NATIONAL STORAGE REIT

1H FY16 - 31 DECEMBER 2015 RESULTS

8 FEBRUARY 2016

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HIGHLIGHTS

1H FY 2016

- A-IFRS profit after tax of $20.6 million
- Underlying earnings* of $14.3 million (4.3 cents per security)

FY 2016 GUIDANCE

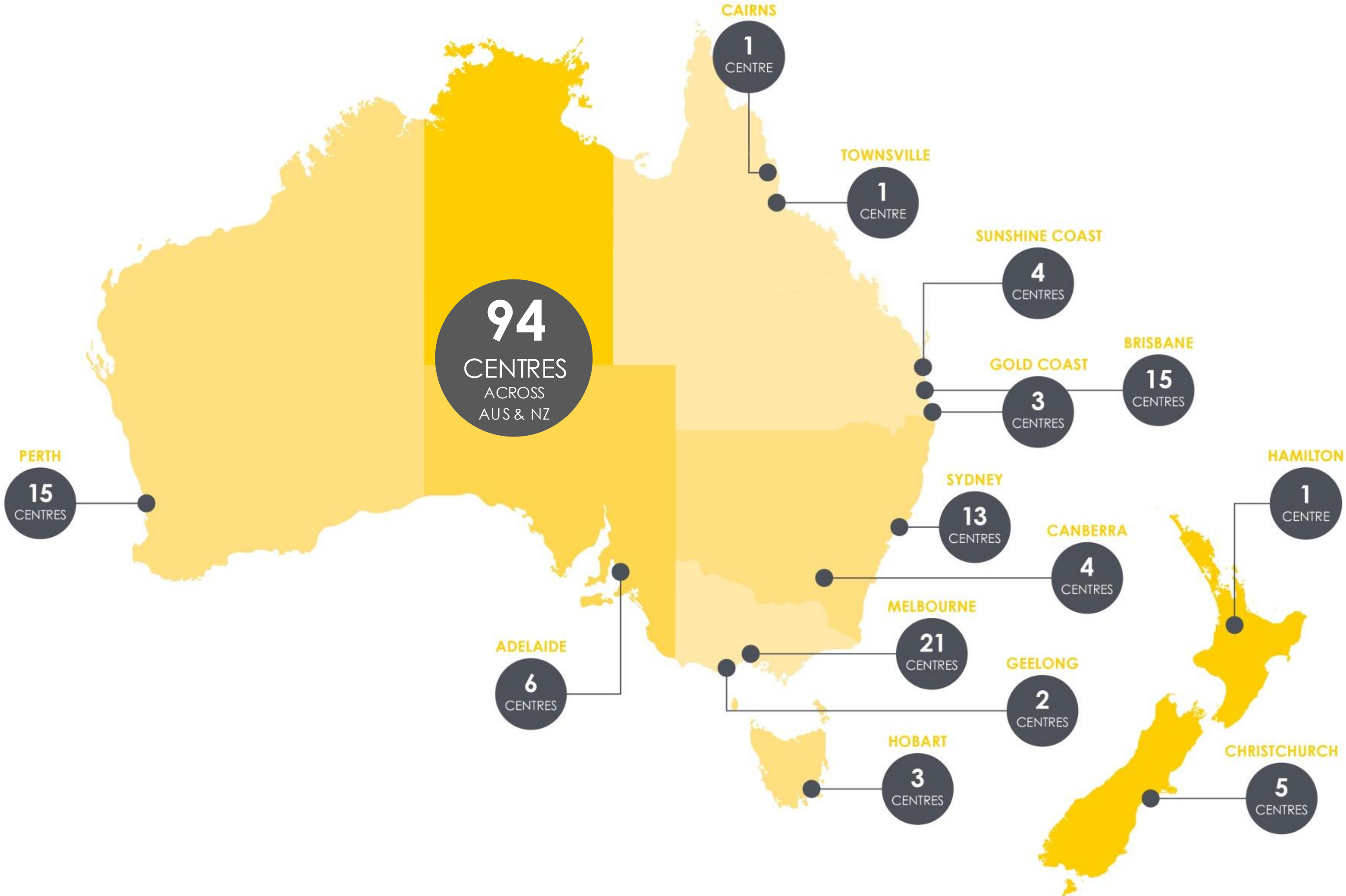
- FY16 underlying earnings guidance remains unchanged at 8.7 – 8.8 cents per security ($29.0m – $29.5m) representing underlying EPS growth of 6.0% – 7.5% on FY15 (assuming no material changes in market conditions)
- Distribution payout ratio is forecast to remain between 90% - 100% of underlying earnings

ACHIEVEMENTS

- Underlying earnings up 35% on 1H FY15
- EPS up 13.2% to 4.3 cents per security on 1H FY15
- Successful integration of New Zealand into management platform
- 5% increase in rate per sqm across the total portfolio (excluding developing centres)
- 20% increase in total assets under management to $886 million
- Established (IPO) portfolio EBITDA grew by 4.3% H1 FY16 v H1 FY15

* A-IFRS profit after tax less tax benefit ($0.4 million), Fair value adjustments ($3.3 million) and Finance lease diminution, presented as fair value adjustments ($2.6 million)

NATIONAL STORAGE FOOTPRINT



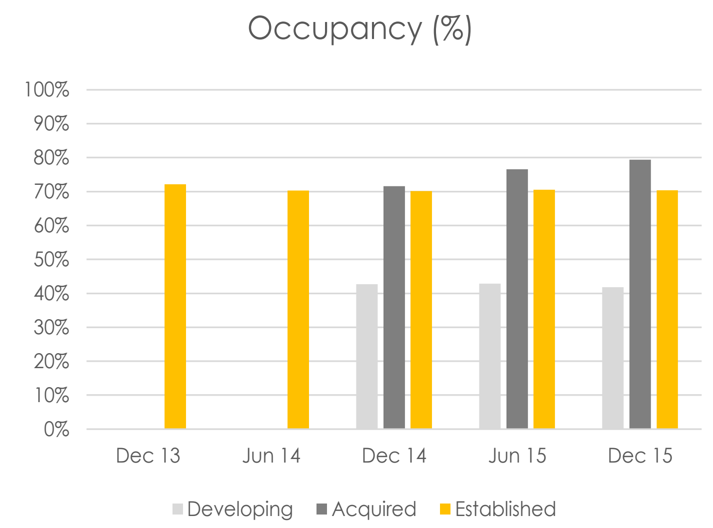
STRATEGY

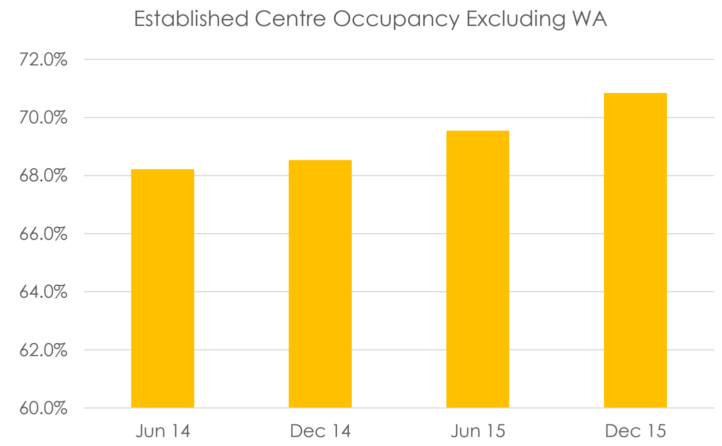
DEVELOP MULTIPLE REVENUE STREAMS TO MAXIMISE RETURNS

ASSET MANAGEMENT	ACQUISITIONS	PORTFOLIO, CENTRE AND DEVELOPMENT MANAGEMENT	PRODUCT AND INNOVATION
-- Balance rate and occupancy to achieve dual objectives of organic growth while maximising revenue from portfolio -- Leverage management platform and economies of scale to extract value -- Drive cost efficiencies across the portfolio --	-- Focus on high quality accretive acquisitions in a fragmented industry -- Strong potential acquisition pipeline in Australia and New Zealand --	-- Provision of design and development services -- Focus on development in markets where acquisitions are more challenging -- Australian Prime Storage Fund and Perth Development Portfolio arrangements -- Management of third party centres	-- Exploring opportunities for revenue generation across: - New sales channels including mini warehousing and logistics solutions - Digital strategies - Expanding ancillary product range

OCCUPANCY

- Driving an appropriate balance between rate per sqm and occupancy growth
- Improving overall portfolio metrics despite soft trading conditions in certain markets
- **Established Portfolio** trading consistently between 70% - 71%
- **Total Portfolio*** increased from 72% to 73%
- Overall occupancy affected by soft conditions and new supply. Positive gains in other states offset occupancy decline in Perth market
- NLA comparisons
  - Average NLA of Established Portfolio 5,450 sqm
  - Average NLA of Acquired Portfolio 5,200 sqm
  - Comparable industry NLA average** 4,600 sqm

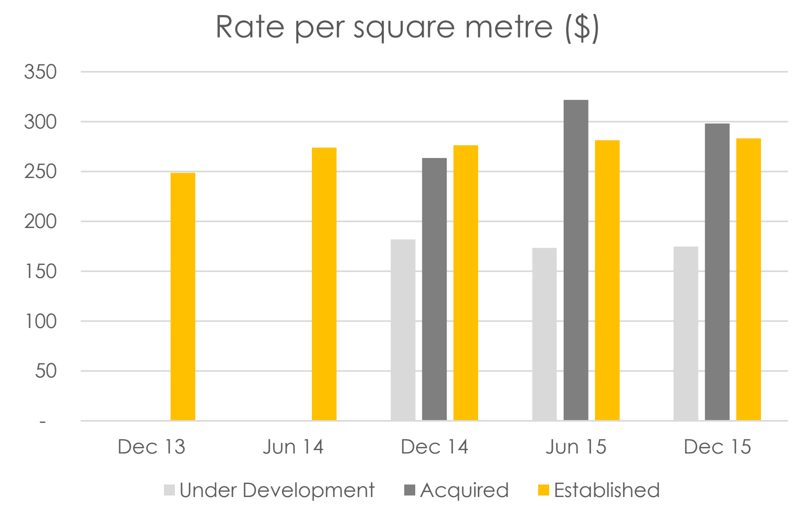




* excluding NZ and developing centres
** based on internal NSR research

RATE PER SQM

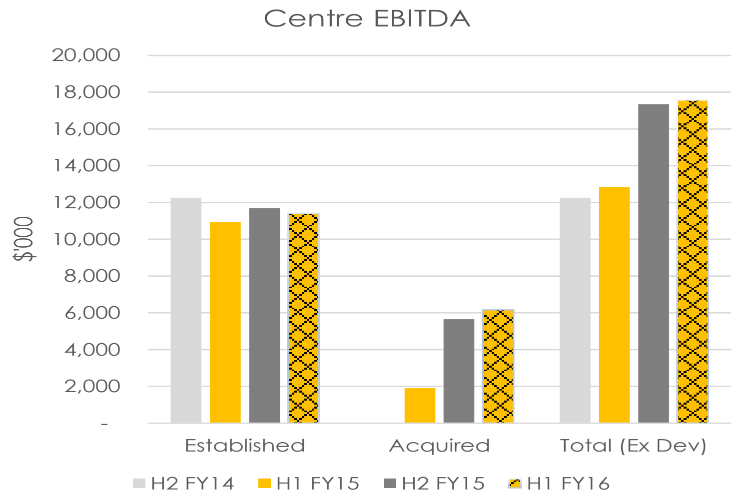
- Driving an appropriate balance between rate per sqm and occupancy growth on an individual centre basis
- **Established Portfolio** increase in rate per square metre to $283/sqm (Dec 14: $276/sqm, Jun 15: $282/sqm)
- **Total Portfolio*** rate per square metre of $289/sqm (Dec 14: $274/sqm, Jun 15: $293/sqm)
- 1H FY16 rate per sqm impacted by recent acquisition of new centres at lower starting rate per sqm and timing of rate increases
- Adopting advanced multiple signal revenue management model together with a value-add marketing approach to move away from competitor discounting



* excluding NZ and developing centres

CENTRE EBITDA GROWTH (EX NZ)

- Established (IPO) portfolio grew by 4.3% H1 FY16 v H1 FY15
- Previously acquired centres continue to deliver additional EBITDA and positive impact on EPS
- Recently acquired centres should continue to increase contribution as full year impact of acquisitions flow through and additional acquisitions come into the portfolio
- Strong overall EBITDA growth with additional $4.8 million (37%) H1 FY16 v H1 FY15



NEW ZEALAND

- Successful entry into New Zealand market in August 2015
- Acquisition of five centres in Christchurch and one in Hamilton
- 23,000 sqm net lettable area
- 53,000 sqm gross land area
- New Zealand operational structure in place with direct link back to Australian management platform
- Extract value from acquired centres via optimising rate per square metre and driving occupancy
- Opportunity for future expansion/development in Christchurch and Hamilton
- Continue to pursue acquisition opportunities in major population centres, eg Auckland and Wellington

ACQUISITIONS: INDUSTRY GROWTH STRATEGY

NATIONAL STORAGE

ANNOUNCED ACQUISITIONS

- 94 centres currently under ownership, operation or management across Australia and New Zealand, an increase of 12 from June 2015
- In excess of $57 million in acquisitions transacted in 1H FY16

STRATEGIC RATIONALE

- Highly fragmented industry
- Scalable fully-integrated operating platform – driving revenue and cost synergies
- Strong acquisition and integration track-record
- Investment guidelines dictate superior locations, proximity to usage drivers and ability to add value

STRATEGY OUTLOOK

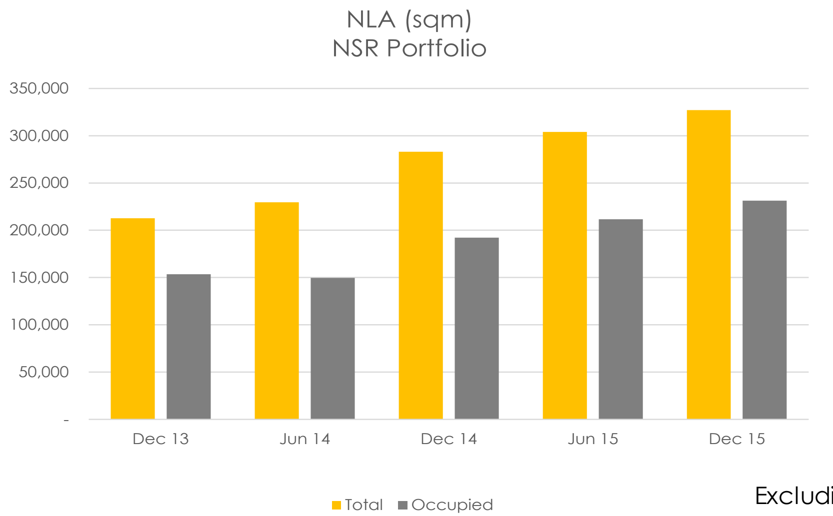
- Evidence of tightening cap rates demonstrated in NSR portfolio yield – weighted average primary cap rates at 9.7% on IPO, tightening to 8.4% 1H FY16
- Tightening cap rates now being reflected in wider industry expectations
- Strong potential acquisition pipeline within Australia and New Zealand

VALUE CREATION SPOTLIGHT – DEE WHY

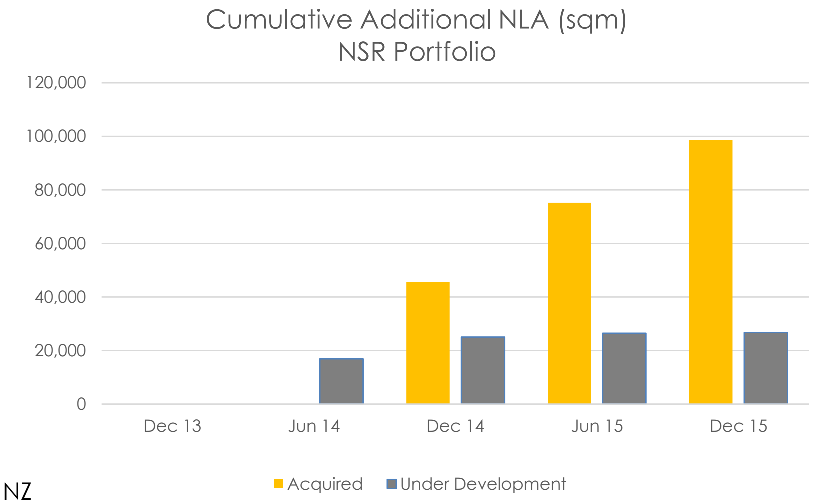
Acquired business in March 2015 for $5.2m + Acquired Lot 2 in June 2015 for $2.2m + Acquired Lot 6 in December 2015 for $3.2m = Revalued at $11.85m **$1.25m uplift** post consolidation

ACQUISITIONS

Centre	State	Date	Purchase Price
Belfast, Opawa, Ferrymead, Hornby & Redwood	Christchurch (NZ)	August 2015	$21.7m (NZ$23.0m)
Pymble, Camperdown & Seven Hills	New South Wales	October 2015	$11.1m
Frankton	Hamilton (NZ)	November 2015	$6.9m (NZ$7.4m)
Earlville	Queensland	November 2015	$9.9m
Croydon South	Victoria	December 2015	$4.7m
Dee Why (portion of freehold of existing centre)	New South Wales	December 2015	$3.2m
12 Acquisitions			**$57.5m**



Excluding NZ



PORTFOLIO, DEVELOPMENT AND CENTRE MANAGEMENT

AUSTRALIAN PRIME STORAGE FUND

- Partnership facilitates the development and ownership of premium grade self-storage centres
- NSR has taken a 24.9% equity interest (up to $12.45m)
- Fund targeting $100m of capital (target gearing of 50%) over a five year term
- NSR holds first right of refusal to acquire assets on sale or termination of the Fund at market valuation
- Three foundation assets at Albion, Kelvin Grove and Carrara QLD (construction commenced)
- NSR is entitled to fees associated with development and ongoing management
- NSR leveraging brand and management to generate additional revenue and share platform costs, generating further synergies

PORTFOLIO RECYCLING

- First portfolio recycling opportunity in Brooklyn, VIC completed in 2015
- Due diligence continues on a number of additional sites with development potential

PERTH DEVELOPMENT PORTFOLIO
(Parsons Group)

- Construction and management agreement covering five centres (first project under construction)
- It is anticipated NSR will acquire three assets upon completion

CENTRE MANAGEMENT

- Addition of Jandakot, WA (branded National Storage, operated by Parsons Group) in September 2015
- 29 centres now under management

SOUTHERN CROSS PORTFOLIO - HEITMAN

- Value uplift of equity interest from $6.7m to $8.5m
- NSR holds pre-emptive rights to acquire

PORTFOLIO METRICS

METRICS	IPO			31 December 2014			31 December 2015		
	NSR	MGT	TOTAL	NSR	MGT	TOTAL	NSR	MGT	TOTAL
Freehold centres	28	24	52	39	27	66	50	29	79
Leasehold centres	10	-	10	10	-	10	15	-	15
Total centres	38	24	62	49	27	76	65	29	94
Freehold NLA (sqm)	163,000	117,000	281,000	234,000	129,000	363,000	277,000	141,000	418,000
Leasehold NLA (sqm)	49,000	-	49,000	49,000	-	49,000	73,000	-	73,000
Total NLA (sqm)	212,000	117,000	330,000	283,000	129,000	412,000	350,000	141,000	491,000
Average NLA	5,600	4,900	5,300	5,800	4,700	5,400	5,400	4,900	5,200
Storage units	25,000	12,000	37,000	32,000	13,000	45,000	40,000	14,000	54,000
REVPAM (Excludes developing centres)	$174	N/A	N/A	$182	N/A	N/A	$212	N/A	N/A
Assets under management	$270m	$210m	$480m	$409m	$224m	$633m	$618m	$268m	$886m
Weighted average Primary cap rate	9.70%	N/A	N/A	9.50%	N/A	N/A	8.40%	N/A	N/A

NSR – owned portfolio
MGT – managed centres including Southern Cross
REVPAM – revenue per available square metre

CAPITAL MANAGEMENT

Debt Finance Facility (AU + NZ)

- Restructured to club arrangement with three major Australian banks in December 2014
- $229 million in facilities
- $196.9 million drawn
- $32.2 million available
- 31% gearing
- $119.4m hedged - weight average tenor 4.3 years

Distributions

- Distribution Reinvestment Plan introduced
- Initial take up 14.3% (within two weeks of launch)
- Distribution policy of 90% - 100% of underlying earnings
- FY16 interim distribution of 4.3 cents per stapled security, to be paid 26 February 2016

Valuation Policy

- 3 year rolling independent valuations

BALANCE SHEET METRICS

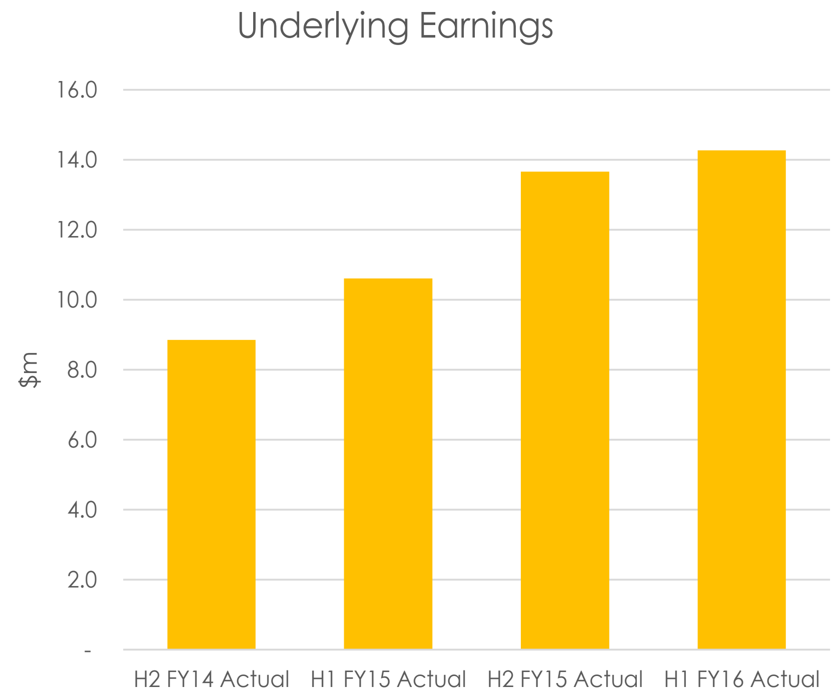
Balance Sheet Metrics	Dec 14	Dec 15		
	Aust ($A)**	Aust ($A)	NZ ($NZ)	Total ($A)*
Total assets (net of finance lease liability)	$449.4m	$589.3m	$31.0m	$618.4m
Net tangible assets	$296.2m	-	-	$375.7m
Net tangible assets per security	1.00	-	-	1.12
Total debt facilities	$200m	$200m	$31m	$229m
Total debt drawn	$112m	$168m	$31m	$197m
Remaining debt capacity	$88m	$32m	$0m	$32m
Average cost of debt drawn	3.9%	3.4%	4.0%	3.5%
Gearing ratio	23%	-	-	31%
Covenant gearing ratio (50%)	26%	-	-	34%
Covenant interest coverage (2.0x)	5.9x	-	-	5.5x
Debt term to maturity (years)	3.1	2.2	4.0	2.5
Debt hedged	$110.0m	$110.0m	$10.0m	$119.4m
% debt hedged	98%	66%	32%	61%
Average cost of hedged debt	4.0%	4.0%	4.5%	4.1%
Weight average hedge maturity (years)	3.40	4.60	2.80	4.30

* - $A/$NZ = 1.066

** NSR held no $NZ assets or liabilities at Dec 14

SUMMARY AND OUTLOOK

- 1H FY16 underlying earnings of $14.3 million (4.3 cents per security)
- FY16 underlying earnings guidance $29.0 - $29.5m - assuming no material changes in market conditions
- FY16 underlying EPS guidance of 8.7 – 8.8 cents per security (6.0% – 7.5% growth on FY15) - assuming no material changes in market conditions
- Benefits from acquisitions continue to flow through to earnings
- Active acquisition pipeline



Results and Guidance Summary	
1H FY16 underlying earnings	**$14.3 million (4.3 cents per security)**
FY16 underlying earnings guidance	**$29.0 - $29.5m (19 – 22% growth on FY15)**
FY16 underlying EPS guidance	**8.7 – 8.8 cents (6.0% – 7.5% growth on FY15)**

APPENDIX A: 31 DECEMBER 2015 RESULTS

SUMMARY INCOME STATEMENT

RECONCILIATION OF A-IFRS PROFIT TO UNDERLYING EARNINGS

$ Million	1H FY15	1H FY16	% Movement
Storage revenue	24.3	33.2	37%
Sales of goods and services	2.7	3.0	13%
Other revenue (Inc share of profit of JV)	2.2	2.9	30%
Total Revenue	**29.2**	**39.1**	**34%**
Operating Centre Expenditure			
Salaries and employee benefits	3.8	4.7	24%
Lease expense	4.5	6.2	38%
Property rates and taxes	1.8	2.2	22%
Cost of goods sold	0.6	0.7	17%
Repairs and maintenance	0.4	0.6	50%
Other operating expenses	2.8	3.6	29%
Total Operating Centre Expenditure	**13.9**	**18.0**	**29%**
Operating Profit	**15.3**	**21.1**	**38%**
General and administration	2.3	3.3	43%
Finance costs	2.2	3.3	50%
Depreciation and amortisation	0.2	0.2	0%
Total expenses	**18.6**	**24.8**	**33%**
Underlying Earnings	**10.6**	**14.3**	**35%**
Add / (less) fair value adjustments	3.2	3.3	
Add / (less) dimunition of lease asset	1.9	2.6	
Add / (less) other non-operating expenses	(0.6)	-	
Profit / (loss) before income tax	**15.1**	**20.2**	
Income tax (expense) benefit	0.1	0.4	
Profit / (loss) after income tax	**15.2**	**20.6**	

THANK YOU

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