



## Supplementary Prospectus and Product Disclosure Statement

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This document is a supplementary prospectus and product disclosure statement dated 26 November 2013 which supplements the combined prospectus and product disclosure statement dated 19 November 2013 issued by National Storage Holdings Limited (ACN 166 572 845), The Trust Company (RE Services) Limited (ACN 003 278 831) as the proposed incoming responsible entity of the APN National Storage Property Trust (ARSN 101 227 712) and NS Saleco Pty Ltd (ACN 166 572 792) offering fully paid stapled securities in National Storage REIT (**Offer Document**). This supplementary prospectus and product disclosure statement must be read together with the Offer Document.

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### Important Information

This document is a supplementary prospectus and product disclosure statement. It supplements the combined prospectus and product disclosure statement dated 19 November 2013 issued by National Storage Holdings Limited (ACN 166 572 845) (**NSH**), The Trust Company (RE Services) Limited (ACN 003 278 831) (**Trust Co RE**) as the proposed incoming responsible entity of the APN National Storage Property Trust (ARSN 101 227 712) (**NSPT**) and NS Saleco Pty Ltd (ACN 166 572 792) (**SaleCo**) offering fully paid stapled securities in National Storage REIT (**Offer Document**).

This supplementary prospectus and product disclosure statement must be read together with the Offer Document. If there is a conflict between the terms of the Offer Document and this document, the terms of this supplementary prospectus and product disclosure statement prevail to the extent of the inconsistency.

This supplementary prospectus and product disclosure statement was lodged with the Australian Securities and Investments Commission (**ASIC**) on 26 November 2013. NSH and Trust Co RE have applied to the Australian Securities Exchange (**ASX**) for admission of National Storage REIT to the official list and official quotation of the Stapled Securities on ASX. Neither ASIC nor ASX take any responsibility for the contents of this supplementary prospectus and product disclosure statement.

A term with a defined meaning in the Offer Document has the same meaning in this supplementary prospectus and product disclosure statement.

This supplementary prospectus and product disclosure statement is important and should be read in its entirety. Please consult your legal, financial or other professional adviser if you do not fully understand the contents.

Other than the changes set out below, all other details in relation to the Offer Document remain unchanged.

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## Additional Information

### 1. Additional historical financial information

#### Historical financial information – APN National Storage Property Trust (NSPT)

This supplementary prospectus and product disclosure statement supplements the financial information provided in Section 7 of the Offer Document by providing additional historical financial information in relation to NSPT. This information has been included to allow investors to consider the performance of NSPT prior to the completion of the Pro Forma Transactions set out in Section 7.4 of the Offer Document.

Specifically, set out below are the historical financial information for NSPT for the financial years ending 30 June 2011, 30 June 2012 and 30 June 2013, comprising the profit and loss statements and balance sheets.

<b>NSPT Profit and Loss</b>			
	<b>2011</b>	<b>2012</b>	<b>2013</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Income</b>			
Rental	25,289	16,796	18,575
Interest	79	91	130
Changes in the fair value of property investments	2,419	3,392	468
Changes in the fair value of financial assets	(1,315)	(2,131)	1,588
Realised loss on sale of property investments	0	(4,630)	0
Total income	26,472	13,518	20,761
<b>Expenses</b>			
Investment management fee	1,272	908	854
Custodian fee	67	53	53
Other expenses	671	516	449
Auditor's remuneration	57	51	41
Finance Costs	20,165	14,495	11,882
Total expenses	22,232	16,023	13,279
<b>Net Profit</b>	<b>4,240</b>	<b>(2,505)</b>	<b>7,482</b>

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<b>NSPT Balance Sheet</b>			
	<b>2011</b>	<b>2012</b>	<b>2013</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Assets</b>			
Cash and cash equivalents	2,722	4,808	6,710
Receivables and other assets	18,152	14,652	14,832
Investment properties	249,850	184,342	184,953
<b>Total assets</b>	<b>270,724</b>	<b>203,802</b>	<b>206,495</b>
<b>Liabilities</b>			
Payables	6,291	2,853	5,025
Distribution payable	465	1,609	1,681
Interest Bearing Liabilities	165,864	107,895	109,171
Other liabilities	1,361	3,383	1,796
<b>Total liabilities</b>	<b>173,981</b>	<b>115,740</b>	<b>117,673</b>
<b>Net assets</b>	<b>96,743</b>	<b>88,062</b>	<b>88,822</b>
<b>Equity attributable to unit holders</b>			
Contribution equity	89,322	89,322	89,322
Opening retained earnings	4,112	7,421	(1,260)
Net profit for year	4,240	(2,505)	7,482
Distributions paid to investors	(931)	(6,176)	(6,722)
<b>Total Equity</b>	<b>96,743</b>	<b>88,062</b>	<b>88,822</b>

#### Notes on the above statements

The above profit and loss statements and balance sheets are extracted from the annual financial statements of NSPT. Each of these financial statements were subject to unqualified audit opinions from Deloitte Touche Tohmatsu (ABN 74 490 121 060) (“**Deloitte**”).

Deloitte has given, and as at the date of this supplementary prospectus and product disclosure statement, has not withdrawn, its consent to be named in this document and to the inclusion of the statement above in the form and context in which it is included.

The 2013 financial statement is available from the APN Funds Management Limited website at: <http://www.apngroup.com.au/apn/funds/fund/?apnid=29570df1-8ba5-4402-96e8-3a93a1ad1e1b> and the financial reports for NSPT for the last three financial years will also be disclosed on the ASX website as part of the pre-quotations disclosure process.

One key point to note in respect of the financial performance as shown above is that in September 2011, NSPT sold nine properties. This accounts for the reduction in FY 2012 items of rental revenue, interest expense, investment properties and interest bearing liabilities (bank loans).

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## Historical financial information – National Storage Group

This supplementary prospectus and product disclosure statement also provides details regarding why no historical financial information (other than the Historical 30 June 2013 Pro Forma Balance Sheet contained in Section 7.4 of the Offer Document) has been included in the Offer Document with respect to National Storage Group.

It is the view of National Storage Group's management team that historical financial information of National Storage Group will not give prospective investors a clear picture of National Storage REIT's financial position, post Completion of the Offer.

A number of the key entities in National Storage Group which will form part of the stapled group on establishment of National Storage REIT conduct different businesses and derive income from different sources, as well have different ownership structures. These entities have historically not been part of consolidated account preparation and audited financial information is not available with respect to all entities. Additionally, the combination of the NSPT properties and the operating businesses of National Storage Group will require the objectives and strategies (operational and financial) for National Storage REIT to be different to the previous strategies of the National Storage Group, and more in line with the objectives and strategies of traditional REITs.

It is the view of National Storage Group's management that any attempt to prepare consolidated historical financials would require significant reconstruction and various assumptions which would be a matter of judgement and would not necessarily enhance investors' understanding of the merits of an investment in National Storage REIT going forward, nor would it provide clarity on the historical operation or performance of National Storage Group.

## 2. Occupancy forecast

This supplementary prospectus and product disclosure statement contains additional information in relation to how the management team of National Storage Group intends to achieve the occupancy goal of over 80%, referred to in the Offer Document, specifically in Section 5.2.1 of the Offer Document. The key strategies which management consider are relevant for achieving the occupancy goal are set out below.

The relevant centres have previously operated at 86% occupancy in 2006. In the period from 2007 to 2010 approximately 17,200m<sup>2</sup> of additional vacant net lettable area was built at these centres. In addition, approximately 3,500m<sup>2</sup> of existing customers were vacated to facilitate this construction activity over the same period. This dropped overall occupancy by approximately 10% in real terms. In addition, the adverse impact of the economic downturn caused by the Global Financial Crisis over this period caused a drop in overall occupancy of approximately 5%. Since that time, the occupancy level for National Storage Group has grown to approximately 73%.

Proactive use of new flexible unit pricing structures along with a new marketing campaign involving "Above the Line", "Below the Line", "Local Area" and "Community based" marketing initiatives is improving rates of inquiries across the centres. Further, in 2013, an agreement was reached enabling National Storage Group to be a major brand associated with the Brisbane Lions AFC for a three year period, significantly increasing its brand exposure and recognition in the broader market with an additional estimated 10 million viewers exposed to National Storage's brand over the course of the AFL season. In addition, ongoing refinements in the call centre located at the National Storage Group head office continue to gradually improve overall rates of conversion of inquiries into sales, with the overall intended effect of growing occupancy to back over 80% in the future.

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### 3. Further information regarding storage facilities

This supplementary prospectus and product disclosure statement contains additional information about the following statements contained in Section 6.1.2 of the Offer Document:

- *“The self-storage centres are generally located on main roads...”*; and
- *“The majority of the self storage centres are modern facilities...”*.

#### **Main roads**

With respect to what classifies as "main road" exposure for the 62 centres, the National Storage Group's categorisation of this feature is over 30,000 cars per day. On the basis of this criteria, it has been determined that approximately 70% of the 62 centres to be operated or managed by National Storage REIT are considered to have main road exposure.

#### **Modern facilities**

With respect to what classifies as a "modern facility", National Storage Group considers that typical features of a "modern" storage centre include security (door alarms, motion sensors, CCTV cameras, 24 hour video surveillance, pin coded gate access), lift access to upper levels, colourbond roller and swing doors, undercover loading and unloading, multiple unit sizes, after hours access, drive up access and onsite forklift. On the basis of this criteria, it has been determined that 57 of the 62 centres (approximately 90%) are considered "modern".

### 4. Related party transactions

This supplementary prospectus and product disclosure statement contains additional information regarding the related party transactions referred to in Section 16.2 of the Offer Document.

Specifically, the parties predominantly rely upon the arm's length exception in section 210 of the Corporations Act 2001 (Cwlth) with respect to the entry into related party transactions referred to in Section 16.2 of the Offer Document. The parties intend to rely on customary stapling relief which has been sought from ASIC for the provision of guarantees under the Debt Facility to the extent that this constitutes financial benefits being provided between members of the stapled group (or other available exceptions under the Corporations Act) for the provision of the guarantees to a related party.

## Applications

An Applicant wishing to apply for Stapled Securities should still use the Application Form included in the accompanying Offer Document, in accordance with the procedure described in the Offer Document.

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## Consent

Each director of NSH, Trust Co RE and SaleCo consented to the lodgement of this supplementary prospectus and product disclosure statement with ASIC, as required by sections 720 and 1015B of the Corporations Act.

Signed for and on behalf of NSH, Trust Co RE and SaleCo

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Andrew Catsoulis, Director, National Storage Holdings Limited

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Andrew Catsoulis, Director, NS Saleco Pty Ltd

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

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