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NATIONAL STORAGE REIT ASX ANNOUNCEMENT

5 May 2020

EQUITY RAISING TO REPLENISH INVESTMENT CAPACITY AND PROVIDE ADDITIONAL FUNDING FLEXIBILITY

National Storage REIT ("NSR") today announces that it is undertaking:

- A fully underwritten \$300 million institutional placement ("Placement") of new stapled securities in NSR ("New Securities"); and
- A non-underwritten Security Purchase Plan ("SPP") to raise up to a further \$30 million from eligible investors¹; (together, the "Equity Raising" or the "Offer").

RATIONALE FOR EQUITY RAISING

The Proceeds from the Equity Raising will be used by NSR to strengthen its balance sheet, replenish investment capacity and provide additional funding flexibility.

Post the Placement, NSR's pro forma gearing will reduce to 24.1%² and NSR will have a strong liquidity position with cash and undrawn debt facilities of \$628 million³. The proceeds from the Equity Raising will provide NSR with capital to fund its next phase of growth, enhancing value as proceeds are deployed and assets are incorporated into the NSR portfolio.

The self-storage markets in Australia and New Zealand remain highly fragmented and NSR is well-positioned as the leading acquirer of self-storage assets in these markets. NSR has a proven track record of securing growth for securityholders, having successfully executed over 120 self-storage acquisition and development opportunities since its IPO in 2013.

At present NSR has approximately \$120 million of acquisition and development opportunities under active consideration. The COVID-19 pandemic may also provide additional acquisition and development opportunities over the next 12-18 months. With a strengthened liquidity position as a result of this Equity Raising, NSR will be in a strong position to capitalise on these opportunities as they arise.

¹ The Offer structure balances the need for certainty of proceeds received through the Placement with NSR's desire to provide its retail securityholders with the opportunity to participate through the SPP. The cap on the SPP of \$30 million is considered appropriate to provide the opportunity for the majority of NSR's retail securityholders to achieve a pro rata allocation having regard to the total Equity Raising size, the construct of NSR's register and historical take-up rates in SPPs. Full details of the SPP will be contained in the SPP offer booklet, which will be sent to eligible securityholders in due course. NSR may (in its absolute discretion), in a situation where total demand exceeds \$30 million, decide to increase the amount to be raised under the SPP or apply a scale back.

² Post the SPP gearing will reduce further to 22.9%. Assumes \$30 million of proceeds from the non-underwritten SPP.

³ Pro forma as at 31 December 2019 post Placement and SPP. Assumes \$30 million of proceeds from the non-underwritten SPP and documentation of a \$100 million debt facility from J.P. Morgan.

CAPITAL MANAGEMENT UPDATE

As announced on 7 April 2020, NSR has increased its debt facilities since the release of its H1 FY20 results. This includes additional documented debt facilities of \$125 million from its existing club banks, and a commitment from J.P. Morgan for a \$100 million debt facility.

As a result of these new debt facilities and the proceeds from the Equity Raising, NSR will have a strong liquidity position comprising cash and undrawn debt facilities of \$628 million⁴ and no debt maturities until July 2021. This places NSR in a strong position to withstand any potential further impact of the COVID-19 pandemic on its operations and valuations.

IMPACT OF COVID-19

Whilst NSR's operations have been impacted by the COVID-19 pandemic, as announced on 20 April 2020:

- All of NSR's centres have remained open and operational throughout this period;
- Storage revenue continues to demonstrate the resilient nature of the self-storage asset class to economic volatility;
- A range of operational efficiencies and capital expenditure deferral initiatives have been implemented across the business to minimise any economic impact of COVID-19;
- NSR has put in place a contact-free move-in process enabling customers to book storage online and move their goods into one of NSR's centres without the need for physical assistance from or contact with our staff;
- NSR has moderated its same-centre earnings forecast for the current earnings period to account for the rapid change in economic conditions, customer sentiment and discretionary spending.

PLACEMENT

The Placement is fully underwritten by J.P. Morgan Securities Australia Limited and Citigroup Global Markets Australia Pty Limited. The Placement will be issued at a fixed price of \$1.57 per stapled security, which represents a:

- 7.1% discount to the last closing price of \$1.69 per stapled security on 4 May 2020; and
- 7.1% discount to the 5-day VWAP of \$1.69 per stapled security on 4 May 2020.

New Securities issued under the Placement will rank equally with existing securities from the date of issue and will be entitled to the distribution for the six months ending 30 June 2020.

SECURITY PURCHASE PLAN

Eligible securityholders in Australia and New Zealand will be invited to subscribe for up to \$30,000 of securities per securityholder⁵, free of transaction and brokerage costs, via a SPP. New securities issued under the SPP will rank equally with existing stapled securities from the date of issue (including those issued under the Placement) and securityholders will be entitled to the distribution for the six months ending 30 June 2020. The new securities will be offered at

⁴ Pro forma as at 31 December 2019 post Placement and SPP. Assumes \$30 million of proceeds from the non-underwritten SPP and documentation of a \$100 million debt facility from J.P. Morgan.

⁵ Subject to the number of securities taken up by the securityholder under the SPP announced by NSR on 25 June 2019. A securityholder is limited to subscribing for up to \$30,000 of securities in total under all SPPs within a 12-month period.

the same price as the Placement price of \$1.57 per stapled security. The SPP is expected to raise up to \$30 million and will not be underwritten.

Further information in relation to the SPP will be dispatched to eligible securityholders on or around 12 May 2020.

GUIDANCE UPDATE

As a consequence of the Equity Raising, NSR is updating its FY20 earnings guidance to between 8.2 to 8.7 cents per stapled security. NSR intends to continue to pay distributions in accordance with its stated distribution policy (90-100% of underlying earnings).

TIMETABLE

EVENT	DATE
Trading halt and announcement of Equity Raising	Tuesday, 5 May 2020
Placement	
Placement bookbuild	Tuesday, 5 May 2020
Announcement of outcome of Placement	Wednesday, 6 May 2020
Trading halt lifted	Wednesday, 6 May 2020
Settlement of Placement Securities under the Placement	Friday, 8 May 2020
Allotment and trading of Placement Securities issued under the Placement	Monday, 11 May 2020
SPP	
Record date for SPP	7pm Brisbane time, Monday, 4 May 2020
SPP offer period	Tuesday, 12 May 2020 to Tuesday, 2 June 2020
Allotment of Securities issued under the SPP	Tuesday, 9 June 2020
Securities issued under the SPP commence trading on ASX	Wednesday, 10 June 2020
Holding statement dispatch date	Wednesday, 10 June 2020

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

NATIONAL STORAGE REIT (NSR)

National Storage Holdings Limited (ACN 166 572 845)

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



ENDS

National Storage is the largest self-storage provider in Australia and New Zealand, with 183 centres providing tailored storage solutions to over 70,000 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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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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