1H FY20 RESULTS

NATIONAL STORAGE REIT
26 February 2020

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Overview

As the largest self-storage owner-operator in Australia and New Zealand, NSR is focused on continuing to drive organic growth across its 180+ storage centres, and executing a strong pipeline of acquisition and development opportunities.

National Storage Canterbury (Vic) – recent acquisition


National Storage Robina - development site

Strategy

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 projects and developments in key markets

PRODUCT & INNOVATION

Embracing digital transformation, product innovation and improving online conversions

CAPITAL MANAGEMENT

Efficiency and effectiveness in capital and risk management

Agenda

1H FY20 RESULTS

- A-IFRS profit of $150.7 million
- Underlying earnings[1] of $34.5 million (+31%)
- Underlying EPS[1] of 4.4 cents per stapled security (+4.8%)
- NTA of A$1.77[2] per stapled security (+9%)
- Weighted Average Primary Cap rate of 6.56% (-29bps)
- Australian Portfolio[3] Occupancy of 81.2% (-0.2%)
- Total Portfolio Occupancy (Aust & NZ) 82.4% (+0.3%)
- REVPAM[3] of $207 (+0.5%)

FY20 OUTLOOK

- Targeting 4% Underlying EPS growth
- Earnings growth may be impacted in the short term by potential takeover activity

STRATEGIC INITIATIVES

- New Zealand development joint venture
- Expansion of the development pipeline
- Capital and development partnerships

TAKEOVER PROPOSAL UPDATE

1 – Underlying earnings is a non-IFRS measure (unaudited), see table on slide 7 for reconciliation
2 – NTA of $1.78 excluding ASIC guidance in relation to treatments under AASB 16
3 - Same centre 30 June 2018 (104 centres), excluding Wine Ark, New Zealand and let-up centres

1H FY20 Highlights

UNDERLYING EPS 4.4 CENTS | A-IFRS PROFIT $150.7 MILLION

UNDERLYING EARNINGS[1]	TOTAL PORTFOLIO OCCUPANCY[2]	AUSTRALIAN PORTFOLIO OCCUPANCY[3]	WEIGHTED AVERAGE PRIMARY CAP RATE	ASSETS UNDER MANAGEMENT
$34.5m *(up 31%)*	82.4% *(up 0.3%)*	81.2% *(down 0.2%)*	6.56% *(down 29bps)*	$2.29b *(up 17%)*

UNDERLYING EPS[1]	SAME CENTRE REVPAM[2]	NEW ZEALAND PORTFOLIO OCCUPANCY[4]	ACQUISITIONS COMPLETED	NET TANGIBLE ASSETS[5]
4.4 cents *(up 4.8%)*	$207 *(up 0.5%)*	88.5% *(up 2.8%)*	$179m *(up 32%)*	$1.77 *(up 9%)*

1 – Underlying earnings is a non-IFRS measure (unaudited), see table on slide 7 for reconciliation
2 – Includes Australia and New Zealand, excluding Wine Ark and let-up centres
REVPAM – Revenue Per Available Square Metre
3 – Same centre 30 June 2018 (104 centres), excluding Wine Ark, New Zealand and let-up centres
4 – 21 New Zealand centres – excluding let-up centres
5 – NTA of $1.78 excluding ASIC guidance in relation to treatments under AASB 16

Profit & Loss

FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

STRATEGY CONTINUES TO DELIVER SOLID GROWTH

- Performance Statistics
  - Operating profit up 19%
  - Underlying earnings[1] up 31%
  - Storage revenue up 18%
  - Operating margin up to 59%
- Continued strong contribution from ancillary revenue, fees and other income sources
- Finance costs reflect repayment of debt post-capital raising, borrowings associated with acquisitions and reduced interest rates and swap costs
- Portfolio primary cap rate tightened to 6.56% (June 19: 6.85%)

$ Million	FY20 (H1)	FY19 (H1)	% Change
Storage revenue	78.2	66.4	18%
Sales of goods and services	3.7	3.5	6%
Other revenue	3.5	2.9	21%
Total Revenue	**85.4**	**72.8**	**17%**
Operating Centre Expenditure			
Salaries and employee benefits	10.1	8.2	23%
Lease expense	6.0	6.5	-8%
Property rates and taxes	6.8	5.1	33%
Electricity and Insurance	2.4	2.2	9%
Marketing	2.2	2.1	5%
Repairs and maintenance	1.7	1.3	31%
Other operating expenses	6.0	5.2	15%
Total Operating Centre Expenditure	35.2	30.6	15%
Operating Profit	**50.2**	**42.2**	**19%**
Operating Margin	**59%**	**58%**	**1%**
Operational management	2.6	2.3	13%
General and administration	5.5	5.0	10%
Finance costs	12.4	12.6	-2%
Depreciation and amortisation	0.4	0.4	0%
Total expenses	56.1	50.9	10%
Other income (Inc share of profit from JV and contracted gains)	(5.2)	(4.4)	18%
Underlying Earnings (1)	**34.5**	**26.3**	**31%**
Add / (less) fair value adjustments	120.7	0.3	
Add / (less) dimunition of lease asset	1.6	1.9	
Add / (less) other non recuring and restructuring expenses	(1.6)	(0.5)	
Add / (less) non cash interest rate swap amortisation	(2.9)	-	
Profit / (loss) before income tax	152.3	28.0	
Income tax (expense) benefit	(1.6)	(0.9)	
Profit / (loss) after income tax	**150.7**	**27.1**	

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

Summary Balance Sheet

AS AT 31 DECEMBER 2019

NTA GROWTH AND GEARING HEADROOM

- NTA[1] increased to $1.77 per stapled security (June 2019: $1.63) an increase of 9%
- Investment properties[2] increased to $2,286m (June 2019: $1,949m) an increase of 17%
  - 14 acquisitions plus 1 development site settled totalling $179m
- Cash at 31 December 2019 $33.5m, reflecting repayment of debt following the June 2019 capital raise
- Debt drawn $893m[3]
  - Gearing at 31 December 2019 of 36% (June 2019: 33%)
  - Target gearing range 25% – 40%

$ Million	Dec 19	Jun 19	Movement
Cash	33.5	178.8	(145.3)
Investment Properties (net of Finance Lease Liability)	2,285.9	1,949.1	336.8
Intangible Assets	46.4	46.5	(0.1)
Other Assets	41.0	48.7	(7.7)
Total Assets	2,406.8	2,223.2	183.7
Debt[3]	893.4	843.9	49.5
Distributions Payable	37.0	34.4	2.6
Other Liabilities	31.0	40.6	(9.6)
Total Liabilities	961.4	918.9	42.5
Net Assets	1,445.4	1,304.3	141.1
Net Tangible Assets	1,392.1	1,257.8	134.3
Units on Issue (m)*	788.1	773.3	14.8
NTA ($/Security)	1.77	1.63	0.14

* Includes securities issued on 1 July 2019 associated with the capital raise completed on 26 June 2019

1 – NTA of $1.78 excluding ASIC guidance in relation to treatments under AASB 16

2 - Includes assets held for sale in the statutory balance sheet

3 - Net of capitalised establishment costs

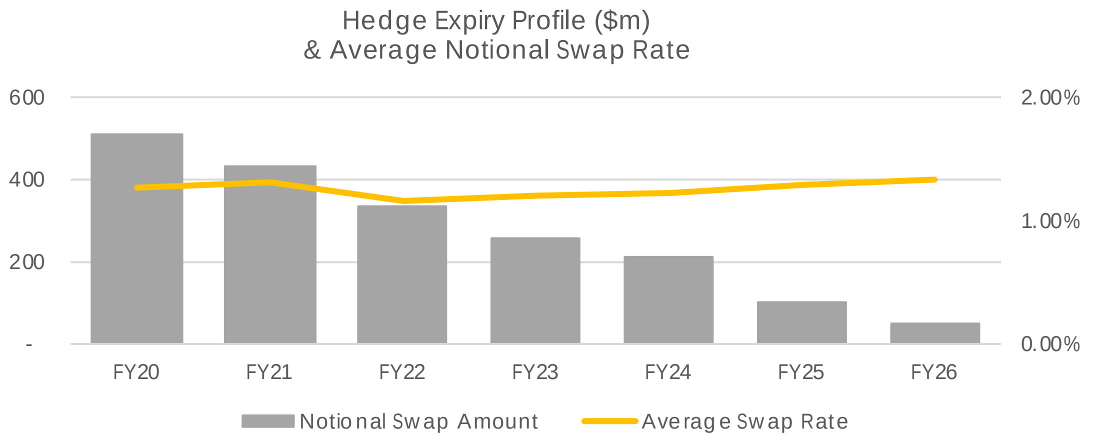
Capital Management

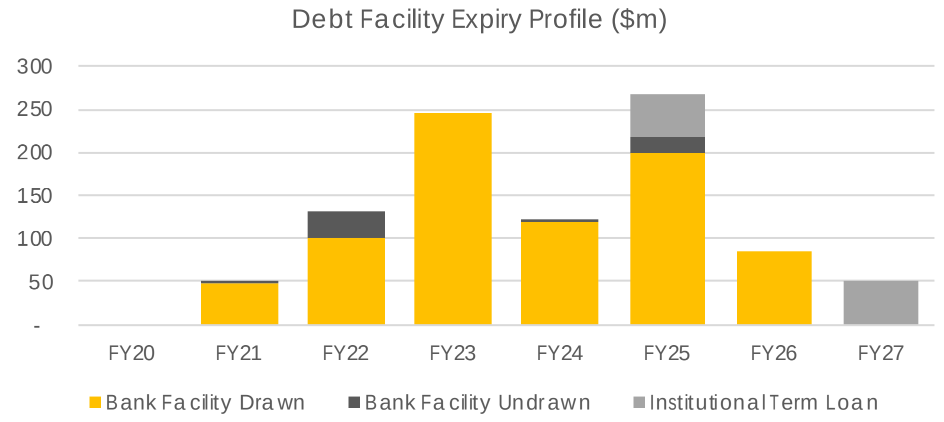
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

$184m EQUITY RAISED TO FUND CONTINUED ACQUISITION GROWTH

- December 2019 gearing 36%
  - Target range 25% - 40% (Covenant 55%)
  - ICR 3.9x (Covenant 2.0x)
- Total debt facilities $948m
- Available funds $84m. Discussions underway to increase available facilities.
- Focus on debt and swap profiles to manage risk and add value
- Weighted average debt maturity 3.5 years
- Average cost of debt 2.80%
- Swaps reset FY19 reducing weighted average swap cost by 1.1%
- $508m hedged at 31 December 2019
- Successfully completed $170m equity raising and $14m Securities Purchase Plan

Capital management	Dec-19	Jun-19
Cash balance	$33m	$178.8m
Total debt facilities	$948m	$868m
Total debt drawn	$897m	$848m
Available funds (debt capacity plus Cash)	$84m	$199m
Debt term to maturity (years)	3.5	4.0
Gearing ratio (covenant 55%)	36%	33%
Average cost of debt drawn	2.80%	3.10%
Interest coverage ratio (Covenant 2.0x)	3.9x	3.6x
Debt hedged	$508m	$470m
% debt hedged	57%	55%
Average cost of hedged debt (incl. margin)	2.95%	2.96%





Operational Update

CONTINUED REFINEMENT OF OPERATIONAL PLATFORM

People

- Multi-state management platform operating well
- Continued focus on Contact Centre team and process improvements to facilitate better conversion of enquiries into sales
- Strong focus on accountability, execution and customer-first strategies

Improved Technology

- New website provides superior user experience with increased speed to sale
- Website enables full automation of centre functionality to facilitate satellite centre operation
- Bluetooth unit access control to be trialed in first centre

Reporting

- Streamlined reporting improving consistency and accountability across the operating business

SALES AND MARKETING SNAPSHOT

Upgraded Sales Training

- New nationwide sales training to improve individual customer experience and conversion of enquiries into sales

Marketing Innovations

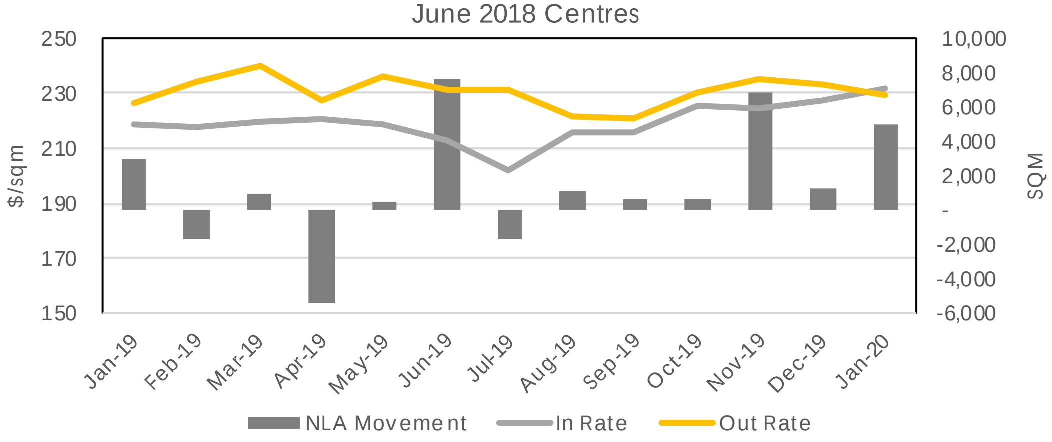
- Internalisation of marketing SEO/SEM/Digital functions aimed at delivering improved results
- New website launched in December
- Execution of updated marketing strategy designed to maximise performance of digital assets

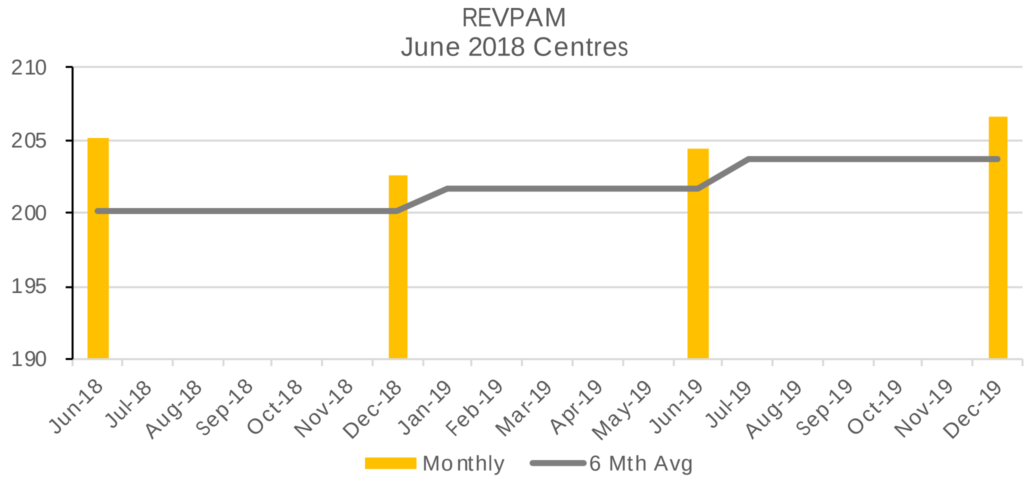
Corporate Sales

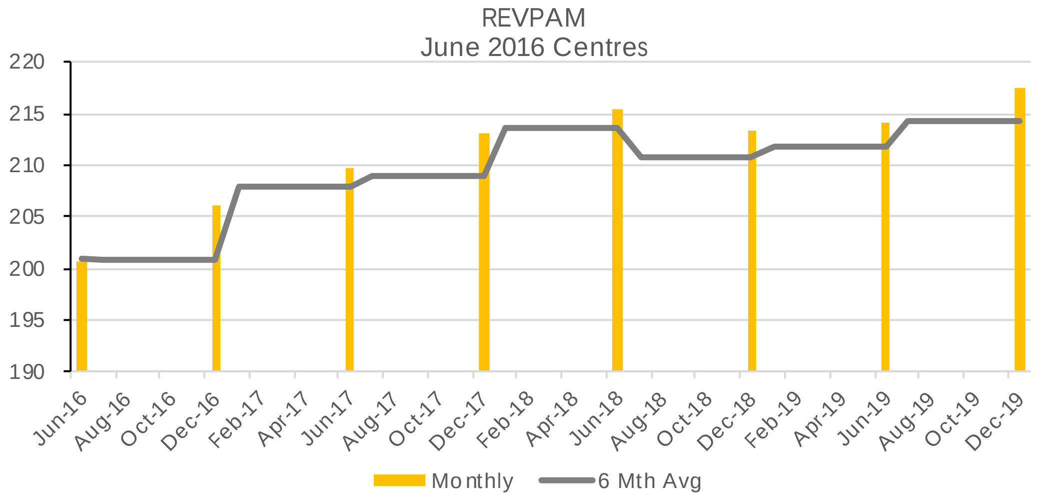
- Focus on corporate and B2B sales with unified approach to generating multi-state sales
- Targeting mini logistics, mini warehousing and E-commerce users

Key Operational Metrics

ACTIVE MANAGEMENT OF RATE AND OCCUPANCY TO MAINTAIN MOMENTUM IN REVPAM







PORTFOLIO METRICS (June 2018 Centres)

Occupancy: (Excl commercial)	80.7%	(June 2019: 80.7%)
Rate:	$256/sqm	(June 2019: $255/sqm)
REVPAM:	$207/sqm	(June 2019: $206/sqm)

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.

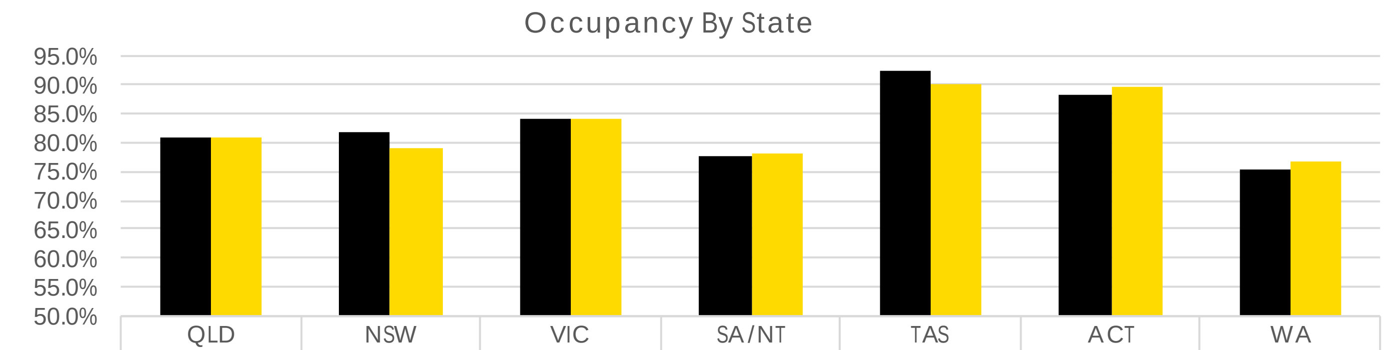
June 2016 Centres (86 centres), excluding Wine Ark, New Zealand and let-up centres

June 2018 Centres (104 centres), excluding Wine Ark, New Zealand and let-up centres

Key Operational Metrics

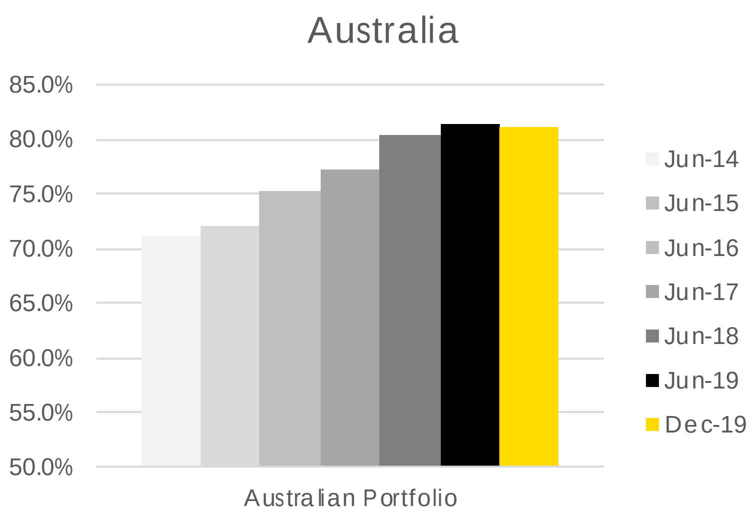
OCCUPANCY STEADY ACROSS PORTFOLIO

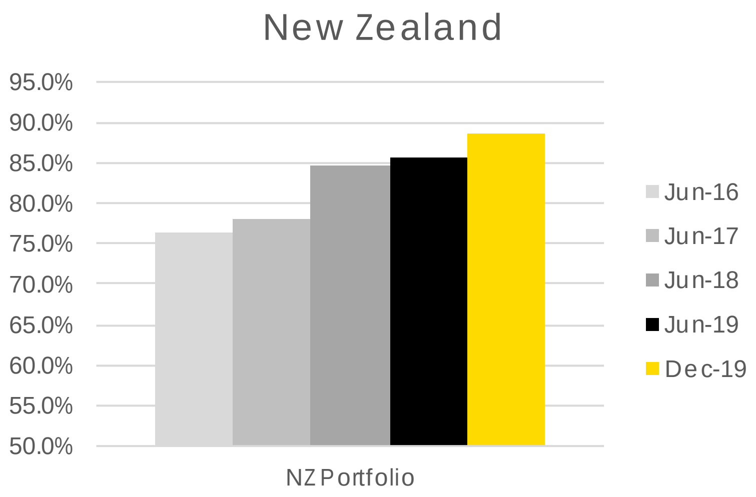
- Combined portfolio occupancy (Aust and NZ) 82.4% (+0.3%)
- Australian Portfolio 81.2% (-0.2%)
- New Zealand Portfolio 88.5% (+2.8%)
- Combined portfolio occupancy (Aust and NZ) 82.4% (+0.3%)
- Over 60% of centres are trading at or above 80% occupancy
- 16% of centres trading above 90% occupancy
- WA continues to rebound: WA up 1.2% NSW down 2.6% ACT up 1.2%



	QLD	NSW	VIC	SA/NT	TAS	ACT	WA
Jun-19	80.9%	81.8%	84.3%	77.5%	92.2%	88.4%	75.4%
Dec-19	80.9%	79.2%	84.3%	78.0%	90.3%	89.6%	76.6%

Australian Portfolio (104 centres) excludes FY19 & FY20 Acquisitions, Wine Ark, New Zealand and let-up centres



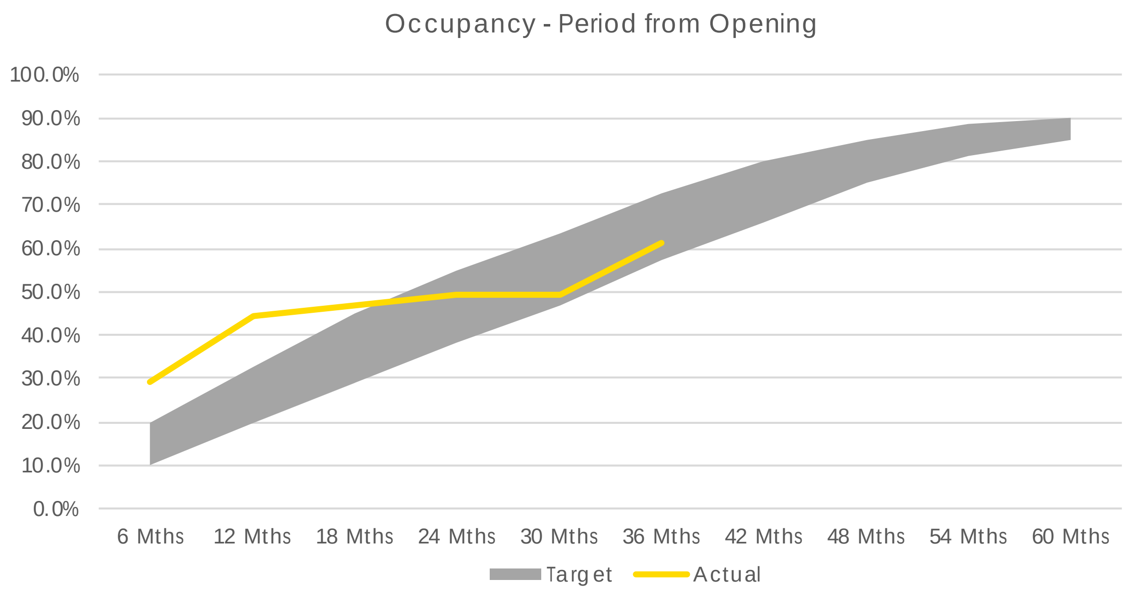


Developed Centres

NEWLY DEVELOPED CENTRE OCCUPANCY TRACKING IN-LINE WITH EXPECTATION

- Tracking ahead of target during first 18 months
- Able to focus on rate from 18 months – 30 months due to solid occupancy growth achieved to date
- Dual occupancy and rate focus post 30 months
- On track for circa 80% within 4 years from opening
- Validates forecast IRR models on development assets
- Target a stabilised yield on cost of greater than 10%

National Storage Brendale

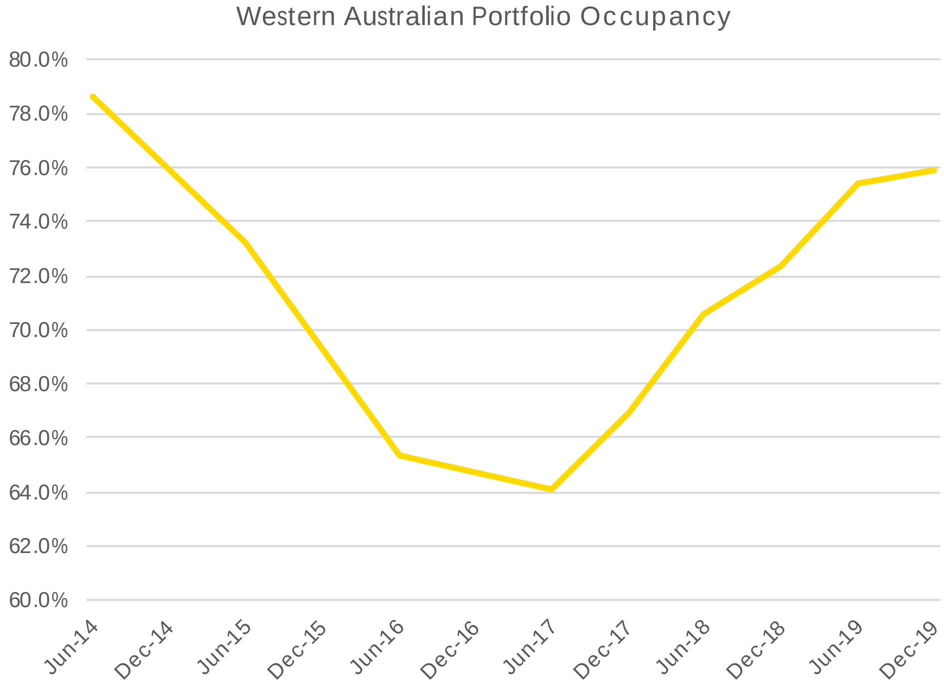


Total Australian Developed Centres (12 centres)

Western Australia Rebounding

WA CENTRES RETURNING TO PRE-DOWNTURN OCCUPANCY LEVELS

- Significant turnaround in WA with 18.5% occupancy improvement from lowest occupancy levels
- January 2020 occupancy increased 1.2% to 77.1%
- WA economic conditions and storage market continues to improve
- 24 centres in strategic locations across Perth providing unrivalled coverage and operational synergies



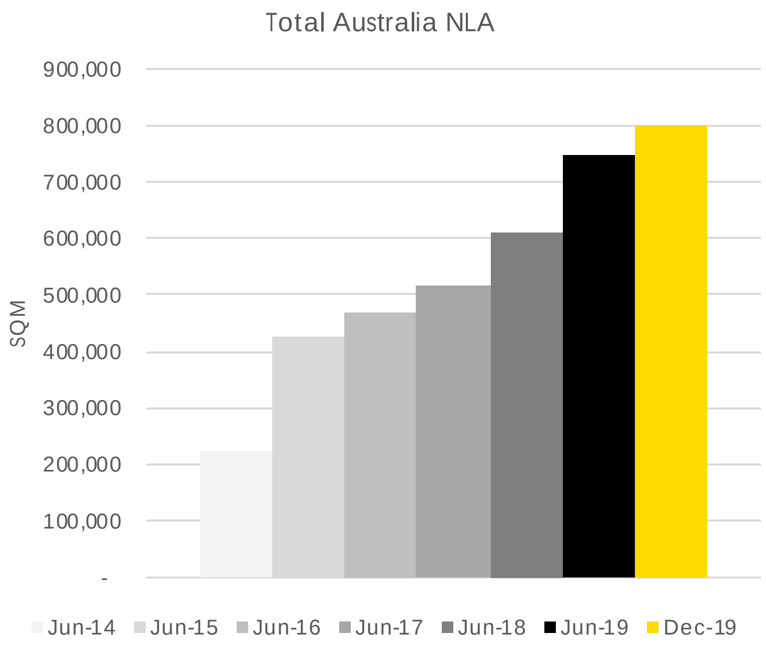
Western Australian Portfolio (16 centres) excluding let-up centres

Built Capacity & Solar Snapshot

OPPORTUNITY FOR CONTINUED OPERATIONAL GROWTH

- Significant growth in NLA through acquisition and development
  - Total Australian Portfolio 31 December 2019 NLA – ~800,000sqm
- Target occupancy 85% - 90%
- Opportunity "runway" — Additional revenue at $250/sqm
  - At 85% Occupancy - circa 80,000sqm — ~$20 million
  - At 90% Occupancy – circa 120,000sqm — ~$30 million
- Relatively fixed cost-base means majority of additional revenue falls directly to underlying earnings
- Continues to provide significant upside and improvement in operating margins

Solar PV rollout snapshot	
Total centres with solar PV systems:	111
Amount of power generated:	4.8 GWh pa
CO^2 reduction:	4,096 tonnes
Forecast IRR on cost:	13.5%



National Storage Bundall

Total Australian Portfolio (152 centres) excludes Wine Ark and New Zealand

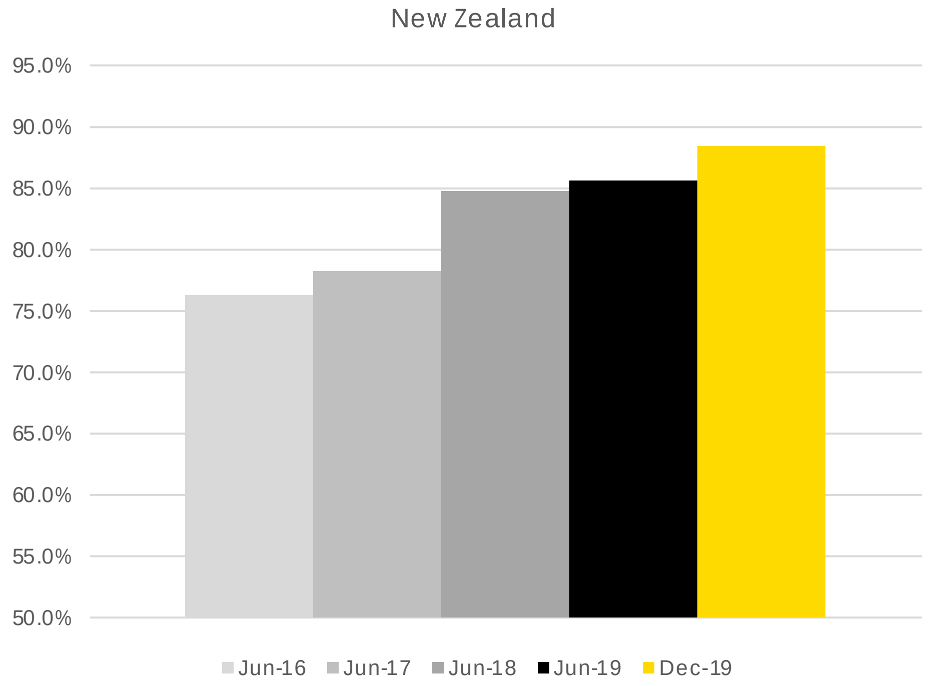
New Zealand

CONTINUED STRONG ACQUISITION & OPERATIONAL PERFORMANCE

- Strong occupancy growth of 2.8% to 88.5% (June 19: 85.7%)
- Acquired one additional storage centre for NZ$11 million
- Portfolio now consists of 23 storage centres, plus 3 development sites across New Zealand
- Improved Auckland presence with 3 established centres and 3 development sites now in greater Auckland region
- Economies of scale being achieved as portfolio continues to grow
- New Zealand operational structure in place with direct link back to Australian management platform
- REVPAM increased to $177/sqm (June 19: $164)
- Focus on growing rate per square metre
- Acquisition pipeline remains strong

PORTFOLIO METRICS (21 centres)		
Occupancy:	88.5%	(June 2019: 85.7%)
Rate:	$208/sqm	(June 2019: $203/sqm)
REVPAM:	$177/sqm	(June 2019: $164/sqm)
As at December 2019, excludes 2 let-up centres		

National Storage Manukau – concept drawing



Acquisition Pipeline

ACQUISITION PIPELINE REMAINS STRONG

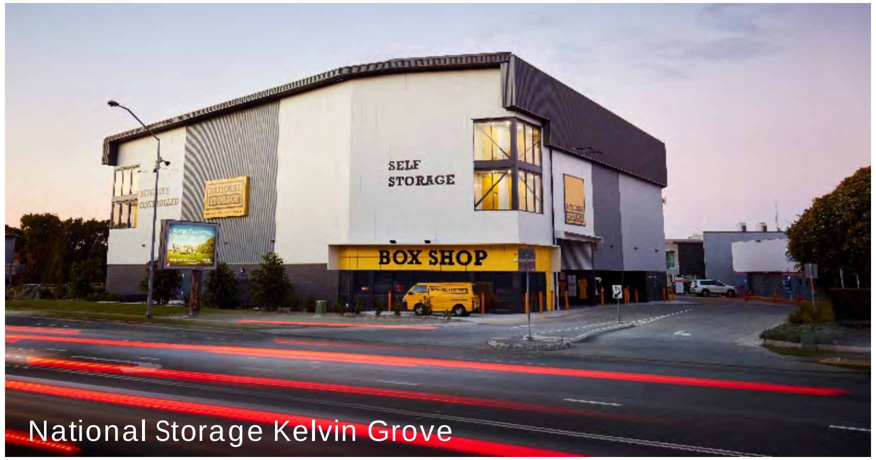
- Strong start to FY20 – 15 acquisitions for $179 million
- Successfully settled the remaining 3 APSF centres at Kelvin Grove, Albion and Canterbury totalling $64 million
- Additional 11 storage centres and 1 development site valued at approximately $115 million acquired to December 2019
- Acquisition pipeline remains strong ($100+ million) for the remainder of FY20

FY20 ACQUISITIONS

REGION	NUMBER OF CENTRES	TOTAL NLA (SQM)
Brisbane	2	11,900
Gold Coast	2	4,100
Sydney	1	3,000
Melbourne	4	18,800
Perth	3*	16,200
Tasmania	1	3,900
Wellington (NZ)	1	4,700
Total Acquisitions*	14	62,600

*Does not include development site

National Storage Sandringham



National Storage Kelvin Grove

Strategic Initiatives

National Storage Manukau – concept drawing

Overview of Strategic Initiatives

CONTINUING TO IDENTIFY VALUE ADD OPPORTUNITIES*

Strategic initiatives designed to optimise the value of our portfolio, drive earnings accretion, and attract additional cost-effective sources of capital to continue our successful consolidation strategy.

Capital partnership in New Zealand

- Continuing to investigate other Joint Venture (JV) opportunities focused on development assets (similar to successful Australian model)
- Preliminary discussions held with interested parties are continuing

Accelerating the Development and Expansion Pipeline

- Accelerating the development pipeline with 15 new development and expansion projects currently underway and 8 completed developments successfully delivered since July 2018
- Significant value accretion to existing portfolio with corresponding accretion to NTA
- Reviewing opportunities both within and outside the NSR portfolio to maximise ongoing development activity
- Opportunities to expand mini warehouses, mini logistics and E-business hubs at existing and new locations

APSF, Bryan Family Group (BFG), Parsons partnerships and new potential partnerships

- Successful completion of JV arrangements with APSF
- Continuation of successful JV arrangements with BFG
- Continuation of Parsons development pipeline in Perth
- Multiple new potential partnerships and third-party development arrangements currently under negotiation

* It is noted that the current takeover discussions may impact timing of these strategic initiatives

Development & Expansion Pipeline

EXECUTING A STRONG PIPELINE OF DEVELOPMENT OPPORTUNITIES

- Completed 2 development projects during H1 FY20 delivering 11,000sqm of NLA, in addition to the 6 expansion and development projects completed during FY19 which delivered 28,300sqm of NLA
- Within Australia NSR has 9 expansion and development projects in various stages of progress which will deliver significant uplift to NLA and NTA post completion
- Commenced development of 3 New Zealand projects ultimately adding an estimated 30,000sqm NLA of high-quality assets to the NZ portfolio in key Auckland market
- Construction underway for the 4,200sqm NLA expansion of the existing Manukau CBD centre
- Parsons Group has delivered an additional state-of-the-art centre in Martin and has 3 other projects in various stages of planning and construction

CENTRE	LOCATION	STRUCTURE	STATUS	SETTLED	DA LODGED	BA	CONSTRUCTION	COMPLETE
Biggera Waters	QLD	JV (NSR 25%)	Construction					
Canterbury	VIC	JV (NSR 25%)	Complete					
Cockburn (expansion)	WA	NSR	Construction					
East Perth	WA	NSR	Construction					
Kurnell (expansion)	NSW	NSR	DA Approved					
Mitchell (expansion)	ACT	NSR	Construction					
Montrose (expansion)	TAS	NSR	Construction					
Moorooka	QLD	JV (NSR 25%)	DA Lodged					
Robina	QLD	NSR	Construction					
Albany	NZ	NSR / JV	DA lodged					
Ellerslie	NZ	NSR / JV	DA lodged					
Manukau	NZ	NSR / JV	DA lodged					
Manukau CBD	NZ	NSR	Construction					
Byford	WA	Dev Agree (NSR 0%)	Concept					
Martin	WA	Dev Agree (NSR 0%)	Complete					
Port Kennedy	WA	Dev Agree (NSR 0%)	Construction					

Joint Ventures & Partnerships

SUCCESSFUL COMPLETION OF APSF JV & CONTINUATION OF BFG JV & PARSONS PARTNERSHIP

APSF

- Acquired Kelvin Grove, Albion and Canterbury for $64 million
- Fund now being wound up

BFG (Bryan Family Group)

- Acquisition of completed Bundall and Milton developments from BFG JV for $44 million
- Agreement to continue joint venture arrangement with new Biggera Waters development on the Gold Coast
    - DA approved for construction of a 10,100sqm (NLA) storage centre
    - Anticipated value on completion $60 million
- Agreement to develop a combined self-storage/service station site in Moorooka (Brisbane)

Parsons Group

- Acquisition of completed Fremantle and Martin developments in Perth
- Development pipeline continues with Port Kennedy and East Perth developments to be delivered in FY20/FY21
- These new projects will add significant value to the portfolio in FY20 and beyond

National Storage Kelvin Grove

National Storage Milton

National Storage Fremantle

Takeover Proposal Update

MULTIPLE PROPOSALS RECEIVED - DISCUSSIONS ONGOING

Gaw Capital Partners (GCP) non-binding indicative proposal

- Unsolicited, non-binding indicative proposal to acquire 100% of the issued stapled securities of NSR - cash price of $2.20 per stapled security[1,2]

Warburg Pincus non-binding indicative proposal

- Unsolicited, non-binding indicative proposal to acquire 100% of the issued stapled securities of NSR - cash price of $2.20 per stapled security[1,2]

Public Storage (NYSE: PSA) non-binding indicative proposal

- Unsolicited, non-binding indicative proposal to acquire 100% of the issued stapled securities of NSR - cash price of $2.40 per stapled security[1,2]

- Each of GCP, Warburg Pincus and Public Storage are currently conducting non-exclusive due diligence in respect of NSR and are in discussions with NSR management and its advisors in relation to their indicative proposals
- The NSR Board notes that discussions with each party are at this stage preliminary and subject to a number of conditions and there is no certainty that the discussions will lead to a final recommended offer
- The NSR Board is committed to acting in the best interests of, and maximising value for, NSR securityholders

1. The proposal price will be reduced by any distribution declared or paid by NSR after the date of the proposal, excluding the already declared December 2019 distribution of $0.047 per stapled security to be paid on 28 February 2020.
2. The indicative proposal contains customary conditions including completion of confirmatory due diligence, obtaining necessary board and regulatory approvals and execution of definitive legal documentation

1H FY20 Guidance and Outlook

UNDERLYING EPS[1]

PER STAPLED SECURITY

Targeting 4% Growth (10.0 CENTS)

UNDERLYING EARNINGS[1]

$78 MILLION

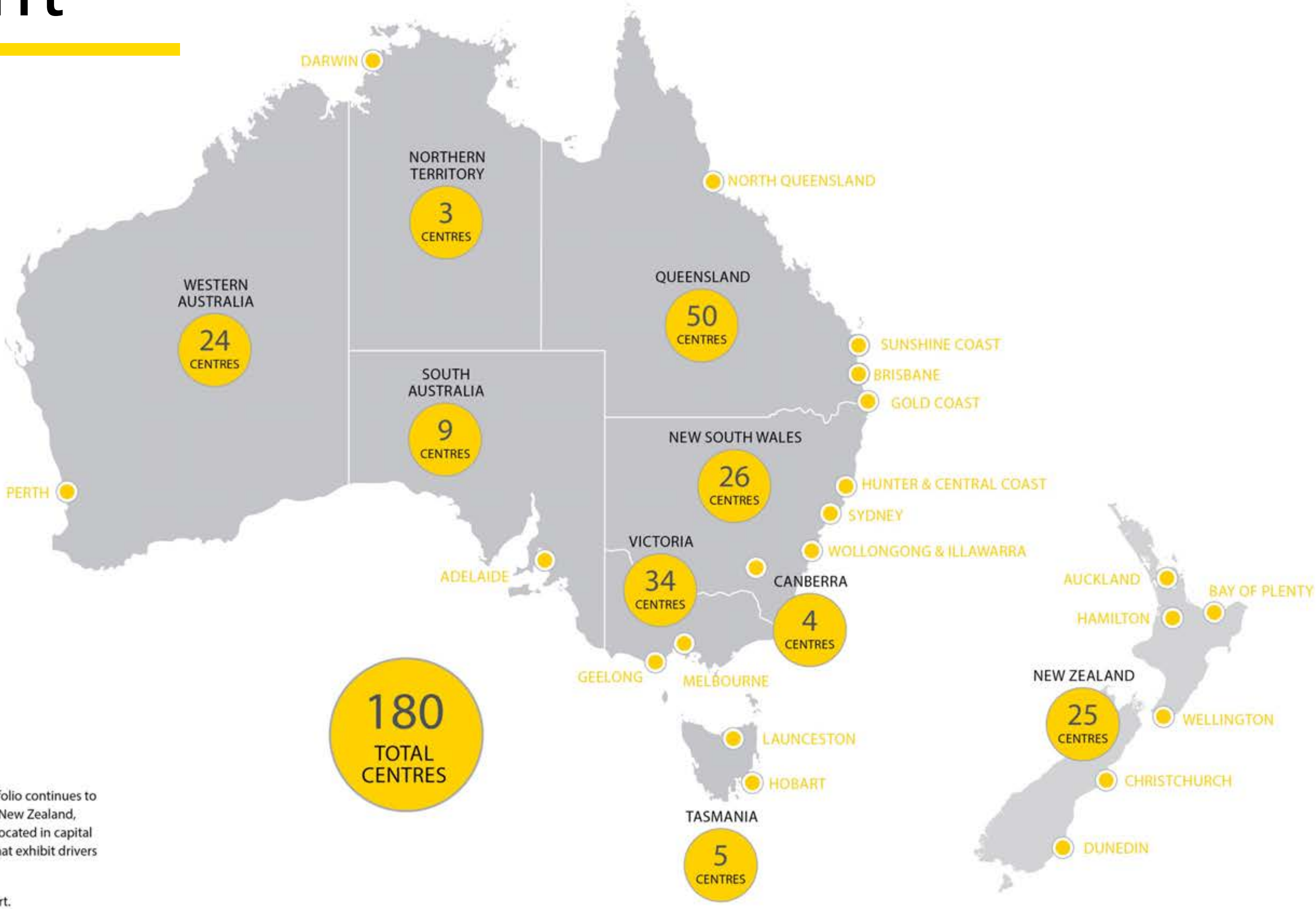
It is noted that the current takeover discussions may impact timing of revenue related to new developments, joint venture arrangements and acquisitions

1 – NSR provides this guidance assuming no unforeseen circumstances or strategic portfolio acquisitions and on the assumption there are no material changes in market conditions or operating environments

Appendices

National Storage Berkeley Vale

NSR Footprint



The National Storage portfolio continues to grow across Australia and New Zealand, with storage centres well located in capital cities and regional areas that exhibit drivers of storage demand.

As at the date of this Report.

*Map not to scale.

Portfolio Metrics

	30 June 2019				31 December 2019			
	AUST	NZ	MGT	TOTAL	AUST	NZ	MGT	TOTAL
Freehold centres	126	22	4	152	139	23	1	163
Leasehold centres	15	-	-	15	15	-	-	15
Total centres[1]	141	22	4	167	154	23	1	178
Freehold NLA (sqm)	670,000	120,000	21,000	811,000	730,000	122,000	1,000	853,000
Leasehold NLA (sqm)	76,000	-	-	76,000	77,000	-	-	77,000
Total NLA (sqm)	746,000	120,000	21,000	887,000	807,000	122,000	1,000	930,000
Average NLA	5,300	5,500	5,300	5,300	5,300	5,400	1,000	5,200
Storage units	76,100	11,000	1,800	88,900	82,200	11,600	100	93,900
Assets under management	$1,702m	$258m	N/A	$1,949m	$2,006m	$294m	N/A	$2,286m
Weighted average Primary cap rate	6.83%	7.03%	N/A	6.85%	6.53%	6.76%	N/A	6.56%

1 - Excludes two licensed centres

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Notes