



# NATIONAL STORAGE REIT ASX ANNOUNCEMENT

14 June 2023

## MARKET UPDATE

National Storage REIT (**NSR**) provides an update on recent capital management initiatives, operations, and FY23 underlying earnings guidance.

## KEY HIGHLIGHTS

- Executed on a \$400 million syndicated term loan across five and seven-year tenors, taking weighted average debt tenor to 3.6 years (December 2022: 3.0 years)
- Received credit approvals for an additional \$200 million of new debt facilities
- Increased the hedge profile through additional interest rate swaps executed post 1H FY23
- FY23 underlying earnings guidance reaffirmed at 11.5cps, reflecting an 8.5% increase on FY22

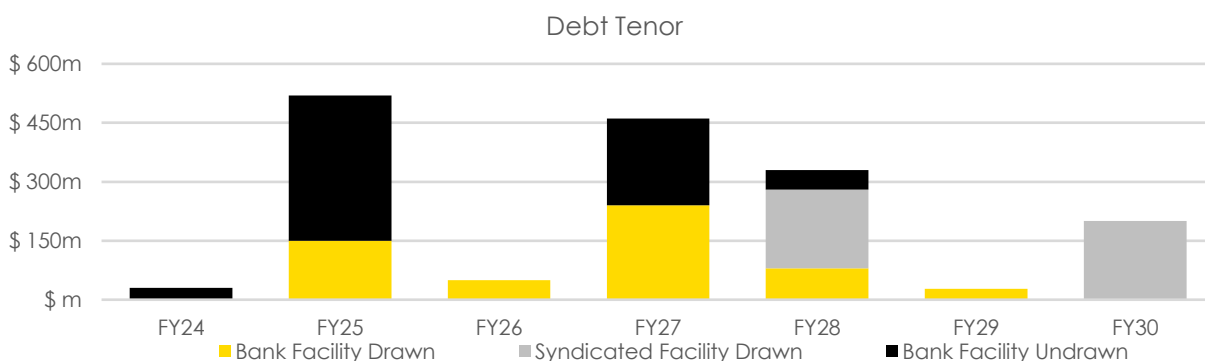
## CAPITAL MANAGEMENT

NSR has finalised a Syndicated Term Loan which was launched as a \$250 million five and seven-year facility on 14 April 2023. Following a highly successful bookbuild, NSR received firm commitments from 18 lenders totaling \$539 million, being 2.9 times over-subscribed (excluding cornerstone commitments from the Joint Lead Managers).

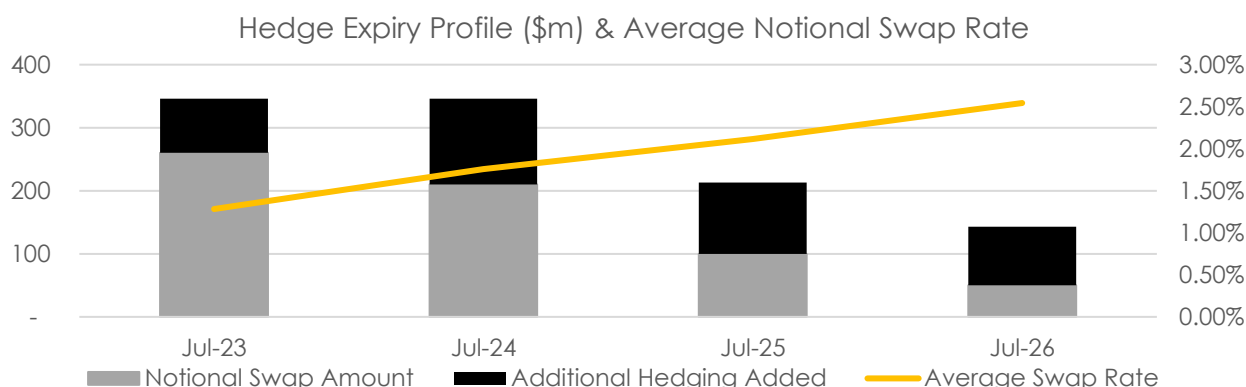
Given the strong market response, the facility was upsized to \$400 million, split evenly across the five and seven-year tranches, with competitive pricing.

Credit approvals have also been obtained from new and existing relationship banks for an additional \$200 million of facilities, with durations of up to five years. Finalisation of these facilities is expected to take place in the coming weeks. Upon completion of these debt facilities, NSR will have total undrawn funding capacity of over \$900 million. Gearing at 31 May 2023 remained low at 19.7%.

Managing Director Mr. Andrew Catsoulis said, "As a result of our intensive capital management initiatives undertaken following the equity raising in March 2023, the weighted average debt tenor of NSR has increased to 3.6 years, and further progress has been made on interest rate hedging. These prudent initiatives further fortify NSR's financial position at a time of potential macro-economic headwinds."



NSR has increased its hedge profile through additional interest rate swaps executed post 1H FY23, resulting in additional interest rate hedging of \$160m.



## ACQUISITIONS AND DEVELOPMENTS

The acquisition pipeline remains strong, with NSR continuing to assess many new and existing opportunities. Transaction volumes for FY23 have trended to the lower end of NSR's expectations, as the opportunities are assessed against the current economic conditions and conservative acquisition criteria. Mr. Catsoulis said, "NSR is maintaining its disciplined approach of targeting acquisitions that are day one accretive and have passing yields at or above NSR's weighted average cap rate. These acquisitions are aimed at being able to deliver future yield upside through occupancy and/or rate growth, and efficiencies that can be gained by integration into NSR's fully internal, integrated management and operational platforms."

NSR's development pipeline contains over 40 projects where NSR either owns or has contracted the subject development site, has undertaken preliminary planning and design, and the initial feasibility of the projects has met NSR requirements. This pipeline has the capacity to deliver over 350,000m<sup>2</sup> of additional NLA in key markets, and the potential to deliver a further \$100 million in gross revenue in coming years once stabilised occupancy is achieved.

As at 31 May 2023 there are 10 projects under construction, which will deliver approximately 85,000m<sup>2</sup> of additional NLA across the next 12 months. This new built capacity has the potential to deliver approximately \$25 million in gross revenue once stabilised occupancy is achieved.

## VALUATIONS

NSR is currently revaluing the portfolio through a combination of external and Director valuations. Whilst it is preliminary to provide any outcomes from this process, NSR expects capitalisation rates to remain relatively unchanged from the 31 December 2022 level of 5.87%. Improved operational performance of the portfolio between the date of this valuation and the one prior indicates that some improvement in asset values can be expected, which would flow through to an improvement in NTA.

## FY23 UNDERLYING EARNINGS GUIDANCE

NSR expects FY23 underlying earnings to be 11.5cps, which reflects an 8.5% increase on FY22, demonstrating the strength of the business through various economic cycles.

The reaffirmed guidance reflects the strong performance of NSR's portfolio over the year and is in part driven by a 3.5% increase in Group REVPAM to \$269 as at 31 May 2023 (June 2022: \$260).

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

### NATIONAL STORAGE REIT (NSR)

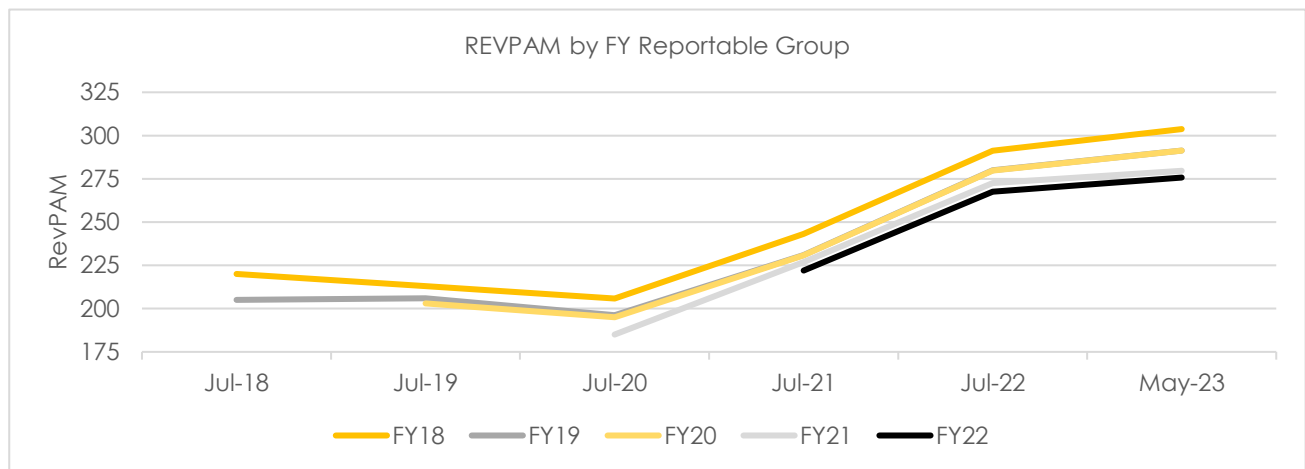
National Storage Holdings Limited (ACN 166 572 845)  
 National Storage Financial Services Limited (ACN 600 787 246 AFSL 475 228) as responsible entity for  
 National Storage Property Trust (ARSN 101 227 712)

## TRACK RECORD OF OPERATIONAL PERFORMANCE

NSR has delivered sector leading operational performance over an extended period.

NSR's investment in larger than average storage centres has seen NSR's average centre size increase to approximately 5,400m<sup>2</sup> as at 31 December 2022. The previously outlined FY23 Reportable Group of 195 centres have, on average, over 4,500m<sup>2</sup> of occupied space per centre. Total occupied space across the total portfolio of over 230 centres is now in excess of 1,000,000m<sup>2</sup>, with significant further upside available within the existing built portfolio for future growth.

NSR has delivered superior REVPAM growth over the last five years, with REVPAM across the FY19 reference portfolio of 104 centres delivering 7.4% CAGR for the period 1 July 2018 through to 31 May 2023.



Reportable Group	Centre Count	Opening RevPAM	May 2023 RevPAM	% Increase	CAGR
FY18	86	220	304	38.1%	6.8%
FY19	104	205	291	42.1%	7.4%
FY20	105	203	291	43.5%	9.7%
FY21	142	185	280	51.2%	15.2%
FY22	170	222	276	24.2%	12.0%

Authorised by the Board of National Storage Holdings Limited.

## ENDS

National Storage is the largest self-storage provider in Australia and New Zealand, with in excess of 230 centres providing tailored storage solutions to over 90,000 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).

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