAPLED SECURITY	5 NEW CENTRES + SOUTHERN CROSS	$1.1 BILLION AUM $1.23 NTA	2.6% (5.2% annualised)	DEBT TENOR 5.6 YEARS; 34.6%
1H FY16 $14.3 MILLION **UNDERLYING EARNINGS***	5.8% - 8.0% GROWTH **FY17 EPS GUIDANCE****	**PORTFOLIO GROWTH**	JUNE 16 $959M AUM $1.12 NTA	**REVPAM# GROWTH**	**GEARING** (38% June 16)
41% increase in underlying earnings 1H FY17 driven by strong trading and recent acquisitions	FY17 EPS guidance 9.2 – 9.4 cents affirmed delivering 5.8% - 8.0% EPS growth	5 new acquisitions adding 27,600sqm NLA in addition to the 26-centre Southern Cross portfolio	15% growth in assets under management (AUM) driven by acquisitions and valuation gains of $20.5million. 9.8% growth in net tangible assets during 1H FY17	2.6% increase in REVPAM achieved during 1H17. Significant growth in Nov & Dec provides momentum for 2H17	Institutional term loan delivering 8 and 10 year debt tenors. Gearing reduced to 34.6%

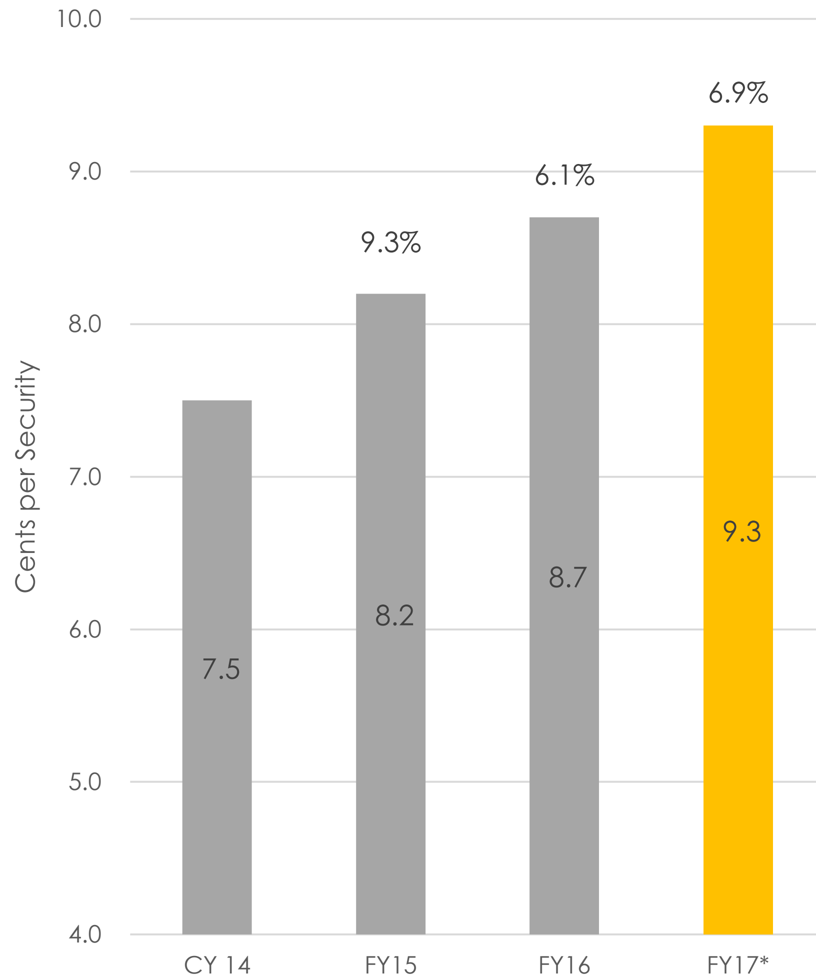
*A-IFRS profit after tax adding back tax expense ($0.6 million), business combination and restructuring costs ($15.3 million) and contracted gain in respect of sale of investment property ($0.8 million) presented within fair value adjustments, less Fair value adjustments ($18.4 million) and finance lease diminution ($1.9 million).

** Assuming no material changes in market conditions

REVPAM Revenue per available square metre

EPS GROWTH:

- Forecast 6.9% EPS growth for FY17
- 8% compound EPS growth from IPO
- Achieved in combination with:
  - $393 million capital raised
  - 262 million additional securities
  - 205% increase in market cap to $733 million (as at 17 March 2017)
  - 69 acquisitions valued at $656 million
  - New Zealand market entered

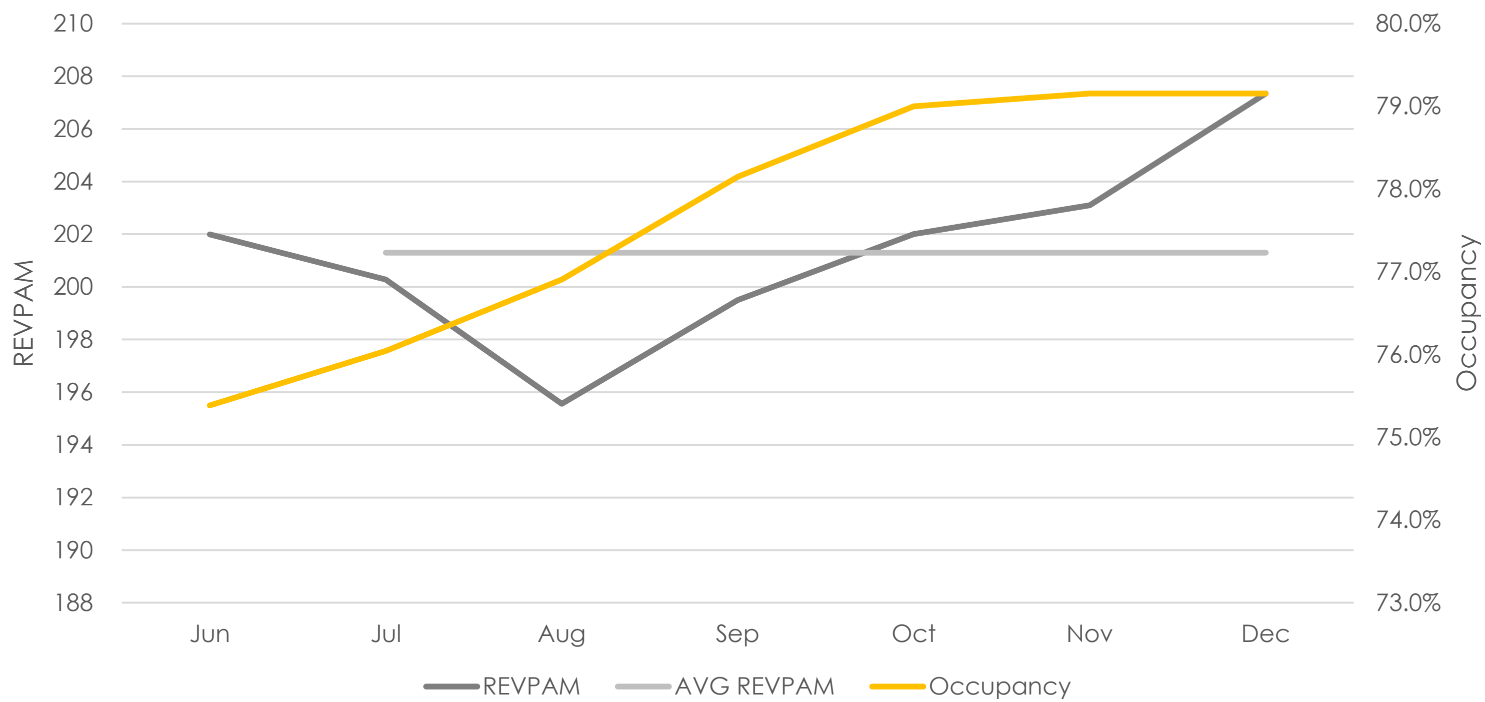


* Mid point of guidance

FY17 FORECAST: BRIDGE TO FY17 AND ANALYSIS

1H earnings	+	2H proforma underlying earnings	+	2H same centre revenue uplift	+	Full 2H impact of completed acquisitions	+	Full 2H impact of Southern Cross	+	Other acquisitions, revenue and fees	-	Interest and one-off items	=	**FY17 underlying earnings**
$20.1m		**$20.1m**		**$3.4m**		**$1.4m**		**$1.9m**		**$0.5m - $1.5m**		**$1.9m**		**$45.5m - $46.5m**

Occupancy v REVPAM Trend Analysis

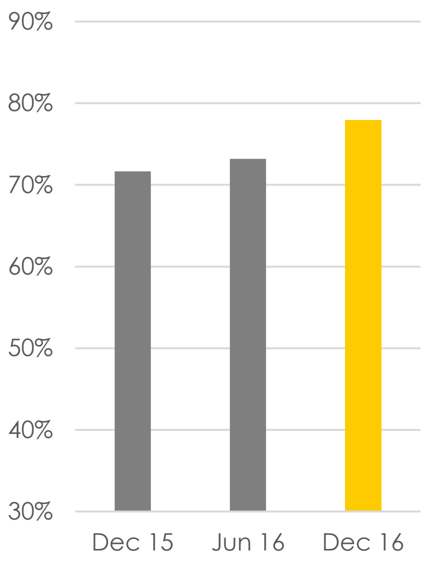


DRIVING OCCUPANCY GROWTH

NSR Established Portfolio

(45 Centres)

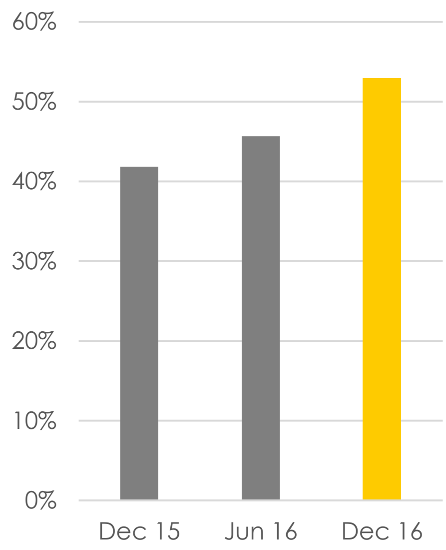
- Increase of **4.7%** to 77.9% in the six months to 31 December 2016
- Increase of 6.2% in the twelve months to 31 December 2016



NSR Developing Portfolio

(3 Centres)

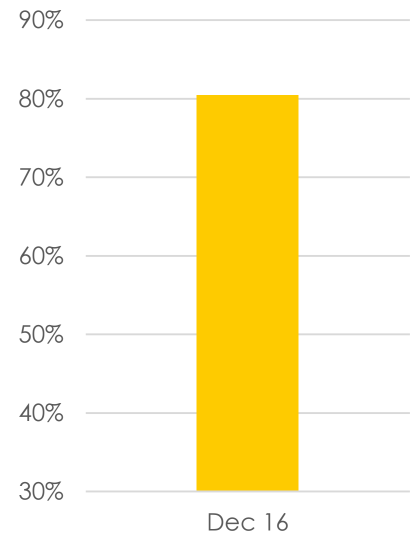
- Increase of **7.3%** to 52.9% in the six months to 31 December 2016
- Increase of 11.1% in the twelve months to 31 December 2016



NSR Acquired Portfolio

(22 Centres)

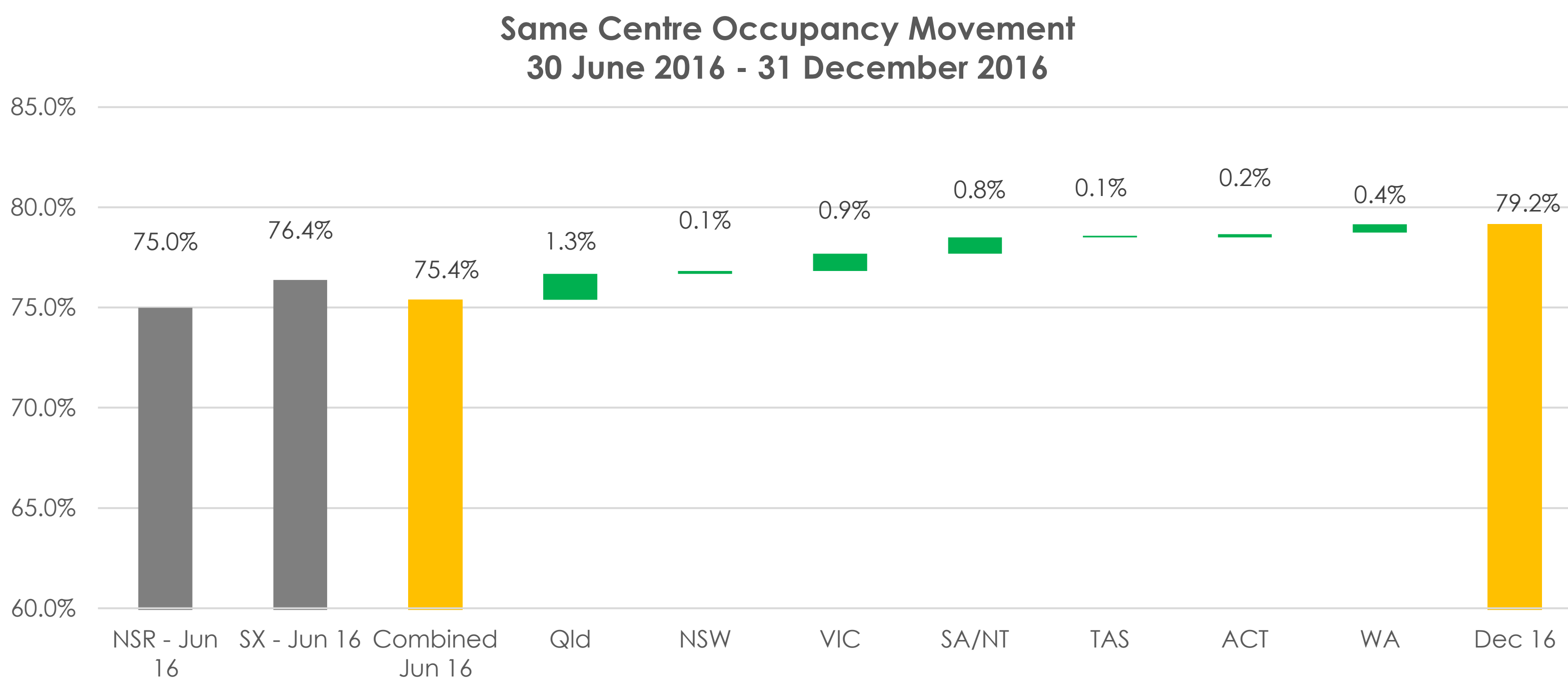
- 80.5% occupancy at 31 December 2016



Note: Excludes Southern Cross and New Zealand
NSR Established Portfolio comprises centres held for more than two years, excluding developing centres
NSR Developing Portfolio comprises immature centres in letting up stage
NSR Acquired Portfolio comprises centres acquired within the past two years

ORGANIC OCCUPANCY ANALYSIS

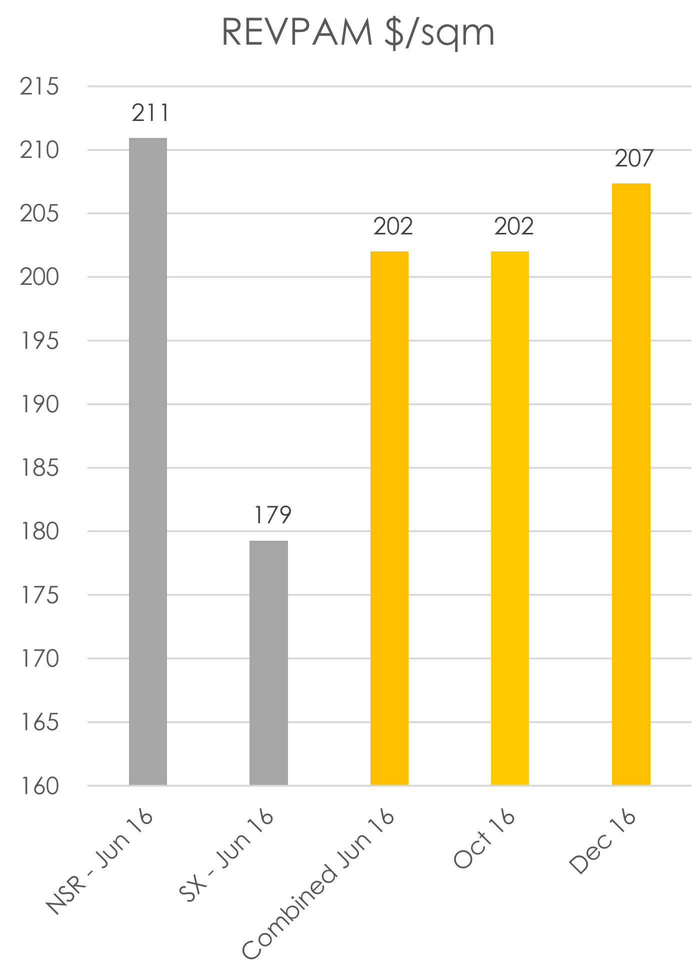
- **Combined Portfolio** increased 3.8% to 79.2% (June 16: 75.4%) to 31 December 2016
- Delivered organic occupancy growth across Established and Developing portfolios
- Occupancy growth achieved across all markets including Perth
- Active revenue management delivering strong occupancy growth and increasing rate per sqm (up from $257 at October 16 to $261)
- Approximately 53% of centres trading at or above 80% occupancy



Note: Excludes New Zealand and developing centres
Combined Portfolio comprises all centres owned at 30 June 2016 plus Southern Cross

DELIVERING REVPAM GROWTH

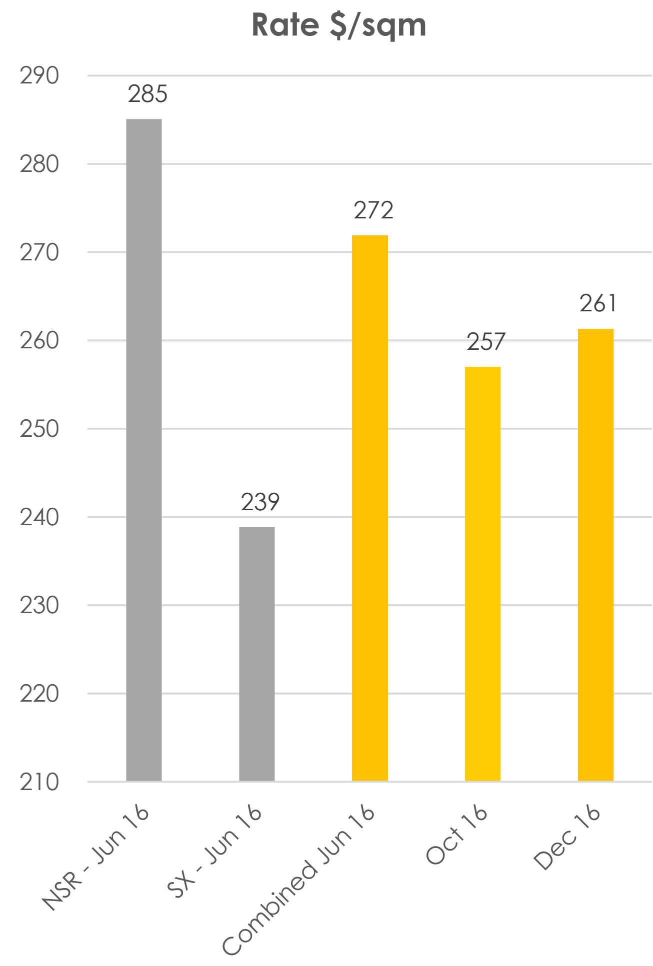
- **Combined Portfolio** REVPAM $207/sqm (Jun 16: $202/sqm)
- REVPAM has increased by $5 or 2.6% since October 2016 (5.2% annualised)
- December 2016 REVPAM 3.2% above 1H average – providing significant uplift to 2H revenue
- Continued increase in REVPAM forecast throughout 2H FY17
- Driving REVPAM with a balanced approach to rate per sqm and occupancy growth on an individual centre and unit type basis
- Active revenue management delivering efficiencies and results:
    - Driving physical occupancy growth
    - Shifting focus to individual unit size rate growth
    - Optimising rate increases for existing customers
- January results tracking in line with forecast



Note: Excludes New Zealand and developing centres
Combined Portfolio comprises all centres owned at 30 June 2016 plus Southern Cross

RATE PER SQM ANALYSIS

- **Combined Portfolio** rate per square metre $261/sqm (Jun 16: $272/sqm)
- Rate increased 1.7% since October 2016
- Positively impacted by reduction in promotional offers and active revenue management
- Continued increase in rate per sqm forecast throughout 2H FY17
- Focus on driving rate in highly occupied centres
- Rate influenced by:
  - Revenue management system driving occupancy
  - Timing of rate increases
  - Promotional offers
- Evidence of reducing impact of short term promotional offers and rate improving as highlighted in October and December 2016
- Having increased occupancy by 4.7% across the established portfolio in 1H, focus will be on driving overall revenue growth (balancing rate and occupancy) from higher occupancy base across 2H



Note: Excludes New Zealand and developing centres
Combined Portfolio comprises all centres owned at 30 June 2016 plus Southern Cross

NEW ZEALAND

- **Portfolio Occupancy:** 73.5% (June 2016: 76.3%)
- **Rate:** $216/sqm (June 2016: $212/sqm)
- Kenepuru acquired in January 2017 taking total NZ centres to nine
- New Zealand operational structure in place with direct link back to Australian management platform
- Extract value from acquired centres via optimising rate per square metre and driving occupancy
- Opportunity for future expansion/development
- Continue to pursue acquisition opportunities in Auckland and other major population centres
- Further economies of scale to be achieved as portfolio growth continues

National Storage Newtown

National Storage Hutt City

CAPITAL MANAGEMENT

Debt Finance Facility (AU + NZ)

- $424 million in facilities - $388 million drawn as at 31 December 2016
- Additional NZ$50 million and AU$45 million facilities entered during 2017
- $100 million institutional term loan entered into in September 2016 providing 8 and 10 year debt tenor
- Gearing 34.6% as at 31 December 2016
- Gearing covenant 55%
- Gearing range 25% – 40% ($95 million acquisition capacity at December 16)
- Weighted average tenor 5.6 years
- Weighted average cost of debt 3.9%

Distributions

- Distribution Reinvestment Plan remains open
- Distribution policy of 90% - 100% of underlying earnings
- 1H FY17 interim distribution of 4.6 cps paid 27 February 2017

Capital Raising

- $260 million fully underwritten capital raising successfully completed
- Used to fund the acquisition of Southern Cross and reduce gearing
- Strong balance sheet to fund future acquisition opportunities

STRATEGY

ASSET MANAGEMENT (ORGANIC GROWTH)

ACQUISITIONS

PORTFOLIO, DEVELOPMENT & CENTRE MANAGEMENT

PRODUCT & INNOVATION

CAPITAL MANAGEMENT

DEVELOP MULTIPLE REVENUE STREAMS TO MAXIMISE RETURNS

ACQUISITIONS

- Active growth strategy to consolidate highly fragmented industry, leveraging fully-integrated scalable platform
- Announced 5 acquisitions across Australia and New Zealand since June 2016 (excluding Southern Cross) with a total combined purchase price of $80 million
- Timing and nature of acquisitions will see contribution to earnings flow through into 2H FY17 and beyond
- Strong potential acquisition pipeline estimated in excess of $100 million
- Multiple potential acquisition opportunities under active consideration

Recent Acquisitions

Centre	State	Date	NLA (sqm)	Units	Purchase Price*
Butler (greenfield development)	Western Australia	August 2016	5,100	480	$8.8m
Kurnell	New South Wales	August 2016	12,400	750	$17.5m
Moonah Central	Tasmania	September 2016	2,400	200	$3.3m
Artarmon Central	New South Wales	December 2016	3,400	560	$10.8m
Kenepuru	Wellington (NZ)	January 2017	4,300	500	NZ$9.8m
Rockingham, Guildford & Subiaco***	Western Australia	January 2017	-	-	$30.0m
Subtotal			**27,600**	**2,490**	**$80m****
Southern Cross – 26 centres		August 2017	126,000	13,000	$285m
Total (Since 30 June 2016)			**153,600**	**15,490**	**$365m****

*Excluding transaction costs.
**Applying a NZD/AUD exchange rate of 1.05.
***Acquisition of freehold interest in existing leasehold centres plus additional land

PERTH ACQUISITION: GUILDFORD, ROCKINGHAM & SUBIACO

- Acquired in January 2017 for $30 million
- Acquisition of freehold interests of two existing Perth assets – Guildford and Rockingham
- In addition acquired two land parcels at Rockingham:
  - Lot 9 has industrial tenant in place
  - Lot 11 will be used to expand hardstand storage offering
- Businesses already operated by NSR – acquiring property only on commercial property yield (ie buying rental stream)
- Negotiated improved lease terms for Subiaco centre which secures underlying business and long term leasehold interest (WALE: 10 years)
- Earnings impact – rent versus interest saving of approximately $1.0 million per annum from year one

ACQUISITIONS: CASE STUDIES

ACT CENTRES

- Acquired October 2014
- Four centre portfolio
- Strong occupancy growth
- Maintaining rate
- Strong valuation uplift

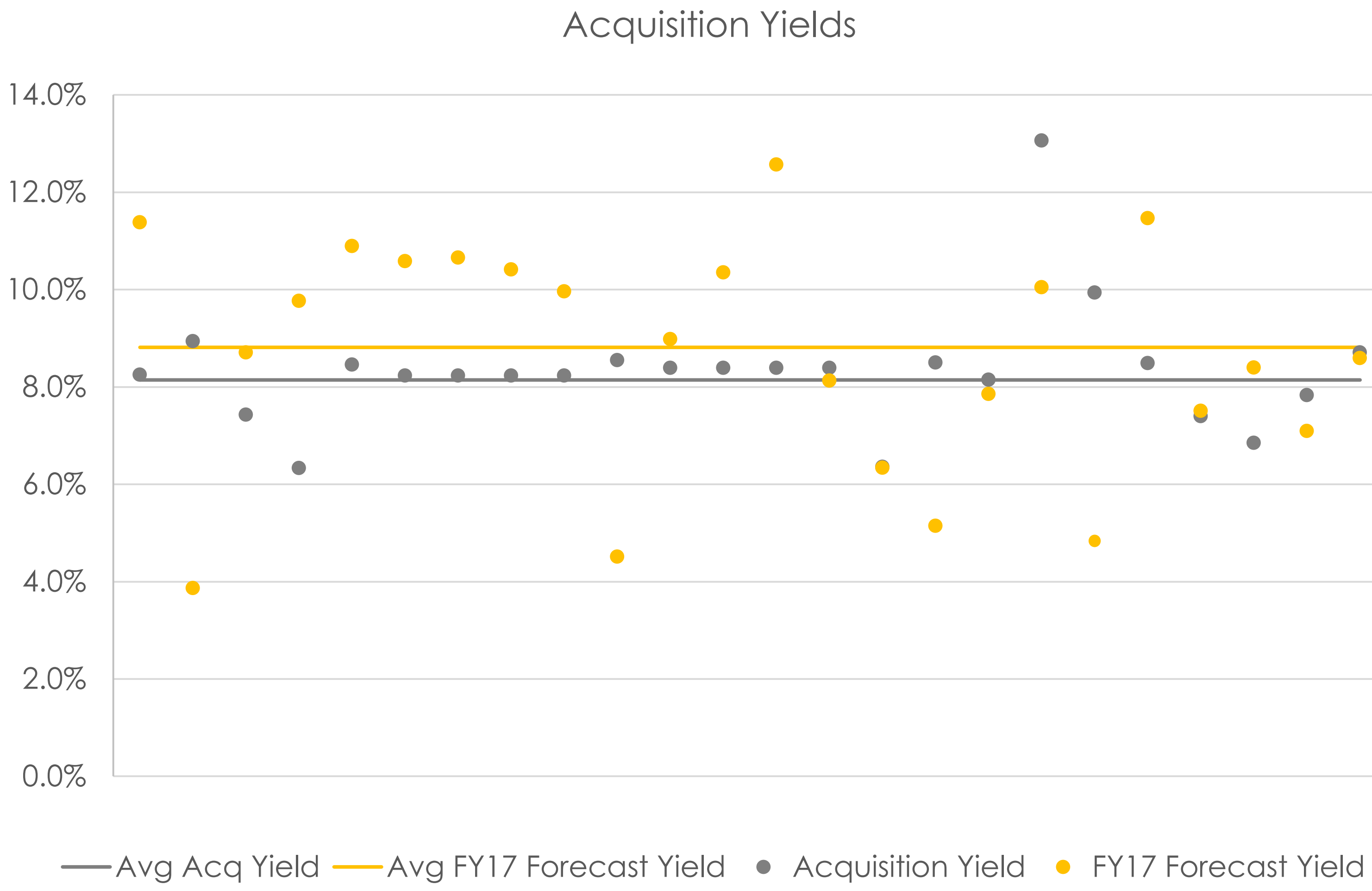
	On Acq	Dec 2016	Change %
Occupancy	73%	88%	20.6%
Rate per sqm	$226	$225	(0.4%)
REVPAM	$165	$199	21.0%
Valuation	$46.5m	$60.9m	31.0%
Passing Yield	8.2%	10.5%	28.0%

MULGRAVE

- Acquired July 2014
- Good occupancy growth
- Maintaining rate
- Positive valuation uplift

	On Acq	Dec 2016	Change %
Occupancy	73%	77%	6.8%
Rate per sqm	$276	$276	0.0%
REVPAM	$201	$214	6.5%
Valuation	$7.0m	$9.1m	30.0%
Passing Yield	6.3%	8.1%	28.6%

ACQUISITIONS: IPO - JUNE 15



Note: Data excludes three developing centres

PORTFOLIO, DEVELOPMENT AND CENTRE MANAGEMENT

AUSTRALIAN PRIME STORAGE FUND

- Partnership facilitates the development and ownership of premium grade self-storage centres
- NSR has taken a 24.9% equity interest (up to $12.45 million)
- Three foundation assets at Albion, Kelvin Grove and Carrara with fourth site secured in Melbourne
- Cararra opened September 2016, Albion forecast opening April 2017
- NSR is entitled to fees associated with development and ongoing management
- NSR leveraging brand and management to generate additional revenue and share platform costs, generating further synergies

PERTH DEVELOPMENT PORTFOLIO

- Construction and management agreement covering five centres with Parsons Group
- Jandakot and Butler operational
- Centre in Perth International Airport precinct under construction, due for completion and acquisition in July 2017
- It is anticipated NSR will acquire further assets upon completion

National Storage Carrara (APSF)

PORTFOLIO, DEVELOPMENT AND CENTRE MANAGEMENT

BUNDALL DEVELOPMENT

- Partnership with Leyshon Group facilitates the development and ownership of state-of-the-art self-storage centre together with refurbishment of existing large format retail
- Prominent Gold Coast location with plans for 7,000 sqm self-storage centre
- Construction expected to commence early 2018 and be operational by late 2018
- NSR has taken a 25% equity interest (approx $3.2 million of total development cost)
- NSR is entitled to fees associated with development and ongoing management
- NSR leveraging brand and management to generate additional revenue and share platform costs, generating further synergies

SUMMARY & OUTLOOK

1H FY17 UNDERLYING EARNINGS $20.1 MILLION

FY17 UNDERLYING EARNINGS GUIDANCE AFFIRMED $45.5 – $46.5 MILLION*

FY17 UNDERLYING EPS GUIDANCE AFFIRMED 9.2 – 9.4 CENTS PER STAPLED SECURITY*

ACTIVE ACQUISITION PIPELINE

*Assuming no material changes to market conditions.

THANK YOU

INVEST@NATIONALSTORAGE.COM.AU
WWW.NATIONALSTORAGE.COM.AU
1800 683 290

APPENDICIES:

- SUMMARY INCOME STATEMENT
- BALANCE SHEET METRICS
- PORTFOLIO METRICS
- STRATEGY DETAIL

SUMMARY INCOME STATEMENT

RECONCILIATION OF A-IFRS PROFIT TO UNDERLYING EARNINGS

$ Million	Note	1H FY16	1H FY17	% Movement
Storage revenue		33.2	47.8	44%
Sales of goods and services		3.0	4.3	43%
Other revenue (Inc share of profit of JV and contracted gain)		2.9	5.0	73%
Total Revenue		**39.1**	**57.1**	**46%**
Operating Centre Expenditure				
Salaries and employee benefits	1	4.7	8.2	74%
Lease expense		6.2	6.0	-3%
Property rates and taxes	2	2.2	3.8	73%
Cost of goods sold		0.7	1.0	43%
Repairs and maintenance		0.6	0.8	33%
Advertising and marketing	3	0.6	1.7	183%
Other operating expenses		3.0	4.7	57%
Total Operating Centre Expenditure		**18.0**	**26.2**	**46%**
Operating Profit		**21.1**	**30.9**	**46%**
General and administration		3.3	4.3	30%
Finance costs	4	3.3	6.2	88%
Depreciation and amortisation		0.2	0.3	50%
Total expenses		**24.8**	**37.0**	**49%**
Underlying Earnings		**14.3**	**20.1**	**41%**
Add / (less) fair value adjustments		3.3	17.6	
Add / (less) diminution of lease asset		2.6	1.9	
Add / (less) business combination and restructure expenses		-	(15.3)	
Profit / (loss) before income tax		**20.2**	**24.3**	
Income tax (expense) benefit		0.4	(0.6)	
Profit / (loss) after income tax		**20.6**	**23.7**	

1 - full impact of extra management resources added during Dec 15 half and additional centres

2 - higher land value assessment and additional centres

3 - full impact of revised marketing plan and new centres

4 - higher debt levels and increased cost of debt associated with extended debt tenor

BALANCE SHEET METRICS

Balance Sheet Metrics	Dec 15			Dec 16		
	Aust ($A)	NZ ($NZ)	Total ($A)*	Aust ($A)	NZ ($NZ)	Total ($A)*
Total assets (net of finance lease liability)	$589m	$31m	$618m	$1,043m	$54m	$1,095m
Net tangible assets	-	-	$376m	-	-	$619m
Net tangible assets per security	-	-	1.12	-	-	1.23
Total debt facilities	$200m	$31m	$229m	$380m	$46m	$424m
Total debt drawn	$168m	$31m	$197m	$343m	$46m	$388m
Remaining debt capacity	$32m	$0m	$32m	$37m	$0m	$37m
Average cost of debt drawn	3.4%	4.0%	3.5%	3.5%	3.4%	3.5%
Gearing ratio	-	-	30.7%	-	-	34.6%
Interest coverage (2.0x)	-	-	5.5x	-	-	4.5x
Debt term to maturity (years)	2.2	4.0	2.5	5.9	3.6	5.6
Debt hedged (inc forward start hedges)	$110m	$10m	$119m	$190m	$24m	$213m
% debt hedged	66%	32%	61%	55%	51%	55%
Average cost of hedged debt	4.0%	4.5%	4.1%	4.7%	4.5%	4.7%
Weight average hedge maturity (years)	4.6	2.8	4.3	5.1	2.4	4.9

* - $A/$NZ = 1.040 (Dec 15: 1.066)

PORTFOLIO METRICS

	31 December 2015				30 June 2016				28 February 2017			
	AUST	NZ	MGT	TOTAL	AUST	NZ	MGT	TOTAL	AUST	NZ	MGT	TOTAL
Freehold centres	44	6	29	79	52	8	28	88	80	9	4	93
Leasehold centres	15		-	15	16	-	1	17	17		-	17
Total centres	59	6	29	94	68	8	29	105	97	9	4	110
Freehold NLA (sqm)	254,000	23,000	141,000	418,000	289,000	31,000	142,000	462,000	444,000	35,000	21,000	500,000
Leasehold NLA (sqm)	73,000	-	-	73,000	78,000	-	2,000	80,000	69,000	-	-	69,000
Total NLA (sqm)	327,000	23,000	141,000	491,000	367,000	31,000	144,000	542,000	513,000	35,000	21,000	569,000
Average NLA	5,600	3,900	4,900	5,200	5,400	3,900	5,000	5,200	5,300	3,900	5,100	5,200
Storage units	38,500	1,500	14,000	54,000	41,600	3,400	14,200	59,200	55,000	4,100	1,500	60,600
REVPAM[1]	$212	$122	N/A	N/A	$211	$161	N/A	N/A	$208	$171	N/A	N/A
Assets under management	$618m	-	$268m	$886m	$612m	$56m	$293m	$959m	$996m	$66m	N/A	$1,058m
Weighted average Primary cap rate	8.4%	8.5%	N/A	N/A	8.2%	8.3%	N/A	N/A	8.0%	8.2%	N/A	N/A

NSR – owned portfolio – 31 December 2016 including Southern Cross
MGT – managed centres - including Southern Cross pre 31 December 2016

1. REVPAM (Revenue per available square metre) – Excludes developing centres

STRATEGY DETAIL

NATIONAL STORAGE

ASSET MANAGEMENT

- Achieve **organic growth** through proactive management of rate and occupancy to drive overall revenue growth
- Leverage management platform and economies of scale to **extract value**
- Drive cost **efficiencies** across the portfolio

ACQUISITIONS

- Execute high quality **accretive** acquisitions in a fragmented industry

PORTFOLIO, DEVELOPMENT & CENTRE MANAGEMENT

- Focus on **development** activities in key markets
- Align with **investment partners** to execute development opportunities
- **Generate fees** from site identification, design, development, project management, administration and ongoing management activities
- Undertake **portfolio recycling** opportunities to maximise value

PRODUCT & INNOVATION

- Explore market **opportunities** for revenue generation
- Focus on digital **transformation**
- Driving **brand** awareness

CAPITAL MANAGEMENT

- Maintain an **efficient** capital structure
- **Effective** risk management including interest rate and refinancing risk

DEVELOP MULTIPLE REVENUE STREAMS TO MAXIMISE RETURNS