



NATIONAL STORAGE REIT

FULL YEAR RESULTS 2014

**\$45.9 MILLION
PLACEMENT OFFER**

25 AUGUST 2014

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PRESENTATION OUTLINE

- Results Highlights
- Placement Offer
- Summary and Outlook

- Appendix A: 30 June 2014 results
- Appendix B: Overview of National Storage REIT (**NSR**)
- Appendix C: Foreign Jurisdictions
- Appendix D: Key Investment Risks

1. RESULTS HIGHLIGHTS

RESULTS HIGHLIGHTS

- A-IFRS profit after tax for FY14 of \$15.6m
- Underlying profit for 2H FY14 of \$8.8m (3.6 cents per security)
- EPS guidance for CY14 reaffirmed at 7.8 cents per security (\$19.1 million)
- EPS guidance for FY15 of 8.5 cents per security (\$20.7 million)
- Keys to achieving CY14 and FY15 targets:
 - **Active asset management**
 - Leveraging rate per sqm over occupancy in challenging trading conditions
 - 10% increase in rate per sqm occupied for FY14 (\$249 per sqm to \$275 per sqm)
 - Further 5% rate increase implemented on 1 July 2014 to flow through over nine months
 - Robust pricing structure in place to capture anticipated seasonal uplift
 - Further enhancements to operating platform to deliver cost efficiencies and scalability
 - **Benefits from announced transactions**
 - Earnings accretion from acquisition activity in 2H FY14 to flow through into FY15 (additional upfront acquisition costs incurred in 1H FY14 to facilitate acquisition program)
 - Additional operational income from development management activities (Kardinya, Cockburn) locked in for 1H FY15
 - Guidance does not include impact of any additional acquisition activity in FY15
 - **Strong potential acquisition and revenue pipeline**
 - Over \$100 million of acquisition opportunities currently under negotiation
 - Indicative yields to be accretive
 - Additional potential revenue sources include third party management fees, portfolio recycling and telecom towers

DEVELOPING MULTIPLE REVENUE STREAMS

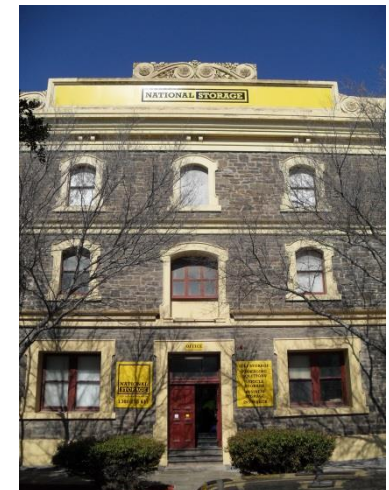
- Leveraging NSR's fully integrated operating platform to develop multiple revenue sources:
 - Storage income (driven by increasing rate per square metre and occupancy)
 - Ancillary income (sale of merchandise and insurance plus value-added services)
 - Third party centre management fees – new platform released August 2014
 - Project/development management fees (from Southern Cross and third party vendors/developers)
 - Portfolio recycling/redevelopment opportunities being actively progressed
 - Acquisition fees
 - Telecommunications towers and outdoor advertising income



PORTFOLIO AND DEVELOPMENT MANAGEMENT

Announced Acquisitions

CENTRE	PRICE	FORECAST YEAR ONE PASSING INCOME YIELD	SETTLEMENT
Artarmon	\$36.5m	10.5% (actual at 30 June 2014)	Dec 2013
Townsville	\$17m	7%	May 2014
Moorabbin	\$8.2m	8.7%	June 2014
Mulgrave	\$7m	7.9%	June 2014
Wangara	\$10.9m	9%	July 2014
Port Adelaide	\$5.2m	9.8%	July 2014
Hervey Bay (SX)	N/A	N/A	May 2014
Yandina (SX)	N/A	N/A	May 2014



Development Management – actively managing portfolio opportunities

- Provide additional capacity and generate project management fees:
 - Expansion of Cockburn in Perth, Western Australia
 - Turnkey development in Kardinya in Perth, Western Australia (\$8m) with settlement/completion expected in late 2014

INDUSTRY CONSOLIDATION STRATEGY

Strategic rationale

- Highly fragmented industry - top 3 brands only have c.25% of market
- Scalable fully-integrated operating platform - revenue and cost synergies
- Strong acquisition and integration track-record – established since 2000
- Capital raised to be deployed to fund accretive potential acquisitions

Identified investment pipeline

- Over \$100m of identified investment opportunities under review
- Over \$60m of identified investment opportunities under advanced negotiation – announcements expected in 1H FY15

Investment guidelines

- Location - visibility to passing traffic
- Proximity to drivers of self-storage usage - commercial, retail and/or residential
- Modern design – access and security
- Return – expected yield of 8-10% post integration into the National Storage platform

Typical due diligence process

- 6- 8 weeks
- National Storage management plus external consultants
- Commercial and financial due diligence
- Building/environment due diligence
- Legal due diligence
- Independent valuation
- Board approval

ASSET MANAGEMENT

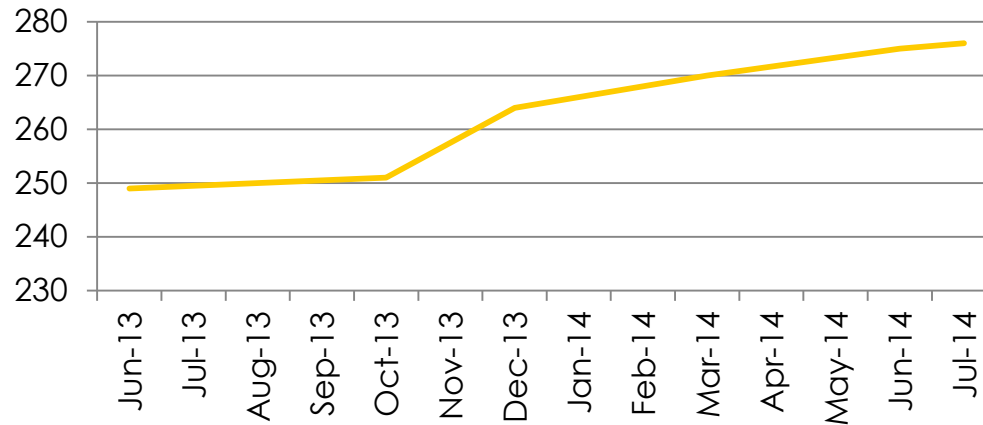
Centre Management – a credible alternative for third party management

- Additional income to be derived from the provision of management service, with limited increase to cost base and limited capital requirements
- Greater economies of scale due to the larger number of operational centres
- The establishment of a possible future acquisition pipeline

Asset Management – driving an appropriate balance between rate per sqm and occupancy

- Stable portfolio metrics despite challenging trading conditions
- Leveraging rate per sqm over occupancy given market conditions
 - Rent per sqm at June 2014 of \$275
 - Occupancy at July 2014 of 71% (original IPO portfolio)

Historical Rate Per Square Metre Growth



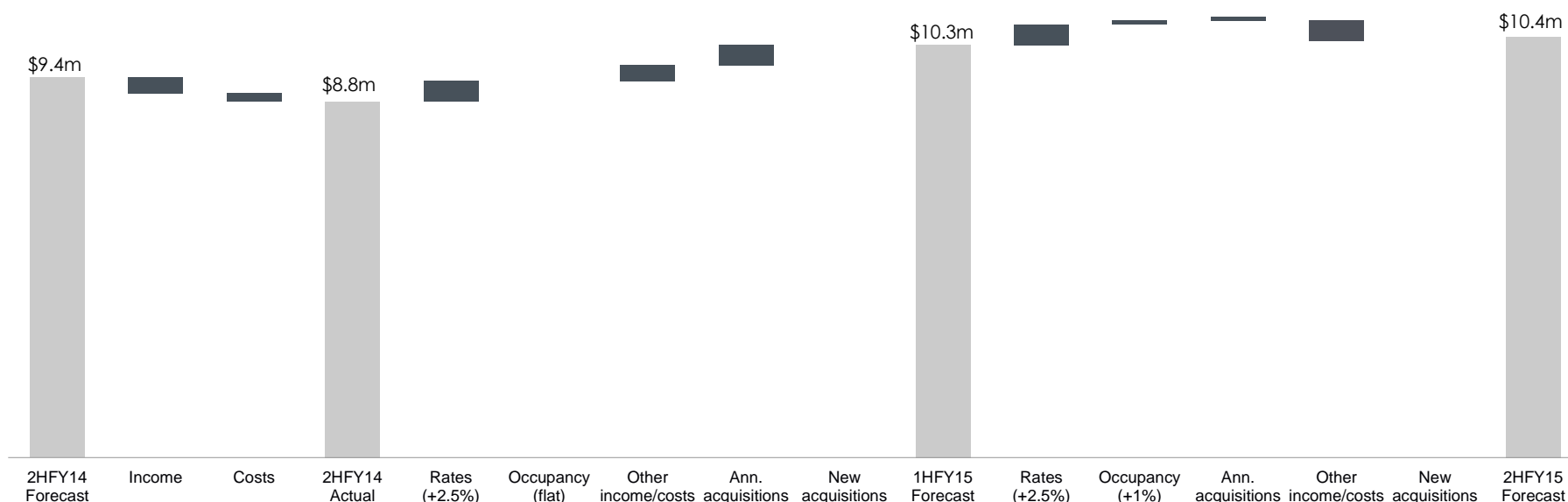
RESULTS VS. IPO FORECAST

	ACTUAL H2 FY14	IPO FORECAST H2 FY14	DELTA	COMMENTS
Total income	\$24.3m	\$24.7m	-2%	Trading condition softer than anticipated
Total operating expenses	\$9.9m	\$9.6m	+3%	Additional growth-related costs partially offset by operating efficiencies
Leasehold properties expense	\$4.2m	\$4.4m	-5%	Improved leasing terms
EBITDA	\$10.2m	\$10.7m	-5%	
Depreciation	\$0.2m	\$0.2m	n/m	
EBIT	\$10.0m	\$10.5m	-5%	
Net interest expense	\$1.2m	\$1.1m	+9%	Additional debt drawn in May and June
Underlying profit	\$8.8m	\$9.4m	-6%	
Underlying EPS	3.6 cents	3.8 cents	-6%	
DPS	3.8 cents	3.8 cents	n/m	In-line with IPO forecast
CY14 EPS forecast	7.8 cents	7.8 cents	n/m	In-line with IPO forecast
FY15 EPS forecast	8.5 cents	n/a	n/m	Impact of accretive acquisitions and multiple revenue sources

BRIDGE TO UNDERLYING EARNINGS GUIDANCE

- 2H FY14 underlying earnings below IPO forecast due to weaker than expected trading environment and costs relating to growth initiatives
- 1H FY15 and 2H FY15 earnings guidance supported by (i) rate increases already implemented on 1 July 2014, (ii) additional income generation from other revenue sources, (iii) accretion from announced acquisitions, (iv) forecast 1% improvement in occupancy in 2H FY15
- Guidance does not include impact of any additional acquisition, management or development activity or structural efficiencies in FY15

Underlying Profit (\$m)



OWNED PORTFOLIO METRICS

	IPO	30 June 2014	31 July 2014
Freehold Centres	28	31	33
Leasehold Centres	10	10	10
Southern Cross Centres	24	26	26
Freehold net lettable area	212,062 sqm	238,343 sqm	247,484 sqm
Total net lettable area	329,544 sqm	363,157 sqm	374,661 sqm
Total storage units	36, 210	39,924	41,039
Portfolio valuation (Freehold Centres)	\$270 million*	\$305 million	\$321 million
Sustainable occupancy as per independent valuation	83%	83%	83%
Weighted average cap rate	9.7%	9.6%	9.6%
Weighted average remaining term on Leasehold Centres	15.5 years at August 2013	16 years	16 years

*summed on an individual basis

CAPITAL MANAGEMENT

- Debt Finance Facility:
 - 23% gearing as at 30 June 2014 against 50% LVR covenant
 - \$87 million drawn of \$100 million capacity as at June 2014
 - ICR of 9.4x as at June 2014 against covenant of 2.0x
 - \$30m hedged
 - December 2016 expiry
- Conservative target gearing range of 25% - 35%
- Target net payout distribution ratio of 90% - 100% of underlying earnings
 - Distribution of 3.8 cents per security to be paid 26 August 2014
 - Approximately \$0.9m of distributions for the six months to 30 June 2014 were retained via the distribution claw back arrangement in relation to the Vendor Stapled Securities
- 3 year rolling independent valuation policy

2. PLACEMENT OFFER AND TIMETABLE

TRANSACTION OVERVIEW

Institutional Placement Offer

- A fully underwritten placement of approximately \$45.9 million
- New securities issued at \$1.25 per security
 - Discount of 11% to last closing price on Friday 22 August 2014
- New securities will rank equally with current securities with full entitlement to 1H FY15 distributions¹
- Replenishes NSR's balance sheet and provides financial flexibility to pursue accretive potential acquisition opportunities in the short term
 - Pro forma gearing of approximately 16%² represents acquisition capacity of \$100 million at the top end of NSR's gearing range of 25-35%
 - Potential acquisitions expected to be accretive to guidance

Security Purchase Plan (SPP)

- SPP to be offered to eligible retail securityholders
- NSR retains discretion to scale-back

1. Excludes distribution paid on 26 August 2014

2. Adjusting for the settlement of Wangara and Port Adelaide in July 2014, and expected settlement of Kardinya in late 2014

INDICATIVE TIMETABLE

KEY EVENTS	DATE
Institutional Placement Offer and Bookbuild opens	25 August 2014
Institutional Placement Offer and Bookbuild closes	25 August 2014
Trading commences	26 August 2014
Settlement of new securities issued under Institutional Placement Offer	29 August 2014
Allotment and normal trading of new securities issued under Institutional Placement Offer	1 September 2014
SPP Offer opens and Retail SPP Booklet despatched	1 September 2014
SPP Offer closes	1 October 2014
Allotment of new securities issued under SPP Offer	9 October 2014
Normal trading of new securities issued under SPP Offer	14 October 2014

Note: All times indicative only, subject to change

4. SUMMARY AND OUTLOOK

SUMMARY AND OUTLOOK

- CY14 earnings and distribution guidance reaffirmed at 7.8 cents per stapled security
- Benefits from announced acquisitions/developments/expansions and the rate increase implemented in July 2014 to flow through to FY15 results
- Increased costs in 2H FY14 incurred to facilitate acquisition activity
- Leveraging fully-integrated and scalable operating platform to enhance investment returns to NSR securityholders through:
 - Multiple growth drivers including accretive acquisitions, developments, expansions and increased returns from existing centres
 - Multiple income sources including storage income, ancillary income, management fees and project/development management fees
- Placement Offer replenishes NSR's balance sheet and provides financial flexibility to pursue acquisition opportunities
- Proposed capital raising to be deployed to fund accretive potential acquisitions

Results and Guidance Summary	
2H FY14 underlying profit	\$8.8m or 3.6 cents per security
CY14 underlying profit guidance	\$19.1m or 7.8 cents per security
FY15 underlying profit guidance	\$20.7m or 8.5 cents per security

APPENDICES

Appendix A: 30 June 2014 Results

Appendix B: Overview of National Storage REIT

Appendix C: Foreign Jurisdictions

Appendix D: Key Investment Risks

APPENDIX A: 30 JUNE 2014 RESULTS

SUMMARY INCOME STATEMENT

RECONCILIATION OF FY14 A-IFRS PROFIT TO 2H FY14 UNDERLYING PROFIT



\$ million	FY14	1H FY14	2H FY14
Total Revenue	45.8	21.5	24.3
Salaries and employee benefits	(6.8)	(2.6)	(4.3)
Property rates and taxes	(2.8)	(1.3)	(1.5)
Cost of packaging and other products sold	(0.5)	(0.3)	(0.2)
Depreciation and amortisation	(0.3)	(0.1)	(0.2)
Finance costs	(9.9)	(6.3)	(3.6)
Other operating expenses	(12.3)	(8.4)	(3.9)
Total expenses	(32.7)	(19.0)	(13.7)
Gross operating profit	13.1	2.6	10.6
Fair value adjustments	(4.4)	(1.4)	(3.0)
Other non-operational expenses	(0.2)	0.0	(0.2)
Loss on disposal of non-current assets	(0.1)	0.0	(0.1)
Profit/(loss) before income tax	8.4	1.2	7.2
Income tax (expense) benefit	7.2	6.7	0.4
Profit/(loss) after income tax	15.6	7.9	7.7
Profit/(loss) after income tax			7.7
Less tax benefit			(0.4)
Add fair value adjustments			3.0
Add loss on disposal of non-current assets			0.1
Add other non-operating expenses			0.2
Less diminution of leasehold properties (included in fair value adjustments)			(1.8)
Underlying Profit			8.8
Underlying EPS (cents)			3.6 cents

BALANCE SHEET

\$ million	30 JUNE 2014	POST BALANCE DATE SETTLEMENTS	PRO FORMA AT 31 JULY 2014
Cash	8.3		8.3
Investment properties (net of finance lease liability)	316.4	24.1	340.5
Investment in joint ventures	5.1		5.1
Intangibles	13.9		13.9
Other assets	8.0		8.0
Total assets	351.7		375.8
Borrowings	87.5	25.5	113.0
Other liabilities	19.8		19.8
Total liabilities	107.3		132.8
Net assets	244.4		243.0
Total securities (m)	244.9		244.9
NAV (\$)	1.00		0.99
NTA (\$)	0.94		0.94
Gearing	23%		29%

- Pro forma gearing post-placement of 16% represents acquisition capacity of \$100m at the top end of NSR's gearing range of 25%-35%

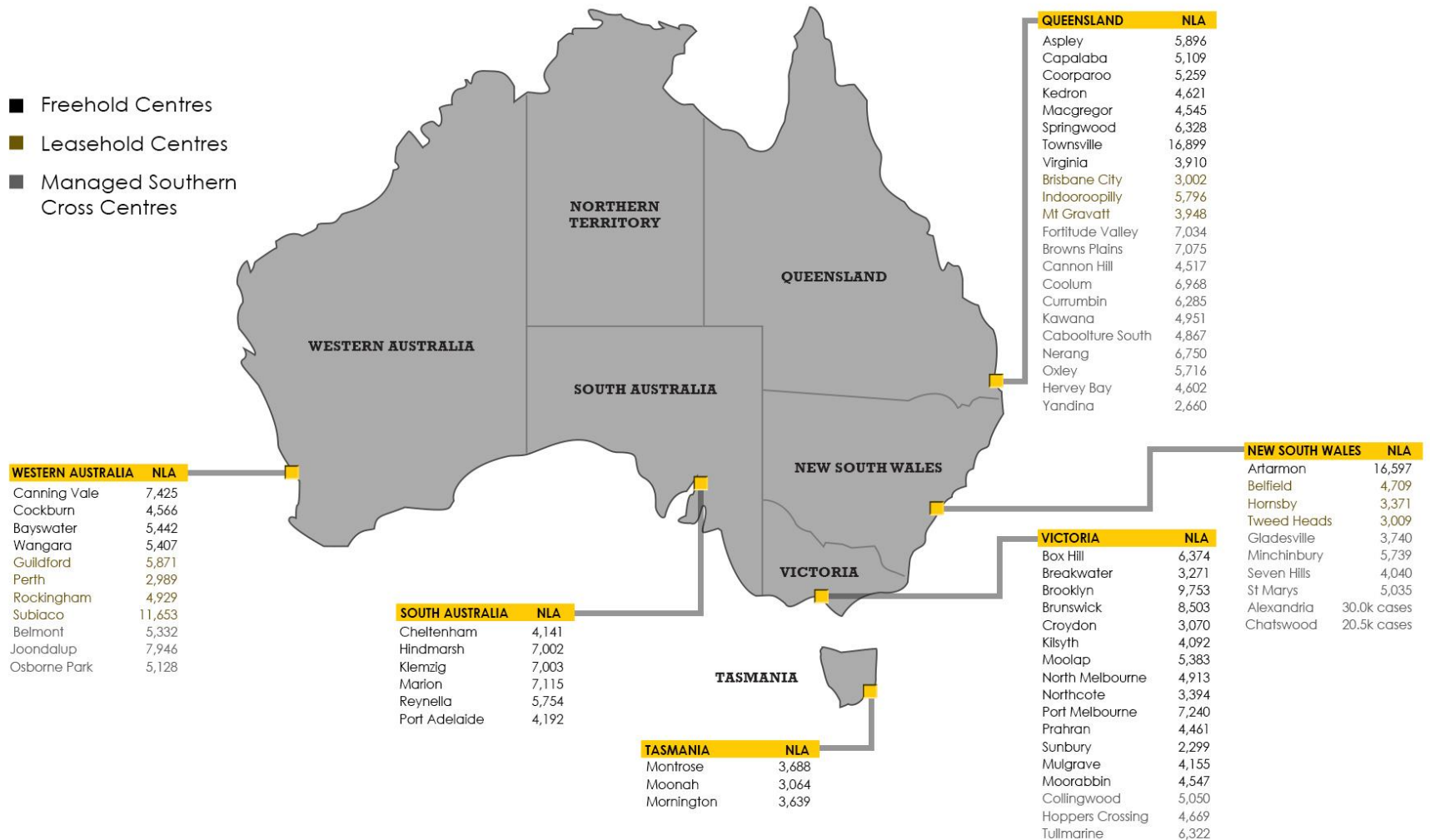
APPENDIX B: OVERVIEW OF NSR

OVERVIEW OF NSR

- Australia's first listed, fully integrated and internally managed self-storage REIT (S&P ASX 300)
- 69 centres across six states of Australia:
 - 33 centres owned by NSPT
 - 10 centres under long term leasehold arrangements
 - 26 centres for Southern Cross (JV with Heitman)
 - 10% interest in Southern Cross
- Product offerings include self-storage, business storage, vehicle storage, wine storage, vehicle hire, packaging and insurance
- 25,000 self-storage customers – 70% residential 30% commercial
- 200 staff across Australia and 36 in the Brisbane head office
- Stable management team that has led and grown the business over the past 14 years
- National Storage management platform:
 - Market leading technology that provides real time information and facilitates NSR's dynamic pricing model
 - Marketing and customer experience plan to broaden customer base, increase brand awareness and drive customer enquiry
 - National contact centre based in head office for visibility and efficiency
 - National property maintenance team for reliable and quality maintenance work
- Strong alignment of management's interests – returns linked to performance of NSR via distribution clawback and escrow arrangements for original National Storage vendors and management

NSR FOOTPRINT

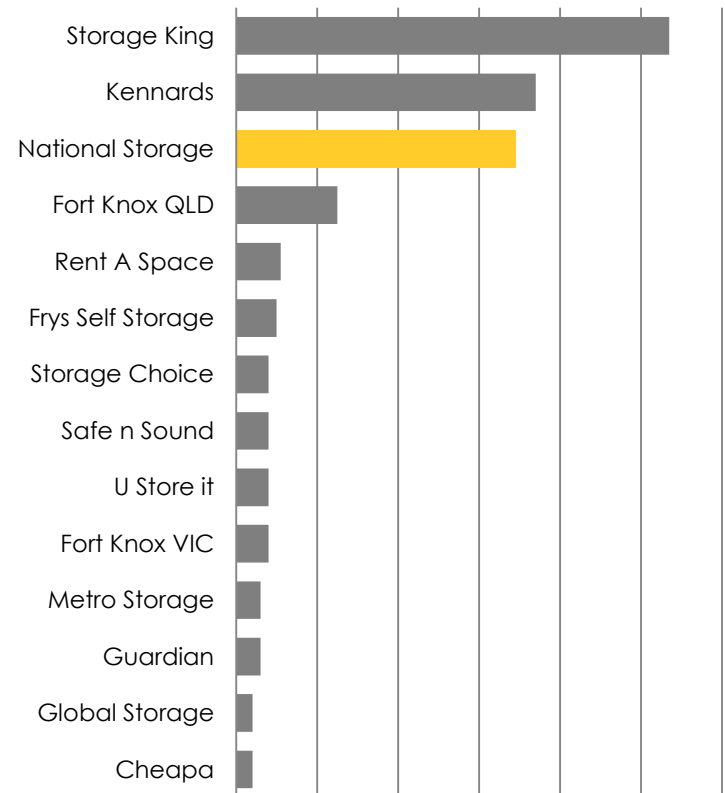
- Freehold Centres
- Leasehold Centres
- Managed Southern Cross Centres



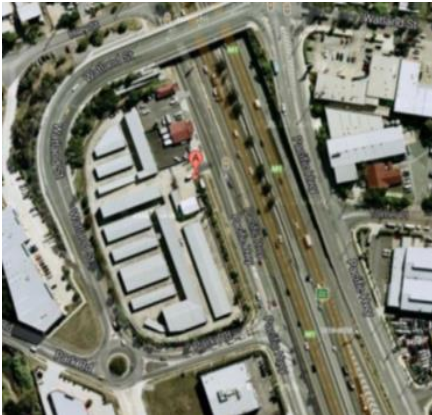
OVERVIEW OF SELF-STORAGE INDUSTRY

- Highly fragmented industry
- Top three brands only have c25% of market
- Demand drivers include change of life events, building/renovating/moving, urban densification, aging population and online retailing
- Selection drivers include location, convenience, customer service and quality of offer
- Low levels of brand awareness and brand differentiation across the industry
- Supply is constrained by availability of suitable locations, land values and higher/better use

SELF-STORAGE FACILITIES (by brand, not ownership)



TYPICAL SELF STORAGE CENTRE



APPENDIX C: FOREIGN JURISDICTIONS

FOREIGN JURISDICTIONS

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APPENDIX D: KEY INVESTMENT RISKS

KEY INVESTMENT RISKS

Investors should carefully consider the risk factors described below. If you require further information regarding the appropriateness or potential risks of this investment, you should seek appropriate financial advice.

All investments involve risk and there are many factors that can impact on the performance of an investment. This summary details some of the major risks that you should be aware of when investing in NSR. Investors should be aware that the list of risks described below may not cover all possibilities and should also consider risks specific to their situation.

Investors should also note that the Prospectus and Product Disclosure Statement issued by NSR in December 2013 contains additional detail and risks which are relevant to an investment in NSR.

1 Key risks relating to NSR

1.1 General commercial property risks

Risks commonly associated with commercial property investment apply equally to an investment in NSR, including levels of occupancy, capital expenditure requirements, development and refurbishment risk, environmental or compliance issues, changes to government and planning regulations, including zoning and damage caused by flood or other extreme weather (to the extent that it is not or could not be insured against).

1.2 Monthly storage agreements

Storage units are typically rented on a month to month basis. There is no guarantee that existing storage customers will not default under, or will renew, their storage agreements. Where an existing customer does not renew their storage agreement for whatever reason, there is no guarantee that other storage customers will be found.

1.3 Competition

The entry of new competing self-storage centres or discounting by existing competing self-storage centres may adversely affect the occupancy level and rental rates of the self-storage centres operated or managed by NSR.

1.4 Valuations

Valuations ascribed to NSR's assets will be influenced by a number of ongoing factors including supply and demand for self-storage centres and general property market conditions.

1.5 Property liquidity

NSR may be required to dispose of some of its property assets in response to adverse business conditions. Given the relatively illiquid nature of property investments, NSR may not be able to achieve the disposal of the property assets in a timely manner or at an optimal sale price. This may affect NSR's net asset value or trading price per NSR security.

1.6 Exposure to Southern Cross

The management agreement in place with Southern Cross may be terminated in certain circumstances. If terminated, NSR will not receive distributions that are payable in accordance with the investment agreement and the management fee income. Southern Cross has a first right to acquire additional self-storage centres subject to certain conditions. This may adversely affect NSR's ability to acquire additional self-storage centres in certain circumstances.

1.7 Leasehold interests

NSR operates a number of self-storage centres from properties owned by third parties under lease arrangements. There is no guarantee that those leases will be able to be renewed or able to be renewed on suitable terms (including in relation to rent payable). The leases may also be subject to certain termination rights which, if triggered, may result in the lessor terminating the lease. This may adversely affect NSR's ability to continue to operate the self-storage centres at those locations, and the fair value attributed to them.

1.8 Insurance risk

There is no certainty that appropriate insurance will be available for all risks on acceptable commercial terms or that the cost of insurance premiums will not continue to rise. Some risks are not able to be insured at acceptable premiums. If any of NSR's assets are damaged or destroyed by an event for which NSR does not have cover, NSR could incur a capital loss and lost income which could reduce returns for securityholders. Any failure by the company or companies providing insurance (or any reinsurance) may adversely affect NSR's right of recovery under its insurance.

1.9 Future acquisitions and expansion

NSR may consider opportunities to make further acquisitions of self-storage assets. NSR may also develop and expand the lettable area at a number of NSR's centres. The rate at which NSR is able to expand will reflect market forces and the availability of capital at the time. Forecast distributions may be affected by such actions. The risks faced by NSR in relation to any future development projects will depend on the terms of the transaction at the time.

1.10 Banking obligation risk

NSR is subject to a number of undertakings and financial covenants under its existing debt facility, including in relation to gearing levels and interest cover ratios. An event of default can occur under its existing debt facility if NSR fails to maintain these financial covenants. This may be caused by unfavourable movements in interest rates (to the extent rates are not hedged) or deterioration in the income or the value of NSR's properties and/or businesses. To the extent that an event of default occurs, the lender may require immediate repayment of the debt facility. NSR may need to dispose of assets at less than valuation, raise additional equity or reduce or suspend distributions in order to repay the debt facility, if this occurs.

KEY INVESTMENT RISKS (CONT'D)

1.11 Funding

NSR's ability to raise funds from either debt or equity sources in the future depends on a number of factors, including the state of debt and equity markets, the general economic and political climate and the performance, reputation and financial strength of NSR. There is a risk that NSR may not be able to refinance its debt and/or interest rate hedges before expiry or may not be able to refinance them on substantially the same terms as the existing facility or hedge instruments. If alternative financing is not available, NSR may need to realise assets at less than valuation and this may result in financial loss to NSR.

Possible increases in the interest rate, the cost of interest rate hedges and the level of financial covenants required by lenders may adversely impact on the operational and financial results of NSR and the level of distributions available to securityholders.

1.12 Environmental issues

Unforeseen environmental issues may affect the properties in the property portfolio owned by NSR. These liabilities may be imposed irrespective of whether or not NSR is responsible for the circumstances to which they relate. NSR may also be required to remediate sites affected by environmental liabilities. The cost of remediation of sites could be substantial. If NSR is not able to remediate the site properly, this may adversely affect its ability to sell the relevant property or to use it as collateral for future borrowings. Material expenditure may also be required to comply with new or more stringent environmental laws or regulations introduced in the future, for example in relation to climate change.

1.13 Forecast distributions

No assurances can be provided in relation to the payment of future distributions. Future determination as to the payment of distributions by NSR will be at the discretion of NSR and will depend upon the availability of profits, the operating results and financial condition of NSR, future capital requirements, covenants in relevant debt facilities, general business and financial conditions and other factors considered relevant by NSR.

2 General market and regulatory risks

2.1 Economic and market conditions

NSR may be adversely impacted by many factors including fluctuations in general economic conditions including interest rates, inflation, consumer confidence levels which may adversely affect the demand for storage space and general market levels. A number of factors affect the performance of the stock markets, which could affect the price at which NSR's securities trade on the ASX. Among other things, movements of international and domestic stock markets, interest rates,

exchange rates, inflation and inflationary expectations and overall economic conditions, economic cycles, investor sentiment, political events and levels of economic growth, both domestically and internationally as well as government taxation and other policy changes or changes in law may affect the demand for, and price of, NSR's securities.

2.2 Interest rates

Unfavourable movements in interest rates relating to NSR's debt facility could lead to increased interest expense, to the extent that interest rates are not hedged. This could impact the level of distributions available to securityholders.

2.3 Derivatives

NSR uses derivative instruments to hedge its exposure to interest rates. The mark-to-market valuation of derivative instruments could change quickly and significantly. Such movements may have an adverse effect on the financial performance and financial position of NSR.

2.4 Dilution risk

NSR may issue securities to finance future acquisitions or pay down debt which may, under certain circumstances, dilute the value of securityholders' interests in NSR and the proportional beneficial ownership in the underlying assets of NSR.

2.5 Changes in law

Changes in law, government legislation, regulation and policy in jurisdictions in which NSR operate may adversely affect the value of its portfolio and/or NSR's future earnings and performance as well as the value of NSR's securities quoted on the ASX.

2.6 Taxation risk

Future tax reforms could impact on the distributions from NSR and the value of securities. Investors should note that Australian tax laws are complex and constantly subject to change.

2.7 Accounting standards

The Australian Accounting Standards to which NSR adheres are set by the Australian Accounting Standards Board (AASB) and are consequently outside the control of NSR and the directors of National Storage Holdings Limited and Trust Company (RE Services) Limited. Changes to accounting standards issued by AASB or changes to the commonly held views on the application of those standards could materially and adversely affect the financial performance and position reported in NSR's financial statements.

THANK YOU

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