
# 1H FY23 RESULTS

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Canterbury, VIC

Milton, QLD

Montrose, TAS

Biggera Waters, QLD

Moorooka, QLD

Artarmon, NSW

Robina, QLD

Manukau, NZ

Mawson Lakes, SA


# AGENDA

- Financial Results
- Key Operational Metrics
- Strategy
  - Organic Growth
  - Acquisitions
  - Development and Expansion
  - Technology and Innovation
- Environmental, Social and Governance
- Guidance FY23
- Appendices

# 1H FY23 HIGHLIGHTS

NATIONAL STORAGE

## A-IFRS PROFIT $182.3 MILLION (EPS 15.2 CENTS) | UNDERLYING EPS 6.0 CENTS

**UNDERLYING EARNINGS[1]**
**$71.4m**
*(Up 22.7%)**

**UNDERLYING EPS[1]**
**6.0 cents**
*(Up 22.4%)**

**GROUP OCCUPANCY[2]**
**87.2%**
*(Down 1.3%)***

**GROUP REVPAM[2]**
**$273**
*(Up 16.1%)**

**WEIGHTED AVERAGE PRIMARY CAP RATE**
**5.87%**
*(+1bps)***

**ACQUISITIONS COMPLETED**
**$155m**
21 Acquisitions

**DEVELOPMENTS & EXPANSIONS COMPLETED**
**3**
*11,000m²*

**TOTAL ASSETS[5]**
**$4.27b**
*(Up 8%)***

**NET TANGIBLE ASSETS**
**$2.44**
*(Up 4%)***

**DEVELOPMENT & EXPANSION PIPELINE**
**46**
350,000m²

**LET-UP CENTRE OCCUPANCY**
**52.6%**
(Up 6.4%)**

1 – Underlying earnings is a non-IFRS measure (unaudited), see table on slide 6 for reconciliation
2 – Group - Australia and New Zealand (195 centres), as per 3 & 4 below
3 – Australia – 169 centres as at 30 June 2021 (excluding Wine Ark and let-up centres)
4 – New Zealand – 26 centres as at 30 June 2022 (excluding let-up centres)
5 - Total Assets – Net of lease liability
REVPAM – Revenue Per Available Square Metre

* Dec 22 v Dec 21
** Dec 22 v June 22

# PROFIT AND LOSS FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

## EXECUTION OF STRATEGY DRIVING SUPERIOR EARNINGS GROWTH

- 1H FY23 performance
  - Underlying earnings up 23% to $71.4m (6.0cps)
  - Storage revenue up 26% - strong REVPAM growth of 4.7% for the half and 16.1% over the past 12 months
  - Expenses reflect additional centres, higher state and local government charges, electricity costs and general inflationary pressures
  - Operating margin increased 2% to 66%, continuing the trend of improved operational efficiency
  - Operating profit up 29% to $104.1m
- Operational Management team strengthened and delivering positive revenue growth
- Finance cost reflects higher interest rates and debt levels

| $ Million | HY23 | HY22 | % Change |
|---|---|---|---|
| Storage revenue | 148.5 | 117.8 | 26% |
| Sales of goods and services | 7.1 | 7.1 | 0% |
| Other revenue | 5.5 | 5.1 | 8% |
| **Total Revenue** | **161.1** | **130.0** | **24%** |
| Cost of Goods Sold | 2.9 | 3.1 | -6% |
| **Gross Profit** | **158.2** | **126.9** | **25%** |
| **Operating Centre Expenditure** | | | |
| Salaries and employee benefits | 16.0 | 14.3 | 12% |
| Lease expense | 7.6 | 6.9 | 10% |
| Property rates and taxes | 11.4 | 9.4 | 21% |
| Repairs and maintenance, Electricity and Insurance | 8.6 | 7.9 | 9% |
| IT and telecommunications | 3.2 | 2.5 | 28% |
| Marketing | 4.1 | 2.8 | 46% |
| Other operating expenses | 3.2 | 2.5 | 28% |
| **Total Operating Centre Expenditure** | **54.1** | **46.3** | **17%** |
| **Operating Profit** | **104.1** | **80.6** | **29%** |
| **Operating Margin** | **66%** | **64%** | **2%** |
| Operational management | 5.7 | 4.2 | 36% |
| General and administration | 11.4 | 10.9 | 5% |
| Finance costs | 17.1 | 9.9 | 73% |
| Depreciation, amortisation and FX | 0.7 | 0.6 | 17% |
| **Total expenses** | **89.0** | **71.9** | **24%** |
| Other income (Inc share of profit from JV and contracted gains) | (2.2) | (3.2) | -31% |
| **Underlying Earnings [1]** | **71.4** | **58.2** | **23%** |
| Add / (less) fair value adjustments | 117.0 | 221.2 | |
| Add / (less) diminution of lease asset | 4.0 | 3.4 | |
| Add / (less) other non recuring and restructuring expenses | - | (3.7) | |
| Add / (less) non cash interest rate swap amortisation | (2.9) | (4.4) | |
| Add / (less) Foreign Currency Movements | 1.0 | 0.2 | |
| **Profit / (loss) before income tax** | **190.5** | **274.9** | |
| Income tax (expense) benefit | (8.2) | (0.8) | |
| **Profit / (loss) after income tax** | **182.3** | **274.1** | |

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

# SUMMARY BALANCE SHEET AS AT 31 DECEMBER 2022

NATIONAL STORAGE

## NTA UPLIFT AND STRONG BALANCE SHEET PROVIDES CAPACITY FOR GROWTH

- NTA increased by 4.3% to $2.44 per stapled security (June 2022: $2.34)
- Value of Investment Properties increased by 10% to $4.1b (June 2022: $3.7b)
  - 31 December 2022 valuations increased by $139m across the centres revalued (approx. 65%), driven by income growth
  - Primary cap rate steady at 5.87% (June 2022: 5.86%)
  - 21 acquisitions settled for $155m
- Cash as at 31 December 2022 - $56.0m
- Debt drawn $1,147m
- Gearing as at 31 December 2022 - 26% (June 2022: 23%)
  - Approximately $900m of investment capacity before reaching the upper end of the target gearing range
  - Target gearing range 25% – 40%

| $ Million | Dec 22 | Jun 22 | Movement |
|---|---|---|---|
| Cash | 56.0 | 83.7 | (27.7) |
| Investment Properties [1] | 4,092.5 | 3,726.8 | 365.7 |
| Intangible Assets | 47.2 | 46.8 | 0.4 |
| Other Assets | 73.6 | 88.1 | (14.5) |
| **Total Assets [1]** | **4,269.3** | **3,945.4** | **323.9** |
| Debt [2] | 1,147.2 | 972.0 | 175.2 |
| Distributions Payable | 66.0 | 64.6 | 1.4 |
| Other Liabilities | 82.3 | 70.0 | 12.3 |
| **Total Liabilities** | **1,295.5** | **1,106.6** | **188.9** |
| **Net Assets** | **2,973.8** | **2,838.8** | **135.0** |
| Net Tangible Assets | 2,926.6 | 2,792.0 | 134.6 |
| Units on Issue (m) | 1,200.0 | 1,195.5 | 4.5 |
| **NTA ($/Security)** | **2.44** | **2.34** | **0.10** |

1 - Net of Lease Liability

2 - Net of capitalised establishment costs

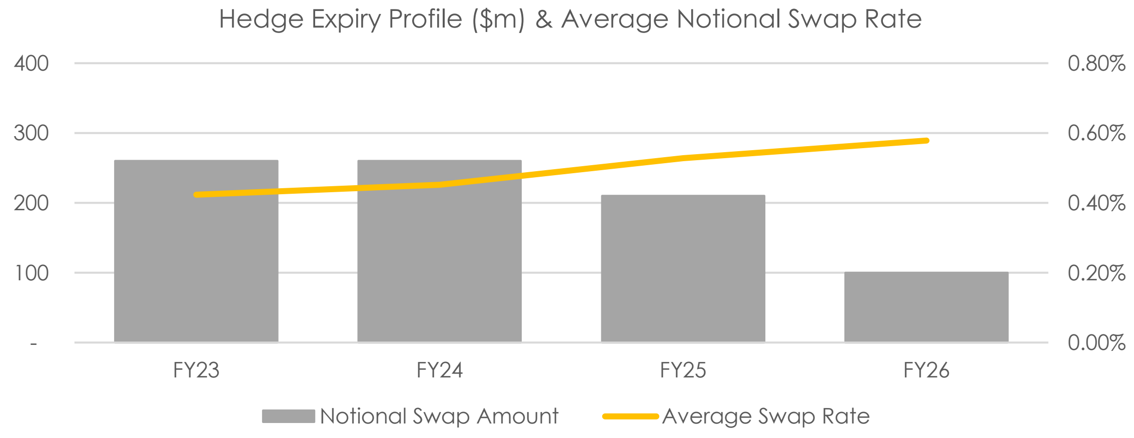
# CAPITAL MANAGEMENT

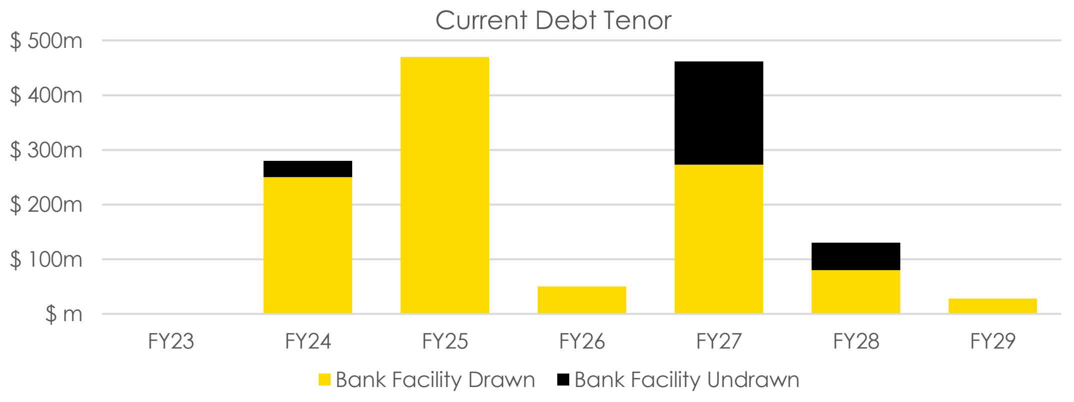
## MAINTAINING STRONG BALANCE SHEET

- Robust credit metrics - Gearing 26% | ICR 5.9x
- Total debt facilities increased to $1,420m
    - $130m of additional new facilities
    - $269m undrawn
- Weighted average debt maturity 3.0 years
- Weighted average cost of debt drawn (inc swaps) as at 31 December 2022 of 4.16%
- $260m of debt hedged as at 31 December 2022
- Refinancing and sourcing of additional debt facilities underway and expected to complete Q4 FY23

| Capital Management | Dec-22 | Jun-22 |
|---|---|---|
| Cash balance | $56.0m | $83.7m |
| Total debt facilities | $1,420m | $1,283m |
| Total debt drawn | $1,151m | $975m |
| Remaining debt capacity (documented facilities) | $269m | $308m |
| Debt term to maturity (years) | 3.0 | 3.3 |
| Gearing ratio (Covenant 55%) | 26% | 23% |
| Average cost of debt drawn (inc swaps) | 4.16% | 2.75% |
| Interest coverage ratio (Covenant 2.0x) | 5.9x | 7.5x |
| Debt hedged | $260m | $360m |
| % debt hedged | 26% | 37% |

$A/$NZ = 1.074



# PORTFOLIO SNAPSHOT

## ACHIEVED SCALE WITH FURTHER UPSIDE

| Operating Assets | Group[1] | Acquisitions[2] | Let-Up[3] |
|---|---|---|---|
| Assets | 195 | 17 | 16 |
| Value[6] | $3,307m | $199m | $372m |
| Net Lettable Area | 1,039,200 | 77,300 | 117,600 |
| Occupancy | 87.2% | 85.8% | 48.4% |
| Rate ($/m$^2$) | $314 | $241 | $308 |
| REVPAM ($/m$^2$) | $273 | $202 | $149 |
| REVPAM Growth (HY22 v HY23) | 16.1% | - | - |

| Development Pipeline | Developments | Expansions and Redevelopments |
|---|---|---|
| Active Projects | 29 | 17 |
| Net Lettable Area | 215,000 | 135,000 |
| Under Construction | 8 | 3 |
| Net Lettable Area Under Construction | 65,000 | 20,000 |

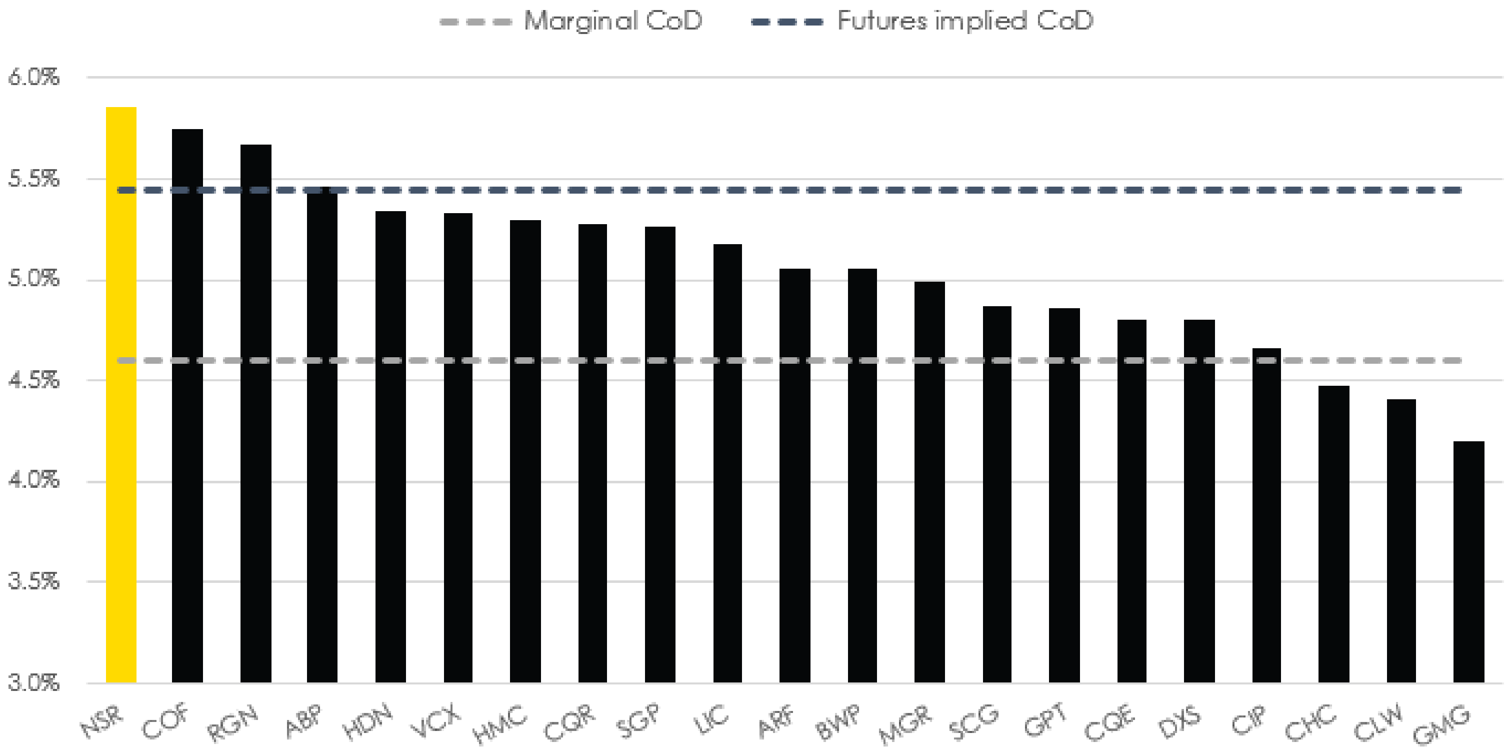
1 – Group - Australia and New Zealand (195 centres), as per 4 & 5 below
2 – Centres acquired not included in 4 & 5 below
3 – Let-Up centres – recently developed centres yet to reach stabilised trading and 2 Wine Ark centres
4 – Australia – 169 centres as at 30 June 2021 (excluding Wine Ark and let-up centres)
5 – New Zealand – 26 centres as at 30 June 2022 (excluding let-up centres)
6 - Net of lease liability
REVPAM – Revenue Per Available Square Metre

# STRENGTH IN VALUATIONS AND ACQUISITIONS

## COMPARATIVE CAP RATES

- NSR cap rates above current and implied future cost of debt – delivering continued positive earnings
- Supports current valuations and low downside risk to valuations from rising cap rates
- Operating performance to date has underpinned valuation uplift
- Maintain the ability to acquire assets with accretive day one earnings

**REITs - cap rates summary vs marginal CoD**




Source: Company data as at 20 February 2023, Bloomberg

Note: Cap rates as at last disclosed (30 June 2022 for SGP, SCG, and HMC)

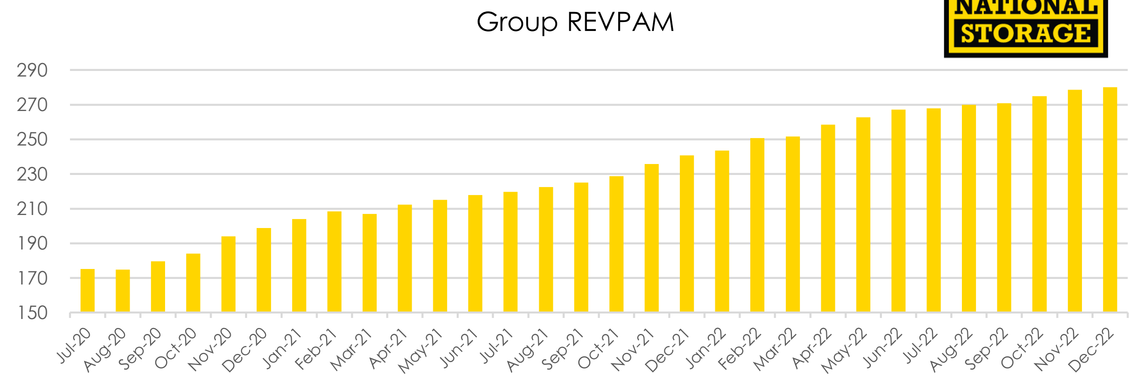
# KEY OPERATIONAL METRICS

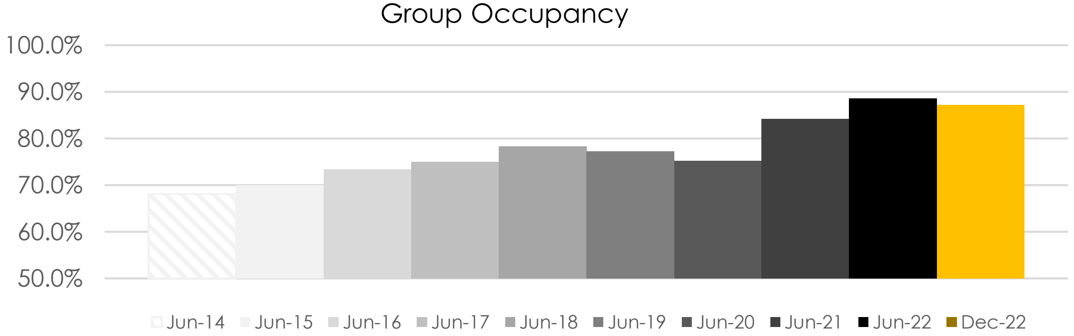
## ACTIVE MANAGEMENT OF RATE AND OCCUPANCY TO OPTIMISE PROFITABILITY

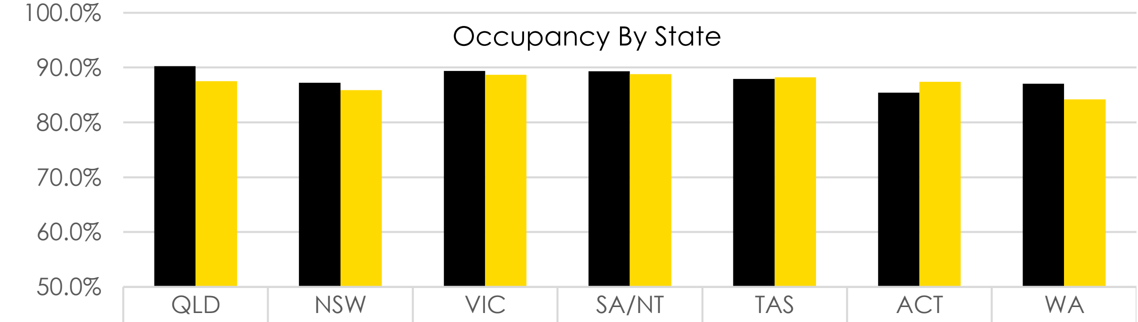
- Focus on rate growth to capitalise on high occupancy delivering sustained REVPAM growth during 1H FY23, consolidating FY21 and FY22 gains
- Group REVPAM increased by 4.7% to $273/$m^2$ (Dec 22 v Jun 22)
- Annual Group REVPAM growth of 16.1% (Dec 22 v Dec 21)
- Group rate increased 6.2% to $314/$m^2$ – rate flexibility provides a hedge against inflation
- Group occupancy declined 1.3% to 87.2%
- Revenue management strategies delivering sustained improvement in financial performance
- Occupancy across the 30 June 2022 let-up centres (13 centres) increased by 6.4% to 52.6%
- Reportable Group expanded to 195 centres (Jun 22: 169)

| **31 December 2022** (change from 30 June 2022) | **Group** | **Australia** | **New Zealand** |
|---|---|---|---|
| Occupancy | 87.2% (-1.3%) | 87.2% (-1.7%) | 87.7% (+1.3%) |
| REVPAM | $273 (+4.7%) | $280 (+4.8%) | $222 (+4.1%) |
| Rate | $314 (+6.2%) | $321 (+6.7%) | $258 (+2.9%) |

Group - Australia and New Zealand (195 centres)
Australia – 169 centres as at 30 June 2021 (excluding Wine Ark and let-up centres)
New Zealand - 26 centres as at 30 June 2022 (excluding let-up centres)




| | QLD | NSW | VIC | SA/NT | TAS | ACT | WA |
|---|---|---|---|---|---|---|---|
| Jun-22 | 90.3% | 87.2% | 89.4% | 89.3% | 87.9% | 85.4% | 87.0% |
| Dec-22 | 87.5% | 85.9% | 88.7% | 88.8% | 88.2% | 87.4% | 84.2% |

# NSR STRATEGY

# NSR STRATEGY

## FOUR PILLARS OF GROWTH


### ORGANIC GROWTH

NSR achieves organic growth through a combination of occupancy and rate increases assessed on an individual centre basis


### ACQUISITIONS

NSR has executed over 165 high-quality acquisitions since its IPO in December 2013 – a growth rate unmatched in the Australasian market


### DEVELOPMENT AND EXPANSION

NSR has highly developed and proven in-house expertise to identify, negotiate and deliver strategic development and expansion projects

### TECHNOLOGY AND INNOVATION

NSR leads the Australasian storage industry with new technology and innovation projects providing an important competitive advantage over its peers

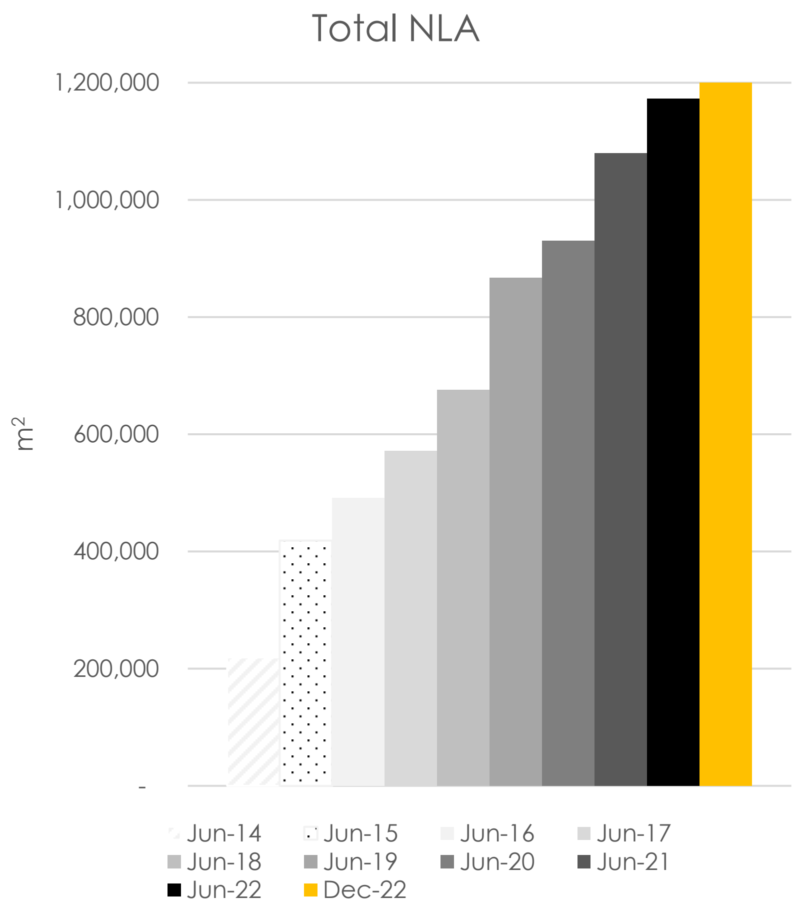
# BUILT CAPACITY AND PIPELINE

## EMBEDDED GROWTH FROM INCREASING ORGANIC RATE, OCCUPANCY AND DEVELOPMENT PIPELINE

- Significant growth opportunity remains in existing built capacity (NLA) derived from historical acquisition and development activity
- Australian and New Zealand Portfolio[1] total NLA – 1,230,000m²
- Current total Portfolio occupancy of 83.5%
- Opportunity "runway"
    - Increase occupancy to 92% – approximately 105,000m²
    - Generates approximately $33m additional revenue at $315/m²
- Relatively fixed cost-base means majority of additional revenue should contribute directly to underlying earnings
- The uplift from filling existing NLA alone has the potential to add in excess of 2.8 cps in additional underlying EPS[2] at stabilised occupancy

**Development Pipeline – creating additional built capacity driving organic growth**

- Ongoing development, expansion and redevelopment pipeline
    - 11,000m² of additional NLA completed during 1H FY23
    - 350,000m² of additional NLA currently in design and development phase with approx. 85,000m² under construction
    - Estimated 50,000m² of additional NLA achievable by optimising existing centre configuration




[1] Australian & NZ Portfolio as at 31 December 2022 (228 centres) excludes Wine Ark and managed centres
[2] Based on securities on issue at 31 December 2022

# ACQUISITIONS

## MARKET REMAINS HIGHLY FRAGMENTED WITH SIGNIFICANT POTENTIAL FOR FURTHER CONSOLIDATION

**21 ACQUISITIONS TOTALLING $155M TRANSACTED IN 1H FY23**

- NSR remains focused on execution of its acquisition strategy
- Focus on acquisitions with value upside for NSR rather than stabilised mature fully developed assets
- Actively managing vendor expectations in the current high interest rate environment
- 7 new storage centres; the freehold of one previously leasehold storage centre; and 13 development sites acquired in 1H FY23 totalling $155m
- Transacting high-quality acquisitions across Australia and New Zealand
- Acquisitions capitalise on the scalability of the operating platform which continues to drive efficiencies across the business
- Forward-looking acquisition pipeline remains strong

| REGION | NUMBER OF CENTRES | NLA ($M^2$) |
|---|---|---|
| Brisbane | 1 | 6,200 |
| Perth | 2 | 13,200 |
| Albury/Wodonga | 2 | 8,600 |
| Wellington (NZ) | 2 | 3,600 |
| **Total Acquisitions** | **7** | **31,600** |
| Development sites | 13 | |
| Freehold of Tweed Heads | 1 | |
| **Total** | **21** | **31,600** |

# DEVELOPMENTS, EXPANSIONS & REDEVELOPMENTS

## INCREASING FOCUS ON DEVELOPMENT, EXPANSION AND REDEVELOPMENT PROJECTS

**3 projects completed during 1H FY23, adding 11,000m$^2$ of NLA**

**46 active projects, with 11 projects under construction which will deliver an additional 85,000m$^2$ over the next 15 months**

**Aggregate NLA pipeline approximately 350,000m$^2$ in design and development phase**

**Development Strategy**

- Target projects providing additional built capacity in key markets
- Locations selected after extensive analysis based on socio-economic demographics and storage demand per capita analysis
- Combination of turnkey, greenfield/brownfield development and expansion allows NSR to leverage its in-house development expertise
- Provides long-term enhanced revenue and NTA uplift outcomes for NSR

**New developments**

- 29 active projects, with 8 projects under construction Aggregate NLA pipeline of approximately 215,000m$^2$
- Targeting double digit 5-year IRR and 10%+ yield on cost at stabilised revenue

**Expansion and Redevelopments**

- 17 active projects (135,000m$^2$)
- Value-adding potential through strategic expansion and optimisation of land parcels
- Targeting 10%+ yield on cost at stabilised revenue

# TECHNOLOGY

## HARNESSING NEW TECHNOLOGY AND INNOVATION FOR ENHANCED BUSINESS OUTCOMES

- Cyber Security Program
  - Multi-Factor Authentication rollout complete
  - Comprehensive program including the ongoing evolution of key policies and procedures
- Technology into developments
  - Collaborating with vendors to bring key technologies into developments, expansions and refurbishments
- Key business process improvement initiatives include:
  - Enhanced contact centre product offerings, including refined customer analytics to improve customer experience
  - Continuing to evolve our front-facing business applications to streamline internal processes
- The Wine Ark cellar management system project completed in February 2023
- Evolving our business to prepare for our next phase of growth, optimising productivity and improving the quality of our customer offerings

**Bluetooth Smart Access**

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE

## COMMITMENT TO SUSTAINABLE PRACTICES ACROSS THE ENVIRONMENTAL, SOCIAL AND GOVERNANCE LANDSCAPE

- Our commitment to ESG is a fundamental component of our decision making
- Our corporate governance practices continue to strengthen with:
  - The establishment of an ESG Committee and Cyber Security Committee in CY22
  - Our third Carbon Footprint Audit is anticipated to be completed in 2H FY23
- NSR has aligned its sustainability practices with the recommendations from the TCFD* and the GRI**, further implementing and measuring Economic Performance, People and Environmental initiatives
- Our capital structure remains robust and flexible, enabling us to respond to changes in economic conditions
- Our "NS Cares" Program provides the various charities and agencies with which we partner with the backing to support medical research, mental health, diversity and safety
- Holistic approach to developing sustainable centres, with:
  - Climate change impact assessments during due diligence
  - Efficient building design incorporating durable building materials and renewable energy sources


*TCFD – Task force on Climate-related Financial Disclosures
**GRI – Global Reporting Initiative

# PEOPLE AND CULTURE

## TRANSFORMATIVE TOOLS THAT SUPPORT HIGH-QUALITY LEADERSHIP AND A THRIVING WORKFORCE

- People and Culture
  - Engagement Pulse Survey completed returning positive and valuable feedback
  - Implementation of modernised performance framework, designed to further support NSR's values, clarify success and drive accountability
- New Zealand Support Office
  - Establishment of a New Zealand support office to provide enhanced local support, with local specialists
- Health and Wellness
  - Consideration of the whole person through tailored wellbeing, flexibility, and recognition initiatives
  - A calendar of 'moments that matter' linked to NS Cares and designed to raise awareness of diversity, inclusion, belonging and equality

# CARBON REDUCTION INITIATIVES

NATIONAL STORAGE

## SECOND ANNUAL INDEPENDENT CARBON AUDIT COMPLETED

- Audit by the Carbon Reduction Institute reaffirmed NSR has a low carbon footprint
- Achieved a 23% reduction in average centre $CO_2$ emissions
- Current audit underway based on 31 December 2022 centres
- NSR’s centre emissions of 41 $tCO_2e$/yr is below the average Australian household emissions of approximately 45 - 60 $tCO_2e$/yr, based on a 3 – 4 person household
- Strategy to guide NSR towards carbon neutrality is being developed

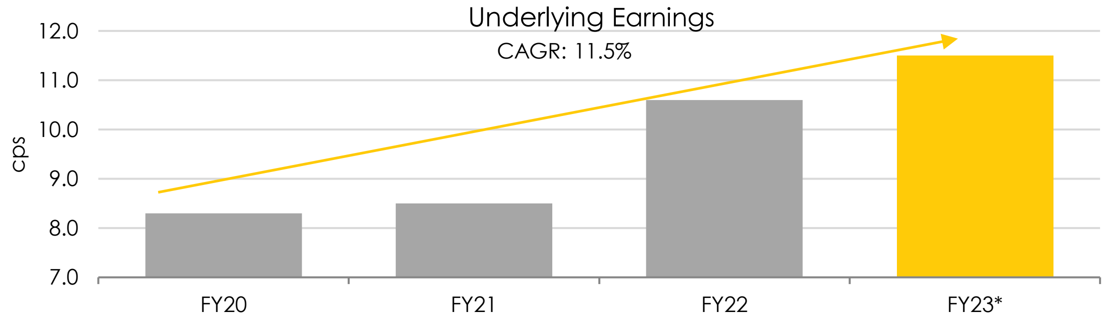
| Scope 1 & 2 | Centres | Emissions ($tCO_2e$/year) | Emissions per Net Lettable Area ($kgCO_2e/m^2$) | Average Emissions per Unit ($kgCO_2e$/year) | Average Emissions per Centre ($tCO_2e$/year) |
|---|---|---|---|---|---|
| FY20 | 186 | 9,932.8 | 10.5 | 104.0 | 53.4 |
| CY21 | 213 | 8,721.6 | 7.8 | 79.2 | 40.9 |
| **Change** | **27** | **(1,211.3)** | **(2.7)** | **(24.8)** | **(12.5)** |

# OUTLOOK

# FY23 UPGRADED GUIDANCE & OUTLOOK[1]

## EPS GUIDANCE UPGRADED TO MINIMUM OF 11.5CPS (PREVIOUSLY 11.1CPS) IMPLIES MIN 8.5% EPS GROWTH

| | |
|---|---|
| **UNDERLYING EPS** | **Minimum 11.5cps (Min 8.5% growth)** |
| **UNDERLYING EARNINGS** | **Greater than $138m** |
| **DISTRIBUTION GUIDANCE** | **90%-100% payout of Underlying Earnings** |



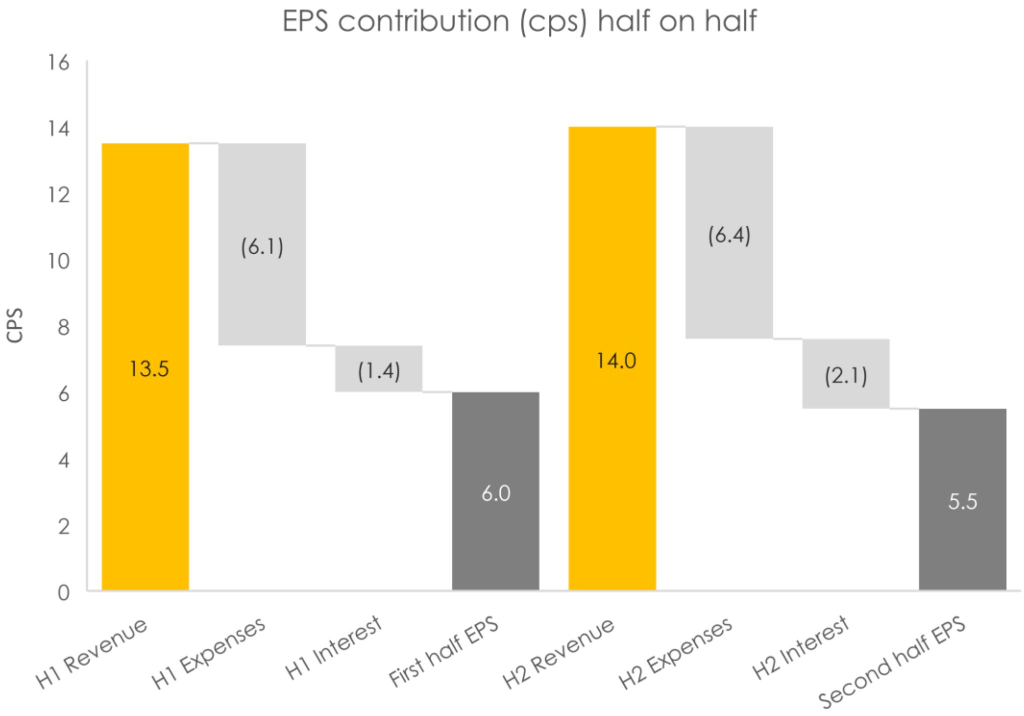

1 – NSR provides this guidance assuming there are no material changes in market conditions or operating environments

2 – On remaining floating rate resets for FY23 – weighted average BBSW and BKBM

* FY23 assumes minimum guidance of 11.5cps

**Key Assumptions:**

| | |
|---|---|
| ▪ REVPAM growth Annual | No less than 6.4% |
| ▪ REVPAM growth 2H | No less than 1.7% |
| ▪ Average floating interest rate[2] | 4.40% |




# THANK YOU

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NATIONAL STORAGE

# APPENDICES

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# CASE STUDY 1 – ACQUISITIONS

NATIONAL STORAGE

## Storage Portfolio 1

**Acquired – March 2022**

| | |
|---|---|
| NLA | 21,700 |
| Occupancy: | 79.1% |
| Rate: | $210m^2$ |
| Annualised Revenue: | $3.72m |
| REVPAM | $167m^2$ |

**December 2022**

| | |
|---|---|
| NLA | 21,700 |
| Occupancy: | 91.2% (+12%) |
| Rate: | $243m^2$ (+16%) |
| Annualised Revenue: | $4.88m (+31%) |
| REVPAM | $222m^2$ (+33%) |
| Valuation increase* | $19.2m |

## Storage Portfolio 2

**Acquired – May 2018**

| | |
|---|---|
| NLA | 16,200 |
| Occupancy: | 78.9% |
| Rate: | $186m^2$ |
| Annualised Revenue: | $2.26m |
| REVPAM | $148m^2$ |

**December 2022**

| | |
|---|---|
| NLA | 16,000 |
| Occupancy: | 85.3% (+6%) |
| Rate: | $293m^2$ (+58%) |
| Annualised Revenue: | $3.83m (+70%) |
| REVPAM | $252m^2$ (+70%) |
| Valuation increase* | $26.2m |

* Based on increase in revenue, assuming a 6.00% capitalisation rate

# CASE STUDY 2 –DEVELOPMENT

## COBURG – VIC

PRE-DEVELOPMENT

- Existing Bakery and Smash Repair Workshop
- Acquisition cost:

**$8m**

POST DEVELOPMENT

- Demolition of existing structures
- Construction of purpose built storage centre including wine storage and a commercial tenancy
- Additional NLA: 8,900m$^2$
- Construction cost: $27m
- Construction time: 17 months
- Centre opening: Q3 FY24
- Additional NOI: $2.7m
- Estimated yield on cost: >8%

**$50m**


# CASE STUDY 3 – DEVELOPMENT

## SPRINGFIELD – QLD

**PRE-DEVELOPMENT**

- Vacant land
- Acquisition cost:

**$4m**

**POST DEVELOPMENT**

- Construction of purpose built storage centre, mini warehouses and adjacent car wash facility
- Additional NLA: 6,900m²
- Construction cost: $17m
- Construction time: 12 months
- Centre opening: Q4 FY23
- Additional NOI: $1.6m
- Estimated yield on cost: >8%

**$27m**


# CASE STUDY 4 – MIXED USE REDEVELOPMENT

NATIONAL STORAGE

## MOOROOKA – BRISBANE

### PRE-REDEVELOPMENT

- Existing warehouse and cafe
- Acquisition cost:

**$7m**

### POST REDEVELOPMENT

- Demolition of existing structure
- Construction of purpose built storage and service centre
- Storage NLA: 6,000m$^2$
- Service centre NLA: 300m$^2$
- Construction cost: $17m
- Construction time: 12 months
- Valuation (on completion): $26m
- Estimated valuation at stabilised:

**$35m**


# SOLAR POTENTIAL

## PENRITH – SYDNEY – RECENT ACQUISITION DEMONSTRATES SOLAR POTENTIAL

- Acquired May 2022
- Combination of self storage and mini warehouses
- "100%" roof coverage with solar
- 850kW installed
- 1,888 solar panels
- Generates approx. 800,000kWh per year
- Exports approx. 700,000kWh per year
- Generates revenue of approx. $120,000pa from sale of excess generation
- Currently assessing NSR's portfolio for solar expansion opportunities

## EXPANSION AND REDEVELOPMENT PROJECTS PROVIDING SIGNIFICANT VALUE ADD POTENTIAL

**Overview**

- Use of existing NSR owned land in proven locations
  - 17 active projects
  - Aggregate NLA pipeline of approximately 135,000m$^2$

**Expansions and Redevelopment – Existing centres**

- Strategic expansion of existing sites where occupancy levels are consistently high, and demand exceeds supply
- Optimisation of land parcels acquired over time (hardstand and outdoor area conversions into more intensive storage uses)
- Significant value-add potential (over 70 centres within current portfolio with expansion and redevelopment possibilities)
  - Utilisation of surplus land, building over existing single-level buildings or conversion of warehousing into higher density storage utilisation
- Targeting 10%+ yield on cost at stabilised revenue


# DEVELOPMENT

## TARGETED DEVELOPMENT PROVIDING ADDITIONAL PIPELINE IN KEY AREAS



**Overview**

- Target projects providing additional pipeline in key areas
  - two projects completed during 1H FY23 (10,400m$^2$ of NLA)
  - 29 active projects, with 8 projects under construction
  - Aggregate NLA pipeline of approximately 215,000m$^2$
- Combination of fully NSR, turnkey and JV development allows NSR to leverage its in-house development expertise
- Provides enhanced revenue and capital outcomes for NSR

**New developments**

- Focus on expanding coverage in key target growth areas
- Built to exacting NSR specifications
- Application of new technology such as Bluetooth Smart Access to provide improved efficiency and enhanced customer and employee experience
- Investigation of the newly developed wayfinding concept
- Maximises returns on land within existing portfolio
- Targeting double digit 5-year IRR and 10%+ yield on cost at stabilised revenue

# PORTFOLIO METRICS

| | 30 June 2022 | | | | 31 December 2022 | | | |
|---|---|---|---|---|---|---|---|---|
| | AUST | NZ | MGT | TOTAL | AUST | NZ | MGT | TOTAL |
| Freehold centres | 176 | 33 | 2 | 211 | 183 | 33 | 1 | 217 |
| Leasehold centres | 15 | - | - | 15 | 14 | - | - | 14 |
| **Total centres** [1] | **191** | **33** | **2** | **226** | **197** | **33** | **1** | **231** |
| Freehold NLA (sqm) | 913,700 | 171,700 | 16,000 | 1,101,400 | 982,800 | 180,000 | 14,400 | 1,177,200 |
| Leasehold NLA (sqm) | 80,900 | - | - | 80,900 | 74,500 | - | - | 74,500 |
| **Total NLA (sqm)** | **994,600** | **171,700** | **16,000** | **1,182,300** | **1,057,300** | **180,000** | **14,400** | **1,251,700** |
| Average NLA | 5,300 | 5,300 | 8,000 | 5,200 | 5,400 | 5,500 | 14,400 | 5,400 |
| Storage units | 99,000 | 16,700 | 1,600 | 117,300 | 102,200 | 17,200 | 900 | 120,300 |
| Investment Properties | $3,291m | NZ$488m | N/A | $3,732m | $3,617m | NZ$512m | N/A | $4,093m |
| Weighted average Primary cap rate | 5.85% | 5.94% | N/A | 5.86% | 5.87% | 5.90% | N/A | 5.87% |

1 - Excludes two licensed centres at 30 June 2022, subsequently acquired in 1H FY23

# NOTES