NATIONAL STORAGE REIT

1H FY18 RESULTS

FEBRUARY 2018

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Australasia's largest self-storage owner-operator, focused on driving organic growth across 127 storage centres and executing a strong pipeline of acquisition and development opportunities.

STRATEGY

ASSET MANAGEMENT

Focus on organic growth, platform efficiencies and scalability

ACQUISITIONS

Executing high quality acquisitions across Australia and New Zealand

PORTFOLIO & DEVELOPMENT MANAGEMENT

Expansion projects and developments in key markets

PRODUCT & INNOVATION

Embracing digital transformation, product innovation and improving online conversions

CAPITAL MANAGEMENT

Efficiency and effectiveness in capital and risk management

DEVELOPING MULTIPLE REVENUE STREAMS TO MAXIMISE RETURNS

1H FY18 HIGHLIGHTS

IFRS PROFIT $59.8 MILLION

UNDERLYING EARNINGS[1]

4.3 CENTS PER STAPLED SECURITY

$22.4 MILLION

UNDERLYING EPS [1]

Delivered 4.9% growth in underlying earnings per stapled security

UNDERLYING EARNINGS[1]

Increased by 11.4% to $22.4 million

SAME CENTRE REVPAM

Delivered 4.0% growth in same centre REVPAM (Dec 16 v Dec 17)

ACQUISITIONS

$103 million successfully executed

ASSETS UNDER MANAGEMENT

Increased by 7% to $1.254 billion

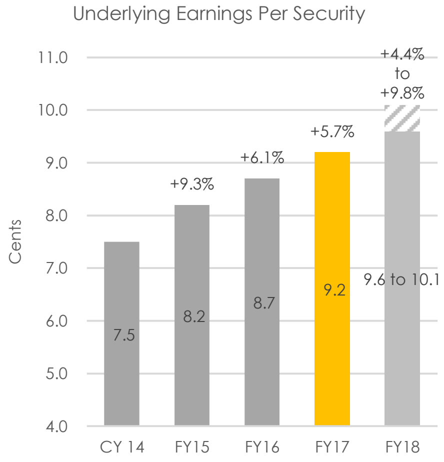
NET TANGIBLE ASSETS

Increased by 5% to $1.41 per stapled security

FY18 OUTLOOK

UNDERLYING EPS GUIDANCE[2]

9.6 – 10.1 CENTS PER STAPLED SECURITY



DISTRIBUTION GUIDANCE[2]

9.6 – 10.0 CENTS PER STAPLED SECURITY

1 - Underlying earnings is a non-IFRS measure (unaudited), see table on slide 6 for reconciliation

REVPAM - Revenue Per Available Square Metre

2 – Assuming no material changes in market conditions or operating environments.

PROFIT & LOSS

for the half-year ended 31 December 2017

Strategy continues to deliver strong income growth:

- Strong half on half performance (Dec 16 – Dec 17)
  - Profit after tax up 152%
  - Underlying earnings[1] up 11%
  - Storage revenue up 22%
  - REVPAM up 4.0%
  - Operating profit up 25%
- Internalised management minimises management fee leakage
- Finance cost reflects higher borrowings associated with acquisitions
- Fair value adjustments driven by valuation uplift from enhanced operational performance and cap rate compression
- Business combination and restructure expense:
  - Stamp duty and costs from Southern Cross acquisition (FY17)
  - Corporate restructure of operational management

$ Million	FY18 (H1)	FY17 (H1)	% Change
Storage revenue	59.6	48.7	22%
Sales of goods and services	3.0	2.6	15%
Other revenue	1.6	1.4	14%
Total Revenue	**64.2**	**52.7**	**22%**
Operating Centre Expenditure			
Salaries and employee benefits	7.8	6.6	18%
Lease expense	6.5	6.2	5%
Property rates and taxes	4.5	3.8	18%
Cost of goods sold	1.2	1.0	20%
Repairs and maintenance	1.0	0.8	25%
Other operating expenses	8.7	6.6	32%
Total Operating Centre Expenditure	**29.7**	**25.0**	**19%**
Operating Profit	**34.5**	**27.7**	**25%**
Operating Margin	**54%**	**53%**	**2%**
Operational management	1.7	1.6	6%
General and administration	4.5	3.8	18%
Finance costs	9.5	6.2	53%
Depreciation and amortisation	0.4	0.3	33%
Total expenses	**45.8**	**36.9**	**24%**
Other income (Inc share of profit from JV and contracted gains)	(4.0)	(4.3)	-7%
Underlying Earnings (1)	**22.4**	**20.1**	**11%**
Add / (less) fair value adjustments	33.7	17.6	
Add / (less) dimunition of lease asset	2.1	1.9	
Add / (less) business combination and restructure expenses	(1.2)	(15.3)	
Profit / (loss) before income tax	**57.0**	**24.3**	
Income tax (expense) benefit	2.8	(0.6)	
Profit / (loss) after income tax	**59.8**	**23.7**	**152%**

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

SUMMARY BALANCE SHEET

as at 31 December 2017

NTA growth and valuation uplift:

- NTA increased by 5% to $1.41 per stapled security
- Investment properties held increased by 7% from $1,163m to $1,254m:
  - Acquisitions settled - $44m
  - Valuation uplift - $42m
- Cash at 31 December 2017 $15.1m
  - Additional $9.5m raised via SPP post balance date
- Debt decreased to $477m(1)
  - Gearing at 31 December 2017 of 35%
- $63.9m capital raised
  - Placement $50.0m
  - Distribution Reinvestment Plan $4.4m
  - SPP $9.5m (post balance date)

$ Million	31 December 2017	30 June 2017	Movement
Cash	15.1	23.2	(8.1)
Investment Properties (net of Finance Lease Liabiity)	1,253.8	1,162.5	91.2
Intangible Assets	45.7	45.5	0.2
Other Assets	37.0	37.7	(0.7)
Total Assets	**1,351.6**	**1,269.0**	**82.6**
Debt	476.7	481.8	(5.1)
Distributions Payable	25.8	23.6	2.2
Other Liabilities	30.2	31.0	(0.8)
Total Liabilities	**532.7**	**536.4**	**(3.7)**
Net Assets	**818.9**	**732.6**	**86.3**
Net Tangible Assets	773.2	687.1	86.1
Units on Issue (m)	549.5	512.9	36.6
NTA ($/Security)	**1.41**	**1.34**	**0.07**

1 – Net of capitalised establishment costs

CAPITAL MANAGEMENT

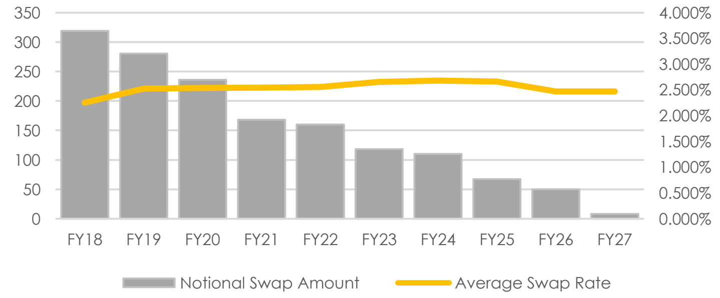
Gearing reduced and tenor in excess of four years:

- December 2017 gearing of 35%, down from 37% at June 2017
  - Target range 25% - 40% (Covenant 55%)
  - ICR 3.4x (Covenant 2.0x)
- Entered into additional $75m of facilities
- Weighted average debt maturity 4.1 years
- Total debt facilities $617m - $138m undrawn
- Focus on debt and swap profiles to reduce risk and add value
- Average cost of debt 3.8%
- Capitalised on historically low rates to lock in long term swaps
- $319m hedged at 31 December 2017

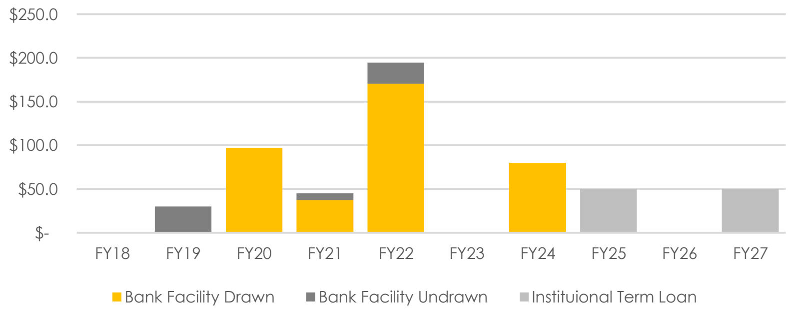
Capital Management	Dec-17	Jun-17
Total debt facilities	$617m	$542m
Total debt drawn	$479m	$482m
Remaining debt capacity	$138m	$60m
Weighted average debt term to maturity (years)	4.1	4.6
Covenant gearing ratio (55%)	35%	37%
Average cost of debt drawn	3.8%	3.7%
Covenant interest coverage (2.0x)	3.4x	4.2x
Debt hedged	$319m	$266m
% debt hedged	67%	55%
Average cost of hedged debt (inc margin)	4.0%	3.9%

* - $A/$NZ = 1.10

Hedge Expiry Profile ($m) & Average Notional Swap Rate

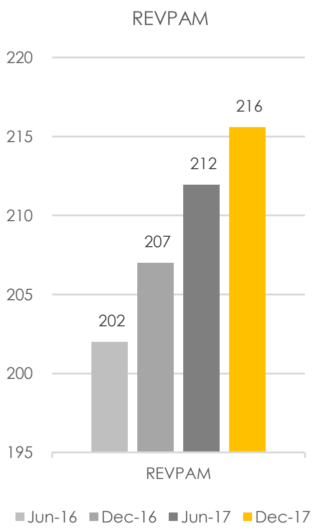


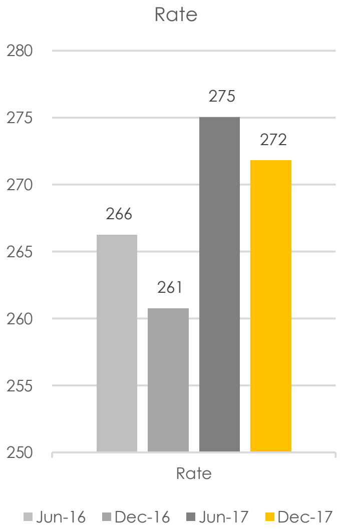
Debt Facility Expiry Profile ($m)

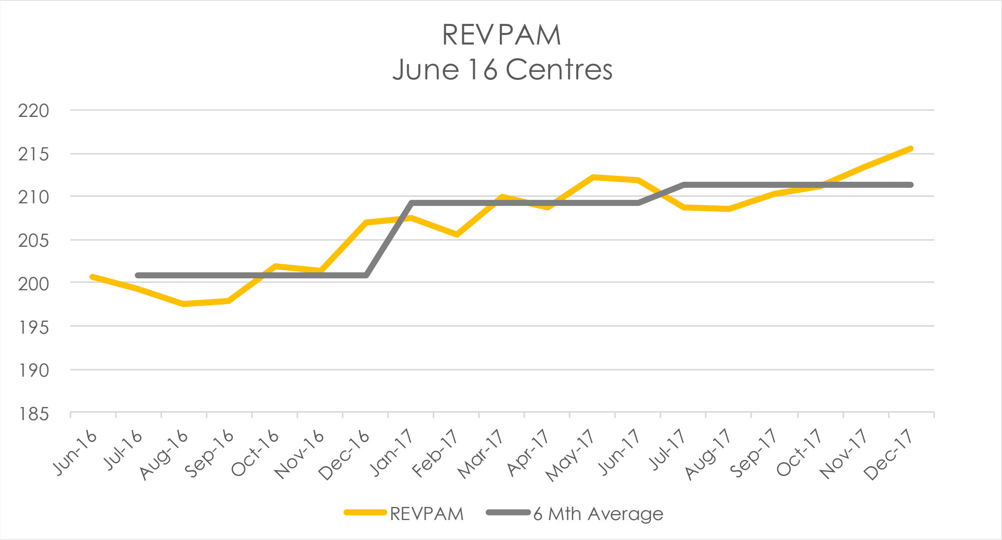


KEY OPERATIONAL METRICS

PROACTIVE MANAGEMENT OF RATE AND OCCUPANCY CONTINUES TO DELIVER STRONG REVPAM GROWTH







REVPAM $216 / sqm
(Jun 17: $212 / sqm)

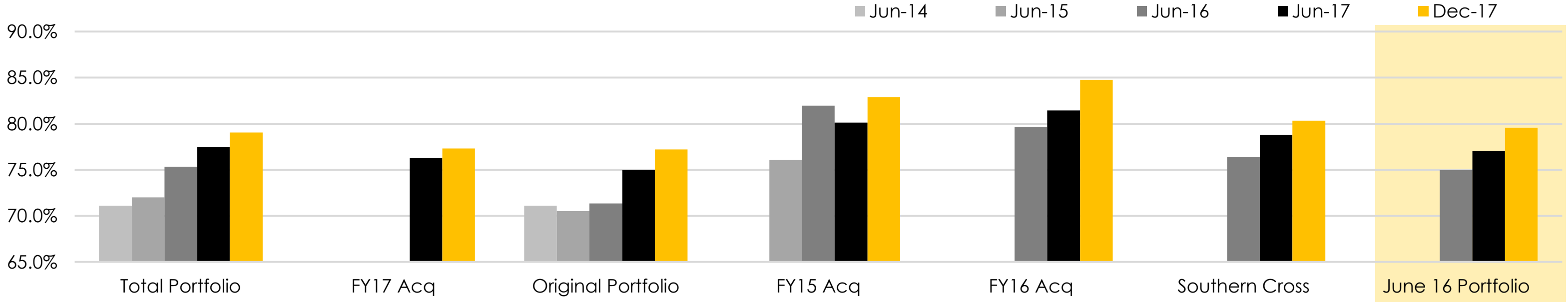
$9 increase (4.0%)
in REVPAM since
Dec 2016

NSR drives Revenue Per Available Square Metre (REVPAM) by balancing occupancy and rate per sqm growth on a centre and individual unit basis. Revenue management strategies continue to advance through the use of NSR's multiple signal revenue management model and data analytics.

June 16 Centres (86 centres) excludes New Zealand and developing centres

KEY OPERATIONAL METRICS

ACTIVE REVENUE MANAGEMENT AND ANALYTICS CONTINUE TO DELIVER OCCUPANCY GROWTH



	Total Portfolio	FY17 Acq	Original Portfolio	FY15 Acq	FY16 Acq	Southern Cross	June 16 Portfolio
Occupancy growth Jun 17 to Dec 17	1.6% ▲ 79.0%	1.0% ▲ 77.3%	2.3% ▲ 77.2%	2.8% ▲ 82.9%	3.3% ▲ 84.8%	1.5% ▲ 80.3%	2.5% ▲ 79.6%
Occupancy growth Jun 16 to Dec 17	3.7% ▲ 79.0%		5.9% ▲ 77.2%	0.9% ▲ 82.9%	5.1% ▲ 84.8%	3.9% ▲ 80.3%	4.6% ▲ 79.6%

LARGER CENTRES PROVIDE FOR CONTINUED ORGANIC GROWTH

June 16 Portfolio Occupancy (86 centres)

79.6%

(June 17: 75.0%)

Strongest growth on a same centre basis:

SA up 4.2%
ACT up 4.0%
WA up 2.8%

51% of centres trading at or above 80% occupancy

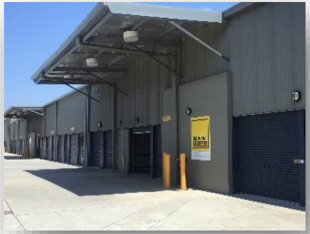
KEY

Original Portfolio (37 centres) comprises IPO centres (excludes Southern Cross centres)
FY15 Acq (14 centres) comprises acquisitions completed during FY15
FY16 Acq (9 centres) comprises acquisitions completed during FY16
Southern Cross (26 centres) comprises centres held in the Southern Cross joint venture
June 16 Portfolio (86 centres) excludes New Zealand and developing centres
FY17 Acq (8 centres) comprises acquisitions completed during FY17
Total Portfolio excludes New Zealand and developing centres

ACQUISITION UPDATE

EXECUTING A STRONG PIPELINE OF ACQUISITION OPPORTUNITIES

- Proven ability to integrate and derive value from acquisitions
- $103 million of total assets settled to date during FY18
- NSR continues to successfully execute its growth strategy in a highly fragmented industry, leveraging our fully-integrated, scalable operating platform to maximise shareholder returns



FY18 ACQUISITIONS

CENTRE	STATE	SETTLEMENT DATE	NLA (SQM)	PURCHASE PRICE	Complementary	Development Upside	Occupancy/Rate Upside	Synergies
Jandakot (Property)	WA	Oct 2017	5,200	$6.2m	✓		✓	✓
Perth Airport	WA	Oct 2017	5,800	$8.9m	✓		✓	✓
Milton (development site)	QLD	Nov 2017	5,300 (planned)	$3.4m	✓	✓	✓	✓
Marcoola	QLD	Nov 2017	3,400	$4.5m	✓	✓	✓	✓
Morisset	NSW	Dec 2017	3,600	$5.4m	✓	✓	✓	✓
Wyong	NSW	Dec 2017	3,700	$6.5m	✓	✓	✓	✓
Hope Harbour	QLD	Dec 2017	5,200	$9.5m	✓	✓	✓	✓
Robina	QLD	Jan 2018	10,200	$26.0m	✓	✓	✓	✓
Geelong	VIC	Jan 2018	3,700	$4.2m	✓	✓	✓	✓
Darwin	NT	Feb 2018	8,800	$14.0m	✓	✓	✓	✓
Carrara*	QLD	Feb 2018	5,700	$14.0m	✓		✓	✓
Total Acquisitions				**$102.6m**				

Settled post 31 Dec

*First acquisition from APSF joint venture

DEVELOPMENT PIPELINE

GENERATING INCOME AND OPPORTUNITY WITH OUR PARTNERS

NSR continues to work with its investment partners on the delivery of a number of leading self-storage development projects

NSR has identified up to 25 centres within its existing portfolio with potential for further value add via expansion and development given current and future expected trading conditions.

Financial feasibility is being undertaken on an initial five centres with expansions expected to progressively commence throughout 2018.

Concept drawings for National Storage Bundall

DEVELOPMENT PROJECTS

CENTRE	PARTNER	STATE	EXPECTED NLA (SQM)	Development Approval	Building Approval	Construction Commenced	Operational
Carrara	APSF	QLD	5,700	✓	✓	✓	✓
Albion	APSF	QLD	6,300	✓	✓	✓	✓
Kelvin Grove	APSF	QLD	5,600	✓	✓	✓	✓
Canterbury	APSF	VIC	7,000	✓			
Brooklyn	Leyshon	VIC	4,500	✓	✓	✓	
Bundall	Leyshon	QLD	5,800	✓			
Milton	Leyshon	QLD	5,300	✓	✓		
Perth Airport	Parsons	WA	5,800	✓	✓	✓	✓
Fremantle	Parsons	WA	6,600	✓	✓	✓	
Yanchep	Parsons	WA	4,400	✓	✓	✓	
Martin	Parsons	WA	5,200				
Croydon	N/A	VIC	3,700	✓			

SUSTAINABILITY

PROACTIVELY DELIVERING ENVIRONMENTAL AND FINANCIAL BENEFITS

Phase One Estimated Solar PV Program Benefits	
Capacity	2 MW +
Number of Centres	50+
Electricity Savings (FY19)	3,200 kWh +
Emissions Reduced	2,600 + t-CO_2-e
Investment	< $4 million
Forecast IRR	> 20%

Status

- Installation commenced on seven centres
- First site operational
- Phase One installation forecast for completion April 2018
- Planning commenced for Phase two

The comprehensive program is designed to deliver long term benefits both environmentally and from a cost saving perspective. Phase One of the program is expected to save 3,200 kWh with a reduction in t-CO_2-e of 2,600, with a year one saving in excess of $600,000 in electricity expenditure in FY19.

As an owner operator the financial benefits will flow directly to NSR.

FY18 GUIDANCE AND OUTLOOK

9.6 cents	to	**10.1 cents**		**$51.5 million**	to	**$54.2 million**
4.4%		**9.8%**	Growth over FY17	**12.7%**		**18.6%**

PER STAPLED SECURITY

Underlying EPS

Underlying Earnings

1H FY18 Underlying earnings[1]		2H proforma underlying earnings		2H same centre uplift		Full 2H impact of completed acquisitions		Other acquisitions, revenue and fees		Interest on completed acquisitions		**FY18 underlying earnings**
$22.4m	+	**$22.4m**	+	**$4.5m**	+	**$1.9m**	+	**$0.9m - $3.6m**	-	**$0.6m**	=	**$51.5m - $54.2m**

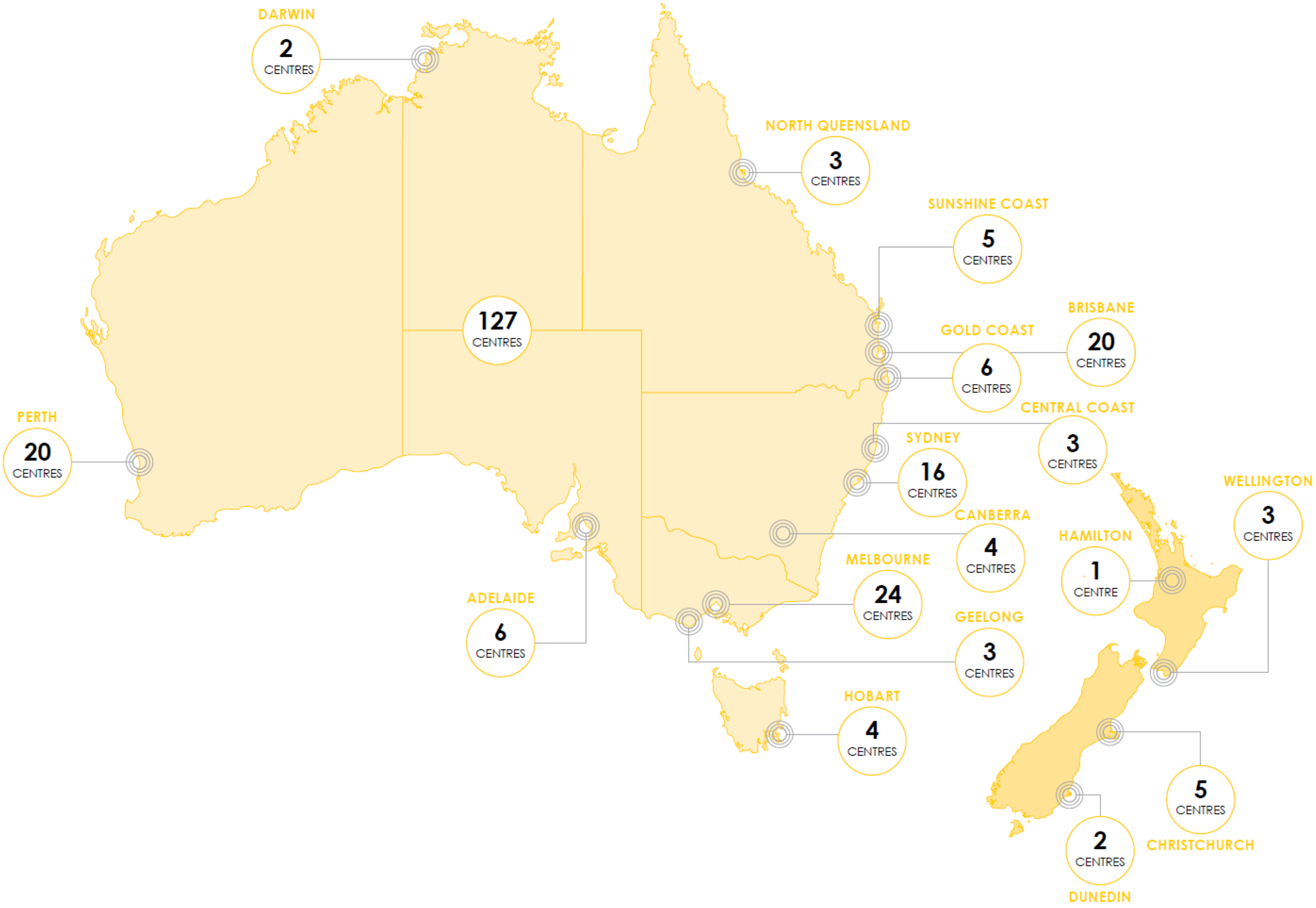
1 - Underlying earnings is a non-IFRS measure (unaudited), see table on slide 6 for 1H FY18 reconciliation

NSR provides this guidance on the assumption there are no material changes in market conditions or operating environments.

THANK YOU

APPENDICES

NSR FOOTPRINT



STRATEGY DETAIL

DEVELOPING MULTIPLE REVENUE STREAMS TO MAXIMISE RETURNS

Asset Management

- Achieve **organic growth** through proactive management of rate and occupancy to drive overall REVPAM growth
- Generating value through **internalised** management platform
- Leverage management platform and economies of scale to **extract value**
- Drive cost **efficiencies** across the portfolio to improve EBITDA margin

Acquisitions

- Execute high quality acquisitions in a fragmented industry

Portfolio and Development Management

- Focus on **development** activities in key markets
- Align with **investment partners** to execute development opportunities
- Undertake **centre expansion** projects to extract maximum value
- **Generate fees** from site identification, design, development, project management, administration and ongoing management activities
- Undertake **portfolio recycling** opportunities to maximise value

Product and Innovation

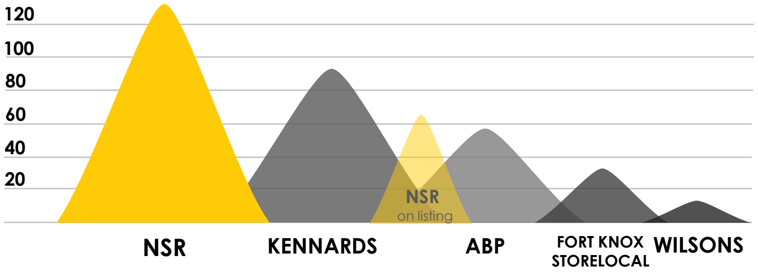
- Explore market **opportunities** for revenue generation
- Focus on digital **transformation**
- Drive **brand and product** awareness
- Focus on **innovation** and **sustainability** at a product and portfolio level

Capital Management

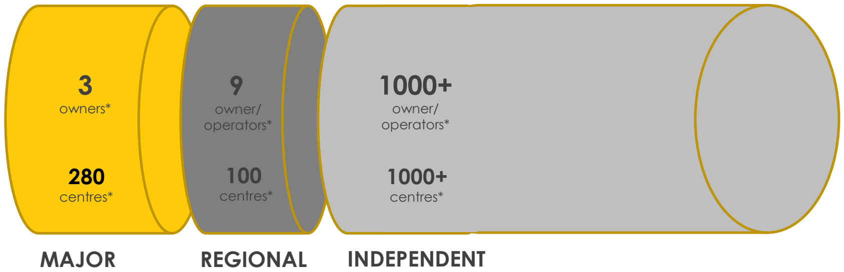
- Maintain an **efficient** capital structure
- **Effective** risk management including interest rate and refinancing risk

MARKET POSITION & OPPORTUNITIES

STORAGE OWNERS BY NUMBER OF CENTRES



HIGHLY FRAGMENTED INDUSTRY



* Number of centres and operators in Australasia is approximate and based on NSR opinion and publicly available information

As the largest owner-operator in the Australasian self-storage industry, NSR is in a unique position to capitalise on a highly fragmented market.

NSR has cemented its reputation as the acquirer of choice and a key part of the succession strategy for independent operators. The acquisition pipeline remains strong, with a number of attractive opportunities under active consideration.

MEDIUM TERM EARNINGS DRIVERS

DELIVERING EARNINGS GROWTH FROM MULTIPLE REVENUE STREAMS

	DRIVERS AND ASSUMPTIONS	INDICATIVE GROWTH RATE
ORGANIC GROWTH	• Balance occupancy and rate to drive overall REVPAM growth • Advancements in revenue management and data analytics • Occupancy >80%	4% - 6%
PORTFOLIO MANAGEMENT	• Focus on platform scalability • Drive economies of scale • Digital transformation	1% - 2%
PLATFORM EFFICIENCIES	• Cost inflation and corporate costs expected to grow • Active management of interest expenses	(2% - 3%)
	INDICATIVE COMPARABLE SAME CENTRE EARNINGS GROWTH	**3% - 5%**
ACQUISITION GROWTH	• Current annualised run rate of c$100-$120 million of acquisitions • ROE target in excess of 10%	1% - 3%
DEVELOPMENT MANAGEMENT	• Investment Partner development returns • Return on NSR expansions / developments at stabilised – forecast IRR of 15%	
	INDICATIVE COMPARABLE EARNINGS GROWTH	**4% - 8%**

PORTFOLIO METRICS

	30 June 2017				31 December 2017			
	AUST	NZ	MGT	TOTAL	AUST	NZ	MGT	TOTAL
Freehold centres	87	11	3	101	91	11	4	106
Leasehold centres	15	-	-	15	16	-	-	16
Total centres	**102**	**11**	**3**	**116**	**107**	**11**	**4**	**122**
Freehold NLA (sqm)	474,000	59,000	17000	550,000	492,000	60,000	23,000	575,000
Leasehold NLA (sqm)	72,000	-	-	72,000	78,000	-	-	78,000
Total NLA (sqm)	**546,000**	**59,000**	**17,000**	**622,000**	**570,000**	**60,000**	**23,000**	**653,000**
Average NLA	5,400	5,400	5,700	5,400	5,400	5,500	5,800	5,400
Storage units	58,400	5,500	1,500	65,400	60,400	5,500	2,100	68,000
REVPAM[1]	$212	$130	N/A	N/A	$216	$133	N/A	N/A
Assets under management	$1,088m	$79m	N/A	$1,163m	$1,182m	$79m	N/A	$1,254m
Weighted average Primary cap rate	7.86%	8.15%	N/A	N/A	7.60%	7.86%	N/A	N/A

1 - Excludes developing centres

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