FY18 RESULTS

NATIONAL STORAGE REIT

AUGUST 2018

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AGENDA

FY18 RESULTS

- A-IFRS profit of **$145.8 million**
- Underlying earnings of **$51.4 million**
- Underlying **EPS of 9.6 cents** per stapled security (+4.3%)
- **NTA of A$1.51** per stapled security (+13%)
- FY18 **Total Return[1] of 19.9%**
- Australian Portfolio **Occupancy of 80.4%** (+3.0%)
- **REVPAM of $220** (+3.8%)

FY19 OUTLOOK

- Underlying earnings[2] of $62.5 – $64.5 million
- Underlying EPS[2] of 9.6 – 9.9 cents per stapled security

STRATEGIC INITIATIVES

1) Agreement with Stockland
2) Capital partnership in New Zealand
3) Expanding the development pipeline

1 – Distribution yield plus percentage NTA growth
2 – Underlying earnings is a non-IFRS measure (unaudited), see table on slide 8 for reconciliation

FY18 RESULTS AND FY19 OUTLOOK

FY18 HIGHLIGHTS

UNDERLYING EPS 9.6 CENTS | A-IFRS PROFIT $145.8 MILLION

UNDERLYING EARNINGS[1]
$51.4m
(up 12.5%)

AUSTRALIAN PORTFOLIO OCCUPANCY
80.4%
(up 3.0%)

TOTAL RETURN[3]
19.9%

ASSETS UNDER MANAGEMENT
$1.4b
(up 23%)

UNDERLYING EPS[1]
9.6 cents
(up 4.3%)

SAME CENTRE REVPAM[2]
$220
(up 3.8%)

ACQUISITIONS COMPLETED
$155m
(up 12%)

NET TANGIBLE ASSETS
$1.51
(up 13%)

1 – Underlying earnings is a non-IFRS measure (unaudited), see table on slide 8 for reconciliation
2 June 16 Centres (86 centres) excludes New Zealand and developing centres
3 – Distribution yield plus percentage NTA growth
REVPAM – Revenue Per Available Square Metre

ACQUISITION HIGHLIGHTS

CONTINUED ACQUISITION GROWTH

- $155 million of assets settled in FY18
- 87,500m^2 additional NLA
- NSR is continuing to successfully execute its growth strategy in a highly fragmented industry and to leverage NSR's fully-integrated, scalable platform

Wyong Acquisition

Morisset Acquisition

FY18 ACQUISITIONS

Region	NLA (Sqm)	Purchase Price
New South Wales Morisset North Wyong	7,300	$11.9m
New Zealand Ngauranga Te Rapa	7,900	NZ$21.3m
Northern Territory Darwin	8,800	$14.0m
Queensland Carrara[1] Hope Harbour Milton (development site) Marcoola Robina Townsville (5 Centres)	45,200	$83.9m
Victoria Geelong Mornington	7,300	$10.9m
Western Australia Jandakot (Property) Perth Airport[1]	11,000	$15.1m
Total[2]	**87,500**	**$155.3m**

1 - Developing Centres

2 - AUD/NZ 1.10

PROFIT & LOSS

FOR THE YEAR ENDED 30 JUNE 2018

STRATEGY CONTINUES TO DELIVER STRONG GROWTH

- Strong FY18 performance
  - Operating Profit up 19%
  - Profit after tax up 41%
  - Underlying earnings[1] up 12.5%
  - Storage revenue up 18%
  - REVPAM up 3.8%
- Finance cost reflects higher borrowings associated with acquisitions
- Fair value adjustments driven by valuation uplift from enhanced operational performance and cap rate compression

$ Million	FY18	FY17	% Change
Storage revenue	124.6	105.8	18%
Sales of goods and services	6.3	5.6	13%
Other revenue	4.4	2.7	63%
Total Revenue	**135.3**	**114.1**	**19%**
Operating Centre Expenditure			
Salaries and employee benefits	15.1	13.6	11%
Lease expense	12.3	12.5	-2%
Property rates and taxes	9.2	7.8	18%
Electricity and Insurance	4.1	3.4	21%
Marketing	5.3	2.8	89%
Cost of goods sold	2.5	1.9	32%
Repairs and maintenance	1.9	1.3	46%
Other operating expenses	8.5	6.4	33%
Total Operating Centre Expenditure	**58.9**	**49.7**	**19%**
Operating Profit	**76.4**	**64.4**	**19%**
Operating Margin	**56%**	**56%**	**0%**
Operational management	4.1	3.0	37%
General and administration	8.6	7.6	13%
Finance costs	19.9	14.5	37%
Depreciation and amortisation	0.7	0.6	17%
Total expenses	**92.2**	**75.4**	**22%**
Other income (Inc share of profit from JV and contracted gains)	(8.3)	(7.0)	19%
Underlying Earnings (1)	**51.4**	**45.7**	**12.5%**
Add / (less) fair value adjustments	89.7	75.3	
Add / (less) dimunition of lease asset	4.0	3.6	
Add / (less) business combination and restructure expenses	(1.3)	(17.0)	
Profit / (loss) before income tax	**143.8**	**107.6**	
Income tax (expense) benefit	2.0	(4.2)	
Profit / (loss) after income tax	**145.8**	**103.4**	**41%**

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

SUMMARY BALANCE SHEET

AS AT 30 JUNE 2018

NTA GROWTH AND VALUATION UPLIFT

- NTA increased by 13% to $1.51 per stapled security (from $1.34)
- Investment properties held increased by 23% from $1,163m to $1,431m:
  - Acquisitions settled - $155m
  - Valuation uplift - $112m
- Cash at 30 June 2018 $21.3m
- Debt drawn $596m[1]
  - Gearing at 30 June 2018 of 38%
  - Target Gearing range 25 – 40%

$ Million	Jun 18	Jun 17	Movement
Cash	21.3	23.2	(1.9)
Investment Properties (net of Finance Lease Liability)	1,431.4	1,162.5	268.9
Intangible Assets	46.0	45.5	0.5
Other Assets	49.9	37.7	12.1
Total Assets	**1,548.6**	**1,269.0**	**279.6**
Debt	596.4	481.8	114.6
Distributions Payable	27.4	23.6	3.8
Other Liabilities	34.5	31.0	3.5
Total Liabilities	**658.3**	**536.4**	**121.9**
Net Assets	**890.3**	**732.6**	**157.7**
			-
Net Tangible Assets	844.3	687.1	157.2
Units on Issue (m)	559.1	512.9	46.2
NTA ($/Security)	**1.51**	**1.34**	**0.17**

1 – Net of capitalised establishment costs

CAPITAL MANAGEMENT

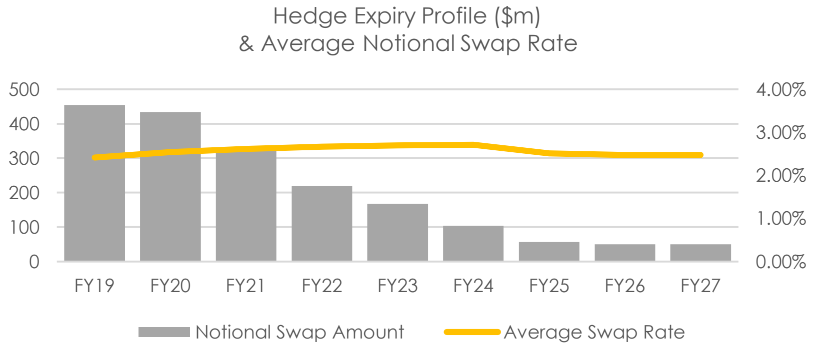
FOR THE YEAR ENDED 30 JUNE 2018

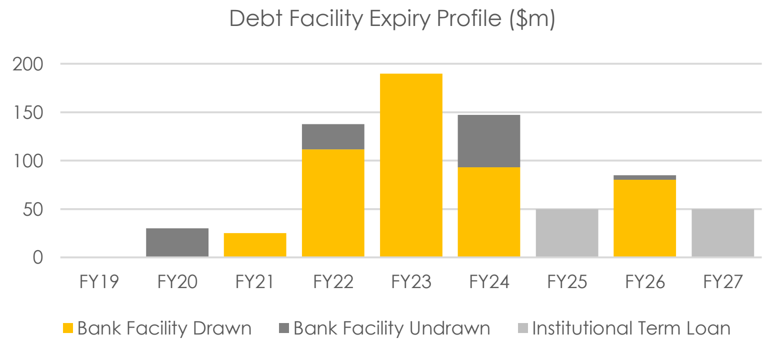
MAJOR REFINANCE COMPLETED JUNE 2018
$175 MILLION EQUITY RAISING AUGUST 2018

- June 2018 gearing 38%
  - Target range 25% - 40% (Covenant 55%)
  - ICR 3.6x (Covenant 2.0x)
- Total debt facilities $715 million ($115 million undrawn)
- Focus on debt and swap profiles to reduce risk and add value
- Weighted average debt maturity 4.7 years
- Average cost of debt 3.8%
- $319 million hedged at 30 June 2018
- NSR today also announced a $175 million equity raising which will reduce pro-forma gearing to 30%

Capital Management	Jun-18	Jun-17
Total debt facilities	$715m	$542m
Total debt drawn	$600m	$482m
Remaining debt capacity	$115m	$60m
Debt term to maturity (years)	4.7	4.6
Covenant gearing ratio (55%)	38%	37%
Average cost of debt drawn	3.8%	3.7%
Covenant interest coverage (2.0x)	3.6x	4.2x
Debt hedged	$319m	$266m
% debt hedged	53%	55%
Average cost of hedged debt (inc margin)	4.0%	3.9%

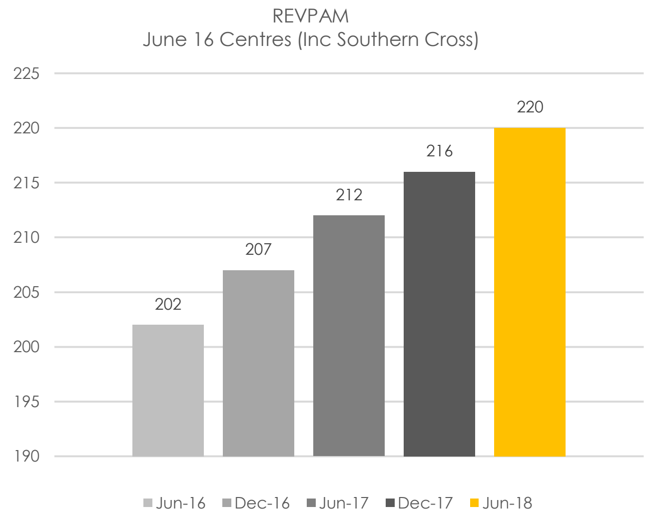
$A/$NZ = 1.10

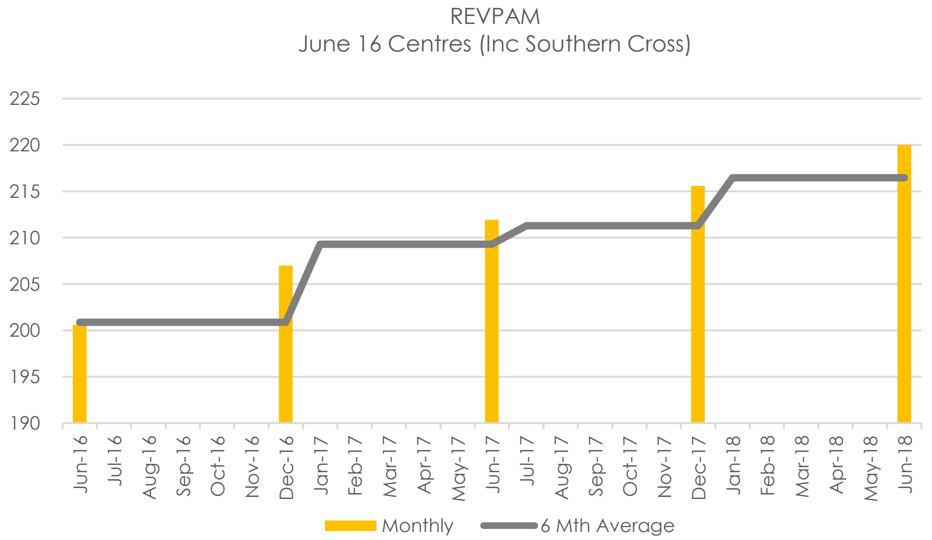




KEY OPERATIONAL METRICS

PROACTIVE MANAGEMENT OF RATE AND OCCUPANCY CONTINUES TO DELIVER STRONG REVPAM GROWTH





REVPAM $220 / sqm
(Jun 17: $212 / sqm)
Rate up slightly to $272 / sqm

$8 increase in REVPAM
Up 3.8% since June 2017
Up 8.9% since June 2016

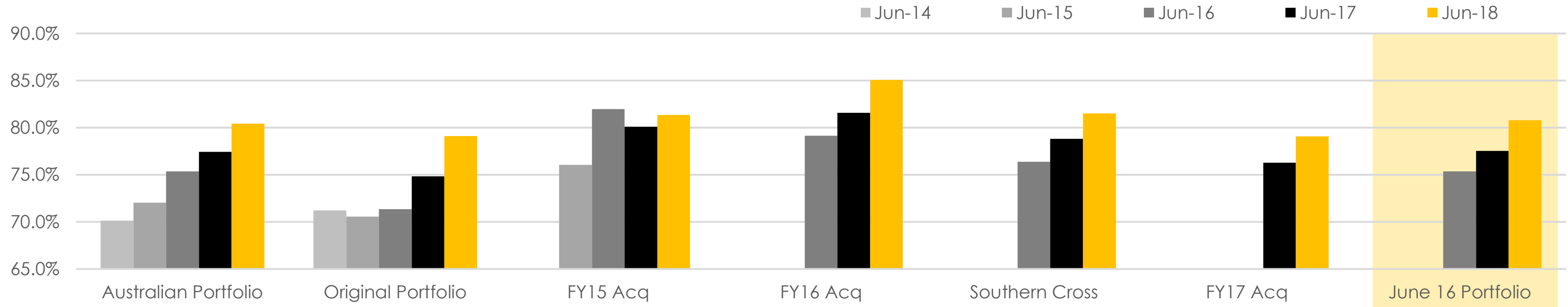
NSR drives Revenue Per Available Square Metre (REVPAM) by balancing occupancy and rate per sqm growth on a centre and individual unit basis. Revenue management strategies continue to advance through the use of NSR's multiple signal revenue management model and data analytics.

June 16 Centres (86 centres) excludes New Zealand and developing centres

KEY OPERATIONAL METRICS

ACTIVE REVENUE MANAGEMENT AND ANALYTICS CONTINUE TO DELIVER OCCUPANCY GROWTH

- 80.8% June 16 Portfolio Occupancy (FY17: 77.5%), with >60% of centres trading at or above 80% occupancy
- Occupancy growth of 25,000 sqm during FY18
- Strong growth experienced across SA (up 6%), WA (up 6%)



Occupancy growth Jun 17 to Jun 18	Australian Portfolio	Original Portfolio	FY15 Acq	FY16 Acq	Southern Cross	FY17 Acq	June 16 Portfolio
	3.0% ▲ 80.4%	4.3% ▲ 79.1%	1.2% ▲ 81.3%	3.5% ▲ 85.1%	2.7% ▲ 81.5%	2.8% ▲ 79.1%	3.2% ▲ 80.8%

KEY

Australian Portfolio (110 centres) excludes New Zealand and developing centres
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

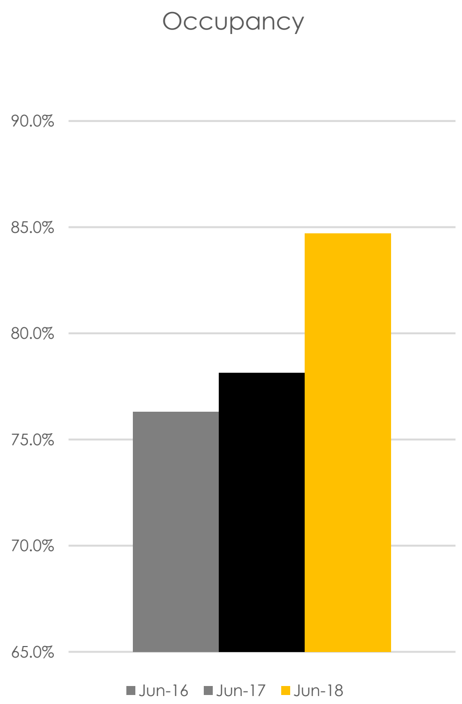
Southern Cross (26 centres) comprises centres held in the Southern Cross joint venture
FY17 Acq (8 centres) comprises acquisitions completed during FY17
June 16 Portfolio (86 centres) excludes New Zealand and developing centres **(Reference Portfolio)**

NEW ZEALAND

PORTFOLIO EXPANSION CONTINUES

- 13 owned centres across New Zealand with 68,000 sqm of NLA
- Multiple centres at or approaching stabilised occupancy
- Acquisitions:
  - Ngauranga - April 2018
  - Te Rapa – May 2018
  - Continue to pursue acquisition opportunities in Auckland and other major population centres
- Economies of scale being achieved as portfolio continues to grow
- New Zealand operational structure in place with direct link back to Australian management platform
- Opportunities for future expansion / development / JV identified as part of the strategic initiatives announced today

Portfolio (13 centres)	
Occupancy:	84.7% (June 2017: 78.2%)
Rate:	$179/sqm (June 2017: $167/sqm)
REVPAM	$151/sqm (June 2017: $130/sqm)



SUSTAINABILITY

REDUCING OUR CARBON FOOTPRINT WHILE GENERATING SUPERIOR RETURNS

- The comprehensive program is designed to deliver long term benefits both environmentally and from a cost saving perspective
- Phase One of the program is nearing completion and expected to save 2,000 MWh (with a reduction of 1,400 t-CO_2-e), leading to expected savings of over $400,000 in electricity expenditure in FY19
- Phase Two of the program will commence in FY19 with a further 40+ centres to have solar installed which is expected to generate approximately 3,000 GMh in solar electricity per year.
- The Phase 2 installation is expected to offset more than half of NSR's electricity load on those sites, feeding excess solar generation back to the grid.
- As the owner-operator of the sites, 100% of the financial benefits will flow directly to NSR

Phase One – Nearing completion Estimated Solar PV Program Benefits	
Installed Capacity	1.3 MW +
Number of Centres	50+
Electricity Savings (FY19)	2,000 MWh +
Emissions Reduced	1,400 + t-CO_2-e
Investment	< $3 million
Forecast IRR	> 20%

Phase Two - FY19 Estimated Solar PV Program Benefits	
Installed Capacity	2.1 MW +
Number of Centres	40+
Electricity Savings (FY19)	1,800 MWh +
Emissions Reduced	1,250 + t-CO_2-e
Investment	< $4 million
Forecast IRR	Approx 15%

TECHNOLOGY AND INNOVATION

LEVERAGING TECHNOLOGY, INNOVATION AND DIGITAL TRANSFORMATION TO STRENGTHEN OUR PLATFORM

- **Enhanced Revenue Management**
  - Continuous monitoring of competitor pricing
  - Automated pricing algorithm to maximise yield based on unit specific features
- **Paperless Customer Sign-Up**
  - Customers can now sign up and move into storage 100% paperless
  - Delivering a streamlined customer experience
  - Higher level of automated customer payment of accounts
  - Increased security of customer information
- **Spacer Integration**
  - Partnering with a key disrupter in the industry to ensure National Storage:
    - Embraces digital disruption, complementing traditional enquiry streams
    - Expands to new customer segments, staying relevant in a changing customer landscape
- **Contact Centre Upgrade**
  - Investment in enhancing internal efficiencies and productivity with the upgrade to the latest technology
  - Streamlining of all communication channels (Web Chat, Telephone, Email, etc) into a unified customer experience

FY19 CONTRACTED ACQUISITIONS

ACQUISITION PIPELINE REMAINS VERY STRONG

- NSR has settled /contracted six assets for a total of $57 million since 1 July 2018
- In addition, NSR has over $100 million in acquisition opportunities currently under active consideration, with the majority expected to settle within six months

FY19 ACQUISITIONS TO DATE

Centre	Region	Expected Settlement Date	NLA (Sqm)	Purchase Price
Beresfield	New South Wales	Jul 2018	3,700	
Thornton	New South Wales	Jul 2018	1,700	
Rutherford	New South Wales	Jul 2018	4,400	
Scoresby	Victoria	Aug 2018	5,400	
Yanchep	Western Australia	Aug 2018	4,400	
Buckland	Auckland (NZ)	Sept 2018	10,200	
TOTAL			**29,800**	**$56.7m**

FY19 GUIDANCE AND OUTLOOK

FY19 DISTRIBUTION GUIDANCE OF **9.6 – 9.9 CENTS PER STAPLED SECURITY** (including the impact of the equity raising)

UNDERLYING EPS GROWTH[1] PER STAPLED SECURITY

9.6 CENTS	**9.9 CENTS**
0%	**3%**

UNDERLYING EARNINGS GROWTH

\$62.5 MILLION	**\$64.5 MILLION**
22%	**25%**

- **FY19 EPS range of 9.6 – 9.9** cents per stapled security taking into account the equity raising and the gradual deployment of proceeds
- The strategy is expected to **accelerate earnings and value growth** over time as proceeds are deployed and our strategic initiatives are implemented, underpinning expected **EPS growth of 6% – 10% p.a. over FY20 - FY21**[2]

1 – Taking into account the impact of the \$175 million equity raising announced today

2 – Assuming no unforeseen circumstances or strategic portfolio acquisitions

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

STRATEGIC INITIATIVES TO MAXIMISE SECURITYHOLDER VALUE

OVERVIEW OF STRATEGIC INITIATIVES

CONTINUING TO IDENTIFY VALUE ADD OPPORTUNITIES

NSR is pleased to announce several strategic initiatives designed to optimise the value of our portfolio, drive earnings accretion, and find additional cost-effective sources of capital to continue our successful consolidation strategy.

NSR is pleased to announce the following strategic initiatives:

1. **Agreement with Stockland (ASX:SGP)**

   Working together to unlock the higher and better use potential of NSR sites

   Investigating the options for storage developments within the Stockland portfolio

2. **Capital partnership in New Zealand**

   Releasing capital while continuing to grow NSR's presence in New Zealand through additional acquisition, expansion and development opportunities

3. **Expanding Development Pipeline**

   Investigating and reviewing opportunities both within and outside the NSR portfolio to maximise development activity

1 AGREEMENT WITH STOCKLAND

UNLOCKING VALUE

- NSR has entered into an Agreement with leading Australian property group, Stockland, to review and identify mixed use and storage opportunities across both NSR's and Stockland's portfolios respectively
- Planning changes and evolving local market conditions present opportunities to optimise returns for some assets through further development or higher and better use alternatives
- A detailed portfolio review is being undertaken by both parties
- NSR intends to retain control of its storage facilities in the assets post-development, to ensure continuing revenue growth from core storage operations over the long term
- The parties will agree the best transaction structure and enter into project-specific documents for an opportunity on a case-by-case basis

BENEFITS

- ✔ Aims to maximises returns for each party
- ✔ Minimises development risk for NSR and enables NSR to focus on core storage operations
- ✔ Potential to add NSR-operated storage facilities to Stockland's assets

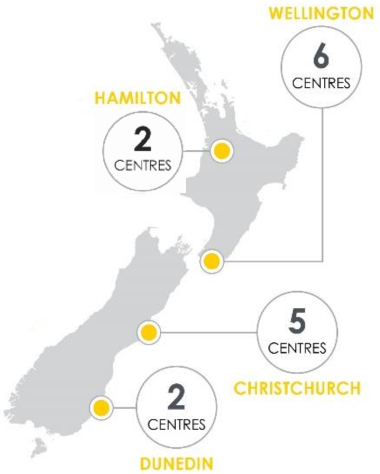
Marion – Adelaide (Majority NSR owned)

Gladesville – Sydney

2 CAPITAL PARTNERSHIP IN NEW ZEALAND

ACCELERATING PORTFOLIO EXPANSION IN A CAPITAL EFFICIENT MANNER

- NSR intends to develop a capital partnership for NSR's existing portfolio across New Zealand
- Strong market fundamentals and operating metrics are continuing to drive strong investor demand for self-storage assets in New Zealand
- The NZ portfolio comprises attractive assets valued at approximately NZ$120 million (post settlement of Buckland), that generates strong underlying cashflows, some of which have further development potential
- The portfolio's ongoing cash-flows support the development of multiple new greenfield and brownfield self-storage assets in the Auckland and greater New Zealand market. Auckland currently enjoys occupancy of greater than 90%
- NSR intends to retain an equity ownership stake in the assets



*map pre-Buckland settlement and includes two centres operated under license as National Storage centres

BENEFITS

- ✓ Releases significant capital upfront, to be recycled into further asset acquisitions and expansions across Australia and New Zealand, underpinning portfolio growth
- ✓ Establishes multiple fee revenue streams for NSR from the ongoing management, development, acquisition and financing of existing and future assets
- ✓ Likely to crystalise a profit for NSR

14 Owned Centres (inc Buckland)

Occupancy: 87%	NLA (sqm): 78,100
REVPAM: $194/sqm	Value: NZ$120m

3 EXPANSION AND DEVELOPMENT PIPELINE

FOCUS ON NSR'S EXPANSION AND DEVELOPMENT PIPELINE TO MAXIMISE NEW AND EXISTING CENTRE OPPORTUNITIES

- **Expansion of five assets within NSR's existing portfolio to commence in FY19**
  - Estimated total capex of $15 million to $20 million and stabilised yield on cost of >20%
  - Assets have high occupancy and will benefit from expanded NLA
- Up to **25 centres** with potential for further value add through expansion and development given current and future expected trading conditions
- Expansion and development program expected to **add approximately 3,000 sqm of NLA 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

- NSR continues to work with its investment partners on the delivery of 10 leading self-storage development projects:

Australian Prime Storage Fund (APSF)	Albion and Kelvin Grove (operational), Canterbury (under construction)
Parsons Group	Five centres in Perth, WA
Leyshon Group	Bundall (Gold Coast) and Milton (Brisbane)

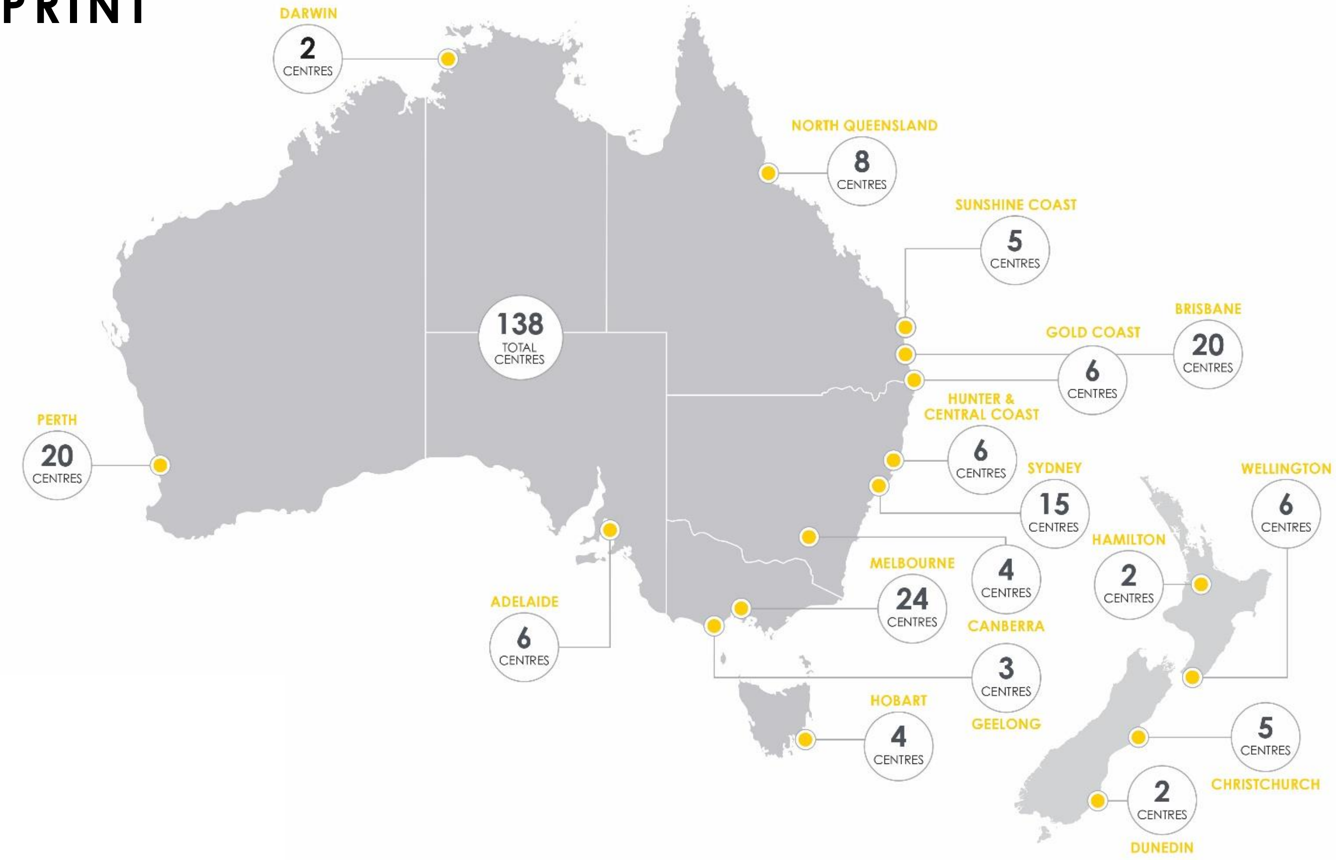
APPENDICES

Australasia’s largest self-storage owner-operator, focused on driving organic growth across 138 storage centres and executing a strong pipeline of acquisition and development opportunities.

Developing multiple revenue streams to maximise returns

Asset Management	Focus on organic growth, platform efficiencies and scalability
Acquisitions	Executing high quality acquisitions across Australia and New Zealand
Portfolio & Development Management	Expansion and development projects in key markets
Product & Innovation	Embracing transformation, innovation and digital opportunities
Capital Management	Efficiency and effectiveness in capital and risk management

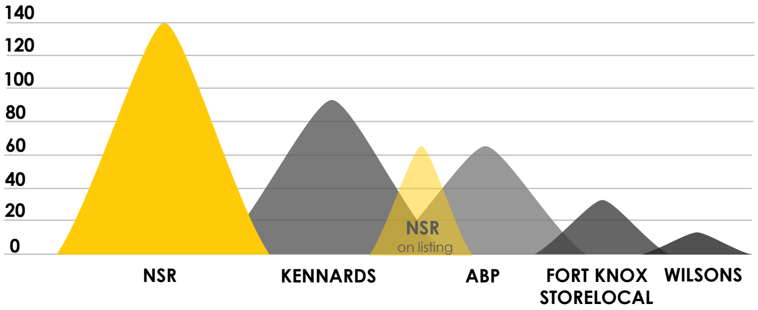
NSR FOOTPRINT



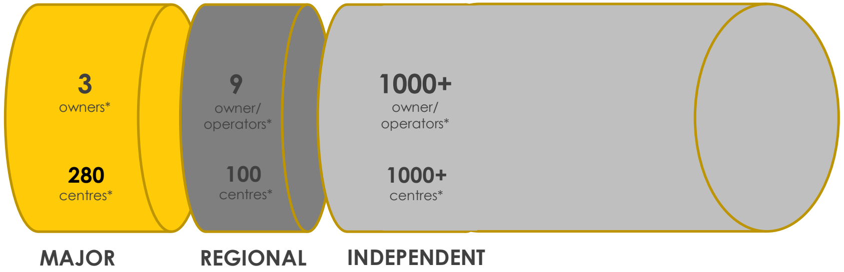
*includes all centres managed, operated and/or licensed as National Storage

MARKET POSITION & OPPORTUNITIES

STORAGE OWNERS BY NUMBER OF CENTRES



HIGHLY FRAGMENTED INDUSTRY



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

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

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

MEDIUM TERM EARNINGS DRIVERS

DELIVERING EARNINGS GROWTH FROM MULTIPLE REVENUE STREAMS

	DRIVERS AND ASSUMPTIONS	INDICATIVE GROWTH RATE
ORGANIC REVENUE 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 COSTS	• 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 million -$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%**

PORTFOLIO METRICS

	30 June 2017				30 June 2018			
	AUST	NZ	MGT	TOTAL	AUST	NZ	MGT	TOTAL
Freehold centres	87	11	3	101	101	13	3	117
Leasehold centres	15	-	-	15	16	-	-	16
Total centres [1]	**102**	**11**	**3**	**116**	**117**	**13**	**3**	**133**
Freehold NLA (sqm)	474,000	59,000	17,000	550,000	540,000	68,000	17,000	625,000
Leasehold NLA (sqm)	72,000	-	-	72,000	78,000	-	-	78,000
Total NLA (sqm)	**546,000**	**59,000**	**17,000**	**622,000**	**618,000**	**68,000**	**17,000**	**703,000**
Average NLA	5,400	5,400	5,700	5,400	5,300	5,300	5,700	5,300
Storage units	58,400	5,500	1,500	65,400	65,000	6,700	1,500	73,200
REVPAM [2]	$212	$130	N/A	N/A	$220	$151	N/A	N/A
Assets under management	$1,088m	$79m	N/A	$1,163m	$1,338m	$101m	N/A	$1,431m
Weighted average Primary cap rate	7.86%	8.15%	N/A	N/A	7.60%	7.86%	N/A	N/A

1 - Excludes two centres licensed in Sept 2017
2 - Excludes developing centres

END

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