



# NATIONAL STORAGE REIT

ACQUISITIONS AND EQUITY RAISING  
\$50M INSTITUTIONAL PLACEMENT & UP  
TO \$15M SECURITY PURCHASE PLAN

DECEMBER 2017

**Not for distribution or release in the United States**

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# OVERVIEW

## NSR is seeking to execute acquisition opportunities and strengthen its balance sheet

### TRANSACTION HIGHLIGHTS

- \$102 million in acquisition opportunities, settled, contracted or under exclusive due diligence since 1 July 2017 (**Total Acquisitions**)
- Additional \$35 million of acquisition opportunities under negotiation

### OPERATIONAL HIGHLIGHTS

- Strong occupancy growth from October through to date
- December 2017 REVPAM in line with expectations at \$216/sqm up 2% from June 2017
- Continuing to optimise individual centre performance against key operational metrics

### EQUITY RAISING

- The Total Acquisitions will be partly funded via:
  - A fully underwritten \$50 million Institutional Placement (Placement); and
  - A non-underwritten Security Purchase Plan (SPP) to eligible securityholders in Australia and New Zealand to raise up to \$15 million
- The Placement offer price has been set at \$1.50 which represents a discount of 5.4% to the last closing price on 12 December 2017 and a 5.1% discount to the 5 day volume weighted average price (VWAP)

### FY18 OUTLOOK

- NSR re-affirms its FY18 underlying EPS guidance of 9.6 – 10.1 cents per stapled security<sup>1</sup>
- The Total Acquisitions and issue of new stapled securities<sup>2</sup> is expected to be neutral to FY18 underlying EPS and accretive in the first full year of ownership

1. Assuming no material changes in market conditions or operating environments and \$65 million raised through the Placement and SPP

2. Assuming \$15 million raised through the SPP in addition to the \$50 million through the Placement

# ACQUISITION HIGHLIGHTS

- \$102 million of total assets either settled, contracted or under exclusive due diligence, planned to settle by February 2018
- NSR is successfully executing its growth strategy in a highly fragmented industry and continuing to leverage NSR's fully-integrated, scalable platform



Wyong Acquisition



Morisset Acquisition

## FY18 ACQUISITIONS

### Acquisition Rationale

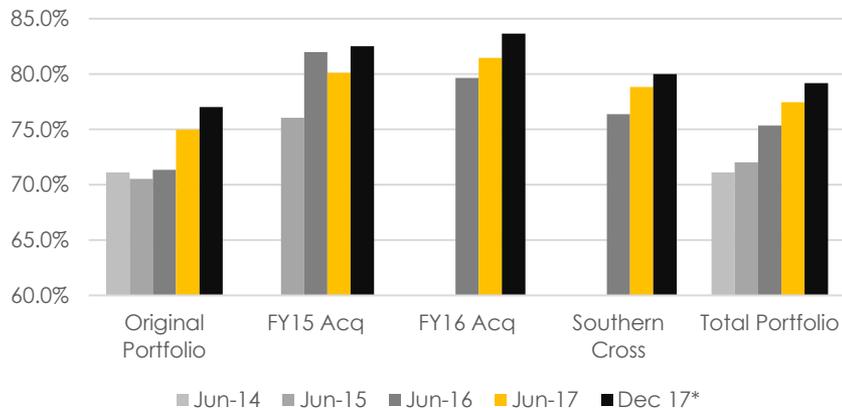
CENTRE	STATE	SETTLEMENT DATE	NLA (SQM)	PURCHASE PRICE	Complementary	Development Upside	Occupancy/Rate Upside	Synergies
Jandakot (Property)	WA	Oct 2017	5,200	\$6.2m	✓		✓	✓
Perth Airport	WA	Oct 2017	5,800	\$8.9m	✓		✓	✓
Milton (development site)	QLD	Nov 2017	5,300 (Planned)	\$3.4m	✓	✓	✓	✓
Marcoola	QLD	Nov 2017	3,400	\$4.5m	✓	✓	✓	✓
Morisset	NSW	Dec 2017	3,600	\$5.4m	✓	✓	✓	✓
Wyong	NSW	Dec 2017	3,700	\$6.5m	✓	✓	✓	✓
<b>Settled acquisitions</b>				<b>\$34.9m</b>				
South East Qld	QLD	Dec 2017/ Jan 2018	15,300	\$35.5m	✓	✓	✓	✓
Greater Melbourne Area	VIC	Jan 2018/ Feb 2018	10,500	\$17.7m	✓	✓	✓	✓
Northern Territory	NT	Jan 2018/ Feb 2018	8,800	\$14.0m	✓	✓	✓	✓
<b>Total Acquisitions</b>				<b>\$102.1m</b>				

# OPERATIONAL UPDATE

## IMPROVED METRICS UNDERPINNING EARNINGS GROWTH

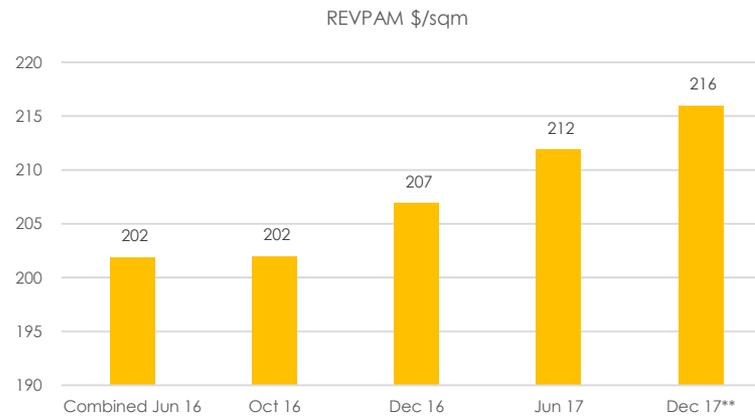
### OCCUPANCY

- Strong occupancy growth in October, November and to date in December
- 12,000 sqm of additional occupancy growth delivered across the portfolio to date for FY18



### REVPAM

- REVPAM in line with expectations at \$216/sqm up 2.0% from June 2017
- Continuing to optimise individual centre performance against key operational metrics



\*\* December 2017 Estimate

\* As at 10 December 2017

# FY18 OUTLOOK

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**9.6 cents** to **10.1 cents**  
**4.4%** Growth over FY17 **9.8%**

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PER STAPLED SECURITY

**Underlying EPS**

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## **NSR provides the following further details on FY18 outlook and guidance:**

- NSR re-affirms its FY18 underlying EPS guidance of 9.6 – 10.1 cents per stapled security
- Estimated earnings skew towards 2H FY18 (consistent with FY17), reflecting the contribution of acquisitions, seasonality of revenues, timing of expenditures and improving operational performance
- Continuing focus on driving organic growth through increased enquiry conversion and active revenue management optimisation
- NSR estimates its half year distribution to be 4.7 cents per stapled security for the period ending 31 December 2017, with a record date of 29 December 2017

# EQUITY RAISING

NSR is seeking to raise up to \$65 million to execute acquisition opportunities and strengthen its balance sheet

## INSTITUTIONAL PLACEMENT

- Fully underwritten Placement to raise \$50 million
- Placement issue price of \$1.50 per stapled security:
  - A discount of 5.4% to the last closing price of \$1.585 on 12 December 2017
  - A discount of 5.1% to the 5-day VWAP of \$1.581 on 12 December 2017
- The financial details of the Placement are:
  - Neutral to FY18 underlying EPS - NSR re-affirms its FY18 guidance of 9.6 – 10.1 cents per stapled security
  - Pro forma NTA increased by 4.5% to \$1.40 per stapled security<sup>1</sup>
  - Pro forma gearing reduced to 36.4%<sup>1</sup>
- New stapled securities issued under the Placement will rank equally with existing stapled securities from the date of issue and will be entitled to the full distribution for the six months ending 31 December 2017, estimated to be 4.7 cents per stapled security

1. Pro forma gearing and NTA as at 31 December 2017, adjusted for forecast 31 December 2017 cash balance, post balance date distribution, Total Acquisitions, capital raising (including an assumed \$15 million raised through the SPP), including an \$35 million uplift in the value of investment properties (based on preliminary and unaudited 31 December 2017 Director valuations)
2. Eligible securityholders are existing holders of NSR securities as at 7.00pm (AEDT) on the Record Date, Tuesday 12 December 2017, with a registered address in Australia and New Zealand
3. The NSR Board retains discretion on the final amount of SPP proceeds to be accepted based on take-up

## SECURITY PURCHASE PLAN

- Following completion of the Placement, NSR will offer eligible securityholders the right to participate in a non-underwritten Security Purchase Plan (SPP)
- Eligible securityholders<sup>2</sup> will be invited to subscribe for up to \$15,000 of stapled securities, free of transaction and brokerage costs
- The issue price under the SPP will be the lower of the issue price under the Placement of \$1.50, and the 5-day VWAP of the stapled securities as at the closing date of the SPP offer, being 2 February 2018<sup>3</sup>
- The SPP is capped at \$15 million, and proceeds raised will be utilised to reduce debt and further strengthen NSR's balance sheet
- New stapled securities issued under the SPP will rank equally with existing stapled securities on allotment, including those issued under the Placement, however as they will be issued and allotted after the ex-distribution date of 28 December 2017, they will not be entitled to the distribution for the six months ending 31 December 2017, estimated to be 4.7 cents per stapled security

# SOURCES AND USES

SOURCES	A\$m
Placement proceeds	\$50.0
SPP proceeds (anticipated) <sup>1</sup>	\$15.0
Debt	\$44.3
<b>Total</b>	<b>\$109.3</b>

USES	A\$m
Total Acquisitions	\$102.1
Acquisition costs	\$6.1
Transaction Costs	\$1.1
<b>Total</b>	<b>\$109.3</b>

## CAPITAL MANAGEMENT

- \$617 million in facilities
- \$518 million drawn (Nov 2017)
- 36.4% pro-forma gearing<sup>2</sup>
- Weighted average tenor 4.3 years
- Target gearing range 25% – 40%
- Gearing covenant 55%

1. Expected SPP proceeds maximum \$15 million. The NSR Board retains discretion on the final amount of SPP proceeds to be accepted based on take up.  
 2. Pro forma gearing as at 31 December 2017. See slide 12



# TIMETABLE

EVENT	DATE
<b>Institutional Placement</b>	
Trading halt	13 December 2017
Offer opens	13 December 2017
Offer closes	13 December 2017
Trading in National Storage Stapled Securities resumes	14 December 2017
Settlement of New Stapled Securities	18 December 2017
Allotment and trading of New Stapled Securities	19 December 2017
<b>Security Purchase Plan (SPP)</b>	
Record Date for SPP	12 December 2017 (7.00pm AEDT)
SPP offer period	9 January 2018 – 2 February 2018
Allotment and trading of SPP Stapled Securities	9 February 2018

**THANK YOU**



**APPENDICES**





# APPENDICES

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PRO-FORMA BALANCE SHEET

NSR FOOTPRINT

KEY INVESTMENT RISKS

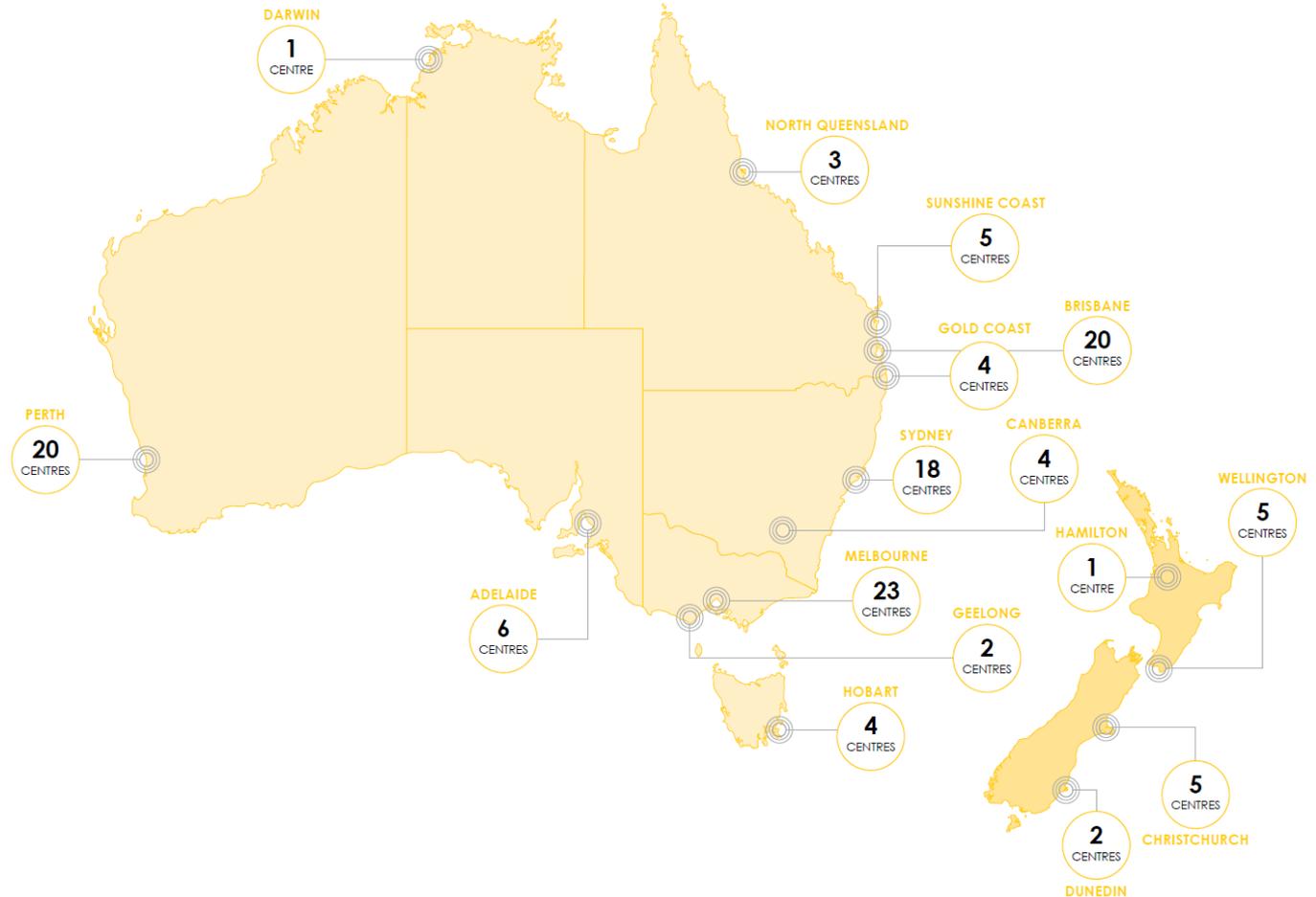
INTERNATIONAL OFFER RESTRICTIONS

# PRO FORMA BALANCE SHEET

\$M	Actual 30 June 2017	Revaluations and Distribution (2, 3, 4)	Acquisitions (5)	Equity Raise (net of costs)	Pro Forma 31 December 2017
Cash	23.2	2.0			25.2
Investment Properties (1)	1,162.5	35.0	102.1		1,299.6
Intangibles	45.5				45.5
Other Assets	37.7				37.7
<b>Total Assets</b>	<b>1269.0</b>	<b>37.0</b>	<b>102.1</b>	<b>-</b>	<b>1,408.1</b>
Debt	484.6		108.2	(63.9)	528.9
Other Liabilities	51.8				51.8
<b>Total Liabilities</b>	<b>536.4</b>	<b>-</b>	<b>108.2</b>	<b>(63.9)</b>	<b>580.6</b>
Net Assets	732.6	37.0	(6.1)	63.9	827.4
Securities on Issue	512.9	3.2		43.3	559.5
NTA per Security	1.34				1.40
<b>Gearing</b>	<b>37.0%</b>				<b>36.4%</b>

1. Net of Finance Lease Liability
2. Distribution of \$18.7m paid in August 2017. Additional 3.2m securities issued under the DRP.
3. Pro forma gearing and NTA as at 31 December 2017, adjusted for forecast 31 December 2017 cash balance, post balance date distribution, Total Acquisitions, capital raising (including an assumed \$15 million raised through the SPP), including an \$35 million uplift in the value of investment properties (based on preliminary and unaudited 31 December 2017 Director valuations)
4. Cash adjusted for forecast 31 December 2017 cash balance
5. Debt Includes acquisition costs

# NSR FOOTPRINT – 123 CENTRES



# KEY INVESTMENT RISKS

Investors should carefully consider the risk factors described below, in addition to the other information in this document and publicly available information of NSR, before making an investment decision. If you require further information regarding the appropriateness or potential risks of this investment, you should seek appropriate financial advice. An investment in NSR is subject to risks, both specific to NSR and more general risks. Many of these risks are beyond the control of NSR and, if they were to eventuate, may impact adversely on the performance, or value, of an investment in NSR. This summary details some of the major risks that you should be aware of when investing in NSR, however it is not intended to be exhaustive. Investors should be aware that the list of risks described below may not cover all possibilities and should also consider risks specific to their situation. Additional risk factors and uncertainties that are not known to NSR at the time of this Offer, or which are considered immaterial, may in the future materially impact NSR's assets, financial condition or operations and may have an adverse effect on an investment in NSR.

## Key risks relating to NSR

### 1.1 General commercial property risks

Risks commonly associated with commercial property investment apply equally to an investment in NSR, 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).

### 1.2 Monthly storage agreements

Storage units are typically rented on a month to month basis. There is no guarantee that existing storage customers will not default under, or will renew, their storage agreements. Where an existing customer does not renew their storage agreement for whatever reason, there is no guarantee that other storage customers will be found.

### 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 NSR.

### 1.4 Valuations

Valuations ascribed to NSR's assets will be influenced by a number of ongoing factors including supply and demand for self-storage centres and general property market conditions. Valuations represent only the analysis and opinion of qualified experts at a certain point in time. There is no guarantee that a property will achieve a capital gain on its sale or that the value of the property will not fall as a result of the assumptions on which the relevant valuations are based proving to be incorrect.

### 1.5 Property liquidity

NSR 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, NSR may not be able to realise the property assets in a timely manner or at an optimal sale price in line with the asset's valuation. This may affect NSR's net asset value or trading price per Stapled Security.

### 1.6 Exposure to Australian Prime Storage Fund ("APSF")

The management agreement in place with APSF may be terminated in certain circumstances. If terminated, NSR will not receive management fee income that would otherwise be payable in accordance with the management agreement in place in respect of APSF. APSF has a first right to acquire additional "prime" self-storage centres subject to certain conditions. This may adversely affect NSR's ability to acquire additional prime self-storage centres in certain circumstances.

### 1.7 Risk of joint venture development funds

NSR is currently a joint venture participant in APSF. This imposes restrictions which would not apply if NSR was the 100% owner of the assets and operations of APSF, including in relation to changes in relevant business plans, distribution policies, capital, borrowings and capital expenditure. For further information please refer to paragraph 1.6 above.

### 1.8 Leasehold interests

NSR operates a number of self-storage centres 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 NSR's ability to continue to operate the self-storage centres at those locations, and the fair value attributed to them.

### 1.9 Insurance risk

There is no certainty that appropriate insurance will be available for all risks on acceptable commercial terms or that the cost of insurance premiums will not continue to rise. 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 earthquake or cyclone. If any of NSR's assets are damaged or destroyed by an event for which NSR does not have cover, or a loss occurs which is in excess of the insured amounts, NSR could incur a capital loss and lost income which could reduce returns for holders of Stapled Securities (including New Securities). Any failure by the company or companies providing insurance (or any reinsurance) may adversely affect NSR's right of recovery under its insurance.

### 1.10 Future acquisitions and expansion

NSR may consider opportunities to make further acquisitions of self-storage assets. NSR may also develop and expand the lettable area at a number of NSR's centres. The rate at which NSR is able to expand will reflect market forces and the availability of capital at the time. Forecast distributions may be affected by such actions. The risks faced by NSR in relation to any future development projects will depend on the terms of the transaction at the time. There can be no assurance that NSR will successfully identify, acquire and integrate further self-storage assets, or successfully implement acquisitions on time and on budget. Furthermore, there is no guarantee that any acquisition will perform as expected. Future acquisitions may also expose NSR to unanticipated business risks and liabilities.

# KEY INVESTMENT RISKS CONT'D

## 1.11 Banking obligation risk

NSR is subject to a number of undertakings and financial covenants under its current debt facility arrangements, including in relation to gearing levels and interest cover ratios. An event of default can occur under its current debt facility if NSR fails to maintain these financial covenants. This may be caused by unfavourable movements in interest rates (to the extent rates are not hedged) or deterioration in the income or the value of NSR's properties and/or businesses. To the extent that an event of default occurs, the lender may require immediate repayment of the debt facility. NSR 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.

## 1.12 Funding

NSR'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 NSR. Changes to any of these underlying factors could lead to an increase in the cost of funding, limit the availability of funding, and increase the risk that NSR may not be able to refinance its debt 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. If alternative financing is not available, this could adversely affect NSR's ability to acquire new properties and to fund capital expenditure, and NSR may need to realise assets at less than valuation, which may result in financial loss to NSR.

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 NSR and the level of distributions available to holders of Stapled Securities (including the New Securities).

## 1.13 Environmental issues

Unforeseen environmental issues may affect the properties in the property portfolio owned by NSR. These liabilities may be imposed irrespective of whether or not NSR is responsible for the circumstances to which they relate. NSR may also be required to remediate sites affected by environmental liabilities. The cost of remediation of sites could be substantial. If NSR 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.

## 1.14 Forecast distributions

No assurances can be provided in relation to the payment of future distributions. Future determination as to the payment of distributions by NSR will be at the discretion of NSR and will depend upon the availability of profits, the operating results and financial condition of NSR, future capital requirements, covenants in relevant debt facilities, general business and financial conditions and other factors considered relevant by NSR.

## 1.15 Stapled structure

There are inherent risks associated with a stapled structure. For example, the boards of NSH and NSFS may not agree on certain matters that involve the approval of each of these boards.

## 1.16 No assurance of liquidity or trading price

No assurances can be provided that the Stapled Securities (including the New Securities) will trade at any particular price or as to liquidity of trading or that any capital growth in NSR will translate into a higher price at which the Stapled Securities (including the New Securities) trade. The historical performance of Stapled Securities provides no guidance as to the future performance of Stapled Securities (including the New Securities).

## 1.17 Insolvency

In the event of any liquidation or winding up of NSR the claims of NSR's creditors will rank ahead of those of its investors. Under such circumstances NSR will first repay and discharge all claims of its creditors. Any surplus assets will then be distributed to NSR's investors. All investors will rank equally in their claim and will be entitled to an equal share per Stapled Security.

## 1.18 Employees

NSR's future performance is dependent on the ability to recruit, train, retain and motivate senior executives and employees. There is a risk that NSR may be unable to attract or retain key personnel and specialist skills and may lose corporate memory.

## 1.19 Occupational health and safety

There is a risk that liability arising from occupational health and safety matters at a property in NSR's portfolio may be attributable to NSR as the registered proprietor. To the extent that any liabilities may be incurred by NSR, this may impact upon the financial position and performance of NSR (to the extent not covered by insurance). In addition, penalties may be imposed upon NSR which may have an adverse impact on NSR.

## 1.20 Compliance

NSR is subject to strict regulatory and compliance arrangements under the Corporations Act, ASX and ASIC policy. If NSFS breaches the terms of its Australian Financial Services Licence, ASIC may take action to suspend or revoke the licence which would adversely impact the ability of NSFS to operate NSPT. Being listed on the ASX imposes various listing obligations with which NSR must comply on an ongoing basis.

## 1.21 Litigation, disputes and default

There is a risk that NSR or a member of the NSR group may become involved in litigation or disputes, which could adversely affect its financial performance.

## 1.22 Contractual risk

NSR has entered into letters of offer and conditional agreements to acquire certain storage assets owned by third parties, referred to in this document as "Total Acquisitions". Failure of a third party to comply with the agreements could result in a delay in, or failure to complete, the Total Acquisitions. Further, if any of the conditions are waived and the Total Acquisitions proceed, there may be an adverse impact on the financial position and performance of NSR. If any of the conditions are not satisfied or waived within the time specified, the Total Acquisitions may not proceed or may be delayed.

## 1.23 Post-acquisition performance

If the Total Acquisitions are successful, the risks identified in this section in relation to NSR's ownership and operation of self-storage sites, including (but not limited to) "General Commercial Property Risks", "Environmental Issues" and "Occupational Health and Safety" will also apply to the assets acquired by NSR as part of the Total Acquisition.

# KEY INVESTMENT RISKS CONT'D

## **2.0 General market and regulatory risks**

### **2.1 Economic and market conditions**

NSR may be adversely impacted by many factors including fluctuations in general economic conditions including interest rates, inflation, consumer confidence levels which may adversely affect the demand for storage space and general market levels. A number of factors affect the performance of the stock markets, which could affect the price at which NSR's securities trade on the ASX. Among other things, movements of 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.

### **2.2 Interest rates**

Unfavourable movements in interest rates relating to NSR'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 holders of Stapled Securities (including New Securities).

Further, the risk that changes in prevailing market interest rates and the strength of capital markets will influence NSR's interest costs and its ability to refinance debt respectively.

### **2.3 Inflation**

Lower than expected inflation rates generally or specific to the sectors in which NSR operates could reduce the rate of increase in inflation-linked revenues. Higher than expected inflation is likely to increase operating and development costs. Such changes could adversely impact NSR's financial performance.

### **2.4 Derivatives**

NSR uses 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 NSR.

### **2.5 Dilution risk**

Investors who do not participate in the Placement will have their investment in NSR diluted. Further, and in addition to the Placement and SPP, NSR may issue securities to finance future acquisitions or pay down debt which may, under certain circumstances, dilute the value of securityholders' interests in NSR and the proportional beneficial ownership in the underlying assets of NSR.

### **2.6 Changes in law**

Changes in law, government legislation, regulation and policy in jurisdictions in which NSR operate may adversely affect the value of its portfolio and/or NSR's future earnings and performance as well as the value of NSR's securities quoted on the ASX.

### **2.7 Taxation risk**

There may be tax implications arising from applications for Stapled Securities (including New Securities), the receipt of distributions (if any) and returns of capital from NSR, and on the disposal of Stapled Securities. Future tax reforms could impact on the distributions from NSR and the value of securities, possibly with retrospective effect. Investors should note that Australian tax laws are complex and constantly subject to change.

### **2.8 Accounting standards**

The Australian Accounting Standards to which NSR adheres are set by the Australian Accounting Standards Board (AASB) and are consequently outside the control of NSR and the directors of NSH and NSFS. Changes to accounting standards issued by AASB or changes to the commonly held views on the application of those standards could materially and adversely affect the financial performance and position reported in NSR's financial statements.

### **2.9 Equity raising and underwriting risk**

NSR has entered into an underwriting agreement under which the Underwriters have agreed to fully underwrite the Placement, subject to the terms and conditions of the underwriting agreement between the parties. If certain conditions are not satisfied or certain events occur, the Underwriters may terminate the underwriting agreement. Termination of the underwriting agreement would have an adverse impact on the proceeds raised under the Offer and NSR's sources of funding for Total Acquisitions. If the underwriting agreement is terminated NSR may not be able to complete the Total Acquisitions, which may have a material adverse effect on NSR's financial performance, financial position and security price.

# International Offer Restrictions

This document does not constitute an offer of new stapled securities ("New Securities") of NSR in any jurisdiction in which it would be unlawful. In particular, this document may not be distributed to any person, and the New Securities may not be offered or sold, in any country outside Australia except to the extent permitted below.

## 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 New 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 New 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 New 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.

## Japan

The New Securities have not been and will not be registered under Article 4, paragraph 1 of the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948), as amended (the "FIEL") pursuant to an exemption from the registration requirements applicable to a private placement of securities to Qualified Institutional Investors (as defined in and in accordance with Article 2, paragraph 3 of the FIEL and the regulations promulgated thereunder). Accordingly, the New Securities may not be offered or sold, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan other than Qualified Institutional Investors. Any Qualified Institutional Investor who acquires New Securities may not resell them to any person in Japan that is not a Qualified Institutional Investor, and acquisition by any such person of New Securities is conditional upon the execution of an agreement to that effect.

NSR has made a notification in compliance with the Investment Trust Law of Japan. Neither the Financial Services Agency of Japan nor the Kanto Local Finance Bureau has passed upon the

accuracy or adequacy of this document or otherwise approved or authorised the offering of New Securities to investors resident in Japan.

## New Zealand

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (the "FMC Act"). The New Securities may only be offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) to a person who:

- is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
- meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
- is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or
- is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

## 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 New 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 New Securities may not be circulated or distributed, nor may the New 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 New 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.

# International Offer Restrictions CONT'D

## United States

This document does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States. The New Securities have not been, and will not be, registered under the US Securities Act of 1933 and may not be offered or sold in the United States except in transactions exempt from, or not subject to, the registration requirements of the US Securities Act and applicable US state securities laws.

## Canada (British Columbia, Ontario and Quebec provinces)

This document constitutes an offering of New Securities only in the Provinces of British Columbia, Ontario and Quebec (the "Provinces") and to those persons to whom they may be lawfully distributed in the Provinces, and only by persons permitted to sell such New Securities. This document is not, and under no circumstances is to be construed as, an advertisement or a public offering of securities in the Provinces. This document may only be distributed in the Provinces to persons that are "accredited investors" within the meaning of NI 45-106 – *Prospectus Exemptions*, of the Canadian Securities Administrators.

No securities commission or similar authority in the Provinces has reviewed or in any way passed upon this document, the merits of the New Securities or the offering of New Securities and any representation to the contrary is an offence. No prospectus has been, or will be, filed in the Provinces with respect to the offering of New Securities or the resale of such securities. Any person in the Provinces lawfully participating in the offer will not receive the information, legal rights or protections that would be afforded had a prospectus been filed and receipted by the securities regulator in the applicable Province. Furthermore, any resale of the New Securities in the Provinces must be made in accordance with applicable Canadian securities laws which may require resales to be made in accordance with exemptions from dealer registration and prospectus requirements. These resale restrictions may in some circumstances apply to resales of the New Securities outside Canada and, as a result, Canadian purchasers should seek legal advice prior to any resale of the New Securities.

NSR as well as its directors and officers may be located outside Canada and, as a result, it may not be possible for purchasers to effect service of process within Canada upon NSR or its directors or officers. All or a substantial portion of the assets of NSR and such persons may be located outside Canada and, as a result, it may not be possible to satisfy a judgment against NSR or such persons in Canada or to enforce a judgment obtained in Canadian courts against NSR or such persons outside Canada.

Any financial information contained in this document has been prepared in accordance with Australian Accounting Standards and also comply with International Financial Reporting Standards and interpretations issued by the International Accounting Standards Board. Unless stated otherwise, all dollar amounts contained in this document are in Australian dollars.

### *Statutory rights of action for damages and rescission*

Securities legislation in certain of the Provinces may provide purchasers with, in addition to any other rights they may have at law, rights of rescission or to damages, or both, when an offering memorandum that is delivered to purchasers contains a misrepresentation. These rights and remedies must be exercised within prescribed time limits and are subject to the defenses contained in applicable securities legislation. Prospective purchasers should refer to the applicable provisions of the securities legislation of their respective Province for the particulars of these rights or consult with a legal adviser.

The following is a summary of the statutory rights of rescission or to damages, or both, available to purchasers in Ontario. In Ontario, every purchaser of the New Securities purchased pursuant to this document (other than (a) a "Canadian financial institution" or a "Schedule III bank" (each as defined in NI 45-106), (b) the Business Development Bank of Canada or (c) a subsidiary of any person referred to in (a) or (b) above, if the person owns all the voting securities of the subsidiary, except the voting securities required by law to be owned by the directors of that subsidiary) shall have a statutory right of action for damages and/or rescission against NSR if this document or any amendment thereto contains a misrepresentation. If a purchaser elects to exercise the right of action for rescission, the purchaser will have no right of action for damages against NSR. This right of action for rescission or damages is in addition to and without derogation from any other right the purchaser may have at law. In particular, Section 130.1 of the Securities Act (Ontario) provides that, if this document contains a misrepresentation, a purchaser who purchases the New Securities during the period of distribution shall be deemed to have relied on the misrepresentation if it was a misrepresentation at the time of purchase and has a right of action for damages or, alternatively, may elect to exercise a right of rescission against NSR, provided that (a) NSR will not be liable if it proves that the purchaser purchased the New Securities with knowledge of the misrepresentation; (b) in an action for damages, NSR is not liable for all or any portion of the damages that NSR proves does not represent the depreciation in value of the New Securities as a result of the misrepresentation relied upon; and (c) in no case shall the amount recoverable exceed the price at which the New Securities were offered.

Section 138 of the Securities Act (Ontario) provides that no action shall be commenced to enforce these rights more than (a) in the case of any action for rescission, 180 days after the date of the transaction that gave rise to the cause of action or (b) in the case of any action, other than an action for rescission, the earlier of (i) 180 days after the purchaser first had knowledge of the fact giving rise to the cause of action or (ii) three years after the date of the transaction that gave rise to the cause of action. These rights are in addition to and not in derogation from any other right the purchaser may have.

*Certain Canadian income tax considerations.* Prospective purchasers of the New Securities should consult their own tax adviser with respect to any taxes payable in connection with the acquisition, holding or disposition of the New Securities as any discussion of taxation related matters in this document is not a comprehensive description and there are a number of substantive Canadian tax compliance requirements for investors in the Provinces.

*Language of documents in Canada.* Upon receipt of this document, each investor in Canada hereby confirms that it has expressly requested that all documents evidencing or relating in any way to the sale of the New Securities (including for greater certainty any purchase confirmation or any notice) be drawn up in the English language only.

*Par la réception de ce document, chaque investisseur canadien confirme par les présentes qu'il a expressément exigé que tous les documents faisant foi ou se rapportant de quelque manière que ce soit à la vente des valeurs mobilières décrites aux présentes (incluant, pour plus de certitude, toute confirmation d'achat ou tout avis) soient rédigés en anglais seulement*

# THANK YOU



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