1H FY19 RESULTS

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NATIONAL STORAGE REIT
FEBRUARY 2019

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As Australasia's largest self-storage owner-operator, NSR is focused on driving organic growth across its 146 storage centres, and executing a strong pipeline of acquisition and development opportunities.

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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

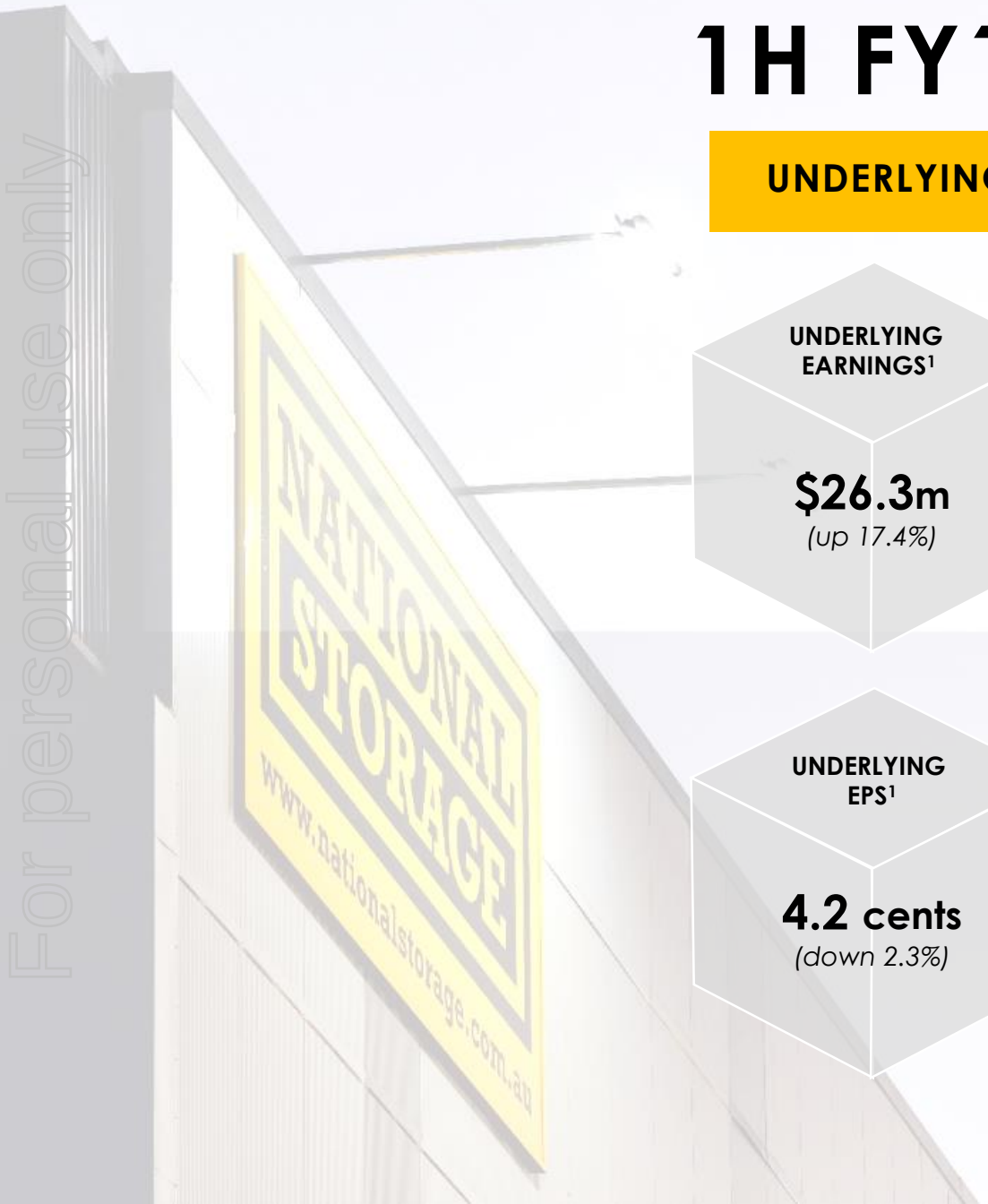
PRODUCT & INNOVATION

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 FY19 HIGHLIGHTS

UNDERLYING EPS 4.2 CENTS | A-IFRS PROFIT $27.1 MILLION

UNDERLYING EARNINGS[1]	AUSTRALIAN PORTFOLIO OCCUPANCY	TOTAL RETURN[3]	ASSETS UNDER MANAGEMENT
$26.3m *(up 17.4%)*	**80.4%** *(steady)*	**7.3%p.a.**	**$1.6b** *(up 11%)*

UNDERLYING EPS[1]	SAME CENTRE REVPAM[2]	ACQUISITIONS COMPLETED	NET TANGIBLE ASSETS
4.2 cents *(down 2.3%)*	**$215** *(steady)*	**$135m** *(up 31%)*	**$1.52** *(up 1%)*

1 – Underlying earnings is a non-IFRS measure (unaudited), see table on slide 6 for reconciliation. Impacted by the increased securities on issue following the $175m capital raise in 1H FY19.
2 – June 16 Centres (86 centres) excludes New Zealand and developing centres
3 – Distribution yield plus percentage NTA growth – 1 July 18 to 31 Dec 18 Annualised
REVPAM – Revenue Per Available Square Metre

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PROFIT & LOSS

FOR THE YEAR ENDED 31 DECEMBER 2018

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STRATEGY CONTINUES TO DELIVER SOLID GROWTH

- 1H FY19 performance
  - Operating profit up 22%
  - Underlying earnings[1] up 17%
  - Storage revenue up 9%
  - Operating margin up 8%
- Finance cost reflects higher borrowings associated with acquisitions
- Australian primary cap rate tightened slightly to 7.23% (June 18: 7.27%)
- Further cap rate compression expected for 30 June 2019 as external valuations undertaken

$ Million	FY19 (H1)	FY18 (H1)	% Change
Storage revenue	64.8	59.6	9%
Sales of goods and services	4.9	3.0	63%
Other revenue	3.1	1.6	94%
Total Revenue	**72.8**	**64.2**	**13%**
Operating Centre Expenditure			
Salaries and employee benefits	8.2	7.8	5%
Lease expense	6.5	6.5	0%
Property rates and taxes	5.1	4.5	13%
Electricity and Insurance	2.2	1.9	16%
Marketing	2.1	2.8	-25%
Cost of goods sold	1.3	1.2	8%
Repairs and maintenance	1.8	1.0	80%
Other operating expenses	3.4	4.0	-15%
Total Operating Centre Expenditure	**30.6**	**29.7**	**3%**
Operating Profit	**42.2**	**34.5**	**22%**
Operating Margin	**58%**	**54%**	**8%**
Operational management	2.3	1.7	35%
General and administration	5.0	4.5	11%
Finance costs	12.6	9.5	33%
Depreciation and amortisation	0.4	0.4	0%
Total expenses	**50.9**	**45.8**	**11%**
Other income (Inc share of profit from JV and contracted gains)	(4.4)	(4.0)	10%
Underlying Earnings (1)	**26.3**	**22.4**	**17%**
Add / (less) fair value adjustments	0.3	33.7	
Add / (less) dimunition of lease asset	1.9	2.1	
Add / (less) business combination and restructure expenses	(0.5)	(1.2)	
Profit / (loss) before income tax	28.0	**57.0**	
Income tax (expense) benefit	(0.9)	2.8	
Profit / (loss) after income tax	**27.1**	**59.8**	

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

SUMMARY BALANCE SHEET

AS AT 31 DECEMBER 2018

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NTA GROWTH AND GEARING RESET

- NTA increased to $1.52 per stapled security (June 2018: $1.51)
- Investment properties held increased by 11% from $1,431m to $1,593m:
  - Acquisitions settled - $135m
- Cash at 31 December 2018 $53.5m
- Debt drawn $625m[1]
  - Gearing at 31 December 2018 of 34% (June 2018: 38%)
  - Target gearing range 25 – 40%

$ Million	Dec 18	Jun 18	Movement
Cash	53.5	21.3	32.2
Investment Properties (net of Finance Lease Liability)	1,592.7	1,431.4	161.3
Intangible assets	46.2	46.0	0.2
Other Assets	55.9	49.9	6.0
Total Assets	**1,748.3**	**1,548.6**	**199.7**
Debt	624.5	596.4	28.1
Distribution Payable	30.1	27.4	2.7
Other Liabilities	32.9	34.5	(1.6)
Total Liabilities	**687.5**	**658.3**	**29.2**
Net Assets	**1,060.8**	**890.3**	**170.5**
Net Tangible Assets	1,014.6	844.3	170.3
Units on issue (m)	**668.5**	**559.1**	109.4
NTA ($/Security)	**1.52**	**1.51**	**0.01**

1 - Net of capitalised establishment costs

CAPITAL MANAGEMENT

FOR THE YEAR ENDED 31 DECEMBER 2018

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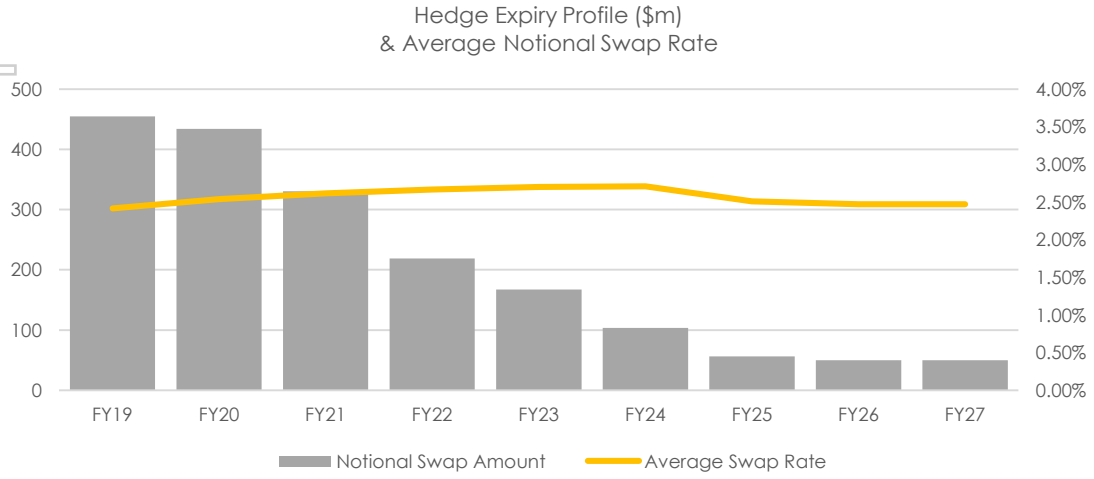
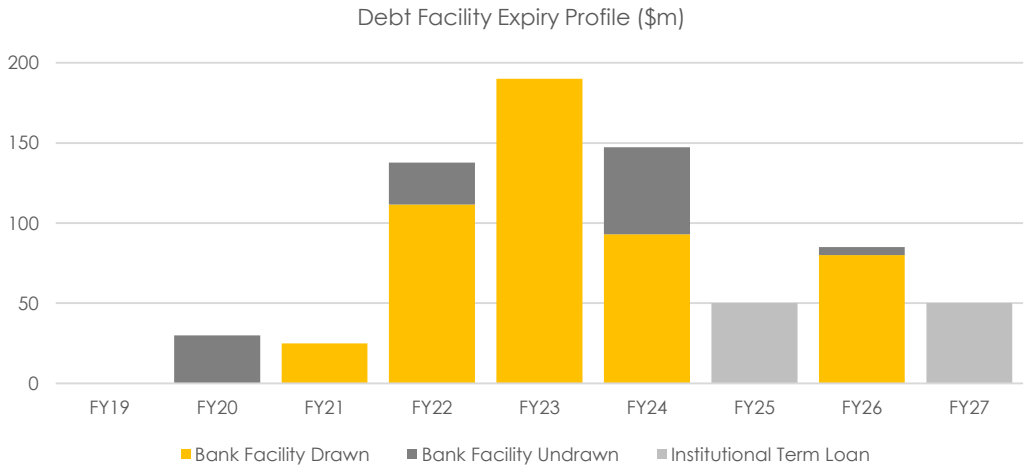
MAJOR REFINANCE COMPLETED JUNE 2018
$175 MILLION EQUITY RAISING AUGUST 2018

- December 2018 gearing 34%
  - Target range 25% - 40% (Covenant 55%)
  - ICR 3.5x (Covenant 2.0x)
- Total debt facilities $715m ($87m undrawn)
- Focus on debt and swap profiles to reduce risk and add value
- Weighted average debt maturity 4.2 years
- Average cost of debt 3.7%
- $467m hedged at 31 December 2018
- Successfully completed $175m equity raising in August 2018

Capital Management	Dec-18	Jun-18
Total debt facilities	$715m	$715m
Total debt drawn	$628m	$600m
Remaining debt capacity	$87m	$115m
Debt term to maturity (years)	4.2	4.7
Gearing ratio (Covenant 55%)	34%	38%
Average cost of debt drawn	3.7%	3.8%
Interest coverage ratio (Covenant 2.0x)	3.5x	3.6x
Debt hedged	$467m	$319m
% debt hedged	75%	53%
Average cost of hedged debt (incl. margin)	4.0%	4.0%

$A/$NZ = 1.05





KEY OPERATIONAL METRICS

ACTIVE MANAGEMENT OF RATE AND OCCUPANCY TO MAINTAIN MOMENTUM

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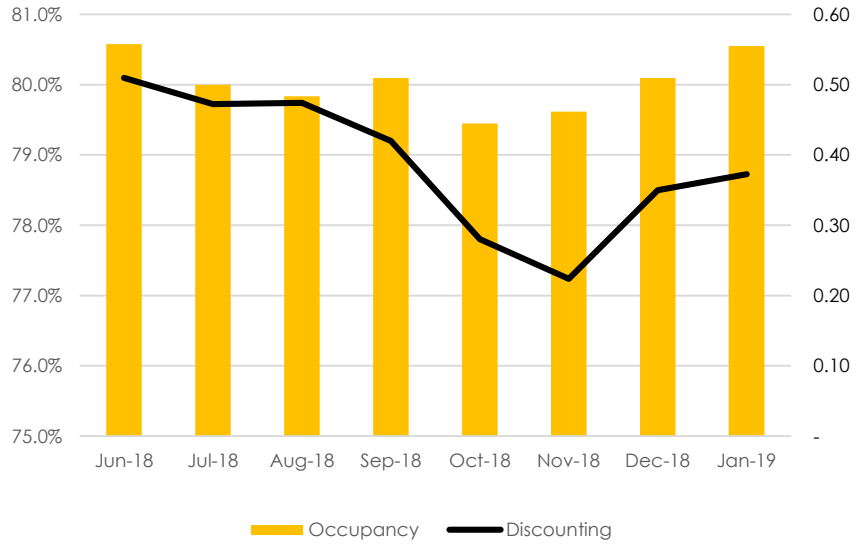
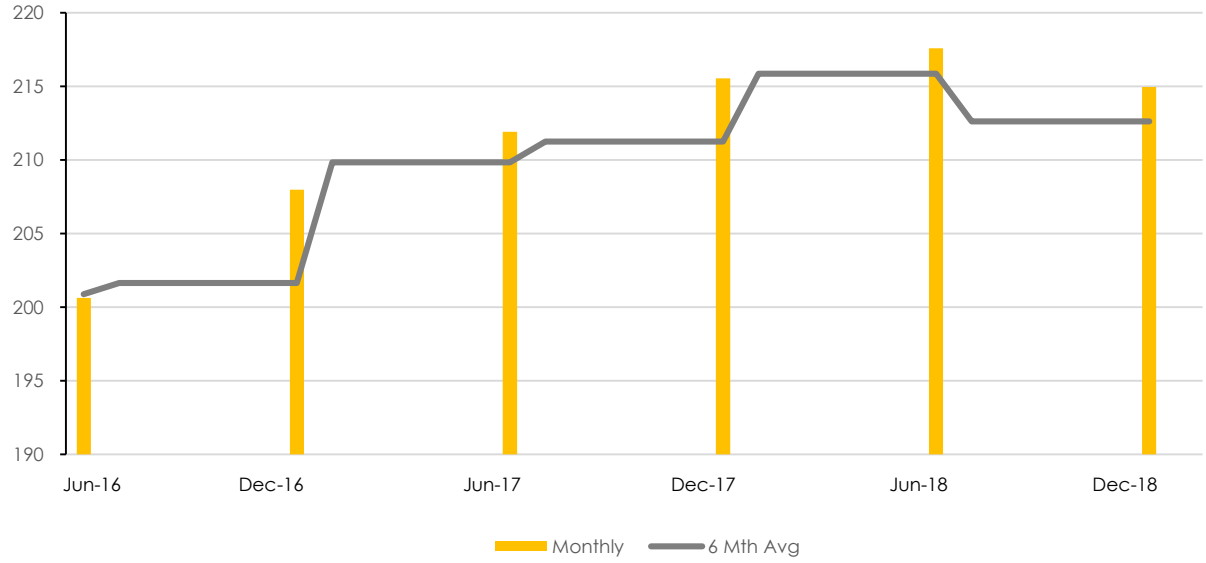
Occupancy v Move-In Offers



REVPAM
(June 2016 Centres)



1H FY19 REVPAM impacted by short term fluctuation in average occupancy. Average move-in offer continues to remain at modest levels (approx. 2.5%).

REVPAM
$215 / sqm
(Dec 17: $216 / sqm)

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

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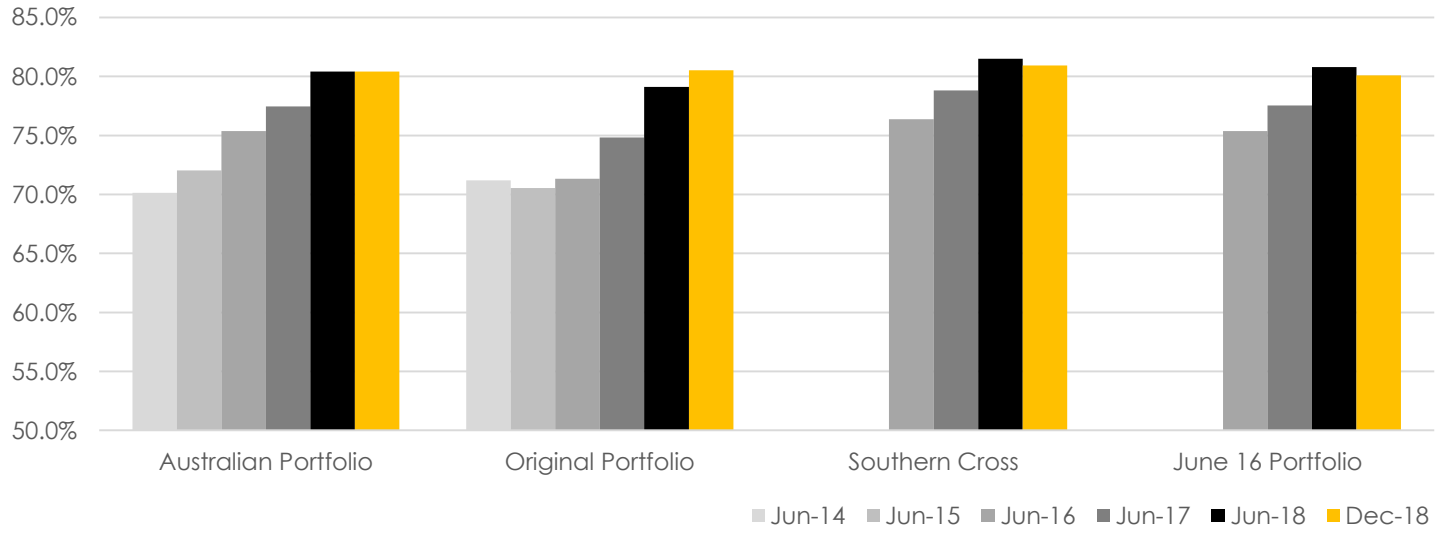
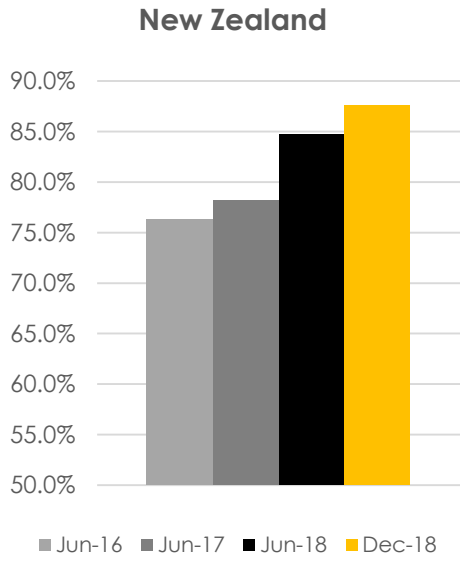
OCCUPANCY STEADY ACROSS 1H FY19

- 80.4% - Australian Portfolio Occupancy
- 80.1% - June 16 Portfolio Occupancy
- Approximately 60% of centres are trading at or above 80% occupancy
- Continued strong growth experienced across WA up 4%
- Tasmania up 2.6% and ACT up 2.4%





KEY

Australian Portfolio (110 centres) excludes New Zealand and developing centres
Original Portfolio (37 centres) comprises IPO centres (excludes Southern Cross centres)

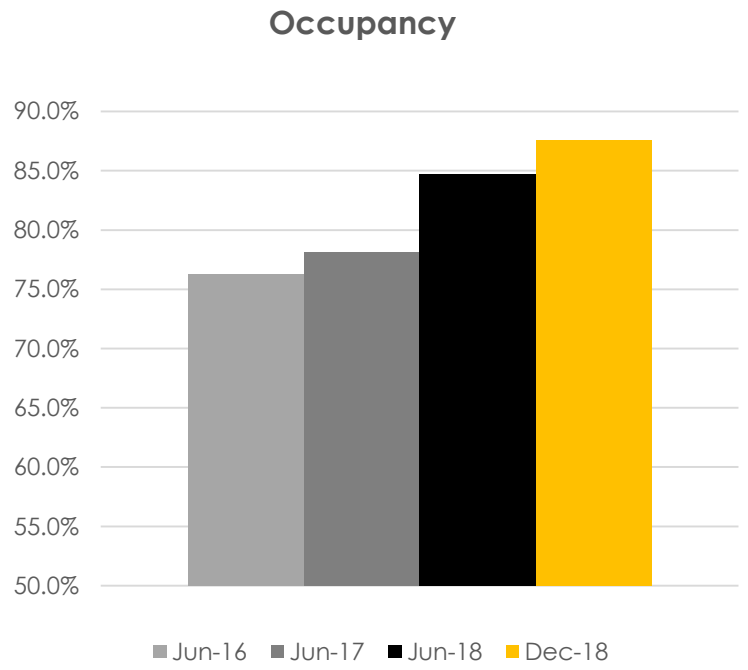
Southern Cross (26 centres) comprises centres previously held in the Southern Cross joint venture
June 16 Portfolio (86 centres) excludes New Zealand and developing centres

NEW ZEALAND UPDATE

ACCELERATING PORTFOLIO EXPANSION IN A CAPITAL EFFICIENT MANNER

- Strong performance of New Zealand assets continues with majority of assets trading at or above 85% occupancy and strong REVPAM
- Discussions with shortlisted potential partners for new capital partnership ongoing
- 3 new development sites acquired or under due diligence in Auckland to date in FY19

Ellerslie (Development site)



PORTFOLIO METRICS (13 centres)

Occupancy:	87.6% (June 2018: 84.7%)
Rate:	$170/sqm (June 2018: $179/sqm)
REVPAM:	$150/sqm (June 2018: $151/sqm)

*As at December 2018. Includes Pukekohe acquired in September 2018.

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ACQUISITION UPDATE

EXECUTING A STRONG PIPELINE OF ACQUISITION OPPORTUNITIES

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- 11 new acquisitions in 1H FY19 plus 2 development sites
- $135 million of total assets settled during 1H FY19
- 4 new centres due to be completed and open throughout FY19: Bundall, Brendale, Milton and Fremantle
- FY19 acquisitions have solidified NSR's presence in the Central Coast, Newcastle and Hunter Valley regions
- NSR continues to successfully execute its growth strategy in a highly fragmented industry, leveraging our fully-integrated, scalable operating platform to maximise shareholder returns

National Storage Berkeley Vale

FY19 ACQUISITIONS

CENTRE	STATE	SETTLEMENT	NLA (SQM)
Beresfield	NSW	Jul-18	3,700
Thornton	NSW	Jul-18	1,700
Rutherford	NSW	Jul-18	4,400
Rowville	VIC	Aug-18	4,600
Yanchep	WA	Sep-18	4,300
Pukekohe	NZ	Sep-18	9,800
Maitland	NSW	Sep-18	3,100
Morisset South	NSW	Oct-18	2,900
Berkeley Vale	NSW	Nov-18	4,800
Ellerslie*	NZ	Nov-18	-
Biggera Waters*	QLD	Dec-18	-
Salisbury Plains	SA	Dec-18	4,200
Croydon Park	SA	Dec-18	5,300
Total Acquisitions			**48,800**

*Development sites

DEVELOPMENT AND EXPANSION PIPELINE UPDATE

EXECUTING A STRONG PIPELINE OF DEVELOPMENT OPPORTUNITIES

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- 12 expansion and development projects currently in various stages of progress
- Multiple new sites and repurposing/expansion of existing sites across various states and territories
- Should result in significant uplift in NTA post completion upon let up of additional built NLA

National Storage Treasure Cove (Concept)

FY19 DEVELOPMENTS AND EXPANSIONS

Centre	LOCATION	Status	SETTLED	DA LODGED	BA	CONSTRUCTION
Albany	NZ	Concept				
Biggera Waters	QLD	DA lodged	✓	✓		
Brooklyn	VIC	Complete	✓	✓	✓	✓
Bundall	QLD	Construction	✓	✓	✓	✓
Croydon	VIC	Construction	✓	✓	✓	✓
Ellerslie	NZ	Concept	✓			
Kurnell	NSW	DA lodged	✓	✓		
Manukau	NZ	Concept				
Milton	QLD	Construction	✓	✓	✓	✓
Mitchell	ACT	DA lodged	✓	✓		
Montrose	TAS	DA lodged	✓	✓		
Robina	QLD	DA lodged	✓	✓		

FY19 GUIDANCE AND OUTLOOK

FY19 DISTRIBUTION GUIDANCE OF **9.6 – 9.9 CENTS PER STAPLED SECURITY**

UNDERLYING EPS GROWTH[1] PER STAPLED SECURITY

9.6 CENTS	9.9 CENTS
0%	3%

UNDERLYING EARNINGS GROWTH

$62.5 MILLION	$64.5 MILLION
22%	25%

1 - Assuming no unforeseen circumstances or strategic portfolio acquisitions

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

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APPENDICES

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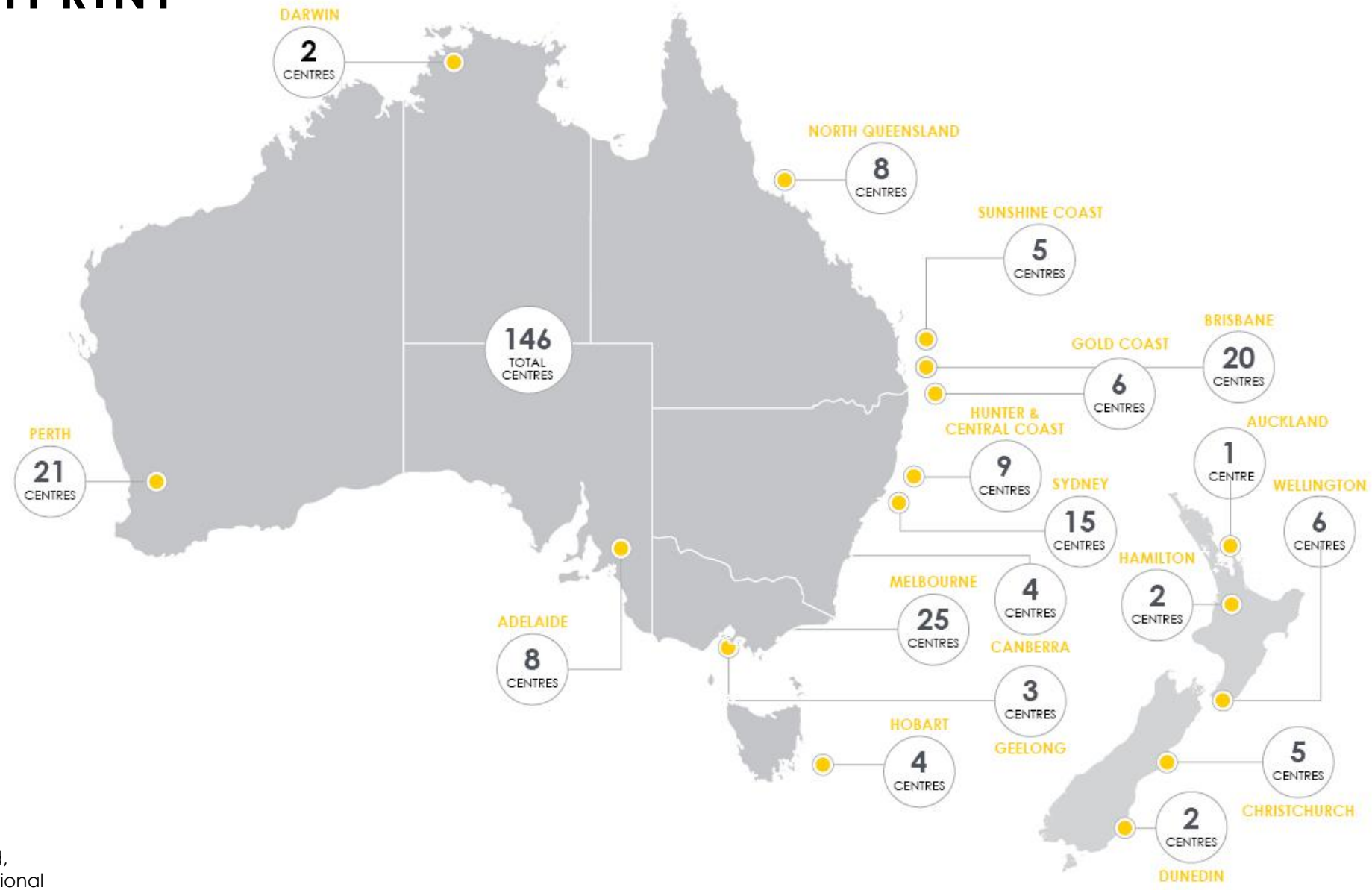
NSR FOOTPRINT



*includes all centres managed, operated and licensed as National Storage

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PORTFOLIO METRICS

	31 December 2017				31 December 2018			
	AUST	NZ	MGT	TOTAL	AUST	NZ	MGT	TOTAL
Freehold centres	91	11	4	106	111	14	3	128
Leasehold centres	16	-	-	16	16	-	-	16
Total centres [1]	**107**	**11**	**4**	**122**	**127**	**14**	**3**	**144**
Freehold NLA (sqm)	492,000	60,000	23,000	575,000	580,000	78,000	17,000	675,000
Leasehold NLA (sqm)	78,000	-	-	78,000	77,000	-	-	77,000
Total NLA (sqm)	**570,000**	**60,000**	**23,000**	**653,000**	**657,000**	**78,000**	**17,000**	**752,000**
Average NLA	5,400	5,500	5,800	5,400	5,200	5,600	5,700	5,200
Storage units	60,400	5,500	2,100	68,000	68,700	7,000	1,500	77,200
REVPAM [2]	$216	$133	N/A	N/A	$215	$148	N/A	N/A
Assets under management	$1,182m	$79m	N/A	$1,254m	$1,477m	$122m	N/A	$1,593m
Weighted average Primary cap rate	7.60%	7.86%	N/A	N/A	7.23%	7.73%	N/A	N/A

1 - Excludes two centres licensed in Sept 2017
2 - Excludes developing centres

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