



NATIONAL STORAGE REIT

PORTFOLIO ACQUISITION AND \$260M EQUITY RAISING

28 JUNE 2016

NOT FOR RELEASE OR DISTRIBUTION IN THE UNITED STATES

IMPORTANT NOTE AND DISCLAIMER



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This Presentation has been prepared in relation to:

- (a) a placement of new Stapled Securities ("**New Securities**") to institutional and sophisticated investors ("**Placement**"); and
- (b) a pro rata accelerated non-renounceable entitlement offer of New Securities to be made to:
 - (i) eligible institutional holders of Stapled Securities ("**Institutional Entitlement Offer**"); and
 - (ii) eligible retail holders of Stapled Securities with registered addresses in Australia or New Zealand ("**Retail Entitlement Offer**"), (together, the "**Entitlement Offer**"), to be made under sections 708A, 708AA, 1012DA and 1012DAA of the Corporations Act 2001 (Cth) ("**Corporations Act**") as amended or modified by ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84, ASIC Corporations (Disregarding Technical Relief) Instrument 2016/73 and ASIC relief obtained in relation to the Entitlement Offer (collectively, the "**Offer**"). Determination of eligibility of investors for the purposes of the Offer is determined by reference to a number of matters, including legal requirements and the discretion of NSR and the underwriters (being J.P. Morgan Australia Limited (ACN 002 888 011) and Morgan Stanley Australia Securities Limited (ACN 078 652 276) and (together, the "**Underwriters**")), NSR and the Underwriters disclaim any liability in respect of the exercise or otherwise of that discretion, to the maximum extent permitted by law.

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An investment in Stapled Securities (including New Securities) is subject to investment and other known and unknown risks, some of which are beyond the control of NSR. NSR does not guarantee any particular rate of return or the performance of NSR or the Stapled Securities (including New Securities), nor does it guarantee the repayment of capital from NSR or any particular tax treatment. For further information please refer to the "Key Investment Risks" section on pages 26 to 28 of this Presentation for a summary of certain general and NSR specific risk factors that may affect NSR.

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Financial Data

All dollar values or references to dollars and cents in this document are expressed in Australian dollars unless otherwise stated. Totals may vary due to rounding and all financial data is presented as at the date of this Presentation unless otherwise stated. The financial information contained in this Presentation includes National Storage REIT's historical financial information and pro forma historical financial information being:

- The condensed historical balance sheet as at 31 December 2015 (the "**Historical Financial Information**"); and
- The condensed pro forma historical balance sheet as at 31 December 2015 assuming completion of the following:
 - the acquisition of 6 centres post 31 December 2015 and associated transaction costs of \$3.6m; and
 - securities issued pursuant to the distribution re-investment plan (refer to Appendix 3B lodged with the ASX on 29 February 2016)

(collectively the "**Post Dec15 Transactions**") and

- the Offer (net of associated transaction costs);
- the acquisition of the New Centres;
- the Acquisition (as defined on slide 5);
- the additional debt draw down of \$100m; and
- the repayment of existing debt

(collectively, the "**Other Pro Forma Transactions**")

(the "**Pro Forma Historical Financial Information**").

The Historical Financial Information and the Pro Forma Historical Financial Information are collectively referred to as "**Financial Information**". The Financial Information has been included in this Presentation in relation to the Offer and should not be used for any other purpose.

The Pro Forma Historical Financial Information included in this Presentation does not purport to be in compliance with Article 11 of Regulation S-X of the rules and regulations of the U.S. Securities and Exchange Commission.

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Southern Cross in connection with the Acquisition.

The Historical Financial Information was derived from the financial statements of National Storage REIT for the period ended 31 December 2015, which were reviewed by the group's auditors and on which an unqualified review conclusion was issued. The Historical Financial Information has been prepared using the recognition and measurement requirements of AAS and presented in an abbreviated form. The Historical Financial Information does not contain all of the disclosures and notes applicable to annual reports as required by AAS and the Corporations Act.

The Pro Forma Historical Financial Information has been derived from the financial statements of National Storage REIT for the period ended 31 December 2015, after adjusting for the Post Dec15 Transactions and the Other Pro Forma Transactions (collectively, the "**Pro Forma Adjustments**"). The Pro Forma Historical Financial Information has been prepared using the recognition and measurement requirements of AAS other than that it includes adjustments which have been prepared in a manner consistent with AAS that reflect the impact of certain transactions as if they had occurred as at 31 December 2015.

The Pro Forma Historical Financial Information is presented in an abbreviated form and does not contain all of the disclosures and notes applicable to annual reports as required by AAS and the Corporations Act.

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This Presentation may contain certain "forward looking statements". Forward looking statements can generally be identified by the use of forward looking words such as "expect", "anticipate", "likely", "intend", "should", "could", "may", "predict", "plan", "propose", "will", "believe", "forecast", "estimate", "target", "outlook", "guidance", "project", "opinion" and other similar expressions within the meaning of securities laws of applicable jurisdictions and may include, but are not limited to, the outcome and effects of the Offer and the use of proceeds. Indications of, and guidance on, future earnings and financial position, distributions, dividends and performance are also forward looking statements, and include statements in this Presentation regarding the conduct and outcome of the transactions outlined in this Presentation, NSR's outstanding debt, the market outlook, the future operation of Southern Cross and NSR's future developments.

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EXECUTIVE SUMMARY



Purpose

- Acquisition of the Southern Cross Portfolio for a net consideration of \$285m (the "Acquisition")¹
- The geographically diversified and complementary property portfolio comprises 26 storage centres with a combined gross land area of 231,000 sqm, NLA of 126,000 sqm and 13,000 storage units
- Acquisition of four additional storage centres for a total consideration of \$16.1m – a three centre portfolio in Perth and a single centre in Cairns with combined NLA of 15,800 sqm and 1,360 storage units (the "New Centres")
- The Acquisition and the New Centres underscore the most acquisitive year in NSR's history, with 18 additional acquisitions already completed since 1 July 2015 exceeding \$129m⁷ (excl. transaction costs)

Equity Raising and Debt Facility

- Fully underwritten \$260m equity raising comprising:
 - Institutional Placement of \$101m; and
 - 3-for-10 accelerated non-renounceable Entitlement Offer of \$159m
- The Offer price per New Security has been set at \$1.58², which represents an 8.7% discount to the distribution-adjusted last closing price of \$1.73³ on 27 June 2016 and a 6.0% discount to TERP⁴
- Renegotiated existing debt facilities increasing limits by \$130m to \$424m
 - Extended tenor
 - Improved covenants

Transaction Impact, FY16 Outlook and FY17 Guidance

- The Acquisition and New Centres will be accretive to FY17 underlying earnings, and will not impact FY16 earnings
- FY16 EPS guidance of 8.7 – 8.8 cents per Stapled Security re-affirmed, with 2H16 estimated final distribution of 4.4 cents per Stapled Security, bringing the total estimated distribution for FY16 to 8.7 cents per Stapled Security
- Factoring in the Acquisition, Offer and New Centres, NSR expects FY17 underlying earnings to be within a range of 9.2 – 9.4 cents per Stapled Security, representing 5.7% – 8.0% growth on FY16 guidance
- Following the Pro Forma Adjustments (including the Acquisition, Offer and New Centres), NSR's gearing will reduce to 32.6%^{5,6}, and NTA will increase by 5.4% to \$1.18⁶ per Stapled Security (from \$1.12 at 1H16)

1. Consideration for Southern Cross portfolio net of NSR's equity accounted holding, excluding transaction costs. Settlement scheduled to occur in August 2016. Acquisition facilitated by conditional contracts.
 2. New Securities issued under the Placement and Entitlement Offer will be issued after the record date for the 30 June 2016 estimated distribution and therefore will not be entitled to the estimated final distribution of 4.4 cents per Stapled Security.
 3. Last closing price of \$1.78 per Stapled Security as at 27 June 2016, on an ex-distribution basis (adjusting for the 30 June 2016 estimated final distribution of 4.4 cents per Stapled Security).
 4. TERP of \$1.68 per Stapled Security on an ex-distribution basis (adjusting for the 30 June 2016 estimated final distribution of 4.4 cents per Stapled Security), including New Securities issued under the Placement. For further information regarding TERP refer note 2 on slide 17.
 5. Pro forma gearing calculated by applying the gearing covenant calculations to the Pro Forma Historical Financial Information.
 6. Excludes the impact of any re-valuations at 30 June 2016.
 7. Applying a NZD/AUD exchange rate of 1.05.

TRANSACTION HIGHLIGHTS



1

Secures long-term ownership of strategically important assets and expands property base, underpinning NSR's strong market position

2

Highly complementary to NSR's existing property portfolio and already integrated into the NSR platform

3

Further potential to unlock value as centres continue to mature, with potential for upside from further expansion / development or redevelopment of some assets

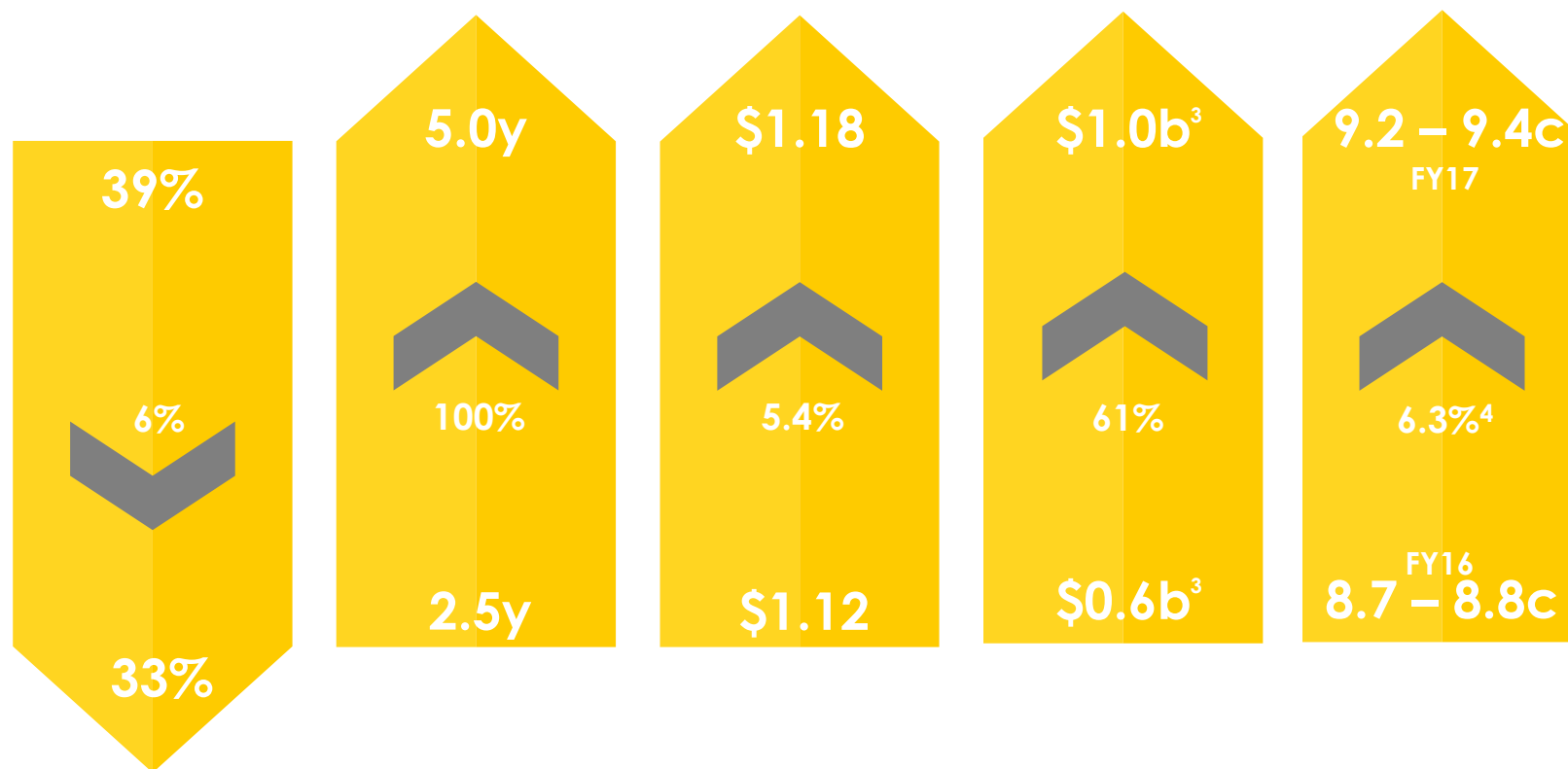
4

Consistent with NSR's growth strategy, underscoring the most acquisitive year in NSR's history

5

Resets balance sheet with significant NTA accretion (+5.4%), extends weighted average debt tenor to 5 years and provides \$120m in balance sheet capacity to pursue strong pipeline of potential acquisitions

IMPROVED METRICS + \$1 BILLION IN ASSETS



Gearing^{1,2}

Debt Tenor¹

NTA^{1,2}
per stapled security

Total Assets^{1,2}
pro-forma Dec 15

EPS
guidance
per stapled security

1. For gearing, NTA and total asset reference periods refer to slide 19. Debt tenor is as at 28 June 2016.
2. Forecasts exclude the impact of any re-valuations at 30 June 2016.
3. Net of finance lease liability associated with leasehold assets.
4. Calculated using mid-points of guidance ranges.



OVERVIEW OF ACQUISITIONS



MOST ACTIVE ACQUISITION YEAR



- Announced 23 acquisitions across Australia and New Zealand in FY16 (excluding the Southern Cross portfolio)
 - Total combined purchase price of FY16 acquisitions to date \$145m^{1,2} at a weighted average passing yield of 8.2%
- Active growth strategy to consolidate highly fragmented industry, leveraging fully-integrated scalable platform
- Strong potential acquisition pipeline with a further \$100m of assets currently under consideration
- Advanced negotiations underway for a further \$30m of assets

| | | State | Announcement Date | NLA (sqm) | Storage Units | Purchase Price ¹ |
|---|---|--------------------|-------------------|---------------|---------------|-----------------------------|
| H 1 F Y 1 6 | Belfast, Opawa, Ferrymead, Hornby & Redwood | Christchurch (NZ) | August 2015 | 17,000 | 1,350 | \$21.9m (NZ\$23.0m) |
| | Pymble, Camperdown & Seven Hills | New South Wales | October 2015 | 13,600 | 1,400 | \$11.1m |
| | Frankton | Hamilton (NZ) | November 2015 | 5,400 | 520 | \$7.0m (NZ\$7.4m) |
| | Earlville | Queensland | November 2015 | 5,200 | 550 | \$9.9m |
| | Croydon South | Victoria | December 2015 | 4,250 | 390 | \$4.7m |
| | Dee Why | New South Wales | December 2015 | 4,500 | 575 | \$3.2m |
| H 2 F Y 1 6 | Highett | Victoria | March 2016 | 4,600 | 700 | \$17.0m |
| | Darwin | Northern Territory | April 2016 | 5,800 | 600 | \$10.8m |
| | Gosford | New South Wales | April 2016 | 4,900 | 400 | \$7.2m |
| | South Wharf | Victoria | May 2016 | 4,800 | 725 | \$12.5m |
| | Newtown & Hutt City | Wellington (NZ) | May 2016 | 8,100 | 1,450 | \$23.8m (NZ\$25.0m) |
| | Edmonton | Queensland | June 2016 | 8,500 | 600 | \$7.1m |
| | Bayswater, Malaga & Welshpool | Western Australia | June 2016 | 7,300 | 760 | \$9.0m |
| | Butler (Leasehold) ³ | Western Australia | June 2016 | 5,100 | 480 | - |
| Total (since 1 July 2015) - 23 Centres | | | | 99,050 | 10,500 | \$145.3m² |
| Total (since 1 January 2016) -11 Centres | | | | 49,100 | 5,715 | \$87.4m² |

1. Excluding transaction costs.
2. Applying a NZD/AUD exchange rate of 1.05.
3. Part of the Perth Development Portfolio – greenfield development centre with option to acquire.

NEW CENTRES OVERVIEW



PERTH



- Three centres with a combined NLA of 7,300 sqm
- Strategic countercyclical opportunity
- Purchase price \$9.0m
- Fits within NSR's target yield range
- Settlement expected June 2016

CAIRNS



- 8,500 sqm NLA across 22,500 sqm GLA
- Second storage asset in Cairns
- Purchase price \$7.1m
- Fits within NSR's target yield range
- Settlement expected July 2016

SOUTHERN CROSS PORTFOLIO OVERVIEW



Portfolio Description

Physical Statistics

- Number of centres: 26
 - 24 self storage centres
 - 2 dedicated wine storage centres
- Total gross land area: 231,000 sqm
- Total storage units: 13,000 units
- Total net lettable area: 126,000 sqm

Operating Statistics

- Current occupancy¹: 74%
- Current average rate²: \$253 / sqm
- REVPAM²: \$182 / sqm

Valuation Details

- Portfolio valuation: \$293m
- Portfolio cap rate: 8.3%
- Forecast FY17 EBITDA³: \$17.5m
- Forecast FY17 operating yield: 6.0%
- Supported by independent valuation

Example Properties

Fortitude Valley, QLD



Browns Plains, QLD



Chatswood, NSW



St Mary's, NSW



Gladesville, NSW



Montrose, TAS



Collingwood, VIC



Tullamarine, VIC



1. As at 31 May 2016.
 2. As at 31 March 2016 (financial information provided at quarter end). REVPAM is the rate achieved per available metre of storage space leased.
 3. Projected FY17 EBITDA (pre management fees) based on occupancy growth of 2.3%, rate growth of 3.0% and growth of other revenue and expenditure items of 2.5% - 5.0%.

SOUTHERN CROSS ACQUISITION HIGHLIGHTS



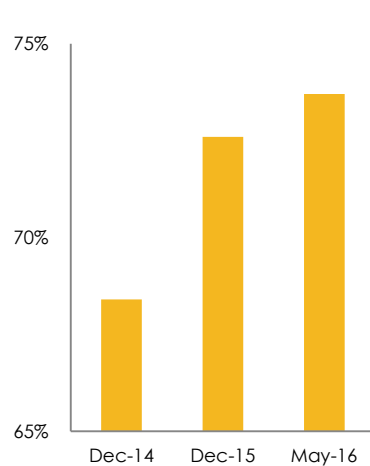
Strong income upside

- Attractive portfolio cap rate of 8.3% and FY17 operating yield of 6.0%
- Potential to drive occupancy and rate per sqm
- Deep familiarity having managed centres since 2011
- Minimal integration risk and costs given centres already form part of platform and brand

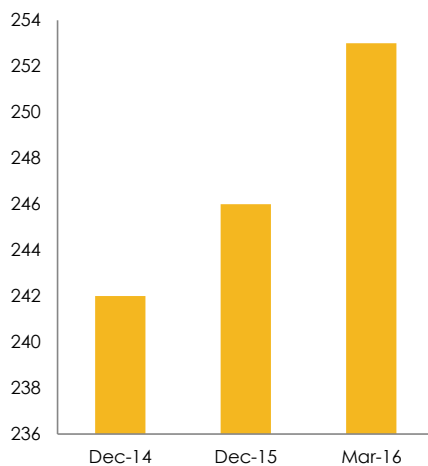
Highly complementary to existing NSR portfolio

- Enhances geographic spread and improves diversification
- Strategic locations with future expansion / development / portfolio recycling potential
- Attractive locations with high population densities within the surrounding catchments
- Potential for further value accretion as portfolio continues to mature²

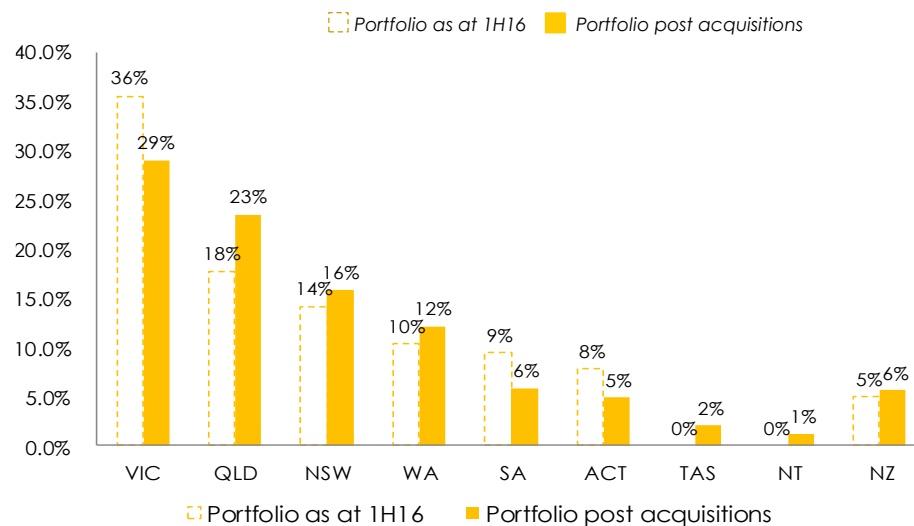
Southern Cross Portfolio Occupancy (%)



Southern Cross Portfolio Average Rate (\$ / sqm)



Geographic Breakdown (by Value¹)



1. Excludes the impact of any re-valuations at 30 June 2016
2. On conclusion of Acquisition, NSR's management contract (and revenue) will terminate

TRANSACTION HIGHLIGHTS



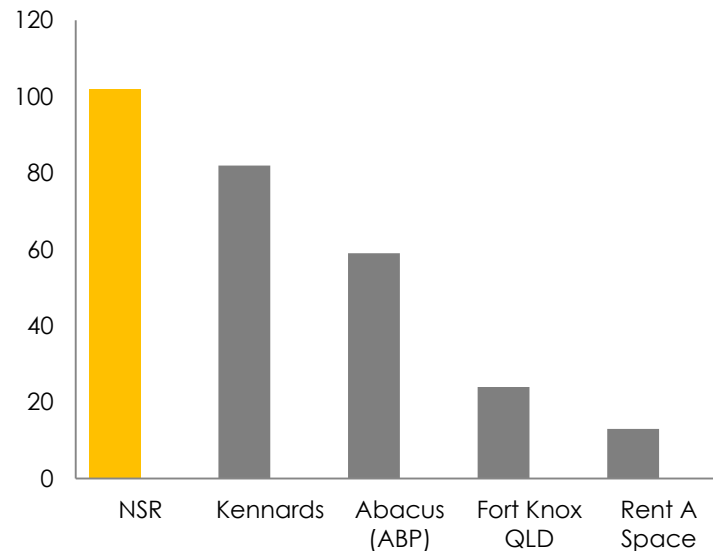
Reinforces strong market position

- Reinforces sector leadership and primary consolidator position
- Provides capacity in key areas to grow occupancy
- Improves geographic diversification of property portfolio

Strengthens balance sheet and improves metrics

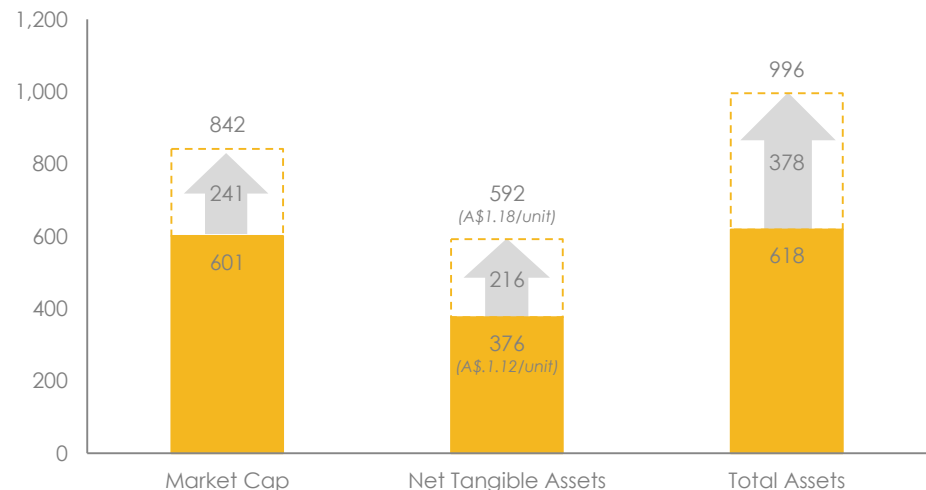
- Greater scale strengthens NSR's balance sheet and improves access to and cost of capital
- Increases market capitalisation by ~41%¹
- Resets pro-forma gearing at 32.6% providing over \$120m in acquisition capacity to facilitate further growth
- Boosts NTA by 5.4%²

Centres by Ownership



Market Capitalisation¹, NTA² and Total Assets^{2,3} (\$m)

■ Portfolio as at 1H16 □ Portfolio post acquisitions



1. Post acquisition market capitalisation calculated by multiplying the estimated TERP of \$1.68 per security by the total securities outstanding post equity raising of 501.0m.
2. Excludes impact of any re-valuations at 30 June 2016
3. Total Assets net of Finance Lease Liability

The logo for National Storage, featuring the words "NATIONAL" and "STORAGE" in bold, black, sans-serif capital letters, stacked vertically within a yellow rectangular box with a black border.

**NATIONAL
STORAGE**



OPERATIONAL UPDATE

A decorative horizontal bar at the bottom of the slide, consisting of a yellow section on the left and a brown section on the right.

OPERATIONAL UPDATE



Occupancy

- NSR portfolio currently trading at 72% with further potential upside as key markets improve
- Positive gains in other states offset occupancy decline in Perth demonstrating portfolio resilience and benefits of diversification

Rate per sqm

- Phase One of the multiple signal revenue management system recently completed
- Early results show positive impact in key markets
- Phase Two targeting existing customer rates scheduled for 1H FY17
- Continued focus on rate per square metre improvements
- Focus on driving rate achieved per available metre (REVPAM)

Capital Management

- Renegotiated existing debt facilities, increasing limits by ~\$130m to \$424m and improved overall covenants including increased gearing covenant to 55%
- New \$100m debt facility to fund the Southern Cross portfolio acquisition
- Weighted average tenor extended to 5.0 years, up from 2.5 years as at 31 December 2015, with the shortest maturity date being December 2019
- Weighted average facility margin increased by 0.34% to 1.59% reflecting significant increase in tenor and current market conditions
- Gearing range expanded to 25% – 40% (from 25% – 35%) to provide flexibility and ability to act on acquisition opportunities



EQUITY RAISING OVERVIEW



EQUITY RAISING OVERVIEW



Offer Structure and Size

- Fully underwritten \$260m Offer comprising:
 - An institutional Placement of \$101m; and
 - A 3-for-10 accelerated non-renounceable Entitlement Offer of \$159m
- 164.6m New Securities to be issued (equivalent to ~48.9% of existing Stapled Securities on issue)

Offer Price

- The Offer will be conducted at \$1.58¹ per New Security, implying:
 - 8.7% discount to the distribution-adjusted last closing price of \$1.73 on 27 June 2016
 - 6.0% discount to TERP²
- At the \$1.58 Offer price and based on NSR's guidance for FY17, the New Securities issued under the Offer will generate an estimated FY17 EPS yield of 5.9%³

Use of Proceeds

- Proceeds will be used to fund the Acquisition, New Centres and reduce gearing levels to ensure sufficient headroom for growth and flexibility

Ranking

- New Securities will not be entitled to the estimated final distribution of 4.4 cents per Stapled Security for the 6 months ending 30 June 2016, but will rank pari passu with existing Stapled Securities from allotment

Underwriting

- The Offer is fully underwritten by J.P. Morgan Australia Limited and Morgan Stanley Securities Australia Limited as Joint Lead Managers and Underwriters

Transaction Impact, FY16 Outlook and FY17 Guidance

- The Acquisition and New Centres (subject to completion) will be accretive to FY17 underlying earnings, and will not impact FY16 underlying earnings
- FY16 EPS guidance of 8.7 – 8.8 cents per Stapled Security re-affirmed, with 2H16 estimated final distribution of 4.4 cents per Stapled Security, bringing the total estimated distribution for FY16 to 8.7 cents per Stapled Security
- Factoring in the Acquisition, New Centres and Offer, NSR expects FY17 underlying earnings to be within a range of 9.2 – 9.4 cents per Stapled Security, representing 5.7% – 8.0% growth on FY16 guidance
- Following Pro Forma Adjustments (including the Acquisition, Offer and New Centres), NSR's gearing will reduce to 32.6%⁴, and NTA will increase by 5.4% to \$1.18⁵ per Stapled Security (from \$1.12 at 1H16)

1. New Stapled Securities issued under the Placement and Entitlement Offer will be issued after the record date for the 30 June 2016 estimated distribution and therefore will not be entitled to the estimated distribution of 4.4 cents per Stapled Security.

2. TERP of \$1.68 per security calculated on an ex-distribution basis (adjusting for the 30 June 2016 estimated final distribution of 4.4 cents per Stapled Security), including Stapled Securities issued under the institutional Placement. "TERP" is the theoretical price at which Stapled Securities will trade after the ex-date for the distribution for the period ending 30 June 2016. It is a theoretical calculation only and the actual price at which Stapled Securities will trade immediately after the ex-date for the distribution will depend on many factors and may not be equal to the TERP.

3. Based on mid point of FY17 EPS guidance.

4. Pro forma gearing calculated by applying the gearing covenant calculations to the Pro Forma Historical Financial Information.

5. NTA excludes the impact of any re-valuations at 30 June 2016.

SOURCES AND USES



Sources (\$m)

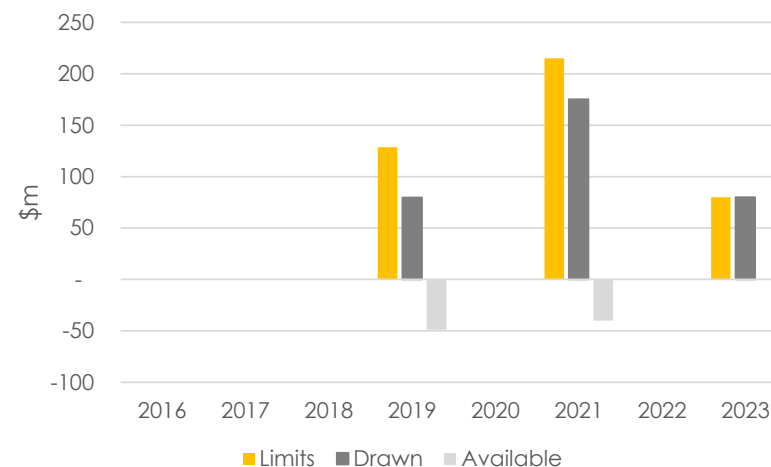
| | |
|----------------------------|------------|
| Placement Proceeds | 101 |
| Entitlement Offer Proceeds | 159 |
| Additional Debt | 100 |
| Total | 360 |

Uses (\$m)

| | |
|--|------------|
| Acquisition of Southern Cross ³ | 281 |
| Acquisition of New Centres | 17 |
| Repayment of Debt | 44 |
| Transaction Costs | 18 |
| Total | 360 |

Debt Facilities¹

- \$424 million in facilities
- \$331 million drawn²
- 32.6% pro-forma gearing²
- Weighted average tenor 5.0 years
- Gearing range expanded to 25% – 40%
- Gearing covenant 55%



1. Amounts in AUD applying a NZD/AUD exchange rate of 1.05.
 2. Post settlement of the Acquisition and New Centres. Excludes any impact of re-valuations as at 30 June 2016.
 3. Consideration for Southern Cross portfolio net of NSR's equity accounted holding and business adjustments.

BALANCE SHEET IMPACT



Condensed Historical and Pro-forma Historical Balance Sheet as at 31 December 2015^(4,5)

| \$m, unless otherwise stated | Historical Dec 15 ⁶ | Adjustments – Post Dec15 Transactions ¹ | Historical Dec 15 Adjusted | Adjustments - Other Pro Forma Transactions ² | Pro-forma Historical Dec 15 ⁷ |
|--------------------------------------|--------------------------------|--|----------------------------|---|--|
| Cash | 10.2 | - | 10.2 | - | 10.2 |
| Investment Properties | 735.8 | 75.5 | 811.3 | 285.3 | 1,096.6 |
| Equity Accounted Investments | 14.8 | - | 14.8 | (8.4) | 6.4 |
| Intangibles Assets | 14.4 | - | 14.4 | 25.5 | 39.9 |
| Other Assets | 10.2 | - | 10.2 | - | 10.2 |
| Total Assets | 785.4 | 75.5 | 860.9 | 302.3 | 1,163.2 |
| Debt | 196.3 | 79.1 | 275.4 | 55.9 | 331.3 |
| Finance Lease Liabilities | 167.1 | | 167.1 | 0.3 | 167.4 |
| Other Liabilities | 32.0 | (2.8) | 29.2 | 3.3 | 32.5 |
| Total Liabilities | 395.4 | 76.3 | 471.7 | 59.5 | 531.2 |
| Net Assets | 390.0 | (0.8) | 389.2 | 242.8 | 632.0 |
| Contributed equity | 335.6 | 2.8 | 338.4 | 254.8 | 593.2 |
| Retained earnings and Other Reserves | 54.4 | (3.6) | 50.8 | (12.0) | 38.8 |
| Equity | 390.0 | (0.8) | 389.2 | 242.8 | 632.0 |

Key Metrics

| | Historical Dec 15 | Adjustments – Post Dec15 Transactions ^{1,3} | Historical Dec15 Adjusted | Adjustments - Other Pro Forma Transactions ² | Pro-forma |
|---|-------------------|--|---------------------------|---|-----------|
| Stapled Securities on Issue (m) | 334.5 | 2.0 | 336.4 | 164.6 | 501.0 |
| NTA per Security (\$) | 1.12 | | 1.11 | | 1.18 |
| Gearing | 30.6% | | 38.8% | | 32.6% |
| Total Assets net of Finance Lease Liability | 618.3 | 75.5 | 693.8 | 302.0 | 995.8 |

1. Pro forma adjustments to reflect the impact of the Post Dec15 Transactions (as defined on page 3).
2. Pro forma adjustments to reflect the impact of the Other Pro Forma Transactions (as defined on page 3).
3. Securities issued pursuant to the distribution re-investment plan (refer to Appendix 3B as at 29 February 2016).
4. Refer to slide 3 for the basis of preparation of the condensed historical balance sheet and condensed pro forma historical balance sheet.
5. Excludes the impact of any re-valuations at 30 June 2016
6. This is the Historical Financial Information as defined on page 3.
7. This is the Pro Forma Historical Financial Information as defined on page 3.

EQUITY RAISING TIMETABLE



| Event | Date ¹ |
|---|---------------------------------|
| Trading halt and announcement of Offer | Tuesday 28 June |
| Institutional Placement and Institutional Entitlement Offer conducted | Tuesday 28 to Wednesday 29 June |
| Trading halt lifted – stapled securities recommence trading on ASX on an 'ex-entitlement' basis | Thursday 30 June |
| Record date for determining entitlement to subscribe for new stapled securities and final 30 June 2016 distribution record date | Thursday 30 June |
| Retail Entitlement Offer opens | Tuesday 5 July |
| Retail Offer Booklet despatched | Tuesday 5 July |
| Early Retail Entitlement Offer period closes | Friday 8 July |
| Settlement of Institutional Placement and Institutional Entitlement Offer | Monday 11 July |
| Allotment and normal trading of new stapled securities under the Institutional Placement, Institutional Entitlement Offer, and Early Retail Entitlement Offer | Tuesday 12 July |
| Retail Entitlement Offer closes | Friday 15 July |
| Settlement of Retail Entitlement Offer | Thursday 21 July |
| Allotment of new stapled securities issued under Retail Entitlement Offer | Friday 22 July |
| Normal trading of new stapled securities issued under the Retail Entitlement Offer | Monday 25 July |
| Holding Statements dispatched to retail securityholders | Tuesday 26 July |

¹ All dates and times are indicative only and may be changed without notice.



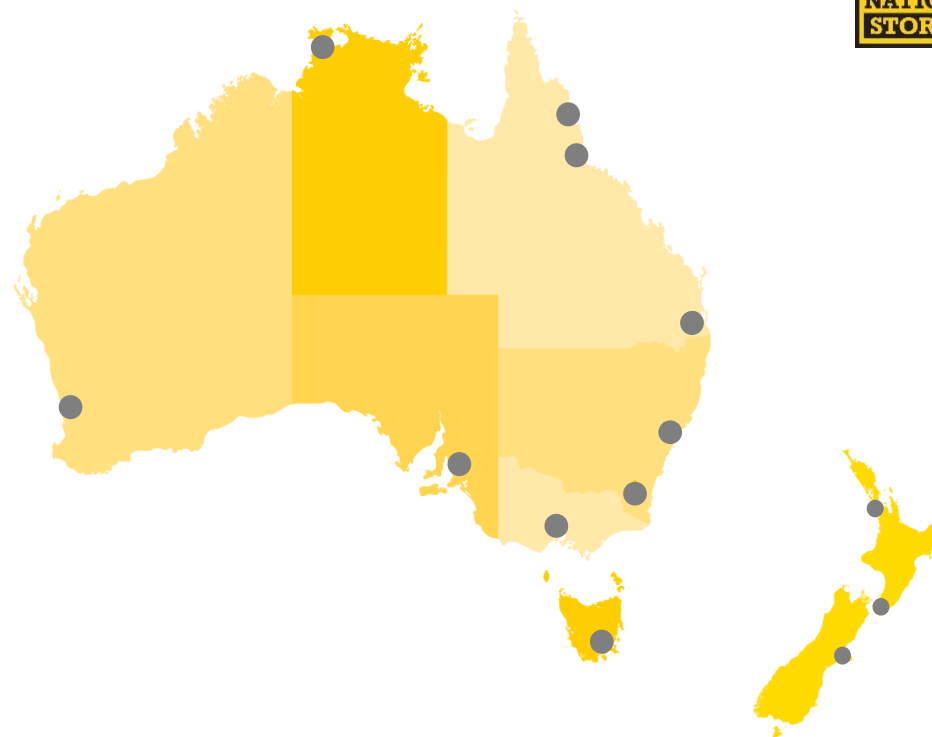
APPENDIX



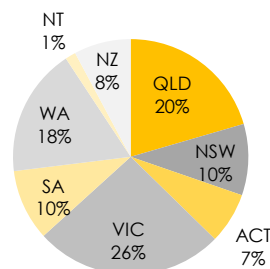
PORTFOLIO OVERVIEW



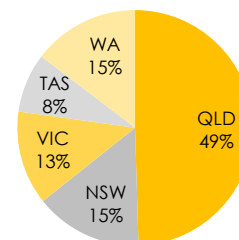
| QLD | VIC | WA |
|--|--|---|
| Aspley Brisbane City Browns Plains (SX) Caboolture Sth (SX) Cannon Hill (SX) Capalaba Coolum (SX) Coorparoo Currumbin (SX) Earlville Edmonton Forlitude Valley (SX) Hervey Bay (SX) Indooroopilly Kawana Waters (SX) Kedron Macgregor Mt Gravatt Nerang (SX) Oxley (SX) Springwood Townsville Tweed Heads Virginia Yandina (SX) | Box Hill Breakwater Brooklyn (MGD) Brunswick Collingwood (SX) Croydon Croydon South Dandenong South Glen Iris Hawthorn Highett Hoppers Crossing (SX) Kilsyth Moolap Moorabbin Mulgrave Nth Melbourne Northcote Port Melbourne Prahran Richmond South Melbourne South Wharf Sunbury Tullamarine (SX) | Bayswater Belmont (SX) Butler Canning Vale Cockburn Embleton Forrestdale Guildford Jandakot (MGD) Joondalup (SX) Malaga Mandurah (MGD) O'Connor Osborne Park (SX) Perth Rockingham Subiaco Wangara Welshpool |
| SA | NSW | ACT |
| Cheltenham Hindmarsh Klemzig Marion Port Adelaide Reynella | Artarmon Alexandria (SX) Belfield Camperdown Chatswood (SX) Dee Why Gladesville (SX) Gosford Hornsby Minchinbury (SX) Pymble Seven Hills (SX) St Marys (SX) Toongabbie | Hume Mitchell Phillip Queanbeyan |
| TAS | NT | NZ |
| Moonah (SX) Montrose (SX) Mornington (SX) | Coconut Grove | Belfast Ferrymead Frankton Hillsborough Hornby Hutt City Newtown Redwood |



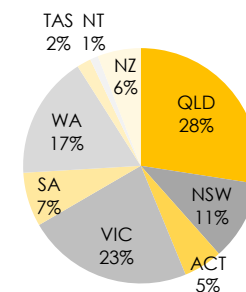
Current NSR¹
By NLA



Southern Cross (SX)
By NLA



Pro-forma NSR²
By NLA



1. Including all 2H16 acquisitions.
2. Pro-forma includes Acquisition and New Centres

PRO-FORMA PORTFOLIO METRICS



| | 31 December 2015 | | | Pro-forma ² | | |
|-----------------------------------|------------------|---------|---------|------------------------|---------|---------|
| | NSR | MANAGED | TOTAL | NSR | MANAGED | TOTAL |
| Freehold centres | 50 | 29 | 79 | 86 | 3 | 89 |
| Leasehold centres | 15 | - | 15 | 16 | - | 16 |
| Total centres | 65 | 29 | 94 | 102 | 3 | 105 |
| Freehold NLA (sqm) | 277,000 | 141,000 | 418,000 | 445,000 | 15,000 | 460,000 |
| Leasehold NLA (sqm) | 73,000 | - | 73,000 | 78,000 | - | 78,000 |
| Total NLA (sqm) | 350,000 | 141,000 | 491,000 | 523,000 | 15,000 | 538,000 |
| Average NLA | 5,400 | 4,900 | 5,200 | 5,200 | 5,000 | 5,100 |
| Storage units | 40,000 | 14,000 | 54,000 | 56,000 | 1,200 | 57,200 |
| REVPAM ¹ | \$212 | N/A | N/A | \$208 | N/A | N/A |
| Assets under management | \$618m | \$268m | \$886m | \$996m | N/A | \$996m |
| Weighted average primary cap rate | 8.40% | N/A | N/A | 8.37% | N/A | N/A |

1. REVPAM (Revenue per available square metre) – Excludes developing and New Zealand centres

2. Excludes the impact of any re-valuations at 30 June 2016

FOREIGN JURISDICTIONS



This document does not constitute an offer of New Securities of National Storage REIT in any jurisdiction in which it would be unlawful. In particular, this document may not be distributed to any person, and New Securities may not be offered or sold, in any country outside Australia except to the extent permitted below.

Hong Kong

WARNING: This document has not been, and will not be, authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the "**SFO**"). No action has been taken in Hong Kong to authorize this document or to permit the distribution of this document or any documents issued in connection with it. Accordingly, the New Securities have not been, and will not be, offered or sold in Hong Kong other than to "professional investors" (as defined in the SFO).

No advertisement, invitation or document relating to the New Securities has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the New Securities which are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors as defined in the SFO and any rules made under that ordinance.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the Offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

New Zealand

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (the "**FMC Act**"). The New Securities are not being offered to the public within New Zealand other than to existing holders of Stapled Securities with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the transitional provisions of the FMC Act and the Securities Act (Overseas Companies) Exemption Notice 2013.

Other than in the Entitlement Offer, the New Securities may only be offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) to a person who:

- is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
- 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.

Singapore

This document has not been registered as a prospectus with the Monetary Authority of Singapore ("**MAS**") and, accordingly, statutory liability under the Securities and Futures Act, Chapter 289 (the "**SFA**") in relation to the content of prospectuses does not apply, and you should consider carefully whether the investment is suitable for you. National Storage REIT is not authorised or recognised by the MAS and the New Securities are not allowed to be offered to the retail public. This document and any other document or material in connection with the offer or sale, or invitation for subscription or purchase of the New Securities may not be circulated or distributed, nor may the New Securities be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except to "institutional investors" (as defined in the SFA), or otherwise pursuant to, and in accordance with the conditions of, any other applicable provisions of the SFA. This document has been given to you on the basis that you are an "institutional investor" (as defined under the SFA). In the event that you are not an institutional investor, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the New Securities being subsequently offered for sale to any other party. You are advised to acquaint yourself with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

United States

This document does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States. Any securities described in this document have not been, and will not be, registered under the US Securities Act of 1933 and may not be offered or sold in the United States except in transactions exempt from, or not subject to, the registration requirements of the US Securities Act and applicable US state securities laws.

FOREIGN JURISDICTIONS (CONT'D)



Canada (British Columbia, Ontario and Quebec provinces)

This document constitutes an offering of New Securities only in the Provinces of British Columbia, Ontario and Quebec (the "**Provinces**") and to those persons to whom they may be lawfully distributed in the Provinces, and only by persons permitted to sell such New Securities. This document is not, and under no circumstances is to be construed as, an advertisement or a public offering of securities in the Provinces. This document may only be distributed in the Provinces to persons that are "accredited investors" within the meaning of NI 45-106 – *Prospectus and Registration Exemptions*, of the Canadian Securities Administrators.

No securities commission or similar authority in the Provinces has reviewed or in any way passed upon this document, the merits of the New Securities or the offering of New Securities and any representation to the contrary is an offence.

No prospectus has been, or will be, filed in the Provinces with respect to the offering of New Securities or the resale of such securities. Any person in the Provinces lawfully participating in the Offer will not receive the information, legal rights or protections that would be afforded had a prospectus been filed and receipted by the securities regulator in the applicable Province. Furthermore, any resale of the New Securities in the Provinces must be made in accordance with applicable Canadian securities laws which may require resales to be made in accordance with exemptions from dealer registration and prospectus requirements. These resale restrictions may in some circumstances apply to resales of the New Securities outside Canada and, as a result, Canadian purchasers should seek legal advice prior to any resale of the New Securities.

National Storage REIT as well as its directors and officers may be located outside Canada and, as a result, it may not be possible for purchasers to effect service of process within Canada upon National Storage REIT or its directors or officers. All or a substantial portion of the assets of National Storage REIT and such persons may be located outside Canada and, as a result, it may not be possible to satisfy a judgment against National Storage REIT or such persons in Canada or to enforce a judgment obtained in Canadian courts against National Storage REIT or such persons outside Canada.

Any financial information contained in this document has been prepared in accordance with Australian Accounting Standards and also comply with International Financial Reporting Standards and interpretations issued by the International Accounting Standards Board. Unless stated otherwise, all dollar amounts contained in this document are in Australian dollars. *Statutory rights of action for damages and rescission*

Securities legislation in certain of the Provinces may provide purchasers with, in addition to any other rights they may have at law, rights of rescission or to damages, or both, when an offering memorandum that is delivered to purchasers contains a misrepresentation. These rights and remedies must be exercised within prescribed time limits and are subject to the defences contained in applicable securities legislation. Prospective purchasers should refer to the applicable provisions of the securities legislation of their respective Province for the particulars of these rights or consult with a legal adviser.

The following is a summary of the statutory rights of rescission or to damages, or both, available to purchasers in Ontario. In Ontario, every purchaser of the New Securities purchased pursuant to this document (other than: (a) a "Canadian financial institution" or a "Schedule III bank" (each as defined in NI 45-106); (b) the Business Development Bank of Canada; or (c) a subsidiary of any person referred to in (a) or (b) above, if the person owns all the voting securities of the subsidiary, except the voting securities required by law to be owned by the directors of that subsidiary) shall have a statutory right of action for damages and/or rescission against National Storage REIT if this document or any amendment thereto contains a misrepresentation. If a purchaser elects to exercise the right of action for rescission, the purchaser will have no right of action for damages against National Storage REIT. This right of action for rescission or damages is in addition to and without derogation from any other right the purchaser may have at law. In particular, Section 130.1 of the Securities Act (Ontario) provides that, if this document contains a misrepresentation, a purchaser who purchases the New Securities during the period of distribution shall be deemed to have relied on the misrepresentation if it was a misrepresentation at the time of purchase and has a right of action for damages or, alternatively, may elect to exercise a right of rescission against National Storage REIT, provided that:

- National Storage REIT will not be liable if it proves that the purchaser purchased the New Securities with knowledge of the misrepresentation;
- in an action for damages, National Storage REIT is not liable for all or any portion of the damages that National Storage REIT proves does not represent the depreciation in value of the New Securities as a result of the misrepresentation relied upon; and
- in no case shall the amount recoverable exceed the price at which the New Securities were offered.
- Section 138 of the *Securities Act* (Ontario) provides that no action shall be commenced to enforce these rights more than:
 - in the case of any action for rescission, 180 days after the date of the transaction that gave rise to the cause of action; or
 - in the case of any action, other than an action for rescission, the earlier of:
 - 180 days after the purchaser first had knowledge of the fact giving rise to the cause of action; or
 - three years after the date of the transaction that gave rise to the cause of action.

These rights are in addition to, and not in derogation from, any other right the purchaser may have.

Certain Canadian income tax considerations. Prospective purchasers of the New Securities should consult their own tax adviser with respect to any taxes payable in connection with the acquisition, holding or disposition of the New Securities as any discussion of taxation related matters in this document is not a comprehensive description and there are a number of substantive Canadian tax compliance requirements for investors in the Provinces.

Language of documents in Canada. Upon receipt of this document, each investor in Canada hereby confirms that it has expressly requested that all documents evidencing or relating in any way to the sale of the New Securities (including for greater certainty any purchase confirmation or any notice) be drawn up in the English language only. *Par la réception de ce document, chaque investisseur canadien confirme par les présentes qu'il a expressément exigé que tous les documents faisant foi ou se rapportant de quelque manière que ce soit à la vente des valeurs mobilières décrites aux présentes (incluant, pour plus de certitude, toute confirmation d'achat ou tout avis) soient réalisés en anglais seulement.*

KEY INVESTMENT RISKS



Investors should carefully consider the risk factors described below, in addition to the other information in this document and publicly available information of NSR, before making an investment decision. If you require further information regarding the appropriateness or potential risks of this investment, you should seek appropriate financial advice.

An investment in NSR is subject to risks, both specific to NSR and more general risks. Many of these risks are beyond the control of NSR and, if they were to eventuate, may impact adversely on the performance, or value, of an investment in NSR. This summary details some of the major risks that you should be aware of when investing in NSR, however it is not intended to be exhaustive.

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. Additional risk factors and uncertainties that are not known to NSR at the time of this Offer, or which are considered immaterial, may in the future materially impact NSR's assets, financial condition or operations and may have an adverse effect on an investment in NSR.

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. Valuations represent only the analysis and opinion of qualified experts at a certain point in time. There is no guarantee that a property will achieve a capital gain on its sale or that the value of the property will not fall as a result of the assumptions on which the relevant valuations are based proving to be incorrect.

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 realise the property assets in a timely manner or at an optimal sale price in line with the asset's valuation. This may affect NSR's net asset value or trading price per Stapled 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 Exposure to Australian Prime Storage Fund ("APSF")

The management agreement in place with APSF may be terminated in certain circumstances. If terminated, NSR will not receive management fee income that would otherwise be payable in accordance with the management agreement in place in respect of APSF. APSF has a first right to acquire additional "prime" self-storage centres subject to certain conditions. This may adversely affect NSR's ability to acquire additional prime self-storage centres in certain circumstances.

1.8 Risk of joint venture development funds

NSR is currently a joint venture participant in Southern Cross (subject to completion of the Acquisition) and APSF. This imposes restrictions which would not apply if NSR was the 100% owner of the assets and operations of Southern Cross and APSF, including in relation to changes in relevant business plans, distribution policies, capital, borrowings and capital expenditure. For further information please refer to paragraphs 1.6 and 1.7 above.

1.9 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.

1.10 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. Examples of losses that are generally not insured against include war or acts of terrorism and natural phenomena such as earthquake or cyclone. If any of NSR's assets are damaged or destroyed by an event for which NSR does not have cover, or a loss occurs which is in excess of the insured amounts, NSR could incur a capital loss and lost income which could reduce returns for holders of Stapled Securities (including New Securities). Any failure by the company or companies providing insurance (or any reinsurance) may adversely affect NSR's right of recovery under its insurance.

1.11 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. There can be no assurance that NSR will successfully identify, acquire and integrate further self-storage assets, or successfully implement acquisitions on time and on budget. Furthermore, there is no guarantee that any acquisition will perform as expected. Future acquisitions may also expose NSR to unanticipated business risks and liabilities.

KEY INVESTMENT RISKS (CONT'D)



1.12 Banking obligation risk

NSR is subject to a number of undertakings and financial covenants under its current debt facility arrangements, including in relation to gearing levels and interest cover ratios. An event of default can occur under its current 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.

1.13 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. Changes to any of these underlying factors could lead to an increase in the cost of funding, limit the availability of funding, and increase the 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, this could adversely affect NSR's ability to acquire new properties and to fund capital expenditure, and NSR may need to realise assets at less than valuation, which 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 holders of Stapled Securities (including the New Securities).

1.14 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.

1.15 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.

1.16 Stapled structure

There are inherent risks associated with a stapled structure. For example, the boards of NSH and NSFS may not agree on certain matters that involve the approval of each of these boards.

1.17 No assurance of liquidity or trading price

No assurances can be provided that the Stapled Securities (including the New Securities) will trade at any particular price or as to liquidity of trading or that any capital growth in NSR will translate into a higher price at which the Stapled Securities (including the New Securities) trade. The historical performance of Stapled Securities provides no guidance as to the future performance of Stapled Securities (including the New Securities).

1.18 Insolvency

In the event of any liquidation or winding up of NSR the claims of NSR's creditors will rank ahead of those of its investors. Under such circumstances NSR will first repay and discharge all claims of its creditors. Any surplus assets will then be distributed to NSR's investors. All investors will rank equally in their claim and will be entitled to an equal share per Stapled Security.

1.19 Employees

NSR's future performance is dependent on the ability to recruit, train, retain and motivate senior executives and employees. There is a risk that NSR may be unable to attract or retain key personnel and specialist skills and may lose corporate memory.

1.20 Occupational health and safety

There is a risk that liability arising from occupational health and safety matters at a property in NSR's portfolio may be attributable to NSR as the registered proprietor. To the extent that any liabilities may be incurred by NSR, this may impact upon the financial position and performance of NSR (to the extent not covered by insurance). In addition, penalties may be imposed upon NSR which may have an adverse impact on NSR.

1.21 Compliance

NSR is subject to strict regulatory and compliance arrangements under the Corporations Act, ASX and ASIC policy. If NSFS breaches the terms of its Australian Financial Services Licence, ASIC may take action to suspend or revoke the licence which would adversely impact the ability of NSFS to operate NSPT. Being listed on the ASX imposes various listing obligations with which NSR must comply on an ongoing basis.

1.22 Litigation, disputes and default

There is a risk that NSR or a member of the NSR group may become involved in litigation or disputes, which could adversely affect its financial performance.

2.0 Key risks relating to the Acquisition

2.1 Completion risk

NSR has entered into conditional agreements to acquire the portfolio of storage assets owned by Southern Cross, referred to in this document as the "Acquisition". Failure of a third party to comply with the agreements could result in a delay in, or failure to complete, the Acquisition. Further, if any of the conditions are waived and the Acquisition proceeds, there may be an adverse impact on the financial position and performance of NSR. If any of the conditions are not satisfied or waived within the time specified, the Acquisition may not proceed or may be delayed.

2.2 Post-acquisition performance

If the Acquisition is successful, the risks identified in this section in relation to NSR's ownership and operation of self-storage sites, including (but not limited to) "General Commercial Property Risks", "Environmental Issues" and "Occupational Health and Safety" will also apply to the Southern Cross assets acquired by NSR as part of the Acquisition.

KEY INVESTMENT RISKS (CONT'D)



3.0 General market and regulatory risks

3.1 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, Stapled Securities.

3.2 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 holders of Stapled Securities (including New Securities).

Further, the risk that changes in prevailing market interest rates and the strength of capital markets will influence NSR's interest costs and its ability to refinance debt respectively.

3.3 Inflation

Lower than expected inflation rates generally or specific to the sectors in which NSR operates could reduce the rate of increase in inflation-linked revenues. Higher than expected inflation is likely to increase operating and development costs. Such changes could adversely impact NSR's financial performance.

3.4 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.

3.5 Dilution risk

Investors who do not participate in the Offer, or who do not take up all of their entitlement under the Offer, will have their investment in NSR diluted and receive no value for their entitlement. Further, and in addition to the Placement, 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.

3.6 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.

3.7 Taxation risk

There may be tax implications arising from applications for Stapled Securities (including New Securities), the receipt of distributions (if any) and returns of capital from NSR, and on the disposal of Stapled Securities. Future tax reforms could impact on the distributions from NSR and the value of securities, possible with retrospective effect. Investors should note that Australian tax laws are complex and constantly subject to change.

3.8 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 NSH and NSFS. 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.

3.9 Equity raising and underwriting risk

NSR has entered into an underwriting agreement under which the Underwriters have agreed to fully underwrite the Offer, subject to the terms and conditions of the underwriting agreement between the parties. If certain conditions are not satisfied or certain events occur, the Underwriters may terminate the underwriting agreement. Termination of the underwriting agreement would have an adverse impact on the proceeds raised under the Offer and NSR's sources of funding for the Acquisition. If the underwriting agreement is terminated NSR may not be able to complete the Acquisition, which may have a material adverse effect on NSR's financial performance, financial position and security price.

The Underwriters' obligations to underwrite the Offer are conditional on certain matters. The events which may trigger termination of the underwriting agreement include where:

- the agreement entered into in respect of the Acquisition being terminated or amended, or any party to the agreement breaching that agreement, in a material respect of amended in a material respect without the prior consent of the Underwriters;
- there are certain changes in the senior management of National Storage REIT;
- a National Storage group member breaches, or defaults under, a material debt or financial arrangement or related documentation, or a review event has occurred under these documents which allows the financier the right to accelerate repayment;
- a statement contained in the offer materials (including this Information Booklet and all ASX announcements made in connection with the Entitlement Offer) is or becomes misleading or deceptive, the offer materials omit required information or otherwise fail to comply with applicable laws;
- there is a material adverse change to the financial position, assets, liabilities or prospects of National Storage REIT;
- either of the S&P/ASX 200 Index or the S&P/ASX A-REIT index falls by 10% or more from the level of that index as at the close of trading on the day immediately prior to the date of the Underwriting Agreement;
- National Storage REIT withdraws all or part of the Entitlement Offer;
- National Storage REIT is prevented from issuing the New Securities under the Institutional Placement or Entitlement Offer;
- there are certain delays in the timetable for the Institutional Placement or the Entitlement Offer without the Underwriters' consent;
- National Storage REIT is in breach of or fails to perform any of its obligations under the Underwriting Agreement or National Storage REIT contravenes the Corporations Act, the Listing Rules or other applicable laws;
- National Storage REIT or any of its directors or officers engage in fraudulent conduct or activity (whether connected to the Entitlement Offer or not) or otherwise commit certain offences;
- National Storage REIT causes to be listed on the ASX or Securities are suspended from trading on, or being quoted on, the ASX; or
- there are certain disruptions to financial markets in specified jurisdictions, including a general moratorium on commercial banking activities, or a material suspension or limitation in trading on the ASX or NZX or the securities exchanges in the United States, London, Hong Kong or Tokyo.

THANK YOU

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