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NATIONAL STORAGE REIT ASX ANNOUNCEMENT

8 June 2021

NSR BUSINESS UPDATE, EARNINGS UPGRADE AND EQUITY RAISING

National Storage REIT ("NSR") is pleased to provide a business update, an upgrade to earnings guidance and announces a fully underwritten \$325 million equity raising ("Equity Raising").

HIGHLIGHTS

- Strong market conditions and ongoing portfolio optimisation continue to drive business performance with:
 - Record occupancy across Australia and New Zealand of 86.7% as at 30 April 2021, up from 77.6% as at 30 June 2020
 - Occupied NLA has increased 111,000m² since 30 June 2020, (excluding FY21 acquisitions)
 - REVPAM¹ up to \$229/m², a 21.5% increase from 30 June 2020 of \$188/m²
- Acquisitions totalling \$373 million completed to date in FY21²
- Increasing focus on the development pipeline and expansion projects to provide long term enhanced revenue and NTA growth
- Fully underwritten accelerated non-renounceable entitlement offer to raise approximately \$325 million to strengthen the balance sheet, replenish NSR's investment capacity and provide additional funding flexibility going forward
- Upgrade to FY21 underlying EPS guidance³ to 8.5 - 8.6 cents per stapled security (from 8.1 - 8.5 cents per stapled security)
- Preliminary FY22 underlying EPS guidance² of no less than 8% growth on FY21
- Following the Equity Raising, pro forma gearing will reduce from approximately 35% to 24% and pro forma NTA will increase to \$1.74 per stapled security

OPERATIONAL UPDATE

NSR is pleased to provide the following operational update, with portfolio metrics as at 30 April 2021.

- Record high combined Australian and New Zealand portfolio occupancy of 86.7% as at 30 April 2021, an increase of 9.1% since 30 June 2020 (85.4% Dec 2020)
- Occupied NLA has increased 111,000m² since 30 June 2020, including 28,000m² since 31 December 2020 (excluding FY21 acquisitions)
- REVPAM¹ increased 21.5% from \$188/m² as at 30 June 2020 to \$229/m² as at 30 April 2021 (\$212/m² Dec 2020)

¹ Australian Portfolio (121) centres – excludes FY20 & FY21 acquisitions, Wine Ark and let-up centres

² Includes two acquisitions (\$21 million) for which heads of agreement have been signed and are expected to complete by 30 June 2021.

³ Taking into account the impact of the equity raising, NSR provides this guidance assuming there are no material changes in market conditions or operating environments, including no material deterioration in COVID-19 restrictions and regulations.

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)

- Rate per square metre has increased to \$261/m² as at 30 April 2021, a 5.2% increase from \$248/m² at 30 June 2020 (\$247/m² Dec 2020)

"All states and territories in which NSR operates continue to perform strongly and all these areas are now trading over 80% occupancy, with over 35% of all centres now operating at over 90% occupancy, and approximately 70% operating at over 85%¹," said National Storage Managing Director Andrew Catsoulis.

"We attribute this strong operational result to a positive macroeconomic environment as well as a number of internal operational improvements over the past 12 to 18 months. These enhancements include an updated and fully rebuilt website, the integration of our "contact-free move-in" process, refinements made to our revenue management system, as well as the internalisation of a number of key functions in the business that were previously outsourced."

ACQUISITIONS UPDATE

NSR has continued to execute on its strategic growth objectives with 27 acquisitions totalling \$373 million transacted in FY21 to date⁴, taking advantage of attractive acquisition opportunities for high quality and strategically located assets. These acquisitions consist of 24 storage centres and 3 development sites, adding 134,400m² of net lettable area ("NLA") to NSR's portfolio. NSR's forward looking acquisition pipeline continues to remain strong.

"We are pleased to see the continued execution of our acquisitions-based growth strategy which will provide opportunities for ongoing accretion of underlying earnings from these new assets," said Mr. Catsoulis.

DEVELOPMENT AND EXPANSION UPDATE

NSR is also pleased to announce plans for an increasing focus on development and expansion projects that provide additional built capacity in key markets. NSR's development pipeline consists of a combination of greenfield/brownfield developments, expansions of existing centres and the "Revive" refurbishment program, and allows NSR to leverage its in-house development expertise.

NSR has 16 active projects, with 6 projects under construction as at 30 April 2021. The development pipeline is forecast to add aggregate NLA of approximately 110,000m².

"Given the ongoing compression in yields across the self-storage sector, and our strong growth in rate, REVPAM and occupancy, NSR believes it is an opportune time to expedite the pace of its development, expansion and centre revitalisation programs. With 70% of our centres now operating at or nearing stabilised occupancy, it is important that we continue to grow our built capacity in a sustainable fashion so as to generate ongoing opportunities to grow underlying earnings per security and NTA", said Mr. Catsoulis.

EQUITY RAISING

As outlined above NSR has transacted on a number of high-quality acquisition opportunities during FY21 totalling A\$373 million, resulting in pro forma gearing of approximately 35%. In order to replenish the investment capacity and provide additional funding flexibility for the acquisition and development pipeline going forward, NSR announces it is undertaking a fully underwritten Equity Raising to raise approximately A\$325 million.

⁴ Includes two acquisitions (\$21 million) for which heads of agreement have been signed and are expected to complete by 30 June 2021.

The Equity Raising will be structured as a 1-for-6.27 accelerated non-renounceable entitlement offer ("Entitlement Offer").

The Entitlement Offer is fully underwritten. The offer price of the Entitlement Offer has been set at \$2.00 per stapled security ("Issue Price"), which represents a:

- 3.8% discount to the last closing price of \$2.08 per stapled security on 7 June 2021;
- 3.3% discount to the theoretical ex-rights price of \$2.07

New Securities issued under the Entitlement Offer will rank equally with existing stapled securities from allotment and will be entitled to the distribution for the six months ending 30 June 2021.

Offer proceeds will be used initially to repay debt to strengthen NSR's balance sheet, reducing pro forma December 2020 gearing levels from approximately 35% to 24%, representing the low end of NSR's target gearing range of 25% - 40%, providing NSR additional funding flexibility to continue its consolidation strategy and pursue further growth through the development program.

"This will enable us to further strengthen our balance sheet in order to facilitate ongoing growth of the business from a development, expansion and centre revitalisation basis, as well as enabling us to undertake continued acquisitions on a selected basis," said Mr. Catsoulis.

GUIDANCE UPDATE

Taking into account the impact of the Equity Raising and NSR's strong operating performance, NSR provides upgraded FY21 underlying EPS guidance⁵ of 8.5 - 8.6 cents per stapled security (previous guidance range of 8.1 - 8.5 cents per stapled security).

Subject to no material changes in market conditions or operating environment, and taking into account the Equity Raising announced today, NSR provides preliminary guidance for FY22 underlying EPS growth of no less than 8% on FY21.

NSR expects to announce its FY21 full year results on 25 August 2021.

TIMETABLE

EVENT	DATE
Trading halt and announcement of the Entitlement Offer	Tuesday, 8 June 2021
Institutional Entitlement Offer opens and closes	Tuesday, 8 June 2021
Trading resumes on an ex-Entitlement Offer basis	Wednesday, 9 June 2021
Entitlement Offer Record Date	7.00pm Thursday, 10 June 2021
Retail Entitlement Offer opens	9.00am Tuesday, 15 June 2021
Early Retail Acceptance Due Date	5.00pm Monday, 21 June 2021
Settlement of the Institutional Entitlement Offer and early Retail Entitlement Offer	Tuesday, 22 June 2021
Allotment of new securities issued under the Institutional Entitlement Offer and Early Retail Entitlement Offer	Wednesday, 23 June 2021
Retail Entitlement Offer closes	5.00pm Thursday, 24 June 2021

⁵ NSR provides this guidance assuming there are no material changes in market conditions or operating environments, including no material deterioration in COVID-19 restrictions and regulations.

EVENT	DATE
Settlement of the Retail Entitlement Offer	Tuesday, 29 June 2021
Allotment of the remaining new securities issued under the Retail Entitlement Offer	Wednesday, 30 June 2021
Record date for June distribution	7.00pm Wednesday, 30 June 2021
Normal trading of remaining new securities issued under the Retail Entitlement Offer	Thursday, 1 July 2021

Note: All dates and times are indicative only and subject to change. Unless otherwise specified, all dates and times refer to Australian Eastern Standard Time (AEST). 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. NSR reserves the right to vary these dates or withdraw the offer at any time.

ADDITIONAL INFORMATION

Additional information about the Equity Raising, including certain key risks, is contained in the investor presentation released to the ASX today.

All dollar amounts are in Australian dollars unless otherwise indicated.

ENDS

National Storage is the largest self-storage provider in Australia and New Zealand, with 211 centres providing tailored storage solutions to over 80,000 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:

Andrew Catsoulis
Managing Director
07 3218 8100

Stuart Owen
Chief Financial Officer
07 3218 8100

This announcement contains certain "forward-looking statements". Forward looking words such as expect", "should", "could", "may", "will", "believe", "forecast", "estimate" and other similar expressions are intended to identify such forward-looking statements. Such statements are subject to various known and unknown risks, uncertainties and other factors that are in some cases beyond NSR's control. These risks, uncertainties and factors may cause actual results, performance or achievements to differ materially from those expressed or implied by the forward-looking statements and from past results, performance or achievements. NSR cannot give any assurance or guarantee that the assumptions upon which management based its forward-looking statements will prove to be correct or exhaustive beyond the date of its making, or that NSR's business and operations will not be affected by other factors not currently foreseeable by management or beyond its control. Such forward looking statements only speak as at the date of this announcement and NSR does not assume any obligation to update such information.

You are strongly cautioned not to place undue reliance on forward-looking statements, particularly in light of the current economic climate and the significant volatility, uncertainty and disruption caused by the outbreak of COVID-19.

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