NATIONAL STORAGE REIT

FY17 RESULTS

AUGUST 2017

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OVERVIEW

- Australasia’s largest self-storage owner-operator
- 116 centres across Australia and New Zealand
- Strong pipeline of acquisition and development opportunities
- Driving organic storage growth

FY17 HIGHLIGHTS

IFRS PROFIT $103.4 MILLION

UNDERLYING EARNINGS[1]

9.2 CENTS PER STAPLED SECURITY

$45.7 MILLION

Underlying EPS [1]

Delivered 5.7% growth in underlying earnings per stapled security

Underlying Earnings[1]

Increased by 57% to $45.7 million

Same Centre REVPAM

Delivered 5.2% growth in same centre REVPAM (June 16 v June 17)

Acquisitions

$138 million successfully executed

$285 million acquisition of Southern Cross portfolio

Assets Under Management

Increased by 21% to $1.163 billion

Net Tangible Assets

Increased by 18% to $1.34 per stapled security

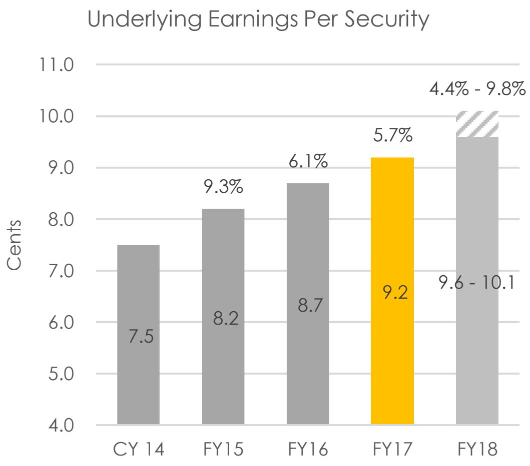
1 - Underlying earnings is a non-IFRS measure (unaudited), see table on slide 7 for reconciliation

FY18 OUTLOOK

UNDERLYING EPS GUIDANCE[2]

9.6 – 10.1 CENTS

PER STAPLED SECURITY



DISTRIBUTION GUIDANCE[2]

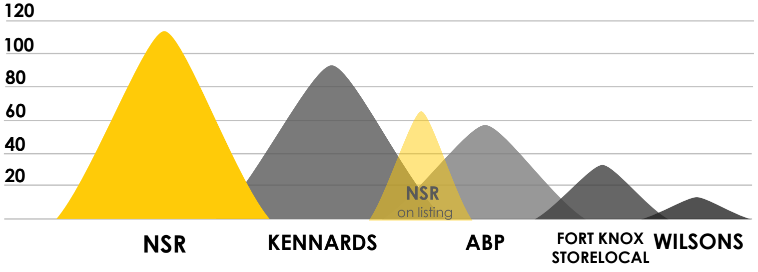
9.6 – 10.0 CENTS

PER STAPLED SECURITY

2 – Assuming no material changes in market conditions or operating environments.

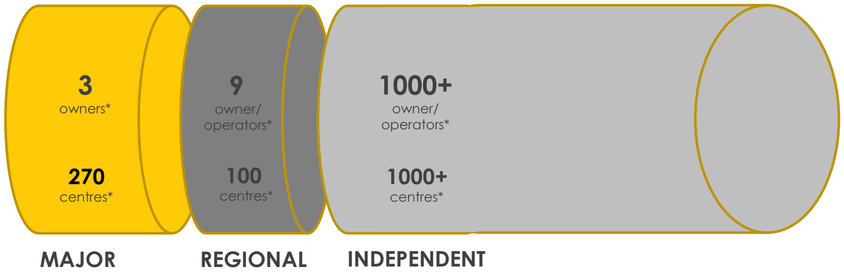
MARKET POSITION & OPPORTUNITIES

STORAGE OWNERS BY NUMBER OF CENTRES



As the largest owner-operator in the Australasian self-storage industry, NSR is in a unique position to capitalise on a highly fragmented market.

ACQUISITION OPPORTUNITY PIPELINE REMAINS STRONG



* Number of centres and operators in Australasia is approximate and based on NSR opinion and publicly available information

NSR has cemented its reputation as the acquirer of choice and a key part of the succession strategy for independent operators. The acquisition pipeline remains strong, with a number of attractive opportunities under active consideration.

STRATEGY

ASSET MANAGEMENT

Focus on organic growth, platform efficiencies and scalability

ACQUISITIONS

Executing high quality acquisitions across AU + NZ

PORTFOLIO & DEVELOPMENT MANAGEMENT

Expansion projects and developments in key markets

PRODUCT & INNOVATION

Embracing digital transformation and product innovation

CAPITAL MANAGEMENT

Efficiency and effectiveness in capital and risk management

DEVELOPING MULTIPLE REVENUE STREAMS TO MAXIMISE RETURNS

PROFIT & LOSS

for the year ended 30 June 2017

Strategy continues to deliver strong income growth:

- Storage revenue up 50%
- June 16 – June 17 REVPAM up 5.2%, 7.6% annualised from October 16
- Operating profit up 57%
- Operating margin increased from 54% to 57% demonstrating platform leverage
- Internalised management minimises management fee leakage
- Finance cost reflects higher borrowings and extended debt tenor
- Fair value adjustments driven by valuation uplift from improved operational performance and cap rate compression
- Business combination and restructure expense:
    - Stamp duty and costs from Southern Cross acquisition
    - Corporate relocation and restructure of operational management and maintenance

$ Million	FY17	FY16	% Change
Storage revenue	105.8	70.6	50%
Sales of goods and services	5.6	3.1	81%
Other revenue	4.8	4.1	17%
Total Revenue	**116.2**	**77.8**	**49%**
Operating Centre Expenditure			
Salaries and employee benefits	13.6	8.1	68%
Lease expense	12.5	12.8	-2%
Property rates and taxes	7.8	4.4	77%
Cost of goods sold	1.9	1.3	46%
Repairs and maintenance	1.3	1.1	18%
Other operating expenses	12.6	7.7	64%
Total Operating Centre Expenditure	**49.7**	**35.4**	**40%**
Operating Profit	**66.5**	**42.4**	**57%**
Operating Margin	**57%**	**54%**	**5%**
Operational management	3.0	2.3	30.0
General and administration	7.6	7.2	6%
Finance costs	14.5	7.3	99%
Depreciation and amortisation	0.6	0.6	0%
Total expenses	**75.4**	**52.8**	**43%**
Other income (Inc share of profit from JV and contracted gains)	(4.9)	(4.2)	17%
Underlying Earnings (1)	**45.7**	**29.2**	**57%**
Add / (less) fair value adjustments	75.3	10.0	
Add / (less) dimunition of lease asset	3.6	4.6	
Add / (less) business combination and restructure expenses	(17.0)	-	
Profit / (loss) before income tax	**107.6**	**43.8**	
Income tax (expense) benefit	(4.2)	0.2	
Profit / (loss) after income tax	**103.4**	**44.0**	

1 - Underlying earnings is a non-IFRS measure (unaudited)

H1 v H2 PROFIT & LOSS

for the year ended 30 June 2017

Strong uplift in H2 earnings:

- H2 Underlying Earnings[1] increase 27% to \$25.6m
- Storage revenue growth driven by increase in REVPAM
- Other revenue reduction reflects consolidation of Southern Cross acquisition from 1 September 2016
- Costs control measures delivering improved operating margin
- Operational management restructure delivering cost savings
- Finance cost reflects higher borrowings and extended debt tenor
- Improved starting position for FY18
- Strong valuations uplift driven by improved operational performance and cap rate compression

\$ Million	H1	H2	FY17	FY17
Storage revenue	48.7	57.1	105.8	17%
Sales of goods and services	2.6	3.0	5.6	15%
Other revenue	3.6	1.12	4.8	-69%
Total Revenue	**54.9**	**61.3**	**116.2**	**12%**
Operating Centre Expenditure				
Salaries and employee benefits	6.6	7.0	13.6	6%
Lease expense	6.2	6.3	12.5	2%
Property rates and taxes	3.8	4.0	7.8	5%
Cost of goods sold	1.0	0.9	1.9	-10%
Repairs and maintenance	0.8	0.5	1.3	-38%
Other operating expenses	6.6	6.0	12.6	-9%
Total Operating Centre Expenditure	**25.0**	**24.7**	**49.7**	**-1%**
Operating Profit	**29.9**	**36.6**	**66.5**	**22%**
Operating Margin	**54%**	**60%**	**57%**	**10%**
Operational management	1.6	1.4	3.0	-13%
General and administration	3.8	3.8	7.6	0%
Finance costs	6.2	8.3	14.5	34%
Depreciation and amortisation	0.3	0.3	0.6	0%
Total expenses	**36.9**	**38.5**	**75.4**	**4%**
Other income (Inc share of profit from JV and contracted gains)	(2.1)	(2.8)	(4.9)	33%
Underlying Earnings [1]	**20.1**	**25.6**	**45.7**	**27%**
Add / (less) fair value adjustments	17.6	57.7	75.3	
Add / (less) dimunition of lease asset	1.9	1.7	3.6	
Add / (less) business combination and restructure expenses	(15.3)	(1.7)	(17.0)	
Profit / (loss) before income tax	**24.3**	**83.3**	**107.6**	
Income tax (expense) benefit	(0.6)	(3.6)	(4.2)	
Profit / (loss) after income tax	**23.7**	**79.7**	**103.4**	

1 - Underlying earnings is a non-IFRS measure (unaudited)

SUMMARY BALANCE SHEET

as at 30 June 2017

NTA growth and valuation uplift:

- NTA increased by 18% to $1.34 per stapled security at 30 June 2017
- Investment properties held increased by 75% from $666m to $1,163m:
  - Southern Cross Acquisition ($285m)
  - 11 other acquisitions ($138m)
  - Valuation uplift ($81m)
  - Less disposals ($7m)
- Cash at 30 June 2017 $23.2m
- Debt increased to $482m[1]
  - Gearing at 30 June 2017 of 37%
- $277m capital raised
  - Southern Cross - $260m
  - Distribution Reinvestment Plan – $9m
  - Issued as consideration for acquisition - $8m
- 176.5m new securities issued
- Intangible Assets increase associated with Southern Cross acquisition and valuation uplift

1 – Net of capitalised establishment costs

$ Million	30 June 17	30 June 16	% Change
Cash	23.2	13.4	73%
Investment Properties (net of Finance Lease Liability)	1,162.5	665.9	75%
Intangible Assets	45.5	14.6	212%
Other Assets	37.78	27.6	37%
Total Assets	**1,269.0**	**721.5**	**76%**
Debt[1]	481.8	284.5	69%
Distributions Payable	23.6	14.8	59%
Other Liabilities	31.0	23.8	30%
Total Liabilities	**536.4**	**323.1**	**66%**
Net Assets	**732.6**	**398.4**	**84%**
Net Tangible Assets	687.1	383.8	79%
Units on Issue (m)	512.9	336.4	52%
NTA	**1.34**	**1.14**	**18%**

CASHFLOW

for the year ended 30 June 2017

Growth in operating cashflow:

- Cash at 30 June 2017 $23.2m, up 73% on FY16
- Operating cashflow up 32% on FY16 to $65m
- Adjusted operating cashflow (after interest, rent and distribution from joint ventures) up 72% on FY16 to $47.7m
- Distribution received from wind up of Southern Cross joint venture of $10m
- DRP provided additional $10.4m in equity
- Distribution declared of 9.2cps:
    - 98% of adjusted operating cashflow
    - 76% of adjusted operating cashflow post DRP

$'m	FY17	FY16	% Change
Cash	23.2	13.4	73%
Cashflow from Operations	65.1	49.3	32%
Interest and other finance costs paid	(17.1)	(9.5)	80%
Less debt establishment fees paid	2.2	0.8	175%
Payment of finance lease liabilities (Rent)	(12.5)	(12.8)	-2%
Distribution received from joint venture	10.0	-	
Adjusted Operating Cashflow	**47.7**	**27.8**	**72%**
Distribution declared (cps)	9.2	8.7	6%
Distribution declared	46.7	29.2	60%
Distribution reinvestment	10.4	6.3	65%
Net Distribution	36.3	22.9	59%
Payout ratio (Gross)	98%	105%	-7%
Payout ratio (Net)	76%	82%	-8%

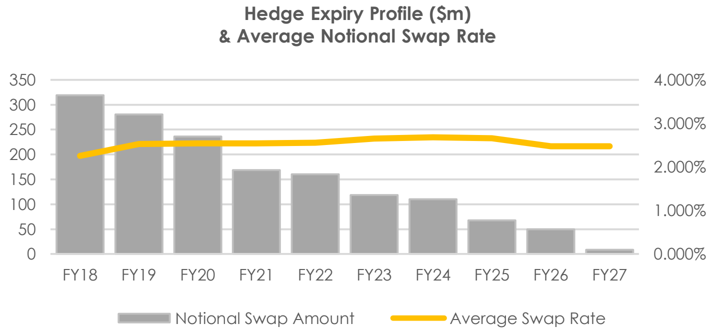
CAPITAL MANAGEMENT

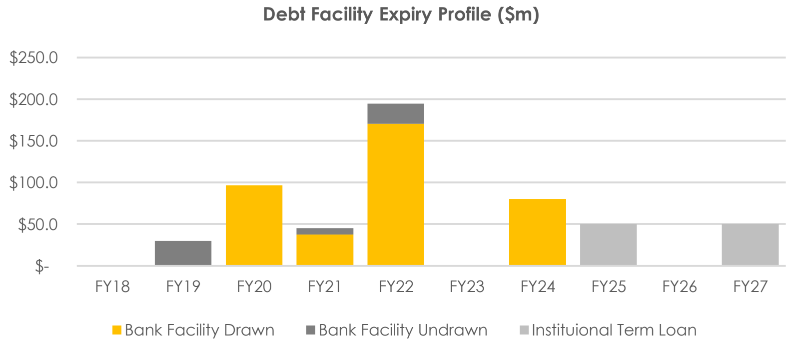
Gearing reduced and tenor extended:

- June 2017 gearing of 37%, down from 38% at June 2016
  - Target range 25% - 40% (Covenant 55%)
  - ICR 4.2x (Covenant 2x)
- Entered into $100m institutional term loan
- Debt maturity 4.6 years
- Total debt facilities $546m - $61m available
- Focus on debt and swap profiles to reduce risk and add value
- Average cost of debt down 40bps to 3.7%
- Capitalised on historically low rates to lock in long term swaps
  - $268m hedged at 30 June 2017
  - Average FY18 hedging of $318m, average rate of 2.25%

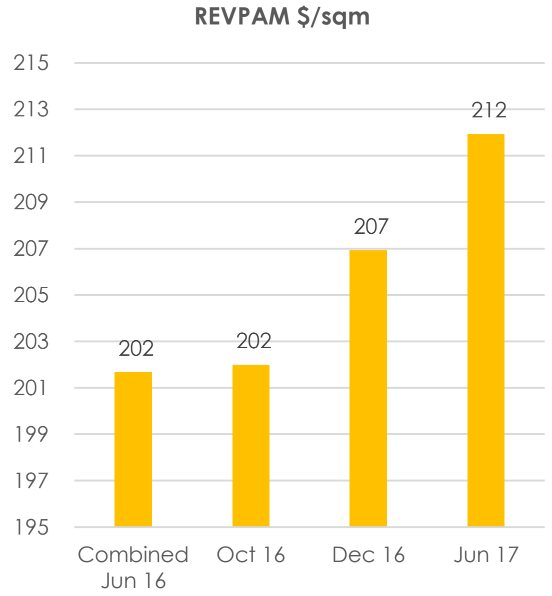
Capital Management	Jun 17	Jun 16
Total debt facilities	$546m	$424m
Total debt drawn	$485m	$286m
Remaining debt capacity	$61m	$138m
Debt term to maturity (years)	4.6	2.0
Covenant gearing ratio (55%)	37%	38%
Average cost of debt drawn	3.7%	4.1%
Covenant interest coverage (2.0x)	4.2x	5.1x
Debt hedged	$268m	$120m
% debt hedged	55%	42%
Average cost of hedged debt (inc margin)	3.9%	4.4%

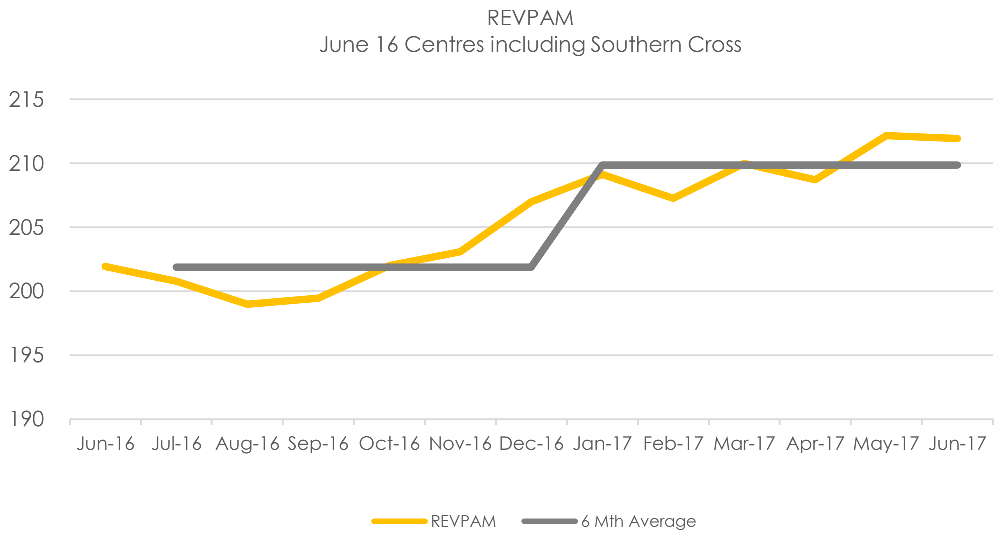
* - $A/$NZ = 1.05





KEY OPERATIONAL METRICS
STRONG REVPAM GROWTH >5%





REVPAM

Combined Portfolio
REVPAM $212 / sqm
(Jun 16: $202 / sqm)

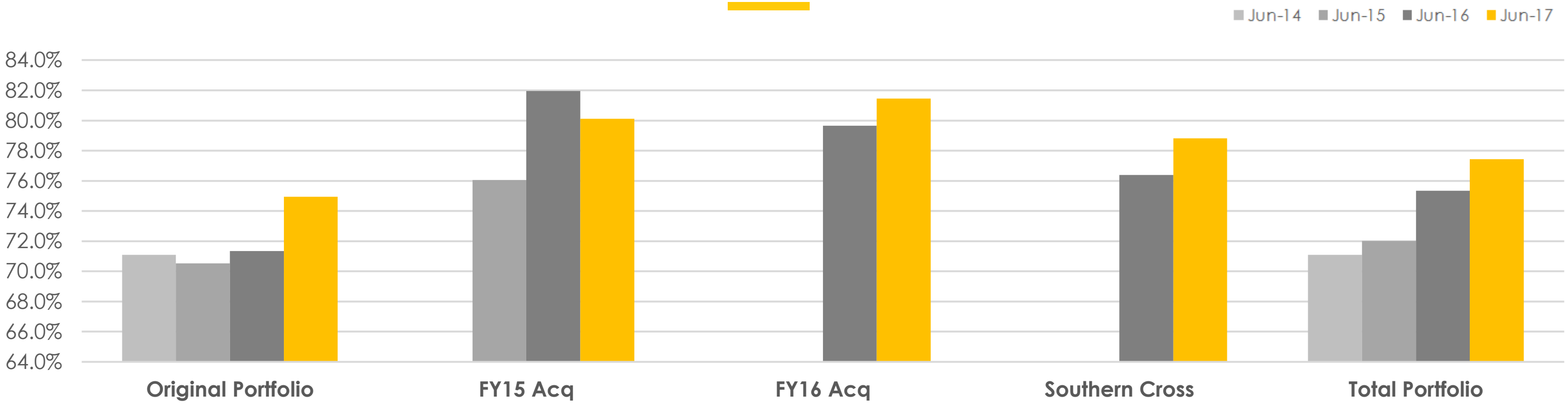
$10 increase (5.2%)
in REVPAM since
October 2016
(7.6% annualised)

Continued increase in
REVPAM delivered
throughout 2H FY17

NSR drives REVPAM by balancing occupancy and rate per sqm growth on a centre and individual unit basis. Revenue management strategies continue to advance through the use of NSR's multiple signal revenue management model and data analytics. Further pricing methodology revisions and improvements are planned for FY18.

KEY OPERATIONAL METRICS

OCCUPANCY CONTINUES TO BUILD



	Original Portfolio	FY15 Acq	FY16 Acq	Southern Cross	Total Portfolio
Occupancy growth from FY16 to FY17	3.6% ▲ 75%	1.9% ▼ 80.1%	1.8% ▲ 81.5%	2.4% ▲ 78.8%	2.1% ▲ 77.5%
Occupancy growth from FY15 to FY17	4.4% ▲ 75%	4.1% ▲ 80.1%			

OCCUPANCY

Combined Portfolio Occupancy 77.5% (Jun 16: 75.4%)

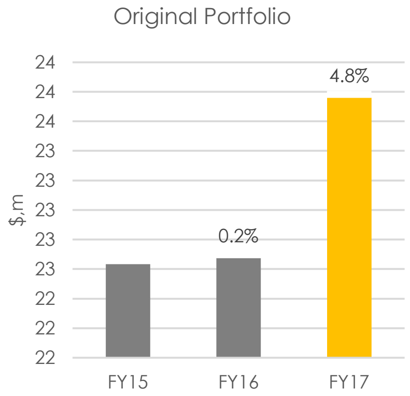
QLD (up 1.5%) and VIC (up 0.7%) strongest performers on a same centre basis

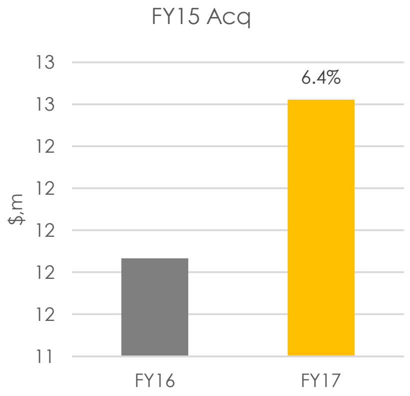
Approximately 50% of centres trading at or above 80% occupancy

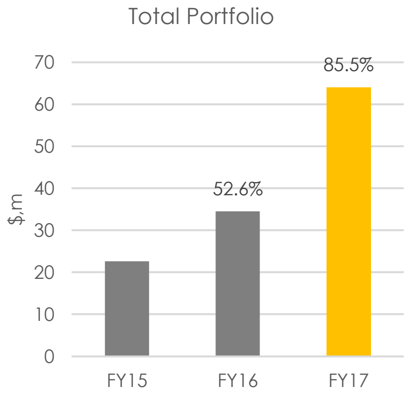
KEY
Original Portfolio (37 centres) comprises IPO centres (excludes Southern Cross centres)
FY15 Acq (14 centres) comprises acquisitions completed during FY15
FY16 Acq (9 centres) comprises acquisitions completed during FY16
Southern Cross (26 centres) comprises centres held in the Southern Cross joint venture
Total Portfolio excludes New Zealand and developing centres

KEY OPERATIONAL METRICS

INCREASED EBITDA GROWTH







	Original Portfolio	FY15 Acq	Total Portfolio
EBITDA growth from FY16 to FY17	**4.8%** ▲	**6.4%** ▲	**85.5%** ▲
EBITDA growth from FY15 to FY17	**5.0%** ▲		

Includes 10 month contribution from Southern Cross

EBITDA

Strong EBITDA growth on a same centre and total portfolio basis.

Driving platform efficiencies to deliver cost out opportunities and drive EBITDA margins

Total centre EBITDA margin growth of approximately 5% to 57%

KEY
Original Portfolio (37 centres)comprises IPO centres (excludes Southern Cross centres)
FY15 Acq (14 centres) comprises acquisitions completed during FY15
Total Portfolio (84 centres) excludes New Zealand and developing centres

NEW ZEALAND
CONTINUED GROWTH

- Eleven centres across New Zealand with 59,000 sqm of NLA
- Acquisitions:
  - Kenepuru - January 2017
  - Gardens and Kaikorai (Dunedin) – March 2017
- Economies of scale being achieved as portfolio continues to grow
- New Zealand operational structure in place with direct link back to Australian management platform
- Opportunity for future expansion/development
- Continue to pursue acquisition opportunities in Auckland and other major population centres

Portfolio (11 centres)

Occupancy:	78.2% (June 2016: 76.3%)
Rate:	$167/sqm (June 2016: $212/sqm)
REVPAM	$130/sqm (June 2016: $160/sqm)

Same Centre (8 centres)

Occupancy:	71.8% (June 2016: 76.3%)
Rate:	$222/sqm (June 2016: $212/sqm)
REVPAM	$160/sqm (June 2016: $160/sqm)

DEVELOPMENT AND PORTFOLIO MANAGEMENT

GENERATING INCOME AND OPPORTUNITY WITH OUR PARTNERS

NSR continues to work with its investment partners on the delivery of a number of leading self-storage development projects:

- Australian Prime Storage Fund (APSF) – Carrara, Albion and Kelvin Grove QLD
- Parsons Group – Five centres in Perth, WA
- Leyshon Group – Bundall, Gold Coast QLD

National Storage Albion delivered via APSF partnership, opened March 2017

Concept drawings for National Storage Kelvin Grove (APSF) scheduled to open October 2017

National Storage Jandakot, delivered by Parsons Group and acquired by NSR in May 2017

National Storage Carrara delivered via APSF partnership, opened September 2016

Concept drawings for National Storage Bundall in partnership with Leyshon Group

DEVELOPMENT AND PORTFOLIO MANAGEMENT

ADDING VALUE THROUGH EXPANSION OF EXISTING ASSETS

NSR has identified up to 25 centres within its existing portfolio with potential for further value add via expansion and development given current and future expected trading conditions.

Five centres have been initially selected for further financial feasibility with expansions expected to progressively commence throughout FY18.

This program of expansion and development works is expected to add approximately 3,000 sqm of net lettable area per centre which could yield an additional $750k to $1 million in income per centre at stabilised occupancy, with only a marginal increase in operating costs. The additional expansions will also improve the asset value of each of the expanded centres upon completion of the works.

National Storage Kurnell marked for further expansion and additional marine storage

National Storage Mitchell identified for further expansion

SUSTAINABILITY

PROACTIVELY DELIVERING ENVIRONMENTAL AND FINANCIAL BENEFITS

National Storage has completed an economic and feasibility study into the potential for installation of a solar photovoltaic network across the portfolio.

The comprehensive program is designed to deliver long term benefits both environmentally and from a cost saving perspective. Phase One of the program is expected to save 3,200 MWh with a reduction in t-CO_2-e of 2,600, with a year one saving of in excess $600,000 in electricity expenditure in FY19.

Importantly, 100% of these financial benefits will flow directly into NSR.

Phase One Solar PV Program	2 MW +
Number of Centres	50+
Electricity Savings (FY19)	3,200 MWh +
Emissions Reduced	2,600 + t-CO_2-e
Estimated Investment	< $4 million
Forecast IRR	> 20%

MEDIUM TERM EARNINGS DRIVERS

DELIVERING EARNINGS GROWTH FROM MULTIPLE REVENUE STREAMS

	DRIVERS AND ASSUMPTIONS	INDICATIVE GROWTH RATE
ORGANIC GROWTH	• Balance occupancy and rate to drive overall REVPAM growth • Advancements in revenue management and data analytics • Occupancy >80%	4% - 6%
PORTFOLIO MANAGEMENT	• Focus on platform scalability • Drive economies of scale • Digital transformation	1% - 2%
PLATFORM EFFICIENCIES	• Cost inflation and corporate costs expected to grow • Active management of interest expenses	(2% - 3%)
	INDICATIVE COMPARABLE SAME CENTRE EARNINGS GROWTH	**3% - 5%**
ACQUISITION GROWTH	• Current annualised run rate of c$100-$120 million of acquisitions • ROE target in excess of 10%	1% - 3%
DEVELOPMENT MANAGEMENT	• Investment Partner development returns • Return on NSR expansions / developments at stabilised – forecast IRR of 15%	
	INDICATIVE COMPARABLE EARNINGS GROWTH	**4% - 8%**

FY18 GUIDANCE AND OUTLOOK

	Low		High
Underlying EPS (PER STAPLED SECURITY)	9.6 cents	to	10.1 cents
Growth over FY17	4.4%		9.8%
Underlying Earnings	$49.5 million	to	$52.0 million
Growth over FY17	8.3%		13.8%

FY17 underlying earnings		Less one off items		Same centre EBITDA uplift		FY17 Acquisitions Full Year		FY18 Acquisitions		Ops Mgmt and G&A		Additional interest cost		Reduced non-operating income		Other items		**FY18 underlying earnings**
$45.7m	-	**$1.5m**	+	**$3.9m**	+	**$5.7m**	+	**$3.1m**	-	**$0.8m**	-	**$5.7m**	-	**$0.9m**	+	**$0.0m - $2.5m**	=	**$49.5m - $52.0m**

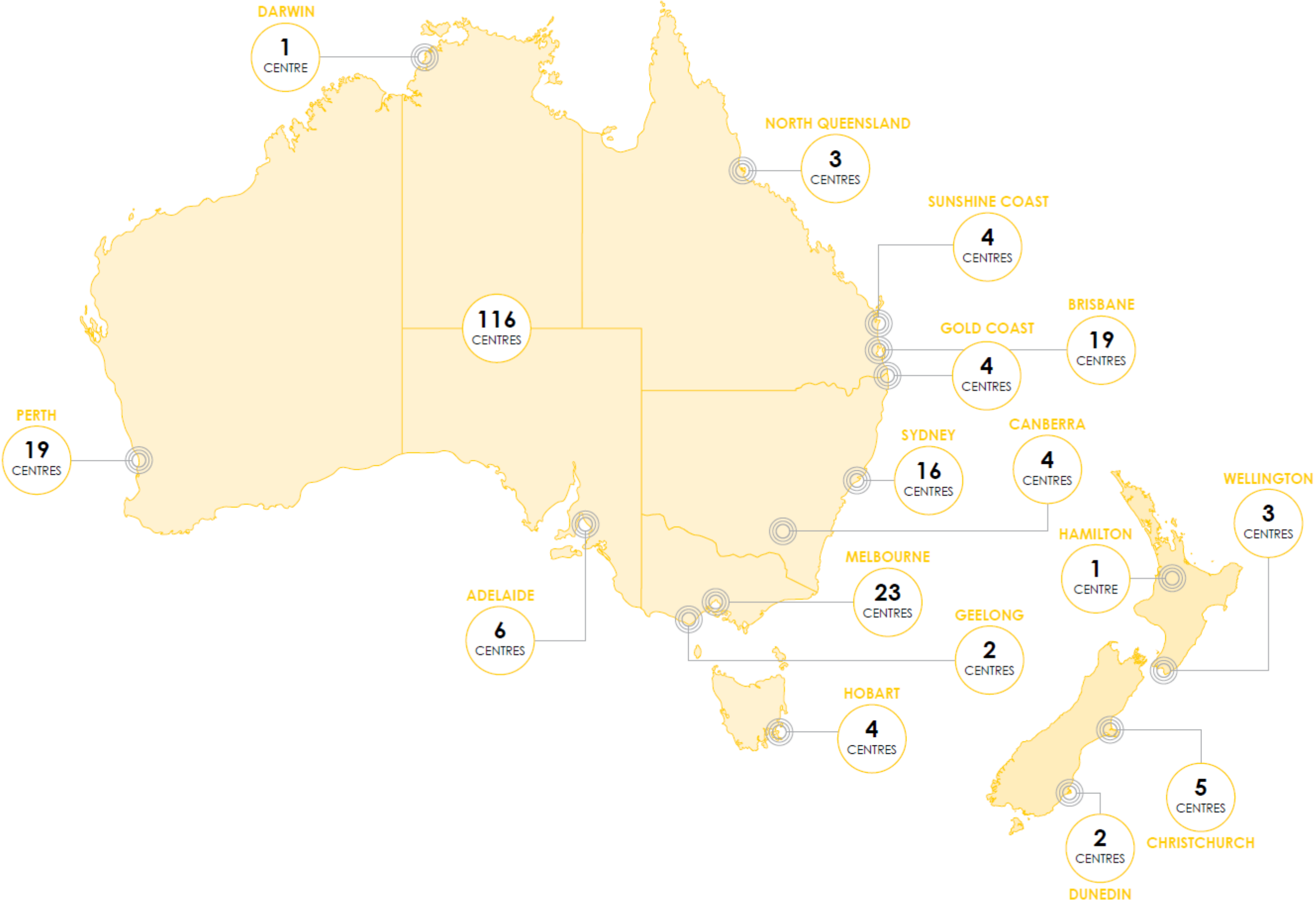
NSR provides this guidance on the assumption there are no material changes in market conditions or operating environments.

THANK YOU

APPENDICES

APPENDICES

NSR FOOTPRINT

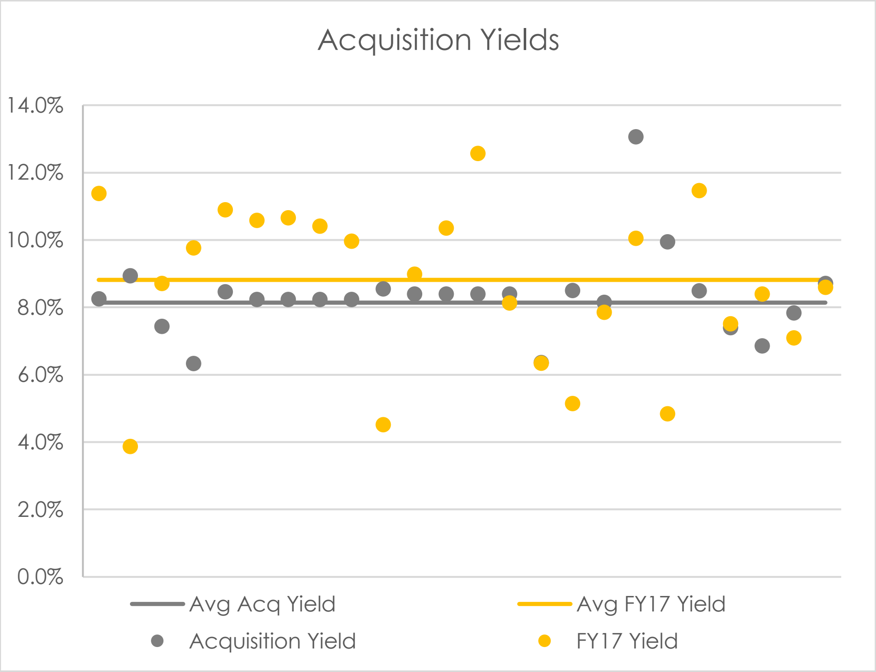


ACQUISITION PERFORMANCE

FY17 ACQUISITIONS

CENTRE	STATE	DATE	NLA (SQM)	PURCHASE PRICE
Butler	Western Australia	August 2016	5,100	$8.8 million
Kurnell	New South Wales	August 2016	12,400	$17.5 million
Moonah Central	Tasmania	September 2016	2,400	$3.3 million
Artarmon Central	New South Wales	December 2016	3,400	$10.8 million
Guildford, Rockingham & Subiaco	Western Australia	January 2017	-	$30.0 million
Kenepuru	Wellington (NZ)	January 2017	4,300	NZ $9.8 million
Brooklyn	Victoria	March 2017	5,300	$9.0 million
Gardens, Kaikorai	Dunedin (NZ)	March 2017	20,800	NZ $14.0 million
Jandakot	Western Australia	May 2017	5,200	$8.1 million
Brendale, Lawnton and Rothwell	Queensland	June 2017	19,700	$28.0 million
TOTAL				**$138.0 million**

IPO – JUNE 15 ACQUISITION PERFORMANCE



Average Acquisition Yield FY16 8.1%
Average Acquisition Yield FY17 8.8%

Note: Data excludes developing centres

ACQUISITION INTEGRATION

RESULTS TAKE TIME

Staffing and Operations Management

Systems Integration and Security

Branding Signage and Marketing

Training and Development

IMPACTING FACTORS

- **Brand and Market Position**– whether the acquisition is part of a well known national or regional brand versus an independent operator with little brand equity impacts the speed and ease of transition to NSR
- **Intellectual Property** – IP may or may not be acquired as part of an acquisition which impacts ability to access websites, telephone numbers, historical information, Google data and other centre-specific information
- **Digital Equity** – centres with strong digital equity and search engine positioning take longer to transition due to the nature and timeliness of search engine behaviour
- **Technology** – the level of technology in place may impact quality of data and transition timelines
- **Staff** – staff transition or departure may impact the ease of integration
- **Rate per Square Metre** – existing rate per sqm affords opportunity for growth but may create tension amongst the existing customer base

ACQUISITION CASE STUDIES

Glen Iris

- Acquired February 2015
- Strong occupancy and rate growth
- Positive valuation uplift

	On Acq	June 17	Change %
Occupancy	86%	92%	6.1%
Rate per sqm	$417	$434	4.1%
REVPAM	$361	$398	10.2%
Valuation	$18.6m	$24.1m	29.9%
Yield on Cost	7.8%	9.0%	16.3%

South Melbourne

- Acquired February 2015
- Strong rate growth
- Positive valuation uplift

	On Acq	June 17	Change %
Occupancy	93%	87%	(5.6%)
Rate per sqm	$373	$427	14.5%
REVPAM	$345	$372	7.8%
Valuation	$14.9m	$19.4m	30.2%
Yield on Cost	7.5%	8.2%	8.7%

KEY FINANCIAL AND PORTFOLIO METRICS

Group	FY16	FY17	Change
Total Revenue	$79.8m	$117.5m	47% ▲
IFRS profit after tax	$44.0m	$103.4m	135% ▲
Earnings per stapled security	13.06cps	20.74cps	59% ▲
Underlying earnings(1)	$29.2m	$45.7m	57% ▲
Underlying earnings per stapled security(1)	8.7cps	9.2cps	5.7% ▲
Net operating cashflow	$49.3m	$65.1m	32% ▲
Distribution per stapled security	8.7cps	9.2cps	5.7% ▲
Portfolio	**At June 2016**	**At June 2017**	**Change**
Number of Centres owned/managed (total)	76/29 (105)	113/3 (116)	37/(26) (11) ▲
Like for like occupancy (2)	75.4%	77.5%	2.1% ▲
Like for like Revenue per available metre (REVPAM)(2)	$202	$212	5.2% ▲
Weighted Average Primary Cap Rate	8.24%	7.86%	(0.38%) ▼
Assets Under Management (AUM)(3)	$959m	$1,163m	21% ▲
June 2016 Portfolio	$666m	$739m	11% ▲
Acquisitions / Centres(4)	$145 (23)	$138m (11)	($7m)/(12) ▼
NLA (sqm)	541,000	622,000	15% ▲
Balance Sheet	**At June 2016**	**At June 2017**	**Change**
Total Assets(5)	$900m	1,437m	$537m ▲
Debt drawn(5)	$286m	$485m	$199m ▲
Interest Rate Hedges(5)	$120m	$268m	$148m ▲
Gearing	38%	37%	(1%) ▼
Weight average cost of debt	4.1%	3.7%	(0.40%) ▼
Weight average debt tenor	2.0	4.6	2.6 ▲
Net Tangible Assets per stapled security	$1.14	$1.34	18% ▲

1 - Underlying earnings is a non-IFRS measure (unaudited)
2 - Same centre 30 June 2016
3 - Investment properties net of finance lease liability
4 - Excluding transaction costs
5 - Applying a NZD/AUD exchange rate of 1.05

THE NSR ADVANTAGE

DRIVING EFFICIENCY ACROSS A SCALABLE OPERATING BUSINESS

Operations

- Operational management structure refined for scalability
- Focus on call centre performance
- Continuing evolution of revenue management system and data analytics

Marketing

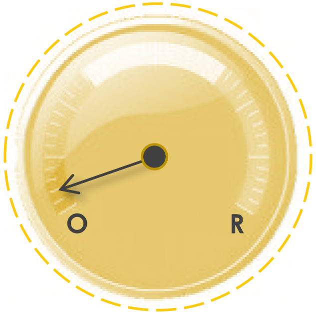
- Driving brand and product awareness
- Focus on reach, engagement and conversion
- Increasing search engine utilisation of National Storage as an organic search term, driving inquiries
- Improving customer experience

Technology

- Improving systems and process optimisation
- Focus on efficiency and automation
- Paperless process design

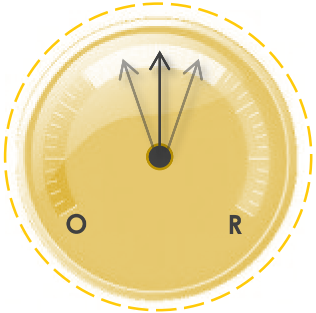
OPERATIONAL METRICS

ACHIEVING AN OPTIMAL BALANCE BETWEEN OCCUPANCY AND RATE PER SQM



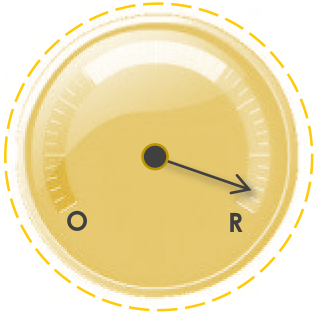
Occupancy Focus

Driving occupancy at the expense of rate per sqm characterised by heavily discounted rental rates and excessive move-in offers



BALANCE

Driving REVPAM growth across the portfolio characterised by a balanced approach of revenue management and promotional activity



Rate Focus

Driving rate per sqm at the expense of occupancy characterised by high rental rates and limited promotional offers

ACQUISITION DYNAMICS

Market Conditions

Prevailing market conditions including housing market trends and turnover, affordability, socio-demographics and local economic forecasts are all important considerations when assessing acquisition opportunities.

Competitors

Competitors in the local catchment area are assessed as part of NSR's acquisition feasibility modelling. Considerations include nature of operators (major/regional/independent), proximity, density and quality of offering.

Key Features

NSR seeks acquisition opportunities that feature:

- Prominent location and high level of visibility to passing traffic
- Proximity to drivers of self-storage demand including commercial, retail and/or residential markets with strong growing local populations
- High quality, modern designs with good access and security
- Ability to add value to existing operators to enhance the potential for future growth or further development

ACQUISITION SNAPSHOT

CONTRIBUTING FROM DAY ONE

- Target day one accretive acquisitions
- Preference for assets that will also provide synergies
- Indicative acquisition:
    - Value $8m - $15m
    - Size 4,500sqm – 6,000sqm
    - Occupancy 70% - 85%
    - Passing yield 6.5% - 8.5%
    - Yield on cost at stabilisation 9% - 12%
    - 5 year IRR (in value uplift) 12% +

DEVELOPMENT SNAPSHOT

LONG TERM GROWTH

- Greenfield development
- Purpose built to NSR design and standards
- Currently undertaken in joint venture structures
- Decretive in initial years
- Provides acquisition opportunities 3 – 5 years from commencement of operation
- Day one income through provision of design, development and management services
- Long term upside via asset value creation and revenue growth
- Indicative development:
    - Cost — $8m - $12m
    - Size — 5,000sqm – 7,000sqm
    - Development duration — 2 – 3 years
    - Cash breakeven — Approx 3 - 4 years from site purchase
    - Yield on cost at stabilisation — 13% - 18%
    - Value at stabilisation — $13m - $25m
    - 7 year IRR (in value uplift) — 15% +

EXPANSION SNAPSHOT

MAXIMISING PORTFOLIO VALUE

- Expansion of existing asset where occupancy 85%+ and opportunity to add additional NLA
- Majority of existing cashflow retained during expansion phase
- Marginally decretive in year one
- Fill up risk / time to achieve sustainable occupancy is minimised as demand levels for unit mix known
- Indicative expansion
    - Cost $2m - $4m
    - Additional NLA 1,500sqm – 3,000sqm
    - Development duration 1 – 2 years
    - Minimal additional opex
    - Yield on cost at stabilisation 20% +
    - Value at stabilisation $5m - $10m
    - 5 year IRR (in value uplift) 30% +

PORTFOLIO METRICS

	30 June 2016				30 June 2017			
	AUST	NZ	MGT	TOTAL	AUST	NZ	MGT	TOTAL
Freehold centres	52	8	28	88	87	11	3	101
Leasehold centres	16	-	1	17	15	-	-	15
Total centres	68	8	29	105	102	11	3	116
Freehold NLA (sqm)	288,000	31,000	142,000	461,000	474,000	59,000	17,000	550,000
Leasehold NLA (sqm)	78,000	-	2,000	80,000	72,000	-	-	72,000
Total NLA (sqm)	366,000	31,000	144,000	541,000	546,000	59,000	17,000	622,000
Average NLA	5,400	3,900	5,000	5,200	5,400	5,400	5,700	5,400
Storage units	41,600	3,400	14,200	59,200	58,400	5,500	1,500	65,400
REVPAM[1]	$211	$160	N/A	N/A	$208	$130	N/A	N/A
Assets under management	$612m	$56m	$293m	$959m	$1,088m	$79m	N/A	$1,163m
Weighted average Primary cap rate	8.24%	8.30%	N/A	N/A	7.86%	8.15%	N/A	N/A

1 - Excludes developing centres

STRATEGY DETAIL

DEVELOPING MULTIPLE REVENUE STREAMS TO MAXIMISE RETURNS

Asset Management

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

Acquisitions

- Execute high quality acquisitions in a fragmented industry

Portfolio and Development Management

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

Product and Innovation

- Explore market **opportunities** for revenue generation
- Focus on digital **transformation**
- Drive **brand and product** awareness
- Focus on **innovation** and **sustainability** at a product and portfolio level

Capital Management

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

MARKET DYNAMICS

SELF-STORAGE IN OTHER ESTABLISHED MARKETS

US self-storage REITs outperformed every other real estate sector over the past twenty years.

US REITs Equity by Sectors (CAGR from Dec 93 to Jun 17)	
Sector	**Total Return**
Self-Storage	15.8%
Health Care	12.4%
Residential	12.1%
Office	11.1%
Retail	10.3%
Industrial	10.0%
Lodging/Resorts	5.3%
REITs All Equity	10.6%
S&P 500	9.4%
Asia ex Japan	12.3%

Source: www.stansberrychurchouse.com

Markets in Asia Pacific remain underserviced compared to the USA.

	NLA per capita (sqm)	Average Home Size (sqm)
USA	0.85	250
Canada	0.50	210
Australia	0.17	230
UK	0.05	90
Hong Kong	0.04	60
Singapore	0.02	80
Japan	0.002	60
Taiwan	0.002	120
Malaysia	0.001	160
China	0.001	130

Source: The Rise of Self Storage in Asia Pacific, a Jones Lang LaSalle publication June 2017 and NSR industry experience

DRIVERS OF SELF-STORAGE

A GROWING INDUSTRY

DEMOGRAPHIC

- Marriage / Moving in together
- Divorce
- Birth / Growing families
- Death / Estate management

Population continues to grow; increase in divorce rate
2016 ABS CENSUS

More people moving in and out of homes and multiplicity of household goods and belongings

SOCIOECONOMIC

- Urbanisation
- Ageing population
- Downsizing
- Change of life events
- Long term travel
- Expat and Grey Nomad lifestyles

Fewer people are living in homes; apartment living is on the rise
2016 ABS CENSUS

Apartments have limited storage, particularly for downsizers

HOUSING MARKETS

- Housing Construction Approvals
- Renovations
- Housing Sales Activity
- Rental Market Volumes

Increase in building approvals and renovations
2016 ABS CENSUS

Storage required during renovations and buildings, plus a positive impact on business storage drivers for tradesperson market

BUSINESS MARKETS

- Growth in online retailing
- Optimising existing office/warehouse space
- On-premise storage costs
- Decentralisation of stock and point of sale distribution networks

Online sales exceeded $20 billion for the first time in 2016
NATIONAL AUSTRALIA BANK

Strong growth in online retailers using storage for warehousing – over 100% growth on 2015 in online retailers using National Storage

THANK YOU

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