

# NATIONAL STORAGE REIT

MARKET UPDATE  
MARCH 2014

The logo consists of a yellow square with a black border. Inside the square, the words "NATIONAL" and "STORAGE" are stacked vertically in a bold, black, sans-serif font.

**NATIONAL  
STORAGE**

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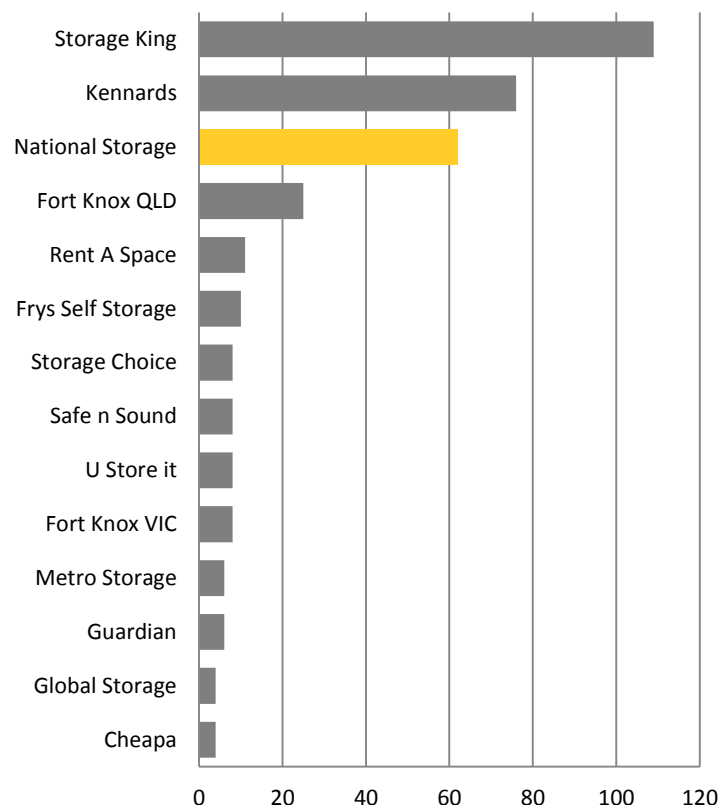
# NATIONAL STORAGE REIT

## NATIONAL STORAGE REIT

- Australia's first listed self-storage REIT
- Fully integrated and internally managed
- 36,210 storage units and 23,000 individual storage customers
- 38 self-storage centres valued at \$278m on a 7.8% CY14 yield
- Management of an additional 24 self-storage centres for Southern Cross (JV with Heitman)
- 10% investment interest in Southern Cross
- National Storage management platform, including
  - Dedicated management team at centre and head office level
  - Market leading technology that provides real time information and facilitates dynamic pricing
  - National contact centre based in the Brisbane head office
  - National property maintenance team
- S&P ASX300 index from 22 March 2014

## NUMBER OF SELF-STORAGE FACILITIES

(by brand, not ownership)



# NATIONAL STORAGE

## HISTORY

- Established in 2000 following merger of StowAway Self Storage, National Mini Storage and Premier Self Storage which consolidated more than 30 years industry experience
- Eight acquisition tranches since 2000
- Partnered with private investors and institutions including Investec, APN and Heitman (Southern Cross)

**APN**

**National Storage and APN Funds Management established the National Storage Property Trust (NSPT) in 2003**

- Initial portfolio of 20 assets
- 6 more tranches assets acquired over 5 years to total 28 assets



**In 2011, National Storage worked with Heitman to establish Southern Cross Storage Group (SCSG)**

- Acquired 11 assets from NSPT and all the assets owned by INSPT
- Currently owns 24 assets managed by National Storage
- National Storage has a 10% stake in SCSG

**Investec**

**National Storage worked with Investec in 2008 to establish the Investec National Storage Property Trust (INSPT)**

- Acquired 6 assets from National Storage Property Trust (NSPT)
- Acquired 5 assets for third party vendors
- Expansions undertaken by National Storage



**Throughout its history National Storage has leased assets from third party owners and operated the assets as self-storage centres**

- 10 assets are currently managed under long term leasehold arrangements with an average remaining lease term (including options) of 14.9 years

## PEOPLE

- Experienced Board – Chairman Laurie Brindle, Non-Executive Director Tony Keane and Managing Director Andrew Catsoulis
- Stable management team that has led and grown the business over 13 years
- 160 staff
  - 130 centre based, including 16 senior centre managers providing regional management
  - 30 in Brisbane head office including nine senior management staff



# TYPICAL STORAGE CENTRE



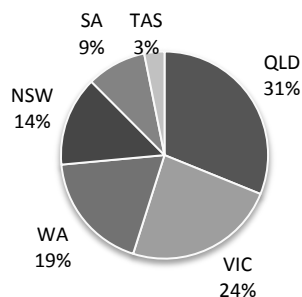


# TYPICAL STORAGE CENTRE - AERIAL

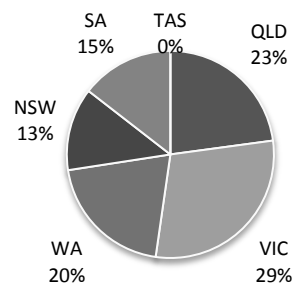


# NATIONAL STORAGE FOOTPRINT

**National Storage Centres**  
NLA by location



**Freehold and Leasehold Centres**  
NLA by location



Freehold Centres
  Leasehold Centres
  Managed Southern Cross centres

Western Australia	NLA
Canning Vale	7,401
Cockburn	4,686
Bayswater	5,442
Guildford	5,868
Perth	2,987
Rockingham	4,911
Subiaco	11,653
Belmont	5,314
Joondalup	7,946
Osborne Park	5,107

South Australia	NLA
Cheltenham	4,141
Hindmarsh	6,935
Klemzig	6,965
Marion	7,059
Reynella	5,580

Tasmania	NLA
Montrose	3,688
Moonah	3,046
Mornington	3,639

Queensland	NLA		NLA
Aspley	5,896	Bowen Hills	7,034
Capalaba	5,109	Browns Plain	7,057
Coorparoo	5,260	Cannon Hill	4,517
Kedron	4,621	Coolum	6,977
Macgregor	4,545	Curumbin	6,201
Springwood	6,328	Kawana	4,951
Virginia	3,910	Caboolture South	4,867
Brisbane City	2,974	Nerang	6,750
Indooroopilly	5,798	Oxley	5,716
Mt Gravatt	3,948		

New South Wales	NLA
Artarmon	16,510
Belfield	4,493
Hornsby	3,371
Tweed Heads	2,993
Gladesville	3,764
Minchinbury	5,757
Seven Hills	4,040
St Marys	5,126
Alexandria	30.0k cases
Chatswood	20.5k cases

Victoria	NLA		NLA
Box Hill	6,374	Northcote	3,396
Breakwater	3,271	Port Melbourne	7,240
Brooklyn	9,753	Prahran	4,461
Brunswick	8,443	Sunbury	2,299
Croydon	3,070	Collingwood	5,050
Kilsyth	4,077	Hoopers Crossing	4,669
Moolap	5,383	Tullamarine	6,264
North Melbourne	4,913		



# MARKET OPPORTUNITIES

## ASSET MANAGEMENT

- Drive rent per m<sup>2</sup> – rental increase put through in October 2013 with a further modest increase in 2014
- Drive occupancy – currently 72.5%, independent valuer assessed sustainable occupancy of 83%

## PORTFOLIO MANAGEMENT – NSR AND SOUTHERN CROSS

- Acquisition strategy for self-storage centres under Southern Cross or NSR
- Highly fragmented market
- \$75-80m capacity at the top end of targeted gearing range of 25-35%
- Assets may yield 8%-10% post synergies from integration into the National Storage platform
- Potential to acquire freehold interests in leasehold centres (lower risk given operating knowledge)
- Reciprocal pre-emptive rights in relation to 24 Southern Cross self-storage centres
- Monitoring higher and better use and increasing density to extract value where appropriate

## NATIONAL STORAGE CENTRE MANAGEMENT

- Expanding service offering to third party owners
- Benefits to owners include economies of scale, purchasing power, marketing including digital initiatives and online reservation system, established sales and yield management systems, contact centre, maintenance and ancillary products
- Potential to manage additional centres without significant additional cost, lower cost structures of existing centres and build an acquisition pipeline

## DEVELOPMENT MANAGEMENT

- Development and/or refurbishment of new and existing centres

## CAPITAL MANAGEMENT

- Maintaining an appropriate and efficient capital structure





# LEVERAGING THE PLATFORM

## **MARKETING AND BUSINESS DEVELOPMENT**

- Strategic marketing review towards more targeted and measurable approach
- Online search engine optimisation and expansion of digital initiatives
- Business development opportunities to drive commercial and records management business

## **NATIONAL STORAGE PROPERTY MAINTENANCE**

- Dedicated maintenance team delivers a better product to customers with the potential to lower future cap ex for investors

## **NATIONAL STORAGE CONTACT CENTRE**

- Australia's only dedicated self-storage contact centre
- Operates out of head office which keeps staff in touch with customer base

## **INFORMATION TECHNOLOGY**

- SiteLink facilitates real time enquiries, dynamic pricing and yield management
- Leading US software with 8,000 users worldwide

## **ANCILLARY INCOME**

- Packaging solutions including cartons, locks and packing materials
- Insurance



# HY13 RESULTS AND OUTLOOK

- IPO raised \$183m at \$0.98 per stapled security to create Australia's first fully integrated and internally managed self-storage REIT
- Acquisition and centre management opportunities
- Strong balance sheet with gearing at 16.1%, target gearing 25%-35%
- NTA of \$0.93 and NAV \$0.98 in line with IPO metrics
- Affirm CY14 DPS guidance of 7.8 cents per stapled security in line with IPO forecast

## ASSETS UNDER MANAGEMENT

Number of storage assets under management (Balance sheet and third party, including Southern Cross)	62
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## BALANCE SHEET ASSETS

Number of storage assets owned / leased	38
Portfolio valuation	\$278m
Value / m <sup>2</sup> (freehold centres)	\$1,591/m <sup>2</sup>

## PORTFOLIO PERFORMANCE

Forecast CY14 DPS	7.8 cents
Average rent / m <sup>2</sup>	\$267/m <sup>2</sup>
Occupancy (December 2013)	72.5%



# INVESTMENT CASE FOR NATIONAL STORAGE REIT

## LEADING STORAGE PLATFORM

- National Storage operates or manages 62 self-storage centres across Australia
- Platform has significant scalability with potential to take advantage of a highly fragmented industry

## DIVERSIFIED CUSTOMER BASE

- CY14 rents are underpinned by 23,000 individual customers
- 70% residential and 30% commercial mix
- Business development opportunities

## ORGANIC GROWTH DRIVERS

- Organic growth from rate per m<sup>2</sup> and occupancy growth
- National Storage Centre Management platform to provide additional income stream
- Organic growth from development / expansion of existing assets

## ACQUISITION UPSIDE

- Debt capacity to make \$75-80m of accretive acquisitions with additional upside from management integration
- Opportunities with third party vendors, leasehold centres and Southern Cross Storage Group

## LOW CAPEX

## COMPLETE ALIGNMENT OF INTEREST

- Vendor securities align interests with distribution escrow and clawback in place



# THANK YOU

FOR MORE INFORMATION

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