



NATIONAL STORAGE REIT

ASX ANNOUNCEMENT

28 AUGUST 2019

NSR FY19 RESULTS

National Storage REIT (NSR) today announced its financial results for the year ended 30 June 2019 with an A-IFRS profit after tax of \$144.8 million.

KEY HIGHLIGHTS

- A-IFRS profit after tax of \$144.8 million
- FY19 underlying earnings¹ of \$62.4 million, up 21%
- FY19 underlying EPS¹ of 9.6 cps in line with guidance
- Total Return² for FY19 of 15.0%
- Final distribution of 5.1cps bringing total FY19 distribution to 9.6cps
- Total assets under management \$1.95 billion, up 36%
- Net tangible assets \$1.63 per stapled security, up 8%
- \$403 million in acquisitions settled in FY19, up 160%
- FY20 guidance - underlying EPS growth of greater than 4%

FINANCIAL RESULTS AND CONFIRMATION OF DISTRIBUTION

Managing Director Mr. Andrew Catsoulis said, "NSR has delivered another strong result in line with guidance, as we continue to execute our growth strategy. Underlying earnings for the period increased by 21% to \$62.4 million. FY19 marked a record year for acquisitions, with 35 centre acquisitions and 4 new development sites settled, comprising over \$400 million in total value. NSR now has a total of \$1.95 billion of assets under management, a 36% increase on FY18, reinforcing our position as the largest self-storage owner-operator in Australasia."

NSR confirms the final distribution of 5.1cps (totalling 9.6cps for FY19) as previously estimated on 24 June 2019 and confirms the payment date of 5 September 2019.

OPERATING RESULTS

Despite challenging economic conditions in some regions, NSR has continued to demonstrate the strength and resilience of its business. Organic occupancy growth of 1% was achieved in both Australia and New Zealand, taking its Australian portfolio occupancy to 81.4% and New Zealand to 85.7%. Approximately 60% of centres now trade consistently at or over 80% with 17% trading at or over 90%. Pleasingly, occupancy in WA increased by almost 5% in FY19 and as this number continues to build, NSR's overall occupancy will benefit.

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

² Distribution yield plus percentage NTA growth

Significant built capacity within the portfolio is in place with approximately 100,000m² of occupancy “runway” available before NSR reaches a stabilised occupancy level of 90%, which could generate up to \$25 million of additional revenue if achieved. Given NSR’s relatively fixed cost base, the majority of this potential revenue should fall to underlying earnings.

“NSR has commenced an operational transformation plan, focused on delivering continued organic growth through a combination of improved people management, increasing automation, more sophisticated and timely reporting, and the use of technology and innovation designed to improve our bottom line,” said Mr. Catsoulis.

OVERVIEW OF ACQUISITIONS AND DEVELOPMENTS POST BALANCE DATE

NSR is pleased to announce that since 1 July 2019, it has settled, contracted or entered into exclusive due diligence over eight assets with a total NLA of over 38,000sqm for in excess of \$126 million. In addition, NSR has approximately \$100 million of further acquisition opportunities under active consideration. Currently, 13 development and expansion projects are underway and at various stages of completion.

Mr. Catsoulis said, “our acquisition and development pipeline remains very strong and we look forward to continuing our strong track record of acquiring high-quality, long-term accretive assets into the NSR portfolio.”

STRATEGIC INITIATIVES

NSR also announces that it is pursuing several strategic initiatives aimed at maximising shareholder returns and unlocking additional cost-effective sources of capital.

These strategic initiatives include:

- **New Zealand Expansion**

NSR’s evaluation of a potential joint venture in respect of its entire New Zealand portfolio has not resulted in an arrangement satisfactory to NSR. NSR’s current focus is on continuing to build the strength of its New Zealand operations in conjunction with assessing joint venture arrangements to facilitate its developments in the most capital efficient manner.

NSR has continued to build its presence in New Zealand with 9 new acquisitions in FY19, plus 3 new development sites. This takes its total coverage to 22 storage centres throughout New Zealand, in addition to 3 developments sites in Auckland, with a total value of approximately \$250 million. This positions NSR as the largest owner operator in the country. NSR now has 6 centres either established or under construction in Auckland – New Zealand’s premier storage market - with strong opportunities for further expansion.

- **Accelerating Development Pipeline**

NSR continues to accelerate its development pipeline with 13 new development and expansion projects currently underway and 6 completed developments successfully delivered in FY19. These new developments provide a significant value uplift opportunity to the existing portfolio, with a corresponding accretion to its net tangible assets.

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)

Mr. Catsoulis said, "we are continuously reviewing opportunities both within and outside the NSR portfolio to maximise ongoing development activity to best effect."

- **Joint Ventures**

NSR continues to work with its partners to deliver outstanding results. Mr. Catsoulis said, regarding these arrangements:

"APSF - we have now brought our arrangements with the APSF to a successful conclusion and have acquired 2 outstanding new storage centres at Albion and Kelvin Grove in Queensland and will shortly acquire Canterbury in Victoria for a total combined value of \$64 million. These are all high-quality projects and will provide long-term value accretion to NSR.

Bryan Family Group ("BFG") - we continue to work successfully with Bryan Family Group, and this year the joint venture has successfully produced two fantastic new assets which NSR has now acquired – at Bundall on the Gold Coast and Milton in Brisbane - for \$44 million. We look forward to our continued relationship with this valued long-term partner regarding the new Biggera Waters project on the Gold Coast.

Parsons - NSR has acquired the completed Yanchep and Fremantle developments from Parsons Group in Perth for \$19 million. Agreements are in place for Parsons to continue this highly valued relationship with a development pipeline including new Martin, Port Kennedy and East Perth developments to be delivered in FY20/21 (estimated value on completion of \$37 million)."

Mr. Catsoulis said, "NSR's portfolio continues to grow in scale with the addition of a record number of new acquisitions. An increased focus on delivering high-quality development and expansion projects, both in our own right and through successful joint venture and partnership arrangements continues to expand our coverage across Australia and New Zealand in several key, existing and new markets. This increased scale allows us to continue to improve operational efficiencies as we work towards bringing these centres to maturity in the next few years. We are confident that by doing so, stronger earnings and distribution growth will be delivered to securityholders and we thank them for their continued support."

OUTLOOK

Subject to no material changes in market conditions or unforeseen events, NSR's FY20 guidance is for underlying earnings per security to grow by greater than 4%.

ENDS

National Storage is the largest self-storage providers in Australia and New Zealand, with 168 centres providing tailored storage solutions to over 60,000 residential and commercial customers. 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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