



ASX Market Announcements  
ASX Limited  
20 Bridge Street  
Sydney NSW 2000

20 November 2014

## ASX ANNOUNCEMENT

### NATIONAL STORAGE REIT (NSR) 2014 ANNUAL GENERAL MEETING ADDRESSES

Please find following the addresses by the Chairman Mr Laurence Brindle and Managing Director Mr Andrew Catsoulis, to be presented at today's Annual General Meetings commencing at 10am Brisbane time.

Yours faithfully

Patrick Rogers  
Company Secretary



## CHAIRMAN'S ADDRESS

This inaugural annual general meeting represents an important milestone for NSR, having successfully transitioned from a private company to Australia's first publicly listed self-storage real estate investment trust in December 2013.

In what is at this time almost a full year of operation, we have worked hard at building a platform for future growth and solidifying our new structure, designed to improve productivity and profit.

Since listing, we have delivered on our acquisition and consolidation strategy, transacting on over \$150 million in acquisitions representing an additional 13 assets in the NSR portfolio, and two on behalf of Southern Cross Storage Group. With further acquisition opportunities under review, the Board is confident we will continue to grow market share and assets under management.

We are practising a disciplined approach towards capital management, with conservative gearing targets and a strong balance sheet. The capital raising undertaken in August 2014 was well received by the market and exceeded our expectations, raising over \$57 million to replenish the balance sheet and provide further capacity for acquisitions.

The formation of NSR has seen the asset class gain acceptance and support with institutional investors and the broader investment market, as well as facilitating important independent analysis and research.

NSR has set the standard for the future of investment in self-storage in Australia. We are well positioned to build on our achievements and we look forward to sharing our successes with you into 2015 and beyond.



# NATIONAL STORAGE REIT (**NSR**)

ANNUAL GENERAL MEETING 2014

MANAGING DIRECTOR'S ADDRESS

20 NOVEMBER 2014



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National Storage REIT's statutory results are prepared in accordance with International Financial Reporting Standards (IFRS). This presentation also includes certain non-IFRS measures in presenting National Storage REIT's results. Certain non-IFRS financial measures, have not been subject to audit or review. All figures are in AUD unless otherwise stated.



# STRATEGY

DEVELOPING MULTIPLE REVENUE STREAMS  
INDUSTRY CONSOLIDATION  
ASSET MANAGEMENT  
PORTFOLIO AND DEVELOPMENT MANAGEMENT  
CAPITAL MANAGEMENT





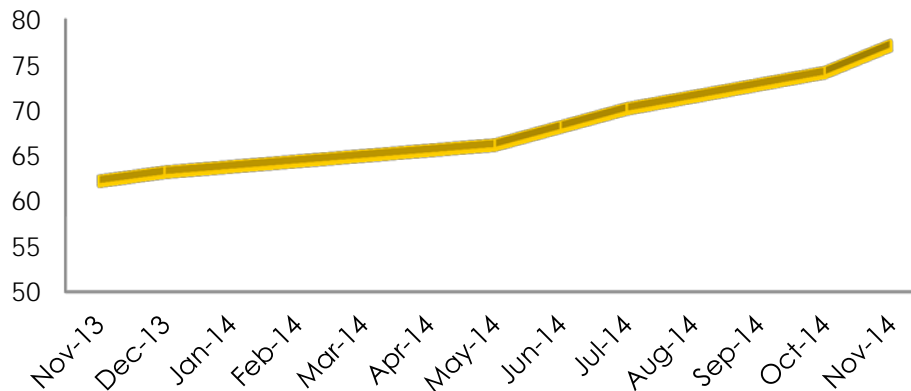
# YEAR IN REVIEW



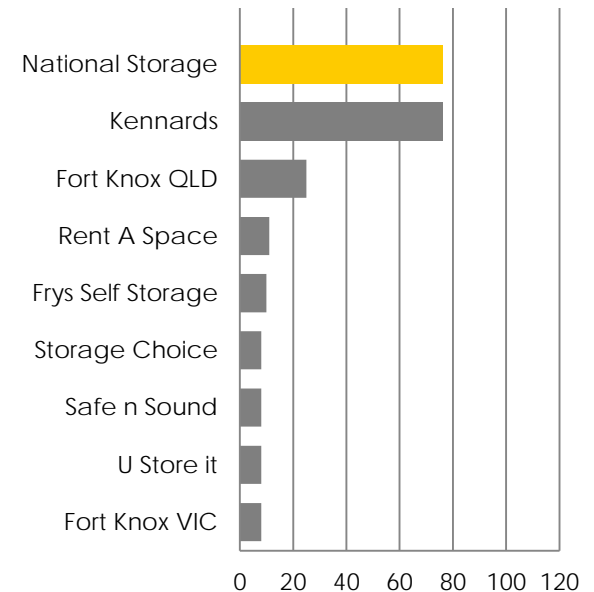
# INDUSTRY CONSOLIDATION

- Acquired 15 centres since listing in December 2013
- 76 centres under ownership, operation and/or management
- Highly fragmented industry
- Strong acquisition pipeline

**Centres under operation and management**



**Ten largest owner-operators\***

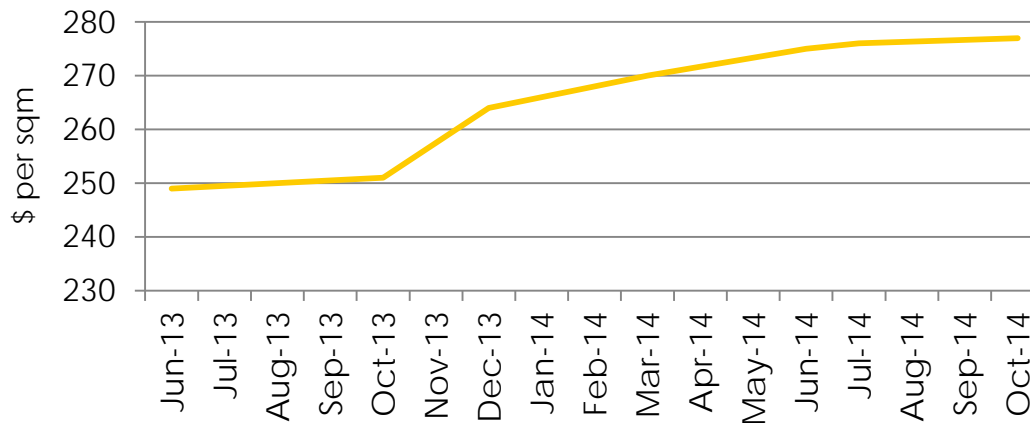


\*Storage King is a fee-for-service management model

# ASSET MANAGEMENT

- Driving balance between rate per sqm and occupancy
- Leveraging rate per sqm over occupancy given challenging market conditions
- Metrics at October 2014 on like-for-like basis:
  - Rent per sqm at \$277 per sqm
  - Occupancy at 69%

Historical rate per sqm growth





# CENTRE MANAGEMENT

A credible alternative for third party management

- Additional income from the provision of management service, with limited increase to cost base and limited capital requirements
- Greater economies of scale
- Possible future acquisition pipeline

First management deal secured in Mandurah, WA



# PORTFOLIO AND DEVELOPMENT MANAGEMENT



- Actively managing portfolio opportunities
- Provides additional capacity and generates project management fees
- Turnkey development in O'Connor completed November 2014
- Expansion of Cockburn due for completion in December 2014 with nearby Dobra Road site slated for sale
- Portfolio recycling opportunities under analysis for activation in early 2015



# OPERATIONS

- Over 27,000 customers
- Over 41,000 storage units
- Over 2 million bottles of wine in storage (Wine Ark)
- Over 200 staff motivated by teamwork, care and excellence
- Key focuses in 2014:
  - Systemisation
  - Scalability
  - Technology
  - Digital marketing
  - Staff engagement



# CAPITAL MANAGEMENT

- Debt Finance Facility at October 2014:
  - 23% gearing against 50% LVR covenant
  - \$93.7 million drawn of \$135 million capacity
  - ICR of 6.9x against covenant of 2.0x
  - \$30m hedged
  - December 2016 expiry
- Successfully raised further capital to undertake accretive acquisitions and maintain a strong balance sheet
  - Institutional Placement raised \$45.9 million
  - Security Purchase Plan raised \$11.6 million
- Target net payout distribution ratio of 90% - 100% of underlying earnings
- 3 year rolling independent valuation policy



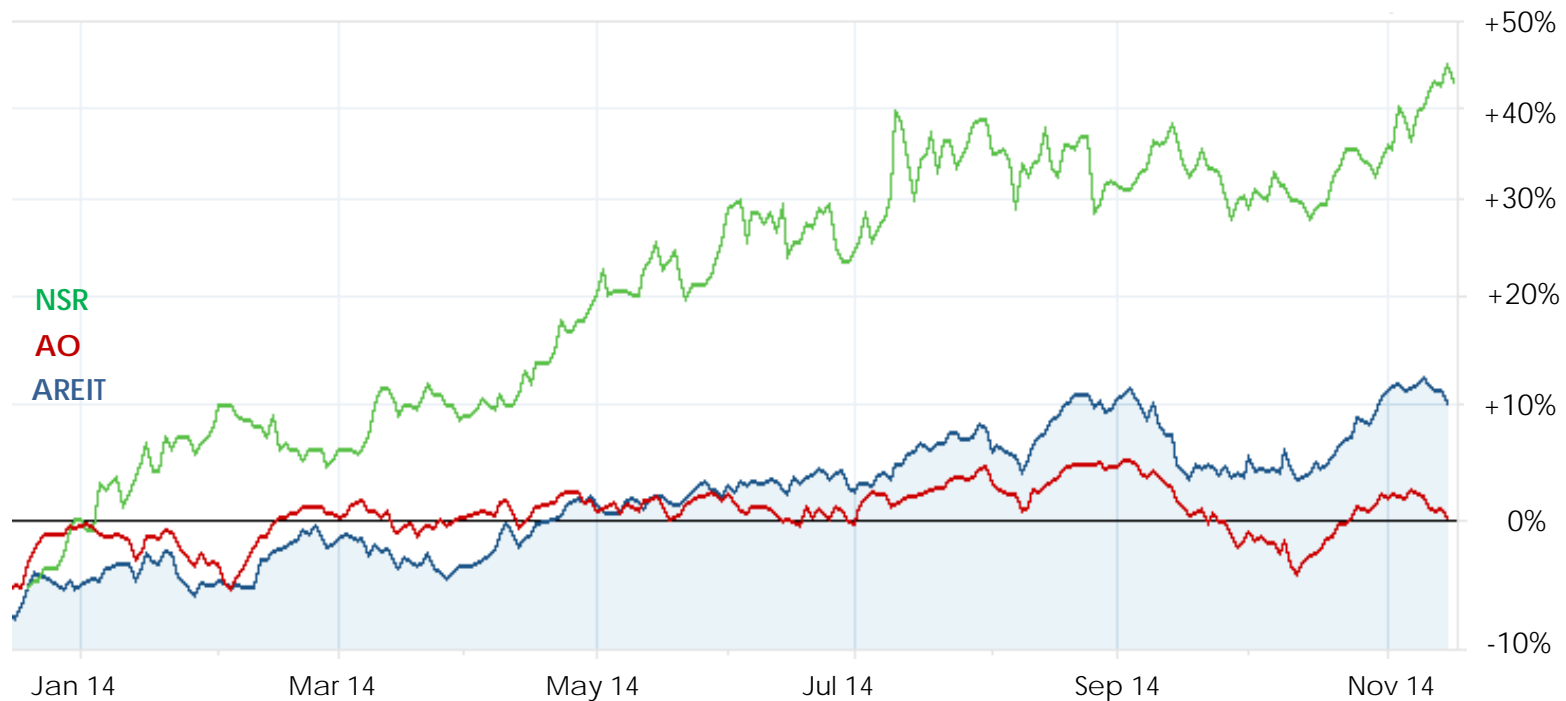
**CREATING VALUE**



# CREATING VALUE

- Listed at \$0.98, up approximately 45% YTD
- Distribution of 3.8 cents per security paid 26 August 2014

NSR vs S&P/ASX200 A-REIT Index and ASX-All Ords



# OUTLOOK



# 2015 OUTLOOK

- After absorbing additional costs associated with the capital raising and expanded acquisition program, we expect to meet \$19.1 million underlying profit in CY14
- Subject to the completion of a number of transactions, expect the accretive benefits of acquisitions flowing through in 2H FY15 to offset the short term dilutive impact of capital raising
- Distribution guidance remains at 7.8 cents per security for CY14 and the claw back arrangement remains in place for original vendor stapled securities
- FY15 earnings guidance \$24.2 million, affirming 8.5 cents per security (excludes impact of any future capital raising or fair value adjustment relating to acquisitions)

# THANK YOU

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