



NATIONAL STORAGE REIT

\$57.5M INSTITUTIONAL PLACEMENT

26 MARCH 2015

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PRESENTATION OUTLINE



- Institutional Placement Details
- Outlook and Capital Management
- Acquisitions Track Record and Pipeline Opportunities
- Appendix A: Foreign Jurisdictions
- Appendix B: Key Investment Risks

INSTITUTIONAL PLACEMENT DETAILS



Overview of Institutional Placement

- A fully underwritten institutional placement of \$57.5 million (**Institutional Placement**)
- New securities will be issued at \$1.48 per security
- New securities will rank equally with current securities with full entitlement to 2H FY15 distribution
- Approximately 38.8 million new securities will be issued
 - Represents 13.1% of current securities on issue
- The issue price of \$1.48 represents a 4.5% discount to NSR's close price on 25 March 2015 of \$1.55 per security and a 4.2% discount to NSR's 5 day VWAP to 25 March 2015 of \$1.54 per security

Use of Proceeds

- The net proceeds of the Institutional Placement will initially be used to reduce existing debt so as to provide NSR with financial flexibility to pursue acquisition opportunities

OUTLOOK AND CAPITAL MANAGEMENT



Earnings Guidance Prior to Institutional Placement

- NSR affirms the FY15 underlying earnings guidance:
 - \$24.2 million (8.5 cents per security) for FY15
 - \$13.6 million (4.6 cents per security) for 2H FY15

Earnings Guidance Post Institutional Placement

- Underlying earnings guidance for FY15 is revised to 8.2 cents per security
 - Reflects the short term dilution associated with the issue of approximately 38.8 million new securities and the use of funds to repay debt in the short term, prior to the deployment of capital on potential acquisitions

Capital Management

	Current	Post Placement
Debt Drawn ¹	\$178m	\$122m
Gearing ²	35%	23%

1 – 31 December 2014 including post balance date adjustments, refer page 8

2 – Gearing = net debt / total assets less cash and finance leases liability

ACQUISITIONS TRACK RECORD AND PIPELINE

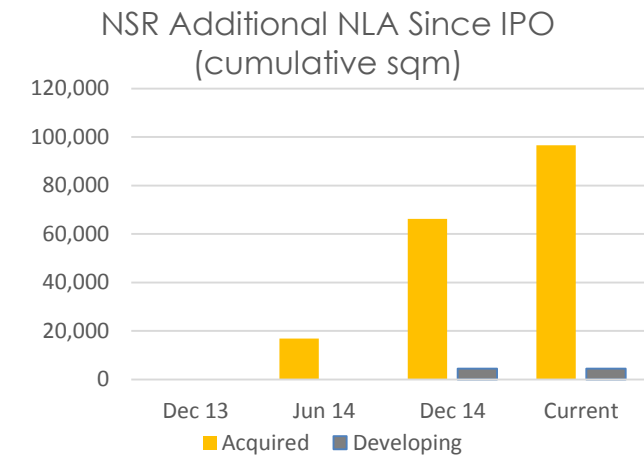
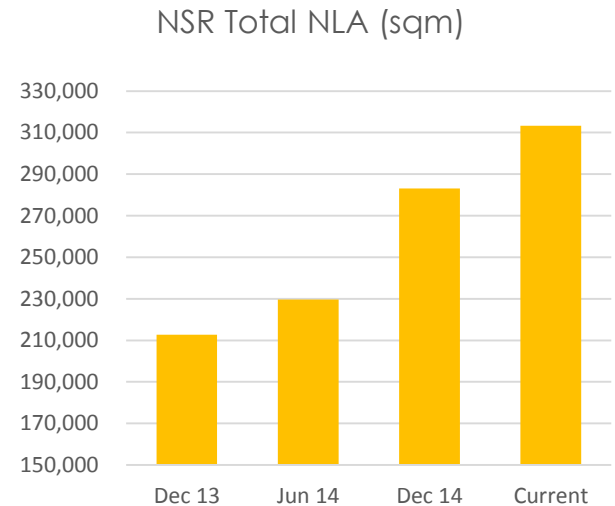
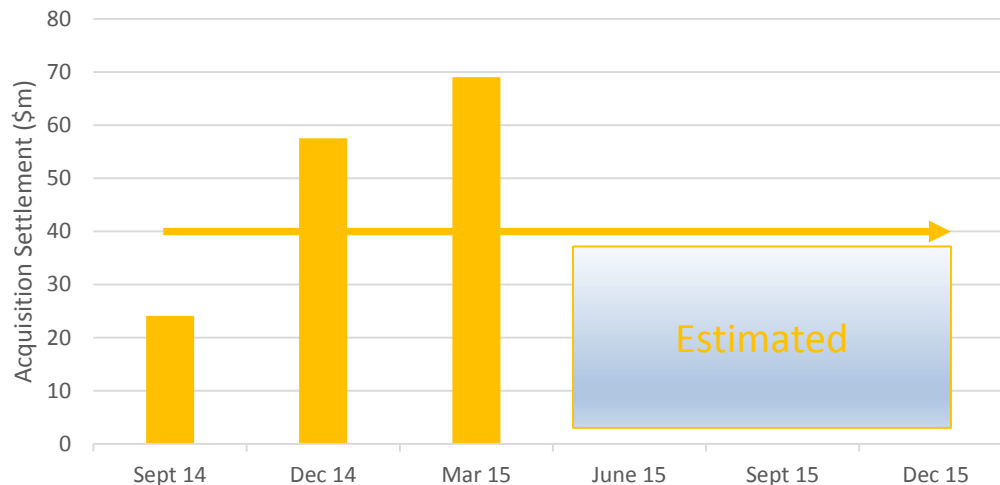


Acquisitions Track Record

- 20 new centres added to the NSR and Managed Centres portfolios since IPO (December 2013)
- Completed \$183 million in NSR acquisitions across 17 centres since IPO representing:
 - 45% growth in number of NSR centres
 - 48% growth in NLA
- Centres acquired are performing in line with expectations

Future Acquisition Pipeline

- Over \$120 million of investment opportunities identified
- Approximately \$60 million of these are under review



PRO FORMA BALANCE SHEET

PRO FORMA BALANCE SHEET					
\$m	Post Balance Date		Pro forma	Institutional Placement	Pro forma
	Dec-14	Adjustments ¹			
Cash	9.5	(5.0)	4.5		4.5
Investment properties (net of finance lease liability)	408.9	61.8	470.7		470.7
Investment in JV	5.6	0.0	5.6		5.6
Intangibles	14.0	0.0	14.0		14.0
Other assets	11.4	(1.1)	10.3		10.3
Total assets	449.4	55.7	505.1	0.0	505.1
Debt	111.3	66.6	177.9	(56.4)	121.5
Other liabilities	28.0	(11.8)	16.1		16.1
Total liabilities	139.3	54.8	194.1	(56.4)	137.7
Net assets	310.1	0.9	311.0	56.4	367.4
Total securities on issue (m)	295.6	0.0	295.6	38.8	334.5
NAV (\$/Security)	1.05		1.05		1.10
Gearing (Net Debt / Total Assets - Cash)	23%		35%		23%
Acquisition capacity (35%)	62.1		(4.0)		78.3

- Pro forma gearing of approximately 23% post Institutional Placement (representing approximately \$78 million of funding capacity)
- NSR's long term gearing target 25 – 35%, with an interim short term upper range of 40% if required, representing over \$124 million of funding capacity

Notes:

1. Includes settlement of acquisition of Glen Iris, South Melbourne, Hawthorn, Richmond, Dandenong South and Dee Why, settlement of disposal of Brooklyn, payment of 1H FY15 distribution, adjusted for actual cash as at 22 March 2015

INDICATIVE TIMETABLE



KEY EVENTS	DATE
Trading halt starts	26 March 2015
Institutional Placement offer and bookbuild opens	26 March 2015
Institutional Placement offer and bookbuild closes	26 March 2015
Trading recommences (for current securities)	27 March 2015
Settlement of new securities issued under Institutional Placement	1 April 2015
Allotment and normal trading of new securities issued under Institutional Placement	2 April 2015

Notes:

- All times indicative only, subject to change

APPENDIX A: FOREIGN JURISDICTIONS

FOREIGN JURISDICTIONS



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- Meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- Is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
- Is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or
- Is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

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APPENDIX B: 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 and the 2014 Annual Report 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

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