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NATIONAL STORAGE REIT (NSR) ASX ANNOUNCEMENT

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HALF YEAR RESULTS AT 31 DECEMBER 2013

National Storage REIT today announced its financial results for the six month period to 31 December 2013 with A-IFRS profit after tax of \$7.89 million or 7.67 cents per stapled security.

KEY HIGHLIGHTS

- A-IFRS profit after tax of \$7.89 million or 7.67 cents per stapled security
- National Storage REIT listed on the ASX on 19 December 2013 to create Australia's first fully integrated and internally managed self-storage REIT
- The IPO raised \$183m at \$0.98 per stapled security to facilitate the merger of National Storage's operating business with the unlisted APN National Storage Property Trust, and to fund certain acquisitions
- Strong balance sheet, with gearing of 16.1% against a target gearing range of 25-35%
- Acquisition and centre management opportunities being actively pursued post the IPO
- NTA of \$0.93 and NAV of \$0.98 in line with IPO financial metrics; and
- CY14 DPS guidance of 7.8 cents per stapled security, unchanged and in line with IPO forecasts.

FINANCIAL RESULTS

Mr Andrew Catsoulis, Managing Director said "The statutory financial results reported today reflect the results of the National Storage Property Trust and the National Storage operating business for the six month period ending 31 December 2013 and the impact of the stapling, capital raising and the acquisition of the Artarmon and Marion assets for the period from 19 December 2013 to 31 December 2013."

"As National Storage REIT only came into existence on 19 December 2013 as an integrated and internally managed self-storage REIT, the comparative information presented in the half year results does not reflect National Storage REIT's performance for the entire reporting period. It should be noted that due to the impacts of the stapling of two separate entities, many previously external expenses and revenue are now internalized/eliminated. The profit for the half year also includes several one-off transactions that resulted from the stapling" he said.

The financial forecasts and comments set out in the combined Prospectus and Product Disclosure Statement (PDS) dated 19 November 2013 reflect management's guidance for the underlying financial results of National Storage REIT for CY14.

OPERATIONAL UPDATE

National Storage delivers to its customers tailored storage solutions through the National Storage and Wine Ark brands.

The key drivers of the business are:

- Asset management – driving an appropriate balance between rental rate and occupancy growth and actively pursuing other business development initiatives
- Portfolio management – including acquisitions of self-storage centres
- Expansion of the National Storage centre management platform (revenue from third parties)
- Development management – development / refurbishment of new and existing centres; and
- Capital management – maintaining an appropriate and efficient capital structure.

NATIONAL STORAGE REIT (NSR)

National Storage Holdings Limited (ACN 166 572 845)
The Trust Company (RE Services) Limited (ACN 003 278 831 AFSL 235 150) as responsible entity for
National Storage Property Trust (ARSN 101 227 712)

Mr Catsoulis said "As at 31 December 2013, the portfolio's average occupancy was 72.5% which is consistent with the PDS and a positive result, particularly when taken in conjunction with the October rent increase. Centre-level operating costs have remained in line with the IPO forecasts".

"National Storage REIT remains committed to a strategy of pursuing acquisition and new management opportunities. We have been actively developing the National Storage Centre Management platform which seeks to facilitate opportunities for additional revenue from third parties, while providing access to greater economies of scale and purchasing power, a more efficient marketing spend and greater leverage of internal resources" he said.

PORTFOLIO UPDATE

ASSETS UNDER MANAGEMENT	
Number of storage assets under management (Balance sheet and third party, including Southern Cross)	62
BALANCE SHEET ASSETS	
Number of storage assets owned / leased	38
Portfolio valuation	\$278m
Value / m ² (freehold centres)	\$1,591/m ²
PORTFOLIO PERFORMANCE	
Forecast CY14 DPS	7.8 cents
Average rent / m ² (December 2013)	\$267/m ²
Occupancy (December 2013)	72.5%

CAPITAL MANAGEMENT

The IPO was successfully completed on 19 December 2013 which raised \$183 million of new equity. The funds raised were used to facilitate the merger of National Storage's operating business with the unlisted APN National Storage Property Trust, and to fund a number of acquisitions, specifically a self-storage centre in Artarmon, NSW and a future development site in Marion, SA.

At the time of the IPO, National Storage REIT put in place a new three year facility with National Australia Bank for \$50m with gearing of 16.1% and a target gearing range of 25-35%. National Storage has a strong balance sheet and significant debt capacity to fund future acquisitions.

"Management will review all appropriate and cost effective opportunities for raising further debt capital, within our targeted gearing range, to fund new acquisitions as we progress our strategies for growth" Mr Catsoulis said.

OUTLOOK

We affirm our earnings and distribution guidance of 7.8 cents per stapled security for CY14. Distributions will be paid on a semi-annual basis. The first distribution of National Storage REIT will be in respect of the period from 1 January 2014 to 30 June 2014.