



NATIONAL STORAGE REIT

FY15 RESULTS

26 AUGUST 2015

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HIGHLIGHTS

- **FY 2015**

- A-IFRS profit after tax for FY15 of \$48.7 million
- Underlying earnings* for FY15 of \$24.3 million (8.2 cents per security)
- FY15 annual distribution of 8.2 cents per security

- **KEY FY15 ACHIEVEMENTS**

- Underlying earnings up 25% on CY14
- 21 acquisitions transacted in FY15, entered NZ market
- 7% increase in rate to \$293/sqm across the total portfolio (excluding developing centres)
- 35% increase in total assets under management to \$740 million

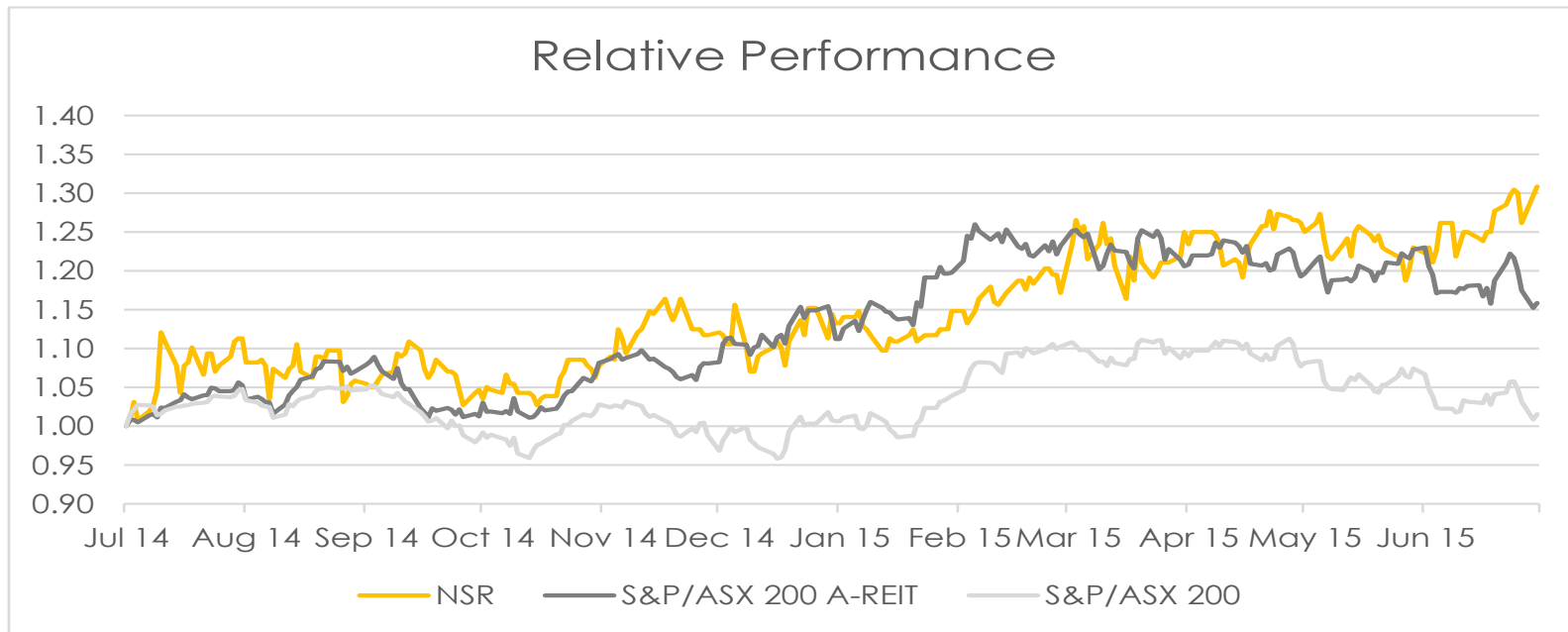
- **FY 2016 GUIDANCE**

- Targeting underlying earnings guidance for FY16 of 19% – 21% growth (\$29.0m – \$29.5m) on FY15 assuming no material changes in market conditions
- Targeting underlying EPS guidance for FY16 of 8.7 – 8.8 cents (6.0% – 7.5%) growth on FY15 assuming no material changes in market conditions
- Distribution payout ratio is expected to remain between 90% - 100% of underlying earnings

* A-IFRS profit after tax adjusted for tax expense (+\$0.3 million), Other non-operating expenses (+\$0.9 million), Fair value adjustments (-\$21.0 million) and Net loss from fair value adjustments of Leasehold investment properties (-\$4.6 million)

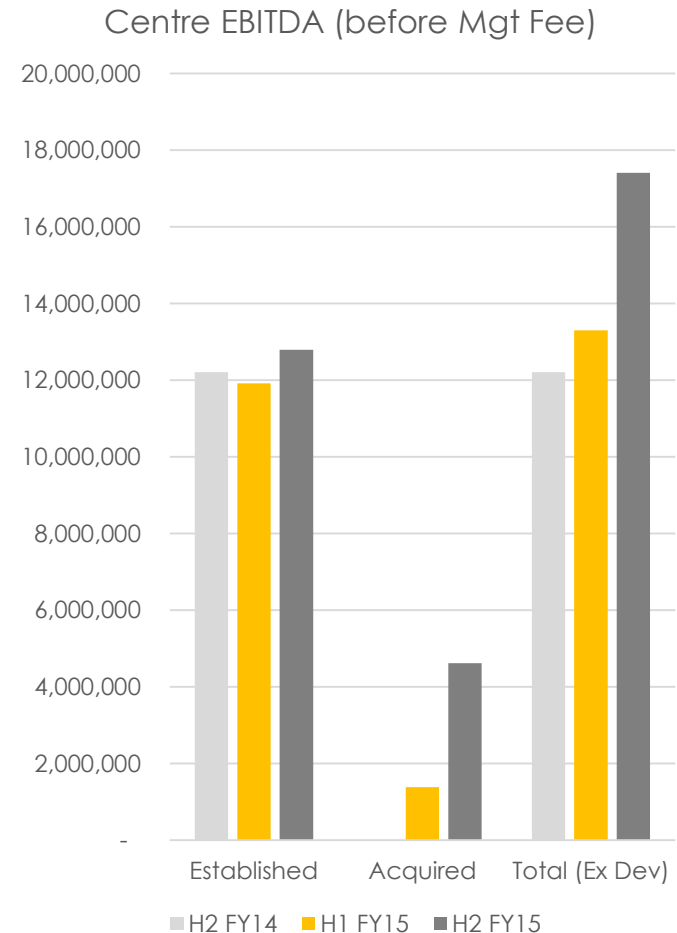
NSR PERFORMANCE

- Number one performing Australian REIT for TSR to 30 June 2015 delivering 39% TSR
- Admitted to the S&P ASX 200 index in June 2015
- Delivered on objectives with significant growth in EPS, underlying earnings, assets under management and NTA
- Increased underlying earnings by 20% in the six months to 30 June 2015 over the corresponding period to 30 June 2014



CENTRE EBITDA GROWTH

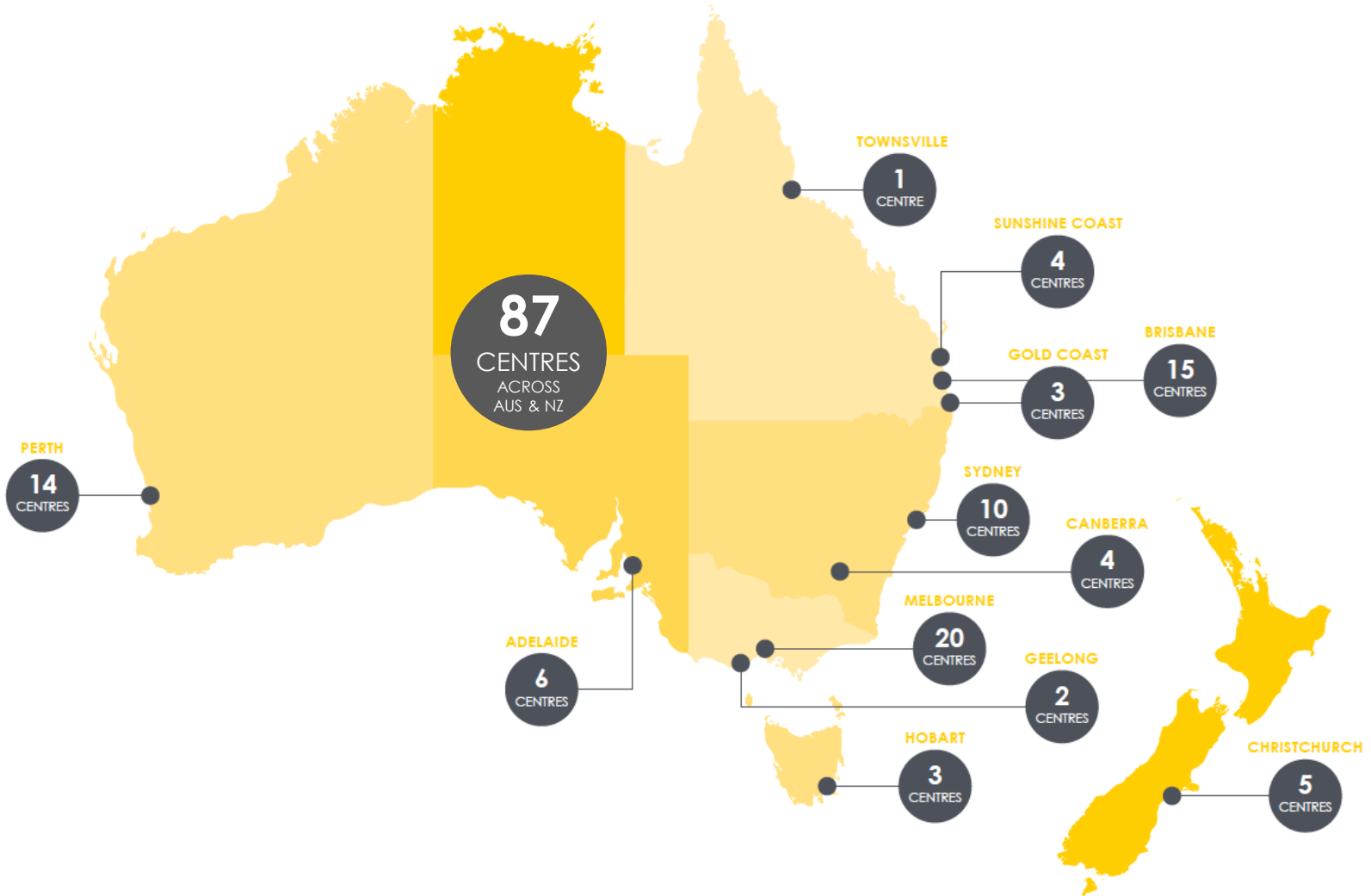
- Established (IPO) portfolio grew by 4.8% H2 FY15 v H2 FY14
- Acquired centres delivering significant additional EBITDA
- Acquired centres should continue to increase contribution as full year impact of acquisition flows through and additional acquisitions come into the portfolio
- Strong overall EBITDA growth with additional \$5.2 million (46%) H2 FY15 v H2 FY14



STRATEGY: DEVELOP MULTIPLE REVENUE STREAMS TO MAXIMISE RETURNS

- Asset Management
 - Balance rate and occupancy to achieve dual objectives of organic growth while maximising revenue from portfolio
 - Leverage management platform to extract value
 - Drive cost efficiencies in newly acquired centres
 - Continue to build scalability efficiencies
 - Continue to build brand awareness
 - Investigate portfolio opportunities
- Acquisitions
 - Focus on accretive acquisitions in a fragmented industry
 - NSR increasingly viewed as an acquirer of choice
 - Aging ownership base looking for exit
- Portfolio, Development and Centre Management
 - Provision of design and development services
 - Australian Prime Storage Fund and Perth Development Portfolio arrangements
 - Management of third party centres

NATIONAL STORAGE FOOTPRINT



ACQUISITIONS: INDUSTRY GROWTH STRATEGY

ANNOUNCED ACQUISITIONS

- 87 centres currently under ownership, operation or management across Australia and New Zealand, an increase of 25 from December 2013
- In excess of \$189 million in acquisitions transacted in FY15

ACQUISITION PIPELINE

- Strong potential acquisition pipeline within Australia and New Zealand
- Capacity to utilise balance sheet to fund additional acquisition activity in balance of 2015

STRATEGIC RATIONALE

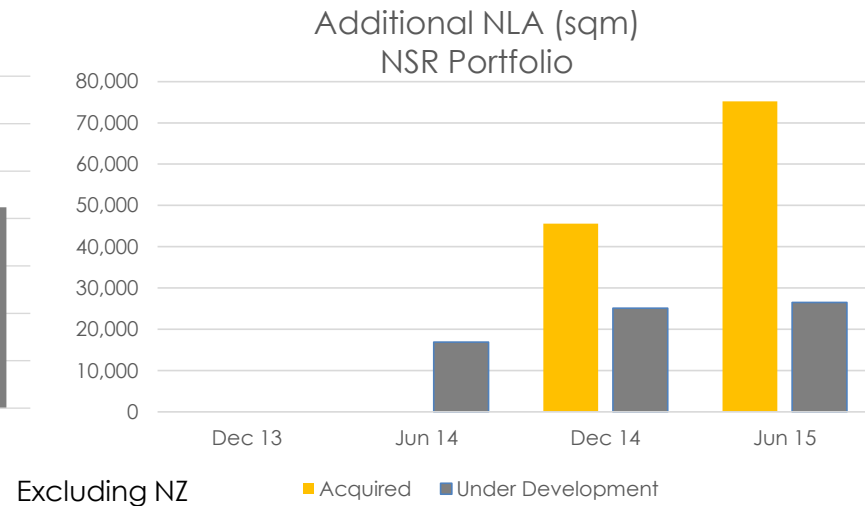
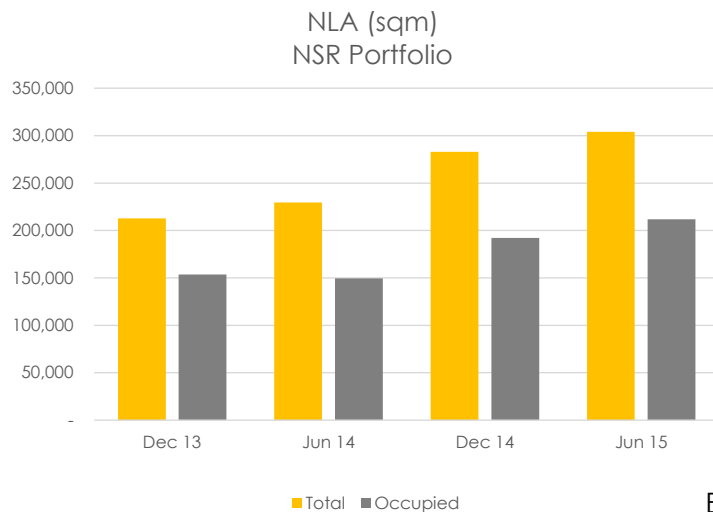
- Highly fragmented industry
- Scalable fully-integrated operating platform – driving revenue and cost synergies
- Strong acquisition and integration track-record

INVESTMENT GUIDELINES

- Superior locations
- Proximity to drivers of self-storage usage – commercial, retail and/or residential
- Modern design – access and security
- Ability to value-add to existing storage operation
- Expected to be accretive to overall returns post integration

ACQUISITIONS

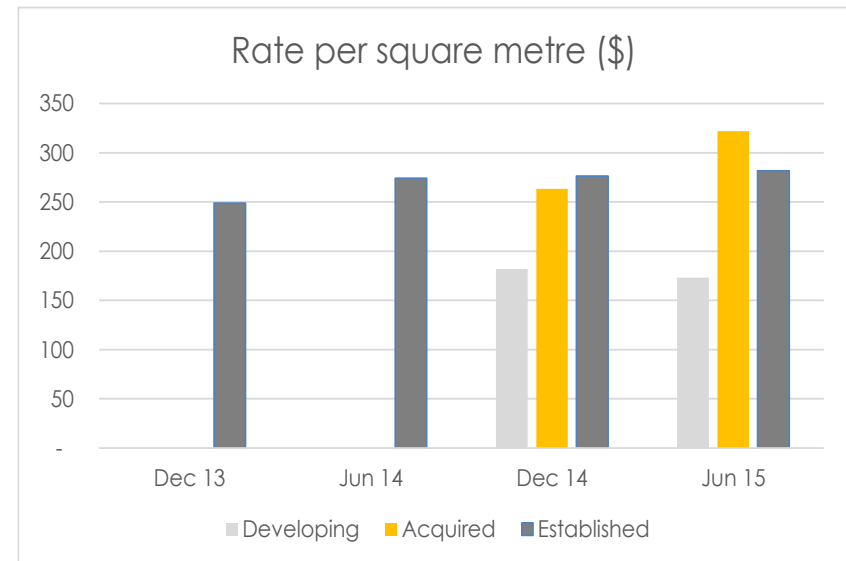
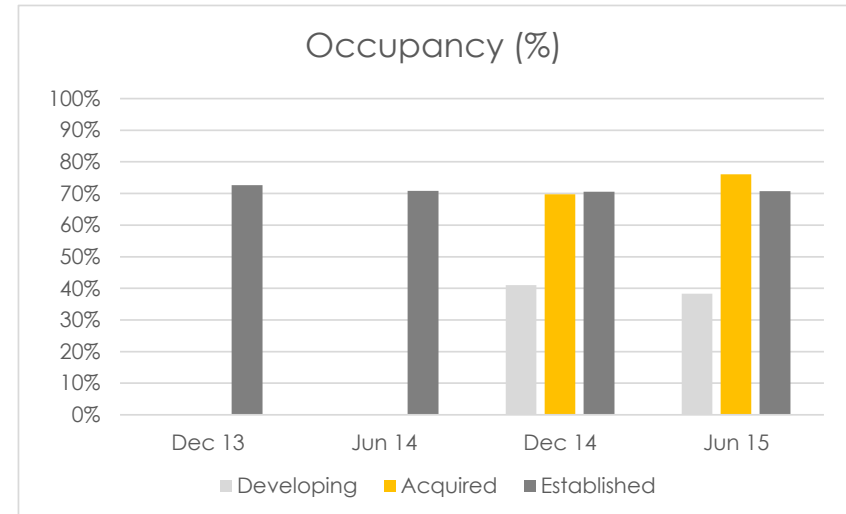
CENTRE	STATE	DATE	PURCHASE PRICE
Mulgrave	Victoria	July 2014	\$7.0m
Moorabbin	Victoria	July 2014	\$8.2m
Wangara	Western Australia	July 2014	\$10.9m
Port Adelaide	South Australia	July 2014	\$5.2m
Hume, Phillip, Mitchell & Queanbeyan	ACT/NSW	October 2014	\$46.5m
Forrestdale	Western Australia	November 2014	\$11.0m
O'Connor	Western Australia	November 2014	\$8.0m
Richmond, Hawthorn, South Melbourne & Glen Iris	Victoria	January 2015	\$48.8m
Dandenong South	Victoria	January 2015	\$15.2m
Dee Why	New South Wales	February/June 2015	\$7.2m
Belfast, Opawa, Ferrymead, Hornby & Redwood	Christchurch (NZ)	August 2015	\$20.9m



Excluding NZ

ASSET MANAGEMENT

- Improving portfolio metrics despite soft trading conditions
- Successfully balanced rate per sqm and occupancy given market conditions
 - • **Established (IPO) Portfolio**
 - 3% increase in rate per square metre to **\$282/sqm**
 - Occupancy steady at **71%**
 - • **Total Portfolio** (excluding dev centres)
 - 7% increase in rate per square metre of **\$293/sqm**
 - Occupancy increased from 70% to **72%**
- Continued strategy to extract value from acquired centres via optimising rate per square metre and occupancy



PORTFOLIO, DEVELOPMENT AND CENTRE MANAGEMENT

PORTFOLIO RECYCLING

- First portfolio recycling opportunity in Brooklyn, VIC
 - Large site with structural vacancy
 - Sold for \$7.25 million which was 5% above valuation
 - NSR retains operational management of the centre and will also earn project management, design and development fees from the redevelopment of the site to incorporate self-storage, hardstand and mini-warehouse facilities
 - Development to commence early 2016
 - Retains right to acquire development on completion
- Due diligence has commenced on a number of additional sites with development potential within the NSR portfolio

DEVELOPMENT MANAGEMENT

- O'Connor (Kardinya) opened in November 2014, occupancy of 30% as at 31 July 2015
- Stage Two of Forrestdale opened in December 2014

PORTFOLIO, DEVELOPMENT AND CENTRE MANAGEMENT (CONT)

AUSTRALIAN PRIME STORAGE FUND

- NSR will cornerstone a new fund to facilitate the development and ownership of multiple premium grade self-storage centres in select locations around Australia
- NSR holds first right of refusal to acquire the assets of the fund
- Three foundation assets at Albion, Kelvin Grove and Carrara in Queensland
- NSR is entitled to various fees from its participation in the fund



PORTFOLIO, DEVELOPMENT AND CENTRE MANAGEMENT (CONT)

PERTH DEVELOPMENT PORTFOLIO

- Development and management agreement with Parsons Group
- Five centres to be developed by Parsons in Perth
- It is anticipated NSR will acquire up to three assets upon completion
- Jandakot (branded National Storage) to open in September 2015
- NSR is entitled to various fees under this agreement
- Reinforcing our leading position in the Perth market



PORTFOLIO METRICS



METRICS	IPO			30 June 2014			30 June 2015		
	NSR	MGT	TOTAL	NSR	MGT	TOTAL	NSR	MGT	TOTAL
Freehold centres	28	24	52	31	26	57	42	28	70
Leasehold centres	10	-	10	10	-	10	12	-	12
Total centres	38	24	62	41	26	67	54	28	82
Freehold NLA (sqm)	163,000	117,000	281,000	189,000	125,000	314,000	245,000	139,000	384,000
Leasehold NLA (sqm)	49,000	-	49,000	49,000	-	49,000	59,000	-	59,000
Total NLA (sqm)	212,000	117,000	330,000	238,000	125,000	363,000	304,000	139,000	443,000
Average NLA	5,600	4,900	5,300	5,800	4,800	5,400	5,400	5,000	5,300
Storage units	25,000	12,000	37,000	27,000	13,000	40,000	36,000	14,000	50,000
REVPAM (Excludes developing centres)	\$174	N/A	N/A	\$193	N/A	N/A	\$215	N/A	N/A
Assets under management	\$270m	\$210m	\$480m	\$333m	\$217m	\$550m	\$500m	\$240m	\$740m
Weighted average Primary cap rate	9.7%	N/A	N/A	9.6%	N/A	N/A	8.5%	N/A	N/A

NSR – owned portfolio, excludes NZ

MGT – managed centres including Southern Cross

CAPITAL MANAGEMENT

Debt Finance Facility

- Restructured to club arrangement with NAB, Westpac and CBA in December 2014
- \$123.5 million drawn of \$200 million capacity as at 30 June 2015
 - 23% gearing as at 30 June 2015
 - LVR of 24% against 50% covenant
 - ICR of 5.6x as at 30 June 2015 against covenant of 2.0x
- \$110m hedged as at 30 June 2015 at an average cost of 2.90% (excluding margin), weighted average tenor 5.1 years
- Tiered facility expiry with tenor to December 2019, weighted average tenor 2.7 years
- Additional \$25 million New Zealand denominated facility entered into in July 2015

Distribution Policy

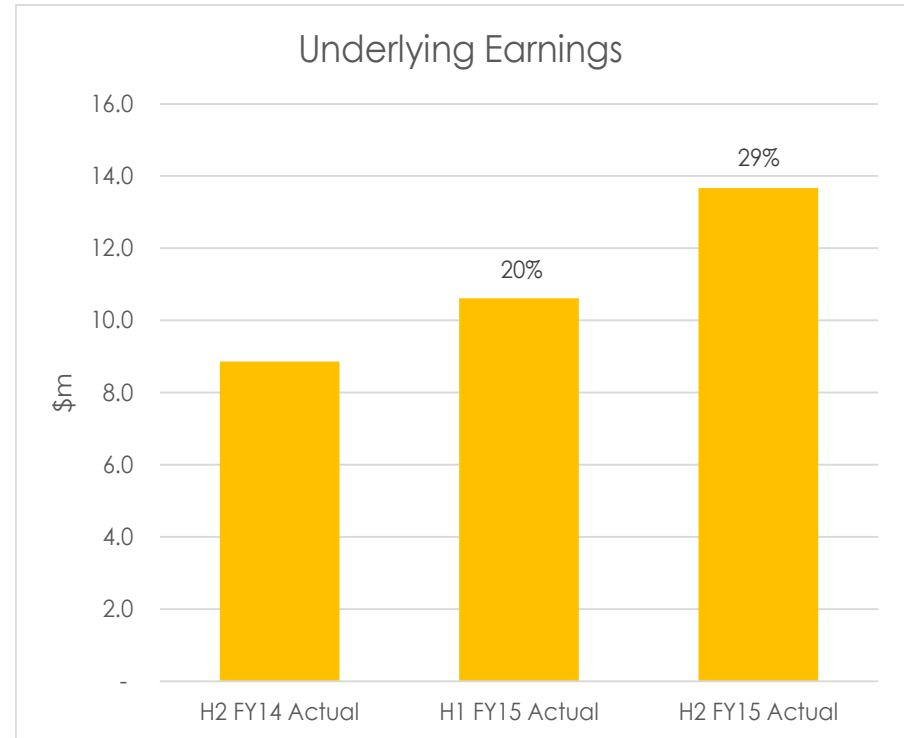
- Target net payout distribution ratio of 90% - 100% of underlying earnings
 - Distribution of 4.2 cents per stapled security to be paid 27 August 2015

Valuation Policy

- 3 year rolling independent valuations

SUMMARY AND OUTLOOK

- FY15 underlying earnings of \$24.3 million inline with guidance (up 25% on CY14)
- Targeting FY16 underlying earnings guidance of 19% – 21% growth on FY15, assuming no material changes in market conditions
- Targeting FY16 underlying EPS guidance of 8.7 – 8.8 cents, assuming no material changes in market conditions
- Benefits from 2014 and 2015 acquisitions to flow through to FY16 results post integration
- Active acquisition pipeline



Results and Guidance Summary	
FY14 underlying earnings achieved	\$24.3 million (8.2 cents per security)
FY16 underlying earnings guidance	19 – 21% growth on FY15 (\$29.0m – \$29.5m)
FY16 underlying EPS guidance	8.7 – 8.8 cents, 6.0% – 7.5% growth on FY15

APPENDIX A: 30 JUNE 2015 RESULTS

SUMMARY INCOME STATEMENT

RECONCILIATION OF A-IFRS PROFIT TO UNDERLYING EARNINGS

\$ million	CY14	FY15
Total Revenue (Inc. Profit in Joint Venture)	53.6	65.3
Salaries and employee benefits	(9.5)	(11.6)
Property rates and taxes	(3.3)	(3.7)
Cost of packaging and other products sold	(0.5)	(0.8)
Depreciation and amortisation	(0.4)	(0.3)
Finance costs	(8.7)	(11.1)
Other operating expenses	(8.1)	(9.0)
Total expenses	(30.5)	(36.5)
Gross operating profit	23.1	28.8
Fair value adjustments	0.2	21.0
Other non-operational expenses	(0.8)	(0.8)
Loss on disposal of non-current assets	(0.1)	-
Profit/(loss) before income tax	22.3	49.0
Income tax (expense) benefit	0.5	(0.3)
Profit/(loss) after income tax	22.9	48.7
Profit/(loss) after income tax	22.9	48.7
Add / (Less) tax benefit	(0.5)	0.3
Add / (Less) fair value adjustments	(0.2)	(21.0)
Add other non-operating expenses	0.9	0.9
Less diminution of leasehold properties (included in fair value adjustments)	(3.7)	(4.6)
Underlying Earnings	19.4	24.3

APPENDIX B: OVERVIEW OF NSR

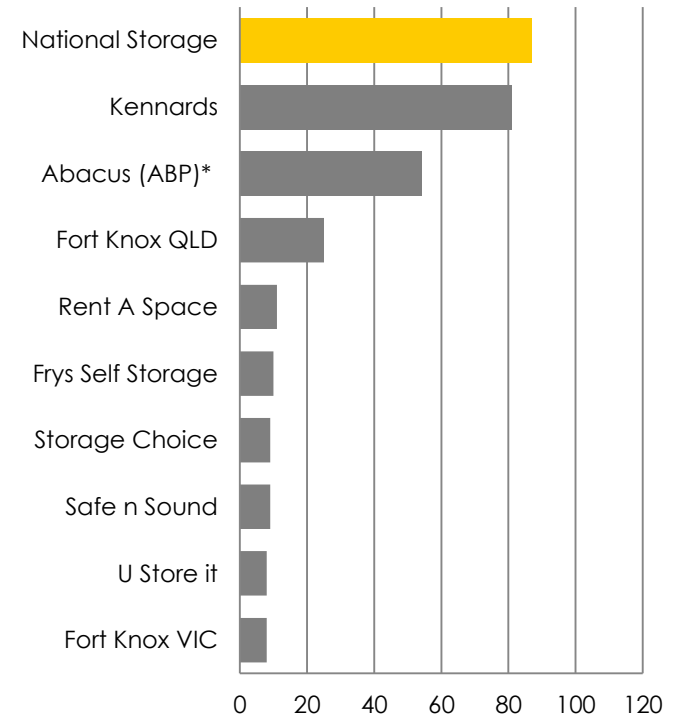
OVERVIEW OF NSR

- Australia's first listed, fully integrated and internally managed self-storage REIT (S&P ASX 300)
- 87 centres across Australia and New Zealand (as at August 2015):
 - 47 centres owned by NSPT
 - 12 centres under long term leasehold arrangements
 - 28 centres for Southern Cross (JV with Heitman)
 - 10% interest in Southern Cross
- Product offerings include self-storage, business storage, vehicle storage, wine storage, vehicle hire, packaging and insurance
- In excess of 30,000 self-storage customers – 70% residential 30% commercial
- 280 staff across Australia
- Stable management team that has led and grown the business over the past 15 years
- National Storage management platform:
 - Market leading technology that provides real time information and facilitates NSR's dynamic pricing model
 - Marketing and customer experience plan to broaden customer base, increase brand awareness and drive customer enquiry
 - National contact centre based in head office for visibility and efficiency
 - National property maintenance team for reliable and quality maintenance work

OVERVIEW OF SELF-STORAGE INDUSTRY

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

**Australasia Self Storage Industry
Ten Largest Owner/Operators**



*ABP centres are branded Storage King

TYPICAL SELF STORAGE CENTRE





THANK YOU

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