



PROSPECTUS AND PRODUCT DISCLOSURE STATEMENT

In relation to an offer of up to 198.5 million Stapled Securities, each comprising one unit in the APN National Storage Property Trust (ARSN 101 227 712) and one share in National Storage Holdings Limited (ACN 166 572 845).

Lead Manager: Morgan Stanley Australia Securities Limited

Morgan Stanley



Important information

This document is important and requires your immediate attention. You should read the entire document carefully before deciding whether to invest in Stapled Securities. In particular you should pay careful consideration to the risk factors outlined in Section 8 and the tax implications in Section 14 of this document as they relate to your personal investment objectives, financial circumstances and needs.

Offer

The Offer contained in this combined prospectus and product disclosure statement (**Offer Document**) is an invitation to acquire fully paid Stapled Securities in National Storage REIT and is comprised of the Broker Firm Offer, the Institutional Offer and the Cash-Out Facility Offer.

On its establishment, National Storage REIT will comprise National Storage Holdings Limited (ACN 166 572 845) (**NSH**) and APN National Storage Property Trust (ARSN 101 227 712) (**NSPT**). As at the date of this Offer Document, the responsible entity of NSPT is APN Funds Management Limited (ACN 080 674 479 and AFSL 237 500) (**APNFM**). If the Transaction is approved at the NSPT Unitholder Meeting, APNFM will be replaced as responsible entity of NSPT by The Trust Company (RE Services) Limited (ACN 003 278 831 and AFSL Number 235150) (**Trust Co RE**), which will be the issuer of the Units under the Offer. The Stapled Securities comprise one fully paid ordinary unit in NSPT (**Unit**) and one fully paid ordinary share in NSH (**Share**), which are stapled together and cannot be traded separately.

This Offer Document also relates to the issue of fully paid ordinary Shares in NSH to existing eligible NSPT Unitholders as part of the initial restructure required to take place in order to implement the Transaction (**Restructure Distribution**).

The Offer and Restructure Distribution, and the issue or transfer of any securities under them, is conditional upon NSPT Unitholder approval, and a meeting of NSPT Unitholders is being held on 18 December 2013 for this purpose (**NSPT Unitholder Meeting**).

No securities will be issued on the basis of this Offer Document later than 13 months after the date of this Offer Document.

Offer Document

This document is a combined product disclosure statement and prospectus and has been prepared in accordance with sections 706 and 1013A of the Corporations Act.

To the extent that this document relates to the offer of Units in NSPT, it is a product disclosure statement for the purposes of Part 7.9 of the Corporations Act and has been issued by Trust Co RE as the incoming responsible entity for NSPT (and who is to be the responsible entity at the time of the issue of Units) and NS Saleco Pty Ltd (ACN 166 572 792) (**SaleCo**).

To the extent that this document relates to an offer of Shares in NSH (either under the Restructure Distribution or the Offer), it is a prospectus for the purposes of Chapter 6D of the Corporations Act and has been issued by NSH and SaleCo (other than with respect to the Restructure Distribution).

Lodgment and Listing

This Offer Document is dated 19 November 2013 and was lodged with ASIC on that date in accordance with sections 727 and 1015B of the Corporations Act.

NSH and Trust Co RE will apply to ASX within seven days of the date of this Offer Document for National Storage REIT to be admitted to the official list and for official quotation of the Stapled Securities on ASX.

Neither ASIC nor ASX take any responsibility for the content of this Offer Document nor the merits of the investment to which this Offer Document relates.

As set out in Section 9.10.3 it is expected that the Stapled Securities will be quoted on ASX initially on a conditional and deferred settlement basis.

National Storage REIT disclaims all liability, whether in negligence or otherwise, to persons who trade Stapled Securities before receiving their holding statement.

Not investment advice

The information provided in this Offer Document is not financial product advice and has been prepared as general information only without taking into account your particular investment objectives, financial circumstances or particular needs. You should seek your own financial advice.

In particular, you should carefully consider the risk factors outlined in Section 8 that could affect the financial performance of National Storage REIT. You should consider these factors in light of your personal circumstances (including financial and taxation issues) and seek professional advice from your stockbroker, solicitor, accountant or other independent advisor before deciding whether to invest in the securities being offered under this document. Some of the key risk factors that should be considered are set out in Section 8. There may be any number of known and unknown risks, uncertainties and other factors in addition to those identified, which could have a material adverse effect on the actual results, performance or achievements of National Storage REIT. These risks should also be considered before deciding whether to invest. Section 7.5 details the key assumptions underlying the Financial Information.

Except as required by law, and only to the extent required, no person named in this Offer Document, nor any other person, warrants or guarantees the performance of National Storage REIT, the repayment of capital or any return on an investment made pursuant to this Offer Document.

No person is authorised to give any information or make any representation in connection with the Offer described in this Offer Document, which is not contained in this Offer Document. Any information or representation not contained in this Offer Document may not be relied on as having been authorised by National Storage REIT or the directors of Trust Co RE, NSH or SaleCo in connection with the Offer or Restructure Distribution.

Electronic Offer Document

An electronic copy of the Offer Document may be viewed online at the following website: www.nationalstorage.com.au during the Offer Period. If you access the Offer Document electronically, please ensure that you download and read the Offer Document in its entirety. The Offer and Restructure Distribution to which this Offer Document relates is only available to eligible Australian resident investors receiving this Offer Document in Australia (electronically or otherwise) and to Institutional Investors located in certain other eligible jurisdictions. It is not available to eligible persons in other jurisdictions (including the United States). A paper form of this Offer Document can be obtained, before the Expiry Date, (free of charge in Australia) by calling the National Storage REIT Offer Information Line 1300 439 803 (toll free within Australia) or +61 3 9415 4061 (outside Australia) at any time between 8:30am and 5:30pm (AEST) Monday to Friday during the Offer Period. NSPT Unitholders should call 1800 996 456.

The Corporations Act prohibits any person from passing the Application Form on to another person unless it is attached to or accompanied by a hard copy or a complete and unaltered electronic copy of the Offer Document. See Section 9 for further information.

Exposure Period

The Corporations Act prohibits the issue of Securities under the Offer or Restructure Distribution in the seven day period after the date of lodgment of this Offer Document (**Exposure Period**). This Exposure Period may be extended by ASIC by up to a further seven days. The purpose of the Exposure Period is to enable the Offer Document to be examined by market participants prior to the raising of funds. Applications received during the Exposure Period will not be processed until after the expiry of the Exposure Period. No preference will be conferred on any Applications received during the Exposure Period.

No cooling-off rights

Cooling-off rights do not apply to an investment in Securities under this Offer Document. This means that, in most circumstances, you cannot withdraw your Application once it has been accepted. Should quotation of the Stapled Securities be granted by ASX, Securityholders will have the opportunity to sell their Stapled Securities at the prevailing market price, which may be different to the Offer Price or the Cash-Out Facility Price.

Details of the rights and liabilities attached to each Unit and Share are set out in Section 15 and in the Constitutions of both NSH and NSPT, copies of which will be made available for inspection, free of charge at the registered office of NSH and Trust Co RE within normal trading hours.

Offer management

The Offer is managed by Morgan Stanley Australian Securities Limited (**Lead Manager**).

Foreign jurisdictions

This Offer Document has been prepared to comply with the requirements of Australian laws. The Offer is only being made to eligible Australian resident investors under the Broker Firm Offer, as well as Institutional Investors located in Australia and certain other jurisdictions including New Zealand, Singapore, Hong Kong, Japan and Belgium under the Institutional Offer. The Restructure Distribution is being made to NSPT Unitholders who are not Ineligible Foreign Securityholders.

This Offer Document does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. No action has been taken to register or qualify the Securities or the Offer,

or to otherwise permit a public offering of the Securities in any jurisdiction outside of Australia. The taxation treatment of Australian securities may not be the same as those for securities in foreign jurisdictions. If you are uncertain about whether this investment is appropriate for you, you should seek the advice of an appropriately qualified financial adviser.

The distribution of this Offer Document outside Australia (whether electronically or otherwise) may be restricted by law and persons who come into possession of this Offer Document outside Australia should seek advice on and observe any such restrictions. Failure to comply with such restrictions may find you in violation of applicable securities laws.

Any person applying for Securities shall by virtue of such application be deemed to represent that they are not in a jurisdiction which does not permit the making of an offer or invitation as detailed in this Offer Document, and are not acting for the account or benefit of a person within such jurisdiction.

None of NSH, Trust Co RE, SaleCo, the Lead Manager nor any of their respective officers, employees, consultants, agents or advisers accepts any liability or responsibility to determine whether a person is able to participate in the Offer or the Restructure Distribution.

In particular, the Securities have not been, and will not be, registered under the U.S Securities Act of 1933, as amended (**US Securities Act**) or the securities law of any state of the United States, and may not be offered or sold directly or indirectly, in the United States.

See Section 16.12 for further details.

Updated information

Information regarding the Offer and Restructure Distribution may need to be updated from time to time. Any updated information about the Offer or Restructure Distribution that is considered not materially adverse to investors and NSPT Unitholders will be made available on the National Storage website www.nationalstorage.com.au and National Storage REIT will provide a copy of the updated information free of charge to any eligible investor who requests a copy by contacting the National Storage REIT Offer Information Line on 1300 439 803 (toll free within Australia) or +61 3 9415 4061 (outside Australia) from 8:30am until 5:30pm (AEST) Monday to Friday during the Offer Period. NSPT Unitholders should call 1800 996 456.

In accordance with its obligations under the Corporations Act, NSH, Trust Co RE and SaleCo (as applicable) may issue a supplementary Offer Document to supplement any relevant information not disclosed in this Offer Document. You should read any supplementary disclosures made in conjunction with this Offer Document prior to making any investment decision.

Financial information

The Pro Forma Historical Financial Information included in this Offer Document has been prepared and presented in accordance with the recognition and measurement principles prescribed by the Australian Accounting Standards.

The Forecast Financial Information included in this Offer Document is unaudited and is based on the best estimate assumptions of the NSH Directors. The basis of preparation and presentation of the Forecast Financial Information is, to the extent applicable and possible, consistent with the basis of preparation and presentation for the Pro Forma Historical Financial Information. See "Forward looking statements" below.

The Pro Forma Historical Financial Information and Forecast Financial Information in this Offer Document should be read in conjunction with, and are qualified by reference to, the information contained in Section 7.

All currency amounts are in Australian dollars unless otherwise specified.

Statements of past performance

This Offer Document includes information regarding the past performance of National Storage REIT. Investors should be aware that past performance is not indicative of future performance.

Valuations

This Offer Document contains information regarding the independent valuations of the properties and businesses in the National Storage REIT portfolio by independent valuers m3property, Crowe Horwath and Savills Australia. Valuations are an opinion of a fair price acceptable to and payable by a willing buyer at a point in time, they are not a guarantee of current or future market value. By necessity, valuations require the valuer to make subjective judgments that, even if logical and appropriate, may differ from those made by a purchaser or another valuer.

Independent valuations are subject to a number of assumptions and conditions, typically including but not limited to:

- that all properties are held with good and marketable title, free and clear of any or all liens, encumbrances, restrictions or other impediments of an onerous nature and that utilization of the land is within the boundaries of the property lines with no trespass or encroachment;

- responsible ownership and competent property management;
- absence of any defects in engineering or presence of any hazardous waste and/or toxic material;
- compliance with all applicable federal, state and local environmental regulations and laws and all applicable zoning and use regulations and restrictions; and
- absence of any latent or hidden conditions or defects on the property subsoil or structures.

Property values can change substantially, even over short periods of time, and an independent valuer's opinion of value could differ significantly if the date of valuation were to change. A high degree of volatility in the market may lead to fluctuations in values over a short period of time.

Likewise business operations are subject to economic conditions which may affect the general demand for storage space and may adversely impact on business valuations including:

- forecast occupancy and rental rates decline due to a decline in the demand for self-storage space;
- unexpected increases in the costs of business operations including labour rates, advertising, council rates, land tax and insurance etc.;
- competition from new storage operations that open in the immediate vicinity of National Storage REIT's centres;
- changes to laws which reduce income or increase costs; and
- legal and other disputes may arise from time to time in the ordinary course of business operations.

Forward looking statements

This Offer Document contains forward looking statements which are identified by words such as "may", "could", "should", "anticipate", "likely", "forecast", "believes", "estimate", "expects", "intends", "target", "predict", "guidance", "plan" and other similar words that involve risks and uncertainties. Indications of and guidance on future earnings and financial position and performance are also forward looking statements. In particular, the Forecast Financial Information included in Section 7 is an example of forward looking statements.

Preparation of these forward looking statements was undertaken with due care and attention, however forward looking statements remain, by their nature, subject to various known and unknown risk factors, many of which are beyond the control of NSH, Trust Co RE, SaleCo and their respective directors, officers, employees, agents or advisers. Consequently, such factors could cause National Storage REIT's actual results to differ materially from the results expressed or anticipated in these statements. No assurance can be provided that actual performance will mirror the guidance provided.

The Forecast Financial Information and other forward looking statements should be read in conjunction with, and are qualified by reference to, the risk factors set out in Section 8, the general and specific assumptions set out in Section 7.5, sensitivity analysis set out in Section 7.7 and other information contained in this Offer Document.

Other than as required by law, none of NSH, Trust Co RE, SaleCo, the Lead Manager and their respective directors, officers, employees or advisers or any other person gives any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this Offer Document will actually occur. You are cautioned not to place undue reliance on those statements.

The forward-looking statements in this Offer Document reflect the views held only immediately before the date of this Offer Document, unless otherwise stated. Subject to the Corporations Act and any other applicable law, each of NSH, Trust Co RE, SaleCo, the Lead Manager and their respective directors, officers, employees and advisers disclaims any duty to disseminate after the date of this Offer Document any updates or revisions to any such statements to reflect any change in expectations in relation to such statements or any change in events, conditions or circumstances on which any such statement is based.

This Offer Document, including the industry overview in Section 4 uses market data, industry forecasts and projections. National Storage REIT has obtained portions of this information from market research prepared by third parties. There is no assurance that any of the forward looking statements, forecasts or projections contained in the reports, surveys and research of third parties which are referred to in this Offer Document will be achieved. You are cautioned not to place undue reliance on those statements. National Storage REIT has not independently verified this information. Estimates, forecasts and projections involve risks and uncertainties and are subject to change based on various factors, including those discussed in the risk factors set out in Section 8.

Privacy

By completing an Application Form to apply for Stapled Securities, you are providing personal information to National Storage REIT through the Share Registry (contracted by National Storage REIT to manage Applications) that may be personal information for the purposes of the Privacy Act 1988 (Cwth) (as amended) (**Privacy Act**). The National Storage REIT, and the Share Registry on its behalf, may collect, hold and use that personal information in order to process your

Application, service your needs as a Securityholder, provide facilities and services that you request and carry out appropriate administration.

If you do not provide information requested in the Application Form, National Storage REIT and/or the Share Registry may not be able to process or accept your Application. Your personal information may be used from time to time to inform you about other products and services offered by National Storage REIT which it considers may be of interest to you.

If you become a Securityholder, the Corporations Act requires National Storage REIT to include information about the Securityholder (including the name, address and details of the Securities held) in its public register of members. The information contained in National Storage REIT's register of members must remain there even if that person ceases to be a Securityholder. Information contained in National Storage REIT's register of members is also used to facilitate dividend and distribution payments and corporate communications (including National Storage REIT's financial results, annual reports and other information that National Storage REIT may wish to communicate to its Securityholder) and compliance by National Storage REIT with legal and regulatory requirements.

Your personal information may also be provided to National Storage REIT's agents and service providers on the basis that they deal with such information in accordance with their respective privacy policies. These agents and service providers may be located outside Australia where your personal information may not receive the same level of protection as that afforded under Australian law. The types of agents and service providers that may be provided with your personal information and the circumstances in which your personal information may be shared are:

- the Lead Manager in order to assess your Application;
- printers and other companies for the purpose of preparation and distribution of statements and for handling mail;
- market research companies for the purpose of analysing National Storage REIT's Securityholder base and for product development and planning; and
- legal and accounting firms, auditors, contractors, consultants and other advisers for the purpose of administering, and advising on, the Stapled Securities and for associated actions.

Under the Privacy Act, you may request access to your personal information held by or on behalf of National Storage REIT, subject to certain exemptions under law. You may be required to pay a reasonable charge to the Share Registry in order to access your personal information. You can request access to your personal information by writing to or telephoning the Share Registry as follows:

Computershare Investor Services Pty Limited

452 Johnston Street, Abbotsford VIC 3067

privacy@computershare.com.au

1300 439 803 (within Australia)

+61 3 9415 4061 (outside Australia)

If any of your information is not correct or has changed, you may request it be corrected.

Applicants can obtain a copy of National Storage REIT's privacy policy by visiting National Storage REIT's website at www.nationalstorage.com.au.

Photographs and diagrams

The photographs and diagrams used in this Offer Document are assets of NSH and NSPT which will form part of the assets of National Storage REIT, unless otherwise stated. Photographs and diagrams used in this Offer Document that do not have descriptions are for illustrative purposes only and should not be interpreted to mean that any person shown in them endorses this Offer Document or its contents, or that the assets shown in them are or will be owned by National Storage REIT. Diagrams used in this Offer Document are also intended for illustrative purposes only and may not be drawn to scale. Unless otherwise stated, all data contained in charts, graphs and tables is based on information available at the date of this Offer Document.

National Storage REIT website

Any references to documents included on National Storage REIT's website at www.nationalstorage.com.au are for convenience only, and none of the documents or other information available on National Storage REIT's website is incorporated herein by reference.

Definitions and abbreviations

Defined terms and expressions used in this Offer Document have the meanings detailed in the Glossary in Section 17.

Unless otherwise stated or implied, references to times in this Offer Document are to AEST and all financial amounts expressed in this Offer Document are in Australian dollars (unless otherwise indicated).

Important note to NSPT Unitholders

The establishment of the National Storage REIT is being put to NSPT Unitholders at a meeting on 18 December 2013.

If the Transaction is approved at the NSPT Unitholder Meeting, APNFM will be replaced as responsible entity of NSPT by Trust Co RE (who will be the issuer of the Units) and NSPT Unitholders (who are not Ineligible Foreign Securityholders) will receive one fully paid ordinary Share in NSH for every one fully paid ordinary Unit held in NSPT (as at the Stapling Record Date) (ie this is the Restructure Distribution). Subsequently, and following the completion of certain other steps under the Implementation Deed (including an issue of Vendor Stapled Securities), all Shares and Units on issue in NSH and NSPT will be stapled together to form the Stapled Securities.

NSPT Unitholders (who are not Ineligible Foreign Securityholders) have the option to elect to sell down some or all of their Stapled Securities into the Cash-Out Facility Offer, in consideration for payment of the Cash-Out Facility Price. Ineligible Foreign Securityholders will be required to sell down their interests and will receive the Cash-Out Facility Price as consideration.

Information for NSPT Unitholders wishing to sell down some or all of their Stapled Securities into the Cash-Out Facility Offer is available in Sections 9.7 and 9.15 and in the NSPT Explanatory Memorandum. Information regarding the Restructure Distribution is available in Section 9.14.

Role of Trust Co RE in National Storage REIT

Trust Co RE has not been involved in the National Storage Group or NSPT¹. Trust Co RE is an unrelated third party which offers its professional services to entities which do not have a license to operate a registered management investment scheme. Trust Co RE has agreed to act as responsible entity of NSPT and, in turn, to delegate certain management functions to NSH under a Management Agreement (see further details in Section 5.8 and Section 15.2.5). Trust Co RE will receive fees for the services it provides (see Section 13).

APNFM Disclaimer

APNFM has not prepared, and is not the issuer of, this Offer Document. APNFM will resign as responsible entity of NSPT before the issue of Units and Shares under this Offer Document. Accordingly, APNFM will not be the issuer of Units or Shares offered pursuant to this Offer Document. APNFM will not be involved in the operations of National Storage REIT. APNFM nor any of its related bodies corporate or any of their respective directors officers, employees, agents and advisers makes any representation or warranty, express or implied, as to the fairness, accuracy or completeness of the information contained in this Offer Document or the merits of the investment to which this Offer Document relates. To the maximum extent permitted by law, APNFM and its related bodies corporate and their respective directors officers, employees, agents and advisers expressly disclaim and take no responsibility for any statements in or omissions from this Offer Document, other than in Section 3 with respect to the questions:

- What is NSPT; and
- Why is the board of the existing responsible entity of NSPT recommending the Transaction, for which APNFM takes responsibility.

Questions

If you have any questions relating to this Offer Document, the Offer, the Restructure Distribution or about how to apply for Stapled Securities, please contact your stockbroker, accountant, financial adviser or the National Storage REIT Offer Information Line on 1300 439 803 (toll free within Australia) or +61 3 9415 4061 (outside Australia) at any time between 8:30am and 5:30pm (AEST) Monday to Friday during the Offer Period.

¹ Affiliates of Trust Co RE provide custody services to NSPT and NSVPT and act as trustee of the SCST.

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1. KEY OFFER INFORMATION



1. Key Offer information

1.1 Offer details

The Offer (comprising the Broker Firm Offer, Institutional Offer and Cash-Out Facility Offer) relates to the offer of National Storage REIT Stapled Securities which will comprise one fully paid ordinary Share in NSH (which will become the holding company of National Storage Group and which operates and manages self-storage centres) and one fully paid ordinary Unit in NSPT (which owns freehold self-storage properties).

The Restructure Distribution relates to the issue of Shares in NSH to existing Eligible NSPT Unitholders as part of the initial restructure required to take place in order to implement the Transaction.

KEY DETAILS	RESTRUCTURE DISTRIBUTION TO NSPT UNITHOLDERS	OFFER
Offer Price (Institutional Offer and Broker Firm Offer)	N/A	\$0.98
Cash-Out Facility Price	N/A	The greater of \$0.98 per Stapled Security and the price determined through the Cash-Out Facility Bookbuild.
Who can participate?	NSPT Unitholders on the NSPT Register on the Stapling Record Date who are not Ineligible Foreign Securityholders.	Broker Firm Offer – Australian resident Retail Investors and Sophisticated Investors who receive a firm allocation from their Broker. Institutional Offer and Cash-Out Facility Offer – Institutional Investors
Number of new Securities to be issued	93.1 million Shares	126.3 million Stapled Securities
Maximum number of Existing Stapled Securities transferred from existing NSPT Unitholders to SaleCo under the Offer Document (Cash-Out Facility)	N/A	72.2 million Stapled Securities ²
Minimum number of Stapled Securities to be held by existing NSPT Unitholders ³ after the Offer	N/A	20.8 million Stapled Securities ⁴
Total number of Stapled Securities on issue at Completion of the Offer	N/A	244.9 million Stapled Securities
Market capitalisation ⁵	N/A	\$240.0 million
Estimated CY2014 distribution yield	N/A	8.0% (this is based on the Offer Price and underwritten Cash-Out Facility Price of \$0.98. The yield may vary depending on the actual Cash-Out Facility Price.)

² The actual number will be determined by the election of NSPT Unitholders to participate in the Cash-Out Facility and the number of Ineligible Foreign Securityholders.

³ Being those NSPT Unitholders who are registered holders of Units in the Trust as at the Stapling Record Date.

⁴ Represent the 22.4% of Existing Unitholders that have either committed or advised of their intention to remain invested in National Storage REIT. The actual number (which may be greater than this amount) will be determined by the election of NSPT Unitholders.

⁵ This number is based on the Offer Price and underwritten Cash-Out Facility Price of \$0.98 per Stapled Security and may change depending on the actual Cash-Out Facility Price. Market capitalisation is determined by multiplying the number of Stapled Securities on issue by the price at which the Stapled Securities trade on the ASX from time to time. Stapled Securities may not trade at the Offer Price or Cash-Out Facility Price after Listing. If Stapled Securities trade below the Offer Price or Cash-Out Facility Price after Listing, the market capitalisation may be lower.

1.2 Key dates

KEY DATES	
Offer Document date	19 November 2013
Notice of Meeting, Explanatory Statement, and NSPT Unitholder Election Form sent to NSPT Unitholders	26 November 2013
Broker Firm Offer opens	27 November 2013
Broker Firm Offer closes	16 December 2013
NSPT Unitholder Meeting	18 December 2013
Cash-Out Facility Offer Opens	18 December 2013
Cash-Out Facility Offer Closes	18 December 2013
Restructure Distribution	19 December 2013
Expected commencement of trading on the ASX (conditional and deferred settlement basis)	19 December 2013
Settlement	20 December 2013
Issue and transfer of Stapled Securities (Completion of the Offer) and last day of conditional trading	23 December 2013
Expected dispatch of holding statements	23 December 2013
Commencement of normal trading	24 December 2013

The timetable above is indicative only and may change without notice. National Storage REIT, in conjunction with the Lead Manager, reserves the right to amend any or all of these dates and times subject to the Corporations Act, the Listing Rules and other applicable laws, including closing the Offer early, extending the Offer or accepting late Applications (either generally or in particular cases and without notifying any recipient of this Offer Document or any Applicants), or withdrawing the Offer, or not proceeding with the Restructure Distribution, at any time before the relevant Securities are issued, at its discretion. Investors are encouraged to submit their Applications as soon as possible after the Offer opens.

The quotation and commencement of trading of the Stapled Securities is subject to confirmation from ASX.

1.3 How to invest

Applications for Stapled Securities under the Broker Firm Offer may only be made on the Application Form attached to or accompanying this Offer Document. Instructions on how to apply for Stapled Securities under the Broker Firm Offer are set out in Section 9 and on the back of the Application Form.

Refer to Section 9.7 for details regarding how to participate in the Cash-Out Facility Offer.

Refer to Section 9.14 for details regarding the Restructure Distribution. An application form is not required to be completed by NSPT Unitholders with respect to the Restructure Distribution.

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2. CHAIRMAN'S LETTER



2. Chairman's letter

Dear Investor

On behalf of the boards of National Storage Holdings Limited (**NSH**) and The Trust Company (RE Services) Limited (**Trust Co RE**), as the proposed responsible entity for the APN National Storage Property Trust (**NSPT**), I am pleased to present you with the opportunity to invest in National Storage REIT.

National Storage REIT will be the first independent, internally managed and fully-integrated owner and operator of self-storage centres listed on the ASX. Upon listing, the National Storage REIT will own:

- the National Storage Group operating platform, a fully-integrated manager of storage centres;
- a portfolio of 28⁶ freehold self-storage centres;
- long term leasehold interests over an additional 10⁷ self-storage centres; and
- management rights and a 10% investment interest in an additional 24⁸ self-storage centres owned by Southern Cross Storage Group (**Southern Cross**), an investment fund co-owned by National Storage REIT and funds managed by Heitman, a United States based fund manager.

On its establishment, National Storage REIT's objective will be to deliver investors an attractive income stream from a diversified portfolio of high quality self-storage centres with potential for income and capital value growth through increasing rents, increasing occupancy, expanding existing self-storage centres and acquiring or developing additional self-storage centres in a highly fragmented market.

National Storage REIT expects to derive the majority of its income from renting self-storage space and providing ancillary storage products (such as packaging materials, locks and insurance) to more than 23,000 customers across Australia. National Storage REIT will also earn management fee income from managing the Southern Cross portfolio.

The occupancy of the property portfolio which National Storage REIT will own on its establishment is 73%⁹, which is below our future expectations and below the portfolio's peak occupancy of 86% which was achieved in 2007. The management team will be focused on twin objectives of increasing revenue via gradually improving its storage rental rates and increasing occupancy to over 80% over time which, if achieved, would be a significant driver of income growth.

In seeking to enhance returns for investors, National Storage REIT will consider acquiring additional self-storage centres that meet its investment criteria. With a scalable and fully integrated management platform, and a track record for acquiring and managing storage assets, the National Storage REIT will be established with meaningful capacity to fund acquisitions from its own balance sheet with an initial Gearing Ratio of 15.8%, below the target Gearing Ratio of 25-35%.

History of National Storage Group and APN National Storage Property Trust

National Storage REIT will be a stapled group comprising the National Storage Group which operates and manages self-storage centres and NSPT which owns freehold self-storage properties.

The current senior management team of National Storage Group established National Storage Group in 2000 and have grown the group into one of the largest self-storage businesses in Australia, with 62 self-storage centres (which it operates or manages) located across six states of Australia. The group employs over 160 people across individual self-storage centres and at head office. National Storage Group has been operating the self-storage centres in collaboration with a range of institutional investors including NSPT and Southern Cross for up to 10 years.

⁶ Includes 27 self-storage centres currently owned by NSPT and the Artarmon Centre which will be acquired by National Storage REIT upon its establishment. Three of the self-storage centres (Box Hill, Brunswick and Cockburn) will be operated from both internally owned and leased properties.

⁷ Includes Hornsby for which the lease will expire in November 2013. Terms have been agreed with the landlord in respect of extension of the lease.

⁸ Two of the centres (Chatswood and Alexandria) are solely branded as Wine Ark centres.

⁹ As at 30 September 2013.

NSPT was established by National Storage Group in conjunction with APN Funds Management Limited (**APNFM**) (the current responsible entity of NSPT) in 2003 to own self-storage centres that are operated by National Storage Group under long term leases.

Establishment of National Storage REIT

To establish National Storage REIT, Units in NSPT will be stapled to Shares in NSH (the holding company of the National Storage Group). This will require the approval of NSPT Unitholders who will vote on this proposal in mid December 2013. The board of APNFM, the current responsible entity of NSPT, has recommended the proposed transaction to NSPT Unitholders and has received support from three major NSPT Unitholders¹⁰ who have stated their intention to vote in favour of the proposed transaction and elect to remain invested in National Storage REIT. Eligible NSPT Unitholders will be given the option to elect to remain invested in National Storage REIT or to "cash-out" some or all of their investments in NSPT at the Cash-Out Facility Price via the Cash-Out Facility.

Offer Metrics

Based on the Offer Price of \$0.98 per Stapled Security, National Storage REIT is forecast to deliver a distribution yield of 8.0% for the 12 month period ending 31 December 2014.

On its establishment, the net asset value of the National Storage REIT, based on independent valuations of its property portfolio and the National Storage Group management platform, will be \$0.98 per Stapled Security. The Net Tangible Asset Value is \$0.92 per Stapled Security.

The fully underwritten Offer has been structured as:

- an offer of 126.3 million new Stapled Securities at \$0.98 per Stapled Security by National Storage REIT with the proceeds used to reduce the debt in NSPT, provide funding for the acquisition of National Storage Group, the self-storage centre at Artarmon and the ancillary commercial property at Marion, and pay transaction costs; and
- an offer of up to 72.2 million Existing Stapled Securities (being those Stapled Securities that may be sold by or on behalf of existing NSPT Unitholders under the Cash-Out Facility) at the greater of \$0.98 per Stapled Security and the price determined under the Cash-Out Facility Bookbuild, with proceeds used to fund the Cash-Out Facility.

The existing owners of National Storage Group who are selling their interests in National Storage Group into the National Storage REIT have agreed to receive \$25 million worth of new Stapled Securities (based on the Offer Price) as part payment for their interests in National Storage Group. These securities are subject to escrow arrangements and distribution "claw back" based on the future performance of National Storage REIT for up to 3 years (with respect to securities issued to non-executive vendors) and for up to 5 years (with respect to securities issued to executive vendors).

This Offer Document contains detailed information about the Offer and National Storage REIT's operations, financial performance and prospects. You should read this Offer Document carefully and in its entirety including key risks in Section 8 and seek relevant professional advice before making a decision to invest.

On behalf of the boards of NSH and Trust Co RE, I encourage you to consider this investment opportunity.



Laurence Brindle
Independent Chairman
National Storage Holdings Limited

¹⁰ Representing 22.4% of existing NSPT Unitholders.

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3. INVESTMENT OVERVIEW

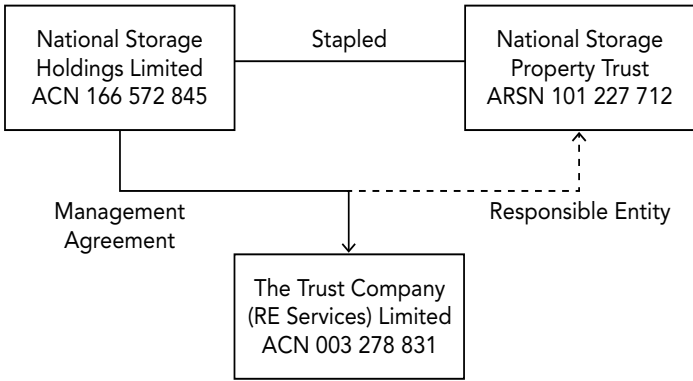
3. Investment overview

TOPIC	SUMMARY	FOR MORE INFORMATION											
OVERVIEW OF NATIONAL STORAGE REIT													
What is National Storage REIT?	<p>National Storage REIT will combine the freehold assets of APN National Storage Property Trust (NSPT) with the operating and management platform of National Storage Group by way of stapling each Unit in NSPT to each Share in NSH and Listing the stapled group on the ASX (Transaction).</p> <p>On its establishment, National Storage REIT will be one of Australia's largest fully integrated self-storage groups and following implementation of the Transaction, National Storage REIT will operate or manage 62 self-storage centres across Australia, as follows:</p> <ul style="list-style-type: none"> ■ 28¹¹ self-storage centres operating from owned properties (Freehold Centres); ■ 10¹² self-storage centres operating from third-party owned properties under long-term lease arrangements (Leasehold Centres); and ■ 24¹³ self-storage centres managed for Southern Cross (an existing investment fund to be co-owned by funds managed by Heitman (90% interest) and National Storage REIT (10% interest). <p>National Storage REIT will also own an ancillary commercial property at Marion, South Australia (Marion Road Commercial Property) which is located adjacent to one of the Freehold Centres.</p>	Section 5											
	<table border="1"> <thead> <tr> <th style="background-color: #d3d3d3;">Self-storage centre portfolio metrics</th> <th style="background-color: #d3d3d3;">Total</th> </tr> </thead> <tbody> <tr> <td>(This includes all centres owned to be and managed by National Storage REIT)</td> <td></td> </tr> <tr> <td>Total number of self-storage centres</td> <td style="text-align: center;">62</td> </tr> <tr> <td>Total net lettable area as at 30 September 2013 (m²)</td> <td style="text-align: center;">329,544</td> </tr> <tr> <td>Average occupancy as at 30 September 2013</td> <td style="text-align: center;">71%</td> </tr> </tbody> </table>		Self-storage centre portfolio metrics	Total	(This includes all centres owned to be and managed by National Storage REIT)		Total number of self-storage centres	62	Total net lettable area as at 30 September 2013 (m ²)	329,544	Average occupancy as at 30 September 2013	71%	
	Self-storage centre portfolio metrics		Total										
	(This includes all centres owned to be and managed by National Storage REIT)												
	Total number of self-storage centres		62										
Total net lettable area as at 30 September 2013 (m ²)	329,544												
Average occupancy as at 30 September 2013	71%												
What is National Storage Group?	<p>National Storage Group commenced operations in 2000 and is one of the largest operators and managers of self-storage centres in Australia with 62 self-storage centres under its operation or management (being those storage-centres identified above).</p> <p>National Storage Group currently leases and operates the self-storage properties owned by NSPT and third party owners and manages the self-storage centres owned by Southern Cross.</p> <p>National Storage Group employs an experienced workforce of approximately 130 self-storage centre staff and 30 administrative, management, call centre and other staff.</p>	Section 5											

¹¹ Includes 27 self-storage centres currently owned by NSPT and the Artarmon Centre which will be acquired by National Storage REIT upon its establishment. Three of the self-storage centres (Box Hill, Brunswick and Cockburn) will be operated from both internally owned and leased properties.

¹² Includes Hornsby for which the lease will expire in November 2013. Terms have been agreed with the landlord in respect of extension of the lease.

¹³ Two of the centres (Chatswood and Alexandria) are solely branded as Wine Ark centres.

TOPIC	SUMMARY	FOR MORE INFORMATION
What is NSPT?	<p>NSPT is an unlisted property trust established by APN Funds Management Limited (APNFM) in conjunction with National Storage Group in November 2003. APNFM is the current responsible entity of NSPT.</p> <p>Currently, NSPT with approximately 1,400 unitholders, owns 28 properties that are leased to National Storage Group which operates 27 self-storage centres from these properties.</p> <p>APNFM is a specialist Asia Pacific real estate fund manager and is currently the external responsible entity of NSPT.</p> <p>As part of the Transaction, APNFM will retire from its functions with respect to NSPT, immediately following the successful completion of the NSPT Unitholder Meeting (and subject to all other necessary conditions precedent, as set out in the Implementation Deed, being met). APNFM will be replaced by Trust Co RE.</p> <p>Following the change of responsible entity and successful completion of the Transaction, the name of NSPT will be changed to remove the reference to "APN". Accordingly, NSPT will then be named "National Storage Property Trust".</p>	N/A
What is Southern Cross?	<p>Southern Cross is an unlisted investment fund established by National Storage Group and Heitman in September 2011 which currently owns 24¹⁴ self-storage centres across Australia.</p> <p>Heitman is a United States based real estate investment firm. Funds managed by Heitman own 90% of the equity interest in Southern Cross.</p> <p>On its establishment, National Storage REIT will manage Southern Cross' portfolio and will own a 10% co-investment stake in Southern Cross.</p> <p>The current investment term of Southern Cross will expire in August 2016, if the term is not extended. National Storage REIT and Heitman will have reciprocal pre-emptive rights with respect to Southern Cross' portfolio.</p> <p>See Section 15 for a summary of material agreements relating to Southern Cross.</p>	Section 5 Section 6.3 Section 15
How will the National Storage REIT be structured?	<p>The Units in NSPT will be stapled to the Shares of NSH as the holding company of National Storage Group.</p> <p>Key investment and management functions of National Storage REIT will be controlled by the internal board and management team of NSH.</p> <p>Trust Co RE will be the external responsible entity of NSPT and will, in performing its role as responsible entity of NSPT, comply with its obligations at law to act in the best interests of Securityholders.</p> <p>Set out below is a simplified structure of the proposed National Storage REIT on its establishment and following the change of responsible entity and change of NSPT's name.</p>  <pre> graph TD NSHL["National Storage Holdings Limited ACN 166 572 845"] NSPT["National Storage Property Trust ARSN 101 227 712"] TCS["The Trust Company (RE Services) Limited ACN 003 278 831"] NSHL --- Stapled NSPT NSHL --- Management Agreement TCS TCS -.-> Responsible Entity NSPT </pre>	Section 5

¹⁴ Two of the centres (Chatswood and Alexandria) are solely branded as Wine Ark centres.

TOPIC	SUMMARY	FOR MORE INFORMATION
What will be the value of National Storage REIT's assets?	<p>The self-storage portfolio (Freehold Centres and Leasehold Centres) which National Storage REIT will own on its establishment, has been independently valued at \$278 million by m3property as at 1 September 2013. This valuation reflects a forecast net operating income yield of 7.8% for CY2014. This yield reflects an allowance for a standard management fee of 7% of the gross profit of the self-storage centres. As National Storage REIT will be a fully-integrated owner and operator of self-storage centres it will manage the self-storage centres internally. The forecast net operating income yield before the allowance for management fee is 9.0%.</p> <p>The Marion Road Commercial Property has been independently valued at \$1.7 million by Savills as at 1 September 2013. This valuation reflects a forecast net operating income yield of 8.7% for CY2014.</p> <p>National Storage Group's management company (Strategic Storage Consulting Pty Ltd) has been independently valued by Crowe Horwath at between a range of \$5.8 million and \$6.7 million with a midpoint of \$6.3 million as at 30 August 2013.</p> <p>The 10% co-investment stake in Southern Cross will be acquired by National Storage REIT for \$4.8 million based on National Storage Group's original cash investment. Southern Cross has not been independently valued as part of the Transaction.</p>	Section 6
Why is the Offer being conducted?	<p>The Offer is being conducted to combine the freehold real estate of NSPT with the operating and management platform of National Storage Group to establish a fully integrated self-storage real estate group.</p> <p>Specifically, the Offer will:</p> <ul style="list-style-type: none"> ■ reduce the debt in NSPT; ■ provide funding for the acquisition of National Storage Group, Artarmon Centre and the Marion Road Commercial Property; ■ facilitate the Listing of National Storage REIT on the ASX; and ■ provide the Cash-Out Facility to NSPT Unitholders (to the extent required). 	Section 9.3 Section 7.1.2
How will the Transaction be implemented?	<p>National Storage REIT will be established following the completion of a number of steps more particularly described in Section 16.1 and pursuant to the relevant material Transaction agreements that are summarised in Section 15.</p> <p>The Transaction is subject to NSPT Unitholders voting in favour of the necessary approvals to implement the Transaction at the NSPT Unitholder Meeting which is scheduled to be held on 18 December 2013.</p>	Section 16.1 Section 15
Why is the board of the existing responsible entity of NSPT recommending the Transaction?	<p>The board of APNFM, the responsible entity of NSPT as at the date of the Offer Document, believes the Transaction is in the best interests of NSPT Unitholders (in the absence of a superior proposal) as it provides investors with the opportunity to cash out at price above the 30 June 2013 NTA of NSPT for those Unitholders wishing to exit; whilst those Unitholders wishing to remain invested in the self-storage sector can retain all or part of their interest in the National Storage REIT.</p>	N/A

TOPIC	SUMMARY	FOR MORE INFORMATION
KEY FEATURES OF NATIONAL STORAGE REIT'S BUSINESS MODEL		
What will be the National Storage REIT's key business strategies?	<p>National Storage REIT's business strategy is to:</p> <ul style="list-style-type: none"> ■ actively manage its portfolio to maximise returns to the investors in National Storage REIT and associated funds; ■ maximise revenue by growing both storage rental rates and occupancy over time; ■ capitalise on acquisition and development opportunities in a fragmented market, leverage the scale benefits of the platform (National Storage REIT will have the ability to fund acquisitions via its balance sheet capacity); ■ seek to engage in value-adding opportunities at existing sites by undertaking expansion, development or redevelopment opportunities where it considers that it is profitable to do; ■ manage financial risk through prudent capital management policies that are consistent with the characteristics of the portfolio; and ■ maintain liquidity in the Stapled Securities through their Listing on ASX. 	Section 5
How will National Storage REIT generate its income?	<p>National Storage REIT expects to generate income from a variety of sources, including:</p> <ul style="list-style-type: none"> ■ storage income from the renting of storage space to more than 23,000 storage customers across Australia; ■ ancillary income from the provision of storage-related services and products to storage customers (including packaging, locks and insurance etc.); ■ wine storage income from climate controlled wine storage facilities; ■ sundry income from non-storage activities (including rental income for telecommunications towers and outdoor advertising etc.); ■ management fee income from the management of Southern Cross' self-storage centres; ■ income from its co-investment in Southern Cross; and ■ rental income from the Marion Road Commercial Property. 	Section 5
How does National Storage expect to fund its operations?	<p>National Storage REIT expects to fund operating costs from operating cash flow.</p> <p>National Storage REIT expects to fund maintenance capital expenditure from retained earnings. Earnings may be retained either directly or indirectly via distribution "claw back" in relation to the Vendor Stapled Securities.</p> <p>National Storage REIT expects to have meaningful balance sheet capacity to fund suitable acquisitions with an initial Gearing Ratio of 15.8% and a target Gearing Ratio of 25-35%.</p>	Section 5

TOPIC	SUMMARY	FOR MORE INFORMATION
WHAT ARE THE KEY BENEFITS ASSOCIATED WITH AN INVESTMENT IN NATIONAL STORAGE REIT?		
Fully-integrated group with an experienced management team.	<p>National Storage REIT will be one of Australia's largest fully-integrated self-storage groups, with 62 self-storage centres under operation or management across all six states of Australia.</p> <p>The management team of National Storage Group will be the management team for National Storage REIT. This management team has a proven track record in managing and growing the portfolio. Since 2000, the portfolio has grown from 2 self-storage centres to 62 self-storage centres today. The management team has also developed/expanded numerous self-storage centres during this period.</p>	Section 5
High quality portfolio of assets.	<p>The majority of the self-storage centres were acquired by National Storage Group on behalf of its investment partners between 2000 and 2008. The majority of the self-storage centres in the portfolio are located on main roads with visibility to passing traffic and in proximity to established drivers of self-storage usage including major commercial and retail areas and residential housing.</p> <p>The majority of the self-storage centres are modern facilities with convenient loading / unloading areas, security (including features such as CCTV, door alarms, PIN coded access), an on-site manager and provide additional value-added services (e.g. meeting rooms, forklifts, sale of packaging materials, locks and insurance etc.).</p>	Section 6
Opportunity to increase revenue from the existing portfolio.	<p>Key revenue drivers are:</p> <ul style="list-style-type: none"> ■ rental rates; ■ occupancy; and ■ expansion opportunities. <p>The portfolio's current occupancy is approximately 73%¹⁵, which is below the peak occupancy achieved in 2007 of approximately 86%. There is potential to increase earnings from the existing portfolio by increasing occupancy towards its historic level and by increasing rental rates over time.</p>	Section 5
Industry consolidation.	<p>National Storage REIT will be one of the largest national players in a fragmented industry and the only listed self-storage real estate investment trust. The National Storage REIT's platform will be highly scalable with one of the most sophisticated operating and information systems in the industry. The platform includes a centralised call centre, a cloud based multi-user information system and a national maintenance team.</p> <p>Initial acquisitions could be funded from National Storage REIT's existing debt capacity. National Storage REIT's initial Gearing Ratio is 15.8% which provides it with significant headroom relative to its target Gearing Ratio of 25% to 35%.</p> <p>Initial acquisitions may include the freehold real estate that relates to National Storage REIT's Leasehold Centres or other self-storage centres owned by third parties.</p>	Section 5

¹⁵ As at 30 September 2013

TOPIC	SUMMARY	FOR MORE INFORMATION
<p>Diverse customer base and variety of revenue streams.</p>	<p>On its establishment, National Storage REIT will have over 23,000 individual storage customers across 62 self-storage centres in all six states of Australia, providing it with a high degree of geographical and customer diversity.</p> <p>Approximately 70% of the customers are residential users with the balance being commercial customers.</p> <p>Storage customers typically enter rental agreements with an initial term of 1 month. The tenure profile is approximately segmented as follows:</p> <ul style="list-style-type: none"> ■ 40% stays less than 1 year; ■ 17% stays for 1 – 2 years; and ■ 43% stay for more than 2 years. <p>Key demand drivers for residential customers include change of life events (moving house, renovations, birth, marriage and divorce) and requirement for additional storage space as a result of the growing trend towards apartment living, supported by urbanisation and an aging population.</p> <p>Key demand drivers for commercial customers include storage requirements for inventory/distribution with online retailers representing an important growth area.</p> <p>National Storage REIT will offer self-storage along with specialised document storage, wine storage and the sale of ancillary products.</p> <p>National Storage REIT will also derive a small proportion of its income from third party lease arrangements for telecommunication towers and outdoor advertising located at a number of its centres.</p>	<p>Section 5</p>
<p>Alignment of interests with the management team.</p>	<p>Existing owners of National Storage Group (NS Vendors) will receive \$25 million worth of Stapled Securities (based on the Offer Price) as partial consideration for their interests in National Storage Group (Vendor Stapled Securities).</p> <p>The Vendor Stapled Securities will be subject to voluntary escrow and distribution “claw back” arrangements based on the performance of National Storage REIT.</p> <p>The escrow period will be up to 3 years (in respect to Vendor Stapled Securities issued to non-executive NS Vendors representing 53.9% of NS Vendors who will not be involved in the ongoing management of National Storage REIT) and up to 5 years (in respect to Vendor Stapled Securities issued to executive NS Vendors representing 46.1% of NS Vendors that will continue as senior managers of National Storage REIT).</p> <p>The distribution “claw back” arrangements will have the effect described below in “Are there any escrow arrangements?” on page 31.</p> <p>All else equal, a CY2014 EPS of 8.75 cents corresponds to 78% average occupancy of the portfolio for CY2014.</p>	<p>Section 15.1.2</p>

TOPIC	SUMMARY	FOR MORE INFORMATION
Attractive distribution yield.	<p>The forecast distribution yield is 8.0% for the 12 months ending 31 December 2014. This yield is based on an Offer Price and underwritten Cash-Out Facility Price of \$0.98 per Stapled Security. The yield may differ under the actual Cash-Out Facility Price.</p> <p>For the 12 months ending 31 December 2014, total distributions net of the distribution expected to be "clawed back" in relation to the Vendor Stapled Securities will be approximately 90% of National Storage REIT's underlying earnings.</p> <p>Generally low maintenance capital expenditure requirements, low obsolescence risk of self-storage centres and provision for depreciation within underlying earnings support a high distribution payout ratio. Underlying earnings approximately reflect the cash earnings of National Storage REIT less non-cash depreciation expenses.</p> <p>Approximately 30% – 35% of the proposed distribution is expected to be tax deferred.</p>	Section 7
Co-investment stake in, and management of, Southern Cross.	<p>The current investment term of Southern Cross will expire in August 2016. If the term is not extended, then there may be an opportunity for National Storage REIT to exercise its pre-emptive rights with respect to the remaining 90% equity interest in Southern Cross or the underlying portfolio of Southern Cross.</p> <p>National Storage REIT's return from its co-investment in Southern Cross is linked to the performance of Southern Cross. If applicable, the performance based return from the co-investment may enhance National Storage REIT's capacity to match or make superior competing offers for the Southern Cross portfolio in a competitive sale process.</p> <p>Southern Cross has funding capacity to undertake approximately \$30 million of acquisitions. National Storage REIT will earn acquisition and ongoing management fees if such acquisitions are undertaken.</p>	Section 5 Section 6.3
WHAT ARE THE KEY RISKS ASSOCIATED WITH AN INVESTMENT IN NATIONAL STORAGE REIT?		
There are a number of risks associated with investing in the National Storage REIT which are set out in Section 8 of this Offer Document. Key risks include the following:		
Trading and market conditions	National Storage REIT has not previously traded so there is no trading history for the Stapled Securities. The price of the Stapled Securities in National Storage REIT quoted on the ASX may fluctuate and result in the trading price of Stapled Securities being either below or above the Offer Price or the Cash-Out Facility Price. The trading price of Stapled Securities may be influenced by factors beyond the control of NSH and the responsible entity of NSPT. These factors could have a material adverse effect on the trading performance of the Stapled Securities.	Section 8.2.1
Economic conditions	The National Storage REIT's performance depends upon general economic activities and the demand for self-storage. Accordingly, fluctuations in economic conditions may adversely affect the National Storage REIT's performance.	Section 8.1.1
Monthly storage agreements	Storage units are typically rented on a month to month basis. There is no guarantee that existing storage customers will renew their storage agreements or, where they do not, that other storage customers will be found. This would reduce the income of the National Storage REIT.	Section 8.1.2
Competition	The entry of new competing self-storage centres or discounting by existing competing self-storage centres may adversely affect National Storage REIT's ability to maintain or increase rental rates and/or occupancy level. This may adversely affect National Storage REIT's performance.	Section 8.1.3

TOPIC	SUMMARY	FOR MORE INFORMATION
Valuations	The independent valuations are subject to a number of assumptions which may not prove to be accurate which may adversely affect National Storage REIT's NTA, Gearing Ratio and Stapled Security price.	Section 8.1.4
Property liquidity	National Storage REIT may be required to dispose some of its property assets in response to adverse business conditions. Given the relatively illiquid nature of property investments, National Storage REIT may not be able to achieve the disposal of the property assets in a timely manner or at an optimal sale price. This may affect National Storage REIT's net asset value or trading price per Stapled Security.	Section 8.1.5
Exposure to Southern Cross	<p>The management agreement with Southern Cross may be terminated in certain circumstances which may adversely affect National Storage REIT's performance.</p> <p>Southern Cross will have the right to invest the remainder of its tranche of equity (approximately \$16 million) (National Storage REIT's share being \$1.6 million) and will receive priority in respect of future self-storage acquisition opportunities (approximately \$30 million in total value identified) to achieve this outcome. Thereafter National Storage REIT will have the unfettered right to invest in new storage assets at its discretion. This may adversely affect National Storage REIT's ability to acquire additional self-storage centres in the interim.</p>	Section 8.1.6
Leasehold interests	National Storage REIT operates a number of self-storage centres under lease arrangements. There is no guarantee that those leases will be able to be renewed or be renewed on suitable terms which may adversely affect National Storage REIT's performance. Lease commitments may also increase the volatility of National Storage REIT's performance.	Section 8.1.7
Litigation or other disputes	National Storage REIT may in the ordinary course of business be involved in possible litigation, claims and disputes from time to time (for example, employee disputes, tenancy disputes, development disputes, occupational health and safety claims or third party claims). A material or costly dispute or litigation may adversely affect National Storage REIT's performance.	Section 8.1.20
General risks	<p>Property market valuations</p> <p>The ongoing value of the properties held by National Storage REIT may fluctuate due to a number of factors. Factors relevant to determining value include rental income, occupancy levels and capitalization rates (being the rate of return from an investment expressed as a percentage of the capital value) – all of which may vary for a variety of reasons. In addition, the value of property is influenced by general property market conditions including supply and demand and economic conditions.</p> <p>Property market fluctuations</p> <p>Rental and occupancy levels may change as a result of the property market and this may affect the distributions paid by the National Storage REIT and the market price for Stapled Securities. Further, demand for self-storage and listed self-storage securities may change as investor preferences for particular sectors and asset classes change.</p>	Section 8

TOPIC	SUMMARY	FOR MORE INFORMATION	
KEY OFFER STATISTICS			
The below information is based on an Offer Price and underwritten Cash-Out Facility Price of \$0.98 per Stapled Security and may be different under the actual Cash-Out Facility Price.			
Key Offer statistics	Offer Price per Stapled Security	\$0.98	Section 7
	Cash-Out Facility Price per Stapled Security	Greater of \$0.98 per Stapled Security and the price determined under the Cash-Out Facility Bookbuild	
	Number of new securities available under the Offer	126.3 million Stapled Securities	
	Stapled Securities on issue prior to the Offer	93.1 million	
	Maximum number of Existing Stapled Securities transferred through SaleCo under the Offer Document ¹⁶	72.2 million Stapled Securities	
	Stapled Securities available under the Offer	126.3 million new Stapled Securities and up to 72.2 million Existing Stapled Securities by SaleCo	
	Maximum cash proceeds from the Offer ¹⁷	Up to \$194.6 million	
	Number of Vendor Stapled Securities	25.5 million corresponding to \$25 million at the Offer Price	
	Total issued Stapled Securities on Completion of the Offer	244.9 million	
	Market capitalisation at the Offer Price	\$240.0 million	
	Pro Forma Net Debt (as at 30 June 2013)	\$47.2 million	
Enterprise Value ¹⁸	\$287.2 million		
Key investment metrics and financial information	Estimated earnings per Stapled Security	7.8 cents per Stapled Security	Section 7
	Estimated distribution yield	8.0%	
	NAV per Stapled Security ¹⁹	\$0.98	
	Offer Price % Premium/(discount) to NAV per Stapled Security	0.2%	
	NTA per Stapled Security ²⁰	\$0.92	
	Offer Price % Premium/(discount) to NTA per Stapled Security	6.0%	

¹⁶ 22.4% of NSPT Unitholders have committed to remain invested in National Storage REIT. The actual number will be determined by the election of NSPT Unitholders to participate in the Cash-Out Facility and the number of Ineligible Foreign Securityholders.

¹⁷ Refer to section 7 regarding the use of cash proceeds raised from the Offer.

¹⁸ Enterprise value is calculated by adding market capitalisation at the Offer Price and Pro Forma Net Debt.

¹⁹ This is based on the independent valuation of National Storage REIT's property portfolio and National Storage Group's management platform.

²⁰ This is based on the valuation of National Storage REIT's property portfolio but excludes the independent valuation of National Storage Group's management business and portfolio value attributed to Freehold Centres and Leasehold Centres, which is reflected on National Storage REIT's balance sheet as an intangible asset.

TOPIC	SUMMARY	FOR MORE INFORMATION
DIRECTORS AND KEY EXECUTIVES		
Who are the Directors of NSH?	<p>The initial directors of NSH are:</p> <p>Laurence Brindle, Independent Chairman</p> <p>Laurence has extensive experience in funds management, finance and investment. Until 2009 he held an executive position with Queensland Investment Corporation (QIC). During his twenty-one years with QIC he served in various senior positions including Head of Global Real Estate where he was responsible for a portfolio of \$9 billion. Laurence was also a long term member of QIC's Investment Strategy Committee. Laurence now serves as a director of Westfield Retail Trust, a position held since 2010. He is also currently appointed to provide advice to a number of investment institutions on real estate investment and funds management matters. Laurence holds a Bachelor of Engineering (Honours) and a Bachelor of Commerce from the University of Queensland, and a Master of Business Administration from Cass Business School, London. He is a former Chairman of the Shopping Centre Council of Australia.</p> <p>Anthony Keane, Independent Non-executive Director</p> <p>Anthony is an experienced finance and business executive with over 30 years background in corporate, institutional, business and retail banking. Anthony was most recently Head of Corporate Banking Queensland for National Australia Bank, responsible for the bank's relationships with large privately owned and public listed companies across a broad range of industries including manufacturing, retail, wholesale, property, professional services, technology, leisure & tourism, transport, mining & associated services. Anthony has a Bachelor of Science (Mathematics) from University of Adelaide and a Graduate Diploma in Corporate Finance from Swinburne. He is a Fellow of the Financial Services Institute of Australasia, a Graduate of the Australian Institute of Company Directors and a member of the CEO Institute. He is a Director of Queensland Symphony Orchestra Pty Ltd.</p> <p>Andrew Catsoulis, Managing Director</p> <p>Andrew is a qualified finance, commercial and property lawyer who has worked for major law firms both in Australia and overseas. He is also a qualified project manager with considerable property development experience. He has over 18 years of specific self-storage industry expertise in areas of acquisition, development, integration and operation of 'greenfield' and developed self-storage centres. Andrew was instrumental in the successful acquisition and integration of the original National Storage Group portfolio.</p>	Section 12.2

TOPIC	SUMMARY	FOR MORE INFORMATION
<p>Who are the Senior Executives of NSH?</p>	<p>Andrew Catsoulis, Managing Director</p> <p>See above.</p> <p>Peter Greer, Chief Operating Officer</p> <p>Peter gained his experience over 15 years in the finance industry with one of Australia's largest banking organisations. He developed extensive experience in relation to the self-storage industry, specifically in the financing, operations and development of self-storage centres. Peter then transferred these skills and has exclusively worked in the self-storage industry for the last 15 years with a focus on operations, human resource management, strategic business planning and day-to-day operational management. Peter is a former board member of the Self Storage Association of Australia (SSAA), including a term as the President of this body and a regular speaker at the national SSAA conference.</p> <p>Thomas Rice, Chief Financial Officer</p> <p>Thomas is a Chartered Accountant who commenced his career at PwC, and then built on his commercial acumen in subsequent positions in London and Brisbane working for a variety of multi-national, listed and government owned corporations. In addition to a Graduate Diploma of Applied Finance, Thomas holds bachelor degrees in both Commerce and Economics. As Chief Financial Officer for National Storage Group for the past eight years, Thomas is primarily responsible for the financial operations, reporting and transaction support.</p> <p>Kristy Rosborough, Legal Counsel</p> <p>Kristy graduated with an Arts and Law Degrees BA/LLB in 1999 and worked in private practice until 2006. During this time, she worked on various corporate, commercial, property and finance transactions for property development and bank clients. Kristy joined National Storage in 2006 as Legal Counsel and is responsible for all legal affairs of National Storage. She has been involved in all property and business acquisitions since December 2000 to date.</p> <p>Patrick Rogers, Company Secretary</p> <p>Pat holds both legal and accounting qualifications and has practised as a solicitor for over 15 years in both fields. He has significant experience in corporate, commercial and transactional work having practiced at a number of large Brisbane law firms and at KPMG. Immediately prior to being appointed company secretary, Pat was the general counsel and company secretary of the Super A-Mart Group for over 8 years, including holding the role of CFO for two years.</p>	<p>Section 12.4</p>
<p>Who are the directors of Trust Co RE? What is the implication of these directors being different to the directors of NSL?</p>	<p>The current directors of Trust Co RE are David Grbin, Andrew Cannane and John Atkin – with Rupert Smoker as an alternate.</p> <p>None of these individuals are directors of or otherwise engaged by any entity in National Storage REIT. Accordingly, there is a possibility that the boards of NSH and Trust Co RE may have different views in relation to matters affecting National Storage REIT. This may affect the timing and nature of decisions by National Storage REIT.</p> <p>However, subject to its overriding fiduciary responsibility to NSPT Unitholders, Trust Co RE has appointed NSH to provide a broad range of asset management, financial and corporate services under the Management Agreement to ensure consistency of strategic planning and operational control across National Storage REIT.</p>	<p>Section 12.3</p>

TOPIC	SUMMARY	FOR MORE INFORMATION
SIGNIFICANT INTERESTS OF KEY PEOPLE AND RELATED PARTY TRANSACTIONS		
<p>What will be the existing NSPT Unitholders' interest in National Storage REIT at Completion of the Offer?</p>	<p>As at the date of this Offer Document, there are approximately 1,400 NSPT Unitholders. Their interests in National Storage REIT, once established, will depend on their individual election to either:</p> <ul style="list-style-type: none"> ■ cash-out all or part of their investment (via the Cash-Out Facility) or; ■ retain part or all of their investment, <p>in National Storage REIT. Any NSPT Unitholders who are Ineligible Foreign Securityholders as at 8.00am on the Stapling Record Date, will be required to cash-out.</p> <p>APNFM in its capacity as the responsible entity of certain APN managed funds has committed to elect to retain their investments in National Storage REIT which reflects a value of approximately \$13.07 million (based on the Offer Price) and reflects 14.3% of the total number of Existing Stapled Securities.</p> <p>Westlawn has provided written notice of its intention to elect to retain its investments in National Storage REIT which reflects a value of \$7.3 million (based on the Offer Price) and reflects 8.1% of the total number of Existing Stapled Securities.</p>	Section 16.1
<p>What will be the existing owners of National Storage Group's interest in National Storage REIT at Completion of the Offer?</p>	<p>Existing owners of National Storage Group (NS Vendors) will receive \$25 million worth of Stapled Securities (based on the Offer Price) as partial consideration for the sale of their interests in National Storage Group (Vendor Stapled Securities).</p> <p>The Vendor Stapled Securities will reflect 10.4% of the total number of Stapled Securities on issue at the Completion of the Offer.</p> <p>The Vendor Stapled Securities will be subject to voluntary escrow and distribution "claw back" arrangements for up to 3 years (with respect to NS Vendors who are not involved in the ongoing management of National Storage REIT) and up to 5 years (with respect to NS Vendors who are involved in the ongoing management of National Storage REIT) based on the performance of National Storage REIT. Refer to the section below headed "are there any escrow arrangements".</p>	Section 15.1.2
<p>Is there any controlling interest in National Storage REIT?</p>	<p>No Securityholder currently has a controlling interest in National Storage REIT and none are expected to have a controlling interest immediately after Listing.</p>	N/A
<p>What significant benefits and interests are payable to directors and other persons connected with the Issuers or the Offer?</p>	<p>Director's interests are described in Section 12.5.</p> <p>There are a number of related party transactions outlined in this Offer Document including under the:</p> <ul style="list-style-type: none"> ■ Sale and Purchase Agreement with respect to the issue of Shares and Units to entities controlled by NSH Director, Andrew Catsoulis; ■ Management Agreement; ■ Deed of Indemnity provided by Trust Co RE to NSH; ■ Debt Facility; and ■ Custody Agreement. <p>The amended NSPT Constitution (provided the resolution to approve the amendments is passed at the NSPT Unitholder Meeting), will permit the payment of an exit fee to APNFM on its retirement or removal.</p>	Section 12.5 Section 16.2

TOPIC	SUMMARY	FOR MORE INFORMATION
PROPOSED USE OF FUNDS AND KEY TERMS AND CONDITIONS OF THE OFFER		
Who is the Issuer of the Offer Document?	<p>The Issuers of this Offer Document are:</p> <ul style="list-style-type: none"> ■ Trust Co RE, as responsible entity of NSPT, with respect to the offer of new Units, ■ NSH with respect to the offer of new Shares; and ■ SaleCo with respect to the transfer of any Existing Stapled Securities to be sold via the Cash-Out Facility Offer. 	Important Information
What is the Offer?	<p>NSH and Trust Co RE (as the proposed responsible entity of NSPT at the time the Stapled Securities are issued) are offering to issue 126.3 million new Stapled Securities to raise up to \$123.8 million.</p> <p>SaleCo is offering to transfer up to 72.2 million Existing Stapled Securities (dependent on NSPT Unitholders' elections and the number of Ineligible Foreign Securityholders as at the Stapling Record Date).</p> <p>The Stapled Securities are being offered under:</p> <ul style="list-style-type: none"> ■ the Broker Firm Offer; ■ the Institutional Offer; and ■ the Cash-Out Facility Offer. 	Section 9
Who can participate in the Offer?	<p>The Broker Firm Offer is open to all Retail Investors and Sophisticated Investors who have received a firm allocation from their Broker and who have a registered office in Australia.</p> <p>Certain Institutional Investors in Australia and certain other foreign jurisdictions will be invited by the Lead Manager to participate in the Institutional Offer, and the Cash-Out Facility Offer.</p>	Section 9
What is the Offer Price?	The Offer Price is \$0.98 per Stapled Security for all Stapled Securities issued under the Broker Firm Offer or Institutional Offer. This is equivalent to the pro forma NTA of the NSPT.	Section 9
What is the Cash-Out Facility Price?	<p>The Cash-Out Facility Price will be underwritten at \$0.98 per Stapled Security. The actual Cash-Out Facility Price will be determined through the Cash-Out Facility Bookbuild and will be the greater of the underwritten price (being \$0.98 per Stapled Security) and the price obtained under the Cash-Out Facility Bookbuild.</p> <p>For clarity, the Cash-Out Facility Price will be received by all Selling NSPT Unitholders and by Ineligible Foreign Securityholders.</p>	Section 9.7 Section 9.15
What will be the NAV of National Storage REIT on its establishment?	The NAV of National Storage REIT will be \$0.98 per Security. This is based on the independent valuation of National Storage REIT's property portfolio and National Storage Group's management business.	Section 7
What will be the NTA of National Storage REIT on its establishment?	The NTA of National Storage REIT will be \$0.92 per Security. This is based on the valuation of National Storage REIT's property portfolio but excludes the independent valuation of National Storage Group's management business and the portfolio value which are reflected on National Storage REIT's balance sheet as an intangible asset.	Section 7

TOPIC	SUMMARY	FOR MORE INFORMATION
How much will be raised through the Offer?	<p>If the Offer proceeds:</p> <ul style="list-style-type: none"> ■ \$123.8 million will be raised by National Storage REIT from the issue of new Stapled Securities; and ■ Up to \$70.8 million will be raised to fund the Cash-Out Facility from the transfer of any Existing Stapled Securities. The actual number will be determined by the election of NSPT Unitholders to participate in the Cash-Out Facility and number of Ineligible Foreign Securityholders as well as the actual Cash-Out Facility Price. 	Section 9.4
How will the proceeds of the Offer and new debt be used?	<p>The proceeds from the issue of new Stapled Securities of \$123.8 million and draw down of new debt facilities of \$49.7 million (net of upfront fees and solicitor costs on loan facility) will be used by National Storage REIT to:</p> <ul style="list-style-type: none"> ■ repay \$109.5 million worth of existing debt and certain other obligations of NSPT; ■ pay \$14.4 million to the NS Vendors and SSC Vendors as partial consideration for the transfer of their interests in National Storage Group to National Storage REIT; ■ pay \$38.1 million to fund the exercise of the options to acquire the Marion Road Commercial Property and the Artarmon Centre; and ■ pay \$11.5 million in respect of the costs of the Offer, implementation of the Transaction and property related costs (comprising estimates of fees payable to legal, accounting, tax advisers and other consultants and to the Lead Manager under the Underwriting Agreement, other estimated costs of the Offer in offer document design, advertising, marketing, Listing and administrative fees, and Share Registry expenses and property related expenses including stamp duty, property due diligence, valuation fees and legal fees). <p>In addition, the proceeds from the transfer of Existing Stapled Securities through SaleCo will be used to pay Selling NSPT Unitholders and Ineligible Foreign Securityholders the Cash-Out Facility Price.</p>	Section 7
Are there any escrow arrangements?	<p>The Vendor Stapled Securities will be subject to voluntary escrow and distribution “claw back” arrangements based on the performance of National Storage REIT with the following effects:</p> <ul style="list-style-type: none"> ■ 100% of the distributions paid in relation to the Vendor Stapled Securities for the distribution period ending 30 June 2014 will be “clawed back”; and for subsequent distribution periods: ■ if the EPS of National Storage REIT for a 12 month period is less than or equal to 8.25 cents then all of the distributions paid in relation to the Vendor Stapled Securities will be “clawed back”; ■ if the EPS of National Storage REIT is greater than 8.25 cents and is less than or equal to 8.75 cents for a 12 month period then a proportion of the distributions paid in relation to the Vendor Stapled Securities will be “clawed back”; and ■ if the EPS of National Storage REIT is greater than 8.75 cents for a 12 month period then no distribution paid in relation to the Vendor Stapled Securities will be “clawed back”. <p>National Storage REIT’s EPS for a 12 months period will be tested at 30 June and 31 December of each year, starting from 31 December 2014.</p> <p>The above arrangements will lapse and the Vendor Stapled Securities will become fully transferable at the earlier of:</p> <ul style="list-style-type: none"> ■ the EPS of National Storage REIT for a 12 months period is greater than 8.75 cents for two consecutive testing periods; ■ 3 years in respect of Vendor Stapled Securities issued to non-executive NS Vendors; and ■ 5 years in respect to Vendor Stapled Securities issued to executive NS Vendors who will continue as senior managers of National Storage REIT. 	Section 15.1.2

TOPIC	SUMMARY	FOR MORE INFORMATION
Is the Offer underwritten?	Yes. The Offer is fully underwritten by the Lead Manager.	Section 15.5
What is the allocation policy?	<p>The allocation of Stapled Securities between the Broker Firm Offer, the Institutional Offer, and the Cash-Out Facility Offer will be determined by the Lead Manager in consultation with National Storage REIT having regard to the allocation policy outlined in Sections 9.5.5, 9.6.2 and 9.7.3.</p> <p>With respect to the Broker Firm Offer, it is a matter for the Brokers how they allocate firm stock among their eligible clients.</p> <p>The allocation of Stapled Securities among Applicants in the Institutional Offer and the Cash-Out Facility Offer will be determined by the Lead Manager in consultation with National Storage REIT.</p> <p>It should be noted however that if all existing NSPT Unitholders elect to remain invested in National Storage REIT (and there are no Ineligible Foreign Securityholders), SaleCo will not hold any Existing Stapled Securities and accordingly, no additional Stapled Securities will be available for distribution under the Cash-Out Facility Offer.</p> <p>The Broker Firm Offer, the Institutional Offer, and the Cash-Out Facility Offer are not open to investors with a registered address outside of Australia, including investors in the United States, other than certain Institutional Investors in certain eligible foreign jurisdictions.</p> <p>For further information on the Broker Firm offer, see Section 9.5.</p> <p>For further information on the Institutional Offer, see Section 9.6.</p> <p>For further information on the Cash-Out Facility Offer, see Section 9.7.</p>	Section 9
Are there any brokerage, commission or stamp duty payable by Applicants?	<p>No brokerage, commission or stamp duty is payable by applicants who apply for Stapled Securities using an Application Form.</p> <p>A fee may be paid by the Lead Manager to co-manager(s) and other Brokers appointed to the Offer in certain circumstances. In relation to any underlying investors pursuant to the Broker Firm Offer that are not wholesale clients (as that term is defined in section 761G of the Corporations Act), investors should be aware that the relevant co-manager(s) or Broker(s) may choose to only provide execution services (without financial advice in respect of the Offer of Stapled Securities of National Storage REIT) to such investors. However, if financial advice is provided, any fees will only be payable to relevant co-manager(s) or Broker(s) on the portion of their firm allocation that is subscribed for by wholesale clients.</p>	Section 13
What are the tax implications of acquiring Securities?	The acquisition of Stapled Securities under the Offer may have Australian taxation implications for investors participating in the Offer. These implications will differ depending on the individual circumstances of each investor who participates in the Offer. Investors should seek advice from an independent qualified taxation adviser.	Section 14
Will I be able to trade my Securities on the ASX?	National Storage REIT will apply for Listing of the Stapled Securities on ASX under the code NSR. Completion of the Offer is conditional on ASX approving this application. If approval is not given within three months after such application is made (or any longer period permitted by law), the Offer will be withdrawn and all Application Monies received will be refunded without interest in compliance with the Corporations Act.	Section 9

TOPIC	SUMMARY	FOR MORE INFORMATION
When are the Stapled Securities expected to commence trading?	<p>It is expected that trading of the Stapled Securities on ASX will commence on or about 19 December 2013, initially on a conditional and deferred settlement basis.</p> <p>The contracts formed on acceptance of Applications and confirmation of allocations will be conditional on ASX agreeing to quote the Securities on ASX, and on issue occurring.</p>	Section 9
How often and when will distributions be paid?	Distributions will be paid on a semi-annual basis.	Section 5.6 Section 9.13
What portion of the distribution will be tax deferred for Australian tax purposes?	Approximately 30% – 35% of the proposed distribution is expected to be tax deferred.	Section 14
APPLICATIONS		
How can you apply for Stapled Securities?	<p>Broker Firm Offer Applicants</p> <p>To apply under the Broker Firm Offer, you must lodge your Application Form and Application Monies in accordance with your Broker's directions in order to receive your firm allocation.</p> <p>Institutional Offer and Cash-Out Facility Offer Applicants</p> <p>The Lead Manager will separately advise Institutional Investors of the Application procedures for the Institutional Offer and Cash-Out Facility Offer. To the extent permitted by law, an Application by an Applicant under the Offer is irrevocable.</p>	Section 9
Is there a cooling-off period?	No. Cooling-off rights do not apply to an investment in Stapled Securities pursuant to the Offer. This means that, in most circumstances, you cannot withdraw your Application once it has been accepted.	Important Information
What is the minimum and maximum Application size amount under the Offer?	<p>The minimum Application amount for Applicants applying under the Broker Firm Offer and Cash-Out Facility Offer is at least 2,500 Stapled Securities and must be in increments of at least 100 Stapled Securities.</p> <p>The Lead Manager, in consultation with National Storage REIT, reserves the right to reject any application or to allocate a lesser number of Securities than that applied for.</p> <p>There is no maximum number of Securities that may be applied for under the Broker Firm Offer.</p>	Section 9
When will I receive confirmation that my Application has been successful?	It is expected that initial holdings statements will be dispatched by standard post on 23 December 2013.	Section 9 Section 1.2

TOPIC	SUMMARY	FOR MORE INFORMATION
OTHER INFORMATION		
Where can I find out more Information about the Offer or this Offer Document?	<p>If you have any queries relating to aspects of this Offer Document, please call your stockbroker or the National Storage REIT Offer Information Line on 1300 439 803 (toll free within Australia) or +61 3 9415 4061 (outside Australia) from 8:30am until 5:30pm (AEST) Monday to Friday. Note that Applications by Australian resident Retail Investors and Sophisticated Investors under the Broker Firm Offer can only be made through a broker who has been appointed by the Lead Manager to act as a participating Broker to the Offer.</p> <p>If you are unclear in relation to any matter or are uncertain as to whether National Storage REIT is a suitable investment for you, you should seek professional guidance from your solicitor, stockbroker, accountant or other independent and qualified professional adviser before deciding whether to invest.</p>	Section 9
Can the Offer be withdrawn?	<p>Yes, the Offer can be withdrawn at any time prior to the Allotment of Stapled Securities to Applicants.</p> <p>The Offer is conditional upon the necessary approvals being obtained at the NSPT Unitholder Meeting.</p> <p>National Storage REIT reserves the right not to proceed with the Offer at any time before the issue of Securities to successful Applicants.</p> <p>If the Offer does not proceed or complete, Application Monies will be refunded to Applicants. No interest will be paid on any Application Monies refunded.</p> <p>If the Offer is withdrawn after Securities have commenced trading on a conditional and deferred settlement basis, all contracts for the sale of the Securities on ASX will be cancelled and any money paid in connection with the settlement refunded (without interest).</p>	Section 9
What is a Stapled Security?	<p>A Stapled Security comprises one Unit in NSPT stapled to one Share in NSH. The Share and Unit are 'stapled' in the sense that they cannot be traded or dealt with separately.</p>	
What is SaleCo and what is its involvement in the Offer?	<p>SaleCo is a special purpose vehicle established to enable Selling NSPT Unitholders to sell all or a portion of their Existing Stapled Securities under the Cash-Out Facility.</p> <p>SaleCo will also act as the sale nominee for any existing NSPT Unitholders who are Ineligible Foreign Securityholders.</p> <p>The number of Existing Stapled Securities to be transferred to and by SaleCo will depend on the election of NSPT Unitholders and the number of Ineligible Foreign Securityholders.</p> <p>APNFM and Westlawn have agreed to remain invested in National Storage REIT, so the maximum number of Existing Securities that may be sold to SaleCo is 72.2 million. For clarity, if all NSPT Unitholders elect to remain invested in National Storage REIT (and there are no Ineligible Foreign Securityholders), no Existing Stapled Securities will be transferred to SaleCo and accordingly, no Stapled Securities will be available for distribution under the Cash-Out Facility Offer.</p> <p>The Existing Stapled Securities which SaleCo acquires from the Selling NSPT Unitholders or holds as nominee for Ineligible Foreign Securityholders will be transferred to successful Applicants at the Cash-Out Facility Offer Price.</p>	Section 5.9

TOPIC	SUMMARY	FOR MORE INFORMATION
What is the Cash-Out Facility?	<p>The Cash-Out Facility is the sale facility offered to existing NSPT Unitholders pursuant to which, if the option is elected, the existing NSPT Unitholders can cash-out all or part of their investment in NSPT and receive liquidity by transferring their interests to SaleCo in consideration for the Cash-Out Facility Price, which will be paid following the transfer to SaleCo of the Stapled Securities under the Cash-Out Facility Offer.</p> <p>Any NSPT Unitholders who do not execute an election form and make an election to either cash-out (in whole or part) or to retain their investment will be deemed to elect to cash-out (in full). Any NSPT Unitholders who are Ineligible Foreign Securityholders will be cashed-out at the Cash-Out Facility Price and will not be able to elect to retain their investment.</p> <p>Additionally, in considering whether to elect to cash-out or retain an investment in the National Storage REIT, NSPT Unitholders should note that the price at which the Stapled Securities will trade post-Completion of the Offer is unknown. It is possible that Eligible NSPT Unitholders who do not elect to cash-out may be able to sell their interest in National Storage REIT on-market following Completion of the Offer at a price which is higher than the Cash-Out Facility Price. It is also possible that the Cash-Out Facility Price may be higher than the trading price for Stapled Securities post Completion of the Offer.</p> <p>Information regarding the Cash-Out Facility is available to NSPT Unitholders in the Explanatory Memorandum and Notice of Meeting for the NSPT Unitholder Meeting.</p>	Sections 5.9, 9.15 and Section 16.1
What happens if I am an Ineligible Foreign Securityholder?	<p>NSH and Trust Co RE will, unless satisfied that the laws of a foreign NSPT Unitholder's country of residence validly permit the issue of NSH Shares to that foreign NSPT Unitholder (either unconditionally or after compliance with conditions which Trust Co RE and NSH regard as acceptable and not unduly onerous and not unduly impracticable), transfer the Units held by a foreign NSPT Unitholder (ie the Ineligible Foreign Securityholder) and issue the NSH Share to which that Ineligible Foreign Securityholder would otherwise become entitled to following the Restructure Distribution, to SaleCo on the basis that those securities will then be stapled and sold by SaleCo under the Cash-Out Facility Offer.</p> <p>The proceeds of the sale of Ineligible Foreign Securityholder's interests will then be provided to the Ineligible Foreign Securityholder (at the Cash-Out Facility Price).</p>	Sections 9.14 and 16.1
OVERVIEW OF THE RESTRUCTURE DISTRIBUTION		
What is the Restructure Distribution?	Subject to necessary approvals being obtained at the NSPT Unitholder Meeting, NSH Shares will be issued to Eligible NSPT Unitholders in proportion to their unitholdings in NSPT as at the Stapling Record Date (ie as at 8.00am on the Implementation Date).	Section 9.14
Why is the Restructure Distribution being conducted?	The Restructure Distribution is required to be undertaken as it is one of the necessary Transaction steps to be completed (prior to the stapling of the Shares in NSH to the Units in NSPT) to establish the National Storage REIT.	Section 9.14
Who is eligible to receive Shares under the Restructure Distribution?	<p>NSPT Unitholders who are on the Register as at the Stapling Record Date and who are not Ineligible Foreign Securityholders. For clarity, this includes those existing NSPT Unitholders who are electing to "cash-out" under the Cash-Out Facility.</p> <p>Ineligible Foreign Securityholders will not be issued with NSH Shares. Instead, SaleCo, acting as nominee, will receive the Ineligible Foreign Securityholders' entitlement to Shares on their behalf.</p>	Section 9.14
How many Shares will Eligible NSPT Unitholders receive?	One NSH Share for every one NSPT Unit you hold as at 8.00am on the Implementation Date.	Section 9.14

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4. INDUSTRY OVERVIEW

4. Industry overview

4.1 Introduction

Self-storage centres emerged in Australia in the late 1970s following the development of the self-storage industry in the United States. Today, there are more than 1,000 self-storage centres in Australia.

Customer awareness, professional management and institutional investment in the Australian self-storage industry have progressed steadily over the past 40 years.

National Storage REIT will be the second largest fully-integrated self-storage group in Australia by number of owned centres and the third largest by number of self-storage centres under operation and management.

4.2 Key features of self-storage centres

Self-storage centres offer individual lock-up units, generally ranging from one square metre to 20 square metres, with nine square metres being the most common size required by storage users.

Storage units are typically rented on a month to month basis with a minimum term of one month, and can generally be terminated by giving two weeks to one month's notice. Credit card and automatic direct debit are the most common payment methods.

The business mix at a self-storage centre typically comprises about 70% residential users and 30% small business/corporate users.

Across the industry, approximately one-third of storage users have been in occupancy for more than two years, one-third of storage users have been in occupancy for between six months to two years, and one-third of storage users have been in occupancy for less than six months.

High quality self-storage centres typically provide security (CCTV monitoring, PIN coded access and individual door alarms), extended access hours (before 8:30am and after 5:30pm), an on-site manager, drive-up access, undercover docking/loading areas and sale/hire of ancillary products and services on -site (including sale of packaging goods, locks, insurance and vehicle hire).

The performance of a self-storage centre is primarily driven by its management, location, level of customer service, quality of offering, relative pricing and level of advertising/promotion. Financial performance is driven by rental rates, area occupied, ancillary services and cost control. The majority of demand for self-storage tends to be in areas of higher density living or areas with a high concentration of retail or commercial type customers.

Self-storage centres generally have low obsolescence risk and a high degree of flexibility which caters to changing societal and business usage needs.

4.2.1 Revenue

Depending on location, mature self-storage centres generally operate with occupancy of 80% or more. New centres generally require several years to reach maturity.

Typically, a self-storage centre derives approximately 95% of its income from storage rental income, and approximately 5% from the sale of ancillary services/products (including sale of packaging goods, locks, insurance and vehicle hire).

Pricing of self-storage units varies with unit size. Smaller units typically achieve higher rates per square metre than larger units. In many self-storage centres, the internal space can be reconfigured to produce variations of unit size to optimise income based on customer demand.

4.2.2 Costs

Operating expenses are generally fixed in nature and represent between 25-35% of total income with the major components being labour, rates/taxes and advertising.

Consolidation provides opportunities for cost savings through centralised inquiry management via a call centre, accounting, training, maintenance, management systems, common branding and advertising.

4.2.3 Capital expenditure

Self-storage is a property sector that generally requires low levels of ongoing capital expenditure and maintenance.

4.3 Demand for self-storage

The demand for self-storage is influenced by socio economic factors and proximity to demand drivers such as residential development, retail shopping centres, retirement villages and small business users.

Residential customers typically need short-term storage because of 'change of life' events (moving house, renovations, birth, marriage and divorce) and long-term requirement for additional storage due to limited storage space at home, potentially as a result of the growing trend towards apartment living supported by urbanisation and an aging population.

Commercial customers may require storage as a short-term measure as they grow their business, or longer term for convenient, secure and flexible storage of inventory and archives. Growing numbers of online retailers utilise self-storage centres as they require flexible storage spaces which can be rented periodically to suit specific business needs, as well as access to services such as on-site forklifts, receipt and dispatch, wi-fi access, meeting rooms and other services.

Further growth in the self-storage industry in Australia is expected as a result of the following underlying trends:

- a shift to apartment living with a resulting reduction in household storage space;
- an aging population residing in smaller homes;
- home renovations;
- desire by individuals, business and government to utilise space more efficiently;
- increased number of online retailers which require flexible storage space; and
- increased customer awareness of the self-storage industry.

Industry surveys show a positive trend and an overall increase in customer awareness and demand for self-storage.

4.4 Supply of self-storage

The industry has developed to provide a high standard self-storage facilities across major metropolitan markets and regional areas throughout Australia.

In the largest Australian metropolitan markets of Sydney, Brisbane and Melbourne, supply levels are currently estimated at 0.13, 0.16 and 0.13 square metres of self-storage space per capita respectively. These supply levels remain below those of more developed self-storage markets in the United States where the average supply rate is 0.68 square metres of self-storage space per capita.

The lower supply of self-storage space on a per capita basis in Australia suggests there is scope for Australia's self-storage industry to continue to grow. However, due to general demographic and social variances, it is generally not expected Australia will reach the same level of supply of self-storage space on a per capita basis as the United States.

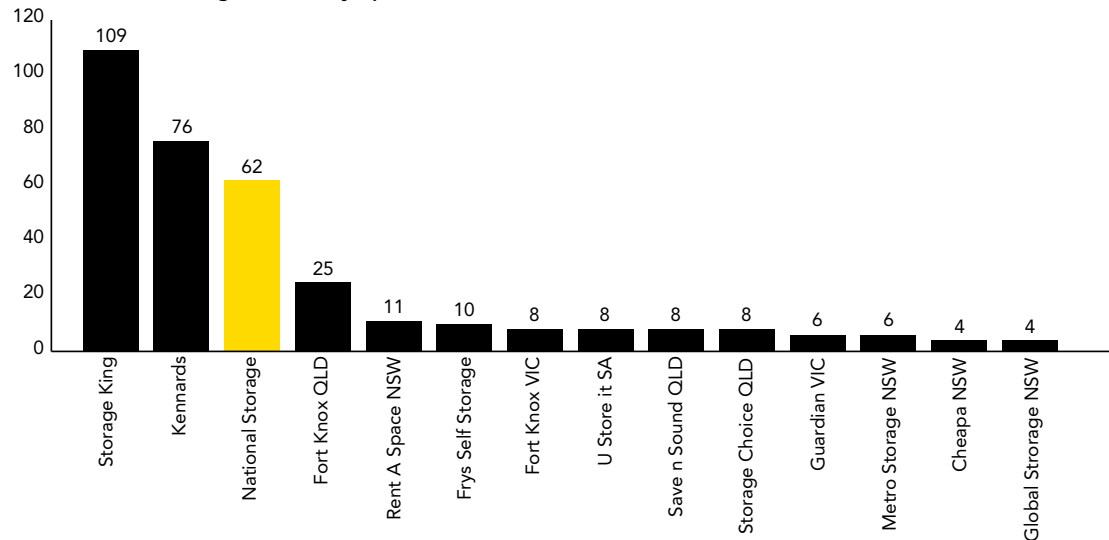
There is a greater focus on expansion via further or redevelopment of existing self-storage centres due to the lack of availability of suitably located, well exposed and reasonably priced sites within proximity to established residential and retail / commercial areas, thereby creating a further barrier to entry for new competition in some locations.

4.5 Industry participants

The industry has more than 1,000 self-storage centres across Australia. The industry remains fragmented by brand and by ownership and comprises:

- three national operators, including National Storage Group;
- a number of state based private businesses that own multiple centres; and
- a large number of single site owners, some of which operate institutional grade assets, but the majority of which operate smaller sites that are not suited to institutional ownership.

Number of self-storage centres by operator in Australia



Among the key players, there are several different business models. National Storage REIT, post the Transaction, will own 61%²¹ of its centres. Storage King operates a franchise / management model and does not own the "Storage King" branded properties.

There has been a trend towards consolidation in the industry, with the major operators expanding their operations either by direct acquisition of self-storage centres or through an increased number of branding and management structures.

It is expected this trend will continue as the establishment of a greater number of self-storage centres under a single brand offers significant advantages and economies of scale in terms of:

- brand recognition;
- economies in purchase of advertising, insurance, recruitment and other major operating cost items; and
- implementation of uniform management systems and operating applications.

²¹ Number of Freehold Centres and Leasehold Centres divided by total number of self-storage centres that will be under operation or management of National Storage REIT.



5. NATIONAL STORAGE REIT



5. National Storage REIT

5.1 Introduction

5.1.1 Overview

On its establishment, National Storage REIT will be one of Australia's largest fully-integrated self-storage groups, with 62 self-storage centres under operation or management throughout all six states of Australia. The self-storage centres will continue to operate under the National Storage and Wine Ark brands.

National Storage is one of three national brands in the Australian self-storage industry and is a market leader²² in the Brisbane, Melbourne, Adelaide, Perth and Hobart self-storage markets and has a growing presence in the Sydney market.

The management team of National Storage Group will become the management team for National Storage REIT and accordingly, on its establishment, National Storage REIT will have a dedicated management team with deep experience in the development, commissioning, operation and management of self-storage centres.

As the existing portfolio of self-storage centres operated or managed by National Storage Group grew from two self-storage centres in the year 2000, to 62 self-storage centres (as at the date of this Offer Document), the National Storage Group management team focused on a number of key property attributes, including:

- location (typically on main roads with in excess of 30,000 cars per day passing traffic) with excellent visibility and prominent signage to attract customers;
- proximity to major commercial and retail areas (shopping centres and offices etc.);
- proximity to established residential housing developments typically with 80,000 persons living within a 5km radius or in a growth area that has the potential to reach this population level within seven years of acquisition / development of the site;
- proximity to medium density accommodation and other established drivers of storage usage (e.g. aged care/retirement villages etc.); and
- easy access to and from the self-storage centre.

Within the self-storage centres, the management team will continue to focus on delivering a superior customer experience, including:

- large convenient loading and unloading areas for storage customers and removalists;
- provision of additional value-added services/features (sale of packaging goods, an on-site manager, modern facilities, receipt and dispatch and forklifts etc.);
- business-to-business and online retailing services including national account management, wi-fi access and meeting rooms etc.; and
- on-site security such as CCTV cameras, PIN coded gate access, individual door alarms and motion sensors.²³

5.1.2 Track record of acquiring and managing self-storage centres

National Storage Group has a successful track record of acquiring, integrating and managing self-storage centres, having grown from two to 62 self-storage centres since year 2000.

In November 2003, National Storage Group in conjunction with APNFM, established NSPT which successfully raised \$137.5 million to fund the acquisition of 20 self-storage properties. Since then, National Storage Group, together with NSPT, has undertaken six subsequent tranches of acquisitions, demonstrating capacity to execute successful consolidation strategies in the industry.

National Storage Group has on its own account, and as project manager for NSPT, undertaken expansion and capital expenditure works at numerous self-storage centres as well as developing "greenfield" sites into state-of-the-art self-storage centres.

In December 2008, National Storage Group worked with Investec Property Group to establish the Investec National Storage Trust which acquired 11 self-storage properties, 6 from the NSPT portfolio and 5 from a third party vendor associated with the National Storage Group. National Storage Group subsequently successfully project managed expansion works at five of these properties, including new extensions and build-over projects.

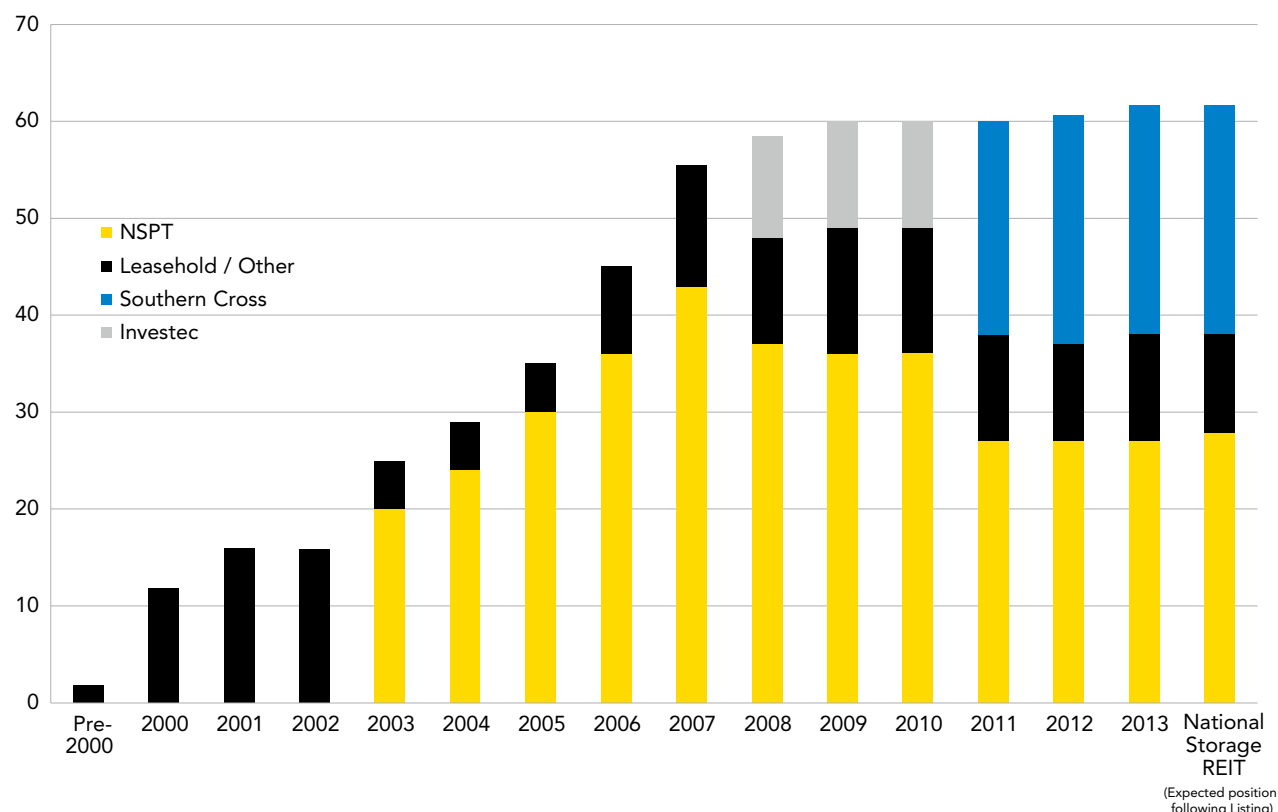
²² The largest operator or one of the top three operators (measured by total square metres under operation)

²³ Individual security systems may vary on a centre by centre basis.

In September 2011, National Storage Group worked with Heitman, a leading US based real estate investment firm, to establish a joint venture vehicle known as the Southern Cross Storage Group (**Southern Cross**). Southern Cross acquired 22 self-storage properties and businesses around Australia from various vendors including NSPT and the Investec National Storage Trust. In 2012, Southern Cross acquired two additional self-storage centres.

Number of self-storage centres under National Storage Group's operation or management

Number of centres at calendar year end



5.1.3 Experienced senior management team

The senior management team of National Storage Group, who will also comprise the senior management team for National Storage REIT, has largely worked together for the past 13 years. These strong and complementary working relationships will provide National Storage REIT with a strong depth of knowledge and management throughout the organisation. The management team has demonstrated an ability to manage and grow the business over the last 13 years in a variety of different markets and economic conditions, managing the integration of many self-storage centres acquired through the period, all while driving revenue growth through a combination of rental rate increases, occupancy, and cost controls.

5.1.4 Over 23,000 individual customers and a variety of revenue streams

On its establishment, National Storage REIT will have over 23,000 individual customers across the 62 self-storage centres currently under operation or management by the National Storage Group in all six states of Australia, providing a high degree of geographical and customer diversity across multiple revenue streams, including residential and commercial storage.

National Storage REIT will be able to generate income from a variety of sources, including:

- storage income from the renting of storage space to more than 23,000 storage customers across Australia;
- ancillary income from the provision of storage-related services and products to storage customers (including packaging, locks and insurance etc.);
- wine storage income from climate controlled wine storage facilities;
- sundry income from non-storage activities (including rental income for telecommunications towers and outdoor advertising etc.);
- management fee income from the management of Southern Cross self-storage centres;
- co-investment income from its co-investment in Southern Cross; and
- rental income from the Marion Road Commercial Property.

In addition to the diverse nature and number of customers, a staggered length of stay for existing customers allows for spread of move-ins and move-outs across individual centres.

Customer tenure profiles (length of stay)

(based on customers as at 30 September 2013)

0 – 1 year	40%
1 – 2 years	17%
2+ years	43%

5.1.5 State-of –the-art operating and financial accounting system

National Storage Group currently utilises the most sophisticated self-storage storage industry software system in Australia which covers all operational and financial aspects of the individual self-storage centres.

After reviewing best operational practice in both the United Kingdom and the United States, in 2009 National Storage Group updated its computer operating system to "SiteLink", a cloud based multi-user full service system specifically designed for use in a call centre environment. "SiteLink" provides real time information to management on the operating and financial performance of each self-storage centre and enquiry/conversion data.

5.1.6 Dedicated national call centre

In 2008, National Storage Group implemented Australia's first dedicated full service storage focused call centre, centralising all inquiries from around Australia in order to promote better service quality and overall outcome. The call centre allows:

- every call to be centralised and answered by a team of trained operators;
- calls to be recorded and later reviewed with feedback provided to operators for continuous improvement purposes;
- simpler and more effective implementation of special offers across individual self-storage centres;
- for individual self-storage centre managers to focus on provision of best practice personal customer service; and
- increased productivity and allows for greater scalability as more self-storage centres are acquired and/or managed in the future.

5.1.7 Sophisticated wine storage solution

National Storage REIT will also own the "Wine Ark" brand which is Australia's largest wine storage provider. The state-of-the-art wine storage facilities have set international benchmarks and have allowed National Storage Group to develop one of the most respected brands within the industry. Across the portfolio, over 2 million bottles of wine are, as at the date of this Offer Document, stored in climate controlled cellars by National Storage Group.

5.1.8 Responsive to changing business demands

National Storage REIT's portfolio and business model will be adaptive to the changing business environment (including E-tailing) and it will be well placed going forward with its capacity to offer:

- national account management;
- well-located self-storage centres near airports and major hubs in all capital cities of Australia;
- receipt and dispatch capabilities; and
- integrated storage solutions for small businesses and online retailers with wi-fi, hot desking and meeting rooms available across all six states of Australia.

5.2 Investment and growth strategy

National Storage REIT's strategy for growth is to:

- leverage its fully-integrated management platform to maximise returns;
- actively manage its portfolio of self-storage centres to deliver a consistent and increasing income stream to investors;
- drive organic growth by growing both storage rental rates and occupancy over time and undertaking suitable value-add expansions and/or new developments;
- capitalise on acquisition and development opportunities in a fragmented market to leverage the scale benefits of the platform²⁴ and enhance returns to investors;
- manage financial risk through prudent capital management policies consistent with the characteristics of the portfolio; and
- maintain liquidity in the Stapled Securities through Listing on ASX.

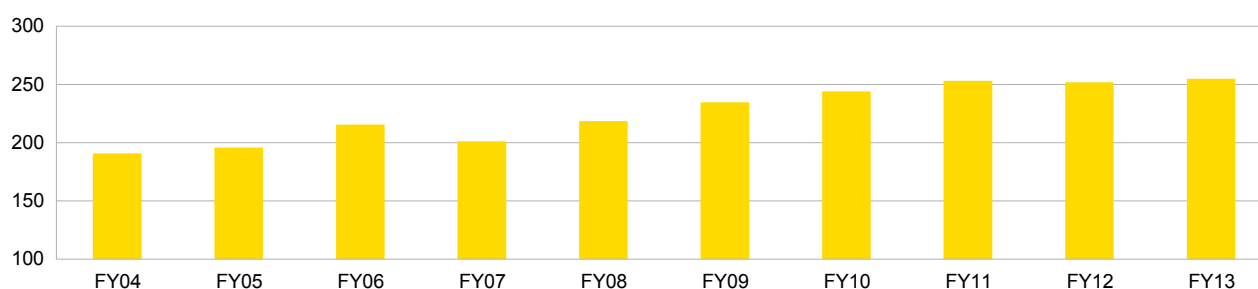
5.2.1 Rental rates and occupancy

National Storage Group has a long track record of growing rental rates across its portfolio which has resulted in average rental rate growth of 4.0% p.a. over the last ten years. The last rental rate increase was implemented on 1 October 2013 across the portfolio which is expected to have a positive impact on National Storage REIT's performance in CY2014.

Historical rate/m²

June year end

A\$/m²



The portfolio's current occupancy of 73%²⁵ is below the portfolio's peak occupancy of 86% achieved in 2007 and m3property's independent assessment of a stabilised occupancy of circa 83%. This can be attributed to a number of factors including the business decision to target rental rate growth over occupancy from 2009 to 2012 and under the previous business model, the development of approximately 17,200m² of additional self-storage storage space (circa 9% of the portfolio) immediately prior to and during the slowdown in the Australian housing market.

The management team is focused on returning the portfolio occupancy to over 80% over time which, if achieved, would be a significant driver of income growth.

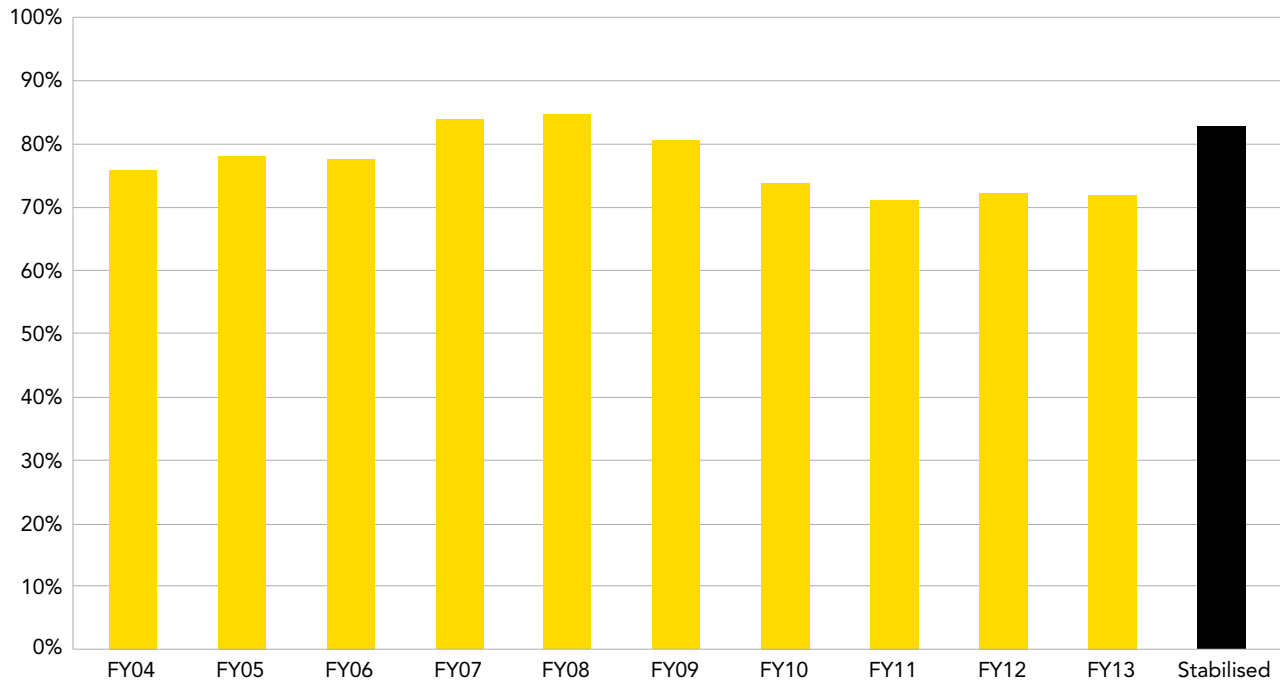
The occupancy chart overleaf shows the history of the portfolio's occupancy and m3property's view of stabilised occupancy.

²⁴ Where management reasonably considers that mixed use assets which incorporate self-storage activity will add value to National Storage REIT, it may consider investment in such mixed use assets.

²⁵ As at 30 September 2013

Historical occupancy

June year end



The NS Vendors believe the portfolio occupancy level can be improved and have agreed to a distribution “claw back” and escrow arrangement on the \$25 million of Vendor Stapled Securities if certain performance hurdles are not satisfied. 100% of the distributions paid in relation to the Vendor Stapled Securities will be “clawed back” if National Storage REIT’s EPS is less than or equal to 8.25 cents for a 12 month period; and a proportion of the distributions paid in relation to the Vendor Securities will be “clawed back” if National Storage REIT’s EPS is greater than 8.25 cents and is less than or equal to 8.75 cents for a 12 month period.

All else equal and based on the current forecast for the 12 months ending 31 December 2014, an increase in the portfolio average occupancy to approximately 78% would need to be achieved for National Storage REIT to deliver an EPS of 8.75 cents.

5.2.2 Acquisitions

As part of the Transaction, National Storage REIT will exercise an option to acquire the Artarmon Property, a self-storage centre that National Storage Group has been managing for the receiver of the Artarmon Centre from August 2013. National Storage REIT anticipates that this option will be exercised in mid to late December 2013. National Storage Group has successfully integrated the self-storage centre into its management platform, decreased the operating costs of the centre by \$300,000 per annum and has implemented strategies to increase the centre’s occupancy over time.

The Artarmon Centre is expected to deliver a net operating income yield of 9.1% for CY2014 based on its acquisition price. Prior to the proposed acquisition, National Storage Group as the manager of this centre charges a management fee of \$410,000 per annum. The acquisition yield to National Storage REIT, including the benefit of the management fee is 10.2%, reflecting the benefit of its fully-integrated platform.

It is the view of the existing management of National Storage Group that the acquisition of established self-storage centres by National Storage REIT could deliver a net operating income yield of 8-10%. National Storage REIT will have balance sheet capacity to make additional acquisitions based on its initial Gearing Ratio of 15.8% which is well below the targeted Gearing Ratio range of 25% to 35%.

5.3 Debt

National Storage REIT will enter into the Debt Facility with NAB expiring in December 2016. The facility will be substantially drawn upon establishment of National Storage REIT to refinance NSPT’s existing debt and fund the acquisition of certain initial assets of National Storage REIT.

See Section 15 for a summary of the Debt Facility.

National Storage REIT expects to enter into new debt facilities or enlarge the Debt Facility (as required) to fund suitable acquisition opportunities with its balance sheet capacity.

5.4 Financial risk management

National Storage REIT will implement a comprehensive risk management policy to ensure the financial risks associated with managing National Storage REIT (including the management of debt facilities and related covenants including interest rate risk) are managed within an acceptable level of risk and to ensure there are appropriate and effective internal controls.

National Storage REIT will adopt the following approach to managing financial risk:

- maintaining headroom relative to key financial covenants;
- maintaining sufficient liquidity to meet National Storage REIT's objectives;
- when possible, reducing refinancing risk by having staggered debt maturities (or managing debt refinancing well in advance of debt expiry); and
- managing interest rate risk by hedging more than 50% of National Storage REIT's drawn debt and generally matching the terms of the hedges with debt maturities.

National Storage REIT will have a targeted Gearing Ratio in the range of 25% to 35%. This range is lower than the covenant under the Debt Facility which will require National Storage REIT to have a loan to value ratio of less than or equal to 50%.

National Storage REIT's financial risk management policy will continue to be reviewed in the context of any future indebtedness and the prevailing market conditions. Both boards will continue to monitor the appropriateness of this policy to ensure it meets the ongoing objectives of National Storage REIT and that it is in the best interests of Securityholders.

5.5 Valuation policy

It is National Storage REIT's intention that the Freehold Centres and Leasehold Centres be independently revalued at least every three years, or when National Storage REIT believes there has been a significant change in the value of a property.

5.6 Distribution policy

National Storage REIT intends to distribute approximately 90% to 100% of its underlying earnings which will include all taxable income and reflects the underlying net cash flow from operating activities.

For the 12 months ending 31 December 2014, National Storage REIT intends to distribute 100% of its underlying earnings and will indirectly retain approximately \$2 million or 10% of its underlying earnings based on the expected "claw back" in relation to the Vendor Stapled Securities.

Distributions will be paid on a semi-annual basis with distribution periods ending on 30 June and 31 December each year.

Distributions will generally be paid within 8 weeks of the relevant record date.

5.7 Reporting

National Storage REIT will operate on a June financial year end basis for accounting and financial reporting purposes.

Formal financial reporting will be provided to Securityholders at 31 December (half year) and 30 June (full year) each year commencing with 31 December 2013 in accordance with the Corporations Act. These reports may include (among other things) the following:

- an income statement, balance sheet and statement of cash flows for the period;
- the amount of distributions declared and paid for the period;
- significant activities undertaken over the period; and
- portfolio updates including valuations of the properties (as appropriate).

5.8 Group structure

National Storage REIT will comprise NSH and NSPT and their controlled entities. The Shares and Units of NSH and NSPT will be stapled and are proposed to be traded on the ASX.

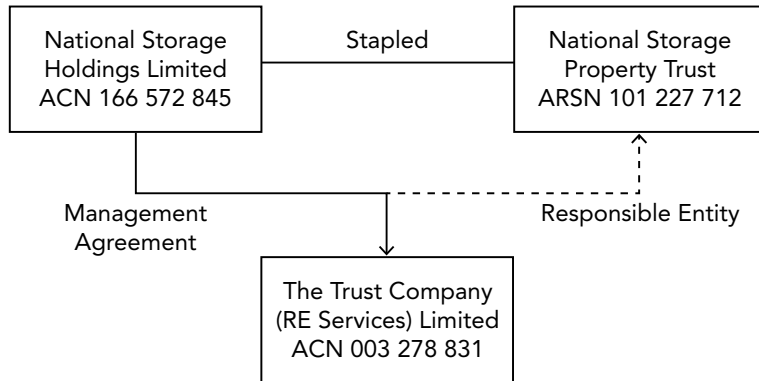
Details regarding the NSH Board and the Trust Co RE Board are set out in further detail in Section 12.

Subject to the passing of the Resolutions at the NSPT Unitholder Meeting, Trust Co RE will become the new external responsible entity of NSPT, in place of APNFM. Further details regarding the involvement of Trust Co RE are set out in Section 12.

NSPT (and the entities it controls) will operate as the freehold property owning entities of National Storage REIT.

National Storage Group will earn non-rental income and will provide the operating and management functions for National Storage REIT. Key investment and financing functions of National Storage REIT will be controlled by the internal NSH Board and management team of NSH. The relationship between Trust Co RE and NSH will be governed by a Management Agreement, under which NSH is engaged as an independent contractor to perform certain management functions for NSPT and the entities it controls. See Section 15.2.6 for further details regarding the Management Agreement.

The simplified ownership structure and property interests of each of NSH and NSPT following implementation of the Transaction (and change of name of NSPT) are shown below.



5.9 SaleCo

SaleCo, a special purpose vehicle, has been established to enable those NSPT Unitholders who elect to (or are deemed to elect to) cash-out their investment in NSPT via the Cash-Out Facility to realise all or a portion of their investment. Subject to the required resolutions being passed at the NSPT Unitholder Meeting, Trust Co RE will execute a transfer form, as agent for and on behalf of Selling NSPT Unitholders, to transfer the Stapled Securities to SaleCo (with such transfer to become effective after the issue of new Stapled Securities under the Institutional Offer and Broker Firm Offer).

SaleCo will also act as the sale nominee for the transfer of Ineligible Foreign Securityholders' securities (refer to Sections 9.14 and 16.1 for further details).

The Existing Stapled Securities which SaleCo acquires from the Selling NSPT Unitholders or Ineligible Foreign Securityholders will be transferred to successful Institutional Investors at the Cash-Out Facility Price.

SaleCo is a special purpose vehicle which has no material assets, liabilities or operations other than its interests in and obligations under the Underwriting Agreement, Implementation Agreement and the transfer agreement described above. The sole director and shareholder of SaleCo is Andrew Catsoulis, the Managing Director of NSH. NSH has agreed to provide such resources and support as are necessary to enable SaleCo to discharge its functions in relation to the Offer and has indemnified SaleCo in respect of costs of the Offer. NSH has indemnified SaleCo and the director of SaleCo for any loss which SaleCo or the director of SaleCo may incur as a consequence of the Offer.

5.10 Availability of documents

Copies of each of the NSH and NSPT Constitutions and the compliance plan of the NSPT are available for inspection at the offices of National Storage REIT between 8.30am and 5.00pm (AEST) on business days in Brisbane, Queensland. Alternatively, a copy of these documents may be requested (to be provided free of charge) by contacting National Storage REIT Company Secretary on 07 3218 8100.

National Storage REIT will also provide information on its portfolio and access to reports and distribution information on its website: www.nationalstorage.com.au. As at the date of this Offer Document, National Storage REIT has not lodged any half year or annual report and has not given any continuous disclosure notices to ASX.



6. PORTFOLIO

6. Portfolio

6.1 Key features of National Storage REIT portfolio

National Storage REIT will be one of Australia's largest self-storage groups with 62 self-storage centres under operation or management throughout all six states in Australia. The portfolio has a total net lettable area of approximately 330,000 square metres and the portfolio's current occupancy is approximately 73%²⁶. The portfolio comprises of:

- 28²⁷ self-storage centres operating from internally owned properties (Freehold Centres);
- 10²⁸ self-storage centres operating from third-party owned properties under long-term lease arrangements (Leasehold Centres); and
- 24²⁹ self-storage centres managed for Southern Cross (an existing investment fund co-owned by funds managed by Heitman and National Storage REIT).

National Storage REIT will also own an ancillary commercial property at Marion, South Australia (**Marion Road Commercial Property**) which is located adjacent to one of the Freehold Centres.

6.1.1 Independent valuations and implied consideration

The self-storage portfolio (Freehold Centres and Leasehold Centres) to be owned by National Storage REIT has been independently valued at \$278 million by m3property as at 1 September 2013. The valuation reflects a forecast net operating income yield of 7.8% for CY2014. The implied consideration based on the Transaction is \$268 million which reflects a forecast net operating income yield of 8.0% for CY2014. The yields quoted reflect an allowance for a standard management fee of 7% of the gross profit of the self-storage centres. As National Storage REIT will be a fully-integrated owner and operator of self-storage centres it will manage the self-storage centres internally. The forecast net operating income yield before the allowance for management fee is 9.0% based on the valuation and 9.3% based on the implied consideration.

The Marion Road Commercial Property has been independently valued at \$1.7 million by Savills as at 1 September 2013. The valuation reflects a forecast net operating income yield of 8.7% for CY2014. The consideration for the Transaction is \$1.6 million which reflects a forecast net operating income yield of 9.4% for CY2014.

National Storage Group's management company (Strategic Storage Consulting Pty Ltd) has been independently valued by Crowe Horwath at \$6.3 million as at 30 August 2013. The consideration for the Transaction is \$5.8 million.

The 10% co-investment stake in Southern Cross will be acquired by National Storage REIT for \$4.8 million based on National Storage Group's original cash investment. Southern Cross has not been independently valued as part of the Transaction.

6.1.2 High quality portfolio of assets

The majority of the self-storage centres to be owned by the National Storage REIT were acquired by National Storage Group on behalf of its investment partners between 2000 and 2008. The self-storage centres are generally located on main roads with visibility to passing traffic and in proximity to established drivers of self-storage usage including major commercial and retail areas and residential housing.

The majority of the self-storage centres are modern facilities with convenient loading areas, security features, an on-site manager and provide additional value added services (e.g. sale of packaging materials, CCTV, door alarms, PIN coded access, locks and insurance etc.³⁰).

²⁶ As at 30 September 2013.

²⁷ Includes 27 self-storage centres currently owned by NSPT and the Artarmon self-storage centre (**Artarmon Centre**) which will be acquired by National Storage REIT upon its establishment. Three of the self-storage centres (Box Hill, Brunswick and Cockburn) will be operated from both internally owned and leased properties.

²⁸ Includes Hornsby for which the lease will expire in November 2013. Terms have been agreed with the landlord in respect of extension of the lease.

²⁹ Two of the centres (Chatswood and Alexandria) are solely branded as Wine Ark centres.

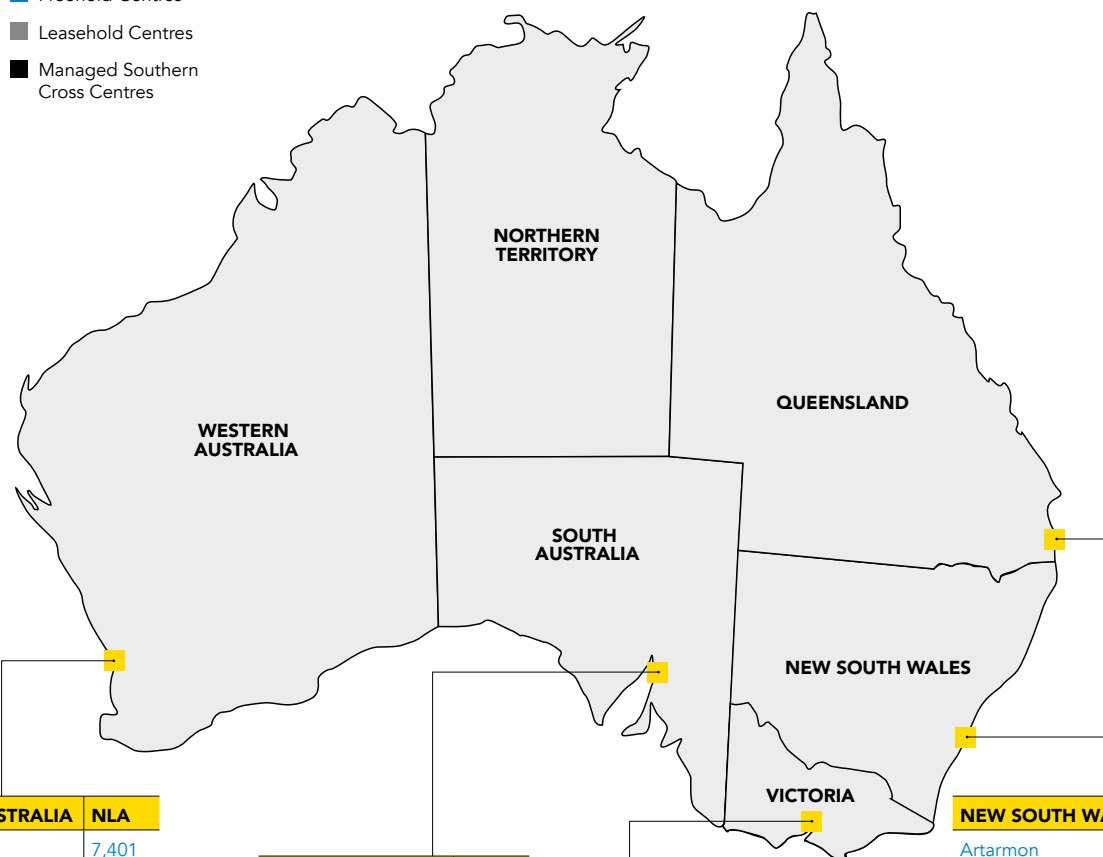
³⁰ Individual search systems may vary on a centre by centre basis.

National Storage REIT Self-storage centres

KEY

- Freehold Centres
- Leasehold Centres
- Managed Southern Cross Centres

QUEENSLAND	NLA		NLA
Aspley	5,896	Fortitude Valley	7,034
Capalaba	5,109	Browns Plain	7,057
Coorparoo	5,260	Cannon Hill	4,517
Kedron	4,621	Coolum	6,977
Macgregor	4,545	Currumbin	6,201
Springwood	6,328	Kawana	4,951
Virginia	3,910	Caboolture South	4,867
Brisbane City	2,974	Nerang	6,750
Indooroopilly	5,798	Oxley	5,716
Mt Gravatt	3,948		



WESTERN AUSTRALIA	NLA
Canning Vale	7,401
Cockburn	4,686
Bayswater	5,442
Guildford	5,868
Perth	2,987
Rockingham	4,911
Subiaco	11,653
Belmont	5,314
Joondalup	7,946
Osborne Park	5,107

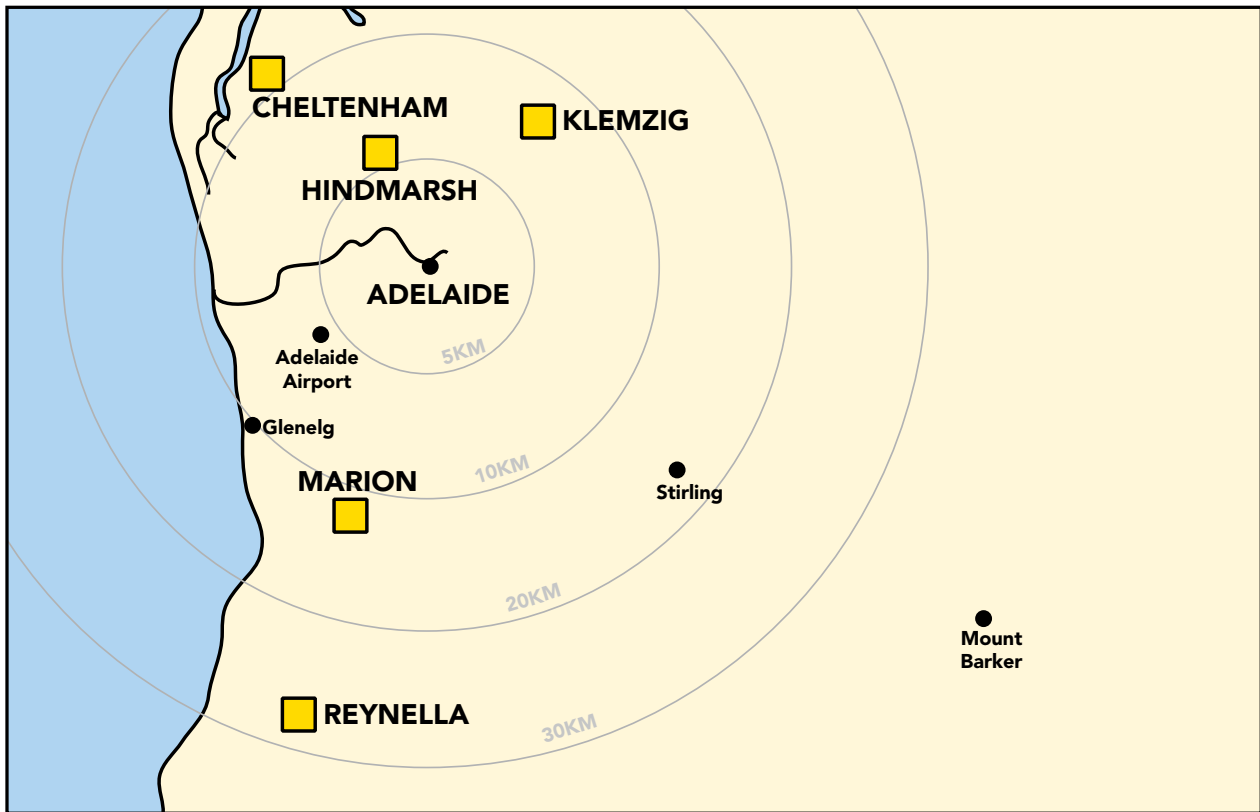
SOUTH AUSTRALIA	NLA
Cheltenham	4,141
Hindmarsh	6,935
Klemzig	6,965
Marion	7,059
Reynella	5,580

VICTORIA	NLA		NLA
Box Hill	6,374	Northcote	3,396
Breakwater	3,271	Port Melbourne	7,240
Brooklyn	9,753	Prahran	4,461
Brunswick	8,443	Sunbury	2,299
Croydon	3,070	Collingwood	5,050
Kilsyth	4,077	Hoppers Crossing	4,669
Moolap	5,383	Tullamarine	6,264
North Melbourne	4,913		

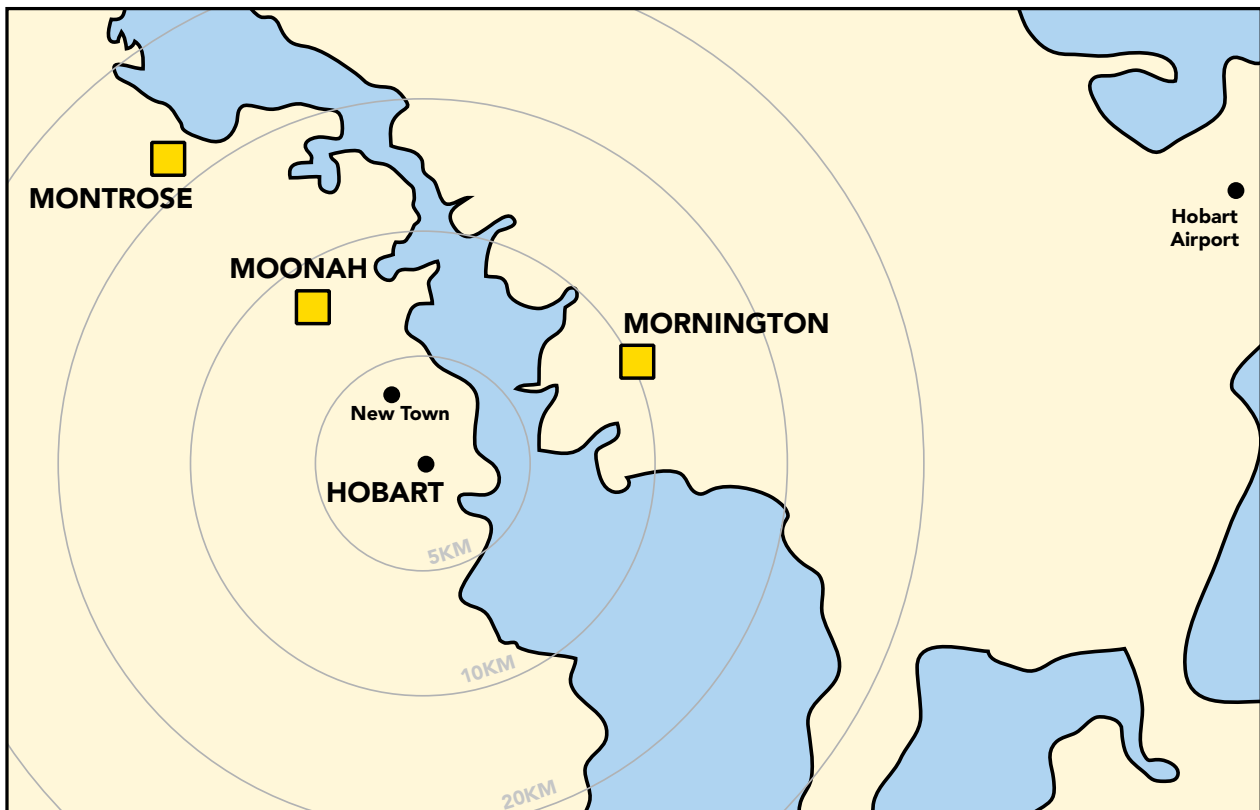
NEW SOUTH WALES	NLA
Artarmon	16,510
Belfield	4,493
Hornsby	3,371
Tweed Heads	2,993
Gladesville	3,764
Minchinbury	5,757
Seven Hills	4,040
St Marys	5,126
Alexandria	30.0k cases
Chatswood	20.5k cases

TASMANIA	NLA
Montrose	3,688
Moonah	3,046
Mornington	3,639

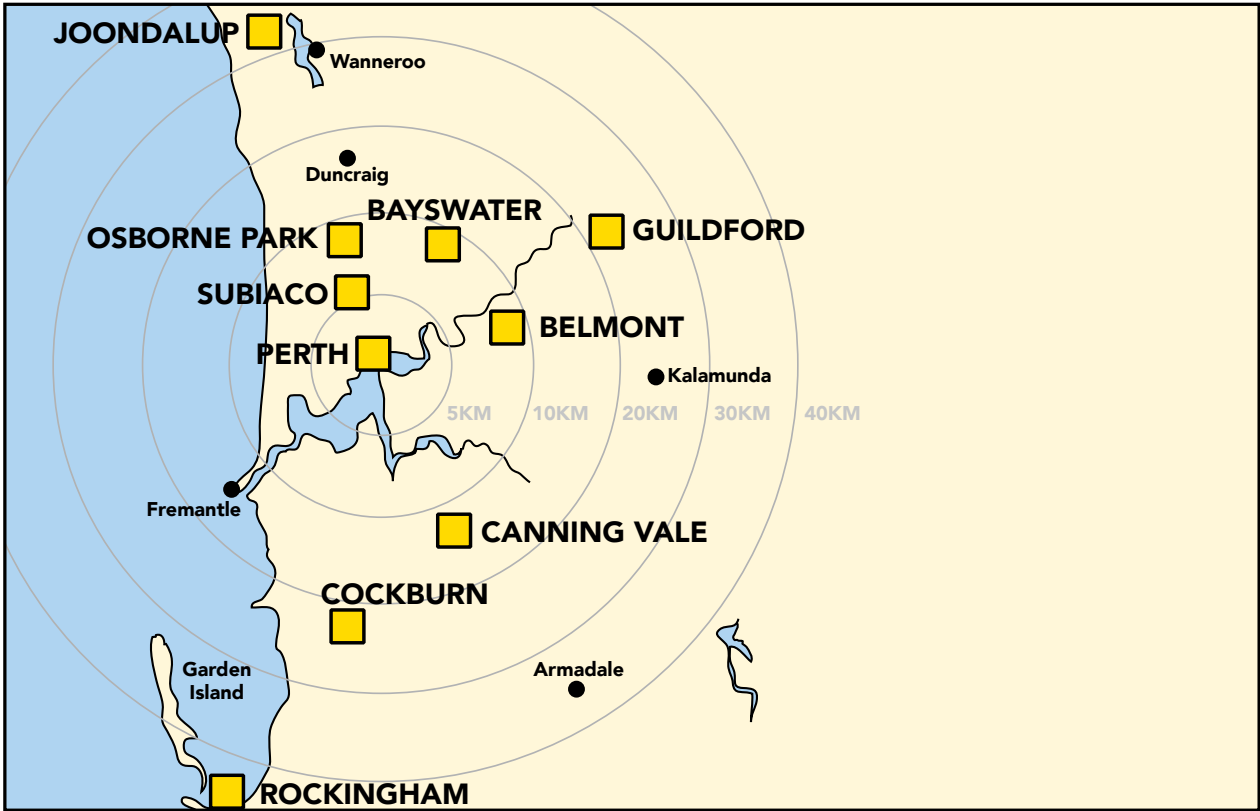
South Australia



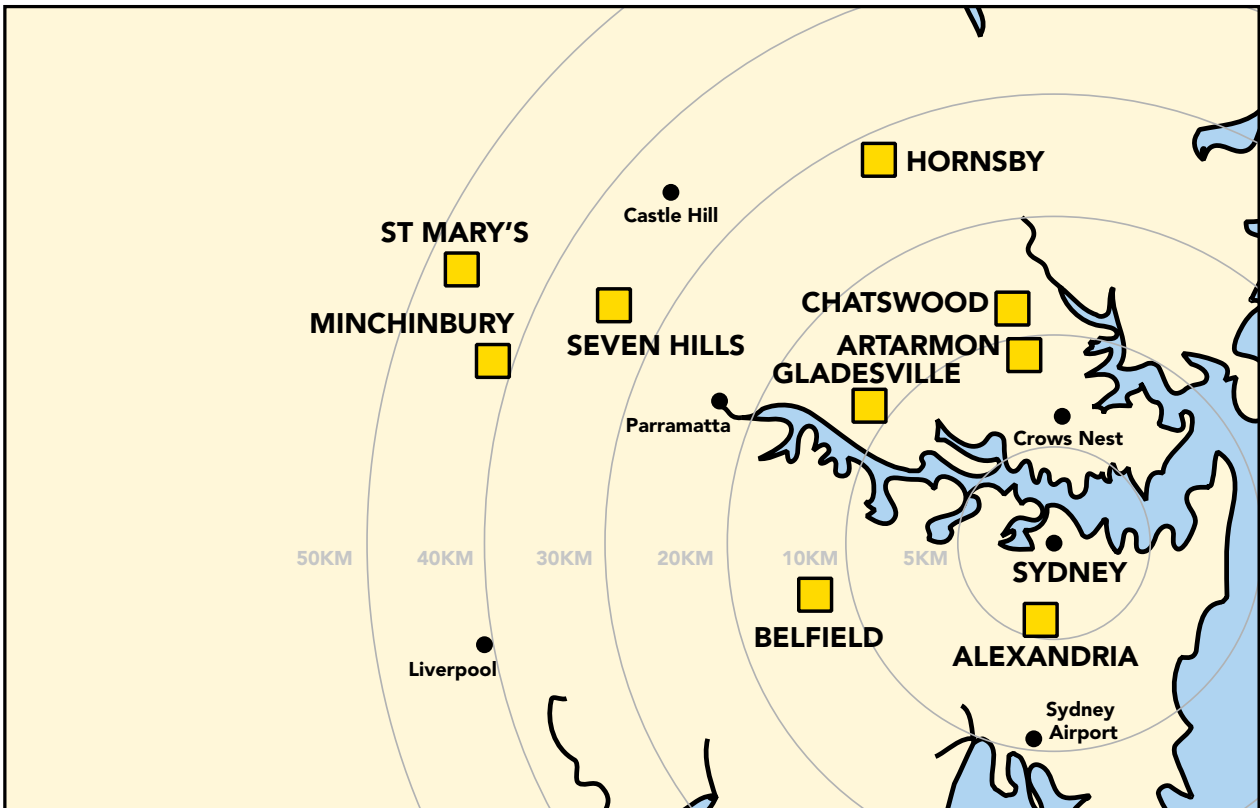
Tasmania



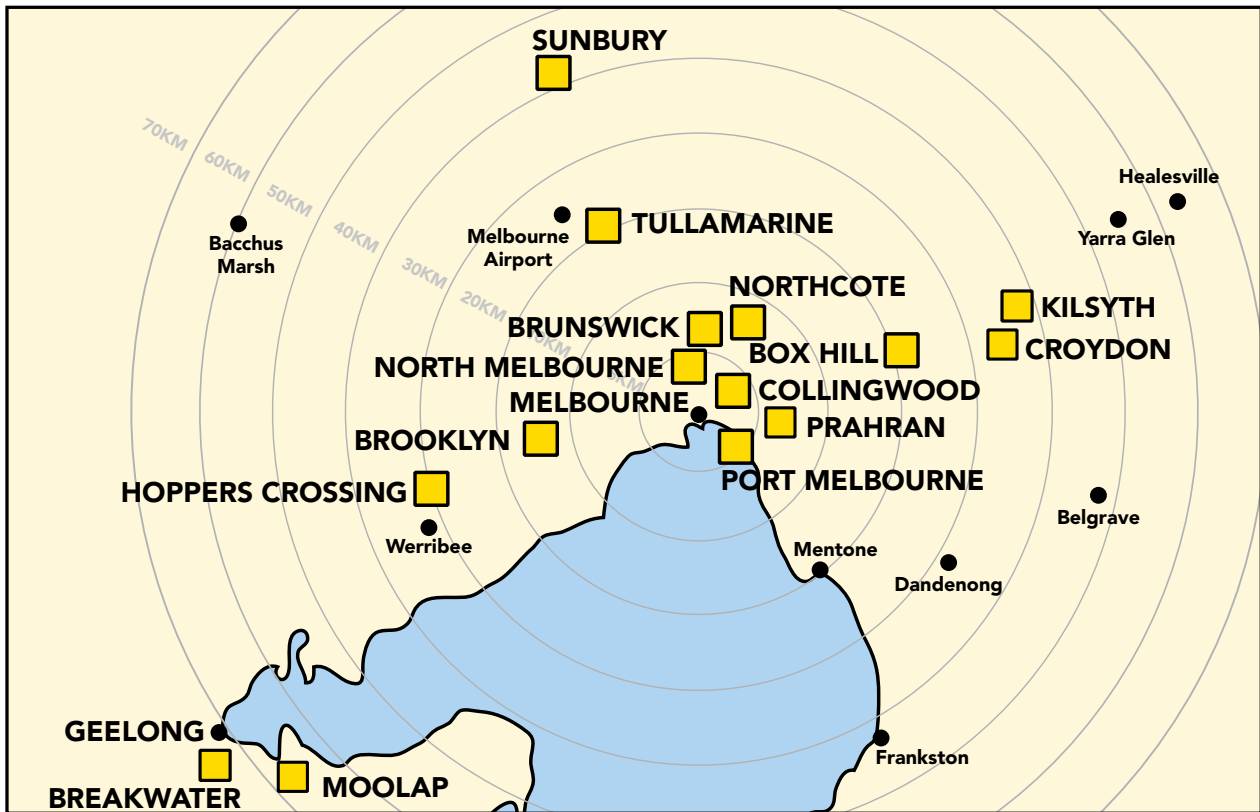
Western Australia



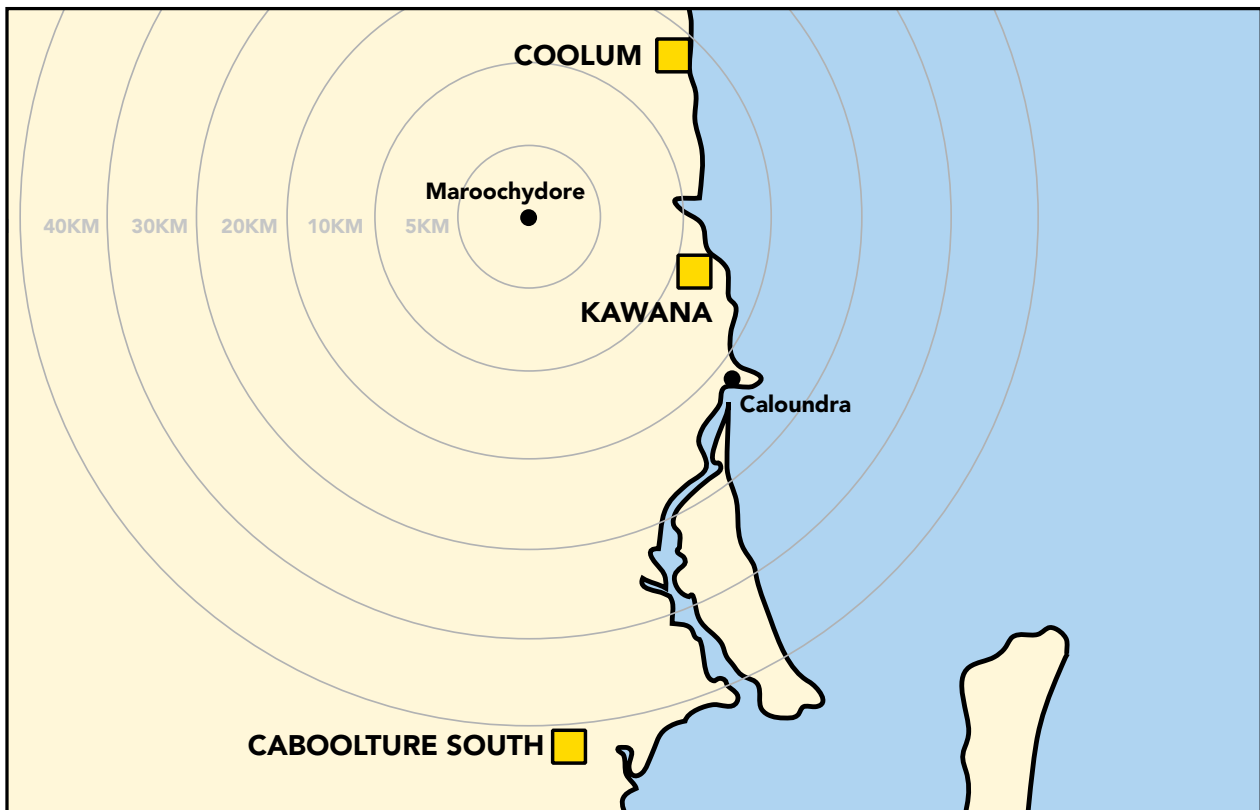
New South Wales



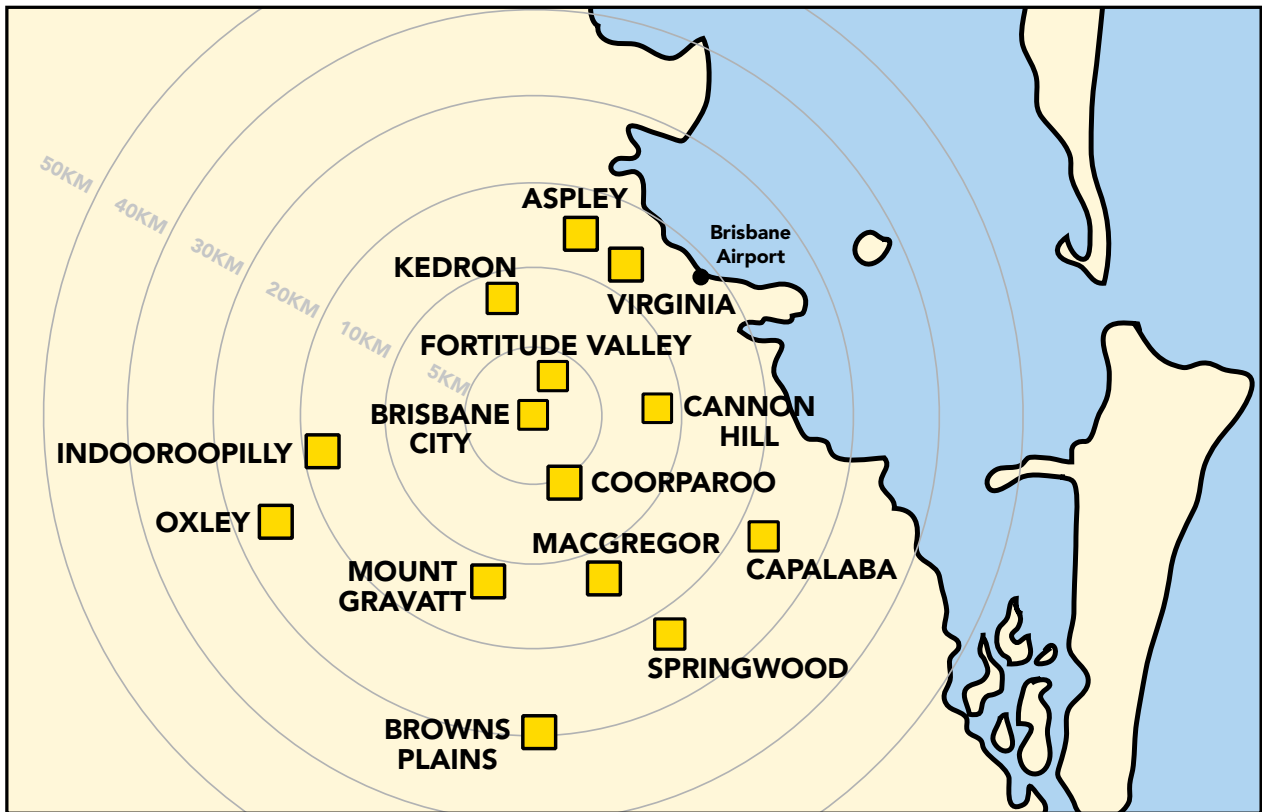
Victoria



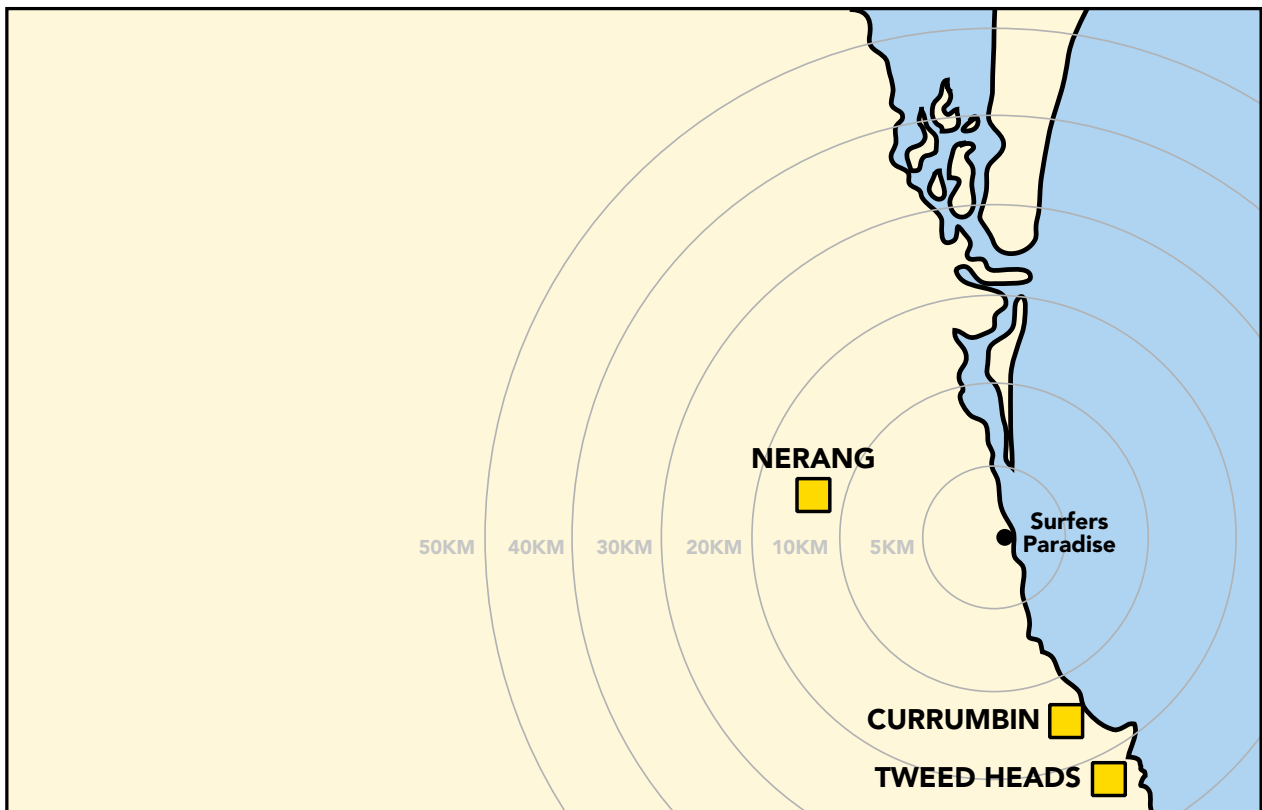
Sunshine Coast



Brisbane

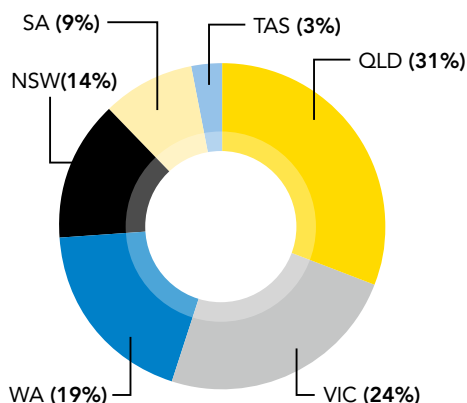


Gold Coast



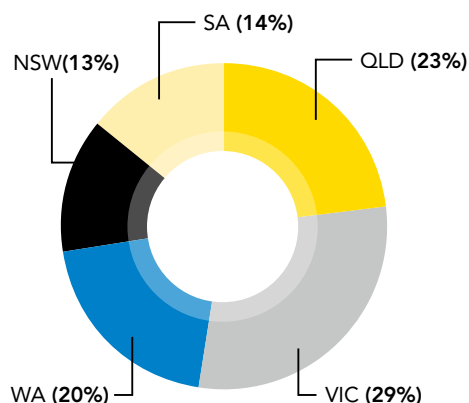
Centres under operation and management

NLA by location



Freehold centres and leased centres

NLA by location



6.2 Freehold Centres and Leasehold Centres

Upon establishment, National Storage REIT will own 28³¹ Freehold centres and operate 10³² Leasehold centres

	Total
Total number of Freehold Centres	28
Total number of Leasehold Centres	10
Total number of self-storage centres	38
Total net lettable area as at 30 September 2013 (m ²)	212,062
Portfolio valuation (\$ million)	278
Portfolio purchase price (\$ million)	268
Sustainable occupancy as per independent valuation (%)	83%
Weighted average cap rate (%) ³³	9.7%
IRR (%)	12%
CY2014 average occupancy (%)	74%
CY2014 net operating income yield based on valuation (%)	9.0% ³⁴
CY2014 net operating income yield based on purchase price (%)	9.3% ³⁵
Average Freehold Centre valuation/m ² (\$)	1,591
Weighted average remaining term on Leasehold Centres as at 31 August 2013 (including options)	15.5 years

³¹ Includes 27 self-storage centres currently owned by NSPT and the Artarmon Centre which will be acquired by National Storage REIT upon its establishment. Three of the self-storage centres (Box Hill, Brunswick and Cockburn) will be operated from both internally owned and leased properties.

³² Includes Hornsby for which the lease will expire in November 2013. Terms have been agreed with the landlord in respect of extension of the lease.

³³ Based on portfolio valuation cap rate adopted by m3property

³⁴ If the Freehold Centres and the Leasehold Centres are externally managed and the external manager charges a fee based on 7.0% of the gross profit of these centres, then the forecast net operating income yield would be 7.8%.

³⁵ If the Freehold Centres and the Leasehold Centres are externally managed and the external manager charges a fee based on 7.0% of the gross profit of these centres, then the forecast net operating income yield would be 8.0%.

Portfolio by State

	# of Centres	NLA Built (31 August 2013)	Occupancy (CY2014 Average)
VIC	12	62,677	71%
QLD	10	48,390	72%
WA	7	42,948	84%
SA	5	30,680	69%
NSW	4	27,367	72%
Total	38	212,062	74%

6.3 Southern Cross Storage Group

Southern Cross is an unlisted investment fund established by National Storage Group and Heitman in September 2011 which currently owns 24³⁶ self-storage centres across Australia.

Heitman is a United States based real estate investment firm. Funds managed by Heitman own 90% of the equity interest in Southern Cross.

National Storage REIT will manage the Southern Cross portfolio and own a 10% co-investment stake in Southern Cross with returns to National Storage REIT based on the performance of the fund.

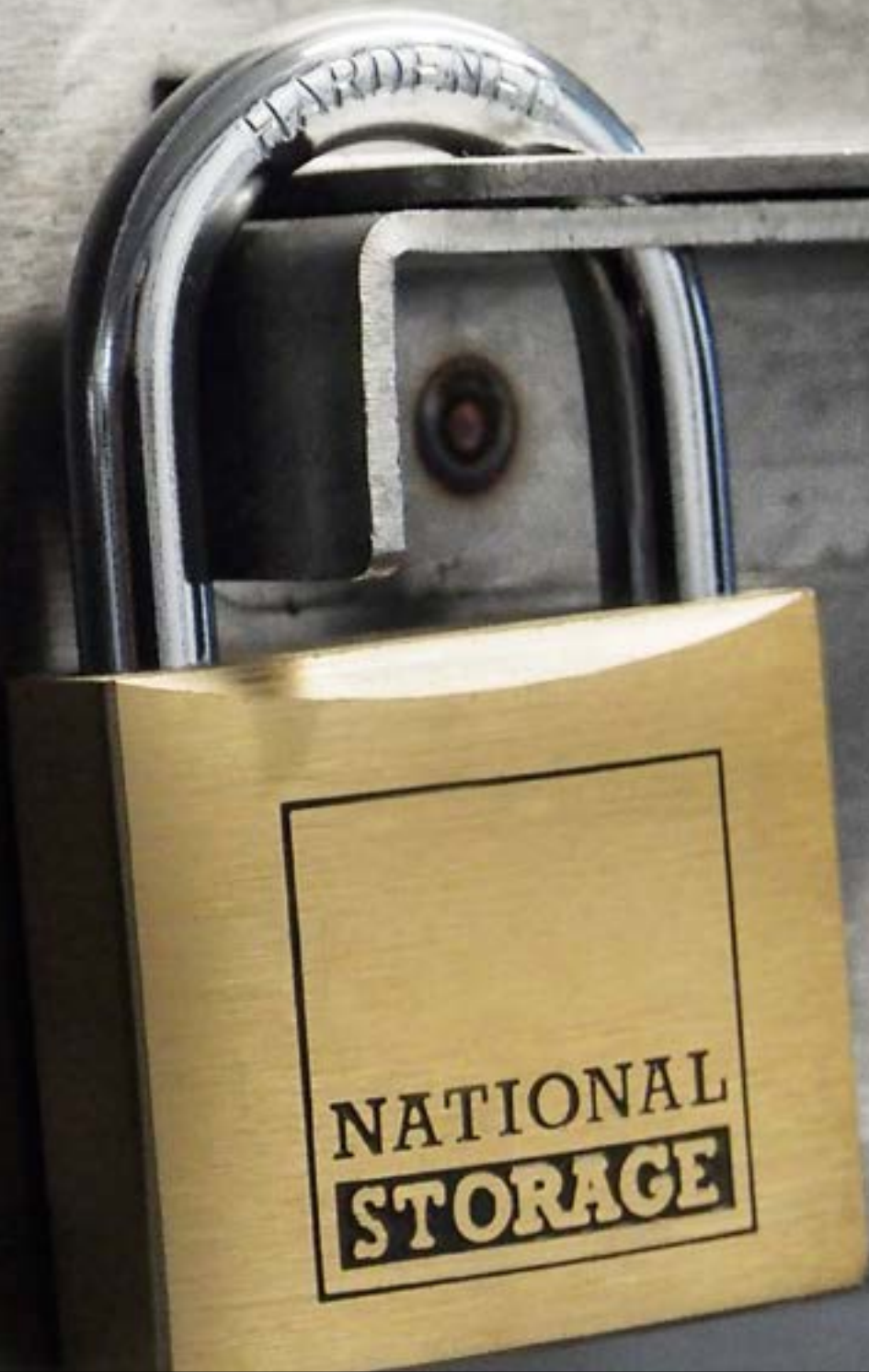
The current investment term of Southern Cross will expire in August 2016, if the term is not extended. If applicable, National Storage REIT and Heitman will have reciprocal pre-emptive rights with respect to Southern Cross' portfolio.

	Total
Total number of self-storage centres	24 ³⁷
Total net lettable area as at 31 August 2013 (m ²)	117,496

³⁶ Two of the centres (Chatswood and Alexandria) are solely branded as Wine Ark centres.

³⁷ Two of the centres (Chatswood and Alexandria) are solely branded as Wine Ark centres

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7. FINANCIAL INFORMATION

7. Financial Information

7.1 Introduction

The Financial Information contained in this section includes the Pro Forma Historical Financial Information and the Forecast Financial Information of National Storage REIT. Allotment is assumed to be 1 December 2013 (**Allotment**) and the forecast period is assumed to be 1 December 2013 to 31 December 2014 (**Forecast Period**).

Pro Forma Historical Financial Information comprises:

- pro forma consolidated historical balance sheet as at 30 June 2013 (**Pro Forma Balance Sheet**).

Forecast Financial Information comprises of:

- consolidated forecast income statement from Allotment to 31 December 2013 (**Forecast Allotment to 31 December 2013**).
- consolidated forecast income statement for the 6 months ending 30 June 2014 (**Forecast H2FY2014**);
- consolidated forecast income statement for the 6 months ending 31 December 2014 (**Forecast H1FY2015**); and
- consolidated forecast income statement for the 12 months ending 31 December 2014 (**Forecast CY2014**) which aggregates the Forecast H2FY2014 and the Forecast H1FY2015.

The Pro Forma Historical Financial Information and the Forecast Financial Information are collectively referred to as "Financial Information".

The Financial Information has been included in this Offer Document in relation to the Offer and should not be used for any other purpose. The Financial Information assumes completion of the below Pro Forma Transactions at 30 June 2013.

7.1.1 Pro Forma Transactions

The Financial Information should be read in conjunction with National Storage REIT's key assumptions used in the preparation of the Financial Information set out in Section 7.5 and the risk factors in Section 8.

The Financial Information assumes the completion of certain adjustments prior to stapling ("**Pre-stapling adjustments**") being the payment of the NSPT swap liability, the payment of distributions owing to NSPT Unitholders outstanding as at 30 June 2013, the payment of a fee to APNFM and the increase in the value of the NSPT investment property based on the valuations by m3property as adopted by NSH Directors, together with the completion of the following transactions ("**Transaction adjustments**"):

- a capital raising of \$123.8 million through the issue of new Stapled Securities;
- the payment of \$14.4 million in cash and the issue of \$25.0 million Vendor Stapled Securities as consideration for the National Storage Group;
- payment of \$11.8 million (including any non-recoverable GST) of associated equity raising costs, Listing costs, borrowing costs and other transaction costs;
- the payment of \$36.5 million as consideration for the stand alone Artarmon Centre;
- the payment of \$1.6 million as consideration for the stand alone Marion Road Commercial Property;
- a restructure of NSPT's debt facility and interest rate swaps, to be completed on or about the date of Allotment.

The Pre-stapling adjustments and Transaction adjustments are collectively referred to as the "Pro Forma Transactions" and are represented by the columns titled "Pre-stapling pro forma adjustments" and "Transaction adjustments" within Section 7.4.1.

7.1.2 Sources and uses of funds

A breakdown of the sources and uses of the Offer Proceeds is shown in the following table:

Sources and uses of funds

SOURCES	(\$ MILLION)	%
Issue of new Stapled Securities under the Offer	123.8	42.7
Debt	50.0	17.2
Existing Stapled Securities ³⁸	91.2	31.5
Issue of Vendor Stapled Securities	25.0	8.6
Total	290.0	100.0
USES		
Repayment of borrowings	109.5	37.8
Equity raising and other transaction costs	11.8	4.0
Consideration for the National Storage Group	39.4	13.6
Acquisition of Artarmon Centre	36.5	12.6
Acquisition of Marion Road Commercial Property	1.6	0.5
Existing Stapled Securities ³⁹	91.2	31.5
Total	290.0	100.0

7.2 Basis of preparation and presentation of the Financial Information

7.2.1 Overview

The NSH Directors are responsible for the preparation of the Financial Information. The Financial Information has been prepared in accordance with the recognition and measurement principles contained in the Australian Accounting Standards and other mandatory professional reporting requirements in Australia, except where otherwise disclosed.

The Financial Information is presented in an abbreviated format and does not contain all the disclosures provided in an annual report prepared in accordance with the Corporations Act.

Ernst & Young Transaction Advisory Services Limited has prepared an Independent Limited Assurance Report in respect of the Financial Information. This report is included in Section 10. Investors should note the scope and limitations of that report.

The changes to the objectives, financial strategies and underlying commercial arrangements mean that the preparation of any pro forma income statements that attempt to reflect National Storage REIT's objectives/strategies and their financial outcomes would require the use of numerous hypothetical assumptions. As a result, historical income statements are not presented in this Offer Document.

7.2.2 Forecast Financial Information

The Forecast Financial Information has been prepared based upon various assumptions. Due care and attention has been given to the preparation of the Forecast Financial Information and the assumptions represent NSH's best estimate of anticipated future transactions and events based on information and documentation available at the date of issue of this Offer Document. NSH considers the Forecast Financial Information to be reasonable and that there is a reasonable basis for the preparation of the Forecast Financial Information. Investors should appreciate that forecasts, by their very nature,

³⁸ These represent the Stapled Securities held by or on behalf of NSPT Unitholders (including by SaleCo on behalf of Ineligible Foreign Securityholders), immediately following completion of the stapling of the Shares and Units on the Implementation Date, some of which may be sold via the Cash-Out Facility. This number includes the Stapled Securities of those existing NSPT Unitholders who have indicated their intention to retain their investment in National Storage REIT (as disclosed in this Offer Document).

³⁹ These represent the Stapled Securities held by or on behalf of NSPT Unitholders (including by SaleCo on behalf of Ineligible Foreign Securityholders), immediately following completion of the stapling of the Shares and Units on the Implementation Date, some of which may be sold via the Cash-Out Facility. This number includes the Stapled Securities of those existing NSPT Unitholders who have indicated their intention to retain their investment in National Storage REIT (as disclosed in this Offer Document).

are subject to uncertainties which may be outside of the control of NSH, Trust Co RE and their respective directors or may not be capable of being foreseen or accurately predicted. As such, actual results may differ from the Forecast Financial Information and such differences may be material. There can be no guarantee or assurance that the Forecast Financial Information will be achieved.

Investors are advised to review the key assumptions set out in Section 7.5, the sensitivity analysis set out in Section 7.7, the risk factors set out in Section 8 and other relevant information set out within this Offer Document.

Investors should note that the Forecast Financial Information assumes nil movement from the revaluation of freehold investment properties given the difficulty in forecasting these movements. These non-cash fair market value movements are excluded from the forecasts as NSH does not believe there is a reasonable basis to forecast these items due to external market factors such as future capitalisation rates, property yields, market interest rates and general market conditions which are outside of its control. These non-cash fair market value movements are excluded from NSH's underlying net profit after tax used by NSH to determine distributions to Securityholders.

The forecast does include a non-cash amortisation of the leasehold asset value (diminution of the Leasehold properties) to reflect the reduction of the non-cancellable lease periods associated with these assets.

7.2.3 Pro Forma Historical Financial Information

The Pro Forma Historical Financial Information has been prepared as if the Offer and the Pro Forma Transactions disclosed in Section 7.1.1 had occurred on 30 June 2013 and is derived from the historical balance sheets extracted from NSPT's and the consolidated National Storage Pty Ltd audited 30 June 2013 financial statements adjusted for the effect of certain transactions post 30 June 2013 as described in Section 7.1.1, as well as completion of the Offer and the Pro Forma Transactions disclosed in Section 7.1.1.

7.3 Consolidated Forecast Income Statements

7.3.1 Forecast Financial Information

Consolidated Forecast Income Statements

\$M	FORECAST ALLOTMENT TO 31 DECEMBER 2013 ^{1, 2, 3}	FORECAST H2FY2014 (6 MONTHS) ^{1, 2, 3}	FORECAST H1FY2015 (6 MONTHS) ^{1, 2, 3}	FORECAST CY2014 (12 MONTHS) ^{1, 2, 3}
Self-storage and ancillary income ⁴	3.9	23.4	24.0	47.4
Management fee income ⁵	0.2	0.9	1.0	1.9
Other rental Income	0.0	0.1	0.1	0.2
Other income	0.1	0.3	0.4	0.7
Total income	4.1	24.7	25.4	50.2
Cost of sales and direct expenses ⁶	(0.1)	(0.5)	(0.6)	(1.1)
Personnel expenses ⁷	(0.4)	(2.5)	(2.5)	(5.0)
Operating expenses ⁸	(0.6)	(3.9)	(4.0)	(7.9)
Overheads ⁹	(0.5)	(2.8)	(2.8)	(5.6)
Transaction and asset acquisition costs ¹⁰	(6.4)	-	-	-
Diminution of leasehold properties ¹¹	(0.3)	(2.0)	(2.1)	(4.1)
EBITDA	(4.2)	13.1	13.4	26.5
Depreciation	(0.0)	(0.2)	(0.2)	(0.4)
EBIT	(4.2)	12.9	13.2	26.1
Net interest expense – bank debt	(0.2)	(1.1)	(1.1)	(2.2)
Interest expense - leases	(0.4)	(2.4)	(2.4)	(4.8)
Net profit before tax	(4.8)	9.4	9.7	19.1
Income tax	-	-	-	-
Statutory net profit after tax	(4.8)	9.4	9.7	19.1
Add back transaction and asset acquisition costs ¹⁰	6.4	-	-	-
Underlying net profit after tax	1.6	9.4	9.7	19.1

Notes

- Figures may not add due to rounding differences.
- Refer to Section 7.2.2 for the basis of preparation of the Forecast Financial Information.
- The profit and loss forecast has been prepared by NSH for each of the 38 self-storage assets and the corporate office and associated company costs.
- Income earned from storage related activity from the 38 freehold and leasehold centres comprising:
 - Traditional self-storage units ~ 92%
 - Archive/Document management ~ 2%
 - Wine storage (dedicated custody of wine) ~ 1%
 - Packaging materials and insurance ~ 5%
- The management fee represents the fee charged by National Storage Group to Southern Cross and is based on 7% of the gross profit of these centres.
- Cost of sales and direct expenses represent costs incurred in procuring products and services which are on-sold to customers (e.g. Merchandise).
- Personnel expenses are the salaries paid to the centre staff and associated on-costs paid.
- Operating expenses are the costs incurred in operating the respective centres. The items included statutory type charges (e.g. Land tax and rates) and operational costs (e.g. computers, stationery and general maintenance).
- Overheads comprise Corporate and Head office costs (Senior Management, Finance and Administration, Call Centre, Centre Maintenance team and other corporate costs associated with the operations of the entity).
- The transaction and other asset acquisition costs relate to those transaction costs relating to the listing of existing securities as well as stamp duty and other property related costs associated with the acquisitions from the NS Vendors. The remaining \$5.1m in transaction costs have been capitalised against equity.
- Diminution of leasehold properties represents the estimated loss in value of the leased assets due to a reduction in the lease period.

7.3.2 Distribution profile

Investors in the industry review certain metrics to assist them in their investment decision making. These metrics are set out below. The presentation of information has not been audited or reviewed in accordance with Australian Auditing Standards and is not considered to form part of the Financial Information.

Distribution profile

\$m	Forecast CY2014 (12 months) ¹
Underlying net profit after tax	19.1
Distribution	19.1
Distribution as a % of underlying net profit after tax ^{2,3}	100%
Claw back of distribution on Vendor Securities	(2.0)
Distribution net of claw back	17.1
Net distribution as a % of underlying net profit after tax	90%
Total securities (million)	244.9
Earnings per Security (cents)	7.8
Distribution per Security (cents)	7.8
Annualised EPS yield (%)	8.0%
Annualised DPS yield (%)	8.0%

Notes

- Figures may not add due to rounding differences.
- The distribution is based on 100% of the underlying net profit after tax representing the NSPT's net income in CY14. In addition to the items noted above, this excludes the movement in fair market value of investment property.
- The NSPT's net cash flow from operating activities is expected to be substantially the same as net operating income over the course of a reporting period as operating cash flow generally occurs within the 30 day period to or following the relevant transaction being recognised in the income statement.
- The distribution profile has been based on an Offer Price and underwritten Cash-Out Facility Price of \$0.98 per Stapled Security. The numbers may be different under the actual Cash-Out Facility Price.

7.3.3 Funding for objectives

The NSH Directors believe that National Storage REIT will have sufficient working capital to carry out its stated objectives in the Forecast Period.

7.4 Historical 30 June 2013 Pro Forma Balance Sheet

7.4.1 Pro Forma Historical Financial Information

For detail relating to the Pro Forma Transactions disclosed in the table below, please refer to Appendix A.

Historical 30 June 2013 Pro Forma Balance Sheet

	NOTE	AUDITED NSPT AT 30 JUNE 2013 ^{1,2}	PRE-STAPLING PRO FORMA ADJUSTMENTS ^{1,3}	ADJUSTED NSPT AT 30 JUNE 2013 ¹	TRANSACTION ADJUSTMENTS ^{1,4}	PRO FORMA NATIONAL STORAGE REIT ¹
Cash and cash equivalents	5, 6	6.7	(5.0)	1.7	1.0	2.8
Receivables and other assets	7, 8	14.8	(13.9)	1.0	10.0	11.0
Investment properties - freehold	9, 10	185.0	18.0	203.0	58.7	261.7
Investment properties - leasehold	11	-	-	-	78.2	78.2
Equity accounted investments	12	-	-	-	4.8	4.8
Intangibles – goodwill on management platform	13	-	-	-	6.2	6.2
Intangibles - portfolio premium	14	-	-	-	7.0	7.0
Total assets		206.5	(0.8)	205.7	166.0	371.7
Payables	15, 16	5.0	(1.8)	3.2	(2.0)	5.2
Interest bearing liabilities	17	109.2	0.3	109.5	(59.5)	50.0
Lease liabilities	18	-	-	-	67.4	67.4
Other liabilities	19, 20	3.5	(1.7)	1.8	7.8	9.6
Total liabilities		117.7	(3.2)	114.5	17.7	132.2
Net assets		88.8	2.4	91.2	148.4	239.6
Issued capital	21	89.3	-	89.3	121.6	211.0
Retained earnings	22,23	(0.5)	2.4	1.9	26.7	28.6
Total equity		88.8	2.4	91.2	148.4	239.6

Notes

1. Figures may not add due to rounding differences.
2. The stapling of NSPT and NSPL will be accounted for under AASB 3 Business Combinations. NSPL is deemed to be the acquirer and the assets and liabilities of NSPL will be brought on at book value. NSPT's assets and liabilities, as the acquiree, will be brought on at fair value with intercompany balances eliminated.
3. The "Pre-stapling pro forma adjustments" relate to the adjustments required to clear certain liabilities within NSPT that existed at 30 June 2013 as well as to recognise the NSPT share of transaction costs.
4. The "Transaction adjustments" include various acquisitions, detailed in Section 7.1.1, the capital raised net of transaction costs and the pay down of existing debt. The "Transaction adjustments" and the "Pre-stapling pro forma adjustments" from note 3 above together form the Pro Forma Transactions.
5. Cash and cash equivalents decreases by \$5.0m pre-stapling due to the fee of \$2.0m paid to APNFM to facilitate the sale of existing units in NSPT, the pay down of the existing NSPT swap liability of \$1.3m and a cash payment of distribution payable to the NSPT unit holders of \$1.7m.
6. Cash and cash equivalents increases by \$1.0m within Transaction adjustments as a result of the new equity raised through IPO of \$123.8m, a \$50.0m draw down of the Debt Facility, the payment of the equity raising transaction costs as well as stamp duty, debt raising costs and other property related costs, amounting to \$11.4m, repayment of existing debt of \$109.5m, the settling of SSC shareholder loans of \$0.6m, the recognition of the NSPL cash assets of \$0.4m upon stapling and cash consideration paid for the acquisition of the Artarmon Centre, Marion Road Commercial Property and National Storage Group of \$36.5m, \$1.6m and \$14.4m respectively.
7. Receivables and other assets decreases by \$13.9m pre-stapling due to a reclassification of the leased asset receivable of \$13.9m within NSPT at 30 June 2013 to Investment properties – Freehold.
8. Receivables and other assets increases by \$10.0m within Transaction adjustments due to recognition of receivables at 30 June 2013 of \$6.2m as a result of the acquisition and stapling of entities within the National Storage REIT (namely NSPL, NSPT and SSC) and the recognition of a derivative asset of \$3.9m in relation to the claw back mechanism relating to the NS shareholders.
9. Investment properties – Freehold increases by \$18.0m pre-stapling as a result of a reclassification of the leased asset receivable of \$13.9m and a \$4.2m fair value adjustment based on the NSH Directors' valuation of the NSPT property portfolio (agreed to by NSPL) to reflect the value of this property at the point of stapling.
10. Investment properties – Freehold increases by \$58.7m within Transaction adjustments as a result of the purchase of the Artarmon Centre for \$36.5m (supported by an independent valuation), the purchase of the Marion Road Commercial Property for \$1.6m (supported by an independent valuation of \$1.7m), and the recognition of a fair value adjustment of \$20.5m to recognise the value associated with the NSPL businesses operating on NSPT properties (supported by an independent valuation).
11. Investment properties – Leasehold increases by \$78.2m within Transaction adjustments due to recognition of \$75.1m of leasehold assets as a result of stapling of entities within the National Storage REIT (namely NSPL and NSPT) and the recognition of a leased asset of \$3.1m (and a corresponding lease liability) associated with three NSPT centres that are rented to NSPL which are not owned by NSPT. This is to conform with the National Storage REIT accounting policy relating to investment property.
12. Equity accounted investments increases by \$4.8m within Transaction adjustments as a result of NS APAC Trust's 10% investment in Southern Cross.
13. Intangibles – goodwill on management platform increases by \$6.2m within Transaction adjustments due to the goodwill recognised upon acquisition of SSC of \$5.8m and the recognition of NSPL goodwill and other intangible assets at 30 June 2013.
14. Intangibles - portfolio premium increases by \$7.0m within Transaction adjustments due to the recognition of the portfolio value of \$7.0m associated with the NSPT property (supported by an independent valuation) as part of the fair value adjustment to NSPT's net assets. This portfolio value is recognised as goodwill.
15. Payables decreases by \$1.8m pre-stapling due to a fair value adjustment and subsequent pay down of the \$1.8m swap liability that exists on NSPT's books at 30 June 2013.
16. Payables increases by \$2.0m within Transaction adjustments due to the elimination of \$5.8m in payables between entities within the National Storage REIT (namely NSPL, NSPT and SSC), the SSC payables acquired of \$1.4m and the recognition of NSPL payables of \$6.4m at 30 June 2013.
17. Interest bearing liabilities decreases by \$59.5m within Transaction adjustments due to the payment of existing debt of \$109.5m which is inclusive of the amortised borrowing costs of \$0.3m and the \$50.0m drawdown of the Debt Facility net of establishment costs of \$0.3m.

18. Lease liabilities increases by \$67.4m within Transaction adjustments due to recognition of \$64.3m of lease liabilities in relation to the leasehold assets as a result of stapling of entities within the National Storage REIT (namely NSPL and NSPT) and the recognition of a lease liability of \$3.1m associated with three NSPT centres that are rented to NSPL which are not owned by NSPT.
19. Other liabilities decreases by \$1.7m pre-stapling due to the cash payment of distribution payable to the NSPT unit holders.
20. Other liabilities increases \$7.8m within Transaction adjustments due to the elimination of the deferred tax liability of \$6.2m recognised in NSPL at 30 June 2013 relating to the reduction in business value associated with the NSPT property and the recognition of NSPL and SSC other liabilities of \$13.9m at 30 June 2013.
21. Issued capital increases by \$121.6m within Transaction adjustments due to the new equity raised of \$118.7m (net of Transaction costs of \$5.1m), the recognition of the derivative asset of \$3.9m in relation to the conditions surrounding the Vendor Stapled Securities, the inclusion of the NSPL issued capital of \$2.8m and offset by the cash consideration paid to NS Vendors of \$3.8m.
22. Retained earnings increases by \$2.4m pre-stapling due to a \$0.5m fair value adjustment to the swap liability that exists on NSPT's books at 30 June 2013, a \$4.2m fair value adjustment based on NSH Directors' valuation of the NSPT property portfolio (agreed to by NSPL) to reflect the value of this property at the point of stapling, an exit fee of \$2.0m paid to APNFM on its retirement or removal and the write-off of \$0.3m in borrowing costs relating to the existing debt held by NSPT at 30 June 2013.
23. Retained earnings increases by \$26.7m within Transaction adjustments due to the recognition of \$11.5m in retained earnings as a result of stapling of entities within the National Storage REIT, a fair value adjustment of \$7.0m to recognise the portfolio value associated with the NSPT property, a fair value adjustment of \$20.5m to recognise the value associated with the NSPL businesses operating on NSPT properties, \$6.4m of Transaction costs, the forgiving of a \$0.4m loan from NSPL to NS APAC Trust and the declaration of a \$3.6m dividend to clear NSPL shareholder loans.

7.4.2 Pro Forma Balance Sheet metrics

The presentation of the below information has not been audited or reviewed in accordance with Australian Auditing Standards and is not considered to form part of the Financial Information.

Pro Forma Balance Sheet metrics

	AUDITED NSPT AT 30 JUNE 2013 ^{1,2}	ADJUSTED NSPT AT 30 JUNE 2013 ^{1,2}	PRO FORMA NATIONAL STORAGE REIT ^{1,2}
Net assets (per section 7.4.1)	88.8	91.2	239.6
Securities on issue (million)	93.1	93.1	244.9
NAV per Security	\$0.95	\$0.98	\$0.98
Premium to NAV			0.2%
NTA per Security	\$0.95	\$0.98	\$0.92
Premium to NTA			6.0%
Issue price per Security	n/a	n/a	\$0.98
Gearing (Net Debt / Total assets less Cash and Lease liabilities)	n/a	n/a	15.8%

Notes

1. Figures may not add due to rounding.
2. Net Debt and Total assets in the gearing calculation both exclude the value of the lease liability. The gearing is presented in the manner consistent with industry standard.
3. The gearing ratio for the purposes of the loan covenants is calculated using the following methodology: Interest bearing liabilities / (Net assets + Interest bearing liabilities). This equates to 17.3% for the pro forma National Storage REIT at 30 June 2013.
4. These metrics have been based on an Offer Price and underwritten Cash-Out Facility Price of \$0.98. The metrics may be different under the actual Cash-Out Facility Price.

7.5 Key assumptions used in preparing the Forecast Financial Information

7.5.1 General assumptions

General assumptions used in preparing the Forecast Financial Information regarding the general economic and regulatory environment in which National Storage REIT will operate:

- CPI assumed to be an average of 3% per annum;
- no material change in the macroeconomic, industry or competitive environment affecting National Storage REIT;
- no significant amendment to any material agreement or arrangement in place;
- no changes in capital structure during the Forecast Period, other than those set out in, or contemplated by this Offer Document;
- no changes in Australian Accounting Standards or other mandatory professional reporting requirements or the Corporations Act that would have a material impact on the Forecast Financial Information;
- consistency of application of accounting policies over the Forecast Period;
- no acquisitions or disposals of interests in direct property investments during the Forecast Period;
- no change in the fair market value of the National Storage REIT; and
- no material change in applicable regulations or legislation affecting National Storage REIT that will materially affect the Forecast Financial Information.

7.5.2 Storage income and expenses

Rental income is forecast on a property by property basis using existing storage occupancy and rental rates and assumptions in relation to future occupancy and rental rates. The Artarmon Centre is to enter the group on settlement. National Storage Group has been managing this centre since 22 July 2013, and knowledge gained through this process has been utilised in the preparation of the forecast of this specific centre.

A rate increase of approximately 5.5% was implemented in October 2013 and a further 1.5% increase is forecast in July 2014.

In the calendar year 2014 average occupancy is forecast to rise from 72.6% to 74.4%⁴⁰.

Forecast expenses are based on existing costs and assumptions for future costs. The nature of the business is such that as occupancy increases, material cost items

remain relatively fixed and increase in-line with CPI (assumed for forecast purposes to be 3%).

7.5.3 Property acquisitions and disposals

No new property acquisitions are assumed to occur in the Forecast Period. Whilst National Storage REIT will consider new investment opportunities on an on-going basis which are consistent with its investment mandate, the timing and amount of future investments cannot be reliably estimated.

7.5.4 Capital expenditure

No material capital expenditure has been assumed within the Forecast Period based on the characteristics of the asset class and historical activity.

7.5.5 Other operating expenses

National Storage REIT will incur operating expenses including ASX listing fees, registry fees, asset custodian fees, insurance, legal, audit and tax compliance fees, investor reporting costs and other miscellaneous expenses. These costs have been forecast by taking into account factors likely to influence the level of these expenses including National Storage REIT's market capitalisation and gross assets.

7.5.6 Borrowings

National Storage REIT will enter into the Group Debt Facility with NAB with a limit of \$50 million and a three year term (refer to Section 5.3 and Section 15 for further information). This facility is forecast to be substantially drawn down on completion of the Offer resulting in a Gearing Ratio of 15.8% as outlined in Section 7.4.2.

National Storage REIT is to ensure that the ratio of combined EBITDA to finance charges exceeds 2.00 times commencing 30 June 2014 and half-yearly thereafter for periods ending 31 December and 30 June and that the Gearing Ratio must not exceed 50.0%.

7.5.7 Net interest and borrowing costs

Interest on the Debt Facility consists of fixed line fees and margin and a floating base rate determined via reference to the floating bank bill rate. National Storage REIT will use interest rate swaps to hedge movements in floating interest rates. Interest expense is forecast under the assumption that 60% of the drawn down debt will be hedged using three year swap rates as at 31 October 2013. The remaining 40%, which is the floating rate, is based on the 3 month BBSY yield curve as at 31 October 2013. It is assumed that changes in the fair value of the swap equal the interest payments on the debt, with the effect being that the combined hedged expense (floating interest expense plus the swap expense) equates to nil.

7.5.8 Valuation of investment properties

The Freehold Centres have been independently valued by m3property at \$260.0 million as of 1 September 2013.

The Leasehold Centres have been independently valued by m3property at \$11.0 million as of 1 September 2013.

m3property also ascribed a portfolio premium value of \$7.0m for mortgage purposes which is recognised as goodwill.

The management platform including the management rights to Southern Cross has been independently valued by Crowe Horwath as of 31 August 2013, between a range of \$5.8 million and \$6.7 million with a midpoint of \$6.3 million.

National Storage REIT will also own a 10% co-investment stake in Southern Cross valued at \$4.8 million. It will also own an ancillary commercial property at Marion, South Australia (**Marion Road Commercial Property**), which has been independently valued at \$1.7 million. For the forecast period to 31 December 2014, no income is forecast to be received from the co-investment in Southern Cross due to the return profile in this period. The forecast for the commercial property at Marion, is based on existing lease terms.

No revaluation of the Properties has been assumed in the Forecast Financial Information as future valuations cannot be reliably forecast as they will be subject to market forces outside of NSH's control.

7.5.9 Other costs

Equity raising, stamp duty, borrowing and other transaction costs of \$11.8 million are recognized and are apportioned between equity and retained earnings based on new equity to be raised and these costs will be funded from the Offer Proceeds.

7.5.10 Taxation

No income tax expense has been disclosed in the Forecast Financial Information based on the following three assumptions:

- NSPT will not be subject to tax on its net income as the Unit holders will be presently entitled to the net income of NSPT each income year;
- NSPT will continue to be treated as a "flow-through" entity for income tax purposes (and not taxed under Division 6C of the Income Tax Assessment Act 1936); and
- NSPL is forecast to be in a tax loss position or marginally tax positive during the Forecast Period.

7.5.11 Future capital raisings

Other than the Offer, no further capital raisings are assumed to occur during the Forecast Period. National Storage REIT may engage in future capital raisings to fund future activities, such as new asset acquisitions.

7.6 Forecast distribution guidance

Securityholders will be entitled to a distribution if they are on the register of Securityholders on the relevant record date. Distributions are expected to be paid within 8 weeks following the end of each semi-annual distribution period. The semi-annual distribution periods will occur on June and December each year.

National Storage REIT intends to distribute approximately 90% to 100% of underlying net profit after tax each year.

NSH on behalf of National Storage REIT forecasts a distribution of 7.8 cents per Security for the 12 months ending 31 December 2014. This reflects an 8.0% distribution yield at the Offer Price and underwritten Cash-Out Facility Price of \$0.98 per Stapled Security. This yield number may be different under the actual Cash-Out Facility Price.

7.7 Sensitivity analysis on the financial information

The Forecast Financial Information included in Section 7.3.1 is based on a number of estimates and assumptions as described in Section 7.5. These estimates and assumptions are subject to business, economic and competitive uncertainties and contingencies, many of which are beyond the control of the National Storage REIT, the NSH Directors and management.

A summary of the possible impact of movements in certain key assumptions on the Forecast CY2014 is set out below. However, it should be noted the disclosed changes in the key assumptions are not intended to be indicative of the complete range of variations that may occur.

Care should be taken in interpreting these sensitivities as they consider movements on an isolated basis, whereas in reality the effects of movements may be offset or compounded by movements in other variables. Furthermore, in the normal course of business, management would be expected to respond to any adverse changes in these key variables to minimise the net effect on financial performance.

Sensitivity analysis

Assumption	Increase / Decrease	CY2014 forecast NPAT impact (\$m)
Change in Occupancy	+1% / -1%	+/- 0.6
Change in Rate / sqm	+1% / -1%	+/- 0.4

⁴⁰ Excludes Artarmon Centre, occupancy for which is 67.6% as at July 2013 and the average calendar 2014 forecast is 66.9%

7.8 National Storage REIT accounting policies

7.8.1 Revenue

Revenue is recognised to the extent that it is probable the economic benefits will flow to the National Storage REIT and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The National Storage REIT assesses its revenue arrangements against specific criteria to determine if it is acting as principal or agent. It has been concluded that National Storage REIT will act as a principal in all of its revenue arrangements. The specific recognition criteria described below must also be met before revenue is recognised.

Rental income

Revenue from the provision of storage space is recognised on a daily basis less any amount contractually refundable to customers over the term of the general agreement.

Sale of goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods.

Interest income

For all financial instruments measured at amortised cost and interest bearing financial assets classified as available for sale, interest income or expense is recorded using the effective interest rate (**EIR**). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in other income in the income statement.

7.8.2 Investment properties under operating lease

The National Storage REIT, as lessee, will have properties under operating leases that, in accordance with AASB 140 Investment Property, qualify for treatment as investment properties. Under this treatment, for each property, the present value of the minimum lease payments is determined and carried as a lease liability as if it were a finance lease and the fair value of the lease to the National Storage REIT is recorded at fair value each period as investment property under operating lease.

Gains or losses arising from changes in the fair values of investment properties under operating leases are included in profit or loss in the period in which they arise, including the corresponding tax effect. Fair values are determined based on an annual evaluation performed by an independent valuer or by directors' valuation. Lease payments on the leases are allocated between the principal component of the lease liability and interest expense so as to achieve a constant rate of interest on the remaining balance of the liability. Interest expense is recognised in finance costs in the statement of comprehensive income.

This policy has been adopted by NSPL, at 30 June 2013 and has been applied in the 30 June 2013 audited financial statements.

7.8.3 Investment property

Investment property, which is property held to earn rentals and/or for capital appreciation, is measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair value of investment properties are included in profit and loss in the period in which they arise. Fair values are determined based on an annual evaluation performed by an external, independent valuer or by directors' valuation.

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the income statement in the period of derecognition.

7.8.4 Financial instruments

Recognition

Financial instruments within the scope of AASB 139 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or derivatives, as appropriate. The National Storage REIT determines the classification of its financial assets at initial recognition.

All financial assets are recognised initially at fair value plus transaction costs, except in the case of financial assets recorded at fair value through profit or loss.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

Financial liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Impairment

At each reporting date, the National Storage REIT will assess whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the statement of comprehensive income.

7.8.5 Consolidation and acquisition accounting

The consolidated financial statements comprising the financial statements of NSH (as the **"Parent"**) and its subsidiaries (includes NSH's subsidiaries, NSPT and the Trusts) are collectively referred to as the **"Group"**.

Subsidiaries are all those entities over which the Group has the power to govern the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether a group controls another entity.

The financial statements of the subsidiaries are prepared for the same reporting period as the Parent using consistent accounting policies. In preparing the consolidated financial statements, all intercompany balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is obtained by the Group and cease to be consolidated from the date on which control is transferred out of the Group.

Investments in subsidiaries held by the Parent are accounted for at cost in the separate financial statements of the Parent less any impairment charges. Dividends received from subsidiaries are recorded as a component of other revenues in the separate income statement of the Parent, and do not impact the recorded cost of the investment. Upon receipt of dividend payments from subsidiaries, the Parent will assess whether any indicators of impairment of the carrying value of the investment in the subsidiary exist. Where such indicators exist, to the extent that the carrying value of the investment exceeds its recoverable amount, an impairment loss is recognised.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. The acquisition method of accounting involves recognising at acquisition date, separately from goodwill, the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree. The identifiable assets acquired and the liabilities assumed are measured at their acquisition date fair values.

The difference between the above items and the fair value of the consideration (including the fair value of any pre-existing investment in the acquiree) is goodwill or a discount on acquisition.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Non-controlling interests are allocated their share of net profit after tax in the statement of comprehensive income and are presented within equity in the consolidated statement of financial position, separately from the equity of the owners of the Parent.

A change in the ownership interest of a subsidiary that does not result in a loss of control is accounted for as an equity transaction.

7.8.6 Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interest in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of AASB 139 Financial Instruments: Recognition and Measurement, is measured at fair value with changes in fair value recognised either in profit or loss or as a change to other comprehensive income. If the contingent consideration is not within the scope of AASB 139, it is measured in accordance with the appropriate AASB. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

7.8.7 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the profit and loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the income statement as the expense category that is consistent with the function of the intangible assets.

7.8.9 Investment in an associate

The Group's investment in its associate, an entity in which the Group has significant influence, is accounted for using the equity method.

Under the equity method, the investment in the associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The income statement reflects the Group's share of the results of operations of the associate. When there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The Group's share of profit or loss of an associate is shown on the face of the income statement and represents

profit or loss after tax and non-controlling interests in the subsidiaries of the associate.

The financial statements of the associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, then recognises the loss as 'Share of losses of an associate' in the income statement.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

7.8.10 Employee benefits

Wages, salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Expenses for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

Long service leave

The liability for long service leave is recognised and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

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STORAGE

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WITH CARE

WE'LL LOOK AFTER
EVERYTHING



8. RISKS

Storage
Packaging solutions
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Climate controlled storage

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8. Risks

Before investing, you should consider whether the Stapled Securities are suitable given your personal objectives. If you require further information regarding the appropriateness or potential risks of this investment, you should seek appropriate financial advice.

All investments involve risk and there are many factors that can impact on the performance of an investment. This summary details some of the major risks that you should be aware of when investing in National Storage REIT.

Securityholders should be aware that the list of risks described below may not cover all possibilities. You should also consider risks specific to your own situation.

8.1 Key risks relating to National Storage REIT

8.1.1 Economic conditions

Fluctuations in economic conditions including consumer confidence may adversely affect the demand for storage space.

8.1.2 Typically monthly storage agreements

Storage units are typically rented on a month to month basis. There is no guarantee that existing storage customers will renew their storage agreements or, where they do not, that other storage customers will be found.

8.1.3 Competition

The entry of new competing self-storage centres or discounting by existing competing self-storage centres may adversely affect the occupancy level and rental rates of the self-storage centres operated or managed by National Storage REIT.

8.1.4 Valuations

Valuations ascribed to National Storage REIT's assets will be influenced by a number of ongoing factors including supply and demand for self-storage centres and general property market conditions.

The independent valuations included in this Offer Document are the best estimates of the independent valuers and may not reflect the actual sale price of National Storage REIT's assets, if sold. The independent valuations are subject to a number of assumptions about the future which may not prove to be accurate.

Any gains or losses arising from changes in the fair value of investment properties will be included in the profit and loss in the period in which they arise.

8.1.5 Property liquidity

National Storage REIT may be required to dispose of some of its property assets in response to adverse business conditions. Given the relatively illiquid nature of property investments, National Storage REIT may not be able to achieve the disposal of the property assets in a timely manner or at an optimal sale price. This may affect the

National Storage REIT's net asset value or trading price per Stapled Security.

8.1.6 Exposure to Southern Cross

The management agreement with Southern Cross may be terminated in certain circumstances (see Section 15 for further details). If terminated, National Storage REIT will not receive distributions that are payable in accordance with the investment agreement and the management fee income.

Southern Cross has a first right to acquire additional self-storage centres subject to certain conditions. This may adversely affect National Storage REIT's ability to acquire additional self-storage centres in certain circumstances.

8.1.7 Leasehold interests

National Storage REIT will operate a number of self-storage centres (currently 10) from properties owned by third parties under lease arrangements. There is no guarantee that those leases will be able to be renewed or able to be renewed on suitable terms (including in relation to rent payable). The leases may also be subject to certain termination rights which, if triggered, may result in the lessor terminating the lease. This may adversely affect National Storage REIT's ability to continue to operate the self-storage centres at those locations, and the fair value attributed to them.

8.1.8 Insurance risk

While NSH and NSPT remain confident of arranging proper insurance for the risks associated with ownership of National Storage REIT's assets, there is no certainty that such insurance will be available for all risks on acceptable commercial terms or that the cost of insurance premiums will not continue to rise.

Insurance coverage will include differing levels of cover for material loss or damage items such as accidental damage, flood and demolition and removal of debris. Some risks are not able to be insured at acceptable premiums. Examples of losses that are generally not insured against include war or acts of terrorism and natural phenomena such as an earthquake or hurricane.

If any of National Storage REIT's assets are damaged or destroyed by an event for which National Storage REIT does not have cover, National Storage REIT could incur a capital loss and lost income which could reduce returns for Securityholders. Any failure by the company or companies providing insurance (or any reinsurance) may adversely affect the National Storage REIT's right of recovery under its insurance.

8.1.9 General commercial property risks

The risks commonly associated with commercial property investment apply equally to an investment in National Storage REIT, including:

- levels of occupancy;
- capital expenditure requirements;
- development and refurbishment risk;
- environmental or compliance issues;

- changes to government and planning regulations, including zoning; and
- damage caused by flood or other extreme weather (to the extent that it is not or could not be insured against).

8.1.10 Business risk

National Storage REIT will own freehold properties, self-storage businesses, and management rights. It does not merely collect rent from a tenant, but rather is exposed to certain business operational risks including:

- a decrease in forecast occupancy and rental rates due to a decline in the demand for self-storage space;
- unexpected increases in the costs of business operations including labour rates, advertising, council rates, land tax and insurance etc.;
- competition from new storage operations that open in the immediate vicinity of National Storage REIT's centres;
- changes to laws which reduce income or increase costs;
- legal and other disputes which may arise from time to time in the ordinary course of business operations; and
- general economic conditions which affect the general demand for storage space.

8.1.11 Future acquisitions and expansion

In seeking to maximise returns for investors, National Storage REIT may consider opportunities to make further acquisitions of self-storage assets. National Storage REIT may also develop and expand the lettable area at a number of National Storage REIT's centres. The rate at which National Storage REIT is able to expand will reflect market forces and the availability of capital at the time. Forecast distributions may be affected by such actions, although it is National Storage REIT's intention that future acquisitions and expansion will not dilute forecast returns to investors.

The risks faced by the National Storage REIT in relation to any future development projects will depend on the terms of the transaction at the time. There is a risk that a developer engaged on any given project is unable to complete the specified works on time or could default on other obligations under its contract. Completion of construction works may be delayed for a number of reasons, including industrial disputes, inclement weather, permitted variations, changes to legislative requirements, delays in authority inspections or approvals or a builder experiencing financial difficulties. Even where a development is under a fixed price contract, a developer may default where there is an increase in costs to a level materially greater than the expected development costs which may not be able to be funded by the developer and the development may not complete (or National Storage REIT may agree to bear the excess costs in order to complete the development). Under these circumstances, National Storage REIT may not be able to replace the developer with another of similar experience and/or terms as advantageous to it.

8.1.12 Personnel risk

National Storage REIT will be relying upon the expertise, experience and strategies of the key executive directors and management of National Storage Group (who will perform this role for the National Storage REIT on its establishment). As a consequence, in the event that the services of the key personnel were no longer available, this may have an adverse effect on the management and financial performance of National Storage REIT and therefore on any return to Securityholders.

8.1.13 Interest rates

Unfavorable movements in interest rates relating to National Storage REIT's Debt Facility could lead to increased interest expense, to the extent that interest rates are not hedged. This could impact the level of distributions available to Securityholders.

8.1.14 Derivatives

National Storage REIT will use derivative instruments to hedge its exposure to interest rates. The mark-to-market valuation of derivative instruments could change quickly and significantly. Such movements may have an adverse effect on the financial performance and financial position of National Storage REIT.

8.1.15 Banking obligation risk

Under its Debt Facility, National Storage REIT will be subject to a number of undertakings and covenants, including in relation to gearing levels and interest cover ratios. An event of default would occur if National Storage REIT fails to maintain these financial covenants. This may be caused by unfavorable movements in interest rates (to the extent rates are not hedged) or deterioration in the income or the value of National Storage REIT's properties and/or businesses. To the extent that an event of default occurs, the lender may require immediate repayment of the Debt Facility. National Storage REIT may need to dispose of assets at less than valuation, raise additional equity or reduce or suspend distributions in order to repay the Debt Facility, if this occurs.

8.1.16 Funding

National Storage REIT's ability to raise funds from either debt or equity sources in the future depends on a number of factors, including the state of debt and equity markets, the general economic and political climate and the performance, reputation and financial strength of National Storage REIT.

There is a risk that National Storage REIT may not be able to refinance its Debt Facility and/or interest rate hedges before expiry or may not be able to refinance them on substantially the same terms as the existing facility or hedge instruments.

Possible increases in the interest rate, the cost of interest rate hedges and the level of financial covenants required by lenders may adversely impact on the operational and financial results of National Storage REIT and the level of distributions available to Securityholders.

8.1.17 Gearing

National Storage REIT's expected gearing profile is provided in Section 7.4.2 of this Offer Document.

National Storage REIT's gearing level will reflect the effects of any changes in interest rates or changes in property values or performance measures. If the level of gearing increases over the term of the Debt Facility, this may affect the ability of National Storage REIT to refinance its Debt Facility.

8.1.18 Dilution risk

The interests of Securityholders may be diluted by future capital raisings by National Storage REIT. National Storage REIT may issue Stapled Securities to finance future acquisitions or pay down debt which may, under certain circumstances, dilute the value of Securityholders' interests in National Storage REIT and the proportional beneficial ownership in the underlying assets of National Storage REIT.

8.1.19 Taxation risk

Future tax reforms could impact on the distributions from National Storage REIT and the value of Stapled Securities. Investors should note that Australian tax laws are complex and constantly subject to change. The views and the forecasts in this Offer Document are based on National Storage REIT's understanding of the law current as at the date of this Offer Document.

The taxation comments in Section 14 of this Offer Document are general in nature by necessity. They do not, for example, apply to non-residents or those who carry on a business trading in securities or take into consideration individual characteristics of investors. Tax liabilities are the responsibility of each investor and National Storage REIT is not responsible for taxation or penalties incurred by investors.

No assurance can be given in relation to the level of tax deferred future distributions. Tax deferred capacity will depend upon the amount of tax depreciation available and other factors. See Section 14 for further details regarding the tax deferred status of forecast distributions.

8.1.20 Litigation

National Storage REIT may in the ordinary course of business be involved in possible litigation and disputes (for example, employment/industrial relations disputes or proceedings under the Fair Work Act, tenancy disputes, development disputes, occupational health and safety (OH&S) claims or third party claims). A material or costly dispute or litigation may affect the operational and financial results of National Storage REIT.

8.1.21 Occupational health and safety

Like any business, if NSH fails to comply with necessary OH&S legislative requirements it could result in fines, penalties and compensation for damages as well as reputational damage to National Storage REIT.

8.1.22 Environmental issues

Due diligence reviews undertaken on the properties to be owned by the National Storage REIT as part of the portfolio did not identify any material environmental issues requiring remediation at this point in time.

However, unforeseen environmental issues may affect the properties in the property portfolio to be owned by National Storage REIT on its establishment. These liabilities may be imposed irrespective of whether or not the National Storage REIT is responsible for the circumstances to which they relate. National Storage REIT may also be required to remediate sites affected by environmental liabilities. The cost of remediation of sites could be substantial.

In addition, if National Storage REIT is not able to remediate the site properly, this may adversely affect its ability to sell the relevant property or to use it as collateral for future borrowings. Material expenditure may also be required to comply with new or more stringent environmental laws or regulations introduced in the future, for example in relation to climate change.

8.1.23 Interference with properties owned by National Storage REIT

Due diligence reviews undertaken on the properties to be owned by the National Storage REIT as part of the portfolio identified the possibility of land needing to be resumed at the Marion Road site. The report proceeded to confirm that no notices, orders or current plans to effect such a resumption of land had been discovered to date.

However, any resumption of land would potentially affect the buildings or open areas of the site and the operation of the business on the site.

8.1.24 Changes in law

Changes in law, government legislation, regulation and policy in jurisdictions in which National Storage REIT will operate may adversely affect the value of the portfolio and/or National Storage REIT's future earnings and performance as well as the value of Stapled Securities quoted on the ASX.

8.1.25 Accounting standards

The Australian Accounting Standards to which the National Storage REIT will adhere are set by the Australian Accounting Standards Board (**AASB**) and are consequently outside the control of National Storage REIT and the directors of NSH and Trust Co RE. Changes to accounting standards issued by AASB or changes to the commonly held views on the application of those standards could materially adversely affect the financial performance and position reported in National Storage REIT's financial statements.

8.1.26 Presentation of consolidated financial statements

On 11 October 2013, ASIC released Consultation Paper 217 (CP217) on its proposal to allow stapled entities to present combined or consolidated financial statements

covering all entities in a stapled group. ASIC considers stapled entities may currently not be able to present combined or consolidated financial statements covering all entities in a stapled group due to the requirements of AASB 10 *Consolidated Financial Statements*. Comments are due on CP217 by 30 November 2013.

National Storage REIT is presenting its Financial Information on a consolidated basis. The main differences between this approach and presenting on a combined basis are that there would be no Non-Controlling Interest entries in the Financial Information, and any goodwill on consolidation (portfolio value) would not be recognised.

8.2 Key risks relating to the Offer

8.2.1 Trading and market conditions

The price of the Stapled Securities in National Storage REIT quoted on the ASX may fluctuate and result in the trading price of Stapled Securities being either below or above the Offer Price or the Cash-Out Facility Price. National Storage REIT has not previously traded so there is no trading history for Stapled Securities.

A number of factors affect the performance of the equity market, which could impact on the price at which Stapled Securities trade on the ASX. Among other things, movements on international and domestic stock markets, interest rates, exchange rates, inflation and inflationary expectations and overall economic conditions, economic cycles, investor sentiment, political events and levels of economic growth, both domestically and internationally as well as government taxation and other policy changes or changes in law may affect the demand for, and price of, Stapled Securities.

Consequently, the trading price of Stapled Securities may be influenced by factors beyond the control of NSH and the responsible entity of NSPT. These fluctuations could have a material adverse effect on the trading performance of the Stapled Securities. No assurances can be made that the performance of the Stapled Securities will not be adversely affected by such market fluctuations.

8.2.2 Trading liquidity

Following Listing of National Storage REIT on the ASX, there is no guarantee that an active trading market will develop for the Stapled Securities. Liquidity of the Stapled Securities will be dependent on the relative volume of buyers and sellers in the market at any given time. Additionally, large Securityholders choosing to trade out of their position at discounts to prevailing market prices may also affect the market.

8.2.3 Forecast distributions

No assurances can be provided in relation to the payment of future distributions. Future determination as to the payment of distributions by National Storage REIT will be at the discretion of National Storage REIT and will depend

upon the availability of profits, the operating results and financial condition of National Storage REIT, future capital requirements, covenants in relevant debt facilities, general business and financial conditions and other factors considered relevant by National Storage REIT.

8.2.4 Basis of forecasts

Financial forecasts are based on assumptions concerning future events and market conditions. Whilst the forecasts have been prepared with due care and attention, and NSH considers the assumptions to be reasonable, future events and conditions are not reliably predictable and the assumptions are subject to significant uncertainties. Actual results are likely to vary from the forecast and any variation may be materially positive or negative. Neither NSH nor anyone else guarantees that the forecast or any other prospective statement contained in this Offer Document will be achieved. Distributions from National Storage REIT are not guaranteed.

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9. DETAILS OF THE OFFER



9. Details of the Offer

9.1 Introduction

The Offer comprises the issue of 126.3 million new Stapled Securities by National Storage REIT and the transfer of up to 72.2⁴¹ million Existing Stapled Securities by SaleCo.

All Stapled Securities under the Institutional Offer and Broker Firm Offer will be issued or transferred at the Offer Price. All Stapled Securities under the Cash-Out Facility Offer will be transferred at the Cash-Out Facility Price.

The total number of Stapled Securities on issue at Completion will be 244.9 million and each Stapled Security will rank equally with each other.

The Offer has been fully underwritten by the Lead Manager, Morgan Stanley Australia Securities Limited.

9.2 Structure of the Offer

In total, 126.3 million to 198.5 million Stapled Securities are being offered under:

- the **Broker Firm Offer** – open to Australian resident Retail Investors and Sophisticated Investors who have received a firm allocation from their Broker.
- the **Institutional Offer** – an invitation to bid for Stapled Securities made to Institutional Investors in Australia, and a number of other eligible jurisdictions; and
- the **Cash-Out Facility Offer** – an invitation to bid for Existing Stapled Securities sold by Saleco made to Institutional Investors in Australia, and a number of other eligible jurisdictions.

No general public offer will be made under this Offer Document.

9.3 Purpose of the Offer and use of proceeds

The Offer is expected to raise approximately \$123.8 million from the issue of new Stapled Securities by NSH and NSPT and up to \$70.8⁴² million from the transfer of Existing Stapled Securities by SaleCo via the Cash-Out Facility.

Any proceeds received by SaleCo from the transfer of Existing Stapled Securities under the Cash-Out Facility Offer will be paid to those Selling NSPT Unitholders who elect (or are deemed to elect) to sell Existing Stapled Securities to SaleCo and to Ineligible Foreign Securityholders for whom SaleCo has acted as the sale nominee.

Refer to Section 7.1.2 for further details regarding sources and use of proceeds.

9.4 Terms and conditions of the Offer

TOPIC	SUMMARY
What is being offered?	Stapled Securities
What is a Stapled Security?	A Stapled Security is comprised of one fully paid ordinary unit in NSPT stapled to one fully paid ordinary share in NSH. The share and unit are 'stapled' in the sense that they cannot be traded or dealt with separately.
What are the rights and liabilities attached to the Stapled Securities being offered?	A description of the Stapled Securities, including the rights and liabilities attaching to them, is set out in Section 9.11. Details of the rights and liabilities attached to each Unit and Share are also set out in Section 15.2.1, Section 15.2.2 and in the Constitutions of both NSH and NSPT, copies of which will be made available for inspection, free of charge at the registered office of NSH and Trust Co RE within normal trading hours.

⁴¹ This number depends on the number of Existing Stapled Securities to be sold via the Cash-Out Facility or on behalf of Ineligible Foreign Securityholders.

⁴² This number depends on the number of Existing Stapled Securities to be sold via the Cash-Out Facility or on behalf of Ineligible Foreign Securityholders and the actual Cash-Out Facility Price.

TOPIC	SUMMARY
What is the consideration payable for each Stapled Security being offered?	<p>The Offer Price is \$0.98 per Stapled Security for the Institutional Offer and Broker Firm Offer.</p> <p>The Cash-Out Facility Price for the Cash-Out Facility Offer will be determined by the Cash-Out Facility Bookbuild and will be the greater of \$0.98 per Stapled Security and the price determined under the Cash-Out Facility Bookbuild.</p>
What is the Offer period?	<p>The key dates, including details of the Offer period, are set out in Section 1.2.</p>
What are the cash proceeds to be raised?	<p>If the Offer proceeds:</p> <ul style="list-style-type: none"> ■ \$123.8 million will be raised by National Storage REIT from the issue of new Stapled Securities; and ■ Up to \$70.8⁴³ million will be raised to fund the Cash-Out Facility from the transfer of Existing Stapled Securities by SaleCo.
What is the minimum and maximum application size under the Offer?	<p>The minimum Application amount for Applicants applying under the Broker Firm Offer and Cash-Out Facility Offer is 2,500 Stapled Securities and in multiples of 100 Stapled Securities, as directed by the applicant's Broker.</p> <p>The Lead Manager, in consultation with National Storage REIT, reserves the right to reject any Application or to allocate a lesser number of Stapled Securities than that applied for.</p> <p>There is no maximum number of Stapled Securities that may be applied for under the Broker Firm Offer and Cash-Out Facility Offer however investors should note the allocation policy (see below).</p>
What is the allocation policy?	<p>The allocation of Stapled Securities between the Broker Firm Offer, the Institutional Offer, and the Cash-Out Facility Offer will be determined by the Lead Manager in consultation with National Storage REIT having regard to the allocation policy outlined in Section 9.5.5, Section 9.6.2 and Section 9.7.3.</p> <p>With respect to the Broker Firm Offer, it is a matter for the Brokers how they allocate firm stock among their eligible clients.</p> <p>The allocation of Stapled Securities among Applicants in the Institutional Offer and the Cash-Out Facility Offer will be determined by the Lead Manager in consultation with National Storage REIT.</p> <p>It should be noted however that if all NSPT Unitholders elect to remain invested in National Storage REIT and there are no Ineligible Foreign Securityholders, SaleCo will not hold any Existing Stapled Securities and accordingly, no additional Stapled Securities will be available for distribution under the Cash-Out Facility Offer.</p> <p>The Offer is not open to investors with a registered address outside of Australia, including investors in the United States (other than with respect to Institutional Investors in certain other eligible jurisdictions (see Section 16.12 for further details)).</p> <p>For further information on the Broker Firm offer, see Section 9.5.</p> <p>For further information on the Institutional Offer, see Section 9.6.</p> <p>For further information on the Cash-Out Facility Offer, see Section 9.7.</p>

⁴³ This number depends on the number of Existing Stapled Securities to be sold via the Cash-Out Facility or on behalf of Ineligible Foreign Securityholders and the actual Cash-Out Facility Price.

TOPIC	SUMMARY
When will I receive confirmation that my Application has been successful?	<p>It is expected that initial holding statements will be dispatched by standard post on or about 23 December 2013.</p> <p>Refunds to Applicants who make an Application and receive an allocation, the value of which is smaller (at the Offer Price or the Cash-Out Facility Price, as applicable) than the amount of their Application Monies, will be made (without interest) as soon as possible post-Settlement of the Offer, in accordance with the Corporations Act.</p>
Will the Stapled Securities be listed?	<p>National Storage REIT will apply for Listing of the Stapled Securities on ASX under the code NSR. Completion of the Offer is conditional on ASX approving this application. If approval is not given within three months after such application is made (or any longer period permitted by law), the Offer will be withdrawn and all Application Monies received will be refunded without interest as soon practicable in accordance with the requirements of the Corporations Act.</p>
When are the Stapled Securities expected to commence trading?	<p>It is expected that trading of the Stapled Securities on ASX will commence on or about 19 December 2013, initially on a conditional and deferred settlement basis.</p> <p>The contracts formed on acceptance of applications and confirmation of allocations will be conditional on ASX agreeing to quote the Stapled Securities on ASX, and on issue occurring. Trades occurring on ASX before issue/transfer occurring will be conditional on issue/transfer occurring.</p> <p>Refer to Section 9.10.3 for further details.</p> <p>It is the responsibility of each Applicant to confirm their holding before trading in Stapled Securities. Applicants who sell Stapled Securities before they receive an initial statement of holding do so at their own risk. NSH, Trust Co RE (as responsible entity of NSPT), SaleCo and the Lead Manager disclaim all liability, whether in negligence or otherwise, to persons who sell Stapled Securities before receiving their initial statement of holding, whether on the basis of a confirmation of allocation provided by any of them, by National Storage REIT Offer Information Line, by a Broker or otherwise.</p>
Is the Offer underwritten?	<p>Yes. The Lead Manager has fully underwritten the Offer. Details of the Underwriting Agreement are provided in Section 15.5.</p>
Are there any escrow arrangements?	<p>Yes. Details are provided in Section 15.1.2.</p>
Has an ASIC relief or ASX waiver been obtained or applied for?	<p>Yes. Details are provided in Section 16.13 and 16.14.</p>
Are there any tax considerations?	<p>Refer to Section 14.</p>
Are there any brokerage commission or stamp duty considerations?	<p>No brokerage, commission or stamp duty is payable by applicants who apply for Stapled Securities using an Application Form.</p> <p>A fee may be paid by the Lead Manager to co-manager(s) and other Brokers appointed to the Offer in certain circumstances. In relation to any underlying investors pursuant to the Broker Firm Offer that is not a wholesale client (as that term is defined in Section 761G of the Corporations Act), investors should be aware that the relevant co-manager(s) or Broker(s) may choose to provide execution services (without financial advice in respect of the Offer of Stapled Securities of National Storage REIT) to such investors. However, if financial advice is provided, any fees will only be payable to relevant co-manager(s) or Broker(s) on the portion of their firm allocation that is subscribed for by wholesale clients.</p>

TOPIC	SUMMARY
What should you do with any enquiries?	<p>Call the National Storage REIT Offer Information Line on 1300 439 803 (toll free within Australia) or +61 3 9415 4061 (outside Australia) from 8:30am until 5:30pm (AEST) Monday to Friday.</p> <p>If you are unclear in relation to any matter or are uncertain as to whether National Storage REIT is a suitable investment for you, you should seek professional guidance from your solicitor, stockbroker, accountant or other independent and qualified professional adviser before deciding whether to invest.</p>

9.5 Broker Firm Offer

9.5.1 Who can apply?

The Broker Firm Offer is open to Retail Investors and Sophisticated Investors who have received a firm allocation from their Broker and who have a registered address in Australia. If you have been offered a firm allocation by a Broker, you will be treated as an Applicant under the Broker Firm Offer in respect of that allocation. You should contact your Broker to determine whether they may allocate Stapled Securities to you under the Broker Firm Offer.

9.5.2 How to apply

Applications for Stapled Securities may only be made on an Application Form attached to or accompanying this Offer Document. If you are an investor applying under the Broker Firm Offer, you should complete and lodge your Application Form with the Broker from whom you received your firm allocation. Application Forms for the Broker Firm Offer must be completed in accordance with the instructions given to you by your Broker and the instructions set out on the reverse of the Application Form.

By making an application, you declare that you were given access to the Offer Document, together with an Application Form. The Corporations Act prohibits any person from passing an Application Form to another person unless it is attached to, or accompanied by, a hard copy of this Offer Document or the complete and unaltered electronic version of this Offer Document.

If you apply in the Broker Firm Offer, you must apply for a minimum number of 2,500 Stapled Securities and in multiples of 100 Stapled Securities thereafter. There is no maximum number or value of Stapled Securities that may be applied for under the Broker Firm Offer. However, National Storage REIT and the Lead Manager also reserve the right to reject or scale back any applications in the Broker Firm Offer. National Storage REIT and the Lead Manager also reserve the right to aggregate any applications which they believe may be multiple applications from the same person. National Storage REIT may determine a person to be eligible to participate in the Broker Firm Offer, and may amend or waive the Broker Firm Offer application procedures or requirements, in its discretion, in compliance with applicable laws.

Applicants under the Broker Firm Offer must lodge their Application Form and Application Monies with the relevant

Broker in accordance with the relevant Broker's discretions in order to receive their firm allocation. Applicants under the Broker Firm Offer must not send their Application Forms to the Share Registry.

The Broker Firm Offer opens at 9:00am (AEST) on 27 November 2013 and is expected to close at 5:00pm (AEST) on 16 December 2013. National Storage REIT and the Lead Manager may elect to close the Offer or any part of it early, extend the Offer or any part of it, or accept late applications either generally or in particular cases. The Offer or any part of it may be closed at any earlier date and time, without further notice. Your Broker may also impose an earlier closing date. Applicants are therefore encouraged to submit their applications as early as possible. Please contact your Broker for instructions.

9.5.3 Application Monies

National Storage REIT reserves the right to decline any Application and all Applications in whole or in part, without giving any reason. Applicants under the Broker Firm Offer whose Applications are not accepted, or who are allocated a lesser number of Stapled Securities than the amount applied for, will receive a refund of all or part of their Applications Monies, as applicable. No interest will be paid on refunded amounts.

9.5.4 Acceptance of applications

An Application in the Broker Firm Offer is an offer by the Applicant to National Storage REIT to subscribe for or purchase Stapled Securities for all or any of the Application Monies specified in and accompanying the Application Form at the Offer Price on the terms and conditions set out in this Offer Document including any supplementary or replacement prospectus and product disclosure statement and the Application Form (including the conditions regarding quotation on ASX in Section 9.10). To the extent permitted by law, an Application by an Applicant under the Broker Firm Offer is irrevocable.

An Application may be accepted by National Storage REIT and the Lead Manager in respect of the full number of Stapled Securities specified in the Application Form or any number of them, without further notice to the applicant. Acceptance of an application will give rise to a binding contract.

9.5.5 Allocation policy under the Broker Firm Offer

Stapled Securities which have been allocated to Brokers for allocation to their Australian resident clients will be issued to the Applicants nominated by those Brokers (subject to the right of National Storage REIT, SaleCo and the Lead Manager to reject or scale back Applications). It will be a matter for the Brokers how they allocate firm stock among their eligible clients, and they (and not National Storage REIT and the Lead Manager) will be responsible for ensuring that clients who have received a firm allocation from them receive the relevant Stapled Securities.

9.5.6 Announcement of final allocation policy in the Broker Firm Offer

Applicants in the Broker Firm Offer should confirm their final allocation with the Broker from whom they received their allocation. They may also call National Storage REIT Offer Information Line on 1300 439 803 (toll free within Australia) or +61 3 9415 4061 (outside Australia) from 8:30am until 5:30pm (AEST) Monday to Friday to confirm their allocations during the Offer Period.

If you sell Stapled Securities before receiving a holding statement, you do so at your own risk, even if you have confirmed your firm allocation with your Broker or obtained details of your holding from National Storage REIT Offer Information Line.

9.6 Institutional Offer

9.6.1 Invitation to bid

The Institutional Offer consists of an invitation to certain Institutional Investors in Australia and a number of other eligible jurisdictions to apply for Stapled Securities. The Lead Manager has separately advised Institutional Investors of the application procedure for the Institutional Offer.

9.6.2 Allocation policy under the Institutional Offer

The allocation of Stapled Securities among applicants in the Institutional Offer will be determined by the Lead Manager in consultation with National Storage REIT. The Lead Manager, in consultation with National Storage REIT, has absolute discretion regarding the basis of allocation of Stapled Securities among Institutional Investors, and there is no assurance that any Institutional Investor will be allocated any Stapled Securities, or the number of Stapled Securities for which it bid. The allocation policy is influenced by the following factors:

- number of Stapled Securities bid for by particular bidders;
- the timeliness of the bid by particular bidders;
- National Storage REIT's desire for an informed and active trading market following Listing on ASX;
- National Storage REIT's desire to establish a wide spread of Institutional Investors;
- overall level of demand under the Broker Firm Offer and Institutional Offer;
- the size and type of fund under management of particular bidders;

- the likelihood that particular bidders will be long-term Securityholders; and
- any other factors that National Storage REIT and the Lead Manager consider appropriate.

9.7 Cash-Out Facility Offer

9.7.1 Invitations to Bid

The Lead Manager will invite certain Institutional Investors to bid for the Stapled Securities to be sold on behalf of Selling NSPT Unitholders and Ineligible Foreign Securityholders by SaleCo in the Cash-Out Facility Offer. The Lead Manager will separately advise Institutional Investors of the application procedure for the Cash-Out Facility Offer.

9.7.2 The Cash-Out Facility Bookbuild Process

The Cash-Out Facility Offer will be conducted with eligible Institutional Investors being invited to participate in a bookbuild process managed by the Lead Manager (**Cash-Out Facility Bookbuild**). Full details of how to participate, including bidding instructions, will be provided to eligible participants by the Lead Manager.

Participants can only bid into the Cash-Out Facility Bookbuild for Existing Stapled Securities through the Lead Manager. The participants may bid for Existing Stapled Securities at specific price increments at or above \$0.98. The minimum bid size is 2,500 Stapled Securities and in multiples of 100 Stapled Securities thereafter, however National Storage REIT, SaleCo and the Lead Manager reserve the right to accept smaller bids.

Bids must be received on 18 December 2013 between the times advised by the Lead Manager to participants. The Lead Manager and National Storage REIT reserve the right to vary the times and dates of the Cash-Out Facility Bookbuild, including to close the bookbuild early, extend the bookbuild or accept late bids, either generally or in particular cases, without notification.

Bids in the Cash-Out Facility Bookbuild may be amended or withdrawn at any time up to the close. Any bid not withdrawn at the close of the Cash-Out Facility Bookbuild will be an irrevocable offer by the relevant bidder to subscribe or procure subscribers for the Existing Stapled Securities bid for (or such lesser number as may be allocated) at the price per Stapled Security bid, on the terms and conditions set out in this Offer Document (including any supplementary or replacement document) and in accordance with any bidding instructions provided by the Lead Manager to participants.

Bids can be accepted or rejected in whole or in part without further notice to the bidder. Acceptance of a bid will give rise to a binding contract on allocation of Stapled Securities to successful applicants conditional on the quotation of Stapled Securities on ASX and Settlement. Details of the arrangements for notification and settlement of allocations applying to participants in the Cash-Out Facility Bookbuild will be provided to participants in the book build process.

9.7.3 The Cash-Out Facility Price determination and allocation policy under the Cash-Out Facility Offer

The Cash-Out Facility Bookbuild process will be used to determine the price of securities under the Cash-Out Facility Offer and accordingly, the price to be paid to those Selling NSPT Unitholders and Ineligible Foreign Securityholders (**Cash-Out Facility Price**). Under the terms of the Underwriting Agreement, the Cash-Out Facility Price and the allocation of Stapled Securities under the Cash-Out Facility Offer will be determined by the Lead Manager and National Storage REIT after the close of the Cash-Out Facility Bookbuild.

In determining the Cash-Out Facility Price and the allocation of Stapled Securities under the Cash-Out Facility Offer, reasonable endeavours will be used to ensure that the Cash-Out Facility Bookbuild is conducted in a manner that maximises the final price received by Selling NSPT Unitholders and Ineligible Foreign Securityholders and is consistent with an orderly market following listing and ordinary commercial practice for the conduct of a bookbuild. Specifically, consideration will be given to, but will not be limited to, the following factors:

- the level of demand for Stapled Securities under the Cash-Out Facility Bookbuild at various prices;
- the objective of maximising the Cash-Out Facility Price for Selling NSPT Unitholders that elect or are deemed to elect to cash-out and on behalf of Ineligible Foreign Securityholders;
- the desire for an orderly secondary market in the Stapled Securities; and
- the desire to have a wide spread of Institutional Investors on the National Storage REIT's Register.

The Cash-Out Facility Price will not necessarily be the highest price at which the Stapled Securities could be sold. The Cash-Out Facility Price will not be less than the Offer Price.

All successful Applicants under the Cash-Out Facility Bookbuild will pay the Cash-Out Facility Price. Except as required by law, Applicants cannot withdraw their Applications once the Cash-Out Facility Price and allocations of Stapled Securities have been determined.

9.7.4 Announcement of the Cash-Out Facility Price and final allocation policy under the Cash-Out Facility Offer

The determination of the final Cash-Out Facility Price and the final allocations under the Cash-Out Facility Offer will be made on 18 December 2013. It is expected that initial holding statements will be dispatched by standard post on 23 December 2013.

9.8 Underwriting Agreement

The Offer is fully underwritten. The Lead Manager, NSH, Trust Co RE, NSPL and SaleCo have entered into an Underwriting Agreement under which the Lead

Manager has been appointed as arranger, manager and underwriter of the Offer. The Lead Manager agrees, subject to certain conditions and termination events, to underwrite Applications for Stapled Securities under the Offer. The Underwriting Agreement sets out a number of circumstances under which the Lead Manager may terminate the agreement and the underwriting obligations. A summary of certain material terms of the agreement and underwriting arrangements is provided in Section 15.5.

9.9 Discretion regarding the Offer

National Storage REIT may withdraw the Offer at any time before the issue or transfer of Stapled Securities to successful Applicants or bidders in the Broker Firm Offer, Institutional Offer and Cash-Out Facility Offer. If the Offer or any part of it, does not proceed, all relevant Application Monies will be refunded (without interest), in accordance with the Corporations Act.

National Storage REIT and the Lead Manager also reserve the right to close the Offer or any part of it early, extend the Offer or any part of it, accept late Applications or bids either generally or in particular cases, reject any Application or bid, or allocate to any Applicant or bidder fewer Stapled Securities than applied or bid for.

9.10 ASX Listing, registers and holding statements, deferred settlement trading

9.10.1 Application to ASX for Listing and quotation of Stapled Securities

National Storage REIT will apply no later than seven days after the Offer Date to have the Stapled Securities quoted on the official list of ASX. If permission for quotation of Stapled Securities is not granted by ASX within three months after the Offer Date, or such longer period as ASX allows, Application Payments will be refunded in full (without interest) as soon as practicable in accordance with the requirements of the Corporations Act. National Storage REIT's expected ASX code will be NSR.

ASX takes no responsibility for this Offer Document or the investment to which it relates. The fact that ASX may admit National Storage REIT to the official list is not to be taken as an indication of the merits of National Storage REIT or the Stapled Securities offered for subscription.

If permission is not granted for the official quotation of the Stapled Securities on ASX within three months after the date of this Offer Document (or any later date permitted by law), all Application Monies received by National Storage REIT will be refunded without interest as soon as practicable in accordance with the requirements of the Corporations Act.

Subject to certain conditions (including any waivers obtained by National Storage REIT from time to time), National Storage REIT will be required to comply with ASX Listing Rules.

9.10.2 CHESS and issuer sponsored Stapled Security holdings

National Storage REIT will apply to participate in ASX's Clearing House Electronic Sub-register System (**CHESS**) and will comply with ASX Listing Rules and the ASX Settlement Operating Rules. CHESS is an electronic transfer and settlement system for transactions in securities quoted on ASX under which transfers are effected in an electronic form.

When the Stapled Securities become Approved Financial Products (defined in the ASX Settlement Operating Rules), holdings will be registered in one of two sub-registers, an electronic CHESS sub-register or an issuer sponsored sub-register. For all successful Applicants, the Stapled Securities of a Securityholder who is a participant in CHESS or a Securityholder sponsored by a participant in CHESS will be registered on the CHESS sub-register. All other Stapled Securities will be registered on the issuer sponsored sub-register.

Following Completion of the Offer, Securityholders will be sent a holding statement that sets out the number of Stapled Securities that have been allocated to them. This statement will also provide details of a Securityholder's Holding Identification Number (**HIN**) for CHESS holders or, where applicable, the Securityholder Reference Number (**SRN**) of issuer sponsored holders. Securityholders will subsequently receive statements showing any changes in their Stapled Security holding. Certificates will not be issued.

Securityholders will receive subsequent statements at the end of each month if there has been a change to their holding on the register and as otherwise required under ASX Listing Rules and the Corporations Act. Additional statements may be required at any other time either directly through the Securityholder's sponsoring broker in the case of a holding on the CHESS sub-register or through the Share Registry in the case of a holding on the issuer sponsored sub-register. National Storage REIT and the Share Registry may charge a fee for these additional issuer sponsored statements.

9.10.3 Conditional and deferred settlement trading and selling Stapled Securities on market

It is expected that trading of the Stapled Securities will commence on or about 19 December 2013, initially on a conditional and deferred settlement basis.

The contracts formed on acceptance of applications will be conditional on ASX agreeing to quote the Stapled Securities on ASX, and on issue occurring. Trades occurring on ASX before issue/transfer occurring will be conditional on issue/transfer occurring.

Conditional trading will continue until National Storage REIT has advised ASX that:

- the Existing Stapled Securities to be sold by the Selling NSPT Unitholders have been transferred to SaleCo;
- NSH and NSPT have issued the Stapled Securities; and

- SaleCo has transferred the Existing Stapled Securities it holds, to successful Applicants under the Cash-Out Facility Offer, which is expected to be on or about 23 December 2013.

Trading will then be on an unconditional but deferred settlement basis until National Storage REIT has advised ASX that holding statements have been dispatched to Securityholders. Normal settlement trading is expected to commence on or about 24 December 2013.

If Settlement has not occurred within 14 days (or such longer period as ASX allows) after the day Stapled Securities are first quoted on ASX, the Offer and all contracts arising on acceptance of the Offer will be cancelled and of no further effect and all Application Monies will be refunded (without interest). In these circumstances, all purchases and sales made through ASX participating organisations during the conditional trading period will be cancelled and of no effect.

It is the responsibility of each person who trades in Stapled Securities to confirm their holding before trading in Stapled Securities. If you sell Stapled Securities before receiving a holding statement, you do so at your own risk.

NSH, Trust Co RE (as responsible entity of NSPT), SaleCo, the Share Registry and the Lead Manager disclaim all liability, whether in negligence or otherwise, if you sell Stapled Securities before receiving your holding statement, even if you obtained details of your holding from National Storage REIT Offer Information Line or confirmed your firm allocation through a Broker.

9.11 Description of Stapled Securities

The rights and liabilities attaching to ownership of Stapled Securities arise from a combination of the Constitutions, statute, ASX Listing Rules and general law.

A summary of the significant rights attaching to the Stapled Securities and a description of other material provisions of the Constitution are set out in Section 15. The summary set out in Section 15 is not exhaustive nor does it constitute a definitive statement of the rights and liabilities of Securityholders. It also assumes that National Storage REIT is admitted to the official list of ASX.

9.12 Restrictions on distribution

No action has been taken to register or qualify this Offer Document, the Securities or the Offer or otherwise to permit a public offering of the Securities in any jurisdiction outside Australia.

This Offer Document does not constitute an offer or invitation to subscribe for Securities in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or invitation or issue under this Offer Document except to the extent permitted as set out in Section 16.1.

This document may not be released or distributed in the United States. This document does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States or to any US person (as defined in Regulation S under the US Securities Act of 1933). Any securities described in this document have not been, and will not be, registered under the US Securities Act and may not be offered or sold in the United States or to US persons except in transactions exempt from, or not subject to, the registration requirements under the US Securities Act and applicable US state securities laws.

Each Applicant in the Broker Firm Offer and each person to whom the Institutional Offer or Cash-Out Facility Offer is made under this Offer Document, will be taken to have represented, warranted and agreed as follows:

- it understands that the Securities have not been, and will not be, registered under the US Securities Act or the securities law of any state of the United States and may not be offered, sold or resold (directly or indirectly) in the United States, or to or for the account or benefit of US persons, except in a transaction exempt from, or not subject to, registration under the US Securities Act and any other applicable securities laws;
- it is not in the United States or a US Person, and is not acting for the account or benefit of a US Person;
- it has not and will not send the Offer Document or any other material relating to the Offer to any person in the United States or to any person that is, or is acting for the account or benefit of, a US Person; and
- it will not offer or sell the Securities in the United States or to, or for the account or benefit of, any US Person or in any other jurisdiction outside Australia except in transactions exempt from, or not subject to, registration under the US Securities Act and in compliance with all applicable laws in the jurisdiction in which Securities are offered and sold.

9.13 Ranking of Stapled Securities and distributions

Each Stapled Security will be issued fully paid. From the date of issue or transfer, the Stapled Securities will rank equally with all other Stapled Securities on issue.

National Storage REIT Securityholders will be entitled to receive a first distribution in respect to their Stapled Securities for the period from 1 January 2014 to 30 June 2014, which is forecast to be 3.8 cents per Stapled Security expected to be paid in August 2014.

NSPT Unitholders registered as at 8.00am on the Stapling Record Date will also be entitled to receive a distribution for the period from 1 October 2013 to Implementation Date which will result in NSPT's pro forma 30 June 2013 NTA of \$0.98.

Thereafter, the distribution will be paid on a semi-annual basis. National Storage REIT's distribution policy is summarised in Section 5.6.

9.14 Restructure Distribution

Subject to necessary approvals being obtained at the NSPT Unitholder Meeting and completion of any other required preparatory steps (as provided for in the Implementation Deed), on the Implementation Date, under the Restructure Distribution:

- NSPT will make a return of capital to NSPT Unitholders (who are on the NSPT register as at the Stapling Record Date), with the aggregate proceeds of the capital return being directed to NSH in consideration for the issue of the NSH Shares, in accordance with the point below; and
- NSH will distribute to the Eligible NSPT Unitholders (including SaleCo on behalf of any Ineligible Foreign Securityholders) one fully paid ordinary Share in NSH for every one fully paid ordinary Unit in NSPT held by the relevant NSPT Unitholders.

There is no requirement that NSPT Unitholders submit an application for Shares under the Restructure Distribution. The Shares will automatically be distributed on the Implementation Date, in accordance with timing specified in the Implementation Deed. Trust Co RE (as the responsible entity of NSPT) will apply as agent for and on behalf of NSPT Unitholders for the Shares under the Restructure Distribution.

Only those NSPT Unitholders who are on the NSPT Register as at the Stapling Record Date and are not Ineligible Foreign Securityholders' will receive NSH Shares under the Restructure Distribution. Ineligible Foreign Securityholders will not be issued with NSH Shares and are also not given the option to elect to retain their interest in NSPT/the National Storage REIT once established. Instead, Ineligible Foreign Securityholders Units will be transferred to Saleco who, acting as nominee, will then participate in the Restructure Distribution and receive the Ineligible Foreign Securityholders' entitlement to NSH Shares on their behalf. Once stapled, these securities will then be transferred by Saleco, along with the Selling NSPT Unitholders' Stapled Securities, to satisfy Applications under the Cash-Out Facility Offer. Ineligible Foreign Securityholders will receive cash consideration, at the Cash-Out Facility Price, for their securities (in line with the process for Selling NSPT Unitholders under the Cash-Out Facility).

As a result of the Restructure Distribution, there will be approximately 93.1 million Shares on issue in NSH.

Following completion of certain other implementation steps on the Implementation Date (further described in Section 16.1), an additional 25.5 million Shares (approximately) and 25.5 million Units (approximately) will be issued to NS Vendors as part of the consideration for the sale of their respective interests in the National Storage Group to NSH and NSPT. Following this issue of securities to the NS Vendors, the Shares and Units will all be stapled. Following stapling, there will be approximately 118.6 million Stapled Securities in National Storage REIT.

9.15 Cash-Out Facility

9.15.1 Election

An Eligible NSPT Unitholder is entitled to elect, by completing the NSPT Election Form contained in the Notice of Meeting, to:

- cash-out its investment in National Storage REIT at the Cash-Out Facility Price in exchange for irrevocably offering to sell all of its Existing Stapled Securities to SaleCo free from encumbrances and third party rights and conditional upon implementation of the Transaction occurring;
- to retain all of its Stapled Securities following implementation of the Transaction; or
- to retain only some of its Stapled Securities and to cash-out at the Cash-Out Facility Price for the Stapled Securities it does not wish to retain. This option cannot be exercised to the extent it would result in an NSPT Unitholder retaining less than a Marketable Parcel of Stapled Securities.

Eligible NSPT Unitholders may submit their election at any time after receiving the Notice of Meeting and accompanying materials. If an NSPT Unitholder does not complete the NSPT Election Form and return it to APNFM by the deadline of 11.00am on the date which is 48 hours prior to the NSPT Unitholder Meeting, the NSPT Unitholder will be deemed to have elected to cash-out all of its investment in National Storage REIT. Ineligible Foreign Securityholders are not offered the above election and will be cashed-out in full at the Cash-Out Facility Price.

NSPT Unitholders should carefully consider their options with respect to the elections referred to above (including financial and taxation considerations) and seek professional advice before making a decision if they have any doubts about which option to elect and the considerations (including financial and taxation considerations) relevant to that decision.

Additionally, in considering whether to elect to cash-out or retain an investment in the National Storage REIT, NSPT Unitholders should note that the price at which the Stapled Securities will trade post-Completion of the Offer is unknown. It is possible that Eligible NSPT Unitholders who do not elect to cash-out may be able to sell their interest in National Storage REIT on-market following Completion of the Offer at a price which is higher than the Cash-Out Facility Price. It is also possible that the Cash-Out Facility Price may be higher than the trading price for Stapled Securities post Completion of the Offer.

9.15.2 Cash-Out Facility process

As described in Section 5.9 of this Offer Document, SaleCo will act as the facility agent on behalf of Selling NSPT Unitholders and Ineligible Foreign Securityholders under the Cash-Out Facility. SaleCo has executed the Implementation Deed which includes a description of how the Cash-Out Facility will operate. Under the Cash-Out Facility, SaleCo must:

- accept the transfer of all Units held by Ineligible Foreign Securityholders and the issue of NSH Shares under the Restructure Distribution on behalf of Ineligible Foreign Securityholders (with such Units and Shares to be stapled in accordance with the Transaction steps);
- accept the transfer of Stapled Securities held by Selling NSPT Unitholders;
- transfer all the Stapled Securities held by it to successful Institutional Investors under the Cash-Out Facility Offer; and
- pay the Cash-Out Facility Price to the Selling NSPT Unitholders and Ineligible Foreign Securityholders.

To effect the transfer to SaleCo:

- in relation to Selling NSPT Unitholders - Trust Co RE will, as agent for and on behalf of Selling NSPT Unitholders, execute a transfer form in favour of SaleCo, with such transfer to only become effective after the issue of new Stapled Securities under the Institutional Offer and Broker Firm Offer; and
- with respect to Ineligible Foreign Securityholders, in the manner and in accordance with the procedure described in Section 9.14.

Additionally, settlement of a contract between SaleCo and the relevant NSPT Unitholder resulting from acceptance or deemed acceptance of the cash-out option (**Contract**) will not occur until SaleCo has entered into a binding contract under the Cash-Out Facility Offer with respect to the Stapled Securities to which the Contract relates, and the Contract will be rescinded if SaleCo has not entered into a binding contract under an application for the Stapled Securities pursuant to the Cash-Out Facility Offer to which the Contract relates within 8 weeks after the NSPT Unitholder Meeting.

The maximum number of Stapled Securities which SaleCo could potentially hold pursuant to the Cash-Out Facility is detailed in Section 1 of this Offer Document.

9.15.3 Cash-Out Facility Price

As noted above, the price paid to NSPT Unitholders who elect to cash-out and to Ineligible Foreign Securityholders will be the Cash-Out Facility Price which is the greater of the Offer Price (ie \$0.98 per Stapled Security) and the final price per Stapled Security determined by the Cash-Out Facility Bookbuild, described in further detail in Sections 9.7.2 and 9.7.3.

The Cash-Out Facility Price will be paid to the relevant NSPT Unitholders following the transfer of the Existing Stapled Securities by SaleCo under the Cash-Out Facility Offer. This consideration is currently scheduled to be paid on or about 20 December 2013, however this date is subject to change.

Eligible NSPT Unitholders and Ineligible Foreign Securityholders will not be charged fees for the services provided by SaleCo under the Cash-Out Facility.



10. INDEPENDENT LIMITED ASSURANCE REPORT





Ernst & Young Transaction Advisory
Services Limited
111 Eagle Street
Brisbane QLD 4000 Australia
GPO Box 7878 Brisbane QLD 4001

Tel: +61 7 3011 3333
Fax: +61 7 3011 3100
ey.com/au

19 November 2013

The Board of Directors
National Storage Holdings Limited, NS Saleco Pty Ltd and
The Trust Company (RE Services) Limited
10 Felix Street
Brisbane, QLD, Australia 4000

Dear Directors

PART 1 – INDEPENDENT LIMITED ASSURANCE REPORT ON PRO FORMA HISTORICAL FINANCIAL INFORMATION AND FORECAST FINANCIAL INFORMATION

1. Introduction

We have been engaged by National Storage (Operations) Pty Ltd (“NSO”) to report on the pro forma consolidated historical financial information and pro forma consolidated forecast financial information of the National Storage stapled structure which includes National Storage Pty Ltd and its subsidiaries (“NS Group”), APN National Storage Property Trust and Strategic Storage Consulting Pty Ltd (“SSC”) (collectively referred to as the “National Storage REIT”) for inclusion in the combined prospectus and product disclosure statement (“Offer Document”) to be dated on or about 19 November 2013, in respect of the listing of National Storage REIT stapled securities on the Australian Securities Exchange (“ASX”) (the “Offer”).

Expressions and terms defined in the Offer Document have the same meaning in this report unless otherwise defined and noted in this report.

The nature of this report is such that it can only be issued by an entity which holds an Australian Financial Services Licence under the *Corporations Act 2001*. Ernst & Young Transaction Advisory Services Limited (“Ernst & Young Transaction Advisory Services”) holds an appropriate Australian Financial Services Licence (AFS Licence Number 240585). Angus Blackwood is a Director and Representative of Ernst & Young Transaction Advisory Services. We have included our Financial Services Guide as Part 2 of this report.

2. Scope

Pro Forma Historical Financial Information

You have requested Ernst & Young Transaction Advisory Services to review the following pro forma consolidated historical financial information included in the Offer Document:

- the pro forma consolidated historical balance sheet as at 30 June 2013 disclosed in Section 7.4.1 of the Offer Document, which assumes completion of the proposed transactions (the “Pro forma Transactions”) outlined in Section 7.1.1.

(Hereafter the “Pro Forma Historical Financial Information”).

The Pro Forma Historical Financial Information has been derived from the audited financial statements of NS Group, APN National Storage Property Trust and the unaudited accounts of SSC, after adjusting for the effects of the Pro Forma Transactions described in Section 7.1.1 of the Offer Document. The stated basis of preparation is the recognition and measurement principles contained in Australian Accounting Standards applied to the Pro Forma Historical Financial Information and the events or



transactions to which the Pro Forma Transactions relate, as described in Section 7.1.1 of the Offer Document, as if those transactions had occurred as at 30 June 2013. Due to its nature, the Pro Forma Historical Financial Information does not represent the company's actual or prospective financial position.

Forecast Financial Information

You have requested Ernst & Young Transaction Advisory Services to review the following consolidated forecast financial information included in the Offer Document:

- consolidated forecast income statements of National Storage REIT for the period from 1 December 2013 ("Allotment") to 31 December 2013 and for the six month periods ending 30 June 2014 and 31 December 2014 as disclosed in Section 7.3.1 of the Offer Document; and
- consolidated forecast income statement of National Storage REIT for the 12 month period ending 31 December 2014 which aggregates the income statements of the six month periods ending 30 June 2014 and 31 December 2014 as disclosed in Section 7.3.1 of the Offer Document.

(Hereafter the "Forecast Financial Information").

(Collectively, the "Financial Information").

The Directors' best-estimate assumptions underlying the Forecast Financial Information are set out in Section 7.5 of the Offer Document. The stated basis of preparation used in the preparation of the Forecast Financial Information as disclosed in Section 7.2.1 and Section 7.2.2 of the Offer Document is the recognition and measurement principles contained in Australian Accounting Standards and the entity's adopted accounting policies.

3. Directors' Responsibility

Pro Forma Historical Financial Information

The Directors of National Storage REIT are responsible for the preparation and presentation of the Pro Forma Historical Financial Information, including the selection and determination of the Pro Forma Transactions included in the Pro Forma Historical Financial Information. This includes responsibility for such internal controls as the Directors determine are necessary to enable the preparation of Pro Forma Historical Financial Information that are free from material misstatement, whether due to fraud or error.

Forecast Financial Information

The Directors of National Storage REIT are responsible for the preparation and presentation of the Forecast Financial Information from Allotment to 31 December 2013, the six month periods ending 30 June 2014 and 31 December 2014 and the twelve month period ending 31 December 2014, including the best-estimate assumptions underlying the Forecast Financial Information. This includes responsibility for such internal controls as the Directors determine are necessary to enable the preparation of Forecast Financial Information that is free from material misstatement, whether due to fraud or error.

4. Our Responsibility

Pro Forma Historical Financial Information

Our responsibility is to express limited assurance conclusions on the Pro Forma Historical Financial Information based on the procedures performed and the evidence we have obtained. We have conducted our engagement in accordance with the Standard on Assurance Engagements ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*.



A limited assurance engagement consists of making enquiries, primarily of persons responsible for financial and accounting matters and applying analytical and other limited assurance procedures. It is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain reasonable assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Forecast Financial Information

Our responsibility is to express limited assurance conclusions on the Forecast Financial Information, the best-estimate assumptions underlying the Forecast Financial Information, and the reasonableness of the forecast itself, based on our review. We have conducted our engagement in accordance with the Standard on Assurance Engagements ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*.

Our limited assurance procedures consisted of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other limited assurance procedures. A limited assurance engagement is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain reasonable assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express an audit opinion.

Our engagement did not involve updating or re-issuing any previously issued audit or limited assurance report on any financial information used as a source of the Financial Information.

5. Conclusions

Pro Forma Historical Financial Information

Based on our limited assurance engagement, which is not an audit, nothing has come to our attention that causes us to believe that the Pro Forma Historical Financial Information, as described in Section 7.4.1 of the Offer Document, and comprising:

- the pro forma consolidated historical balance sheet as at 30 June 2013, which assumes completion of the Pro forma Transactions disclosed in the Offer Document

is not prepared or presented fairly, in all material respects, in accordance with the recognition and measurement principles of the Australian Accounting Standards and adopted accounting policies of the National Storage REIT entities, and the stated basis of preparation as outlined in Section 7.2 of the Offer Document.

Forecast Financial Information

Based on our limited assurance engagement, which is not an audit, nothing has come to our attention that causes us to believe that:

- the Directors' best-estimate assumptions outlined in Section 7.5 and used in the preparation of the pro forma consolidated forecast income statement of National Storage REIT from Allotment to 31 December 2013, the six month periods ending 30 June 2014 and 31 December 2014 and the twelve month period ending 31 December 2014 do not provide reasonable grounds for the Forecast Financial Information; and
- in all material respects, the Forecast Financial Information disclosed in Section 7.3.1 of the Offer Document:
 - is not prepared on the basis of the Directors' best estimate assumptions as described in Section 7.5 of the Offer Document; and



- is not presented fairly in accordance with the stated basis of preparation, being the recognition and measurement principles contained in the Australian Accounting Standards and the adopted accounting policies of National Storage REIT entities; and
- the Forecast Financial Information itself is unreasonable.

The Forecast Financial Information has been prepared by management and adopted by the Directors in order to provide prospective investors with a guide to the potential financial performance of National Storage REIT from Allotment to 31 December 2013, the six month periods ending 30 June 2014 and 31 December 2014 and the twelve month period ending 31 December 2014. There is a considerable degree of subjective judgement involved in preparing forecasts since they relate to events that have not yet occurred and may not occur. Actual results are likely to be different from the Forecast Financial Information since anticipated events or transactions frequently do not occur as expected and the variation may be material. The Directors' best-estimate assumptions on which the Forecast Financial Information is based relate to future events that management expect to occur and actions that management expect to take and are also subject to uncertainties and contingencies, which are often outside the control of National Storage REIT. Evidence may be available to support the Directors' best-estimate assumptions on which the Forecast Financial Information is based however such evidence is generally future-oriented and therefore speculative in nature. We are therefore not in a position to express a reasonable assurance conclusion on those best-estimate assumptions, and accordingly, provide a lesser level of assurance on the reasonableness of the Directors' best-estimate assumptions. The limited assurance conclusion expressed in this report has been formed on the above basis.

Prospective investors should be aware of the material risks and uncertainties in relation to an investment in National Storage REIT, which are detailed in the Offer Document and the inherent uncertainty relating to the Forecast Financial Information, as identified, in part, above. Accordingly, prospective investors should have regard to the investment risks and sensitivities as described in Section 8 and Section 7.7 of the Offer Document respectively. The sensitivity analysis described in Section 7.7 of the Offer Document demonstrates the impact on the Forecast Financial Information of changes in key best-estimate assumptions. We express no opinion as to whether the forecast will be achieved.

The Forecast Financial Information has been prepared by the Directors for the purpose of providing prospective investors with a guide to the potential financial performance of National Storage REIT from Allotment to 31 December 2013, the six month periods ending 30 June 2014 and 31 December 2014 and the twelve month period ending 31 December 2014. We disclaim any assumption of responsibility for any reliance on this report, or on the Forecast Financial Information to which it relates, for any purpose other than that for which it was prepared. We have assumed, and relied on representations from certain members of management of the National Storage REIT entities, that all material information concerning the prospects and proposed operations of National Storage REIT has been disclosed to us and that the information provided to us for the purpose of our work is true, complete and accurate in all respects. We have no reason to believe that those representations are false.

6. Restriction on Use

Without modifying our conclusions, we draw attention to Section 7.1 of the Offer Document, which describes the purpose of the Financial Information, being for inclusion in the Offer Document. As a result, the Financial Information may not be suitable for use for another purpose.

7. Consent

Ernst & Young Transaction Advisory Services has consented to the inclusion of this assurance report in the Offer Document in the form and context in which it is included.

A member firm of Ernst & Young Global Limited
Ernst & Young Transaction Advisory Services Limited, ABN 87 003 599 844
Australian Financial Services Licence No. 240585



8. Independence or Disclosure of Interest

Ernst & Young Transaction Advisory Services does not have any interests in the outcome of this proposed listing of National Storage REIT securities on the ASX other than in the preparation of this report for which normal professional fees will be received.

Yours faithfully
Ernst & Young Transaction Advisory Services Limited

A handwritten signature in black ink, appearing to read 'Angus Blackwood', with a period at the end.

Angus Blackwood
Director and Representative



Ernst & Young Transaction Advisory
Services Limited
111 Eagle Street
Brisbane QLD 4000 Australia
GPO Box 7878 Brisbane QLD 4001

Tel: +61 7 3011 3333
Fax: +61 7 3011 3100
ey.com/au

19 November 2013

**THIS FINANCIAL SERVICES GUIDE FORMS PART OF THE
INDEPENDENT LIMITED ASSURANCE REPORT**

PART 2 – FINANCIAL SERVICES GUIDE

1. Ernst & Young Transaction Advisory Services

Ernst & Young Transaction Advisory Services Limited (“Ernst & Young Transaction Advisory Services” or “we,” or “us” or “our”) has been engaged to provide general financial product advice in the form of an Independent Limited Assurance Report (“Report”) in connection with a financial product of another person. The Report is to be included in documentation being sent to you by that person.

2. Financial Services Guide

This Financial Services Guide (“FSG”) provides important information to help retail clients make a decision as to their use of the general financial product advice in a Report, information about us, the financial services we offer, our dispute resolution process and how we are remunerated.

3. Financial services we offer

We hold an Australian Financial Services Licence which authorises us to provide the following services:

- financial product advice in relation to securities, derivatives, general insurance, life insurance, managed investments, superannuation, and government debentures, stocks and bonds; and
- arranging to deal in securities.

4. General financial product advice

In our Report we provide general financial product advice. The advice in a Report does not take into account your personal objectives, financial situation or needs.

You should consider the appropriateness of a Report having regard to your own objectives, financial situation and needs before you act on the advice in a Report. Where the advice relates to the acquisition or possible acquisition of a financial product, you should also obtain an offer document relating to the financial product and consider that document before making any decision about whether to acquire the financial product.

We have been engaged to issue a Report in connection with a financial product of another person. Our Report will include a description of the circumstances of our engagement and identify the person who has engaged us. Although you have not engaged us directly, a copy of the Report will be provided to you as a retail client because of your connection to the matters on which we have been engaged to report.



5. Remuneration for our services

We charge fees for providing Reports. These fees have been agreed with, and will be paid by, the person who engaged us to provide a Report. Our fees for Reports are based on a time cost or fixed fee basis. Our directors and employees providing financial services receive an annual salary, a performance bonus or profit share depending on their level of seniority. The estimated fee for this Report is \$30,000 (exclusive of GST).

Ernst & Young Transaction Advisory Services is ultimately owned by Ernst & Young, which is a professional advisory and accounting practice. Ernst & Young may provide professional services, including audit, tax and financial advisory services, to the person who engaged us and receive fees for those services.

Except for the fees and benefits referred to above, Ernst & Young Transaction Advisory Services, including any of its directors, employees or associated entities should not receive any fees or other benefits, directly or indirectly, for or in connection with the provision of a Report.

6. Associations with product issuers

Ernst & Young Transaction Advisory Services and any of its associated entities may at any time provide professional services to financial product issuers in the ordinary course of business.

7. Responsibility

The liability of Ernst & Young Transaction Advisory Services is limited to the contents of this Financial Services Guide and the Report.

8. Complaints process

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial services. All complaints must be in writing and addressed to the AFS Compliance Manager or the Chief Complaints Officer and sent to the address below. We will make every effort to resolve a complaint within 30 days of receiving the complaint. If the complaint has not been satisfactorily dealt with, the complaint can be referred to the Financial Ombudsman Service Limited.

9. Compensation Arrangements

The Company and its related entities hold Professional Indemnity insurance for the purpose of compensation should this become relevant. Representatives who have left the Company's employment are covered by our insurances in respect of events occurring during their employment. These arrangements and the level of cover held by the Company satisfy the requirements of section 912B of the Corporations Act 2001.

<p>Contacting Ernst & Young Transaction Advisory Services</p> <p>AFS Compliance Manager Ernst & Young 680 George Street Sydney NSW 2000</p> <p>Telephone: (02) 9248 5555</p>	<p>Contacting the Independent Dispute Resolution Scheme:</p> <p>Financial Ombudsman Service Limited PO Box 3 Melbourne VIC 3001 Telephone: 1300 78 08 08</p>
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This Financial Services Guide has been issued in accordance with ASIC Class Order CO 04/1572.



11. VALUATION REPORTS

2835/R&AP



1 September 2013

The Directors
National Storage Holdings Limited
Level 1, 10 Felix Street
Brisbane, Queensland, 4000

The Directors
The Trust Company (RE Services) Limited
as responsible entity for of the APN-National
Storage Property Trust
c/o National Storage Holdings Limited
Level 1, 10 Felix Street
Brisbane, Queensland, 4000

Dear Sirs

RE: VALUATION OF 'NATIONAL STORAGE PORTFOLIO'

We have been instructed by the directors of National Storage Holdings Limited to assess the market value of the 'National Storage Portfolio' at 1 September 2013, for the following purposes:

- For 'first mortgage security purposes' for reliance upon by National Australia Bank as mortgagee.
- To support a proposal for the merging of the freehold assets of the APN-National Storage Property Trust and the businesses owned by National Storage (Operations) Pty Ltd in order to establish an Initial Public Offering and listing as an A-REIT. The valuation may therefore be relied upon by the board of APN Funds Management in order to make a recommendation to unitholders to approve this proposed transaction.

Further to the above, in relation to the proposed transaction, the valuation may be relied upon by: National Storage (Operations) Pty Ltd and its directors and officers; National Australia Bank (or any other potential lender) as financier; Trust unitholders; any underwriter or investor in the trust; and members of the Due Diligence Committee for the capital raising and the unitholder vote.

RELIANCE ON THIS LETTER

This letter has been prepared for inclusion within a Public Disclosure Statement and is provided as a summary only. It does not contain all the necessary data, nor summarise all investigations necessarily undertaken in order to arrive at the value portfolio. No part of this valuation, or any reference to it, may be included in any document, reproduced, or published in any way without written approval of the form and context in which it is to appear.

m3property (Qld) Pty Ltd
Address Level 2
15 James Street
Fortitude Valley Qld 4006
Mail PO Box 2246
Fortitude Valley BC Qld 4006
Telephone 07 3620 7900
Facsimile 07 3620 7900
www.m3property.com.au



It should be noted that we have not prepared full reports for any facility, excepting 'Spare Room Self Storage', 7-9 & 11 Lancelely Place, Artarmon, New South Wales. We have, however, undertaken all investigations normally undertaken in the course of preparing a complete valuation report.

SUMMARY OF PORTFOLIO AND INTERESTS VALUED

The portfolio encompasses the following properties:

- **'APN-National Storage Property Trust' (27 facilities)**
 - 'Box Hill', 53-55 & 54-56 Lexton Road, Box Hill, Victoria.
 - 'Breakwater', 1 Haworth Court, Breakwater, Victoria.
 - 'Brooklyn', 698 Geelong Road, Brooklyn, Victoria.
 - 'Brunswick', 60 Dawson Road, Brunswick, Victoria.
 - 'Croydon', 3-9 Lusher Road, Croydon, Victoria.
 - 'Kilsyth', 46 Orchard Street, Kilsyth, Victoria.
 - 'Moolap', 415 Portarlington Road, Moolap, Victoria.
 - 'North Melbourne', 270 Macaulay Road, North Melbourne, Victoria.
 - 'Northcote', 582 High Street, Thornbury, Victoria.
 - 'Port Melbourne', 2 Salmon Street, Port Melbourne, Victoria.
 - 'Pahran', 118 Union Street, Windsor, Victoria.
 - 'Sunbury', 162 Evans Street, Sunbury, Victoria.
 - 'Aspley', 80 Albany Creek Road, Aspley, Queensland.
 - 'Capalaba', 21 Moreton Bay Road, Capalaba, Queensland.
 - 'Coorparoo', 469 Old Cleveland Road, Camp Hill, Queensland.
 - 'Kedron', 624 Rode Road, Chermside, Queensland.
 - 'Macgregor', 631 Mains Road, Macgregor, Queensland.
 - 'Springwood', 3419 Pacific Highway, Slacks Creek, Queensland.
 - 'Virginia', 2091 Sandgate Road, Virginia, Queensland.
 - 'Cheltenham', 871 Port Road, Cheltenham, South Australia.
 - 'Hindmarsh', Corner Adam and Holden streets, Hindmarsh, South Australia.
 - 'Klemzig', 53 O G Road, Klemzig, South Australia.
 - 'Marion', 310 Sturt Road, Mitchell Park, South Australia.
 - 'Reynella', 141 Old South Road, Old Reynella, South Australia.
 - 'Canning Vale', 116-188 Bannister Road & 6 Martin Place, Canning Vale, Western Australia.
 - 'Cockburn', 69 Shallcross Street & 3 Dobra Road, Yangebup, Western Australia.
 - 'Bayswater', 197 Beechboro Road, Embleton, Western Australia.



- **Leasehold (nine facilities)**
 - 'Guildford', Unit 11, 46 James Street, Guildford, Western Australia.
 - 'Perth', 291 Pier Street, Perth, Western Australia.
 - 'Rockingham', 13 Cort Way, Rockingham, Western Australia.
 - 'Subiaco', 1 Harborne Street, Subiaco, Western Australia.
 - 'Brisbane City', 11 May Street, Brisbane, Queensland.
 - 'Indooroopilly', 34 Coonan Street, Indooroopilly, Queensland.
 - 'Mt Gravatt', 583 Kessels Road, Macgregor, Queensland.
 - 'Belfield', Cnr Punchbowl & Benaroon roads, Belfield, New South Wales.
 - 'Tweed Heads', 10 Corporation Circuit, Tweed Heads South, New South Wales.
- **'Spare Room Self Storage', 7-9 & 11 Lanceley Place, Artarmon, New South Wales.**

The interest being valued within each facility comprising the portfolio is as follows:

- 'APN-National Storage Property Trust' component – unencumbered fee simple and operating assets, assuming extinguishment of the lease to National Storage (Operations) Pty Ltd and operation of each facility as a going concern self-storage business.
- 'Leasehold' component – leasehold interest and all operating assets.
- 'Spare Room Self Storage' – unencumbered fee simple and operating assets, assuming operation of the facility as a going concern self-storage business.

Each assessment assumes that all necessary plant, furniture and equipment necessary for the continued proper and efficient operation of each facility will be provided and that all items, including fixtures and fittings, are functional and in a good workable state

MARKET COMMENTARY

There has been a limited volume of self-storage sales since 2009, with the majority which have transpired occurring within the sub-\$3,000,000 price bracket. There is, however, sufficient evidence within the self-storage and broader investment markets to suggest a stabilisation of yields since their rapid compression and subsequent decompression through the mid- to late-2000s, and a marginal tightening of yields within the sub-\$3,000,000 price bracket.

The sales evince a narrow range between prime and secondary yields of approximately 100 basis points. This spread is expected to remain relatively constant over the short term, with the prime driver of value growth being related to storage rental growth. Values have, however, generally remained stable throughout this period due to revenue growth offsetting any yield softening. This has been, and will continue to be, dependent on a facility's catchment and management's ability to find a suitable pricing equilibrium. This is considered the predominant risk to value in the short term.



VALUATION SUMMARY

The market value of the portfolio has been assessed through the undertaking of discrete calculations for each facility comprising the portfolio, with the resultant data forming the basis of a further calculation to reflect the value of the portfolio as a whole.

The ultimate portfolio value has been calculated through the capitalisation of the total passing and potential income utilising the weighted average capitalisation rate derived from the individual values, to which a 'portfolio premium' of 0.25% has been applied. This is considered appropriate as the portfolio is known to the market as a portfolio and would be perceived as such by a prospective purchaser.

A summary of the calculation framework is as follows.

	Calculation
Assessed Net Annual Passing Income	\$22,269,378
Additional Potential Income at Sustainable Occupancy	\$5,644,205
Total Passing and Potential Income	\$27,913,583
Weighted Average Capitalisation Rate (with portfolio premium applied)	9.73%
Assessed Core Value	\$286,937,935
Below-the-line Adjustments	- \$8,753,736
Assessed Value as Calculated	\$278,184,199
Adopted Market Value	\$278,000,000

The value of the portfolio reflects the following:

- Size and quality of the assets comprising the portfolio relative to the broader market.
- Geographic diversity of the portfolio across Australia with a marked concentration in capital city and metropolitan locations, including a strong presence within the emerging Perth market. There is, however, a relative lack of presence within Sydney which may be perceived as a detriment by prospective international investors, however this is offset to an extent by the recent acquisition of the former 'Spare Room Self Storage', Artarmon, facility.
- The economies of scale derivable from a portfolio of this size, in particular that resultant from the advertising, insurance, and administration aspects of the business. There are, however additional costs also incurred, such as payroll and increased land tax liabilities.
- Customer recognition and goodwill associated with the 'National Storage' branding.
- Cognisant of the preceding points, the attractiveness of the portfolio to large prospective institutional investors, both national and international, seeking to acquire an established portfolio with national coverage or to augment an existing portfolio.



Regards,

Ross Perkins FAPI MAICD
 Certified Practising Valuer
 Registration No 1660
 Licensed Valuer 44571 (WA)
 Registered Valuer VAL 025477 (NSW)
 Managing Director – m3property (Qld)

Aaron Perkins BAppSc (PropEc)
 Certified Practising Valuer
 Registration No 3435 (Qld)

This valuation is for the private and confidential use only of the instructing party for the specific purposes for which it has been requested. No third party is entitled to use or rely upon this report in any way and neither the valuer nor m3property (Qld) Pty Ltd shall have any liability to any third party who does.

This valuation is current as at the date of valuation only. The value assessed herein may change significantly and unexpectedly over a relatively short period of time (including as a result of general market movements and factors specific to the particular property). We do not accept responsibility or liability for losses arising from such subsequent changes in value. Without limiting the generality of the above comment, we do not assume responsibility or accept liability where the valuation is relied upon after the expiration of three months from the date of valuation or such earlier date if you become aware of any factors that have an effect on the valuation.

We have relied upon the following financial and other information submitted by Mr Thomas Rice, Chief Financial Officer, and Mr Peter Greer, Director, of National Storage:

- Occupancy levels and storage income derived from SiteLink 'Occupancy Statistics' reports as at 30 June 2013.
- Wine Ark occupancy and income, ancillary and other income, and expenses based on profit and loss statements for the 2012/13 financial year and budgeted for 2013/14 financial year to date.
- Occupancy history derived from historical profit and loss statements.

Where possible, within the scope of our retainer and limited to our expertise as valuers, we have reviewed this information including by analysis against industry standards. Based upon that review, we have no reason to believe that the information is not fair and reasonable or that material facts have been withheld. However, our enquiries are necessarily limited by the nature of our role and we do not warrant that we have identified or verified all of the matters which a full audit, extensive examination or due diligence investigation might disclose. For the purpose of our valuation assessment, we have assumed that this information is correct.

This valuation is prepared on the assumption that the lender as referred to in the valuation report (and no other), may rely on the valuation for mortgage finance purposes and the lender has complied with its own lending guidelines as well as prudent finance industry lending practices, and has considered all prudent aspects of credit risks for any potential borrower, including the borrower's ability to service and repay any mortgage loan. Further, the valuation is prepared on the assumption that any such lender is providing mortgage financing at a conservative and prudent loan to value ratio. This clause (Prudent Lenders Clause) only applies if the lender is not a lender regulated by the Banking Act of 1959. Liability limited by a scheme approved under Professional Standards Legislation.



14 November 2013

Crowe Horwath Corporate Finance
(Aust) Ltd
ABN 95 001 508 363 AFSL No.
239170
Member Crowe Horwath International
Level 16 120 Edward Street
Brisbane QLD 4000 Australia
Tel +61 7 3233 3555
Fax +61 7 3233 3567
www.crowehorwath.com.au

The Directors
National Storage Holdings Limited
Level 1, 10 Felix St
BRISBANE QLD 4000

The Directors
The Responsible Entity for the
APN National Storage Property Trust
Level 1, 10 Felix St
BRISBANE QLD 4000

Dear Sirs

Valuation Summary Letter - Strategic Storage Consulting Pty Ltd

Background & Purpose of the Report

In July 2013 Crowe Horwath Corporate Finance (Aust) Ltd (**Crowe Horwath**) was advised by National Storage (Operations) Pty Ltd (**National Storage Operations**) that it was considering a listing on the ASX. Crowe Horwath was engaged to provide a valuation report (**the Report**) of the business within Strategic Storage Consulting Pty Ltd (**SSC business**). The SSC business provides corporate office and management functions to the storage operations of the National Storage Group.

The valuation was conducted in accordance with APES 225 (valuation service) as issued by the Accounting Professional and Ethical Standards board (APESB).

The valuation was prepared for the purposes of providing National Storage Operations with internal support for the valuation of the SSC business which is to be rolled into the listed entity.

Summary of the Report Findings

Crowe Horwath calculated the enterprise value of the SSC business on a going concern basis at 30 June 2013. A summary of Crowe Horwath's conclusion contained in the Report is provided below:

	Low Value (AUD)	Mid Value (AUD)	High Value (AUD)
FME	\$898,000	\$898,000	\$898,000
EBITDA Multiple (x)	6.5x	7.0x	7.5x
SSC business - enterprise value	\$5,838,000	\$6,287,000	\$6,736,000

Source: Crowe Horwath Analysis
Note: Table includes rounding



Reliance on the Report and this Letter

In July 2013 National Storage Operations appointed Crowe Horwath to prepare an independent valuation for internal support for the valuation of the SSC business. The Report was commissioned to provide general valuation advice to National Storage Operations, not personal financial product advice, because the advice was prepared without taking into account individual personal objectives, financial situation or needs of the shareholders of National Storage Operations. Accordingly, Crowe Horwath has considered the valuation of the SSC business generally and has not taken into account the objectives, financial situation or needs of the shareholders of National Storage Operations, nor the prospective investors who are considering investing in the National Storage REIT.

Due to particular circumstances, individual investors may place different emphasis on various aspects of the valuation of the SSC business from the one adopted in the Report that is summarised in this Letter. An individual prospective investor's decision in relation to an investment in the National Storage REIT may be influenced by his or her particular circumstances. Accordingly individual prospective investor's should have regard to their objectives, financial situation and needs. To be clear, Crowe Horwath is not providing advice to individual prospective investor's regarding the value of the SSC business nor whether to accept the offer of investing in the National Storage REIT and the valuation performed for National Storage Operations is not to be relied on by individual prospective investor's.

Crowe Horwath expressly disclaims any liability to any person or party who relies or purports to rely on the Report or this Letter for any purpose other than for National Storage Operations internal management purposes. The Report and this Letter has been prepared by Crowe Horwath with care and diligence, statements and opinions given in good faith and in the belief on reasonable grounds that such statements and opinions are correct and not misleading. However, no responsibility is accepted by Crowe Horwath or any of its officers or employees for errors or omissions arising in the preparation of the Report or this Letter, provided that this shall not absolve Crowe Horwath from liability arising from an opinion expressed recklessly or in bad faith.

Assumed Economic Market and Other Conditions

The Report included assumptions and opinions based on economic, financial market and other conditions prevailing at the time of its preparation. Accordingly, if circumstances changed significantly subsequent to the issue of the Report, Crowe Horwath's conclusions and opinions may be impacted. There will be no requirement for Crowe Horwath to update the Report for information that may become available subsequent to its date of the Report's issue.

Reliance on Information

When preparing the Report, Crowe Horwath relied on financial and non-financial information primarily provided by National Storage Operations which Crowe Horwath have used and relied on for the purposes of Crowe Horwath's analysis. Crowe Horwath have considered and relied upon this information and have no reason to believe that any material facts have been withheld.



Declarations

Crowe Horwath note that Crowe Horwath (Aust) Pty Ltd, a related entity of Crowe Horwath, has previously performed and currently performs business advisory services for National Storage Operations and its related entities. Crowe Horwath note that that no Principal or employee of Crowe Horwath (Aust) Pty Ltd engaged in the provision of those services were involved in the preparation of the Report. Crowe Horwath does not believe this relationship impacted the ability to provide an independent opinion in relation to the valuation opinion contained in the Report.

Crowe Horwath does not have at the date of this Letter nor has had any shareholding in or other relationship with National Storage Operations or its related entities that could reasonably be regarded as capable of affecting its ability to provide an unbiased opinion in relation to the valuation opinion contained in the Report.

Advance drafts of the Report were provided to National Storage Operations management. Certain changes were made to the Report as a result of the circulation of the draft Report. There was no alteration to the methodology, valuation or conclusions as a result of issuing the draft.

Consents

Crowe Horwath consents to the issuing of this Letter in the form and context in which it is to be included in the Offer Document. Neither the whole nor any part of the Report, this Letter nor any reference thereto may be included in any other document without the prior written consent of Crowe Horwath as to the form and context in which it appears.

Qualifications

Crowe Horwath provides corporate finance services including the preparation of company and business valuations and the provision of independent advice and expert reports concerning mergers and acquisitions, takeovers and capital reconstructions.

The executive responsible for preparing the Report and this Letter on behalf of Crowe Horwath is Mr Harley Mitchell B.Com, CA. Mr Mitchell has significant experience in relevant corporate advisory matters. He is a representative in accordance with Australian Financial Services Licence No. 239170 held by Crowe Horwath under the Corporations Act.

Other Matters

Should you have any queries please contact Harley Mitchell on 07 3233 3501.

Yours sincerely
 Crowe Horwath Corporate Finance (Aust) Ltd
 ABN 95 001 508 363
 AFSL 239170

Crowe Horwath Corporate Finance (Aust) Ltd is a member of Crowe Horwath International, a Swiss verein. Each member of Crowe Horwath is a separate and independent legal entity.

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23 October 2013

Savills Valuations Pty Ltd
 ABN 73 151 048 056
 arowse@savills.com.au
 8237 5034

Mr Andrew Catsoulis
 Australian Storage Developments Pty Ltd
 GPO Box 3239
 BRISBANE QLD 4001

Level 2, 50 Hindmarsh Square
 Adelaide SA 5000
 T: +61 (0) 8 8237 5000
 F: 8237 5099
 savills.com.au

Ref: 505676ARO

Dear Andrew

Re: Valuation of 961-963 Marion Road, Mitchell Park, South Australia

Instructions

We refer to instructions received from Mr Andrew Catsoulis of Australian Storage Developments to prepare a valuation of 961-963 Marion Road, Mitchell Park. We have prepared a comprehensive valuation report dated 16 September 2013. The valuations were undertaken on the basis of Freehold title, subject to existing tenancies, rental guarantees. The following is a summary of the valuation report prepared.

Valuation Date

16 September 2013

General Assumptions

- We have relied upon rental information provided by our instructing party, together with Executed lease documents. We have undertaken our valuations on the basis that the information supplied to us is fulsome, current and accurate.

Valuation Methodology and Rationale

Our primary method of valuation has been the capitalisation approach, with consideration also having been given to the Direct Comparison approach to value. A summary of these adopted valuation approaches is provided below.

Capitalisation Approach

The capitalisation approach to value involves the assessment of the current annual market rental value of the property. Our assessment of current annual market rental value has been based on an analysis of comparable rental evidence. The current market rental has then been capitalised at a rate derived from establishing a relationship between rental returns and the sale prices of comparable investment properties.



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Direct Comparison Approach

Under the direct comparison approach we have compared the subject property to the analysis of the identified comparable sales evidence on a \$/m² of gross lettable area basis.

Summary of Values

The assessed Market Value for the property is \$1,700,000.

Liability Disclaimer

Savills has prepared this letter and the full valuation based upon information made available to us at the date of valuation. We believe that this information is accurate and complete, however we have not independently verified all such information. Savills is not providing advice about a financial product, nor the suitability of the investment set out in the PDS. Such an opinion can only be provided by a person who holds an Australian Financial Services Licence. Savills does not, nor do the Valuers, hold an Australian Financial Services Licence and is not operating under such a licence in providing its opinion as to the value of the property detailed in this report.

Savills has prepared this summary for inclusion in the PDS and has only been involved in the preparation of this summary and the valuation referred to therein. Savills specifically disclaim liability to any person in the event of any omission from, or false or misleading statements included in, the PDS, other than in respect of the Valuation and this summary.

This letter has been countersigned to verify the letter is issued by this Company. Any reliance upon this letter should therefore be based upon the actual possession or sighting of an original document duly signed and countersigned in the before-mentioned manner and read in conjunction with our full reports.

This Valuation is current at the date of valuation only. The values assessed herein may change significantly and unexpectedly over a relatively short period of time (including as a result of general market movements or factors specific to the particular property). Liability for losses arising from such subsequent changes in value are excluded as is liability where the valuation is relied upon after the date of the valuation.

We have assessed the market values of the property in accordance with the Market Value definition contained within this letter summary and our full valuation report. In the event that, having regard to current economic conditions, a sale was to occur in circumstances not reflecting that Market Value definition, the price realised may be at a substantial discount to the Market Values assessed.

Savills Valuations Pty Ltd liability is limited by a scheme approved under Professional Standards Legislation.

Pecuniary Interest

We hereby certify that the Valuers and valuation firm does not have any direct, indirect or financial interest in the property or clients described herein that would conflict with the proper valuation of the property.

Savills Valuations Pty Ltd liability is limited by a scheme approved under Professional Standards Legislation.

Yours sincerely


Daniel Robinson
Valuer

Adrian Rowse
Divisional Director



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under Professional Standards Legislation

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Teamwork

We work as a team to deliver outstanding service at every level of our business.

Care

We care about our customers and each other, and strive to deliver a trusting and helpful environment.

Excellence

We strive for excellence in our operations, facilities, and service to our customers and stakeholders across the business.

12. BOARD AND MANAGEMENT

12. Board and management

12.1 Responsible Entity

Subject to the required resolutions being passed at the NSPT Unitholder Meeting, Trust Co RE will become the responsible entity of NSPT prior to Completion. Trust Co RE holds Australian Financial Services Licence number 235150. The responsible entity's powers, rights and liabilities in relation to NSPT are governed by the Corporations Act, the NSPT Constitution and the Compliance Plan. Under the Corporations Act and the NSPT constitution, on its appointment as responsible entity of NSPT, Trust Co RE will be required to act in the best interests of NSPT Unitholders. Relief has also been obtained from ASIC to permit Trust Co RE to have regard to the interests of Securityholders as a whole. Trust Co RE has in place a Compliance Committee to oversee the performance of those obligations set out under the Corporations Act (as the majority of its board is not independent) and undertake all other prescribed obligations.

The relationship between Trust Co RE and NSH is governed by the Management Agreement. Under the Management Agreement, NSH is engaged as an independent contractor of Trust Co RE to perform, amongst other things, promotional activities, investment management and various administrative activities in relation to NSPT and National Storage REIT. See Section 15.2.6 for further details regarding the Management Agreement.

The Trustee will be appointed as the Trustee of the NSVPT, NS APAC Trust and NSIT.

Trust Co RE and the Trustee have appointed the Custodian to hold the assets of NSPT. The Custodian will hold the assets of NSPT as directed by Trust Co RE and the Trustee (as appropriate). The Custodian will act only on the instructions of Trust Co RE or the Trustee (as appropriate). The Custodian will be entitled to receive a fee as set out in Table 1 of Section 13.2 in connection with its custody services.

Trust Co RE is ultimately wholly owned by The Trust Company Limited (**The Trust Company**) and acts as responsible entity for numerous registered managed investment schemes. To find out more, visit www.thetrustcompany.com.au, telephone (02) 8295 8100 or write to GPO Box 4270, Sydney NSW 2001.

As at the date of this Offer Document the ultimate holding company of Trust Co RE, The Trust Company Limited, is subject to two competing change of control proposals from Equity Trustees Limited and Perpetual Limited. The Trust Company Limited does not consider that the existence or outcome of those proposals will have any material effect on the arrangements Trust Co RE has entered into in connection with the Offer.

12.2 Board of Directors – National Storage Holdings Limited

The composition of the NSH Board committees and details of its key corporate governance policies are set out in Section 12.6.

Each NSH Director below has confirmed to NSH that he anticipates being available to perform his duties as a non-executive or executive NSH Director as the case may be without constraint from other commitments.

The NSH Directors bring to the NSH Board relevant experience and skills, including industry and business knowledge, financial management and corporate governance experiences.



Laurence Brindle, Independent Chairman

Laurence has extensive experience in funds management, finance and investment.

Until 2009 he held an executive position with Queensland Investment Corporation (**QIC**). During his twenty-one years with QIC he served in various senior positions including Head of Global Real Estate where he was responsible for a portfolio of \$9 billion. Laurence was also a long term member of QIC's Investment Strategy Committee.

Laurence now serves as a director of Westfield Retail Trust, a position held since 2010. He is also currently appointed to provide advice to a number of investment institutions on real estate investment and funds management matters.

Laurence holds a Bachelor of Engineering (Honours) and a Bachelor of Commerce from the University of Queensland, and a Master of Business Administration from Cass Business School, London.

He is a former Chairman of the Shopping Centre Council of Australia.



Andrew Catsoulis, Managing Director

Andrew is a qualified finance, commercial and property lawyer who has worked for major law firms both in Australia and overseas. He is also a qualified project manager with considerable property development experience.

He has over 18 years of specific self-storage industry expertise in areas of acquisition, development, integration and operation of 'greenfield' and developed self-storage centres. Andrew was instrumental in the successful acquisition and integration of the original National Storage Group portfolio.



Anthony Keane, Independent Non-executive Director

Anthony is an experienced finance and business executive with over 30 years background in corporate, institutional, business and retail banking. Anthony was most recently Head of Corporate Banking Queensland for National Australia Bank, responsible for the bank's relationships with large privately owned and public listed companies across a broad range of industries including manufacturing, retail, wholesale, property, professional services, technology, leisure & tourism, transport, mining & associated services.

Anthony has a Bachelor of Science (Mathematics) from University of Adelaide and a Graduate Diploma in Corporate Finance from Swinburne. He is a Fellow of the Financial Services Institute of Australasia, a Graduate of the Australian Institute of Company Directors and a member of the CEO Institute. He is a Director of Queensland Symphony Orchestra Pty Ltd.

Independent non-executive directors

The NSH Board consists of three directors, of whom two are independent non-executive directors. The independent non-executive directors are not affected by any of the following business relationships that could or be reasonably perceived to materially affect the exercise of independent judgment:

- being a substantial Securityholder of the National Storage REIT or an officer of, or otherwise associated directly with a substantial Securityholder of National Storage REIT;
- being employed, or being previously employed in an executive capacity by NSH or another National Storage Group member, and there being a period of less than least three years between ceasing such employment and serving on the NSH Board;
- being a principal of a material professional adviser or a material consultant to NSH or another National Storage Group member, or an employee materially associated with the service provided within the last three years; or
- being a material supplier or customer of National Storage REIT or other member of the stapled group, or an officer of or otherwise associated directly or indirectly with a material supplier or customer who has a material contractual relationship with National Storage REIT or another member of the National Storage REIT other than as a director.

12.3 Board of Directors – Trust Co RE

Information on the composition of the Trust Co RE Board committees and details of corporate governance policies are set out in Section 12.6.

Each Trust Co RE Director below has confirmed to Trust Co RE that he anticipates being available to perform his duties as a non-executive or executive Trust Co RE Director as the case may be.

The Trust Co RE Directors bring to the Trust Co RE Board relevant experience and skills, including industry and business knowledge, financial management and corporate governance experiences.

David Grbin, Director

David Grbin joined The Trust Company as a consultant in February 2008 before being appointed Chief Financial Officer in July 2008. Following a period as CFO and Executive General Manager of Corporate Client Services (Australia and Singapore), in July 2012 David was appointed to Group Executive General Manager, Corporate Client Services to focus solely on our corporate trustee service offering across Australia, New Zealand and Singapore. David is a Director of its Responsible Entity and Superannuation Trustee licensed subsidiaries. With more than 15 years' experience as a CFO for listed companies, David has been responsible for increasing shareholder value and establishing sustainable relationships with key stakeholders in financial and industrial services markets across Asia-Pacific and the United Kingdom. He has held a number of management positions with Adsteam Marine Limited, the Adelaide Steamship Company and has worked as an auditor for Deloitte Touche Tohmatsu. David holds a Bachelor of Economics with Honours from the University of Adelaide and has been a member of the Institute of Chartered Accountants since 1989.

John Atkin, Director

John Atkin is a professional director having spent over 30 years advising and managing leading firms in the financial and legal service sectors in Australasia. He was the Chief Executive Officer of The Trust Company Limited from January 2009 until April 2013 and continues to provide consulting services to The Trust Company on a transitional basis. John was Managing Director of Blake Dawson (now Ashurst Australia) from 2002 until 2008 following a twenty year career at Mallesons Stephen Jaques (now King & Wood Mallesons) in corporate and mergers and acquisitions.

John has been a non-executive Director of Aurizon Holdings Limited since its IPO as QR National in 2010. He is the Chairman of Aurizon Network Pty Limited and a member of Aurizon's Remuneration Nomination and Succession Committee. John is a member of the Financial Sector Advisory Council of the Australian Government and a non-executive director of Outward Bound Australia and the State Library of New South Wales Foundation.

Andrew Cannane, Director

Andrew is responsible for the business development and client relationship activities for The Trust Company's Corporate Client Services across the region. Prior to this, Andrew was the CEO of our Singapore office. Andrew is a Director of our Responsible Entity licensed subsidiaries and was a Singapore Qualified Resident Manager. Andrew has worked in wealth management, financial markets and retail banking in Australia, Singapore and the UK for over 18 years. A graduate of the Australian Graduate School of Management, Andrew holds a Master of Business Administration (Executive), a Bachelor of Economics from Sydney University and is a Fellow of the Financial Services Institute of Australasia (FINSIA). He currently sits on the Asia Pacific Real Estate Association's (APREA) Australian Chapter Board, the Financial Services Council's Global Markets Committee, the Property Council of Australia's (PCA) Unlisted Property Roundtable and the Property Funds Association's Executive Committee.

Rupert Smoker, Alternate Director

Rupert Smoker is responsible for The Trust Company's Corporate & Debt Capital Markets Trustee Services team which provides independent responsible entity and wholesale trustee services to a growing domestic and international client base. Rupert is an alternate Director of its Responsible Entity licensed subsidiaries. He is also responsible for the administration, development and growth of the team and its business. Rupert has overseen substantial growth in The Trust Company's responsible entity business. He has also contributed significantly to its thought leadership around responsible entities, and has written several papers and submissions on regulatory and legislative reforms. Rupert joined The Trust Company from ASIC where he held a variety of roles for over six years. His most recent role was Senior Manager – Investment Managers with a major regulatory function in the Australian investment management industry. Rupert has Bachelor degrees in Law and Commerce, is a solicitor of the Supreme Court of NSW and is a Fellow of FINSIA. He also holds a Graduate Diploma in Applied Finance.

12.4 Management of National Storage Holdings Limited

**Andrew Catsoulis, Managing Director**

See Section 12.2.

**Peter Greer, Chief Operating Officer**

Peter gained his experience over 15 years in the finance industry with one of Australia's largest banking organisations. He developed extensive experience in relation to the self-storage industry, specifically in the financing, operations and development of self-storage centres. Peter then transferred these skills and has exclusively worked in the self-storage industry for the last 15 years with a focus on operations, human resource management, strategic business planning and day-to-day operational management. Peter is a former board member of the Self Storage Association of Australia (SSAA) including a term as the President of this body. Peter is a regular speaker at the national SSAA conference.

**Thomas Rice, Chief Financial Officer**

Thomas is a Chartered Accountant who commenced his career at PwC, and then built on his commercial acumen in subsequent positions in London and Brisbane working for a variety of multi-national, listed and government owned corporations. In addition to a Graduate Diploma of Applied Finance, Thomas holds bachelor degrees in both Commerce and Economics. As Chief Financial Officer for National Storage Group for the past eight years, Thomas is primarily responsible for the financial operations, reporting and transaction support.

**Kristy Rosborough, Legal Counsel**

Kristy graduated with an Arts and Law Degrees BA/LLB in 1999 and worked in private practice until 2006. During this time, she worked on various corporate, commercial, property and finance transactions for property development and bank clients. Kristy joined National Storage in 2006 as Legal Counsel and is responsible for all legal affairs of National Storage. She has been involved in all property and business acquisitions since December 2000 to date.



Patrick Rogers, Company Secretary

Pat holds both legal and accounting qualifications and has practiced as a solicitor for over 15 years in both fields. He has significant experience in corporate, commercial and transactional work having practiced at a number of large Brisbane law firms and at KPMG. Immediately prior to being appointed company secretary, Pat was the general counsel and company secretary of the Super A-Mart Group for over 8 years, including holding the role of CFO for 2 years.

12.5 Interests and benefits

12.5.1 Directors' interests in securities

Andrew Catsoulis is associated with StowAway Self Storage Pty Ltd as trustee for the Catsoulis Family Trust, StowAway Self Storage Pty Ltd as trustee for the Catsoulis Development Trust and Storcat Pty Ltd as trustee for the Andrew Catsoulis Family Trust, who are some of the vendors from whom National Storage REIT will acquire Shares and Units. These vendor entities (ie NS Vendors) will receive scrip and cash in consideration of their interests in the relevant companies and trusts. After Completion of the Offer, these vendor entities (ie NS Vendors) will hold the following Securities:

- StowAway Self Storage Pty Ltd as trustee for the Catsoulis Family Trust – 3,469,388 Shares and 3,469,388 Units;
- StowAway Self Storage Pty Ltd as trustee for the Catsoulis Development Trust – 1,811,224 Share and 1,811,224 Units; and
- Storcat Pty Ltd as trustee for the Andrew Catsoulis Family Trust – 6,173,469 Shares and 6,173,469 Units.

12.5.2 Director Remuneration

NSH has entered into an executive service agreement with Andrew Catsoulis to govern his employment with NSH. Andrew Catsoulis is employed in the position of Managing Director of NSH. Refer to Section 12.5.3 for further details.

The Constitution of NSH, specifies that the amount of the remuneration of the Directors is a yearly sum not exceeding the sum from time to time determined by the Company in general meeting. Under the ASX Listing Rules, the total amount paid to all NSH Directors for their services must not exceed in aggregate in any financial year the amount fixed by NSH's general meeting. This amount has been fixed by NSH at \$600,000. Annual NSH Directors' fees currently agreed to be paid by NSH are \$140,000 to the Chairman, Laurence Brindle, and \$70,000 to Anthony Keane. In addition, the chairman of the Audit and Risk Committee will be paid \$10,000 annually and each member of this committee will be paid \$4,000 annually. The chairman of the Nomination and Remuneration Committee will be paid \$5,000 annually and each member of this committee will be paid \$2,500 annually. All NSH Directors' fees include superannuation at the current statutory rate of the respective amounts.

NSH Directors may also be reimbursed for expenses reasonably incurred in attending to NSH's affairs.

Non-executive NSH Directors may be paid such additional or special remuneration or provided benefits as the NSH Directors decide is appropriate where a Director performs extra or special services, including being a member on additional committees of directors or Chairman or Deputy Chairman. There is no contractual redundancy benefit for NSH Directors, other than statutory superannuation contributions. The interests of Directors and management are set out in this Section 12.5.

12.5.3 Executive Remuneration

NSH has entered into executive service agreements with each of the following key executives:

- Andrew Catsoulis for the position of Managing Director. Mr Catsoulis will be paid an annual salary of \$350,000 (inclusive of statutory superannuation);
- Peter Greer for the position of Chief Operating Officer. Mr Greer will be paid an annual salary of \$320,000 (inclusive of statutory superannuation); and
- Thomas Rice for the position of Chief Financial Officer. Mr Rice will be paid an annual salary of \$230,000 (inclusive of statutory superannuation).

In addition to the annual remuneration, superior performance by the senior management team will be recognized by a combination of short term incentives and long term incentives.

Incentive measures will be benchmarked against a weighted combination of financial and non-financial measures including performance against forecast EBITDAR (30% weighting) and DPU (50% weighting) as well as other measures including executive staff turnover and performance against the A-REIT average (20% combined weighting).

It is also anticipated that within the first year post listing an employee share plan may be developed and implemented by the NSH Board.

Each executive may also be reimbursed for expenses reasonably incurred in attending to NSH and its subsidiaries' affairs. Each executive will also be entitled to additional benefits such as car park, mobile phone, laptop, ipad, corporate credit card, Qantas club membership as well as professional membership fees and the cost of training and development relevant to the executive's role or required for the completion of the executive's role.

The executive service agreements are on substantially similar terms. The agreements do not have a set term but will continue until they are validly terminated. Each agreement

contains termination provisions pursuant to which NSH must give six months' notice of termination (or shorter in a number of circumstances, including in the event of serious or persistent misconduct, material breach, a serious criminal offence or bankruptcy). Each executive must provide six months' notice of termination. NSH may make payment in lieu of service during any termination period. Upon termination of an executive service agreement, each executive will be subject to a restraint of trade period of 12 months.

12.5.4 Deeds of Indemnity, Insurance and Access

NSH has or will enter into deeds of indemnity, insurance and access with the NSH Directors and key NSH officers which contain rights of access to certain books and records of NSH for a period of seven years after the NSH Director or NSH officer ceases to hold office with NSH or any of its subsidiaries. This seven year period can be extended where certain proceedings or investigations commence before the seven year period expires.

Pursuant to the Constitution, NSH may indemnify NSH Directors or officers of NSH (or its subsidiaries), past and present, against liabilities that arise from their position as a director or officer of NSH (or its subsidiaries) as allowed under law. Under the deeds of indemnity, insurance and access, NSH indemnifies each NSH Director and key officers of NSH against all liabilities to another person that may arise from their position as a director or officer of NSH (or its subsidiaries) to the extent permitted by law. The deed stipulates that NSH will meet the full amount of any such liabilities, including reasonable legal costs and expenses.

Pursuant to the Constitution, NSH may arrange and maintain directors' and officers' insurance for NSH Directors, officers and senior managers of NSH (or its subsidiaries) to the extent permitted by law. Under the deed of indemnity, insurance and access, NSH must obtain such insurance during each NSH Director's or NSH's officer's period of office with NSH or any of its subsidiaries and for a period of seven years after a NSH Director or NSH officer ceases to hold office with NSH or any of its subsidiaries. This seven year period can be extended where certain proceedings or investigations commence before the seven year period expires.

NSH has been provided with a back to back indemnity from Trust Co RE (which is limited to Trust Co RE's right of indemnity from the assets of the Trust) for liability incurred pursuant to NSH's indemnity to the NSH Directors, where NSH can not pay the liability out of its own assets.

NSH has also entered into a deed of indemnity with Andrew Catsoulis for liability he may incur in his position as the sole director of SaleCo, as a consequence of the Offer (as referred to in Section 5.9).

12.6 Corporate governance

12.6.1 General

The Corporations Act, ASX Listing Rules, NSH and NSPT Constitutions, Cooperation Deed, Management Agreement and general law regulate the operations of National Storage REIT and the attendant responsibilities of NSH and Trust Co RE.

NSH and Trust Co RE have entered into the Cooperation Deed and Management Agreement. These facilitate common processes and governance for NSH and Trust Co RE relating to the National Storage REIT and govern the relationship between the entities in relation to the Stapled Securities. Details of the Cooperation Deed and Management Agreement are set out in Section 15.2.

12.6.2 National Storage REIT Board

NSH and Trust Co RE will both have their own boards and their own respective corporate governance and compliance obligations under the Corporations Act and the ASX Listing Rules. Each of NSPT and NSH also has its own respective Constitution which sets out the rights and obligations of each respective entity, and the unitholders (in the case of NSPT) and shareholders (in the case of NSH) respectively. If there is any inconsistency between the obligations of either NSH or Trust Co RE under the Cooperation Deed and the Constitution of NSH or NSPT (as relevant), the provisions of the relevant Constitution prevail to the extent of the inconsistency.

The NSH Board recognises the role and importance of good corporate governance and has created a framework for managing National Storage REIT including internal controls and a business risk management process.

The corporate governance framework to be adopted by National Storage REIT is supported by the highly experienced NSH Board and Trust Co RE Board. Both Boards are integral to the determination of appropriate corporate governance arrangements for National Storage REIT and to the continual monitoring of those arrangements.

National Storage REIT will have policies in place to ensure National Storage REIT meets all applicable standards in accordance with the ASX Listing Rules.

The corporate governance framework implemented by NSH on behalf of National Storage REIT is underpinned by the ASX Guidelines. The ASX Listing Rules require listed entities to disclose the extent of their compliance with the ASX Guidelines and to explain why they have not adopted a particular ASX Guideline if they consider it is inappropriate to do so in their particular circumstances. Accordingly, National Storage REIT will be required to report its compliance against the ASX Guidelines in its application for listing and on an ongoing basis in its annual reporting.

12.6.3 Board roles and responsibilities

Under the National Storage REIT Charter, it is the function of the NSH Board to provide overall strategic guidance for National Storage REIT and effective oversight of management. In performing its functions in respect of the National Storage REIT, the NSH Board will endeavour to ensure that the business of the National Storage REIT is effectively managed in accordance with high standards of corporate governance and applicable laws. Some of the key responsibilities of the NSH Board are to:

- (i) set objectives, goals and strategic direction with a view to maximising investor value;
- (ii) approve and monitor progress of major capital expenditure, capital management, acquisitions and divestments;

- (iii) monitor the implementation of the highest business standards and codes of ethical behavior;
- (iv) review, ratify and monitor systems of risk management and internal compliance and control and legal compliance; and
- (v) approve and monitor financial and other reporting.

12.6.4 Compliance plan

NSPT is a registered managed investment scheme and the rights and obligations of Trust Co RE as a responsible entity of NSPT and NSPT Unitholders are governed by the Constitution.

As the responsible entity of NSPT, Trust Co RE must comply with all obligations set out in the Constitution and the Corporations Act. Trust Co RE is also subject to duties including duties to act in the best interests of NSPT Unitholders, act honestly, exercise care and diligence, and treat NSPT Unitholders of the same class equally. In order to ensure compliance with the Constitution and the Corporations Act, Trust Co RE has in place a compliance plan which sets out the measures it will apply in operating NSPT.

Some of the provisions of the Constitution are discussed and summarised in Section 15 of this Offer Document. You can inspect a copy at National Storage's head office at any time between 8:30am and 5:00pm on a business day in Brisbane or request a free copy by contacting NSH or Trust Co RE.

12.6.5 Corporate governance policies

The NSH Board has adopted the following corporate governance policies to be used by the National Storage REIT, each of which has been prepared having regard to the ASX Guidelines and which are available on the National Storage website at: www.nationalstorage.com.au.

I. Code of Conduct

The NSH Board has adopted a Code of Conduct which applies to all National Storage REIT staff and sets out the standards of behavior that National Storage REIT expects from the directors, officers and employees in conducting National Storage REIT's business. The code is underpinned by the following values:

- i. actions must be governed by the highest standards of integrity and fairness;
- ii. decisions must be made in accordance with the spirit and letter of applicable law; and
- iii. National Storage REIT's business must be conducted honestly and ethically, with the NSH Board's best skills and judgment, for the benefit of Securityholders, employees and National Storage REIT.

II. Trading Policy

The NSH Board has adopted a Trading Policy governing the sale of and trading in the securities in National Storage REIT which is designed to maintain investor confidence in the integrity of National Storage REIT's internal controls and procedures and to provide guidance on avoiding any breach of the insider trading laws in Australia. Trust Co RE also has a trading policy which is appropriate having regard to its role as

an external responsible entity of NSPT (i.e. a responsible entity that is not owned or controlled by the National Storage REIT).

III. Continuous Disclosure and Communication Policy

Once listed, National Storage REIT will be subject to the continuous disclosure requirements of the ASX Listing Rules and the Corporations Act. National Storage REIT will be required to disclose to ASX any information concerning National Storage REIT which is not generally available and which, if it was made available, a reasonable person would expect to have a material effect on the price or value of National Storage REIT's securities.

The NSH Board and the Trust Co RE Board are committed to communicating relevant material information about NSPT to Securityholders. Accordingly, the NSH Board has established a Continuous Disclosure Committee to assist National Storage REIT in discharging National Storage REIT's continuous disclosure responsibilities in a timely and efficient manner. The Continuous Disclosure Committee will:

- i. seek to ensure that National Storage REIT complies with its disclosure obligations;
- ii. assess the possible materiality of information which is potentially price sensitive;
- iii. decide what information needs to be disclosed;
- iv. co-ordinate the actual form of disclosure with the relevant members of management where necessary; and
- v. liaise with the appropriate departments to distribute continuous disclosure notices to the ASX, publish notices on NSPT's website at www.nationalstorage.com.au and, where appropriate, disseminate notices directly to Securityholders.

The NSH Board has also adopted a communications policy which sets out the range of methods, forums and publications through which National Storage REIT will fulfill its commitment to communicate information to Securityholders and other stakeholders.

The continuous disclosure and communication policy is available on the National Storage REIT website at www.nationalstorage.com.au.

IV. Diversity

National Storage REIT acknowledges the importance of diversity in contributing to the achievement of National Storage REIT's corporate objectives and is committed to creating and ensuring a diverse work environment in which everyone is treated fairly, with respect and where everyone feels responsible for the reputation and performance of National Storage REIT. For this purpose, the NSH Board has adopted a Diversity Policy which will be utilized by the National Storage REIT for this purpose.

V. Risk management

The NSH Board has adopted a risk management policy and framework which assists National Storage REIT to achieve its objectives through thorough and competent strategic decision making.

Through the risk management policy and framework, National Storage REIT's risk management internal control

system incorporates the guidelines described in the Australian/New Zealand Standard on Risk Management (AS/NZS ISO 31000:2009).

Trust Co RE also has a risk management framework and will cooperate with the NSH Board with the objective of having a consistent approach to risk management across the National Storage REIT.

12.6.6 Board Committees

The NSH Board Charter which is to be adopted allows the NSH Board to delegate powers and responsibilities to committees established by the NSH Board. The NSH Board retains ultimate accountability to Securityholders in discharging its duties to National Storage REIT.

To assist in the execution of its responsibilities, NSH Board has established three committees – a Nomination and Remuneration Committee, an Audit and Risk Committee and an Investment Committee – details of which are set out below. The role, responsibilities and operating procedures of these committees are set out in their respective charters; each of which will be adopted by NSH Board for the governance of the National Storage REIT and is available on the National Storage REIT website. The committee charters have been prepared having regard to the ASX Guidelines.

I. Audit and Risk Committee

The NSH Board has established an Audit and Risk Committee to assist the NSH Board in overseeing the integrity of National Storage REIT's financial reporting, internal financial controls, financial procedures and policies and the independence of external auditors.

The Audit and Risk Committee will report to NSH Board on all matters relevant to the Audit and Risk Committee's role and responsibilities and ensure NSH Board is aware of matters which may significantly impact the financial condition or affairs of National Storage REIT.

The key roles and responsibilities of the Audit and Risk Committee include reviewing:

- i. the financial reporting processes;
- ii. the system of risk management and internal controls; and
- iii. the internal and external audit process.

All members of the Audit and Risk Committee must be non-executive directors, with a majority being independent directors. The chairperson will be an independent director appointed by the NSH Board. The Audit and Risk Committee will meet with external auditors where appropriate from time to time to review the existing external audit arrangements and the scope of the audit.

II. Nomination and Remuneration Committee

The Nomination and Remuneration Committee:

- i. recommends the director nominees for each annual general meeting;
- ii. ensures that committees established by the NSH Board, such as the Audit and Risk Committee, are comprised of qualified and experienced independent directors;

- iii. establishes, amends, reviews and approves the compensation and benefit plans for National Storage REIT's senior management and employees including determining individual elements of total compensation of the Managing Director and other members of senior management; and
- iv. is also responsible for reviewing the performance of National Storage REIT's executive officers with respect to these elements of compensation.

The Nomination and Remuneration Committee currently comprises the full Board of NSH Directors. The chairperson will be an independent non-executive director appointed by the NSH Board.

III. Investment Committee

The NSH Board has established an Investment Committee to assist the NSH Board in reviewing and recommending for approval acquisitions and disposals of self-storage centres or businesses proposed by National Storage REIT's management (**Investment**).

The key roles and responsibilities of the Investment Committee include investment review, investment recommendations and making recommendations to Trust Co RE.

The majority of the members of the Investment Committee must be non-executive directors. The chairperson will be an independent director appointed by NSH's Board.

IV. Trust Co RE Compliance Committee (note this is a Trust Co RE committee, not an NSH Board committee)

The Trust Co RE has established a Compliance Committee. The role of the Compliance Committee in relation to NSPT is to:

- i. to monitor to what extent the responsible entity complies with NSPT's compliance plan and to report on its findings to Trust Co RE; and
- ii. to report to Trust Co RE:
 - (i) any breach of the Corporations Act involving NSPT; or
 - (ii) any breach of the provisions included in NSPT's constitution in accordance with section 601GA of the Corporations Act;

of which the committee becomes aware or that it suspects; and
- iii. to report to ASIC if the committee is of the view that Trust Co RE has not taken, or does not propose to take, appropriate action to deal with a matter reported under paragraph (ii); and
- iv. to assess at regular intervals whether the compliance plan is adequate, to report to Trust Co RE on the assessment and to make recommendations to Trust Co RE about any changes that it considers should be made to the plan.

In carrying out its functions, the Compliance Committee may commission independent legal, accounting or other professional advice or assistance, at the reasonable expense of Trust Co RE.

A majority of the members of the Compliance Committee are independent of Trust Co RE and its related bodies corporate.



13. FEES AND OTHER COSTS

13. Fees and other costs

13.1 Fees and other costs in prescribed form

The Corporations Act requires Trust Co RE as the responsible entity of NSPT to include the following standard consumer advisory warning. The information in the consumer advisory warning is standard across product disclosure statements and is not specific to information on fees and costs in National Storage REIT.

Unless stated otherwise, all fees in this section are inclusive of non-recoverable GST and less a full input tax credit or reduced input tax credit, as applicable. For additional information in relation to the taxation implications of an investment in National Storage REIT, please see Section 14.

13.2 Consumer advisory warning

DID YOU KNOW?

Small differences in both investment performance and fees and costs can have a substantial impact on your long term returns.

For example, total annual fees and costs of 2% of your fund balance rather than 1% could reduce your final returns by up to 20% over a 30 year period (for example, reduce it from \$100,000 to \$80,000).

You should consider whether features such as superior investment performance or the provision of better member services justify higher fees and costs.

You may be able to negotiate to pay lower contribution fees and management costs where applicable. Ask the fund or your financial adviser.

TO FIND OUT MORE

If you would like to find out more, or see the impact of the fees based on your own circumstances, the Australian Securities and Investment Commission (ASIC) website (www.fido.asic.gov.au) has a managed investment fee calculator to help you check out different fee options.

13.3 Fees and other costs

The following table shows fees and other costs that you may be charged. These fees and costs may be deducted from your money, from the returns on your investment or from the assets of National Storage REIT⁴⁴ as a whole.

Taxes are set out in another part of this Offer Document.

You should read all information about fees and costs as it is important to understand their impact on your investment.

TYPE OF FEE OR COST	AMOUNT ⁴⁵	HOW AND WHEN PAID
Fees when your money moves in or out of National Storage REIT		
Establishment fee The fee to open your investment	Nil	Not applicable
Contribution fee The fee on each amount contributed to your investment	Nil	Not applicable

⁴⁴ The fees shown relate only to NSPT. The costs and expenses relating to NSH are operational costs which have been included in the financial information in Section 7.

⁴⁵ Including GST less any reduced input tax credits, as applicable.

TYPE OF FEE OR COST	AMOUNT ⁴⁵	HOW AND WHEN PAID
Withdrawal fee The fee on each amount you take out of your investment	Nil	Not applicable
Termination fee The fee to close your investment	Nil	Not applicable
Management costs (the fees and costs for managing your investment)⁴⁶		
Ongoing management costs	Approximately 0.18% per annum ⁴⁷ of the gross value of NSPT's assets comprising: <ul style="list-style-type: none"> ■ The management fee payable to Trust Co RE described in Section 13.6.1; and ■ Expenses relating to the proper performance of Trust Co RE's duties in connection with NSPT estimated to be approximately 0.12% per annum of the gross value of NSPT's assets. 	The management fee accrues on a daily basis and is calculated and paid quarterly in arrears from the income or capital of NSPT. Expenses are reimbursable to Trust Co RE when incurred from time to time.
Acquisition fee	Nil	Not applicable
Disposal fee	Nil	Not applicable
Performance fee	Nil	Not applicable
Service fees		
Investment switching fee The fee for changing investment options	Nil	Not applicable

⁴⁶ See 'Additional explanation of fees and costs' in this Section for further details.

⁴⁷ This amount has been estimated based on NSPT's expected gross asset value on the Implementation Date of \$245.95 million. This is an estimate only and it is likely that both the expenses and NSPT's estimated gross asset value will change over time. See 'Additional explanation of fees and costs' in this Section for further details of the management fee structure.

13.4 Example of annual fees and costs

The following table gives an example of how the fees and costs to National Storage REIT⁴⁸ can affect your investment over a one year period.

You should use this table to compare this product with other management investment products.

EXAMPLE		BALANCE OF \$50,000 ⁴⁹ WITH A CONTRIBUTION OF \$5,000 DURING THE YEAR
Contribution fees	Nil	Not Applicable
PLUS management costs	Approximately 0.18% per annum of the gross value of NSPT's assets ⁵⁰	For every \$50,000 you have invested your returns will be affected by \$90 of costs pertaining to management costs.
EQUALS cost of National Storage REIT		If you had an investment of \$50,000 at the beginning of the year and you invested an additional \$5,000 at the start of the year, your returns will be affected by \$100 of costs for that year.

13.5 Fees and costs associated with the Offer

The following table sets out the fees and costs expected to be incurred in connection with the Offer.

These costs are one-off in nature and have not been included in the forecast management fees and other costs of National Storage REIT in subsequent years as set out in Section 13.3.

TYPE OF FEE OR COST	AMOUNT	HOW AND WHEN PAID
Underwriting and Offer management fee and costs (as described in the summary of the Underwriting Agreement in Section 15.5)	Approximately \$6.8 million (comprising 3.75% of the underwritten amount of the gross proceeds for the new Stapled Securities issued and 3.0% of the underwritten amount of the gross proceeds for the Existing Stapled Securities transferred under the Offer as detailed in Section 15.5).	Payable to the Lead Manager from the assets of National Storage REIT on completion of the Offer
Other transaction costs	\$1.5 million	Payable to various third parties, including ASX, lawyers, accountants, printers, and other professional services providers from the assets of National Storage REIT
Total fees and costs	\$8.3 million	

⁴⁸ The fees shown relate only to NSPT. The costs and expenses relating to NSH are operational costs which have been included in the financial information in Section 7.

⁴⁹ This table assumes that a total of \$50,000 is invested under the Offer (ie, to acquire approximately 51,020 Stapled Securities at \$0.98 each). If you were to invest \$50,000 in Stapled Securities subsequent to the Offer, the amount of fees applicable to that investment may differ from the amounts set out in this table if more or less than 51,020 Stapled Securities are acquired (even if National Storage REIT's gross asset value and the operating expenses were as estimated). This table also assumes that the additional \$5,000 contribution is used to acquire Stapled Securities at \$0.98 each on the Issue Date. There is no guarantee that Stapled Securities will be able to be acquired for \$0.98 subsequent to the Offer.

⁵⁰ Management costs include management fees and expenses. This amount has been estimated based on NSPT's expected gross asset value on the Implementation Date of \$245.95 million. This is an estimate only and it is likely that both the expenses and NSPT's estimated gross asset value will change over time. See 'Additional explanation of fees and costs' in this Section for further details of the management fee structure.

13.6 Additional explanation of fees and costs

13.6.1 Management Costs

I. Management Fee

Trust Co RE, for its role in managing and administering NSPT, will be paid a staged and tiered management fee as set out below:

- For Year 1, a fixed annual fee of \$150,000; and
- For Year 2 and subsequent years, an annual fee which is the greater of \$180,000 (adjusted for CPI annually) and 0.06% of the gross value of NSPT's assets.

Under the Constitution, in the case of Trust Co RE, an investment management fee of \$20,000 per month from 1 July 2014 for each month that Trust Co RE performs Management Functions as defined in the Management Agreement as a consequence of NSH not having an obligation to provide the relevant Management Functions under clause 5.11 of the Management Agreement.

II. Expense Recovery

To the extent permitted by the Corporations Act, Trust Co RE is entitled to recover all costs and expenses it incurs in the proper performance of its duties as responsible entity of NSPT from the assets of NSPT, including in relation to:

- costs of maintaining the National Storage REIT compliance committee;
- costs of the National Storage REIT's external advisers, including the National Storage REIT's auditors;
- fees payable to the National Storage REIT Custodian; and
- the amounts payable to the members of the National Storage Group under the Management Agreement (these amounts are described below).

Trust Co RE estimates that in its capacity as responsible entity of NSPT it will incur costs of managing and administering NSPT of approximately \$300,000 per annum which is equal to 0.12% of NSPT's expected gross assets at Implementation Date. This excludes amounts payable under Management Agreement which are set out separately below. This is an estimate only and the actual expenses incurred by Trust Co RE may differ.

13.6.2 Fees to related parties under other agreements

Certain fees and expenses will be paid from the assets of National Storage REIT to members of National Storage Group including pursuant to the Management Agreement.

This amount is not included in the above tables as "management costs", as they are of a kind that would typically be incurred if investors acquired the relevant properties directly and not through National Storage REIT.

13.6.3 Adviser Remuneration

No upfront or trail commission will be paid to advisors by the National Storage REIT in respect of the Applications for New Units.

The Lead Manager will receive the fee described in the example in Section 13.5. Details regarding fees paid to other advisers in connection with the transaction are set out in Section 16.4.

13.7 Fee changes

Trust Co RE as responsible entity of NSPT may not increase the fees payable to it as set out in the NSPT Constitution without a special resolution of NSPT Unitholders first having varied the Constitution or unless Trust Co RE reasonably considers the change will not adversely affect members' rights. A special resolution requires 75% of the votes cast by those NSPT Unitholders entitled to vote on the resolution (by value).

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14. TAX



Ernst & Young
111 Eagle Street
Brisbane QLD 4000 Australia
GPO Box 7878 Brisbane QLD 4001

Tel: +61 7 3011 3333
Fax: +61 7 3011 3100
ey.com/au

The Due Diligence Committee, each of its members and their representatives
Board of Directors
National Storage Pty Ltd
10 Felix Street
BRISBANE QLD 4000

5 November 2013

Taxation Implications for Investors

Dear Board of Directors and members of the Due Diligence Committee and representatives

We refer to our engagement agreement with National Storage Operations Pty Ltd dated 31 July 2013.

The purpose of this letter is to provide a general summary of the Australian income tax, Goods and Services Tax ("GST") and stamp duty implications for investors in the Stapled Securities ("Securityholders"), that is, investors that are both Unitholders in the APN National Storage Property Trust ("NSPT") and Shareholders in National Storage Holdings Limited ("NSHL"). This letter does not address all of the Australian income tax, GST and stamp duty implications for Securityholders. Securityholders should seek their own independent taxation advice in relation to their investment.

This summary does not constitute financial product advice as defined in the Corporations Act 2001 (Cth) ("Corporations Act"). This summary is confined to taxation issues and is only one of the matters Securityholders need to consider when making a decision about their investments. Securityholders should consider taking advice from a licensed advisor before making a decision about their investments. The partnership of Ernst & Young is not required to hold an Australian Financial Services Licence under the Corporations Act to provide Securityholders with this taxation advice.

We have not caused and take no responsibility for the publication of any part of the Offer Document in which this letter appears, other than this letter itself.

This summary outlines the general taxation implications for Securityholders who are Australian resident individuals, companies (other than a life insurance companies), trusts or complying superannuation funds for income tax purposes and who hold their Units / Shares on capital account.

This summary does not consider the implications for Securityholders who:

- ▶ are not Australian residents;
- ▶ are exempt from Australian income tax;
- ▶ hold their Units / Shares as trading stock or otherwise on revenue account; or
- ▶ are subject to the Australian Taxation of Financial Arrangement rules under Division 230 of the Income Tax Assessment Act 1997 (Cth) ("ITAA 1997").

This summary is based on established judicial and administrative interpretations of the ITAA 1997, Income Tax Assessment Act 1936 (Cth) ("ITAA 1936"), Taxation Administration Act 1953 (Cth) ("TAA 1953"), A New Tax System (Goods & Services Tax) Act 1999 (Cth) ("GST Act") and relevant stamp duty legislation (collectively referred to as the "taxation law") as at the date of this advice. This summary does



not take into account or anticipate changes in the taxation law or future judicial and administrative interpretations of the taxation law.

This summary does not address the Capital Gains Tax (“CGT”) implications for the existing NSPT Unitholders who receive a return of capital which is re-invested in the NSHL. Please refer to the meeting materials issued in connection with the NSPT Unitholder meeting to approve the transaction contemplated in the Offer Document for information in relation to this matter.

1.0 Taxation implications of holding Stapled Securities

For tax purposes, Stapled Securities should be treated as two separate assets – the Units in NSPT and the Shares in NSHL.

On this basis, trust distributions paid to Unitholders and dividends paid to Shareholders should be treated separately for income tax purposes. In addition, any capital gain or capital loss on the disposal of Units should be treated separately for income tax purposes to any capital gain or capital loss on the disposal of Shares.

Refer to Section 2.0 for the general taxation implications of holding Units in NSPT and Section 3.0 for the taxation implications of holding Shares in NSHL.

2.0 Taxation implications of holding Units in NSPT

2.1 Tax status of NSPT

The taxation implications of holding Units in NSPT assumes that NSPT will not be subject to tax on its net income on the basis that Unitholders will be presently entitled to the net income of NSPT each income year. Generally, the Unitholders of NSPT and not the responsible entity should be subject to taxation on NSPT’s net income and NSPT should be treated as a “flow-through” entity for income tax purposes.

However, where a unit trust is considered to be a “corporate unit trust” under Division 6B or a “public trading trust” under Division 6C of the ITAA 1936 for an income year, the unit trust should be treated as a corporate entity for certain purposes of the taxation law.

On the basis of NSPT’s current and anticipated circumstances and investments, NSPT should not be considered to be a “corporate unit trust” or a “public trading trust” and therefore should continue to be a “flow-through” entity for income tax purposes. However, the test to determine whether NSPT is a “public trading trust” is undertaken each income year and will consider the activities of NSPT and any controlled entities of NSPT on a year-by-year basis.

2.2 Investment in new Units

Subscription for new Units in NSPT should give the Unitholder a tax cost base in the Units equal to the amount paid to subscribe for the Units, plus any incidental costs incurred by the Unitholder in subscribing for the Units.

2.3 Income distributions paid to Unitholders

Income distributions paid to Unitholders should generally retain the character that the income had in the hands of NSPT. Unitholders should include their proportionate share of NSPT's net income (i.e. taxable income) to which they are presently entitled in their assessable income in the year in which the entitlement arises. Unitholders should include such income distributions in their assessable income in the income year that they become presently entitled to the income from NSPT even though Unitholders may not receive the cash distribution until a later income year.

Unitholders should receive a distribution statement from NSPT for each distribution they receive which will provide Unitholders with details of tax components of the distribution paid.

2.4 Capital distributions paid to Unitholders

Unitholders may receive distributions that exceed their share of NSPT's net income (taxable income). The excess distribution may constitute a "tax deferred distribution" arising due to differences between the accounting and tax treatment of various income and expense items within NSPT (for example where tax depreciation and capital allowance claims exceed NSPT's depreciation expenses for accounting purposes).

If Unitholders receive a "tax deferred distribution", Unitholders should reduce the cost base of their Units by the amount of the "tax deferred distribution". Where the "tax deferred distribution" received by Unitholders exceeds the cost base of their Units, a capital gain should arise equal to the excess.

A Unitholder's cost base is not reduced by the discount component of a discount capital gain which is distributed by NSPT (refer below for further comments on the application of the CGT discount).

2.5 Distribution of capital gains to Unitholders

If NSPT disposes of a CGT asset (e.g. land), NSPT should derive a capital gain to the extent the capital proceeds received by NSPT exceed the cost base of the CGT asset. NSPT should incur a capital loss to the extent the capital proceeds received by NSPT are less than the reduced cost base of the CGT asset.

Where NSPT derives a capital gain, it may offset that capital gain against any available capital losses incurred in the relevant income year or any carry forward net capital losses. Further, where NSPT has held the CGT asset for more than 12 months, NSPT should be entitled to the CGT discount which should apply to further reduce the capital gain by 50%. Any discount capital gains that are distributed to Unitholders must be "grossed-up" to the pre-discount gain before applying any current year capital losses or prior year capital net capital losses and the CGT discount (where a Unitholder is eligible to do so). The CGT discount rate in respect of a distribution comprised of a discount capital gain from NSPT is 50% for individuals and trusts and 33½% for complying superannuation funds.

To the extent the capital losses incurred by NSPT in the relevant income year exceed the capital gains derived by NSPT in the relevant income year, NSPT should be entitled to carry forward the excess (referred to as a "net capital loss") to future income years to offset against any future capital gains of NSPT. NSPT cannot offset its net capital losses against its ordinary income. NSPT also cannot distribute its net capital losses to Unitholders.



2.6 Disposal of Units in NSPT

Unitholders should derive a capital gain upon disposal of their Units in NSPT to the extent that capital proceeds received exceed the cost base of their Units. Unitholders should incur a capital loss to the extent that capital proceeds received are less than the reduced cost base of their Units. As discussed in Section 2.4, the cost base of Units held by Unitholders may be reduced to the extent Unitholders have received “tax deferred distributions”.

To the extent Unitholders derive a capital gain on disposal of Units in NSPT, Unitholders that are individuals, trusts or complying superannuation funds that have held their Units for more than 12 months should be eligible to a CGT discount in respect of the capital gain of 50% for individuals and trusts or 33½% for complying superannuation funds. Prior to applying the CGT discount, Unitholders may offset their capital gain against any available capital losses incurred in the relevant income year or any carry forward net capital losses. The net capital gain should then be included in a Unitholder’s assessable income in the relevant income year.

To the extent Unitholders incur a capital loss on disposal of Units in NSPT, Unitholders may offset their capital loss against any capital gains derived in the relevant income year. Where the capital losses incurred in the relevant income year exceed the capital gains derived in the relevant income year, Unitholders may be entitled to carry forward the excess (referred to as a “net capital loss”) to future income years, subject to the application of the loss recoupment rules in certain cases. Unitholders cannot offset their net capital losses against their ordinary income.

2.7 GST

Issuing of new Units and the disposal of Units should be financial supplies such that no GST should be payable in respect of these transactions.

An Australian resident that is registered or required to be registered for GST seeking to claim input tax credits on related transaction costs should seek their own independent tax advice in this regard.

2.8 Stamp duty

No stamp duty should be payable by Unitholders upon subscription for new Units.

3.0 Taxation implications of holding Shares in NSHL

3.1 Investment in new Shares

Subscription for new Shares in NSHL should give the Shareholder a tax cost base in the Shares equal to the amount paid for the Shares, plus any incidental costs incurred by the Shareholder in subscribing for the Shares.

3.2 Dividends paid to Shareholders

If NSHL pays dividends to Shareholders, the dividend should be included in their assessable income in the income year in which the dividend is received.

To the extent that franking credits are attached to the dividend, Shareholders should also include the franking credits in their assessable income. Where Shareholders include franking credits in their

assessable income, Shareholders should be entitled to a corresponding tax offset against their tax payable for the relevant income year.

In order for Shareholders to qualify for franking credits and the corresponding tax offset, Shareholders must satisfy the “holding period” rules which require Shareholders to hold the Shares “at risk” for a period not less than 45 days (not including the date of acquisition and the date of disposal). The “holding period” rules do not apply to Shareholders who are individuals who are entitled to tax offsets (for all franked distributions received by the particular Shareholder in the relevant income year) of not greater than \$5,000 for the relevant income year.

Shareholders who are individuals or complying superannuation funds should be entitled to a refund to the extent the tax offset exceeds their income tax liability for the relevant income year.

Shareholders who are companies may be entitled to convert any excess tax offset to carry forward tax losses. In addition, Shareholders who are companies may be entitled to franking credits in their franking account subject to the “holding period” rules.

A notice will be provided by NSHL advising Shareholders of the franked and unfranked component of any dividends paid.

3.3 Disposal of Shares in NSHL

Shareholders should derive a capital gain upon disposal of their Shares in NSHL to the extent the capital proceeds received exceed the cost base of their Shares. Shareholders should incur a capital loss to the extent the capital proceeds received are less than the reduced cost base of their Shares.

To the extent Shareholders derive a capital gain on disposal of the Shares in NSHL, Shareholders that are individuals, trusts or complying superannuation funds that have held their shares for more than 12 months should be eligible to a CGT discount in respect of the capital gain of 50% for individuals and trusts and 33½% for complying superannuation funds. Prior to applying the CGT discount Shareholders may offset their capital gain against any available capital losses incurred in the relevant income year or any carry forward net capital losses. The net capital gain (after applying any losses and the CGT discount) should be included in their assessable income in the relevant income year.

To the extent Shareholders incur a capital loss on disposal of the Shares in NSHL, Shareholders may offset their capital loss against any capital gains derived in the relevant income year. Where the capital losses incurred in the relevant income year exceed the capital gains derived in the relevant income year, Shareholders may be entitled to carry forward the excess (referred to as a “net capital loss”) to future income years subject to the application of the loss recoupment rules in certain cases. Shareholders cannot offset their net capital losses against their ordinary income.

3.4 GST

Issuing of new Shares and the disposal of Shares should be financial supplies such that no GST should be payable in respect of these transactions.

An Australian resident that is registered or required to be registered for GST seeking to claim input tax credits on related transaction costs should seek their own independent tax advice in this regard.



3.5 Stamp duty

No stamp duty should be payable by Shareholders upon subscription for new Shares.

4.0 Tax File Number (“TFN”) withholding tax

Securityholders are not required to quote their TFN to NSPT / NSHL. If Securityholders do not quote their TFN or other relevant exemption details, tax may be required to be withheld by NSPT / NSHL from certain distributions at the top marginal tax rate plus the Medicare levy.

Securityholders who hold their Units / Shares as part of an enterprise may quote their Australian Business Number (“ABN”) instead of their TFN.

* * * * *

Yours sincerely

A handwritten signature in black ink, appearing to read 'Reid Zulpo', written over a light grey horizontal line.

Reid Zulpo
Partner
EY

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15. MATERIAL AGREEMENTS



15. Material agreements

15.1 Implementation and restructure

15.1.1 IMPLEMENTATION DEED

The Implementation Deed entered into on or about 19 November 2013 is between NSPL, SSC, NSH, NSO, Trust Co RE (in its capacity as the new responsible entity of NSPT) and APNFM (in its capacity as the responsible entity of NSPT).

I. Agreement to implement the Transaction

The parties agree to implement the Transaction in accordance with the terms of the deed and the Transaction documents. The parties agree to cooperate fully and use their reasonable endeavours to give effect to the Transaction in accordance with the timetable, subject to their constitutions and applicable laws.

The end date for implementing the Transaction is 31 December 2013, unless otherwise agreed by NSPL and APNFM.

II. Conditions precedent

The implementation of the Transaction is subject to a number of conditions precedent, including:

- i. entry into the Underwriting Agreement;
- ii. the parties obtaining necessary board approvals;
- iii. no material adverse change occurring on or after the date of the deed and before 8.00am on the date of NSPT Unitholder Meeting unless it is remedied;
- iv. the holding of NSPT Unitholder Meeting and the passing of the required resolutions;
- v. Listing approval from ASX for NSH and NSPT and for quotation of the Stapled Securities on a conditional and deferred settlement basis;
- vi. ASIC and ASX providing all relevant consents and approvals;
- vii. no action has been taken or order given by any regulatory authorities which restrains or prohibits the Transaction;
- viii. the parties obtaining any required consents from contract counter-parties; and
- ix. APNFM and NS agreeing on the implementation date balance sheet in respect of NSPT.

III. Implementation steps and timetable

A number of the steps which are required to be undertaken to implement the Transaction and the sequence in which those steps need to be undertaken (as prescribed by the Implementation Deed) are summarised elsewhere in this Offer Document. Please refer to Section 16.1 for an overview of the key implementation steps.

IV. Termination

The deed may be terminated in the following situations:

- i. by any party if implementation does not occur on or before 31 December 2013 (or such other date agreed by NS and APNFM in writing);
- ii. by the non-defaulting party, if a party to the deed breaches a material provision of the deed (including a representation or warranty) and fails to remedy the default within the relevant timeframe or the default is incapable of being remedied;
- iii. by any party if the Underwriting Agreement is terminated;
- iv. by any party if any party or their related bodies corporate becomes insolvent; or
- v. if agreed in writing by the parties.

NSPL may also terminate the agreement if any NAV shortfall (ie where the NAV is less than, or determined by an expert to be less than, \$0.98) is not able to be made up by a payment by APNFM of accumulated distributions or an expert (where appointed) is unable to make a determination regarding the implementation date balance sheet of NSPT as a result of a deliberate action by APNFM to delay the determination, within the required time frame.

V. Limitation of liability

APNFM has entered into the Implementation Deed in its capacity as responsible entity of NSPT. Trust Co RE has entered into the Implementation Deed in its capacity as the incoming responsible entity of NSPT.

Both APNFM and Trust Co RE's liability is limited under the terms of the Implementation Deed to the extent that it can be satisfied out of the property of NSPT.

15.1.2 SALE AND PURCHASE AGREEMENT

The Sale and Purchase Agreement was entered into on or about the 19 November 2013 between the NS Vendors, SSC Vendors, Trust Co Re, NSH, Custodian (as custodian for NSPT), NSO, Premier Self Storage Pty Ltd (ACN 056 353 729) and Leyshon Investments (Australia) Pty Ltd (ACN 074 314 935) as trustee for the Leyshon Operations Unit Trust (**Leyshon Party**).

The purpose of the agreement is to facilitate the following sale and purchase transactions:

- sale by NS Vendors of 100% of their shares in NSPL to NSH (**NSPL Sale**);
- sale by SSC Vendors of 100% of their shares in SSC to NSH (**SSC Sale**);
- sale by the NS Vendors (who also hold 100% of the units in NSIT) of their units in NSIT to the Custodian (**NSIT Sale**);
- sale by the NS Vendors (who also hold 100% of the units in NS APAC Trust) of their units in NS APAC Trust to the Custodian (in its capacity as custodian for NSPT) (**NS APAC Sale**); and

- sale of the fit-out assets contained in leased centres at Indooroopilly, Mt Gravatt and Brisbane City by Premier Self Storage Pty Ltd (ACN 056 353 729) to NSO (**Asset Sale**).

It is intended that completion of the above sale and purchase transactions (ie the "restructure") will occur immediately following the Restructure Distribution with the completion of the SSC sale occurring first and the Asset Sale last.

I. Conditions precedent

The agreement is conditional upon the Restructure Distribution. Completion of the above sale and purchase transactions is also conditional upon the completion of the sale by NSPL of its interests in NS Victoria Pty Ltd (ACN 106 371 260) and National Storage (Properties) Pty Ltd (ACN 095 053 188) to the NS Vendors and the obtaining of consent from relevant lessors.

II. Consideration

The purchase prices for the respective acquisitions are as follows:

- i. NS Vendors will receive, in total:
 - (a) \$1,047,000 plus 25,510,204 Shares in NSH for the NSPL Sale;
 - (b) 25,510,204 Units in NSPT for the NSIT Sale; and
 - (c) \$4,750,000 for the NS APAC Sale,

in their Respective Proportions under the Sale and Purchase Agreement, comprising:

- 44.90% for Stowaway Self Storage Pty Ltd as trustee for the Catsoulis Development Trust, Stowaway Self Storage Pty Ltd as trustee for the Catsoulis Family Trust and Storcat Pty Ltd as trustee for the Andrew Catsoulis Family Trust – Andrew Catsoulis is a director and company secretary for Stowaway Self Storage Pty Ltd, a director and shareholder of Storcat Pty Ltd and a potential discretionary beneficiary of the Catsoulis Development Trust, the Catsoulis Family Trust and the Andrew Catsoulis Family Trust;
- 21.90% for Palomere Pty Ltd as trustee for the Peter Edward Greer Family Trust – Peter Greer is the sole director, company secretary and shareholder of Palomere Pty Ltd and a potential discretionary beneficiary of the Peter Edward Greer Family Trust; and
- 4.00% for Green 9 Pty Ltd as trustee for the Michael Berry Family Trust – Michael Berry is the sole director, company secretary and shareholder of Green 9 Pty Ltd and a potential discretionary beneficiary of the Michael Berry Family Trust ; and
- 29.20% for Leyshon Equities Pty Ltd, – Geoffrey McMahon is a director and company secretary of Leyshon Equities Pty Ltd and also a director of NSPL.

- ii. SSC Vendors will receive \$5,828,000 for the SSC Sale in their Respective Proportions under the Sale and Purchase Agreement, comprising:
 - (a) 35% for Storcat Pty Ltd as trustee for the Andrew Catsoulis Family Trust – Andrew Catsoulis is a director and shareholder of Storcat Pty Ltd and a potential discretionary beneficiary of the Andrew Catsoulis Family Trust;
 - (b) 34.50% for Palomere Pty Ltd as trustee for the Peter Edward Greer Family Trust – Peter Greer is the sole director, company secretary and shareholder of Palomere Pty Ltd and a potential discretionary beneficiary of the Peter Edward Greer Family Trust; and
 - (c) 21% for Green 9 Pty Ltd as trustee for the Michael Berry Family Trust - Michael Berry is the sole director, company secretary and shareholder of Green 9 Pty Ltd and a potential discretionary beneficiary of the Michael Berry Family Trust; and
 - (d) 9.50% for Saxtom Pty Ltd as trustee for the Saxtom Family Trust – Thomas Rice is the sole director, company secretary and shareholder of Saxtom Pty Ltd and a potential discretionary beneficiary of the Saxtom Family Trust ; and

- iii. Premier Self Storage Pty Ltd will receive \$2,800,000 for the Asset Sale – Geoffrey McMahon is a director and company secretary of Premier Self Storage Pty Ltd and is also a director of NSPL. Premier Self Storage Pty Ltd is a related body corporate of Leyshon Equities Pty Ltd who is a NS Vendor.

Payment of the cash consideration is to take place following Completion of the issue and transfer of Stapled Securities under the Offer.

III. Warranties

Each of the parties who are selling an interest under the agreement provide standard representations and warranties regarding incorporation, power to own its assets and carry on its business, compliance with constituent documents, power and authority to enter into and perform its obligations under the agreement, solvency, title, consents to transfer, no encumbrances, details of relevant shares/units being sold and no breach of other agreements or obligations.

Each of the selling parties represent and warrant to the respective buyers that each warranty is correct and not misleading in any material respect on the date of the agreement and will be correct and not misleading on the date the last condition precedent is satisfied.

The maximum liability for a breach of warranty is the respective purchase price paid to the seller in respect to the relevant sale (for example, the maximum liability for a breach of warranty by a NS Vendor in respect to the sale of their interests under the NSPL Sale is limited to the respective proportion of the purchase price paid by NSH to that NS Vendor under the NSPL Sale).

IV. Performance Covenants and voluntary escrow with respect to NS Vendors

i. Performance Hurdles and Clawbacks

The NS Vendors have agreed to performance hurdles and clawback mechanisms if the performance hurdles are not achieved.

The performance hurdles are in place until the earlier of the date the performance hurdles are achieved for 2 consecutive test dates or 5 years for the executive Vendor Stapled Securities and 3 years for the non-executive Vendor Stapled Securities. The executive Vendor Stapled Securities are those Stapled Securities to be held by:

- Storcat Pty Ltd as trustee for the Andrew Catsoulis Family Trust (being an entity associated with NSH Managing Director, Andrew Catsoulis), comprising 24.20% of the Vendor Stapled Securities; and
- Palomere Pty Ltd as trustee for the Peter Edward Greer Family Trust (being an entity associated with NSH Chief Operating Officer, Peter Greer), comprising 21.90% of the Vendor Stapled Securities.

The non-executive Vendor Stapled Securities are those held by the remaining NS Vendors (and in aggregate comprise the remaining 53.9% of the Vendor Stapled Securities).

If the performance hurdles are not achieved, any distribution from the NSPT or a dividend from NSH (a **"Securities Payment"**) will be clawed back from the relevant NS Vendor security holder.

If a dividend/distribution is declared for a half year, it must be determined if the EPS of the REIT for the relevant period is at least 8.75 cents. The relevant period is the rolling 12 month period ending on the last day of the relevant half year period. If:

- I. the EPS are less than 8.25 cents then the clawback will be 100% of any distribution or dividend;
- II. the EPS are greater than 8.75 cents then there will be no clawback;
- III. the EPS are greater than 8.25 cents but less than 8.75 cents, the clawback will be calculated using the following formulae:

$$CP = 1 - [(E - 8.25 \text{ cents}) / (8.75 \text{ cents} - 8.25 \text{ cents})]$$

where

CP = the Clawback Proportion

E = the EPS of National Storage REIT for the relevant period

In addition to the above, for the first half year period ending on 30 June 2014, the cash consideration received by each of the NS Vendors under this agreement (being the NS Vendors) shall be reduced by the amount of the respective Securities Payment. In each subsequent half year where there is a clawback amount, the cash consideration will be reduced by the respective clawback amounts.

ii. Voluntary Escrow

The NS Vendors agree not to transfer any part of their Vendor Stapled Securities whilst the performance hurdles apply and agree to the application of a holding lock on their Vendor Stapled Securities. The exception to this escrow is if a court orders the transfer provided the transferee enters a deed agreeing to be bound by the provisions of this escrow.

V. Limitation of liability

The liability of any of the trustee parties under the agreement (which includes the NS Vendors, the SSC Vendors and Leyshon Party) is limited to and can be enforced against the relevant trustee only to the extent to which it can be satisfied out of the property of the relevant trust, out of which the relevant trustee is entitled to be actually indemnified for the liability. The liability of each trustee is not limited in the above manner to the extent to which there is, under the relevant constitution or by operation of law, a reduction in the extent of each of the trustee's indemnification out of the assets of the its trust, as a result of the trustee's fraud, negligence or breach of trust.

The liability of Trust Co RE as responsible entity of NSPT and the liability of the Custodian as custodian of NSPT is limited to the extent that each of them is actually indemnified for the relevant liability out of the property of NSPT and there is sufficient property held by Trust Co RE as responsible entity or the Custodian as custodian (as applicable) at the time, which is available to meet the indemnity. The limitation does not apply to the extent to which there is, under the NSPT constitution or by operation of law, a reduction in the extent of either party's indemnification or in respect of which either party is not entitled to be indemnified out of the property of NSPT as a result of its fraud, negligence or breach of trust.

VI. Indemnities

Each of the NS Vendors, SSC Vendors and Premier Self Storage Pty Ltd indemnify their respective buyers from any loss (including any consequential loss) that arises from a warranty being incorrect or misleading.

VII. Termination

A party may terminate the agreement upon written notice to the other party if a condition precedent is not satisfied by the Implementation Date for the Proposed Transaction (or such other date agreed by the parties). Additionally, where a warranty is found to be incorrect or misleading on or before completion, the party who has the benefit of the relevant warranty may immediately terminate the agreement.

The completion of the sale and purchase transactions contemplated in this agreement is a step which must be completed in order to implement the Transaction and establish National Storage REIT.

15.2 Key Governing Documents

15.2.1 Stapling Provisions

The NSPT Constitution (described in further detail in Section 15.1.2 below) and the NSL Constitution (described in further detail in Section 15.1.3 below) each contain “Stapling Provisions” to ensure, to the extent permitted by law, each Stapled Security is treated as one security. The Stapling Provisions are consistent across the two Constitutions and the Constitutions are to be read subject to the Stapling Provisions, except to the extent that this would result in a breach of the Corporations Act, the Listing Rules or any other law.

I. Stapling provisions overview

Trust Co RE and NSH (together, the Issuer) have the power under the respective Constitutions to determine if and when the Stapling Provisions will take effect and for the purposes of this Transaction, it has been determined that the “Stapling Commencement Date” will occur following the restructure referred to in Section 16.1 on the Implementation Date (refer to Section 16.1 for further details). The Stapling Provisions essentially provide the following:

- the holders of Units will be identical to the holders of Shares;
- as far as the law permits, the Stapled Securities will be treated as one security;
- the number of Units on issue at any time must equal the number of Shares on issue;
- no transfer of a Unit is to occur without a Share being transferred at the same time from the same transferor to the same transferee, and vice versa; and
- no Unit is to be issued unless a Share is issued at the same time to the same person.

II. “Stapling Matters”

The Stapling Provisions also provide that by subscribing for, taking a transfer of, or otherwise acquiring, a Stapled Security each Securityholder will be taken to have consented to each provision in the constituent documents, including without limitation:

- the stapling of the Shares and Units;
- any reorganisation or corporate action involving the Stapled Securities;
- the disposal of any partly paid Stapled Security on which a call has been validly made but remains unpaid by the due date for payment;
- the disposal of any holding of Stapled Securities that is less than a Marketable Parcel;
- the disposal of any minimum holding of Stapled Securities, as determined by the Issuer;
- the stapling of New Attached Securities to the Securities;
- the unstapling of one or more Stapled Securities; and

- the restapling of an unstapled security, (each a “Stapling Matter”).

III. Power of attorney

In respect of each Stapling Matter including the stapling of a new security to the Stapled Securities (“**New Attached Security**”), each Securityholder irrevocably appoints the Issuer as the agent and attorney in the Securityholder’s name and on the Securityholder’s behalf to, amongst other things, do all acts and things and execute all documents which the Issuer considers necessary, desirable or reasonably incidental to effect any Stapling Matter.

IV. Designated Foreign Holders

It is possible that the issue/transfer of a Unit or Share to a foreign holder of Units or Shares would require compliance with legal and regulatory requirements in the foreign jurisdiction. Subject to applicable ASIC relief, the Stapling Provisions provide that the Issuer will have the ability to determine that a holder of Units or Shares (whose address in the register is in a place other than Australia) is a “Designated Foreign Holder” and divest that Designated Foreign Holder of its Units and Shares where the responsible entity determines that it is unreasonable to issue or transfer Units or Shares to such Securityholder, having regard to the following criteria:

- the number of Designated Foreign Holders in the foreign place;
- the number and the value of Units or Shares that may be transferred to the Designated Foreign Holders in the foreign place; and
- the cost of complying with legal requirements and the requirements of any relevant regulatory authority applicable to the transfer of the Units or Shares in the foreign place.

Where Designated Foreign Holders are divested of their Units or Shares they will receive the proceeds of sale of those securities (net of transaction costs including without limitation any brokerage, stamp duty and other taxes or charges) as soon as practicable after the sale.

Units and Shares are issued on terms under which each holder who is or becomes a Designated Foreign Holder agrees to the above terms and irrevocably appoints the Issuer as that holder’s agent and attorney to do all acts and things and execute all documents which the responsible entity considers necessary, desirable or reasonably incidental to effect the above actions.

V. Power to add “New Attached Securities”

The Issuer may cause “New Attached Securities” to be issued provided certain conditions are satisfied including that the New Attached Security is officially quoted and the entity issuing the New Attached Security is listed on the ASX. The Issuer will have the power to do all things considered necessary, desirable or reasonably incidental to give effect to the stapling of the New Attached Security to the Stapled Security and may transfer a New Attached Security to a Securityholder by any means and in any manner,

including but not limited to any combination of issue, sale, reduction of capital, distribution in kind or transfer.

VI. Partly paid New Attached Securities

A New Attached Security may be offered on terms that the application price is payable by one or more instalments. If a call has been validly made on such a New Attached Security but is unpaid by the due date for payment, the whole Stapled Security (of which the unpaid New Attached Security is merely one component) may be sold (Defaulted Stapled Security). This is because the Stapled Security is treated as one security and a default on one component is taken to be a default on the whole Stapled Security. The Defaulted Stapled Security may be sold in the ordinary course of trading on the ASX or by private treaty or public auction, and the price for the Defaulted Stapled Security will be determined in accordance with the relevant Constitution or as determined by the responsible entity in accordance with any applicable ASIC relief.

15.2.2 NSPT CONSTITUTION

The Constitution of NSPT sets out the rights of the holders of Units and the obligations of the responsible entity of NSPT. A general summary of some of the important features and rights attaching to the Units and other key provisions of the NSPT Constitution is set out below. This summary is not intended to be exhaustive and is qualified by the terms of the NSPT Constitution, the Corporations Act and the ASX Listing Rules and the general law.

The summary below has been prepared on the basis of the NSPT Constitution as it will be amended and replaced subject to the passing of the required resolution at the NSPT Unitholder Meeting. The Constitution binds the responsible entity and the holders of Units.

You can inspect a copy at NSH's office at any time between 9.00am and 5:00pm on a business day in Brisbane or request a free copy by contacting Trust Co RE.

I. Terms of Units

The beneficial interest in NSPT is divided into Units, which carry all rights, and are subject to all restrictions and obligations, attaching to those Units under the Constitution. Each Unit confers an equal undivided interest. A Unit does not confer any interest in a particular asset of NSPT but only an interest in the assets of NSPT as a whole, subject to the liabilities of NSPT.

II. Key rights of investors

NSPT Unitholders are principally entitled to:

- receive distributions of income and/or capital attributable to their units, as determined by the responsible entity;
- transfer their Units, subject to the operating rules of the relevant CS facility;
- speak, attend and vote at meetings of NSPT Unitholders; and
- participate in the winding up of NSPT.

While NSPT is listed, unitholders have no right to withdraw from NSPT or request redemption of their Units.

III. Issue of Units and options

The responsible entity can issue new Units at the price and on the terms determined in accordance with the Constitution. The Constitution requires the responsible entity to comply with certain requirements in relation to any pro rata rights issues, including that the subscription price be in accordance with a set formula, and that all existing holders of Units as at the record date are offered Units in proportion to their existing holdings (other than to those NSPT Unitholders with a registered address outside Australia).

Trust Co RE has the power to issue options in respect of the Units.

IV. Transfers

While the Units are officially quoted on the ASX, holders of Units may transfer Units as provided by the operating rules of a clearing and settlement facility (as defined in the Corporations Act) if applicable or by any other method of transfer which is required or permitted by the Corporations Act, ASX or ASIC. While stapling applies, Stapled Securities may not be transferred without the other security being transferred at the same time.

V. Withdrawal

Units may not be redeemed while NSPT is listed, except by way of an on-market or off-market buy-back or withdrawal offer. While NSPT is listed, subject to the Corporations Act and the Listing Rules, the responsible entity may make a withdrawal offer to holders of Units.

VI. Unit buybacks

While the Units are quoted and not Stapled, the responsible entity may, subject to the Corporations Act and the Listing Rules, purchase Units on ASX or any other financial market on which the trading of Units is permitted, and also off-market, and cause the Units to be cancelled. No redemption price is payable on cancellation of the Units.

VII. Small holdings

While the Units are quoted on ASX, the responsible entity may sell or redeem Units without the request of a holder of Units where the Units comprise less than a Marketable Parcel. The responsible entity may only sell or redeem Units once every 12 months after giving the holder of the relevant Units written notice and at least six weeks from the date of that notice to notify the responsible entity that the holder of the Units wishes to retain the Units.

VIII. Distributions and reinvestment

Distributions for a distribution period will be paid to NSPT Unitholders on the register on the relevant record date for the distribution.

The responsible entity may make a special distribution to NSPT Unitholders. The distribution may be in cash, by way of bonus Units or by way of transfer of assets.

The responsible entity may decide whether to offer NSPT Unitholders the right to reinvest in NSPT. If the responsible entity decides to permit reinvestment, NSPT Unitholders may elect to reinvest any distribution received by acquiring additional Units.

National Storage REIT's distribution/dividend policy is summarised in section 5.6.

IX. Responsible entity's powers

The responsible entity holds the assets of NSPT on trust for NSPT Unitholders. Subject to the Constitution, the responsible entity has all the powers in respect of NSPT that it is possible under the law to confer on a trustee and as though it was the absolute owner of the assets of NSPT acting in its personal capacity.

In the exercise of its powers, the responsible entity may, without limitation:

- acquire and invest in any property (whether real or personal) and assets, dispose of or otherwise deal with assets, manage and administer the assets; and
- borrow or raise money, grant security and incur all other types of obligations and liabilities.

Subject to the Corporations Act, the responsible entity may in its absolute discretion decide how and when to exercise its powers under the Constitution.

The responsible entity may appoint delegates or agents (including custodians and underwriters) to perform any act or exercise any of its powers and may engage advisers to assist with its functions.

X. Interested dealings

Subject to the responsible entity's duties, nothing in the Constitution restricts the responsible entity, or its associates, from:

- dealing with itself (as responsible entity of NSPT or in another capacity), an associate or any NSPT Unitholders;
- being interested in any contract or transaction with itself (as responsible entity of NSPT or in another capacity), an associate or any NSPT Unitholders or retaining for its own benefit any profits or benefits derived from any such contract or transaction; or
- acting in the same or similar capacity in relation to any other managed investment scheme.

The responsible entity and its associates may hold Units in any capacity.

XI. Remuneration, fees and reimbursement of expenses

Trust Co RE is entitled to a management fee as follows:

- for the period commencing on the date of its appointment as responsible entity (**Appointment Date**) and ending on the day prior to the anniversary of the Appointment Date (**First Year**), \$150,000 per annum; and
- for each subsequent period commencing on the anniversary of the Appointment Date, an amount equal to the greater of:
 - \$180,000 per annum (adjusted for CPI annually); and
 - 0.06% per annum of the gross value of the assets.

Trust Co Re is entitled to an investment management fee of \$20,000 per month from 1 July 2014 for each month that Trust Co Re Services performs Management Functions as defined in the Management Agreement as a consequence of NSH not having an obligation to provide the relevant Management Functions under clause 5.11 of the Management Agreement.

Separately, APNFM is entitled to an exit fee on its retirement or removal as responsible entity of NSPT equal to 1% of the gross asset value of NSPT's assets. This equals approximately \$2,030,000.

The responsible entity is also entitled to have all reasonable expenses incurred by it, in relation to the proper performance of its duties in respect of NSPT, reimbursed or paid out of NSPT's assets to the extent that this is not prohibited by the Corporations Act.

XII. Liability of NSPT Unitholders

Subject to the provisions of the Constitution and any separate agreement or acknowledgement by NSPT Unitholders, the liability of a holder of Units is limited to the amount if any which remains unpaid in relation to the NSPT Unitholders' subscription for their Units. An NSPT Unitholder is not required to indemnify the responsible entity if there is a deficiency in the net assets of NSPT or meet the claim of any creditor of the responsible entity in respect of NSPT.

XIII. Responsible entity's limitation of liability

While NSPT is a registered scheme, the responsible entity is not liable to a holder of Units for any loss suffered in any way relating to NSPT other than as set out in the Corporations Act. While NSPT is not a registered scheme, if the responsible entity acts in good faith and without gross negligence, it is not liable to a holder of Units for any loss suffered in any way relating to the NSPT.

The responsible entity's liability in respect of NSPT to any person other than a holder of Units is limited to the assets of NSPT from which the responsible entity is entitled to be, and is in fact, indemnified.

XIV. Responsible entity's indemnities

The responsible entity is entitled to be indemnified out of the assets of NSPT for any liability incurred by it in properly performing or exercising any of its powers or duties in relation to NSPT.

This indemnity continues after the responsible entity retires or is removed as responsible entity of the Fund.

XV. Meetings

The convening and holding of a meeting of holders of Units will be in accordance with the Corporations Act.

XVII. Winding up / termination

The Constitution provides that the responsible entity must wind up NSPT if NSPT comes to the end of its term as set out in the Constitution or where the responsible entity determines NSPT should be wound up or where the responsible entity is required by the Corporations Act or by law to wind up NSPT.

On winding up, each holder of Units is entitled to receive a share of the net proceeds of realisation of the assets of NSPT in proportion to their interest in NSPT.

XVIII. Reorganisation proposal

The responsible entity has the power to enter into a "Reorganisation Proposal" without reference to or approval from unitholders (subject to compliance with the stapling provisions, while the Units are stapled to the Shares). A Reorganisation Proposal includes the following:

- a realisation transaction – which includes, for example, an initial public offering;
- an exchange proposal – where a written offer to transfer or redeem some or all of a unitholder's Units is made in consideration for the issue or transfer of shares in another company or a cash payment (for example);
- a "top hat" proposal – where a unitholder can exchange their Units for an equivalent value of Units in the top trust;
- a consolidation or division proposal – which is a proposal to consolidate, divide or convert units into a ratio determined by the responsible entity; or
- any other reorganisation proposal which is approved by an ordinary resolution of unitholders.

The responsible entity is given the power to do all things which it considers necessary, desirable or reasonably incidental to give effect to the relevant proposal. This includes, applying for or purchasing fully paid securities on behalf of unitholders, issuing Units, transferring assets and executing all documents and doing all things it considers are necessary, desirable or reasonably incidental to give effect to the relevant proposal.

Additionally, to give effect to a proposal, the responsible entity is irrevocably appointed the agent and attorney of each unitholder to, amongst other things, execute all documents and do all things (including giving consents) which the responsible entity reasonable considers are necessary, desirable or reasonably incidental to give effect to the relevant proposal.

15.2.3 CONSTITUTION – NSL

The Constitution of NSH sets out the rights of the holders of Shares and it binds NSH and the holders of Shares. A general summary of some of the important features and rights attaching to the Shares and other key provisions of the Constitution is set out below. This summary is not intended to be exhaustive and is qualified by the terms of the NSH Constitution, the Corporations Act and the ASX Listing Rules and the general law.

You can inspect a copy at our office at any time between 9.00am and 5:00pm on a business day in Brisbane or request a free copy by contacting NSH.

I. Shareholder voting

Subject to the NSH Constitution, the Corporations Act and any rules prescribed by the NSH Board and any rights or restrictions attached to any class or classes of shares, on a show of hands each shareholder (and each proxy, attorney or representative) has one vote, and on a poll, each shareholder (and each proxy, attorney or

representative) has one vote for each fully paid Share held by the shareholder/principal. Voting at a general meeting shall be by a show of hands unless a poll is effectively demanded.

A shareholder is not entitled at a general meeting to cast a vote attached to a Share on which a call is due and payable and has not been paid.

II. General meetings

Annual general meetings of NSH are to be held in accordance with the Corporations Act. The NSH Board may convene and arrange to hold a general meeting of NSH whenever it thinks fit and must do so if required to do so under the Corporations Act. Each securityholder will receive notice of general meetings and be entitled to attend and vote at any general meeting in accordance with the Corporations Act. Currently under the Corporations Act, a notice of a general meeting must be provided to Investors at least 28 days before the meeting.

III. Additional issue of Shares

Subject to the Corporations Act, the Listing Rules, the Stapling Provisions and any special rights conferred on the holders of any Shares or class of shares, the NSH Board may:

- (i) issue and cancel Shares in NSH;
- (ii) grant options over unissued Shares in NSH; and
- (iii) settle the manner in which fractions of a Share, however arising, are to be dealt with.

VI. Transfer of Shares

Subject to the NSH Constitution and Listing Rules, a Share in NSH is transferable as provided by the operating rules of the relevant clearing settlement facility or by any other method of transfer which is required or permitted by the Corporations Act and ASX.

V. NSH Board

Unless otherwise determined by NSH in general meeting, the number of directors is not to be less than three. There must be an election of directors at each annual general meeting of NSH.

The Constitution contains standard provisions in relation to:

- terms of office of directors and directors filling a casual vacancy (and exceptions to this for a managing director);
- annual caps on total remuneration for all directors, to be divided by the directors;
- voting at meetings being by a simple majority, with the chairman having a casting vote;
- the quorum for a board meeting; and
- the indemnification of any current or former directors, secretaries, officers or senior managers of NSL or a subsidiary of NSH against all liability (except legal costs) incurred by that person in that capacity (unless NSH is forbidden by law to so indemnify the person).

VI. Dividends

Subject to the Corporations Act, the NSH Constitution and the terms of issue or rights of any shares with special rights to dividends, the NSH Board may declare or determine that a dividend is payable, fix the amount and the time for payment and authorise the payment or crediting by NSH to each entitled shareholder.

Money available for distribution by NSH by way of dividends shall be divided among the shareholders so that, on each occasion on which the dividend is paid, the same sum is paid on each fully paid Share and the sum paid on a share which is not fully paid is a pro rated amount being the proportion of the amount paid up as against the total amounts payable.

The NSH Board may deduct from any dividend payable to a shareholder any sums presently payable by that shareholder to NSH on account of calls or otherwise in relation to Shares in NSH.

National Storage REIT's distribution/dividend policy is summarised in section 5.6.

VII. Winding up

If NSH is wound up, the liquidator may, with the sanction of a special resolution of NSH, divide among the shareholders in kind the whole or any part of NSH's property and may for that purpose set such value as the liquidator considers fair on any property to be so divided and may determine how the division is to be carried out as between the shareholders or different classes of shareholders.

VIII. Small holdings

The Constitution contains provisions in relation to unmarketable parcels on analogous terms to those described in the Constitution of NSPT at Section 15.2.2(VII) above, save that references to "Units" will be taken to be references to "Shares", and references to NSPT or the responsible entity will be taken to be references to "NSH".

IX. Reorganisation Proposal

The NSH Constitution contains provisions in relation to "Reorganisation Proposals" which are on analogous terms to those described in the NSPT Constitution in Section 15.2.2 above, save that references to "Units" or "unitholders" will be taken to be references to "Shares" or "shareholders", and references to NSPT or the responsible entity will be taken to be references to NSH".

15.2.4 Compliance Plan

The Compliance Plan for NSPT sets out measures that Trust Co RE will apply in operating NSPT to ensure compliance with the Corporations Act and NSPT Constitution. This include arrangements for ensuring that:

- NSPT's income is collected properly and all income entitlements are recorded and calculated on a timely basis;
- NSPT's property is valued at regular intervals appropriate to the nature of the assets and as set out in NSPT Constitution;
- NSPT's property is held on trust for NSPT, clearly

identified and held separately from other property of Trust Co RE or that of any other trust;

- Accounting records and evidence for NSPT are adequate and maintained; and
- The Compliance Plan is audited and reported as required under the Corporations Act.

15.2.5 Custody Agreements

Pursuant to the Custody Agreements, Trust Co RE and the Trustee has appointed the Custodian as its custodian to hold the assets of the Trusts from time to time received by the Custodian for the account of either Trust Co RE or the Trustee (as appropriate).

I. Trust Co RE and Trustee Obligations

Trust Co RE and the Trustee must provide to the Custodian, on request, any documents, information or proper instructions reasonably required to enable it to perform its obligations and give notice of any communications from ASIC where this might affect the Custodian as well as promptly notify of any changes to a Trust's constitution.

II. Custodian Obligations

The Custodian must hold the assets of the Trusts for Trust Co RE or the Trustee (as appropriate) in its own name and deal with the assets under Trust Co RE's or the Trustee's (as appropriate) proper instructions.

The Custodian must keep accurate records of the assets of each Trust, effect and maintain insurance at its own expense, hold all title documents in a secure place, provide access to Trust Co RE or the Trustee (as appropriate) to records relating to the asset portfolio of the Trusts held by the Custodian, have in place at all times full disaster recovery procedures and back up facilities in respect of the records, provide reports to Trust Co RE or the Trustee (as appropriate) on a regular basis reflecting any transactions and in accordance with any ASIC policies and maintain proper internal control and compliance systems.

III. Indemnification

The Custodian is indemnified by Trust Co RE or the Trustee (as appropriate) for any action taken or omitted to be taken and all claims, expenses, demands, damages, losses and liabilities relating to the assets or holding of the assets of each of the Trusts, except where the Custodian has failed to perform its obligations under the Custody Agreement.

IV. Sub-custodian

The Custodian may sub-contract, delegate or otherwise assign any of its responsibilities under the Custody Agreement to any person with the written consent of Trust Co RE or the Trustee (as appropriate). The Custodian will be liable for any action taken or omitted by any sub-custodian or other agent appointed by the Custodian.

V. Fee

Under the Custody Agreement with Trust Co RE, the Custodian is entitled to a fee in the amount of \$50,000 for the first year. For each subsequent year, the Custodian is entitled to a fee of:

- for the gross asset value of NSPT up to \$200 million, the greater of 0.025% per annum of such gross asset value or \$20,000 (adjusted annually for CPI) per annum; plus
- for the gross asset value of NSPT above \$200 million, 0.02% per annum of such gross asset value.

There is no fee payable to the Custodian under the Custody Agreements with the Trustee.

15.2.6 Management Agreement

I. Appointment

Trust Co RE has appointed NSH to perform certain management functions under the Management Agreement for NSPT and National Storage REIT. With the consent of Trust Co RE, NSH may develop specific additional functions to suit NSPT's properties or to meet the specific requirements of Trust Co RE.

NSH may not subcontract all or part of its duties to a party, other than a member of the National Storage Group, without the consent of Trust Co RE.

II. Term

The appointment commences on the date of Listing and continues until it is terminated pursuant to the agreement, either when NSPT is wound up or when Trust Co RE ceases to be the responsible entity of NSPT.

III. Management Functions

Under the agreement, NSH's management functions include but are not limited to:

- i. **(asset management functions)** the day-to-day management of the sites (ie all properties owned by NSPT entities) on Trust Co RE's behalf, including (for example) monitoring compliance with the terms of the leases;
- ii. **(investment management functions)** investing and managing the assets and the liabilities of NSPT entities for and on behalf of Trust Co RE, including (for example), negotiating documentation relating to any dealing involving an investment or disposal of the portfolio of assets of NSPT entities;
- iii. **(general financial management function)** providing assistance on the general financial management of the National Storage REIT, including (for example) preparing tax returns, maintenance of fixed asset registers and depreciation schedules, preparation of monthly cash-flow forecast and managing cash position of NSPT entities on a daily basis;
- iv. **(financial reporting)** including (for example) preparation of annual financial reporting and half-year financial reporting for NSPT entities in conformity with all statutory reporting requirements;
- v. **(investor relations & Securityholder meetings)** including managing all aspects associated with the calling and holding of Securityholder meetings including the preparation and dissemination of Securityholder information ahead of these meetings;
- vi. **(registry and website maintenance)** including engaging a registry to maintain the National Storage REIT register as required by the

Corporations Act or Listing Rules and maintaining the National Storage REIT website;

- vii. **(fundraising)** including advising and assisting Trust Co RE in the raising of funds (including by issue of Stapled Securities) to meet the ongoing capital needs of the Trusts and the National Storage REIT and managing the process around any capital raisings and ensuring compliance with the Corporations Act and Listing Rules;
- viii. **(Listing Rules compliance)** including preparing and undertaking an annual review of the National Storage REIT's continuous disclosure policy and ensuring all continuous disclosure obligations for the National Storage REIT are adhered with;
- ix. **(ASIC dealings)** including assisting Trust Co RE to complete all filings with ASIC (for example annual financial statements, annual returns); and
- x. **(distributions)** including preparing a distributions policy and standing principles for calculation of distributable income for NSPT entities for approval by the Trust CO RE board and calculating distributions to be made to Securityholders;
- xi. **(compliance)** including providing Trust Co RE with a monthly compliance report; and
- xii. **(incidental)** providing all reasonable services related to or incidental to the above services.

In performing the management functions, NSH must use its best endeavours to protect, promote and further the interests of the Securityholders.

IV. Excluded services

While NSH does not hold an Australian Financial Services Licence (AFSL), it will not have an obligation to provide any management function that would involve dealing in a financial product or providing financial product advice to a person, to the extent that it would be required under the Corporations Act to hold an AFSL to do so. In this case, Trust Co RE will (or will engage a service provider to do so) carry out the management function and NSH will provide all reasonable assistance to Trust Co RE in this regard.

V. Licensing obligation

NSH agrees to use all reasonable endeavours to obtain an AFSL by 30 June 2014 that includes all authorisations that the parties agree are likely to be required by NSH to perform the management functions.

VI. Trust Co RE's obligations

Trust Co RE is subject to the following obligations under the agreement:

- i. assist NSH to carry out any lawful requirements with respect to NSPT properties;
- ii. pay all loan payments and other financial payments which are required for NSPT properties and not already budgeted for;
- iii. not unreasonably disrupt NSH in its performance of its obligations under the agreement;
- iv. not enter into any arrangement which will unreasonably impinge on NSH's ability, or make it

more onerous or burdensome for NSH, to perform its obligations under the agreement; and

- v. do all things necessary to enable the conduct of NSPT properties in accordance with any budgets and for NSH to fully and effectively manage NSPT properties.

VII. Investment Committee

In addition to the above functions, an investment committee is to be established by NSH to assist with the development of investment strategies and to perform the following functions:

- i. monitor and manage the portfolio of assets of NSPT against the relevant investment objectives and criteria and monitor and provide advice regarding the portfolio's performance;
- ii. make recommendations to Trust Co RE in respect of any proposed acquisitions and disposals having regard to the relevant investment objectives and criteria;
- iii. recommend any budgeted capital expenditure requirements at any of the NSPT properties with a total value of greater than \$250,000;
- iv. monitor property valuations and ensure that periodic external valuations take place for NSPT properties at least once every three years; and
- v. maintain a panel of external valuers and ensure that the panel is regularly reviewed.

VIII. Remuneration and funding

NSH is not entitled to a management fee for its service under the agreement. Trust Co RE, using the assets of the Trusts, will reimburse NSH for all property expenses and capital expenses incurred in performing its management functions.

NSH will pay Trust Co RE an establishment fee of \$100,000 in consideration for Trust Co RE agreeing to become responsible entity of NSPT.

IX. Indemnities

NSH indemnifies Trust Co RE against all loss, expenses and liabilities that it incurs relating to matters set out in the agreement, including any fraud, dishonesty, negligence or breach of NSH's duties under the agreement by NSH or adverse treatment by the Australian Taxation Office, subject to certain limitations.

Trust Co RE provides an indemnity to NSH for all property and capital expenditure losses that NSH incurs in connection with performing the management functions under the agreement, in each case other than where such loss arises from NSH's fraud, negligence or breach of its duties under the agreement.

X. Limitation of liability

The liability of Trust Co RE is limited to the extent that there is sufficient property held by Trust Co RE as trustee at the time, which is available to meet that indemnity. Trust Co RE enters into the agreement in its capacity as responsible entity of NSPT only and ceases to have any liability if it ceases for any reason to be the responsible entity of NSPT.

No party has any liability to any other party, for any indirect, or consequential loss or damage (including loss of profit or loss of opportunity to the extent that these represent indirect or consequential loss) however arising.

XI. Termination

The agreement may be terminated by written notice to the other party where either party breaches any material term of the agreement and fails to remedy the default within 60 days of being notified of the breach. The agreement will automatically terminate on the date that NSPT is wound up or the date on which Trust Co RE (or its Related Body Corporate) ceases to be the responsible entity of NSPT.

15.2.7 Cooperation Deed

Trust Co RE and NSH will enter into a Cooperation Deed on or around 19 November 2013 which will govern the relationship between Trust Co RE, as responsible entity for NSPT, and NSH in respect of the Stapled Securities.

Key features of the Cooperation Deed include:

I. Stapling

The commencement of the deed and the stapling of the Shares and Units is conditional on Trust Co RE being appointed as responsible entity of NSPT and completion of the restructure contemplated in the Sale and Purchase Agreement described in Section 15.2.1 above.

The Shares and Units will remain stapled unless a special resolution of Securityholders approves unstapling, if stapling becomes unlawful or prohibited by the Listing Rules, or a winding up is commenced in respect of NSPT or NSH.

II. Cooperation and consultation

NSH and Trust Co RE agree to share accounting and other information, and to co-operate in operating National Storage REIT, including in relation to providing information to investors, valuing assets, preparing accounts, holding meetings, issuing securities, acquiring investments and making dividends and distributions.

III. Dealings in Stapled Securities

Whilst the Units and Shares are stapled, they may not be dealt with separately and each party must not:

- i. offer an attached security for subscription or sale;
- ii. accept an application for an attached security;
- iii. issue or sell an attached security;
- iv. permit a reinvestment by investors in an attached security;
- v. cancel, buy-back, redeem or reorganise an attached security;
- vi. permit an investor to exercise any rights or option to acquire an attached security;
- vii. request a holding lock to prevent a transfer of attached securities from being registered; or

viii. dispose of a partly paid attached security, a small holding of an attached security or an attached security of a designated foreign investor,

unless the particular dealing also involves a corresponding dealing with the other attached security. In addition, neither party may:

- ix. without the prior written consent of the other party, issue any security or class of security other than an attached security or any right or option to acquire any such attached security; or
- x. directly or indirectly cause the unstapling of an attached security.

IV. Financial benefits

NSH and Trust Co RE covenant that while stapling applies, and to the maximum extent permitted by law, if called upon by the other party it will consider and cooperate with the other party in respect of any agreement at the request or direction of the other party in respect of the provision of loans to the other party or any subsidiary, guaranteeing any loan or financing facility of the other party or a subsidiary, issuing redeemable preference shares or other form of securities to the other party, entering into joint borrowing or financial accommodation with the other party or guaranteeing the obligations of or providing an indemnity or undertaking to a third party on behalf of the other party. This is provided that:

- i. doing so is in the interests of Securityholders as a whole;
- ii. doing so would not cause a party to breach any contractual obligation to a third party; or
- iii. the relevant party can reasonably comply with the request.

V. Duties

When carrying out their duties, each party may consider the interests of holders of the Stapled Securities as a whole, and not only the interests of the unitholders of NSPT and the shareholders of NSH separately.

VI. Allocation of issue price

The parties must agree what part of the amount payable for the issue, redemption or buy-back of a Stapled Security is to represent the issue, redemption or buy-back price of each Stapled Security.

In the case of an issue of Stapled Securities, unless the parties agree otherwise, the allocation of this amount is to be based on the methodology set out in the stapling provisions in the respective constitutions of the parties. In the absence of agreement, an independent accountant must determine what part of the amount payable is to represent the price of securities in NSPT and NSH.

VII. Single Register

The parties may maintain a single Stapled Security register of investors. If separate registers are kept, the parties must ensure that the registers are entirely consistent with one another.

VIII. Dispute resolution

If there are disagreements arising from the deed, each of the parties must use their best endeavours to resolve them and negotiate in good faith before instituting proceedings.

IX. Inconsistency with other agreements

If there is any inconsistency between the obligations of a party under the deed and their respective constituent documents, the provisions of the constituent documents prevail to the extent of the inconsistency. Additionally, if there is any inconsistency between the Management Agreement and the Co-operation Deed, the Management Agreement prevails (subject at all times to compliance with the constituent documents of the parties).

15.3 Portfolio Contracts

15.3.1 Leases Arrangements – Trust Company

I. Standard Lease Arrangements

The Custodian and NSO are parties to the non-third party leases as at the date of this offering (the "Current Trust Leases"). A Deed of Agreement has been entered into between the Custodian and NSO to vary these leases. Immediately prior to completion of the offering, the Current Trust Leases will be amended in accordance with the Deed of Agreement reflecting the specifics of each respective site (the "New Trust Leases").

The New Trust Leases for each property are on materially similar terms, except for title, property details, and the amount of the rent. The essential features of each lease follow:

Lessee:	National Storage (Operations) Pty Ltd ACN 095 053 179.
Initial term:	15 years.
Commencement Date:	Various dates across the leases.
Leased premises:	The whole of the property including the storage buildings and other improvements constructed on the Land.
Permitted use:	Operation of storage business (including all related activities which may from time to time be conducted in storage business premises by participants in the storage industry) and any other use permitted by the local authority and consented to by the lessor.
Lease Year:	Is each separate year of the Term (including any broken periods). The first lease year commences on the commencement date and ends on the next June 30. Each successive lease year commences on July 1 and ends on June 30, apart from the final lease year, which ends on the termination date.
Rent:	Rent is payable in equal monthly instalments in advance.
Turnover rent:	Turnover rent is payable, if applicable pursuant to the formula in the lease, on a quarterly basis after the conclusion of each quarter.
Rent review:	An amount to be agreed upon between the lessor and the lessee as being the current market rent and, failing agreement, to be determined by valuation.
Option terms:	4 terms each of 5 years.
Rent for each year of the option term:	An amount to be agreed upon between the landlord and the lessee as being the current market rent and, failing agreement, to be determined by valuation.
Outgoings:	The lessee is responsible for the payment of all operating costs and expenses and other outgoings of any nature or description paid or payable in connection with the leased premises other than for land tax, if recovery of land tax is prohibited by law. The lessee must also pay the costs and charges of all services metered or charged directly to the lessee.
Air conditioning:	The lessee must pay for air conditioning to the premises. The cost of air conditioning includes electricity, maintenance, insurance and repairs (excluding the replacement of major components) of the air conditioning equipment.
Repairs and maintenance:	The lessee is responsible for all maintenance and repair of the leased premises, having regard to the fair wear and tear of the leased premises. This does not include capital expenditure. The obligations for maintenance include painting of the buildings, both inside and outside, and the maintenance of landscaped areas.
Insurances:	The lessee is required to take out and maintain insurances covering the buildings located on each property, public liability insurance, plate glass insurance, workers' compensation insurance and loss of rent insurance.
Damage or destruction of premises:	If the whole or any part of the premises are damaged so that they are substantially unfit for the permitted use, then, within 21 days after the damage occurs, the lessor must give notice to the lessee that either the lease will end or the lessor will restore the premises. The lessor may not terminate the lease if any significant part of the damage or destruction was caused or substantially contributed to by the lessor.

Alterations and additions:	The lessee may not make any structural alterations or additions to the premises without the consent of the lessor.
Assignment and security over lease:	The lessee cannot assign its interest in the lease without the lessor's consent, nor can it charge or otherwise encumber the lease without the lessor's consent.

II. Third Party Lease Arrangements

A number of commercial leases are also in place with lessors other than the Custodian. These are, largely, individual documents negotiated with the respective lessor. A summary of important commercial terms of these third party leases, where relevant, is as follows (note this is not an exhaustive summary of these leases):

SITE	COMMENT
Cockburn, Western Australia	<ul style="list-style-type: none"> ■ The lease is triple net and the lessee is responsible for all maintenance, replacement and repair including works of a structural nature and expenditure of a capital nature. ■ If Premises are damaged the lessee must: <ol style="list-style-type: none"> 1. restore the premises utilising insurance proceeds; and 2. continue to pay rent until the terminating date, unless the lease is terminated in the last 6 months. ■ A concrete slab has been placed on part of the site. If requested, the Lessor shall, at its cost, construct storage units on the slab as agreed between the parties. When the new storage units can be legally occupied, the rent payable shall be increased for these units. ■ The lease is subject to a head lease.
Box Hill, Victoria	<ul style="list-style-type: none"> ■ If any two insurers decline cover, the lessor may terminate the lease but the lessee remains liable for negligent or accidental damage. ■ The lessor may terminate the lease if after 14 days' notice where section 146 of the Property Law Act 1958 applies, the lease if (amongst other things) the lessee is in breach of any lease covenants. ■ The lessee must compensate the lessor for breach of any essential term including paying damages and for any repudiation or default. ■ If the premises are destroyed or damaged and the lessor determines that reinstatement is unjustified and gives the lessee 3 months' notice to that effect, either party can terminate within 30 days of delivery of the lessor's notice.
Belfield, New South Wales	<ul style="list-style-type: none"> ■ The lessee must maintain the premises and building, including all self-storage units and the lifts, driveways, garden beds and other landscaping in good repair.
Brisbane City, Queensland	<ul style="list-style-type: none"> ■ The lessee will arrange and pay all costs of maintaining, repairing and operating the lessee's air conditioning equipment, security and communication systems, lifts, smoke detectors, smoke and mechanical ventilation, fire suppression and fire fighting systems, sliding and roller doors and grills, lighting and emergency lighting systems ■ The lessee must keep in good repair the premises and additions including appurtenances, walls ceilings, doors, windows, glass, locks, drains, pipes and gutters. It is not required to carry out any repairs or replacement which are the Body Corporate's obligation under the BCCM Act. ■ The Lessee remains liable for rent after abandonment of premises prior to expiry of the term until Lessor finds another lessee.

SITE	COMMENT
East Perth, Rockingham, Subiaco and Guilford Western Australia	<ul style="list-style-type: none"> ■ The lessors grants National Storage (Operations) Pty Ltd (the Lessee) a licence to operate the business (self-lock storage business) for the term of the lease, during which it must manage the assets and conduct the business as a going concern. ■ NSO must advise the licensor of any changes to the domain name register key for selflockstorage.com and selflockstorage.com.au. Upon termination of the business licence agreement (in the event that the licensee does not acquire the business), licensor is entitled to access the customer database. ■ The licence agreement terminates on the same date that the Property Lease terminates. ■ The rent is to be reviewed to market once every 2 years. ■ The lessee is to keep the premises and lessor's property in good order and condition, including the driveways, garden beds and other landscaping, and replacement and installation of roller doors, lifts, computer equipment, security equipment and access control equipment. ■ The lessee is to maintain the roof, driveways, roller doors, lifts and air conditioning equipment (including structural repairs but excluding major structural repairs) and keep the premises watertight and windtight. ■ If premises are damaged or destroyed so that they are unfit for the permitted use, the lessee must notify the lessor that, either the lease will end on the date which is 14 days after the date of the notice (lessee may only give such notice if the damage occurs within 6 months prior to the termination date), or that the lessee will restore the premises using insurance proceeds. If the lessee intends giving notice, it must first pay lessors estimate of costs and expenses to reinstate the premises. The lessee may use insurance proceeds to pay cost of reinstatement but will be liable to make up any deficiency. ■ More than 6 years after commencement of lease the lessor may terminate the lease to redevelop the premises by providing the lessee with 12 calendar months' notice in writing. (East Perth only). ■ If the lessor wishes to redevelop whole or part of premises after first 2 years of the term and requires all or part for the redevelopment, or if the premises may be unsafe or inaccessible as a result of the redevelopment, then, the lessor will give the lessee 12 calendar months' notice in writing of date on which lease will be terminated and the lease will terminate on expiry of 12 months' notice period. If any part of premises can continue to be used as self-storage business, the lessor will offer the lessee a lease of that part of the premises for a term being the residue of the term (or as otherwise agreed) and on the same terms and conditions as contained in the lease. (Subiaco only). ■ The lessor may construct additional storage units on the premises. Upon practical completion of additional storage units the lessee will be liable to pay additional rent in accordance with the increase in net lettable area. ■ Subiaco is subject to the provisions of a head lease.
Hornsby, New South Wales	<ul style="list-style-type: none"> ■ The lease has expired, but key commercial terms have been completed for a new five year lease which is currently being prepared. ■ The lessor may require the lessee at determination of lease to remove all alterations, partitions, equipment, etc. within a reasonable time, and may require the lessee to lodge a bond or other security and pay the lessor's costs of supervising removal.

SITE	COMMENT
Indooroopilly, Queensland	<ul style="list-style-type: none"> ■ New lease has been entered into for a term of 20 years ■ The lessee must undertake refurbishment works in lease year 10 including repainting, new signage, repair or replacement of worn or damaged, repair or replacement of fixtures and fittings where damaged. ■ If the lessor notifies the lessee that the premises will not be repaired, either party may terminate the lease with 7 days' written notice to the other. The lessor is not obliged to rebuild or repair the premises.
Mount Gravatt, Queensland	<ul style="list-style-type: none"> ■ If the premises are damaged or destroyed so that they are wholly or partially unfit for lessee's purpose, the lessor may give the lessee notice in writing cancelling the lease.
Tweed Heads, New South Wales	<ul style="list-style-type: none"> ■ The lessee is liable for all maintenance and replacement of premises including structural and capital works regardless of how the necessity for repairs may arise so as to keep the premises, lessor's fixtures and fittings, air conditioning equipment, removable equipment, heating and cooling systems and plumbing services in good order and condition. The lessee is also liable for structural maintenance, repair and replacement (including as required as a result of damage by insured risk to the extent not covered by insurance proceeds). ■ If the premises are damaged so that they are substantially unfit for permitted use, then the lessee must give notice to the lessor within 21 days that lease will end 14 days after notice given (only in event that damage occurs within 6 months prior to termination date); or that lessee will restore premises using insurance proceeds. The lessee must immediately pay proceeds of insurance claim to the Lessor and will be liable to pay excess under any policy.
Most Sites	<ul style="list-style-type: none"> ■ Most of the third party lease sites provide the lessee is in default if the rent remains outstanding for a period (commonly 14 days) after a notice is issued.

15.3.2 STANDARD CUSTOMER AGREEMENTS

All storage agreements signed with storers are standardised licence agreements which apply the following covenants:

- storers are responsible for all insurance for their stored goods and goods are stored at storer's own risk;
- the operator does not exercise "care custody or control" over storer's goods;
- stored goods cannot be prohibited goods (including items such as firearms, explosives, etc) of any kind; and
- arrears in payment allows the operator to deny access within 3 days of the payment due date.

15.4 Acquisition and other management agreements

15.4.1 Artarmon Centre (Spare Room)

i. Option Agreement

NSO and National Storage Investments Pty Ltd ("NSI") as trustee for the NSIT have entered into put and call options to acquire the business and the property comprising the Artamon Centre respectively.

i. Key dates

The put and call options are exercisable any time up until 10 March 2014. The put option is subject to SSC and NSI obtaining satisfactory finance by the exercise date. If they do not obtain finance by 20 December 2013, ING Bank can offer finance to them on terms specified in the term sheet attached to the options which they must accept. ING Bank has the right to offer such finance up until 10 March 2014.

ii. Contract of Sale

The land and business are both sold pursuant to the Law Society of New South Wales and the Real Estate Institute of New South Wales Contract for the Sale of Land and Business, with additional special conditions (some of which relate specifically to the land and some to the business).

i. Key dates

The completion date is 31 December 2013, or such other date as agreed by the parties.

ii. Purchase price

The purchase price is \$36,500,000 and is on the basis of a going concern for GST purposes.

The shareholders of ASD comprise:

- (a) 75% for Storcat Pty Ltd as trustee for the Andrew Catsoulis Family Trust – Andrew Catsoulis is a director and shareholder of Storcat Pty Ltd and a potential discretionary beneficiary of the Andrew Catsoulis Family Trust; and
- (c) 25% for Green 9 Pty Ltd as trustee for the Michael Berry Family Trust - Michael Berry is the sole director, company secretary and shareholder of Green 9 Pty Ltd and a potential discretionary beneficiary of the Michael Berry Family Trust.

iii. Simultaneous completion and failure to complete

The land and business sales must take place simultaneously.

If either purchaser fails to complete, either party can terminate the contract on 30 days' notice. If the contracts terminate for this reason, the parties have acknowledged and agreed that they are barred from commencing any action against the other seeking to enforce contract rights or for damages. The vendor's only right in this eventuality is the right to terminate the management agreement on 30 days' notice.

Basis of Sale

The assets, business and land are sold on an "as is where is" basis without recourse to any warranty by the vendors. No termination right exists regarding their condition.

iv. Reliance on due diligence inquiries

The purchasers agree that they have conducted due diligence inquiries and that they have not relied upon representations of the vendors and have made their own assessment of the business and land. Statutory warranties that cannot be excluded by the vendors have claims limited to \$10,000.

v. Purchase price adjustment if delay

If there is a delay in completing the contracts, the purchase price will increase at the rate of 12% per annum on the balance of the purchase price for each day from the completion date until actual completion, unless the delay is caused by the vendors.

vi. Release and indemnity and acknowledgments

Certain indemnities are provided by the purchasers to the vendors. The purchasers release the vendors from all liability relating to the business, assets and land under the contracts, other than for breach of contract by the vendors.

The purchaser makes certain acknowledgments regarding the land including the release and indemnity of the vendors for any environmental non-compliance or claims relating to environmental issues or contamination.

vii. Lease and management agreement are assigned

On completion, the lease and management agreement are assigned from the vendors to the purchaser under the business contracts.

III. Management Agreement

The owner of the business ("Owner") has appointed SSC to manage the business on the terms of the management agreement. The agreement will only operate for a short period of time post exercise of the option as the management will effectively be internalised into the National Storage REIT resulting in its termination.

i. Term

The term of the agreement is 3 years from the commencement date. The agreement may continue after this period on a monthly basis terminable on one month's notice from either party.

ii. Indemnities

Each party provides certain indemnities to the other as detailed in the agreement. The indemnities are continuing obligations and survive termination.

iii. Operative funding

SSC shall not be required to advance any of its funds or incur any liability in relation to the business or the site. The Owner is to reimburse SSC on demand if SSC does advance funds/incur liability.

The Owner must ensure working capital of \$100,000.00 (or such other amount as agreed between parties) is kept in the operating account (in addition to prepayment of rent or other fees by customers of the business).

iv. Intellectual property

SSC warrants that the intellectual property licence agreements it has with the National Storage Group to use the National Storage Group's intellectual property are valid and subsisting. SSC warrants that use of such intellectual property by SSC or by the Owner will not infringe anyone's rights.

v. Termination

The agreement contains a number of termination rights that are available to the Owner for cause, the Owner for no cause, the Owner on a sale event, the manager for cause and the manager for no cause. In certain cases, the manager is entitled to a termination payment.

vi. Wine storage business

The parties have agreed to negotiate during the first six months of the management period in relation to the management of the wine business. Specifically, the parties will discuss whether to transfer the business separately to SSC or Wine Ark Pty Ltd, or whether to continue to manage the business under this agreement.

IV. Lease

The lease used in the operation of the business is a standard form lease utilised by the National Storage Group. Upon acquisition, the lease will be amended to reflect the terms of the standard new trust lease.

15.4.2 MARION ROAD COMMERCIAL PROPERTY

Australian Storage Developments Pty Ltd ("ASD") and National Storage Investments Pty Ltd (NSI) as trustee for the NSIT have entered into a call option for the acquisition of the property at 961-963 Marion Road, Mitchell Park, South Australia.

I. Option Agreement

ii. Key dates

The date that the call option is to be exercised by is the later of 31 December 2013 or such other date as agreed by the parties.

iii. Due diligence inquiries

The option grants NSI the right to conduct due diligence inquiries of the property. ASD provides warranties to NSI that the information provided during the due diligence is true and correct to the best of its knowledge and that it has provided all documents requested by NSI.

iv. Caveat

NSI has the right to place a caveat on the property at any time prior to completion.

II. Contract of Sale

The property is sold pursuant to a bespoke contract agreed between the parties.

i. Key dates

The completion date for the contract is the date that is 14 days from the date of the contract or as otherwise agreed by the parties.

ii. Purchase price

The purchase price is \$1,576,000 and is on the basis of a going concern for GST purposes.

The shareholders of ASD comprise:

- (A) 75% for Storcat Pty Ltd as trustee for the Andrew Catsoulis Family Trust – Andrew Catsoulis is a director and shareholder of Storcat Pty Ltd and a potential discretionary beneficiary of the Andrew Catsoulis Family Trust; and
- (B) 25% for Green 9 Pty Ltd as trustee for the Michael Berry Family Trust – Michael Berry is the sole director, company secretary and shareholder of Green 9 Pty Ltd and a potential discretionary beneficiary of the Michael Berry Family Trust.

iii. Encumbrances

The property is sold free from encumbrances other than the two existing leases, being leases to:

- (A) Rugs SA Pty Ltd ACN 128 679 961 commencing 25 March 2011.
- (B) Pedder's Shock Absorber Service Pty Ltd ACN 004 848 435 commencing 25 March 2011.

There is currently a registered mortgage over the property to Westpac Banking Corporation Limited which must be released prior to completion.

iv. Basis of sale

The property is sold on an "as is where is" basis and there is no termination right in relation to its condition.

v. Indemnities

ASD indemnifies NSI for all or any losses relating to the ownership of the property prior to completion of the contract.

NSI indemnifies ASD for liability relating to NSI's failure to observe the contracts conditions, ownership of the property after completion and encumbrances on the property created after completion.

vi. Purchaser's default and termination

If NSIT fails to comply with its obligations under the contract, ASD may (in addition to its other rights under the contract, at law or in equity) avail itself of various remedies under the agreement including suing for damages or specific performance.

15.4.3 SOUTHERN CROSS GROUP AGREEMENTS

In 2011 NSO established a joint venture with Heitman, through the Southern Cross Storage Group (Southern Cross). Southern Cross acquired 24 properties through a unit trust vehicle, the Southern Cross Storage Trust (SCST). The storage businesses operated out of each site are owned by a joint venture vehicle being Southern Cross Storage Operations Pty Limited (SCS).

The joint venture is governed by the terms of the Southern Cross Investors Agreement between NSO and Heitman, in conjunction with the SCST constitution. Management of the Southern Cross sites is undertaken by NSO, on behalf of SCS, pursuant to the terms of the Southern Cross Management Agreement.

I. Southern Cross Investors Agreement

i. Ownership

The units in the SCST are held by an investment entity controlled by Heitman and NS APAC Trust.

The shares in SCS are held in the same manner as the units in the trust. The units were in turn stapled to the shares. The trustee of the SCST is the Trustee.

ii. Term

The agreement commenced on 15 August 2011 and terminates on the earlier of the following:

- (A) 5 years from the commencement date;
- (B) a unitholder becomes the sole owner of all of the units and shares; and
- (C) all the assets of the SCST are sold or otherwise disposed of or the SCST is otherwise wound up.

The term of the agreement may be extended by agreement for successive periods of 12 months for up to two such successive periods.

iii. Investment obligations of NS APAC Pty Ltd

NS APAC Trust had certain investment obligations under the agreement. However, to facilitate the Listing of the National Storage REIT, a number of consents were sought and granted from the relevant parties to the Southern Cross agreement by way of a deed of consent between the parties. This process included an amendment to the NS APAC Trust investment obligations to limit its future investment obligations to \$1,666,667.00. This future investment is subject to the terms of the agreement. In particular, NS APAC Trust must give Southern Cross the first opportunity to acquire any self-storage asset which satisfies the acquisition parameters (as set out in the investor's agreement) in priority to any member of the National Storage Group, or any entity controlled by or associated with the National Storage REIT. If the right is not exercised, the National Storage REIT may acquire the asset.

If an acquisition of the Abacus storage portfolio in its entirety is made available to NS APAC Trust then it shall present such opportunity to the other Southern Cross unitholders for their consideration on the basis of a joint venture between them and NS APAC Trust.

A promissory note issued by NS APAC Trust to SCS remains outstanding in the amount of \$317,118.00. No interest is payable on the note and it is repayable in full on demand.

iv. Management of SCSG sites

NSO is appointed as manager until the SC Management Agreement is terminated and cannot resign unless consented to by Heitman.

If NSO materially breaches the SC Management Agreement and such breach is not remedied by NSO within the required period of time, Heitman may direct SCS and or The Trust Company (Australia) Limited to terminate the SC Management Agreement (pursuant to its terms).

v. Dealing in units and shares

Shares and units must be dealt with in unison by a holder. Further, they may not be disposed of during a lockout period without the mutual agreement of both holders or either holder elects to terminate the business or liquidate the properties or trust. Each holder also has a right of first refusal on the proposed transfer of the other party's holdings.

vi. Default

The agreement contains a list of events of default. If a holder is in default pursuant to the agreement, the non-defaulting holder has the right to compel a sale of the defaulting holder's interest and distribute the proceeds or to have the defaulting holder's interest sold to the non-defaulting holder pursuant to the terms of the agreement.

vii. Exclusivity of dealings

The holders agree that for the period ending 15 December 2014, the business conducted through the SCST will be the holder's exclusive vehicle to acquire self-storage assets in Australia and New Zealand (subject to the SCST acquisition parameters). The exclusivity agreement imposes certain obligations and restrictions on the holders in relation to further investment, new opportunities and trading of centres within certain radiuses of centres owned by the SCST.

The National Storage Group must:

- a. use its best endeavours to ensure that the operation and management of the assets and businesses of the SCST continues to protect, promote and further the interests of the Southern Cross Group; and
- b. take all reasonable steps to ensure that the performance and operation of the SCST and SCS assets are not materially adversely affected by the management and/or operation of any self-storage assets by any member of the National Storage Group, the National Storage REIT or any entity controlled by or associated with the National Storage REIT.

viii. Guarantee by NSPL.

Originally, NSPL provided a guarantee of certain of NS APAC Trust's obligations to Heitman, SCST and SCS. However, this obligation will cease upon Completion of the Listing of the National Storage REIT.

II. Southern Cross Management Agreement

i. Appointment

SCS and SCST have appointed NSO to act as the manager of the businesses operating from the SCSG sites (the "Businesses"). The appointment requires NSO to undertake management and asset and investment functions on behalf of SCS.

ii. Term

The term of the appointment is a 5-year period.

The term of the agreement may be extended for the same period as an extension of the Investors Agreement (if such extension occurs) on the same terms and conditions.

iii. Indemnities

NSO provides indemnities to SCS and SCST for loss and damage incurred or arising relating to this agreement. SCS provides a reciprocal indemnity to NSO for loss or damage it may suffer relating to its role as manager except to the extent it is caused by the fraud, act or negligence of NSO.

Neither party's indemnities extend to indirect, consequential, incidental or pure economic loss or damage.

iv. Manager's remuneration

NSO will receive a management fee and contact centre overhead fee for its services. The details of the fees are:

a. Management Fee;

Annual fee = 6% of the aggregate of consolidated storage rental revenue and net profit of ancillary income

b. Contact Centre Overhead Fee;

Annual fee = 1% of consolidated storage rental revenue

If there is a material change in the number of sites managed, the parties will negotiate in good faith any necessary or appropriate change to the management fee.

If there is any construction, redevelopment, development or other capital works at any sites under the agreement, where the construction cost is greater than \$500,000, NSO will be entitled to an oversight fee of 5% of the total construction cost.

v. Termination

The agreement contains a number of termination rights that are available to either Heitman or the manager in certain circumstances set out in the agreement, including if the Manager materially breaches the agreement and that failure is not remedied within 90 days.

vi. Tax Indemnity

NSO indemnifies and agrees to keep SCS indemnified for all costs, losses, claims, damages and liabilities it incurs as a direct consequence of any adverse treatment by the Australian Taxation Office of the management arrangements.

15.5 Underwriting Agreement

NSH, SaleCo, and Trust Co RE (in its capacity as responsible entity of NSPT only) (together, the Issuer Entities), NSPL and the Lead Manager will enter into an Underwriting Agreement on or around 19 November 2013. Under the Underwriting Agreement, the Lead Manager agrees to arrange and manage the Offer, and to act as underwriter for the Offer by subscribing for Stapled Securities issued under the Offer in respect of which valid Applications have not been received. The Lead Manager may appoint co-lead managers, co-managers and Brokers to the Offer.

15.5.1. Fees and expenses

Subject to the Lead Manager satisfying its obligations under the Underwriting Agreement, the Lead Manager is entitled to be paid the following fees out of the Offer Proceeds:

- I. an underwriting fee of 3% of the underwritten new securities gross offer proceeds;
- II. a management fee of 0.75% of the underwritten new securities gross offer proceeds;

III. an underwriting fee of 2.25% of the underwritten sale securities gross offer proceeds; and

IV. a management fee of 0.75% of the underwritten sale securities gross offer proceeds.

The Lead Manager must pay any co-managing and sub-underwriting commissions and fees.

The Issuer Entities must pay to the Lead Manager the reasonable costs of and incidental to the Offer incurred by the Lead Manager, including legal fees.

15.5.2. Representations and warranties

Representations and warranties are given by Trust Co RE, NSPL and NSH in relation to various matters such as power to enter into the Underwriting Agreement, approvals and authorisations, disclosure under the Corporations Act and other compliance issues. Trust Co RE provide further general warranties in relation to the validity/power/authorisations etc of NSPT. Additional warranties are provided by NSH and Trust Co RE, and SaleCo, including (but not limited to) in relation to the Stapled Securities. The Lead Manager also provides warranties to the Issuer Entities such as compliance with the Corporations Act and Listing Rules.

15.5.3. Termination

The Lead Manager may terminate the Underwriting Agreement by notice to the Issuer Entities and NSPL on the occurrence of certain termination events. If any of these occur at any time prior to completion (or as specified in the event) the Lead Manager may terminate the agreement without cost or liability.

The following is a non-exhaustive list of these termination events:

- I. any conditions relevant to the Lead Manager's obligations are not, or are not reasonably capable of being, satisfied or waived by their respective deadlines;
- II. approval is not obtained for resolutions proposed at the NSPT Unitholder Meeting;
- III. a statement in the Offer Document or certain other documents in connection with the Offer is or becomes misleading or deceptive or a matter required to be included is omitted from such a document;
- IV. the Lead Manager forms the view (acting reasonably) that a supplementary offer document must be lodged to ASIC due to misleading or deceptive statement or omission in the Offer Document, or a supplementary offer document is lodged without the Lead Manager's approval;
- V. a material adverse effect that will or is likely to occur in comparison to the position in the Offer Document;
- VI. for at least 2 consecutive business days before the close of the Institutional Offer, the S&P/ASX 200 Index or the S&P/ASX A-REIT Index falls to a level that is 90% or less of the level of that index as at the close of trading on the date of the agreement and remains at or below that 90% level for at least

2 consecutive Business Days, or until the Business Day immediately prior to the date of the NSPT Unitholder Meeting, whichever is shorter;

- VII.** approval is refused or not granted, is conditional or is withdrawn, qualified or withheld in relation to the ASX listing of NSH and the Trust, the quotation of Stapled Securities or CHESS clearance for the Stapled Securities;
- VIII.** any of the Issuer Entities or NSPL do not provide a closing certificate or provide a false, misleading or deceptive closing certificate;
- IX.** the Issuer Entities or APNFM or Trust Co RE (as applicable) fail to lodge the Offer Document or the Notice of Meeting with ASIC when required;
- X.** the Issuer Entities withdraw the Offer Document or all or part of the Offer;
- XI.** certain ASIC orders are issued or applied for, or certain investigations commenced under the Corporations Act or by other government agencies in relation to the Offer Document or Related Documents;
- XII.** a director of an Issuer Entity or NSPL is charged with an indictable offence, or is disqualified from managing a corporation under the Corporations Act, or a government agency commences any public action against an Issuer Entity, NSPL or any of their directors;
- XIII.** APNFM or Trust Co RE (as applicable), NSH or SaleCo is prevented from allotting, issuing or transferring the Stapled Securities within any applicable time requirements either in the Offer Document or related documents or any applicable laws;
- XIV.** any cornerstone investor terminates, or purports to terminate, a commitment letter, or fails to fulfil their obligations under a commitment letter or any commitment letter is terminated, waived or becomes void;
- XV.** the Offer is not conducted in accordance with the timetable in the Underwriting Agreement or any event specified in the timetable in the Underwriting Agreement is delayed for more than 3 Business Days without the prior written consent of the Lead Manager;
- XVI.** any member of the Issuer Entities, NSPT, NSPL or each of their respective subsidiaries is or becomes insolvent;
- XVII.** an Issuer Entity or NSPL or any of their respective directors or officers engage in any fraudulent conduct or activity whatsoever; or
- XVIII.** the chairman or managing director of any member of NSH, SaleCo, NSPT and NSPL is removed from office or replaced.

The Underwriting Agreement also contains a number of other customary termination events (e.g. new circumstances, certain changes in or contraventions in law, or specified disruptions in financial markets and hostilities).

15.5.4. Indemnity and release

Subject to certain exclusions, relating to, amongst other things, fraud, wilful misconduct or gross negligence by the Lead Manager, each Issuer Entity, jointly and severally, indemnifies the Lead Manager and its representatives against all losses incurred and arising out of the Offer, the Transaction or the agreement. To the extent the indemnity referred to above is not available or is insufficient, the indemnifying parties agree to contribute to the loss to the maximum extent permitted by law. The parties also provide a release to the Lead Manager from any claim made relating to the Offer.

15.6 Debt Facility

Trust Co RE as responsible entity for NSPT and NSH will enter into the Senior Loan Facility with the National Australia Bank Limited "NAB".

The facility will be guaranteed by all subsidiaries of National Storage Holdings Limited and any sub-trust of NSPT.

I. Conditions Precedent

The facility is subject to a number of conditions precedent including completion of the IPO transaction.

II. Purpose of Facility

The Facility is to be used for:

- i. towards the acquisition of the equity held by the vendors (shareholders of National Storage Pty Ltd and Strategic Storage Consulting Pty Ltd and the unitholders of the Trusts, in each case prior to the implementation of the IPO Transaction) in the obligors (other than the borrowers) (and payment of associated transfer duty, stamp duty and other costs);
- ii. at or after financial close towards the acquisition of the additional properties (and payment of associated transfer duty, stamp duty and other costs);
- iii. at any other time, for the acquisition of such other assets that are acceptable to the agent in its discretion but subject always to those assets being self-storage assets located in Australia and New Zealand that are part of the core business of the Borrower; or
- iv. otherwise in the manner approved by the lenders at the request of the borrowers.

III. Amount of Facility

The facility is a cash advance facility with a limit of \$50,000,000 and an overdraft facility of \$3,000,000.

IV. Term

The facility will terminate three years after executing the facility agreement.

V. Financial Covenants

NSH and NSPT must ensure that:

- i. The gearing ratio shall not at any time exceed 50.00%.

- ii. The ratio of combined EBITDA to consolidated finance charges in respect of each period set out in the agreement, as tested on each date set out in the agreement, shall equal or exceed 2.00 times

VI. Default

The facility contains a series of events of default under the agreement. These include exhaustive non-payment, non-compliance with a financial covenant requirement, misrepresentation, insolvency, repudiation and the occurrence of a material adverse change event. NAB has a number of entitlements on default including declaring the entire loan including interest to be immediately due and owing and requiring repayment.

VII. Security

First ranking mortgages over the properties listed in the schedule to the facility have been granted as security. NSH and NSPT must use their best endeavours (subject to consent of third party landlords) to grant first ranking mortgages over the leasehold properties.

VIII. Undertakings

The facility contains undertakings of the nature which are usual for a facility of this nature.



16. ADDITIONAL INFORMATION



16. Additional information

16.1 Description of the Transaction

To implement the Transaction and enable the establishment of National Storage REIT and its Listing on the ASX, the following key transaction steps will take place (in accordance with the Implementation Deed):

16.1.1. Election

NSPT Unitholders will be issued with the Notice of Meeting and Explanatory Memorandum, which will request Eligible NSPT Unitholders to make an election (by delivering the NSPT Election Form to APNFM, prior to 11.00am on the day which is 48 hours prior to the NSPT Unitholder Meeting) to either:

- cash-out their investment in National Storage REIT (in whole or in part, provided they do not retain less than a Marketable Parcel) and receive the Cash-Out Facility Price; or
- retain all of their Stapled Securities (following establishment of the National Storage REIT).

16.1.2. NSPT Unitholder Meeting

An extraordinary general meeting of NSPT Unitholders will be held to consider the Resolutions (including to approve the implementation of the Transaction). If any of the Resolutions are not approved by the requisite majority of NSPT Unitholders, the Transaction and therefore the Cash-Out Facility and Offer will not proceed.

16.1.3. Ineligible Foreign Securityholder

Any Units held by Ineligible Foreign Securityholders as at the Stapling Record Date will be transferred to SaleCo as the sale nominee to be sold with the Selling NSPT Unitholders Stapled Securities under the Cash-Out Facility Offer.

16.1.4. Return of Capital and Restructure Distribution

NSPT will make a return of capital to NSPT Unitholders (as at the Stapling Record Date), with the aggregate proceeds of the capital return being directed to NSH in consideration for the distribution of NSH Shares to Eligible NSPT Unitholders and SaleCo on behalf of Ineligible Foreign Securityholders (ie the Restructure Distribution).

16.1.5. Amalgamation of National Storage Group and NSPT

NSH will acquire the National Storage Group from the NS Vendors and the SSC Vendors and will become the holding company of the National Storage Group.

NSPT will acquire NS APAC Trust (which holds the 10% Southern Cross co-investment interest, further described in Section 15) and NSIT (which holds the options over the Artarmon Centre and the Marion Road Commercial Property) from the NS Vendors.

NS Vendors will be issued approximately 25.5 million Shares and Units in NSH and NSPT as partial consideration for the sale of their interests referred to above. The NS Vendors will also receive approximately \$5.8 million cash consideration for the sale of their respective interests. Additionally, Premier will receive \$2.8 million for fit out assets. SSC Vendors will receive approximately \$5.8 million cash consideration. Proceeds from the Offer will be used to pay this consideration.

16.1.6. Stapling

Following completion of acquisitions referred to in Section 16.1.5, all Shares and Units on issue in NSH and NSPT (respectively) will be stapled, so that one security may not be issued, transferred or otherwise dealt with without a corresponding and simultaneous issue, transfer or dealing with the other security and which securities will be quoted jointly on the ASX.

16.1.7. Completion

Following completion of the above steps and Listing and quotation of the Stapled Securities:

- New Stapled Securities will be issued under the Institutional Offer and the Firm Broker Offer;
- The transfer of the Selling NSPT Unitholders Stapled Securities to SaleCo will become effective; and
- Existing Stapled Securities (ie the Existing Stapled Securities of NSPT Unitholders and Ineligible Foreign Securityholders) will be transferred by SaleCo under the Cash-Out Facility Offer.

Following the issue and transfer of Stapled Securities (and in accordance with the Corporations Act), SaleCo will pay the Selling NSPT Unitholders and any Ineligible Foreign Securityholders their consideration (at the Cash-Out Facility Offer Price) for the sale of their interests in NSH and NSPT.

16.2 Related party transactions

The implementation of the Transaction and the ongoing management of the National Storage REIT necessarily involve a number of related party transactions outlined in this Offer Document, including under the:

- **Sale and Purchase Agreement** with respect to the issue of Shares and Units to entities associated with NSH Director, Andrew Catsoulis – refer to Sections 12.5 and 15.1.2 for further details;
- **Marion Road Commercial Property** with respect to consideration to be paid to entities associated with NSH Director, Andrew Catsoulis – refer to Sections 12.5 and 15.4.2 for further details;
- **Management Agreement** with respect to the reimbursement of expenses and provision of indemnities in connection with the performance of the management functions - refer to Section 15.2.6 for further details regarding this agreement;
- **Deed of Indemnity** – with respect to the indemnity provided by Trust Co RE, in its capacity as responsible



entity of NSPT, to NSH to indemnify NSH against any payment made or due and payable by NSH under a D&O Indemnity, but only to the extent that NSH is not able to meet such payment out of its own assets- refer to Section 12.5 for further details;

- **Deed of Indemnity (SaleCo)** – with respect to the indemnity provided to SaleCo and its director, Andrew Catsoulis, by NSH in connection with any loss which SaleCo or the director of SaleCo incurs as a consequence of the Offer, as referred to in Section 5.9;
- **Debt Facility** with respect to the guarantees provided by NSH subsidiaries and NSPT sub-trusts to secure the NAB Senior Loan Facility – refer to Section 15 for further details;
- **Custody Agreement** with respect to the payment of the custody fees by Trust Co RE under the Custody Agreement to the Custodian, which is a related party of Trust Co RE – refer to section 15 for further details.

Additionally, the amended NSPT Constitution (provided the resolution to approve the amendments is passed at the NSPT Unitholder Meeting), will permit the payment of an exit fee to APNFM on its retirement or removal equal to 1% of the gross asset value of NSPT assets (approximately \$2 million). This fee will be paid out of the assets of NSPT following the successful conclusion of the Transaction if

approved by Unitholders at the NSPT Unitholder Meeting. This amount has been taken into account in the pro forma pre-stapling adjustments with respect to cash and cash equivalents. Refer to section 7.4.1 for further details.

Also refer to Section 12.5 for a description of the interests and benefits provided to directors of NSH.

16.3 Consents

Each of the persons set out in the table below have given, and at the time of lodgment of this Offer Document with ASIC, have not withdrawn their written consent to:

- be named in this Offer Document in the form and context in which they are named;
- the inclusion of their respective reports or statements noted next to their names and the references to those reports or statements in the form and context in which they are included in this Offer Document; and
- the inclusion or other statements in this Offer Document which are based on or referable to statements made in those reports or statements which are based or referable to other statements made by those persons in the form and context in which they are included.

NAME	CAPACITY	STATEMENT
Ernst & Young Transaction Advisory Services Limited	Investigating Accountant	Investigating Accountant's Report set out in Section 10
Morgan Stanley Australia Securities Limited	Lead Manager	Not Applicable
Morgan Stanley Wealth Management Australia Pty Ltd	Co-Manager	Not Applicable
Bell Potter Securities Limited	Co-Manager	Not Applicable
Ernst & Young	Taxation advisor	Taxation implications set out in Section 14
Ernst & Young	Auditor	Not Applicable
Computershare	Share Registry	Not Applicable
King & Wood Mallesons	Legal Advisor of National Storage Group	Not Applicable
The Trust Company Limited	Custodian	Not Applicable
The Trust Company (Australia) Limited	Trustee	Not Applicable
m3property	Valuer	Independent Valuation Report in Section 11
Crowe Horwarth	Valuer	Independent Valuation Report in Section 11
Savills Australia	Valuer	Independent Valuation Report in Section 11
Clarence Property Corporation Limited as responsible entity of Westlawn Property Trust	Shareholder	Commitment to retain its investment in National Storage REIT
APNFM as responsible entity of NSPT	Outgoing responsible entity	"Disclaimer" (Important Information), "What is NSPT" (Investment Overview), "Why is the board of the existing responsible entity of NSPT recommending the Transaction" (Investment Overview).
APNFM as responsible entity of APN Unlisted Property Fund	Shareholder	Commitment to retain its investment in National Storage REIT
APNFM as responsible entity of APN Direct Property Fund	Shareholder	Commitment to retain its investment in National Storage REIT

Some laws impose obligations that cannot be excluded. To the maximum extent permitted by law, each person named in this section expressly disclaims, and takes no responsibility for, all parts of this Offer Document other than any statement or report attributed to them and included in this Offer Document with their express consent.

References are made in this Offer Document to entities that have certain dealings with the National Storage Group,

including counterparties to material contracts referred to in this Offer Document. These entities have been referred to for information purposes only. Those entities did not authorise or cause the issue of this Offer Document and have had no involvement in the preparation of any part of this Offer Document.

None of these named firms, companies or entities makes any offer of Stapled Securities.

16.4 Interests of professionals, advisers and promoters

Other than as set out below or elsewhere in this Offer Document, no promoter of National Storage REIT, or an AFSL-holder or underwriter involved in the Offer, the Restructure Distribution and Listing or any other person named in this Offer Document as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Offer Document, has or has held, during the last two years prior to the date of the Offer an interest in:

- the formation or promotion of any entity in National Storage REIT;
- the property and/or business acquired or proposed to be acquired by National Storage REIT in connection its formation or promotion under this Offer Document; or
- the Offer or the Restructure Distribution.

King & Wood Mallesons has acted as Australian legal adviser to the National Storage Group and NSH. In respect to this work, King & Wood Mallesons will be paid approximately \$450,000 (excluding GST and disbursements) in fees and charges for legal services provided to National Storage REIT up to the date of this Offer Document in connection with the Offer and Listing. Further amounts may be paid to King & Wood Mallesons in accordance with its time-based charges.

Ernst & Young Transaction Advisory Services Limited has acted as Investigating Accountant in relation to the Offer. In respect of this work, Ernst & Young will be paid approximately \$350,000 (excluding GST and disbursements) in fees and charges for work performed up to the date of this Offer Document. Further amounts may be paid to Ernst & Young in accordance with its time-based charges.

Ernst & Young has acted as tax adviser in relation to the Offer. In respect of this work, Ernst & Young will be paid approximately \$300,000 (excluding GST and disbursements) in fees and charges for work performed up to the date of this Offer Document. Further amounts may be paid to Ernst & Young in accordance with its time-based charges.

m3property, Savills Australia and Crowe Horwarth have provided the independent valuation summary reports set out in Section 15. In respect of this work, m3property will be paid approximately \$115,000 (excluding GST and disbursements), Savills Australia will be paid approximately \$3,000 (excluding GST and disbursements) and Crowe Horwarth will be paid approximately \$32,500 (excluding GST and disbursements).

Morgan Stanley Australia Securities Limited will receive fees for acting as the Lead Manager for the Offer, as described in Sections 13 and 15.5.

Morgan Stanley Wealth Management Australia Pty Limited will act as a co-manager and will receive from the Lead Manager 1.5% of the amount allocated to it under the Broker Firm Offer.

Any fees will only be payable to Morgan Stanley Wealth Management Australia Pty Limited on the portion of their firm allocation that is subscribed for by wholesale clients.

Bell Potter Securites Limited will act as a co-manager and will receive from the Lead Manager 1.5% of the amount allocated to it under the Broker Firm Offer.

Any fees will only be payable to Bell Potter Securities Limited on the portion of their firm allocation that is subscribed for by wholesale clients.

16.5 Accessing information about National Storage REIT

National Storage REIT will provide regular communication to Securityholders, including publication of:

- audited annual financial reports;
- reviewed half year financial reports;
- semi-annual distribution statements;
- annual taxation statements; and
- any continuous disclosure notices given by National Storage REIT.

There will also be a website that will provide up to date information on National Storage REIT, including current Stapled Security prices, access to half year and annual reports and distribution statements.

National Storage REIT will be subject to regular reporting and disclosure obligations. Copies of documents lodged with ASIC in relation to National Storage REIT may be obtained from, or inspected at, an ASIC office.

You also have the right to obtain a copy of each annual report, half yearly report and any continuous disclosure notice from National Storage REIT free of charge.

16.6 Ethical considerations

National Storage REIT does not take into account labour standards or environmental, social or ethical considerations when making or realising an investment. However, these considerations may be taken into account if they materially affect the value of the investment, but no specific methodology is applied. Environmental factors are addressed as part of normal property due diligence.

16.7 AML and CTF

National Storage REIT is bound by laws about the prevention of money laundering and the financing of terrorism, including the Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (Cth) (**AML/CTF Act**) or AML/CTF Rules. By completing the Application Form, you agree:

- to provide to National Storage REIT any information or documents which National Storage REIT reasonably requests be provided in order for National Storage REIT to comply with AML/CTF Act or AML/CTF Rules. Information requested may include, identification checks and procedures, including, in relation to an individual investor's name, address and date of birth and for an investor that is a company, details of its directors and beneficial shareholders; and
- to the extent permitted by law, if National Storage REIT forms the view (in its reasonable opinion), that it is required to disclose information in order to comply with the AML/CTF Act or AML/CTF Rules, such disclosure will not be a breach of any obligation or duty National Storage REIT owes to investors and National Storage REIT will not incur any liability to any investor in respect to such disclosure.

16.8 Complaints handling

National Storage REIT will establish a procedure for dealing with complaints which it will follow to acknowledge, investigate, respond to and resolve complaints by Securityholders. If you are not satisfied with the conduct of National Storage REIT, NSH or Trust Co RE in performing their respective obligations, a complaint should be initially addressed to either the NSH or Trust Co RE Company Secretary at:

National Storage GPO Box 3239 Brisbane QLD 4001	The Trust Company GPO Box 4270 Sydney NSW 2001
-------------------------------------------------------	------------------------------------------------------

The NSH Company Secretary and/or Trust Co RE Company Secretary will endeavor to:

- acknowledge both written and verbal complaints promptly within 7 days and explain the complaints handling procedures to the complainant;
- investigate the complaint with a view to responding to the complaint within 7 days confirming the complaint is being investigated; and
- respond to your complaint within 45 days of receiving the complaint, advising you of any decision and providing information on any remedy and avenues of appeal.

If you are not satisfied with our response, you can refer your complaint to the Financial Ombudsman Service, an external, independent complaints handling body that provides free assistance to consumers to help in resolving complaints relating to the financial services industry.

The Financial Ombudsman Service's details are:

Address: Financial Ombudsman Service Limited
GPO Box 3, Melbourne, VIC, 3001

Telephone: 1300 78 08 08

Facsimile: (03) 9613 6399

Email: info@fos.org.au

Website: www.fos.org.au

If you are seeking investment advice you should contact your financial adviser.

16.9 Expenses of Listing

The total expenses of the Offer and the Listing will be approximately \$11.8 million (including any non-recoverable GST). The expenses include equity capital raising costs, borrowing costs, advisory, legal, accounting, Listing and other administrative fees, as well as printing, advertising and other miscellaneous expenses. All expenses in connection with the Offer Document and Listing are payable by National Storage REIT.

16.10 Directors' consent to issue

Each director of NSH, SaleCo and Trust Co RE as at the date of this Offer Document has consented to the lodgment of this Offer Document with ASIC.

16.11 Application Form

Returning a completed Application Form will be taken to constitute a representation by the Applicant that they:

- are an Australian resident;
- have received a printed or electronic copy of the Offer Document (and any supplementary or replacement document) accompanying the Application Form and have read them all in full;
- agree that their Application is completed and lodged in accordance with this Offer Document and subject to the declarations and statements on the Application Form;
- declare that all details and statements in the Application form are complete and accurate;
- acknowledge that once the Application Form is returned it may not be withdrawn;
- agree to being issued the number of Stapled Securities they apply for (or a lower number issued in accordance with this Offer Document);
- if natural persons, are at least 18 years old and do not suffer from any legal disability preventing them from applying for Stapled Securities; and
- authorise National Storage REIT and the Lead Manager and their officers and agents, to do anything on their behalf necessary for Stapled Securities to be issued to them, including to act on instructions received by the Registry using their contact details in the Application Form.

16.12 International Offer Restrictions

As set out in Section 9.12, no action has been taken to register or qualify this Offer Document, the Securities or the Offer or otherwise to permit an offering of the Securities in any jurisdiction outside of Australia.

This document does not constitute an offer of Securities in any jurisdiction in which or to any person whom, it would be unlawful. Stapled Securities may not be offered or sold in any country outside Australia except to the extent permitted below.

Belgium

The information in this document has been prepared on the basis that all offers of Stapled Securities will be made pursuant to an exemption under the Directive 2003/71/EC ("Prospectus Directive"), as amended and implemented in Member States of the European Economic Area (each, a "Relevant Member State"), from the requirement to produce a prospectus for offers of securities.

An offer to the public of Stapled Securities has not been made, and may not be made, in a Relevant Member State except pursuant to one of the following exemptions under the Prospectus Directive as implemented in that Relevant Member State:

- to any legal entity that is authorized or regulated to operate in the financial markets or whose main business is to invest in financial instruments;
- to any legal entity that satisfies two of the following three criteria: (i) balance sheet total of at least €20,000,000; (ii) annual net turnover of at least €40,000,000 and (iii) own funds of at least €2,000,000 (as shown on its last annual unconsolidated or consolidated financial statements);
- to any person or entity who has requested to be treated as a professional client in accordance with the EU Markets in Financial Instruments Directive (Directive 2004/39/EC, "MiFID"); or
- to any person or entity who is recognised as an eligible counterparty in accordance with Article 24 of the MiFID.

Hong Kong

WARNING: This document has not been, and will not be, authorized by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the "SFO"). No action has been taken in Hong Kong to authorize this document or to permit the distribution of this document or any documents issued in connection with it. Accordingly, the Stapled Securities have not been and will not be offered or sold in Hong Kong other than to "professional investors" (as defined in the SFO).

No advertisement, invitation or document relating to the Stapled Securities has been or will be issued, or has been or will be in the possession of any person for the purpose

of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the Stapled Securities which are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors as defined in the SFO and any rules made under that ordinance.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

New Zealand

This document has not been registered, filed with or approved by any New Zealand regulatory authority under or in accordance with the Securities Act 1978 (New Zealand). The Stapled Securities are not being offered or sold in New Zealand, or allotted with a view to being offered for sale in New Zealand, and no person in New Zealand may accept a placement of Stapled Securities other than to:

- persons whose principal business is the investment of money or who, in the course of and for the purposes of their business, habitually invest money; or
- persons who are each required to (i) pay a minimum subscription price of at least NZ\$500,000 for the securities before allotment or (ii) have previously paid a minimum subscription price of at least NZ\$500,000 for securities of National Storage REIT ("initial securities") in a single transaction before the allotment of such initial securities and such allotment was not more than 18 months prior to the date of this document.

Singapore

This document has not been registered as a prospectus with the Monetary Authority of Singapore ("MAS") and, accordingly, statutory liability under the Securities and Futures Act, Chapter 289 (the "SFA") in relation to the content of prospectuses does not apply, and you should consider carefully whether the investment is suitable for you. The issuer is not authorised or recognised by the MAS and the Stapled Securities are not allowed to be offered to the retail public. This document and any other document or material in connection with the offer or sale, or invitation for subscription or purchase of the Stapled Securities may not be circulated or distributed, nor may the Stapled Securities be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except to "institutional investors" (as defined in the SFA), or otherwise pursuant to, and in accordance with the conditions of, any other applicable provisions of the SFA.

This document has been given to you on the basis that you are an "institutional investor" (as defined under the SFA). In the event that you are not an institutional investor, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the Stapled Securities being subsequently offered for sale to any other party. You are advised to acquaint yourself with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

United States

This document may not be released or distributed in the United States. This document does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States or to any US person (as defined in Regulation S under the US Securities Act of 1933). Any securities described in this document have not been, and will not be, registered under the US Securities Act and may not be offered or sold in the United States or to US persons except in transactions exempt from, or not subject to, the registration requirements under the US Securities Act and applicable US state securities laws.

16.13 ASX waivers and confirmations

In order to conduct the Offer, National Storage REIT has sought the following confirmations and waivers:

- confirmation that the structure of National Storage REIT is appropriate for a listed entity for the purposes of Listing Rule 1.1;
- waiver of the requirement that National Storage REIT provide accounts for the last three financial years under Listing Rule 1.3.5(a);
- confirmation that the reviewed financial statements provided in this Offer Document are sufficient for the purposes of Listing Rule 1.3.5(c);
- confirmation that no additional financial information other than as provided in this Offer Document is required under Listing Rule 1.17;
- confirmation that the draft Constitutions are consistent with the Listing Rules for the purposes of Listing Rule 1.1 (condition 2);
- customary stapling relief in relation to Listing Rules 1.1 (condition 7 and condition 8), 2.1 (condition 2), 6.24 and clause 1 of Appendix 6A, 8.10 and 10.1 to ensure that National Storage REIT satisfies the requisite value thresholds even though the component parcels of each of NSH and NSPT may not individually do so;
- confirmation under Listing Rule 2.1 (condition 1) that the terms of the Stapled Securities are acceptable;
- confirmation under Listing Rule 6.10 that the contractual (voluntary escrow) arrangements with respect to the NSPL shareholders' Stapled Securities are acceptable and will not prevent quotation of all of the Stapled Securities;
- confirmation that disclosure by one entity on behalf of National Storage REIT satisfies the obligation for each entity on a matter for the purposes of Listing Rule 3.1;
- confirmation that the Stapled Securities are "equity securities" for the purpose of Listing Rule 19.12;
- confirmation under Listing Rule 7.40 that the proposed timetable is acceptable to ASX; and
- confirmation that the Stapled Securities may begin trading on a deferred settlement basis.

16.14 ASIC relief

National Storage REIT has sought the following relief and modifications from ASIC:

- modification to the Corporations Act to enable SaleCo to operate the Cash-Out Facility and the facility for Ineligible Foreign Securityholders;
- exemption of Trust Co RE from the operation of paragraph 601FC(1)(d) of the Corporations Act to the extent it would otherwise prevent Trust Co RE from dealing with Ineligible Foreign Securityholders in the manner contemplated in this Offer Document;
- modification of section 601GA(1)(a) of the Corporations Act in relation to the issue price of the Unit component of the Stapled Securities, and the issue or transfer price of Stapled Securities issued or transferred under a distribution reinvestment plan;
- customary stapling relief modifying Parts 5C.2 and 5C.7 of the Corporations Act to allow National Storage REIT to be treated as a single stapled economic entity;
- modification of sections 708(13) and 1012D(3) of the Corporations Act so as to allow Trust Co RE, NSH and SaleCo to make offers of Stapled Securities pursuant to any distribution reinvestment plan which may be established by National Storage REIT in the future, without Trust Co RE, NSH and SaleCo having to issue an additional disclosure document or product disclosure statement (as applicable);
- modification of section 1017E of the Corporations Act to permit Trust Co RE, NSH and SaleCo to use a single bank account to hold application money received for the Stapled Securities;
- exemption from section 723(1) of the Corporations Act to allow for the issue and sale of securities without an application form (for the purposes of the Restructure Distribution); and
- exemption from section 606(1) of the Corporations Act to allow SaleCo to perform its obligations under the Cash-Out Facility.



17. GLOSSARY

17. Glossary

TERM	DEFINITION
Allotment Date	The date of the allotment of Stapled Securities following acceptance of an Application, expected to be 23 December 2013.
APN	APN Property Group.
APNFM	APN Funds Management Limited (ACN 080 674 479).
Applicant	A person who submits a valid Application Form pursuant to this Offer Document.
Application	An application for Stapled Securities under the Offer described in this Offer Document.
Application Form	The form of Application for Stapled Securities attached to or accompanying this Offer Document.
Application Monies	Monies received from Applicants in respect of their Application(s).
Artarmon Centre	A self-storage centre located at 7-11 Lancelly Place, Artarmon that National Storage Group has been managing for the receiver of the Artarmon Centre from July 2013.
ASIC	Australian Securities and Investment Commission.
ASX	Australian Securities Exchange.
ASX Guidelines	ASX Corporate Governance Principles and Recommendations (amended 2010).
ASX Listing Rules	The rules of the ASX that govern the admission, quotation and removal of securities from the ASX official list.
ASX Settlement Operating Rules	The settlement rules of ASX as amended, varied or waived from time to time.
Audit and Risk Committee	The committee described in Section 12.6.
Australian Accounting Standards	Australian Accounting Standards and other authoritative pronouncements issued by the Australian Accounting Standards Board and Urgent Issues Group Interpretations.
Broker	A broker appointed by the Lead Manger to act as a participating broker to the Offer.
Broker Firm Offer	The Offer of Stapled Securities under this Offer Document open to eligible Retail Investors and Sophisticated Investors who have received a firm allocation from their Broker.
Business Days	A day which ASX is open for trading in securities and banks are open for general business in Sydney.
Cash-Out Facility	The sale facility to be conducted by SaleCo on behalf of Selling NSPT Unitholders and Ineligible Foreign Securityholders.
Cash-Out Facility Bookbuild	The bookbuild process to be conducted by the Lead Manager in respect to the Cash-Out Facility.
Cash-Out Facility Offer	The Offer of Existing Existing Stapled Securities sold under this Offer Document by SaleCo which is open to Institutional Investors.
Cash-Out Facility Price	The price to be paid for the existing Stapled Securities transferred under the Cash-Out Facility Offer as determined by the Cash-Out Facility Bookbuild process and which will not be less than the Offer Price.
CHESS	ASX's Clearing House Electronic Sub-register System.
Closing Date	The Closing Date for the Broker Firm Offer is expected to be 16 December 2013 and the Closing Date for the Cash-Out Facility Offer is expected to be 18 December 2013.
Co-Manager	The co-managers of the offer, being Morgan Stanley Wealth Management Australia Pty Ltd and Bell Potter Securities Limited.
Completion	The completion of the issue and transfer of Stapled Securities pursuant to the Offer under the Underwriting Agreement.

TERM	DEFINITION
Constitution	The constitutions of NSPT and NSH (as the context requires).
Corporations Act	Corporations Act 2001 (Cth).
CPI	The Consumer Price Index, as published by the Australian Bureau of Statistics.
Custodian	The Trust Company Limited (ACN 004 027 749).
Custody Agreements	The following custody agreements: <ul style="list-style-type: none"> ■ The custody agreement between Trust Co RE and the Custodian in respect to NSPT; and ■ The custody agreements between the Trustee and the Custodian in respect to the NSVPT, NSIT and NS APAC Trust.
Debt Facility	Includes Debt Facility described in Section 5.3 and Section 15.
Distribution Offset Arrangements	Distribution offset arrangements in relation to the Vendor Stapled Securities.
EBIT	For a relevant period, operating profit before interest and taxation.
EBITDA	For a relevant period, operating profit before interest, taxation, depreciation and amortisation.
Eligible NSPT Unitholders	An NSPT Unitholder who is not an Ineligible Foreign Securityholder on the NSPT register at the Stapling Record Date.
EPS	Underlying earnings per Stapled Security.
Existing Stapled Securities	The Stapled Securities held by or on behalf of NSPT Unitholders (including by SaleCo on behalf of Ineligible Foreign Securityholders), immediately following completion of the stapling of the Shares and Units on the Implementation Date.
Explanatory Memorandum	The explanatory memorandum enclosed with the Notice of Meeting to be sent to NSPT Unitholders by APNFM on 26 November 2013.
Financial Information	The Pro Forma Historical Financial Information and Forecast Financial Information described in Section 7.1.
Forecast Financial Information	Forecast financial information described in Section 7.1.
Forecast Period	The forecast period from 1 December 2013 to 31 December 2014, as described in Section 7.1.
Freehold Centres	Self-storage centres to be operated by National Storage REIT following its establishment from internally owned properties.
Gearing Ratio	Net debt / total assets less cash and lease liability.
GST	Goods and Services Tax.
Heitman	Heitman LLC, a Delaware limited liability company.
HIN	Holding Identification Number.
Implementation Date	The date on which the Restructure Distribution and stapling of the NSH Shares and NSPT Units will occur, expected to be the next Business Day after the NSPT Unitholder Meeting.
Implementation Deed	The Implementation Deed between NSH, Trust Co RE, APNFM and Saleco (amongst others).
Independent Limited Assurance Report	The Independent Limited Assurance Report prepared by Ernst & Young Transaction Advisory Services Limited in connection with the Offer, as set out in Section 10 of this Offer Document.
Ineligible Foreign Securityholders	An NSPT Unitholder who does not have a registered address in Australia as at the Stapling Record Date and whom Trust Co Re and NSH determine is ineligible to receive a Share because the laws of that foreign NSPT Unitholder's country of residence do not validly permit the issue of NSH Shares to that Unitholder (or only do so subject to compliance with conditions which NSH and Trust Co RE agree are unacceptable or unduly onerous or impracticable).

TERM	DEFINITION
Institutional Investor	A person to whom offers and issuers of Stapled Securities may lawfully be made without the need for disclosure under Part 7.9 of the Corporations Act or without any other lodgment, registration or approval with or by a government agency (other than one with which National Storage REIT, in its absolute discretion, is willing to comply).
Institutional Offer	The offer of Stapled Securities to Institutional Investors under this Offer Document.
Investec National Storage Trust	The Investec National Storage Trust established by Trust Deed dated 29 October 2008.
Investec Property Group	Investec Property Limited ACN 071 514 246.
Lead Manager	The lead manager and underwriter of the Offer, being Morgan Stanley Australia Securities Limited.
Leasehold Centres	Self-storage centres to be operated by National Storage REIT following its establishment from properties owned by third parties under lease arrangements.
Listing	The listing of National Storage REIT on ASX.
Listing Rules	The official listing rules of the ASX from time to time as modified by an express written confirmation, waiver, or exemption given by ASX.
Management Agreement	The management agreement between NSH and Trust Co RE.
Marion Road Commercial Property	The commercial property known as 961-963 Marion Road, Marion, South Australia.
Marketable Parcel	Has the same meaning given to that term in the Listing Rules.
National Storage Group	Comprises of NSPL, SSC, NSO, National Storage Investments Pty Ltd, NS APAC Trust, NSIT and Wine Ark.
National Storage REIT	Comprises the combined operations of the National Storage Group and NSPT.
NAV	Net asset value.
Net Debt	Interest bearing liabilities less cash.
Notice of Meeting	The notice of meeting to be sent to NSPT Unitholders on 26 November 2013 in respect of the NSPT Unitholder Meeting.
NS APAC Trust	NS APAC Trust constituted by the trust deed dated 11 August 2011.
NS Vendor	The existing shareholders of NSPL as at the date of this Offer Document, being: <ul style="list-style-type: none"> ■ Leyshon Equities Pty Ltd (ACN 050 399 310); ■ Stowaway Self Storage Pty Ltd (ACN 076 331 961) as trustee for Catsoulis Development Trust; ■ Stowaway Self Storage Pty Ltd (ACN 076 331 961) as trustee for the Catsoulis Family Trust; ■ StorCat Pty Ltd (ACN 131 843 000) as trustee for the Andrew Catsoulis Family Trust; ■ Palomere Pty Ltd (ACN 082 041 389) as trustee for the Peter Edward Greer Family Trust; and ■ Green 9 Pty Ltd (ACN 106 433 872) as trustee for Michael Berry Family Trust, who have agreed to transfer their interest in National Storage Group (which for these purposes does not include SSC) to National Storage REIT as part of the Transaction.
NSIT	National Storage Investment Trust constituted by the trust deed dated 28 June 2008.
NSH	National Storage Holdings Limited (ACN 166 572 845).
NSH Board	The board of directors NSH.

TERM	DEFINITION
NSH Directors	The directors of NSH.
NSO	National Storage (Operations) Pty Ltd (ACN 095 053 179).
NSPL	National Storage Pty Ltd (ACN 094 382 831).
NSPT	APN National Storage Property Trust (ARSN 101 227 712). The name of the trust will change to "National Storage Property Trust" after Listing.
NSPT Unitholder	A registered holder of Units in NSPT.
NSPT Unitholder Election Form	The election form sent to NSPT Unitholders with the Notice of Meeting and Explanatory Memorandum.
NSPT Unitholder Meeting	The extraordinary general meeting of NSPT Unitholders to consider and if thought fit pass the necessary resolutions to appoint Trust Co RE as the new responsible entity of NSPT, amend the NSPT Constitution and approve the Transaction, scheduled for 18 December 2013.
NSVPT	National Storage Victorian Property Trust constituted by the trust deed dated 23 September 2003.
NTA	Net tangible assets.
Offer	Comprises the Broker Firm Offer, Institutional Offer and Cash-Out Facility Offer.
Offer Document	This prospectus and product disclosure statement dated 19 November 2013.
Offer Period	Expected to be 27 November 2013 to 18 December 2013.
Offer Price	\$0.98 per Stapled Security with respect to the Institutional Offer and the Broker Firm Offer.
Offer Proceeds	Gross proceeds of the Offer.
Pro Forma Historical Financial Information	Pro forma consolidated historical balance sheet as at 30 June 2013, as described in Section 7.1.
Resolutions	Each of the resolutions in connection with the Transaction to be considered by NSPT Unitholders at the NSPT Unitholder Meeting.
Restructure Distribution	The issue of one fully paid ordinary Share in NSH to NSPT Unitholders in proportion to their unitholdings in NSPT on the Stapling Record Date, more particularly described in Section 9.14 of this Offer Document.
Retail Investor	A person who is a resident of Australia and is not otherwise treated as a Sophisticated Investor or Institutional Investor.
SaleCo	NS Saleco Pty Ltd (ACN 166 572 792).
Sale and Purchase Agreement	The Sale and Purchase Agreement between NS Vendors, SSC Vendors, NSH, Trust Co RE amongst others to effect the sale and purchase of Shares and Units and to combine the operations of NSPT and National Storage Group.
SCS	Southern Cross Storage Operations Pty Limited (ACN 152 503 163).
SCST	Southern Cross Storage Trust.
Security	Shares issued under the Restructure Distribution and Stapled Securities issued or transferred under the Offer, as the context requires.
Securityholder	A holder of a Stapled Security in National Storage REIT.
Selling NSPT Unitholders	NSPT Unitholders who have elected or are deemed to have elected to sell their Existing Stapled Securities to SaleCo via the Cash-Out Facility.
Settlement	Settlement of the subscriptions for Stapled Securities under the Offer.
Share	An ordinary fully paid share in NSH.

TERM	DEFINITION
Share Registry	Computershare Investor Services Pty Limited
Southern Cross	Southern Cross Storage Group, comprised of SCST and SCS, see Section 6.3 for further details regarding Southern Cross.
Sophisticated Investor	Private clients of a Broker who are "sophisticated investors" or "professional investors" within the meaning of section 708 and "wholesale clients" under section 761G.
Southern Cross Investors Agreement	The Investors Agreement between NSO and investors advised by Heitman as further described in Section 15 of this Offer Document.
Southern Cross Management Agreement	The management agreement between NSO, SCS and The Trust Company (Australia) Limited as trustee of the SCST, as further described in Section 15 of this Offer Document.
SRN	Securityholder Reference Number.
SSC	Strategic Storage Consulting Pty Ltd (ACN 106 713 642).
SSC Vendors	The owners of SSC as at the date of this Offer Document, being StorCat Pty Ltd (ACN 131 843 000) as trustee for the Andrew Catsoulis Family Trust, Palomere Pty Ltd (ACN 082 041 389) as trustee for the Peter Edward Greer Family Trust, Green 9 Pty Ltd (ACN 106 433 872) as trustee for Michael Berry Family Trust and Saxtom Pty Ltd (ACN 146 335 533) as trustee for the Saxtom Family Trust.
Stapled Security	One Unit stapled to one Share so that one security may not be issued, transferred or otherwise dealt with without a corresponding and simultaneous issue, transfer or dealing with the other security and which securities are or will be quoted jointly on the ASX.
Stapling Record Date	8.00am on the Implementation Date.
Transaction	The proposal to establish National Storage REIT as a separately listed entity through the Restructure Distribution, Offer and various other key implementation steps under the Implementation Deed and other ancillary transaction agreements.
Transaction Costs	Means the costs incurred in undertaking the Transaction, as summarised in Section 7.
Trust Co RE	The Trust Company (RE Services) Limited (ACN 003 278 831 and AFSL Number 235150).
Trustee	The Trust Company (Australia) Limited (ACN 000 000 993).
Underwriting Agreement	The agreement between the Lead Manager, NSH, Trust Co RE, APNFM and SaleCo, pursuant to which NSH, Trust Co RE and SaleCo has agreed to undertake and the Lead Manager has agreed to underwrite the Offer summarised in Section 15.5.
Unit	An ordinary fully paid unit in NSPT.
US Persons	Has the meaning given by Regulation S under the US Securities Act.
US Securities Act	U.S. Securities Act of 1933, as amended.
Vendor Stapled Securities	New Shares and Units issued to the NS Vendors as partial consideration for the transfer of their interests in National Storage Group (which for these purposes does not include SSC) to National Storage REIT.
Wine Ark	Wine-Ark Pty Ltd (ACN 090 902 686).



18.CORPORATE DIRECTORY



18. Corporate Directory

Registered Office

Level 1, 10 Felix Street, Brisbane QLD 4000

National Storage REIT Investor Relations

Telephone: 1800 683 290

Email: invest@nationalstorage.com.au

Board of Directors of National Storage REIT

Laurence Brindle, Independent Chairman

Anthony Keane, Non-executive Director

Andrew Catsoulis, Managing Director

Responsible Entity

The Trust Company (RE Services) Limited (ACN 003 278 831 AFSL 235 150)

Level 15, 20 Bond Street, Sydney NSW 2000

Telephone: 1800 622 812

Registry

Computershare Investor Services Pty Limited

452 Johnston Street, Abbotsford VIC 3067

Telephone: 1300 439 803

Lead Manager

Morgan Stanley Australia Securities Limited (ABN 55 078 652 276 ASFL 233741)

Level 39, Chifley Tower, 2 Chifley Square, Sydney NSW 2000

Co-Manager

Morgan Stanley Wealth Management Australia Pty Ltd (ABN 19 009 145 555 AFSL 240813)

Level 39, Chifley Tower, Chifley Square, Sydney NSW 2000

Bell Potter Securities Limited (ABN 25 006 390 772 AFSL No 243480)

Level 38, Aurora Place, 88 Phillip Street, Sydney NSW 2000

Investigating Accountant

Ernst & Young Transaction Advisory Services Limited (AFSL 240585)

111 Eagle Street, Brisbane QLD 4000

Auditor

Ernst & Young

111 Eagle Street, Brisbane QLD 4000

Taxation advisor

Ernst & Young

111 Eagle Street, Brisbane QLD 4000

Legal advisor

King & Wood Mallesons

Level 33, 1 Eagle Street, Brisbane QLD 4000

¹ Includes

A photograph of a brick building with a large sign. The sign has a yellow top section with the words "NATIONAL" and "STORAGE" in bold black letters. The rest of the sign is a plain, light-colored surface.

**NATIONAL
STORAGE**

APPENDIX A

A close-up photograph of a sign on a brick wall. The sign is light-colored with the words "OFFICE ENTRY" in bold black letters, preceded by a left-pointing arrow.

← OFFICE ENTRY

Appendix A

Pre-stapling pro forma adjustments

ACCOUNT AND ADJUSTMENT DESCRIPTION	ADJUSTMENT (\$M)	TOTAL PRO FORMA BALANCE SHEET IMPACT (\$M) ¹
Cash and cash equivalents:		
<ul style="list-style-type: none"> A fee of \$2.0m paid to APNFM (as Responsible Entity of NSPT) to facilitate the sale of existing units in NSPT 	(2.0)	
<ul style="list-style-type: none"> The pay down of the swap liability that exists on NSPT's books at 30 June 2013. The fair value of the swap liability is deemed to be \$1.3m (which is paid down) with the difference of \$0.5m being taken to the P&L 	(1.3)	
<ul style="list-style-type: none"> A cash distribution paid to NSPT unitholders of \$1.7m to clear the distribution liability that existed in NSPT 30 June 2013 financial statements 	(1.7)	(5.0)
Receivables and other assets:		
<ul style="list-style-type: none"> A reclassification of the leased asset receivable of \$13.9m within NSPT at 30 June 2013 to Investment properties – Freehold to gross up the value of investment property to match the valuation received for the 30 June 2013 financial statements 	(13.9)	(13.9)
Investment properties – Freehold:		
<ul style="list-style-type: none"> A reclassification of the leased asset receivable of \$13.9m within NSPT at 30 June 2013 to Investment properties – Freehold to record the fair value of the investment property as determined by an annual evaluation performed as of 30 June 2013, by an accredited, independent valuer 	13.9	
<ul style="list-style-type: none"> A fair value adjustment to increase the value of NSPT Investment properties - Freehold by \$4.2m based on the Directors' valuation of the NSPT property portfolio (agreed to by NSPL) to reflect the value of this property at the point of stapling 	4.2	18.0
Payables:		
<ul style="list-style-type: none"> A fair value adjustment and subsequent pay down of the \$1.8m swap liability that exists on NSPT's books at 30 June 2013. The fair value of the swap liability is deemed to be \$1.3m (which is paid down) with the difference of \$0.5m being taken to the P&L 	(1.8)	(1.8)
Interest bearing liabilities:		
<ul style="list-style-type: none"> The write-off of \$0.3m in borrowing costs relating to the existing debt held by NSPT at 30 June 2013. Note these borrowing costs have been capitalised against the debt in the NSPT 30 June 2013 financial statements 	0.3	0.3
Other liabilities:		
<ul style="list-style-type: none"> Reduction in the liability that existed in the NSPT 30 June 2013 financial statements as a result of a cash distribution paid to NSPT unitholders 	(1.7)	(1.7)
Net assets:		2.4
Retained earnings:		
<ul style="list-style-type: none"> Fair value adjustment to the \$1.8m swap liability that exists on NSPT's books at 30 June 2013 	0.5	
<ul style="list-style-type: none"> A fee of \$2.0m paid to APNFM (as Responsible Entity of NSPT) to facilitate the sale of existing units in NSPT 	(2.0)	
<ul style="list-style-type: none"> The write-off of \$0.3m in borrowing costs relating to the existing debt held by NSPT at 30 June 2013 	(0.3)	
<ul style="list-style-type: none"> A fair value adjustment to increase the value of the NSPT Investment properties - Freehold by \$4.2m based on the Directors' valuation of the NSPT property portfolio (agreed to by NSPL) to reflect the value of this property at the point of stapling 	4.2	2.4
Net equity:		2.4

¹ Figures may not add due to rounding

Transaction adjustments

ACCOUNT AND ADJUSTMENT DESCRIPTION	ADJUSTMENT (\$M)	TOTAL PRO FORMA BALANCE SHEET IMPACT (\$M) ¹
Cash and cash equivalents:		
■ New equity raised through IPO	123.8	
■ Equity raise transaction costs as well as stamp duty on acquisition of the Artarmon Centre and the Marion Road Commercial Property and other property related costs	(11.5)	
■ Repayment of existing debt of \$109.5m which is inclusive of the amortised borrowing costs of \$0.3m	(109.5)	
■ Draw down of Debt Facility net of establishment costs of \$0.3m	49.7	
■ Cash consideration paid for the acquisition of the Artarmon Centre	(36.5)	
■ Cash consideration paid for the acquisition of the Marion Road Commercial Property	(1.6)	
■ Cash consideration paid for the acquisition of SSC	(5.8)	
■ Cash consideration paid for the acquisition of the NS APAC Trust	(4.8)	
■ Balance of cash consideration paid to NS shareholders	(3.8)	
■ Repayment of loans in SSC owing from shareholders	0.6	
■ Recognition of NSPL cash assets at 30 June 2013	0.4	1.0
Receivables and other assets:		
■ The elimination of \$4.0m in receivables between NSPL and NSPT as a result of the stapling of the two entities	(4.0)	
■ SSC receivables acquired	2.2	
■ Forgiving of the loan from NSPL to NS APAC Trust	(0.4)	
■ Repayment of loans in SSC owing from shareholders	(0.6)	
■ Elimination of receivables between SSC and NSPL	(1.8)	
■ Clearance of NS shareholder loans via the issue of a dividend	(5.6)	
■ Derivative asset recognised in relation to the claw back mechanism relating to the NS shareholders	3.9	
■ Recognition of NSPL receivables at 30 June 2013	16.4	10.0

ACCOUNT AND ADJUSTMENT DESCRIPTION	ADJUSTMENT (\$M)	TOTAL PRO FORMA BALANCE SHEET IMPACT (\$M) ¹
Investment properties – Freehold:		
<ul style="list-style-type: none"> ■ Purchase of Artarmon Centre for \$36.5m. The acquisition of Artarmon Centre represents the acquisition of a property and a business, therefore is recorded in accordance with AASB 3 Business Combinations. The value of the property is \$36.5m (supported by an independent valuation) and the value of the business is nominal 	36.5	
<ul style="list-style-type: none"> ■ Purchase of Marion Road for \$1.6m. The acquisition of Marion Road is considered to be an asset acquisition and is recorded in accordance with AASB 140 <i>Investment Property</i>. The independent valuation indicates a property value of \$1.7m, therefore post-acquisition, there will be a fair value adjustment of \$0.1m impacting the P&L to bring the value of the property in line with the independent valuation 	1.7	
<ul style="list-style-type: none"> ■ The recognition of a fair value adjustment of \$20.5m to Investment properties – Freehold to recognise the increased value associated with the NSPL businesses operating on NSPT properties. This adjustment, along with the \$4.2m in the Pre-stapling adjustments, results in the value of the Investment properties – Freehold being equal to the value as advised by the independent valuer in relation to NSPT properties 	20.5	58.7
Investment properties – Leasehold:		
<ul style="list-style-type: none"> ■ The elimination of the leasehold assets within NSPL at 30 June 2013 that relate to NSPT property 	(126.2)	
<ul style="list-style-type: none"> ■ The recognition of a leased asset (and a corresponding lease liability) associated with three NSPT centres that are rented to NSPL which are not owned by NSPT to conform with the National Storage REIT accounting policy relating to investment property. These represent the leasehold interest and are based on the present value of the minimum lease payments over the term of the lease to the first option point (in accordance with AASB 117 Leases). Upon initial recognition, the finance assets equate to the finance liabilities 	3.1	
<ul style="list-style-type: none"> ■ Recognition of NSPL leasehold investment property at 30 June 2013 	201.3	78.2
Equity accounted investments:		
<ul style="list-style-type: none"> ■ NS APAC Trust's 10% investment in Southern Cross 	4.8	4.8
Intangibles – goodwill on management platform:		
<ul style="list-style-type: none"> ■ Goodwill recognised upon acquisition of SSC 	5.8	
<ul style="list-style-type: none"> ■ Recognition of NSPL intangible assets at 30 June 2013 	0.4	6.2
Intangibles – portfolio premium:		
<ul style="list-style-type: none"> ■ Recognition of the portfolio value of \$7.0m associated with NSPT property as part of the fair value adjustment to NSPT's net assets in accordance with AASB 3 Business Combinations. The portfolio value is supported by an independent valuation and represents the premium value associated with NSPT property considered as a portfolio. This is recognized as goodwill 	7.0	7.0
Payables:		
<ul style="list-style-type: none"> ■ The elimination of \$4.0m in payables between NSPL and NSPT as a result of the stapling of the two entities 	(4.0)	
<ul style="list-style-type: none"> ■ SSC payables acquired 	1.4	
<ul style="list-style-type: none"> ■ Elimination of payables between SSC and NSPL 	(1.8)	
<ul style="list-style-type: none"> ■ Recognition of NSPL payables at 30 June 2013 	6.4	2.0

ACCOUNT AND ADJUSTMENT DESCRIPTION	ADJUSTMENT (\$M)	TOTAL PRO FORMA BALANCE SHEET IMPACT (\$M) ¹
Interest bearing liabilities:		
<ul style="list-style-type: none"> ■ Reduction in liability as a result of payment of existing debt of \$109.5m which is inclusive of the amortised borrowing costs of \$0.3m ■ Draw down of Debt Facility net of establishment costs of \$0.3m ■ SSC debt acquired 	(109.5) 49.7 0.2	(59.5)
Lease liabilities:		
<ul style="list-style-type: none"> ■ The elimination of the lease liability associated with the leasehold assets within NSPL at 30 June 2013 that relate to NSPT property ■ The recognition of a lease liability associated with three NSPT centres that are rented to NSPL which are not owned by NSPT ■ Recognition of NSPL lease liabilities at 30 June 2013 	(105.7) 3.1 170.0	67.4
Other liabilities:		
<ul style="list-style-type: none"> ■ Elimination of the deferred tax liability recognised in NSPL at 30 June 2013 as a result of a reduction in the business value associated with NSPT property ■ SSC other liabilities acquired ■ Recognition of NSPL other liabilities at 30 June 2013 	(6.2) 0.5 13.4	7.8
Net assets:		148.4
Issued capital:		
<ul style="list-style-type: none"> ■ New equity raised net of transaction costs of \$5.1m ■ Derivative asset recognised in relation to the claw back mechanism relating to the NS Vendors ■ Balance of cash consideration paid to NS Vendors ■ Recognition of NSPL issued capital at 30 June 2013 	118.7 3.9 (3.8) 2.8	121.6
Retained earnings:		
<ul style="list-style-type: none"> ■ Impact of elimination of the leasehold assets within NSPL at 30 June 2013 that relate to the NSPT property, net of tax ■ Profit & loss impact of transaction costs ■ Recognition of the portfolio value of \$7.0m associated with the NSPT property as part of the fair value adjustment to NSPT's net assets ■ Forgiving of the loan from NSPL to NS APAC Trust ■ Fair value adjustment of \$20.5m to Investment properties – Freehold to recognise the increased value associated with the NSPL businesses operating on NSPT properties ■ Clearance of NSPL shareholder loans via the declaration of a dividend ■ Recognition of NSPL retained earnings at 30 June 2013 	(14.4) (6.4) 7.0 (0.4) 20.5 (5.6) 25.9	26.7
Net equity:		148.4

¹ Figures may not add due to rounding.

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Registered Office

Level 1, 10 Felix Street, Brisbane QLD 4000

Telephone: 1800 683 290