



APPENDIX 4D

HALF YEAR REPORT FOR THE PERIOD ENDED 31 DECEMBER 2013

(the previous corresponding period being the period ended 31 December 2012)

RESULTS FOR ANNOUNCEMENT TO THE MARKET

National Storage REIT was established during the period for the purpose of establishing a joint quotation of National Storage Holdings Limited ("the Company" or "NSH") and its controlled entities and APN National Storage Property Trust ("the Trust") and its controlled entities on the Australian Securities Exchange.

The Financial Statements are prepared in compliance with Australian accounting standards. As National Storage REIT only came into existence on 19 December 2013, the information presented in the attached Financial Statements does not reflect National Storage REIT for the entire reporting periods. Further, the comparative information is reported to the extent possible due to the recent creation of National Storage REIT. Users of the financial information should familiarise themselves with the "Corporate Information" and "Basis of Preparation" in Notes 1 and 2 in the Financial Statements.

The following information is presented on the basis of the Financial Statements provided.

REVENUE						\$ 000
2.1	Revenue from ordinary activities	Down	11%	to		21,531
2.2	Profit from ordinary activities after tax attributable to members	Up	204%	to		7,896
2.3	Net profit for the period attributable to members	Up	204%	to		7,896
2.4	DIVIDENDS (distributions)	Amount per security			Franked amount per security	
Final dividend						
2013 financial year						
	National Storage Pty Ltd (paid 22 October 2013)	\$2,799.07 per share			Fully franked	
	APN NSPT (paid 31 July 2013)	1.8060 cents per unit			N/A	
	Previous corresponding period	Not applicable – pre-IPO				

NATIONAL STORAGE REIT (NSR)

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

2.4	DIVIDENDS (distributions)	Amount per security	Franked amount per security
Interim dividend			
	Current financial year		
	National Storage Pty Ltd	Nil declared	N/A
	APN NSPT (paid 31 October 2013)	2.0 cents per unit	N/A
	Previous corresponding period	Not applicable – pre-IPO	
2.5	Record date for determining entitlements to the 2014 financial year interim dividend	N/A	N/A
	Record date for determining entitlements to the 2013 financial year dividend that was paid in the current period	N/A	N/A
3	NTA BACKING	As at 31 December 2013	As at 31 December 2012
	Net tangible assets per security	0.93	0.45
<p>Following the reorganisation to facilitate the Initial Public Offering and Listing, the number of stapled securities on issue was 244,897,096. As at 31 December 2012, there were 93,057,632 equivalent shares on issue.</p>			
4	CONTROL GAINED OR LOST OVER ENTITIES DURING THE PERIOD		
	<p>National Storage REIT was established during the period for the purpose of establishing a joint quotation of National Storage Holdings Limited ("the Company") and its controlled entities and APN National Storage Property Trust ("the Trust") and its controlled entities on the Australian Securities Exchange.</p> <p>As part of the reorganisation to facilitate the Initial Public Offering and Listing, the Company and the Trust were stapled and Strategic Storage Consulting Pty Ltd was acquired.</p>		
5	INTERIM DISTRIBUTION PAYMENTS		
	Date dividend payable	N/A	

NATIONAL STORAGE REIT (NSR)

National Storage Holdings Limited (ACN 166 572 815)
The Trust Company (RE Services) Limited (ACN 003 278 831 AFSL 235 150) as responsible entity for
APN National Storage Property Trust (ARSN 101 227 712)

6 DIVIDEND REINVESTMENT PLAN

In operation	No
Last date for the receipt of an election for participation in dividend reinvestment plan	N/A

7 DETAILS OF ASSOCIATES AND JOINT VENTURE ENTITIES

Name	% Holding	
	Current period	Previous corresponding period
Southern Cross Storage Operations Pty Ltd and Southern Cross Storage Trust	10%	10%

It is recommended this report be read in conjunction with the 30 June 2013 Financial Statements for National Storage Pty Ltd and APN National Storage Trust, the Prospectus and Product Disclosure Statement dated 19 November 2013 and any public announcement made by National Storage REIT during and since the half-year.

The financial statements have been reviewed and are not subject to qualification.

NATIONAL STORAGE REIT (NSR) CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

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



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CORPORATE INFORMATION

National Storage Holdings Limited ACN 166 572 845 (“NSH”)
APN National Storage Property Trust ARSN 101 227 712 (“APN NSPT”)
form the stapled entity National Storage REIT (“NSR”)
collectively known throughout this report as “the Group”

Responsible Entity

The Trust Company (RE Services) Limited (“The Responsible Entity”)
ACN 003 278 831 AFSL 235 150
Level 15, 20 Bond St
Sydney NSW 2000

Directors – NSH

Laurence Brindle
Anthony Keane
Andrew Catsoulis

Directors – The Responsible Entity

David Grbin
Andrew Cannane
Rupert Smoker

Company Secretary

Patrick Rogers – NSH
Geoffrey Stirton – The Responsible Entity

Registered Office

Level 1, 10 Felix Street
Brisbane QLD 4000

Principal Place of Business

Level 1, 10 Felix Street
Brisbane QLD 4000

Share Registry

Computershare Investor Services Pty Limited
452 Johnston Street
Abbotsford VIC 3067

National Storage REIT (NSR) stapled securities are listed on the Australian Securities Exchange (ASX).

Auditors

Ernst & Young
111 Eagle Street
Brisbane QLD 4000

DIRECTORS' REPORT

The Directors of National Storage Holdings Limited ("NSH") present their report together with the interim financial statements of National Storage REIT ("NSR" or the "Group") for the half-year ended 31 December 2013.

The Directors of The Trust Company (RE Services) Limited (the "Responsible Entity") of APN National Storage Property Trust ("APN NSPT") also present the following report along with the interim financial statements of the APN NSPT and its controlled entities (the "APN NSPT Group") for the half-year ended 31 December 2013.

DIRECTORS

The names of NSH Directors in office during the half-year and until the date of this report are set out below. Directors were in office from the incorporation of NSH on 1 November 2013.

Laurence Brindle (Chairman)
Anthony Keane (Non-Executive Director)
Andrew Catsoulis (Managing Director)

The names of the Directors of the Responsible Entity in office during the half-year and until the date of this report are set out below. Directors were in office for this entire period unless otherwise stated.

David Grbin (Director)
Andrew Cannane (Director)
Rupert Smoker (appointed 18 December 2013)
John Atkin (resigned 18 December 2013)

On 28 November 2013, shareholders of The Trust Company Limited (the then ultimate parent of The Trust Company (RE Services) Limited, the Responsible Entity of APN NSPT) voted to accept a proposal from Perpetual Limited for it to acquire 100% of The Trust Company Limited by way of a Scheme of Arrangement. On 18 December 2013, the Scheme of Arrangement was formally implemented and The Trust Company Limited became wholly owned by Perpetual Limited.

The responsible entity prior to The Trust Company (RE Services) Limited was APN Funds Management Limited. The directors of which were Geoff Brunston, David Blight, Howard Brenchley, Michael Johnstone, and Jennifer Horrigan.

REVIEW AND RESULTS OF OPERATIONS

All amounts in this report are in thousands of Australian dollars unless otherwise stated.

In December 2013, National Storage REIT ("NSR" or the "Group") was formed as the first independent, internally managed and fully integrated owner and operator of self-storage centres to be listed on the Australian Securities Exchange ("ASX").

National Storage Holdings Limited ("NSH"), a new company, was incorporated as the holding company for National Storage Pty Ltd ("NSPL") as part of the reorganisation to facilitate the Initial Public Offering ("IPO") as per the Prospectus and Product Disclosure Statement dated 19 November 2013 ("the Prospectus"). In order to establish NSR and to facilitate the IPO, units in the APN National Storage Property Trust were stapled to shares of NSH. The stapled securities were listed on the ASX on 19 December 2013.

For financial reporting purposes, NSH is seen as a continuation of the NSPL entity and the accounting policies for NSPL continue to apply to NSH and the Consolidated Group. The comparative period in this report is the half-year ending 31 December 2012 for NSPL and its then consolidated group.

DIRECTORS' REPORT (CONT'D)

The Financial Statements are prepared in compliance with Australian accounting standards. As National Storage REIT only came into existence on 19 December 2013, the information presented in the attached Financial Statements does not reflect National Storage REIT for the entire reporting periods. Further, the comparative information is reported to the extent possible due to the recent creation of National Storage REIT. Users of the financial information should familiarise themselves with the "Corporate Information" and "Basis of Preparation" in Notes 1 and 2 in the Financial Statements.

Operating results

For the half-year ended 31 December 2013, storage rent revenue of \$18,610 (2012: \$18,925) was generally consistent with the comparative period as was revenue from the sale of goods and services of \$1,117 (2012: \$1,181).

Profit before tax of \$1,183 (2012: \$2,858) had declined from the comparative period primarily due to the costs incurred for professional fees during the current period.

Net profit after tax of \$7,896 (2012: \$2,595) was favourably impacted by the income tax effect resulting from the stapling of the units in APN NSPT and shares in NSH and changes to lease terms.

Cash Management

Cash and cash equivalents as at 31 December 2013 were \$1,295. The debt finance facility with National Australia Bank was reduced to \$50,000 following the successful completion of the equity raising in December 2013.

Net operating cashflow for the half-year was \$7,005 (2012: \$5,022).

Investments

The property portfolio expanded in December 2013 following the acquisition of the Artarmon (\$38,493) and Marion Road (\$1,657) properties immediately after listing.

SIGNIFICANT EVENTS AFTER BALANCE SHEET DATE

Subsequent to the end of the half-year, as required by the constitution of the APN NSPT and as foreshadowed in the Prospectus, the Directors of the Responsible Entity resolved to change the name of APN National Storage Property Trust to National Storage Property Trust. Approval of this change was received from ASIC on 17 February 2014.

No other matter or circumstance has arisen since 31 December 2013 that has significantly affected, or may significantly affect the Group's or the APN NSPT Group's operations, the results of those operations, or the Group's or the APN NSPT Group's state of affairs in the future financial periods.

ROUNDING

The amounts contained in this report and in the financial report have been rounded to the nearest \$1,000 (unless otherwise stated) under the option available under ASIC Class Order 98/0100. The Group is an entity to which the class order applies.

DIRECTORS' REPORT (CONT'D)

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under Section 307C of the *Corporations Act 2001* is set out on page 7.

This report is made on 27 February 2014 in accordance with a resolution of the Board of Directors of National Storage Holdings Limited and is signed for and on behalf of the Directors.



Laurence Brindle
Chairman
National Storage Holdings Limited
Brisbane



Andrew Catsoulis
Managing Director
National Storage Holdings Limited
Brisbane

This report is made on 27 February 2014 in accordance with a resolution of the Responsible Entity and is signed for and on behalf of the Responsible Entity.



David Grbin
Director
The Trust Company (RE Services) Limited
Sydney



Ernst & Young
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Brisbane QLD 4000 Australia
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Auditor's Independence Declaration to the Directors of National Storage REIT

In relation to our review of the financial report of National Storage REIT, a stapled entity comprised of National Storage Holdings Limited and APN National Storage Property Trust, and its related entities for the half-year ended 31 December 2013, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

Ernst & Young

Mike Reid
Partner
27 February 2014

INTERIM STATEMENTS OF COMPREHENSIVE INCOME

For the half-year ended 31 December 2013

	Note	Consolidated Group		APN NSPT Group	
		2013 \$ 000	2012 \$ 000	2013 \$ 000	2012 \$ 000
Revenue from storage rent		18,610	18,925	9,879	9,364
Revenue from sale of goods and services		1,117	1,181	-	-
Other revenue		1,804	4,165	1,310	642
Total revenue		21,531	24,271	11,189	10,006
Interest expense		(6,307)	(6,569)	(5,135)	(6,001)
Professional fees		(3,693)	(243)	(3,306)	-
Salaries and employee benefits expense		(2,560)	(2,212)	-	-
Management fees - operational		(1,469)	(1,383)	(431)	(452)
Revaluation of investment properties	6	(1,372)	(6,619)	24,708	-
Property rates and taxes		(1,252)	(1,176)	(2,167)	-
Repairs and maintenance		(415)	(546)	-	-
Cost of packaging and other products sold		(282)	(270)	-	-
Depreciation		(99)	(139)	-	-
Net gain/(loss) on disposal of non-current assets		(22)	7	-	-
Other expenses from continuing activities		(2,877)	(2,263)	(660)	(281)
Total expenses		(20,348)	(21,413)	13,009	(6,734)
Profit/(Loss) before income tax		1,183	2,858	24,198	3,272
Income tax (expense)/benefit	10	6,713	(263)	-	-
Profit/(Loss) after tax		7,896	2,595	24,198	3,272
Profit/(loss) for the year attributable to:					
Members of National Storage Holdings Limited		(9,990)	2,595	24,198	3,272
Non-controlling interest (unit holders of APN NSPT)		17,886	-	-	-
		7,896	2,595	24,198	3,272
Other comprehensive income		-	-	-	-
Total other comprehensive income		-	-	-	-
Total comprehensive income		7,896	2,595	24,198	3,272
Comprehensive income for the year attributable to:					
Members of National Storage Holdings Limited		(9,990)	2,595	24,198	3,272
Non-controlling interest (unit holders of APN NSPT)		17,886	-	-	-
		7,896	2,595	24,198	3,272
Basic Earnings per stapled security (cents)	5	7.67	2.79		
Diluted Earnings per stapled security (cents)	5	7.67	2.79		

The above Statements of Comprehensive Income should be read in conjunction with the accompanying notes and 30 June 2013 Financial Statements of National Storage Pty Ltd and APN National Storage Property Trust.

INTERIM STATEMENTS OF FINANCIAL POSITION

As at 31 December 2013

	Note	Consolidated Group		APN NSPT Group	
		as at 31 Dec 2013 \$ 000	as at 30 Jun 2013 \$ 000	as at 31 Dec 2013 \$ 000	as at 30 Jun 2013 \$ 000
ASSETS					
Current assets					
Cash and cash equivalents		1,295	382	52	6,710
Trade and other receivables		3,875	11,709	998	-
Inventories		204	180	-	-
Other current assets		1,238	2,304	128	975
Total current assets		6,612	14,575	1,178	7,685
Non-current assets					
Trade and other receivables		220	1,122	-	-
Property, plant and equipment		1,365	931	-	-
Investment properties - leasehold		78,036	201,328	3,521	-
Investment properties - freehold	6	263,668	-	263,668	198,810
Investment in associates		4,781	-	4,781	-
Other non-current assets		4,083	109	3,748	-
Intangibles	7	13,841	434	-	-
Deferred tax asset		-	-	-	-
Total non-current assets		365,994	203,924	275,718	198,810
Total assets		372,606	218,499	276,896	206,495
LIABILITIES					
Current liabilities					
Trade and other payables		8,397	6,329	12,294	6,706
Provisions		646	494	-	-
Borrowings	8	-	-	-	109,171
Finance Lease Liability		4,503	16,243	-	-
Deferred revenue		4,762	5,005	-	-
Other liabilities		-	-	-	1,796
Total current liabilities		18,308	28,071	12,294	117,673
Non-current liabilities					
Provisions		1,005	424	-	-
Borrowings	8	49,822	-	49,822	-
Finance Lease Liability		63,075	153,742	3,149	-
Deferred tax liability		674	7,541	-	-
Total non-current liabilities		114,576	161,707	52,971	-
Total Liabilities		132,884	189,778	65,265	117,673
Net Assets		239,722	28,721	211,631	88,822
EQUITY					
Non-controlling interest		211,631	-	-	-
Contributed equity	9	17,758	2,800	191,871	89,322
Retained profits/(Accum losses)		10,333	25,921	19,760	(500)
Total equity		239,722	28,721	211,631	88,822

The above Statements of Financial Position should be read in conjunction with the accompanying notes and 30 June 2013 Financial Statements of National Storage Pty Ltd and APN National Storage Property Trust.

INTERIM STATEMENTS OF CHANGES IN EQUITY

For the half-year ended 31 December 2013

Attributable to securityholders of the National Storage REIT

	Contributed Equity \$ 000	Retained Profits / (Accumulated Losses) \$ 000	Non- controlling interest \$ 000	Total \$ 000
Balance at 1 July 2013	2,800	25,921	-	28,721
Total comprehensive income/(loss) for the period	-	(9,990)	17,886	7,896
Vendor payments	(1,047)	-	(2,800)	(3,847)
Equity uplift upon Stapling	-	-	91,196	91,196
Issue of Stapled Units in Public Offering	16,860	-	106,944	123,804
Costs associated with Public Offering	(1,189)	-	(5,344)	(6,533)
Contingent consideration	334	-	3,749	4,083
Transactions with the owners in their capacity as owners:				
Distribution provided for or paid	-	(5,598)	-	(5,598)
Balance at 31 December 2013	17,758	10,333	211,631	239,722
Balance at 1 July 2012	2,800	27,353	-	30,153
Total comprehensive income/(loss) for the period	-	2,595	-	2,595
Issue of new equity	-	-	-	-
Transactions with the owners in their capacity as owners:				
Distribution provided for or paid	-	279	-	279
Balance at 31 December 2012	2,800	30,227	-	33,027

The above Statements of Changes in Equity should be read in conjunction with the accompanying notes and 30 June 2013 Financial Statements of National Storage Pty Ltd and APN National Storage Property Trust.

INTERIM STATEMENTS OF CHANGES IN EQUITY (CONT'D)

For the half-year ended 31 December 2013

Attributable to unitholders of the APN National Storage Property Trust Group

	Contributed Equity \$ 000	Retained Profits / (Accumulated Losses) \$ 000	Non- controlling interest \$ 000	Total \$ 000
Balance at 1 July 2013	89,322	(500)	-	88,822
Total comprehensive income/(loss) for the period	-	24,198	-	24,198
Vendor payments	(2,800)	-	-	(2,800)
Issue of units in Public Offering	106,944	-	-	106,944
Costs associated with Public Offering	(5,344)	-	-	(5,344)
Contingent consideration	3,749	-	-	3,749
Transactions with the owners in their capacity as owners:				
Distribution provided for or paid	-	(3,938)	-	(3,938)
Balance at 31 December 2013	191,871	19,760	-	211,631
Balance at 1 July 2012	89,322	(1,260)	-	88,062
Total comprehensive income/(loss) for the period	-	3,272	-	3,272
Issue of new equity	-	-	-	-
Transactions with the owners in their capacity as owners:				
Distributions provided for or paid	-	(3,361)	-	(3,361)
Balance at 31 December 2012	89,322	(1,349)	-	87,973

The above Statements of Changes in Equity should be read in conjunction with the accompanying notes and 30 June 2013 Financial Statements of National Storage Pty Ltd and APN National Storage Property Trust.

INTERIM STATEMENTS OF CASH FLOWS

For the half-year ended 31 December 2013

	Consolidated Group		APN NSPT Group	
	2013	2012	2013	2012
	\$ 000	\$ 000	\$ 000	\$ 000
Operating activities				
Receipts from customers	24,230	21,625	10,958	9,593
Payments to suppliers and employees	(11,050)	(10,053)	(1,221)	(864)
Interest and bill discounts received	132	19	49	57
Interest and other finance costs paid	(6,307)	(6,569)	(5,135)	(4,662)
Net cash provided by /(used in) operating activities	7,005	5,022	4,651	4,124
Investing activities				
Payment for investment properties – leasehold	(2,800)	(355)	(2,800)	-
Payment for investment properties – freehold	(40,150)	-	(40,150)	(143)
Payments for property, plant & equipment	(533)	-	-	-
Proceeds on sale of business	-	2,689	-	-
Acquisition of subsidiary	(5,828)	-	-	-
Investment in associate	(4,750)	-	(4,750)	-
Net cash provided by /(used in) investing activities	(54,061)	2,334	(47,700)	(143)
Financing activities				
Proceeds from issue of shares	123,804	-	106,944	-
Costs associated with Public Offering	(6,533)	-	(5,344)	-
Dividends/distributions paid to owners	(2,077)	-	(5,619)	(3,290)
Repayment of lease principal	(7,635)	(7,692)	-	-
Repayment of borrowings	(109,590)	-	(109,590)	-
Proceeds from borrowings	50,000	-	50,000	-
Net cash provided by /(used in) financing activities	47,969	(7,692)	36,391	(3,290)
Net increase/(decrease) in cash and cash equivalents	913	(336)	(6,658)	691
Cash and cash equivalents at 1 July	382	734	6,710	4,808
Cash and cash equivalents at 31 December	1,295	398	52	5,499

The above Statements of Cash Flows should be read in conjunction with the accompanying notes and 30 June 2013 Financial Statements of National Storage Pty Ltd and APN National Storage Property Trust.

NOTES TO THE FINANCIAL STATEMENTS

For the half-year ended 31 December 2013

1. Corporate information

National Storage REIT ("the Group" or "NSR") was established during the period for the purpose of establishing a joint quotation of National Storage Holdings Limited ("NSH" or "the Company") and its controlled entities ("NSH Group") and APN National Storage Property Trust ("APN NSPT" or "the Trust") and its controlled entities ("APN NSPT Group") on the Australian Securities Exchange ("ASX").

NSH, a new company, was incorporated as the holding company for National Storage Pty Ltd ("NSPL") as part of the reorganisation to facilitate the Initial Public Offering ("IPO") as per the Prospectus and Product Disclosure Statement dated 19 November 2013 ("the Prospectus"). In order to establish NSR and to facilitate the IPO, units in the APN National Storage Property Trust were stapled to shares of NSH. The stapled securities were listed on the ASX on 19 December 2013.

For financial reporting purposes, NSH is seen as a continuation of the NSPL entity and the accounting policies for NSPL continue to apply to NSH and the Consolidated Group. The comparative period in this report is the half-year ending 31 December 2012 for NSPL and its then consolidated group.

The Constitutions of NSH and APN NSPT ensure that, for so long as the two entities remain jointly quoted, the number of shares in the Company and the number of units in the Trust shall be equal and that the shareholders and unitholders be identical. Both the Company and the Responsible Entity of the Trust must at all times act in the best interest of NSR. The stapling arrangement will continue until either the winding up of the Company or the Trust, or either entity terminates the stapling arrangements.

The financial report of NSR for the half-year ended 31 December 2013 was approved on 27 February 2014, in accordance with a resolution of the Board of Directors of National Storage Holdings Limited.

The financial report of APN NSPT for the half-year ended 31 December 2013 was approved on 27 February 2014, in accordance with a resolution of the Board of Directors of the Trust Company (RE Services) Limited as the responsible entity for APN NSPT.

The nature of the operations and principal activities of the Group are described in the Directors' Report.

2. Basis of preparation and changes to the Group's accounting policies

Basis of preparation

This Interim Financial Report for the half-year ended 31 December 2013 has been prepared in accordance with AASB 134 *Interim Financial Reporting*.

The Interim Financial Report of NSR as at and for the half-year ended 31 December 2013 comprises the consolidated financial statements of the NSH Group and the APN NSPT Group.

The interim consolidated financial statements of the APN NSPT as at and for the half-year ended 31 December 2013 comprises the consolidated Interim Financial Report of APN NSPT Group.

The consolidated financial statements for National Storage Consolidated Group are prepared on the basis that National Storage Holdings Limited was the acquirer of the APN National Storage Property Trust. The non-controlling interest is attributable to stapled security holders presented separately in the statement of comprehensive income and within equity in the statement of financial position, separately from parent shareholders' equity. Accordingly, APN NSPT Group's net result after tax from 19 December 2013 to 31 December 2013 and its contributed equity, reserves and retained earnings at 31 December 2013 is attributed to non-controlling interest in the APN NPST Group consolidated half-year financial report to 31 December 2013.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the half-year ended 31 December 2013

2. Basis of preparation and changes to the Group's accounting policies (cont'd)

The accounting policies applied by NSH Group and the APN NSPT Group in these Interim Financial Reports are the same as the 30 June 2013 financial report for NSPL and APN NSPT except for the accounting policies impacted by the new or amended Accounting Standards detailed in Note 2.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the financial statements for NSPL and APN NSPT for the year ended 30 June 2013.

These financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The Group has elected to utilise CO 05/642 and present APN NSPT within the financial statements of National Storage REIT.

Deficiency of Net Current Assets

As at 31 December 2013, the Group has an excess of current liabilities over current assets of \$11,696. The financial report has been prepared on a going concern basis as the Directors believe the Group will continue to generate operating cash flows to meet liability obligations.

This shortfall in net current assets is attributable to non-recurring one-off transaction costs. In addition, current liabilities include deferred revenue of \$4,762. Accounting standard AASB 140 *Investment Property* requires the finance lease liability to be split between current and non-current. While the corresponding asset is all non-current, the net impact on the Group is a deficiency of net current assets. The directors believe the excess of the total investment property over the finance lease liability reflects the positive position in both the immediate and long-term and sufficient cash inflows from operations will occur to enable the liabilities to be paid as and when due.

On this basis, the directors of NSH believe the deficiency of the net current assets does not impact the underlying going concern assumption applied in preparing these financial statements.

The deficiency in net current assets in APN NSPT Group is largely attributable to loans owing to NSH and its controlled entities. The directors of NSH have confirmed that these loans will not be called unless there are sufficient assets with which to settle any such call. Taking this into consideration and the expected future cashflows for the APN NSPT Group, sufficient cash inflows from operations are expected to occur to enable liabilities to be paid as and when due. On this basis, the Directors of the Responsible Entity believe the deficiency of the net current assets does not impact the underlying going concern assumption applied in preparing the financial statements for APN NSPT.

Changes in accounting policy, accounting standards and interpretations

The Group and APN NSPT have adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB") that are relevant to their operations and effective for the current half-year.

The adoption of new and revised standards did not result in any material changes to the half-year report.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the half-year ended 31 December 2013

3. Segment Information

The Group has identified its operating segments based on the internal reporting that is reviewed and used by the Group's chief decision makers, being the Directors of National Storage Holdings Limited.

The Group operates wholly within one business and geographic segment being the operation and management of storage centres in Australia.

The operating results presented in the Statements of Comprehensive Income represent the same segment information as reported to the Directors of National Storage Holdings Limited.

The Group does not have any customers which represent greater than 10% of total revenue.

4. Business combinations

Stapling of National Storage Holdings Limited & APN National Storage Property Trust

On 19 December 2013, the shares in NSH and the units in APN NSPT were stapled pursuant to a stapling deed. Under AASB 3, it was deemed that NSH gained control over APN NSPT by way of stapling with no ownership.

The Group has measured the non-controlling interest at fair value.

Provisional assets acquired and liabilities assumed

The fair values of the identifiable assets and liabilities of the APN NSPT as at the date of acquisition were:

	Provisional fair value recognised on acquisition (\$ 000)
Assets	
Cash at Bank	50
Prepayments	137
Investment properties - freehold	203,003
	203,190
Liabilities	
Trade and other payables	(2,502)
Bank Loan	(109,490)
	(111,992)
Total identifiable net assets at fair value	91,198
Non-controlling interests measured at fair value	(98,203)
Goodwill arising on acquisition	7,005
Purchase consideration transferred	-

The Group has measured the non-controlling interest at fair value with reference to the underlying assets and liabilities of the balance sheet. The major component of assets is investment properties which were subject to a Director's valuation at 19 December 2013. The bank loan was recognised at fair market value at acquisition date.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the half-year ended 31 December 2013

4. Business combinations (cont'd)*Stapling of National Storage Holdings Limited & APN National Storage Property Trust (cont'd)*

Transaction costs were \$165 and were expensed during the period.

The above acquisition accounts for revenue of \$689 and net loss after tax of \$2,585 (including a one-off expense of \$2,033) for the Group in the reporting period. If the combination had taken place at the beginning of the period, revenue from continued operations would have been \$8,957 and the profit before tax for continuing operations would have been \$3,683.

As part of the reorganisation to facilitate the Initial Public Offering and Listing on the ASX, specific vendors entered into "claw back" arrangements if certain performance hurdles are not achieved by the Group. If the performance hurdles are not achieved, any distribution from APN NSPT or a dividend from NSH will be clawed back from the relevant security holder.

Fair values measured on a provisional basis

The fair value of the derivative asset recognised in relation to the claw back mechanism relating to certain vendors has been measured on a provisional basis. If new information obtained within one year of the acquisition date about facts and circumstances that existed at the acquisition date, identifies adjustments to the above amounts, or any additional provisions that existed at the acquisition date, then the accounting for the acquisition will be revised.

Acquisition of Strategic Storage Consulting Pty Ltd

On 19 December 2013, the Group acquired 100% of shares of Strategic Storage Consulting Pty Ltd.

Provisional assets acquired and liabilities assumed

The fair values of the identifiable assets and liabilities of Strategic Storage Consulting Pty Ltd as at the date of acquisition were:

	Provisional fair value recognised on acquisition (\$ 000)
Assets	
Plant and equipment	282
Other receivables	2,284
	2,566
Liabilities	
Other payables	(3,122)
	(3,122)
Total identifiable net assets at fair value	(556)
Goodwill arising on acquisition	6,384
Purchase consideration transferred	5,828
Analysis of cash flows on acquisition	
Cash paid	5,828
Transaction costs of the acquisition (included in cash flows from operating activities)	33
Net cash outflow on acquisition	5,861

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the half-year ended 31 December 2013

4. Business combinations (cont'd)

Acquisition of Strategic Storage Consulting Pty Ltd (cont'd)

None of the trade debtors were impaired and all were collected in full.

The goodwill of \$6,384 comprises the intangible assets associated with the business, including but not limited to reputation and operational procedures.

Fair values measured on a provisional basis

The property plant and equipment, and goodwill recognised upon acquisition of Strategic Storage Consulting Pty Ltd have been measured on a provisional basis. If new information obtained within one year of the acquisition date about facts and circumstances that existed at the acquisition date identifies adjustments to the above amounts, or any additional provisions that existed at the acquisition date, then the accounting for the acquisition will be revised.

Acquisition of NS APAC Trust

On 19 December 2013, the APN NSPT acquired NS APAC Trust.

Provisional assets acquired and liabilities assumed

The fair values of the identifiable assets and liabilities of NS APAC Trust as at the date of acquisition were:

	Provisional Fair value recognised on acquisition (\$ 000)
Assets	
Investment in associate (10% interest in Southern Cross Storage Group)	4,750
	4,750
Total identifiable net assets at fair value	4,750
Goodwill arising on acquisition	-
Purchase consideration transferred	4,750
Analysis of cash flows on acquisition	
Cash paid	4,750
Transaction costs allocated to the acquisition (included in cash flows from operating activities)	25
Net cash outflow on acquisition	4,775

There was no goodwill arising on acquisition.

The above acquisition accounts for revenue and net profit/(loss) after tax of \$31 for the Group in the reporting period. Annualised this would be approximately \$754.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the half-year ended 31 December 2013

5. Earnings per security

	31 Dec 2013 cents	31 Dec 2012 cents
Basic and diluted earnings per stapled security	7.67	2.79
Reconciliation of earnings used in calculating earnings per stapled security		
<i>Basic and diluted earnings per security</i>	\$ 000	\$ 000
Net profit/(loss) attributable to members of National Storage REIT	7,896	2,595
Weighted average number of securities:		
Weighted average number of securities for basic and diluted earnings per stapled security	No. of securities 102,960,206	No. of securities 93,057,632

6. Investment Properties

	Consolidated Group		APN NSPT Group	
	as at 31 Dec 2013 \$ 000	as at 30 Jun 2013 \$ 000	as at 31 Dec 2013 \$ 000	as at 30 Jun 2013 \$ 000
Freehold Properties				
Opening balance	-	-	198,810	184,342
Adjustments upon stapling	203,003	-	-	-
Fair value adjustments	20,515	-	24,708	468
Property acquisitions	40,150	-	40,150	143
Adjustments due to alignment of accounting policies	-	-	-	13,857
Closing balance	<u>263,668</u>	<u>-</u>	<u>263,668</u>	<u>198,810</u>

In December 2013, the National Storage REIT was formed by the stapling of the shares in NSH and the units in APN NSPT. As such, \$223,518 of Freehold Investment Properties from APN NSPT was added into the Consolidated Group upon stapling of the two entities.

APN NSPT recognised a fair value adjustment of \$4,193 to reflect the fair value of its properties prior to stapling. Upon stapling, a fair value adjustment of \$20,515 was recognised to increase the value associated with the property portfolio.

The freehold property portfolio was increased in December 2013 following the acquisition of the Artarmon (\$38,493) and Marion Road (\$1,657) properties.

In NSR, \$78,036 of leasehold investment properties as at 31 December 2013, relates to leases with third parties.

In APN NSPT, \$3,521 of leasehold investment properties as at 31 December 2013, relates to leases with third parties.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the half-year ended 31 December 2013

7. Intangibles

	Consolidated Group		APN NSPT Group	
	as at 31 Dec 2013 \$ 000	as at 30 Jun 2013 \$ 000	as at 31 Dec 2013 \$ 000	as at 30 Jun 2013 \$ 000
Goodwill	13,518	129	-	-
Other	323	305	-	-
	<u>13,841</u>	<u>434</u>	<u>-</u>	<u>-</u>

Goodwill includes assets acquired through business combinations; these acquisitions include the purchase of the Strategic Storage Consulting Pty Ltd and the stapling of the shares in NSH and the units in APN NSPT.

8. Borrowings

	Consolidated Group		APN NSPT Group	
	as at 31 Dec 2013 \$ 000	as at 30 Jun 2013 \$ 000	as at 31 Dec 2013 \$ 000	as at 30 Jun 2013 \$ 000
Current borrowings				
Bank finance facility	-	-	-	109,171
Total current borrowings	<u>-</u>	<u>-</u>	<u>-</u>	<u>109,171</u>
Non-current borrowings				
Bank finance facility	50,000	-	50,000	-
Non-amortised borrowing costs	(178)	-	(178)	-
Total non-current borrowings	<u>49,822</u>	<u>-</u>	<u>49,822</u>	<u>-</u>

The Group has a finance facility with National Australia Bank. The major terms of the agreement are as follows:

- The facility limit is \$50 million.
- The facility term is three years ending 23 December 2016, at which time the principal is due.
- Security has been granted over the Group's owned and leased storage centre properties.
- The interest rate being BBSY plus a margin in the range of 1.50% and 4.10% depending on the gearing ratio.

The Group has a bank overdraft facility with a limit of \$3 million that was undrawn at balance date.

The fair value of borrowings approximates carrying value.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the half-year ended 31 December 2013

9. Contributed equity

	National Storage Holdings		APN NSPT	
	As at	As at	As at	As at
	31 Dec 2013	30 Jun 2013	31 Dec 2013	30 Jun 2013
	\$ 000	\$ 000	\$ 000	\$ 000
(a) Issued and Paid Up Capital				
Ordinary shares	17,758	2,800	-	-
Units	-	-	191,871	89,322
	<u>17,758</u>	<u>2,800</u>	<u>191,871</u>	<u>89,322</u>
(b) Number of Securities on Issue				
	As at	As at	As at	As at
	31 Dec 2013	30 Jun 2013	31 Dec 2013	30 Jun 2013
	No. of shares	No. of shares	No. of units	No. of units
Beginning of the financial period				
A Class ordinary shares	1,000	1,000	-	-
Ordinary shares	1,000	1,000	-	-
Units	-	-	93,055,632	93,055,632
Share split	93,055,632	-	-	-
Public offering	126,329,260	-	126,329,260	-
Vendor issue	25,510,204	-	25,510,204	-
End of the financial period	<u>244,897,096</u>	<u>2,000</u>	<u>244,897,096</u>	<u>93,055,632</u>

(c) Terms and Conditions of Contributed Equity*Stapled securities*

Stapled securities have the right to receive declared dividends from NSH and distributions from the APN NSPT and, in the event of winding up NSH and APN NSPT, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on stapled securities held.

Holders of stapled securities can vote their shares and units in accordance with the *Corporations Act 2001*, either in person or by proxy, at a meeting of either NSH or APN NSPT (as the case may be). The stapled securities have no par value.

Units

Each unit represents a right to an individual share in the APN NSPT per the Constitution. There are no separate classes of units and each unit has the same rights attaching to it as all other units in the APN NSPT.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the half-year ended 31 December 2013

10. Income tax

The Group calculates the period income tax expense using the tax rate that would be applicable to expected total annual earnings, i.e., the estimated average annual effective income tax rate applied to the pre-tax income of the interim period.

Under current tax legislation, APN NSPT is not liable to pay income tax provided its taxable income and taxable realised gains are fully distributed to unit holders.

The major components of income tax expense/(benefit) in the interim statement of profit or loss are:

For the six months ended 31 December	Consolidated Group	
	2013 \$ 000	2012 \$ 000
Current income tax expense/(benefit)	-	-
Deferred income tax expense/(benefit) related to origination and reversal of deferred taxes	(6,713)	263
Income tax expense/(benefit) recognised in the statement of comprehensive income	<u>(6,713)</u>	<u>263</u>

11. Fair value measurement

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities.

Quantitative disclosures fair value measurement hierarchy for assets as at 31 December 2013:

Date of valuation	Total \$ 000	Fair value measurement using		
		Quoted prices in active markets (Level 1) \$ 000	Significant observable inputs (Level 2) \$ 000	Significant unobservable inputs (Level 3) \$ 000
Derivative financial asset				
Contingent consideration	31 December 2013	4,083	-	4,083

There were no movements between levels of fair value hierarchy during the six months ended 31 December 2013.

As part of the purchase agreement with the previous owners of National Storage Pty Ltd, a distribution clawback was entered into.

	\$ 000
Initial fair value of the contingent consideration at inception (18 December 2013)	4,083
Fair value adjustment as at 31 December 2013	<u>-</u>
Financial asset for the contingent consideration as at 31 December 2013	<u>4,083</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the half-year ended 31 December 2013

11. Fair value measurement (cont'd)

The fair value of the contingent consideration has been determined using a discounted cash flow analysis using expected future cash flows of the Group. The valuation requires management of NSH to make certain assumptions about unobservable inputs to the model as disclosed below.

Unobservable input	Assumption
Discount rate	8.5%
CPI	3.0%
July 2014 rate increase	1.5%
2014 average occupancy	74.4%
Yield to subscribing securityholders	8.0%

A change in unobservable inputs would not make a significant impact on the fair value of the contingent consideration.

12. Related party transactions

		Sales to related parties \$ 000	Purchases from related parties \$ 000	Amount owed by related parties \$ 000	Amount owed to related parties \$ 000
Southern Cross Storage Operations Pty Ltd	Current period	-	-	-	153
	Comparative period	-	-	-	1,112
National Storage APAC	Current period	-	-	-	-
	Comparative period	-	-	229	-
APN Funds Management Limited	Current period	-	2,428	-	2,030
	Comparative period	-	458	-	-
Strategic Storage Consulting Pty Ltd	Current period	-	1,431	-	-
	Comparative period	-	1,383	985	-
Former shareholders of NSPL	Current period	-	-	-	-
	Comparative period	-	-	5,598	-
The Trust Company (RE Services Limited and its associates*	Current period	-	105	-	-
	Comparative period	-	-	-	-

* Became a related party on 19 November 2013 when appointed as Responsible Entity

Related party transactions should be read in conjunction with Note 4 Business Combinations.

As part of the restructure and initial public offering, various transactions with related parties, including previous shareholders and unitholders, were entered into and completed. Details of these transactions are disclosed in the Prospectus. No related party transactions have occurred since the date of the Prospectus until the date of signing these financial statements other than as disclosed in the Prospectus.

All transactions costs relating to the IPO were paid for by NSH on behalf of APN NSPT.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the half-year ended 31 December 2013

13. Events after reporting period

Subsequent to the end of the half-year, as required by the constitution of the APN NSPT and as foreshadowed in the Prospectus, the Directors of the Responsible Entity resolved to change the name of APN National Storage Property Trust to National Storage Property Trust. Approval of this change was received from ASIC on 17 February 2014.

No other matter has arisen since 31 December 2013 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in the future financial periods.

14. Dividends/distributions paid and proposed

On 22 October 2013, NSPL declared a dividend of \$5,598,000 to shareholders. This amount was offset against the loans owed by the former shareholders of NSPL.

On 31 July 2013, APN NSPT paid a distribution of \$1,681,000 to the unitholders; this distribution was declared prior the current period.

On 31 October 2013, APN NSPT paid a distribution of \$1,861,000.

On 19 December 2013, as part of the initial public offering APN NSPT paid a distribution of \$2,077,000 to the unitholders; details are disclosed in the Prospectus and Product Disclosure Statement dated 19 November 2013.

15. Commitments and contingencies

There has been no significant change to commitments during the reporting period.

There are no contingent assets or liabilities for the NSH Group or the APN NSPT Group other than the contingent consideration described in Note 11.

DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of National Storage Holdings Limited, the Directors state that:

In the opinion of the Directors:

- (a) the financial statements and notes of the Group for the half-year ended 31 December 2013 are in accordance with the *Corporations Act 2001*, including:
 - a. giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and of its performance for the half-year ended on that date; and
 - b. complying with Accounting Standards and the *Corporations Regulations 2001*; and
- (b) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

On behalf of the Board,



Laurence Brindle
Chairman



Andrew Catsoulis
Managing Director

27 February 2014
Brisbane

DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of The Trust Company (RE Services) Limited, the Responsible Entity states that:

In the opinion of the Responsible Entity:

- (a) the financial statements and notes of the APN NSPT Group for the half-year ended 31 December 2013 are in accordance with the *Corporations Act 2001*, including:
 - a. giving a true and fair view of the APN NSPT Group's financial position as at 31 December 2013 and of its performance for the half-year ended on that date; and
 - b. complying with Accounting Standards and the *Corporations Regulations 2001*; and
- (b) with reference to Note 2 in the financial statements, there are reasonable grounds to believe that APN NSPT will be able to pay its debts as and when they become due and payable.

On behalf of the Responsible Entity



David Grbin
Director

27 February 2014
Sydney



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To the members of National Storage REIT

Independent Auditors Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of National Storage REIT comprising National Storage Holdings Limited and APN National Storage Property Trust and the entities they controlled during the half-year which comprises the consolidated statements of financial position as at 31 December 2013, the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the half-year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declarations of National Storage Holdings Limited and APN National Storage Property Trust and the entities they controlled at the half-year end or from time to time during the half-year.

Directors Responsibility for the Half Year Financial Report

The directors of National Storage Holdings Limited and the Directors of the Responsible Entity of APN National Storage Property Trust are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the financial position of National Storage Holdings Limited and APN National Storage Property Trust as at 31 December 2013 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of National Storage REIT and the entities it controlled during the period, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain 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.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of National Storage Holdings Limited and APN National Storage Property Trust is not in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the consolidated entities' financial position as at 31 December 2013 and of their performance for the half-year ended on that date; and
- b) Complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.



Ernst & Young



Mike Reid
Partner
Brisbane
27 February 2014