NATIONAL STORAGE REIT

HALF YEAR RESULTS 2015

25 FEBRUARY 2015

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National Storage REIT's statutory results are prepared in accordance with International Financial Reporting Standards (IFRS). This presentation also includes certain non-IFRS measures in presenting National Storage REIT's results. Certain non-IFRS financial measures, have not been subject to audit or review.

All figures are in AUD unless otherwise stated.

RESULTS HIGHLIGHTS

- A-IFRS profit after tax for H1 FY15 of $15.2 million
- Underlying earnings for H1 FY15 of $10.6 million
- Underlying earnings for CY14 of $19.4 million, exceeded PDS forecast of $19.1 million
- Underlying earnings guidance for FY15 confirmed at $24.2 million (8.5 cps)
- Keys to achieving FY15 targets:
  - **Acquisition - *Industry Consolidation Strategy***
    - Transacted $145 million in new acquisitions
    - Earnings accretion from acquisition activity in FY14 to flow through into FY15 post integration
    - Potential acquisition pipeline remains strong
  - **Operational - *Active Asset Management***
    - Strong operational performance despite challenging macro-economic conditions
    - Occupancy at 70% for original IPO portfolio
    - Increase in rate per sqm of IPO portfolio from $249 to $276 per sqm (up 11%)
    - Further enhancements to operating platform to deliver cost efficiencies and scalability
  - **Development - *Portfolio and Development Management***
    - Additional operational income from development management activities
    - First portfolio recycling opportunity transacted with further projects underway

FOCUSED STRATEGY

Multi-Pronged Strategy

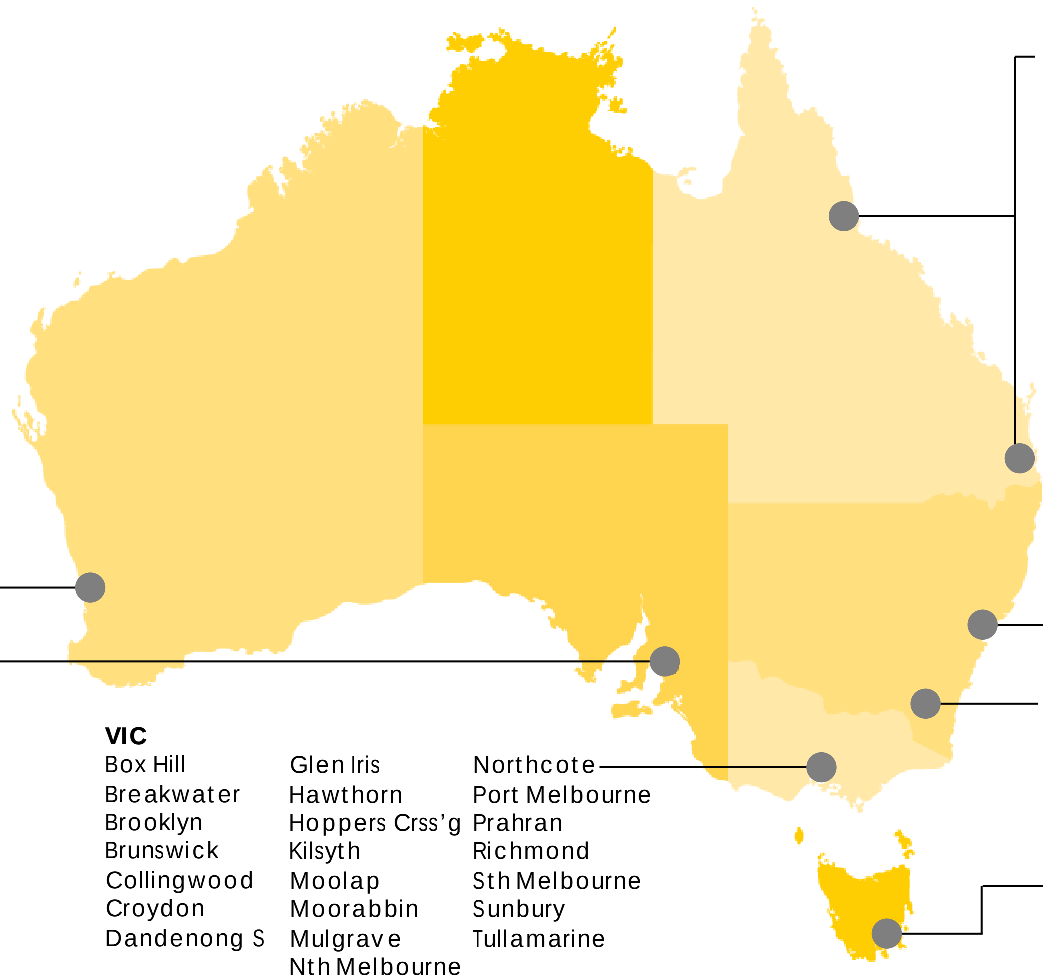
- Extract organic growth from current portfolio
  - Drive rate and occupancy mix to maximise revenue
  - Investigate portfolio opportunities
- Leverage management platform to extract value
  - Drive cost efficiencies in newly acquired centres
  - Use management platform to increase rental rates and occupancy over time
- Acquisitions
  - Focus on accretive acquisition in a fragmented industry
  - Aging ownership demographic increasingly looking to exit investments
  - NSR viewed as an acquirer of choice
- Additional revenue streams
  - Provision of design and development services
  - Management of third party centres

OVERVIEW OF NSR

- Australia's first listed, fully integrated and internally managed self-storage REIT (S&P ASX 300)
- 82 centres across seven states and territories of Australia:
  - 43 centres owned by NSPT
  - 13 centres under long term leasehold arrangements
  - 26 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
- 260 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

NATIONAL STORAGE FOOTPRINT

NATIONAL STORAGE



WA
Bayswater
Belmont
Canning Vale
Cockburn
Forrestdale
Guildford
Joondalup
Mandurah
O'Connor
Osborne Park
Perth
Rockingham
Subiaco
Wangara

SA
Cheltenham
Hindmarsh
Klemzig
Marion
Port Adelaide
Reynella

VIC
Box Hill
Breakwater
Brooklyn
Brunswick
Collingwood
Croydon
Dandenong S
Glen Iris
Hawthorn
Hoppers Crss'g
Kilsyth
Moolap
Moorabbin
Mulgrave
Nth Melbourne
Northcote
Port Melbourne
Prahran
Richmond
Sth Melbourne
Sunbury
Tullamarine

QLD
Aspley
Brisbane City
Browns Plains
Caboolture South
Cannon Hill
Capalaba
Coolum
Coorparoo
Currumbin
Fortitude Valley
Hervey Bay
Indooroopilly
Kawana Waters
Kedron
Macgregor
Mt Gravatt
Nerang
Oxley
Springwood
Townsville
Tweed Heads
Virginia
Yandina

NSW
Artarmon
Alexandria
Belfield
Chatswood
Dee Why
Gladesville
Hornsby
Minchinbury
Seven Hills
St Marys

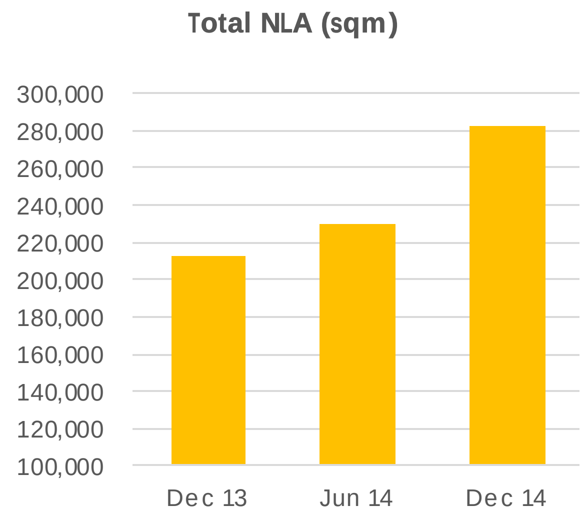
ACT
Hume
Mitchell
Phillip
Queanbeyan

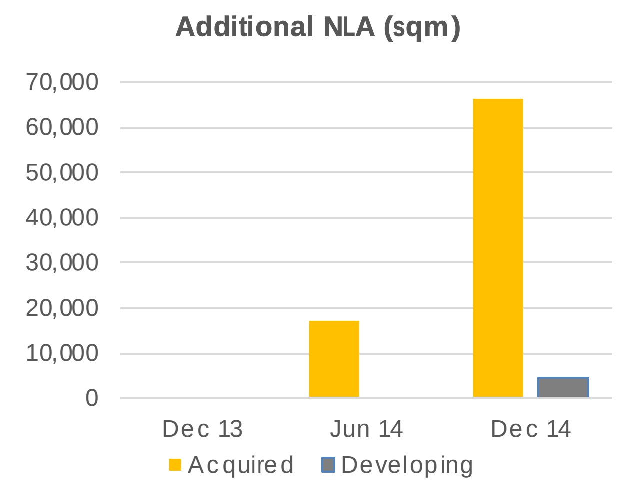
TAS
Moonah
Montrose
Mornington

ANNOUNCED ACQUISITIONS H1 FY15 ONWARDS

CENTRE	NATURE	PRICE	RETURN [1]	SETTLEMENT
Wangara	Freehold	$10.9 million	9%	July 2014
Port Adelaide	Freehold	$5.2 million	9.8%	July 2014
O'Connor	Freehold	$8 million	10% [2]	Sept 2014
Hume	Freehold	$46.5 million	8.2%	Oct 2014
Mitchell				
Phillip				
Queanbeyan				
Forrestdale	Freehold	$11 million	8.5%	Nov 2014
Glen Iris	Freehold	$48.8 million	8.4%	Jan 2015
South Melbourne	Freehold			
Hawthorn	Leasehold			
Richmond	Leasehold			
Dandenong South	Freehold	$15.2 million	7.5%	Jan 2015
Dee Why	Leasehold	$5 million	10%	Feb 2015

1. Forecast year one passing income yield
2. On stabilisation





INDUSTRY CONSOLIDATION STRATEGY

Announced Acquisitions
- 82 centres currently under ownership, operation or management across Australia, up from 62 centres at IPO
- In excess of $80 million in acquisitions transacted in H1 FY15
- $69 million in acquisitions already transacted in H2 FY15

Acquisition Pipeline
- Strong potential acquisition pipeline
- Capacity to fund additional acquisition activity in H2 FY15

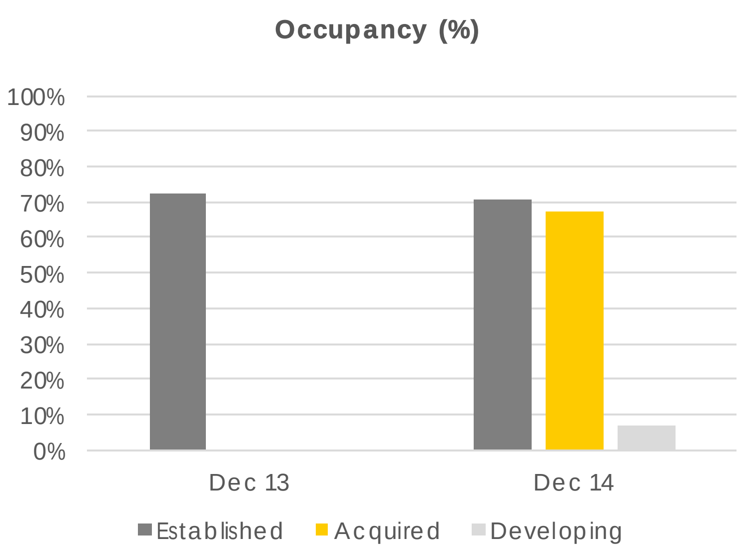
Strategic Rationale
- Highly fragmented industry
- Scalable fully-integrated operating platform – revenue and cost synergies
- Strong acquisition and integration track-record

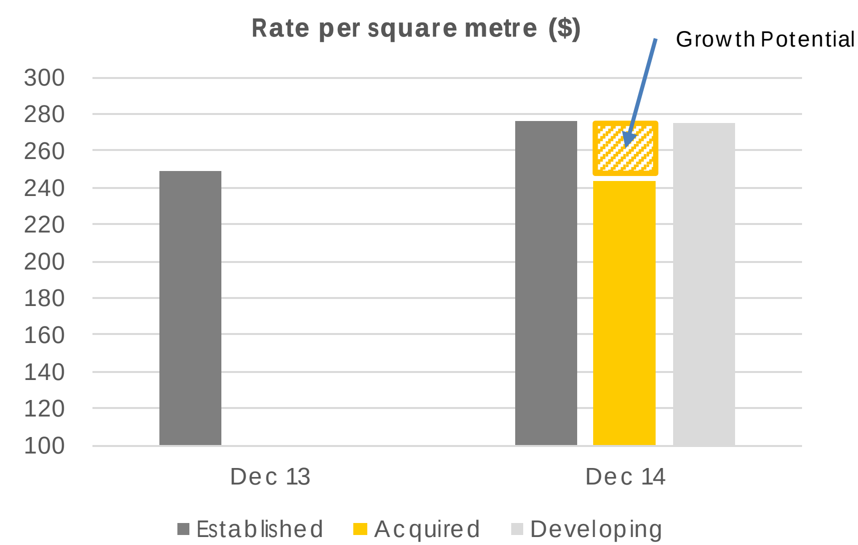
Investment Guidelines
- Location
- Proximity to drivers of self-storage usage – commercial, retail and/or residential
- Modern design – access and security
- Ability to value-add to existing storage operation
- Expected to be accretive to overall returns post integration

ASSET MANAGEMENT

Asset Management

- Driving an appropriate balance between rate per sqm and occupancy
- Improving portfolio metrics despite soft trading conditions
- Successfully leveraged rate per sqm over occupancy given market conditions
  - Increase in effective rate per sqm of 11% to $276 as at December 2014 achieved since IPO ($249)
  - Occupancy at December 2014 of 70% for original IPO portfolio
- Extract value from acquired centres via optimising rate per square metre and occupancy





PORTFOLIO AND DEVELOPMENT MANAGEMENT

Portfolio Recycling

- First portfolio recycling opportunity in Brooklyn, VIC
  - Large site with structural vacancy
  - Sold for $7.25 million which was above valuation
  - NSR will retain 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
  - Retain 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 11% as at 31 January 2015
- Stage Two of Forrestdale opened in December 2014

PORTFOLIO METRICS

METRICS	IPO			30 June 2014			31 December 2014		
	NSR	MGT	TOTAL	NSR	MGT	TOTAL	NSR	MGT	TOTAL
Freehold centres	28	24	52	31	26	57	39	27	66
Leasehold centres	10	-	10	10	-	10	10	-	10
Total centres	38	24	62	41	26	67	49	27	76
Freehold NLA (sqm)	163,000	117,000	281,000	189,000	125,000	314,000	234,000	129,000	363,000
Leasehold NLA (sqm)	49,000	-	49,000	49,000	-	49,000	49,000	-	49,000
Total NLA (sqm)	212,000	117,000	330,000	238,000	125,000	363,000	283,000	129,000	412,000
Average NLA	5,600	4,900	5,300	5,800	4,800	5,400	5,800	4,700	5,400
Storage units	25,000	12,000	37,000	27,000	13,000	40,000	32,000	13,000	45,000
REVPAM	$174	N/A	N/A	$178	N/A	N/A	$182	N/A	N/A
Assets under management	$270m	$210m	$480m	$333m	$217m	$550m	$409m	$224m	$633m
Weighted average Primary cap rate	9.7%	N/A	N/A	9.6%	N/A	N/A	9.5%	N/A	N/A

NSR – owned portfolio
MGT – managed centres including Southern Cross

LEASEHOLD RATIONALE

- Leasehold provides an opportunity to enter markets where freehold is scarce and/or expensive
- NSR values and acquires self-storage leaseholds on the basis of ownership of the operating business and the leasehold interest in the freehold property
- The purchase price includes the existing business, customer base and in most cases the internal fit-out including movable partitions, security systems, lifts, hoists, mezzanine floors etc, together with vehicles and office equipment.

AS AT 31 DEC 2014 (NSR Centres)	CENTRES	VALUE	% VALUE	WALE (yrs)	NLA (sqm)	% NLA
Leasehold	10	$11.2m	2.7%	11.7	49,000	17.4%
Freehold	39	$397.8m	97.3%	N/A	234,000	82.6%
Total	49	$409.0m	100.0%	N/A	283,000	100.0%

RESULTS VS IPO FORECAST

$'m	ACTUAL H1 FY15	ACTUAL CY14	IPO FORECAST CY14	DELTA
Total income	29.3	53.6	50.2	3.4
Total operating expenses	(8.1)	(15.3)	(14.0)	(1.3)
G&A expense	(3.3)	(6.3)	(5.6)	(0.7)
Leasehold properties expense (inc Lease interest expense)	(4.6)	(8.8)	(8.9)	0.1
EBITDA	13.3	23.2	21.7	1.5
Depreciation	(0.1)	(0.2)	(0.4)	0.2
EBIT	13.2	23.0	21.3	1.7
Net interest expense	(2.6)	(3.6)	(2.2)	(1.4)
Underlying profit	10.6	19.4	19.1	0.3
Underlying EPS	3.8c	7.5c	7.8c	
DPS	4.0c	7.8c	7.8c	

- Income accretion from acquisitions and portfolio performance
- Additional operating, G&A and interest expenditure associated with acquisitions
- Underlying EPS affected by dilutionary effect of capital raising

CAPITAL MANAGEMENT

Debt Finance Facility

- Restructured to club arrangement with NAB, Westpac and CBA in December 2014
- $111 million drawn of $200 million capacity as at 31 December 2014
- 26% gearing as at 31 December 2014 against 50% LVR covenant
- ICR of 5.9x as at 31 December 2014 against covenant of 2.0x
- $110m hedged as at 31 December 2014 at an average cost of 3.94%
- Tiered facility expiry with tenor to December 2019, weighted average tenor 3.1 years

Distribution Policy

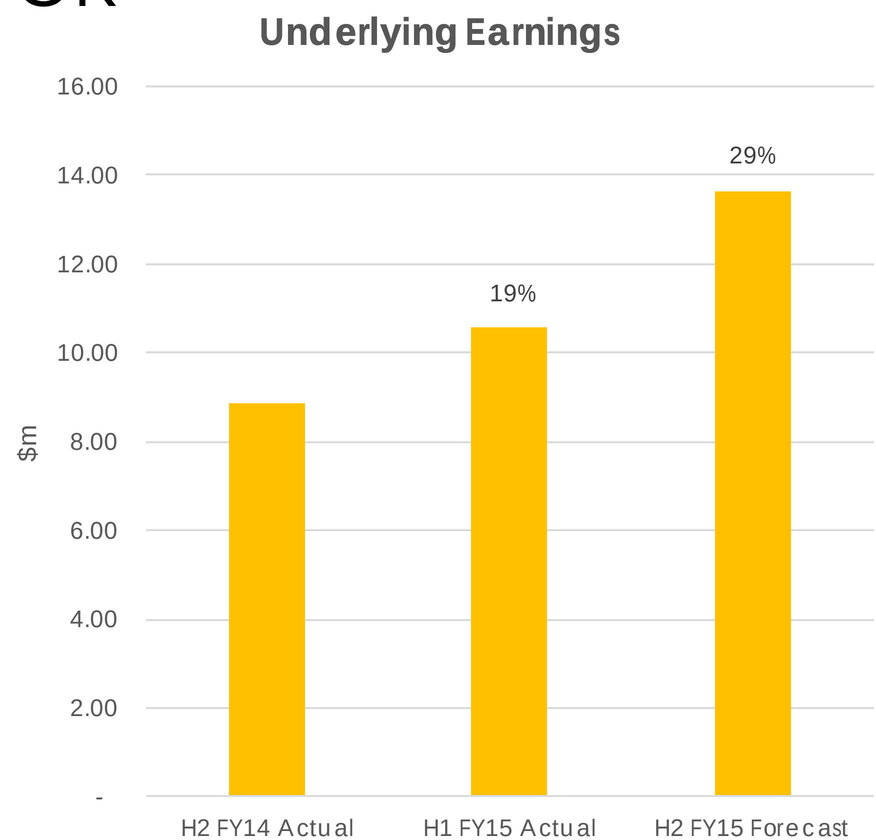
- Target net payout distribution ratio of 90% - 100% of underlying earnings
  - Distribution of 4.0 cents per stapled security to be paid 27 February 2015

Valuation Policy

- 3 year rolling independent valuations

SUMMARY AND OUTLOOK

- CY14 underlying earnings of $19.4 million exceeded IPO forecast
- FY15 underlying earnings guidance maintained at $24.2 million (8.5 cps)
- Benefits from 2014 acquisitions to flow through to FY15 results post integration
- Acquisition pipeline still active



Results and Guidance Summary	
CY14 underlying earnings achieved	$19.4 million (7.5 cents per security)
FY15 underlying earnings guidance	$24.2 million (8.5 cents per security)

APPENDIX A: 31 DECEMBER 2014 RESULTS

SUMMARY INCOME STATEMENT

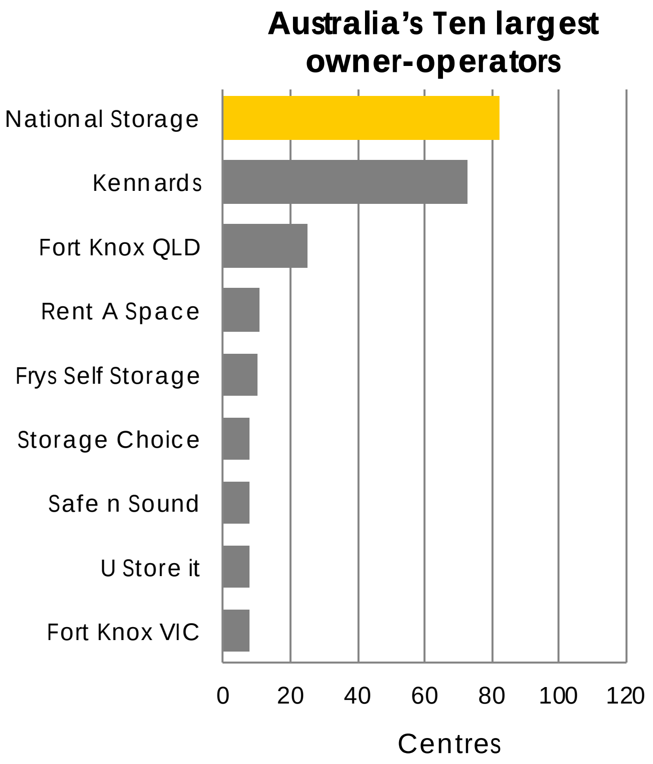
RECONCILIATION OF A-IFRS PROFIT TO UNDERLYING EARNINGS

$ million	FY14	H1 FY14	H2 FY14	H1 FY15	CY14
Total Revenue	**45.8**	**21.5**	**24.3**	**29.3**	**53.6**
Salaries and employee benefits	(6.8)	(2.6)	(4.3)	(5.2)	(9.5)
Property rates and taxes	(2.8)	(1.3)	(1.5)	(1.8)	(3.3)
Cost of packaging and other products sold	(0.5)	(0.3)	(0.2)	(0.3)	(0.5)
Depreciation and amortisation	(0.3)	(0.1)	(0.2)	(0.2)	(0.4)
Finance costs	(9.9)	(6.3)	(3.6)	(5.1)	(8.7)
Other operating expenses	(12.3)	(8.4)	(3.9)	(4.2)	(8.1)
Total expenses	**(32.7)**	**(19.0)**	**(13.7)**	**(16.8)**	**(30.5)**
Gross operating profit	**13.1**	**2.6**	**10.6**	**12.5**	**23.1**
Fair value adjustments	(4.4)	(1.4)	(3.0)	3.2	0.2
Other non-operational expenses	(0.2)	0.0	(0.2)	(0.6)	(0.8)
Loss on disposal of non-current assets	(0.1)	0.0	(0.1)	-	(0.1)
Profit/(loss) before income tax	**8.4**	**1.2**	**7.2**	**15.1**	**22.3**
Income tax (expense) benefit	7.2	6.7	0.4	0.1	0.5
Profit/(loss) after income tax	**15.6**	**7.9**	**7.7**	**15.2**	**22.9**
Profit/(loss) after income tax			**7.7**	**15.2**	**22.9**
Less tax benefit			(0.4)	(0.1)	(0.5
Add fair value adjustments			3.0	(3.2)	(0.2)
Add other non-operating expenses			0.3	0.6	0.9
Less diminution of leasehold properties (included in fair value adjustments)			(1.8)	(1.9)	(3.7)
Underlying Earnings			**8.8**	**10.6**	**19.4**

APPENDIX B: SELF STORAGE OVERVIEW

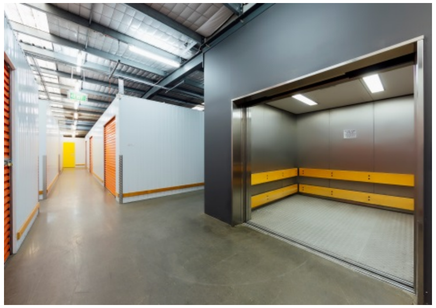
OVERVIEW OF SELF STORAGE INDUSTRY

- Highly fragmented industry
- Top three brands only have c25% of market
- Demand drivers include change of life events, building/renovating/moving, urban densification, aging 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



TYPICAL SELF STORAGE CENTRE









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