

# NATIONAL STORAGE REIT ASX ANNOUNCEMENT

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## NSR 2H FY19 BUSINESS UPDATE AND EQUITY RAISING

National Storage REIT (“NSR”) today announces a fully underwritten A\$170 million institutional placement (“**Placement**”) of new stapled securities in NSR (“**New Securities**”) plus a non-underwritten Security Purchase Plan (“**SPP**”) to raise up to a further A\$20 million from eligible investors<sup>1</sup>.

In addition, NSR takes this opportunity to provide the market with an update as to its 2H FY19 acquisition activity totalling A\$235 million across both Australia and New Zealand (FY19 A\$370 million to date), the progress of the planned New Zealand capital partnership, the 30 June 2019 portfolio valuation process, and updated debt financing arrangements.

## AUSTRALIAN 2H FY19 ACQUISITION UPDATE

NSR has completed the acquisition of 11 existing storage centres in Australia totalling A\$127 million to date in 2H FY19. Combined with 11 acquisitions totalling A\$106 million in 1H FY19, this brings its total Australian acquisitions to date in FY19 to A\$233 million. NSR has also sold the Biggera Waters (Gold Coast) development site to the Bryan Family Group (incorporating Leyshon) Joint Venture (in which NSR holds a 25% interest) for a total amount of A\$26 million, which will be developed by the Joint Venture into a new state-of-the-art storage centre.

NSR has entered into arrangements or is in advanced negotiations to acquire approximately A\$100 million of additional acquisitions in Australia, which are expected to settle by the end of Q1 FY20.

Managing Director Andrew Catsoulis said, “FY19 marks NSR’s most successful year of acquisitions with over 30 acquisitions across Australia and New Zealand either settled to date, or contracted to settle in the near future. We are thrilled with the high quality of these acquisitions and remain confident in NSR’s demonstrated ability to extract enhanced value from these centres as we continue to integrate the assets into, and operate the centres as a part of, the NSR portfolio.”

### Australian 2H FY19 Acquisitions

Centre	Location	Settlement	NLA
Chinderah Bay	New South Wales	March 2019	3,400
Mawson Lakes	South Australia	April 2019	6,000
Albion Park	Wollongong	May 2019	6,400
Unanderra	Wollongong	May 2019	4,100
North Wollongong	Wollongong	May 2019	2,200
Lawnton	Queensland	May 2019	2,000

<sup>1</sup> NSR may (in its absolute discretion), in a situation where total demand exceeds A\$20 million, decide to increase the amount to be raised under the SPP or apply a scale back.

### NATIONAL STORAGE REIT (NSR)

National Storage Holdings Limited (ACN 166 572 845)

National Storage Financial Services Limited (ACN 600 787 246 AFSL 475 228) as responsible entity for National Storage Property Trust (ARSN 101 227 712)

Centre	Location	Settlement	NLA
Mordialloc	Victoria	May 2019	4,000
Brendale*	Queensland	May 2019	5,300
Kunda Park	Queensland	May 2019	6,500
Milton <sup>1</sup>	Queensland	June 2019	4,600
Bundall <sup>1</sup>	Queensland	June 2019	6,500

\* Newly constructed

## NEW ZEALAND 2H FY19 ACQUISITIONS UPDATE

In addition to the Australian acquisitions, NSR has successfully completed the acquisition of 8 existing storage centres, a further 2 development sites, and one expansion opportunity in New Zealand to date in 2H FY19, for a total amount of approximately NZ\$114 million (A\$109 million). Combined with the acquisition of one storage centre and a development site totaling NZ\$30 million (A\$29 million) in 1H FY19, this brings its total New Zealand acquisitions to date in FY19 to NZ\$144 million (A\$138 million).

NSR continues to proactively progress the New Zealand capital partnership opportunity and will provide a further update at, or prior to, its FY19 results presentation in August 2019.

Managing Director Andrew Catsoulis said, "we are looking forward to continuing the expansion of NSR's highly successful storage operations across New Zealand, which comprise 22 existing operational storage centres and 3 centres under development".

### New Zealand 2H FY19 Acquisitions

Centre	Location	Settlement	NLA
Manukau CBD <sup>#</sup>	Auckland	March 2019	
Albany <sup>#</sup>	Auckland	March 2019	-
Pukekohe <sup>~</sup>	Auckland	April 2019	-
Manukau	Auckland	May 2019	10,400
Silverdale	Auckland	May 2019	6,800
Pukete	Hamilton	May 2019	6,100
Tauranga	Tauranga	May 2019	3,200
Dinsdale	Hamilton	May 2019	4,000
Hamilton CBD	Hamilton	May 2019	4,600
Rotorua	Rotorua	May 2019	5,000
Taita	Wellington	May 2019	6,900

<sup>#</sup> Development Site  
<sup>~</sup> Expansion Site

## NSR 2H FY19 PORTFOLIO VALUATIONS

NSR has undertaken an independent valuation process on over 50 centres across the Australian portfolio. Whilst this process is yet to be finalised, it indicates that the likely weighted average capitalisation rate across the NSR Australian portfolio will be in the vicinity of 6.9% (Dec 18: 7.23%), providing a significant uplift of over ~A\$100 million in total portfolio valuation<sup>2</sup>.

Managing Director Andrew Catsoulis said “this strong valuation and corresponding NTA uplift indicates the ongoing value that NSR’s platform continues to add to the unique portfolio of storage centres that NSR now holds across Australia and New Zealand.”

## CAPITAL MANAGEMENT INITIATIVES

During 2H FY19 NSR completed an expansion of its current debt arrangements as follows:

- Additional facilities totaling A\$147 million and extension of current facilities; and
- ANZ Banking Group successfully added into the club banking group.

Managing Director Andrew Catsoulis said “we are pleased to bring ANZ into the existing club banking arrangements. This means that we have key funding support from all four major Australian banks, plus Australian Super. These expanded financing arrangements will facilitate NSR’s ongoing business growth from a debt funding perspective for the foreseeable future.”

In conjunction with the overall capital management initiatives, fixed interest rates have been reset to market levels with the associated benefits to flow through the underlying earnings during FY20 and onwards.

## EQUITY RAISING AND OUTLOOK

As outlined above NSR has transacted an unprecedented number of high-quality acquisition opportunities totaling A\$235 million over the last 6 months across Australia and New Zealand. NSR also has approximately A\$100 million of additional acquisitions in various stages of negotiation and due diligence which are expected to transact by the end of Q1 FY20.

These acquisitions demonstrate that NSR is continuing to successfully execute its long-term strategy of industry consolidation in the highly fragmented self-storage sector in Australia and New Zealand. The acquisitions are expected to underpin growth over FY20 and beyond.

In order to fund this acquisition program and maintain funding flexibility, NSR is undertaking an equity raising (“**Offer**”) comprising:

- a fully underwritten institutional placement to raise A\$170 million (“**Placement**”); and
- a non-underwritten security purchase plan to raise up to A\$20 million<sup>3</sup> (“**SPP**”).

<sup>2</sup> Subject to finalisation of statutory accounts and audit

<sup>3</sup> NSR may, in its absolute discretion, in a situation where total demand exceeds A\$20 million, decide to increase the amount to be raised under the SPP or apply a scale back

## **Placement**

The Placement is fully underwritten by J.P. Morgan Securities Australia Limited and Morgan Stanley Australia Securities Limited. The Placement will be issued at a fixed price of \$1.71 per security, which represents a:

- 4.4% discount to the distribution adjusted last close of \$1.79 on 24 June 2019
- 4.9% discount to the distribution adjusted 5-day VWAP of \$1.80 on 24 June 2019

New Securities issued under the Placement will rank equally with existing NSR securities from the date of issue, however as they will be allotted after the record date for the estimated distribution for the half year ending 30 June 2019 of 5.1 cents per security they will not be entitled to this distribution.

## **Security Purchase Plan**

Eligible security holders in Australia and New Zealand will be invited to subscribe for up to A\$15,000 of new securities, free of brokerage and transaction costs, via a SPP. New securities issued under the SPP will rank equally with existing NSR securities from the date of issue, and will not be entitled to the distribution for the six months ending 30 June 2019. The new securities will be offered at the same price as the Placement of A\$1.71 per security. The SPP is expected to raise up to A\$20 million and will not be underwritten.

Further information on the SPP will be lodged with the ASX and sent to eligible security holders on or around Friday, 28 June 2019.

## **Financial Impact and Outlook**

The Offer proceeds will be used to repay debt, bringing NSR's pro forma gearing levels from approximately 40% to 32%, providing sufficient headroom to fund its ongoing acquisition, development and expansion program.

Taking into account the impact of the acquisitions and Offer, NSR estimates its FY19 EPS will be 9.6 cents per stapled security<sup>4</sup>, will be within guidance, and expects FY20 EPS growth of greater than 4%<sup>5</sup>. NTA is expected to increase to A\$1.62 per security.

In the event that the capital partnership in New Zealand and the additional acquisitions outlined above proceed, NSR's gearing will be further reduced.

Please refer to the investor presentation for important information and further details about the Offer.

<sup>4</sup> Subject to finalisation of statutory accounts and audit

<sup>5</sup> Subject to no material changes to economic conditions or unforeseen circumstances

## Timetable

EVENT	DATE
Trading halt and announcement of Equity Raising	Tuesday, 25 June 2019
<b>Institutional Placement</b>	
Institutional Placement bookbuild	Tuesday, 25 June 2019
Announcement of outcome of Institutional Placement	Wednesday, 26 June 2019
Trading halt lifted	Wednesday, 26 June 2019
Settlement of Placement Securities under the Institutional Placement	Friday, 28 June 2019
Allotment and trading of Placement Securities issued under the Institutional Placement	Monday, 1 July 2019
<b>SPP</b>	
Record date for SPP	7pm Brisbane time, Monday, 24 June 2019
SPP offer period	Tuesday, 2 July 2019 to Tuesday, 23 July 2019
Allotment of Securities issued under the SPP	Tuesday, 30 July 2019
Securities issued under the SPP commence trading on ASX	Wednesday, 31 July 2019
Holding statement dispatch date	Wednesday, 31 July 2019

*The above timetable is indicative only and subject to change. NSR reserves the right to vary these dates or to withdraw the offer at any time. Subject to the requirements of the Corporations Act, the ASX listing rules and any other applicable laws, NSR, in consultation with the underwriters, reserves the right to amend this timetable at any time.*

## ENDS

National Storage is the largest owner-operator of self-storage centres in Australia and New Zealand, with 164 centres, providing tailored storage solutions to over 60,000 residential and commercial customers across Australia and New Zealand. NSR is the first independent, internally managed and fully integrated owner and operator of self-storage centres to be listed on the Australian Securities Exchange (ASX).

For further information:

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Stuart Owen  
Chief Financial Officer  
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Important information

Not an offer

This announcement and the presentation to which it is attached is for information purposes only and is not, and does not constitute, an invitation, solicitation, recommendation or offer of securities for subscription, purchase or sale in any jurisdiction. This announcement and the presentation to which it is attached is not financial product advice, investment advice or any recommendation. This announcement and the presentation to which it is attached does not and will not form any part of any contract or commitment for the acquisition of NSR stapled securities. This announcement and the presentation to which it is attached is not a prospectus, product disclosure statement or other offering document under Australian law (and will not be lodged with the Australian Securities and Investments Commission) or any other law.

This announcement and the presentation to which it is attached does not constitute an offer to sell, or a solicitation of an offer to buy, any securities in the United States and may not be distributed or released in the United States or any jurisdiction in which, or to any person to whom, such an offer would be illegal. The NSR stapled securities to be offered and sold pursuant to the Equity Raising ("New Securities") as set out in this announcement and the presentation to which it is attached ("Offer") have not been and will not be registered under the U.S. Securities Act of 1933, as amended ("U.S. Securities Act"), or under the securities laws of any state or other jurisdiction of the United States. Accordingly, the New Securities may not be offered or sold, directly or indirectly, in the United States, except in compliance with the registration requirements of the U.S. Securities Act and any other applicable securities laws of any state or other jurisdiction of the United States (which NSR has no obligation or intention to do or procure) or pursuant to an exemption from, or in a transaction exempt from or not subject to, such registration requirements and any other applicable securities laws. In addition, the New Securities to be offered and sold under the SPP will only be offered and sold to eligible security holders in Australia and New Zealand in "offshore transactions" (as defined in Regulation S under the U.S. Securities Act) in reliance on Regulation S under the U.S. Securities Act. There will be no public offer of securities in the United States. The distribution of this announcement and presentation to which it is attached in other jurisdictions outside Australia and New Zealand may also be restricted by law and any such restrictions should be observed. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

#### Future performance

This announcement and the presentation to which it is attached contains certain "forward-looking statements" with respect to the financial condition, results of operations and business of NSR and certain plans, strategies and objectives of the management of NSR, within the meaning of securities laws of applicable jurisdictions. The words "expect", "should", "could", "may", "predict", "outlook", "foresee", "guidance", "plan", "estimate", "anticipate", "aim", "intend", "believe", "projection", "forecast", "target", "consider" and other similar expressions are intended to identify forward-looking statements. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements, as well as statements about market and industry trends, which are based on interpretations of current market conditions. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, significant uncertainties, assumptions, contingencies and other factors (including those described in this presentation), many of which are beyond the control of NSR and its related bodies corporate and affiliates and each of its security holders, directors, officers, employees, partners, agents and advisers (Beneficiaries), that may cause actual results or performance of NSR to differ materially from those predicted or implied by any forward-looking statements. Such forward-looking statements speak only as of the date of this presentation. There can be no assurance that actual outcomes will not differ materially from these forward-looking statements. You are cautioned not to place undue reliance on forward-looking statements and NSR (and its Beneficiaries) assume no obligation to update such information.