ANNUAL REPORT 2021

NATIONAL STORAGE

IMPORTANT **INFORMATION**

ABOUT THIS REPORT

Welcome to National Storage REIT's 2021 Annual Report which reports our performance for the financial year 1 July 2020 – 30 June 2021.

THE 2021 REPORTING SUITE INCLUDES:

Annual Report – a review of FY21 performance, strategy and governance.

Financial Report – FY21 financial accounts and detailed financial performance.

All of NSR's reporting is available online at nationalstorageinvest.com.au.

Sustainability Report – outlines NSR's approach to sustainability. The 2021 Sustainability Report will be released prior to National Storage REIT's AGM and will be available online at nationalstorageinvest.com.au at that time.

ENTITIES

National Storage Holdings Limited
ACN 166 572 845 ("NSH" or the "Company")
National Storage Property Trust ARSN 101 227 712 ("NSPT") together form the stapled entity National Storage REIT ("NSR" or the "Consolidated Group").

RESPONSIBLE ENTITY OF NSPT

National Storage Financial Services Limited (NSFL)
ACN 600 787 246 AFSL 475 228
Level 16, 1 Eagle Street, Brisbane QLD 4000

DISCLAIMER

This is the Annual Report for National Storage REIT which comprises the combined assets and operations of National Storage Holdings Limited (ACN 166 572 845) ("NSH") and the National Storage Property Trust (ARSN 101 227 712) ("NSPT"). This report has been prepared by NSH and NSFL (ACN 600 787 246 AFSL 475 228) as responsible entity for NSPT. National Storage REIT (ASX: NSR) currently has stapled securities on issue on the Australian Securities Exchange ("ASX") each comprising one unit in NSPT and one ordinary share in NSH ("Stapled Securities").

The information contained in this report should not be taken as financial product advice and has been prepared as general information only without consideration of your particular investment objectives, financial circumstances, or particular needs. This report is not an invitation, offer or recommendation (express or implied) to apply for or purchase or take any other action in respect of Stapled Securities.

This report contains forward looking statements and forecasts, including statements regarding future earnings and distributions. These forward-looking statements and forecasts are not guarantees of future performance, and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of NSH and/or NSFL, and which may cause actual results or performance to differ materially from those expressed or implied by the forward-looking statements and forecasts contained in this report.

No representation is made that any of these statements or forecasts will come to pass or that any forecast result will be achieved. Similarly, no representation is given that the assumptions upon which forward-looking statements and forecasts may be based are reasonable. These forward-looking statements and forecasts are based on information available to NSH and/or NSFL as of the date of this report. Except as required by law or regulation (including the ASX Listing Rules) each of NSH and NSFL undertake no obligation to update or revise these forward-looking statements or forecasts.

Certain financial information in this report is prepared on a different basis to the Financial Report, which is prepared in accordance with Australian Accounting Standards. Any additional financial information in this report which is not included in the Financial Report was not subject to independent audit or review by Ernst & Young.

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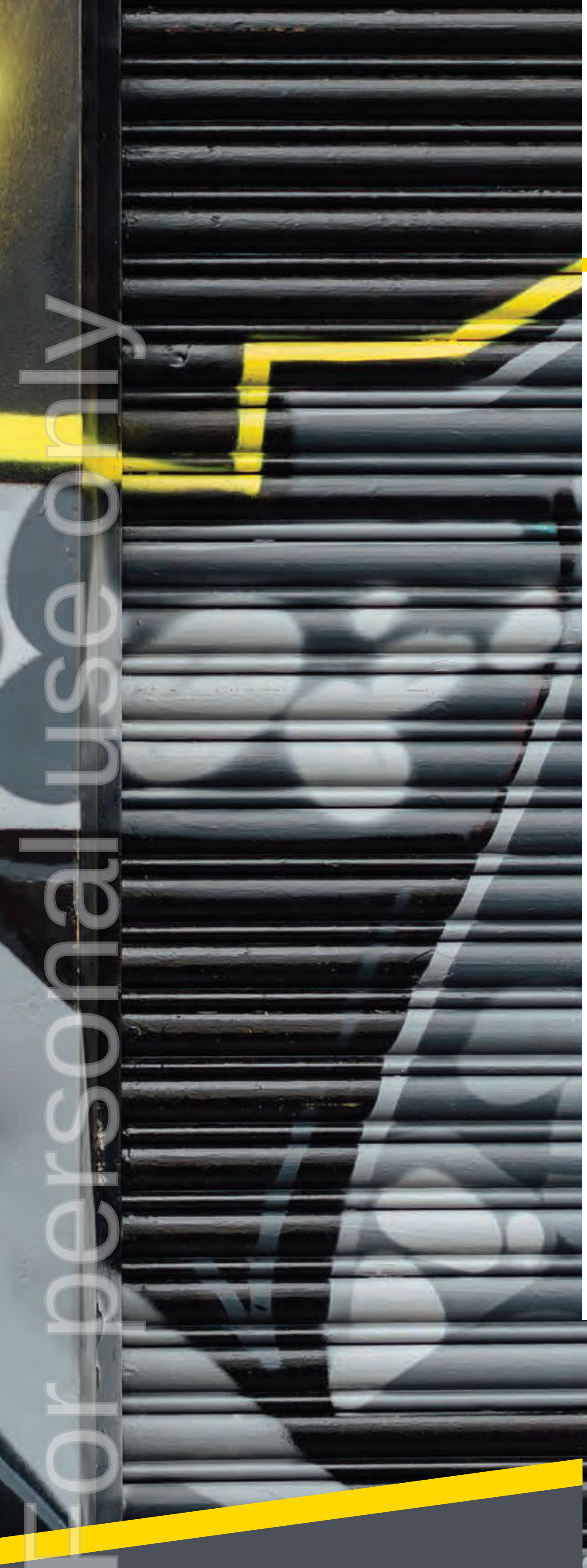
NORTH LAKES, QLD

OUR **BUSINESS**

National Storage is Australasia's largest self-storage provider, tailoring self-storage solutions to over 85,000 residential and commercial customers at 211 storage centres across Australia and New Zealand. National Storage REIT is the only publicly listed, pure play, fully integrated, owner and operator of self-storage centres in Australasia. The National Storage offering spans self-storage, business storage, climate-controlled wine storage and trading, vehicle storage, vehicle and trailer hire, packaging supplies and insurance. In addition to the traditional self-storage offering, National Storage provides value-add services for businesses including receipt and dispatch, corporate account management, forklifts and pallet jacks, and versatile, adaptable spaces to suit customers' needs. Each National Storage centre reflects our commitment to quality, convenience and service. At National Storage, you can expect secure, clean and modern premises and a team of professionals trained in the exacting task of providing efficient storage.

OVER **85,000 RESIDENTIAL** AND COMMERCIAL CUSTOMERS AT **211 STORAGE CENTRES** ACROSS AUSTRALIA AND NEW ZEALAND.

KELVIN GROVE, QLD



FY21 PERFORMANCE

FINANCIAL HIGHLIGHTS

Total Revenue	$217.7m	FY20: $177.9m	↑ 22%
IFRS Profit	$309.7m	FY20: $121.8m	↑ 154%
Underlying Earnings[1]	$86.5m	FY20: $67.7m	↑ 28%
Underlying Earnings per Stapled Security	8.5cps	FY20: 8.3cps	↑ 2.4%
Distribution per Stapled Security	8.2cps	FY20: 8.1cps	↑ 1.2%
Investment Properties	$2.95b	FY20: $2.28b	↑ 29%

OPERATIONAL HIGHLIGHTS

Number of Centres (30 June 2021)	211	FY20: 188	↑ 23
Square Metres of Net Lettable Area	1,100,000	FY20: 947,000	↑ 153,000
Group Occupancy[2]	86.1%	FY20: 77.6%	↑ 8.5%
Group Revenue per Available Metre[2]	$227	FY20: $185	↑ 22.8%
Australia Revenue per Available Metre[3]	$234	FY20: $188	↑ 24.3%
New Zealand Revenue per Available Metre[4]	$183	FY20: $163	↑ 12.0%

CAPITAL STRENGTH

Total Asset Value	$3.25b	FY20: $2.64b	↑ 23%
Gearing	22%	FY20: 25%	↓ 3%
Weighted Average Debt Tenor	2.8	FY20: 2.8	–
Net Tangible Assets per Stapled Security	$1.89	FY20: $1.65	↑ 15%

1. Underlying earnings is a non-IFRS measure (unaudited)
2. Group – Australia and New Zealand (142 centres), as per 3 & 4 below
3. Australia – 121 centres as at 30 June 2019 (excluding Wine Ark and let-up centres)
4. New Zealand – 21 centres as at 30 June 2021(excluding let-up centres)

FOUR PILLARS OF GROWTH

ORGANIC GROWTH

NSR achieves organic growth through a combination of occupancy and rate increases assessed on an individual centre basis

1

ACQUISITIONS

NSR has executed over 150 high-quality acquisitions since its IPO in 2013 – a growth rate unmatched in the Australasian market

2

DEVELOPMENT AND EXPANSION

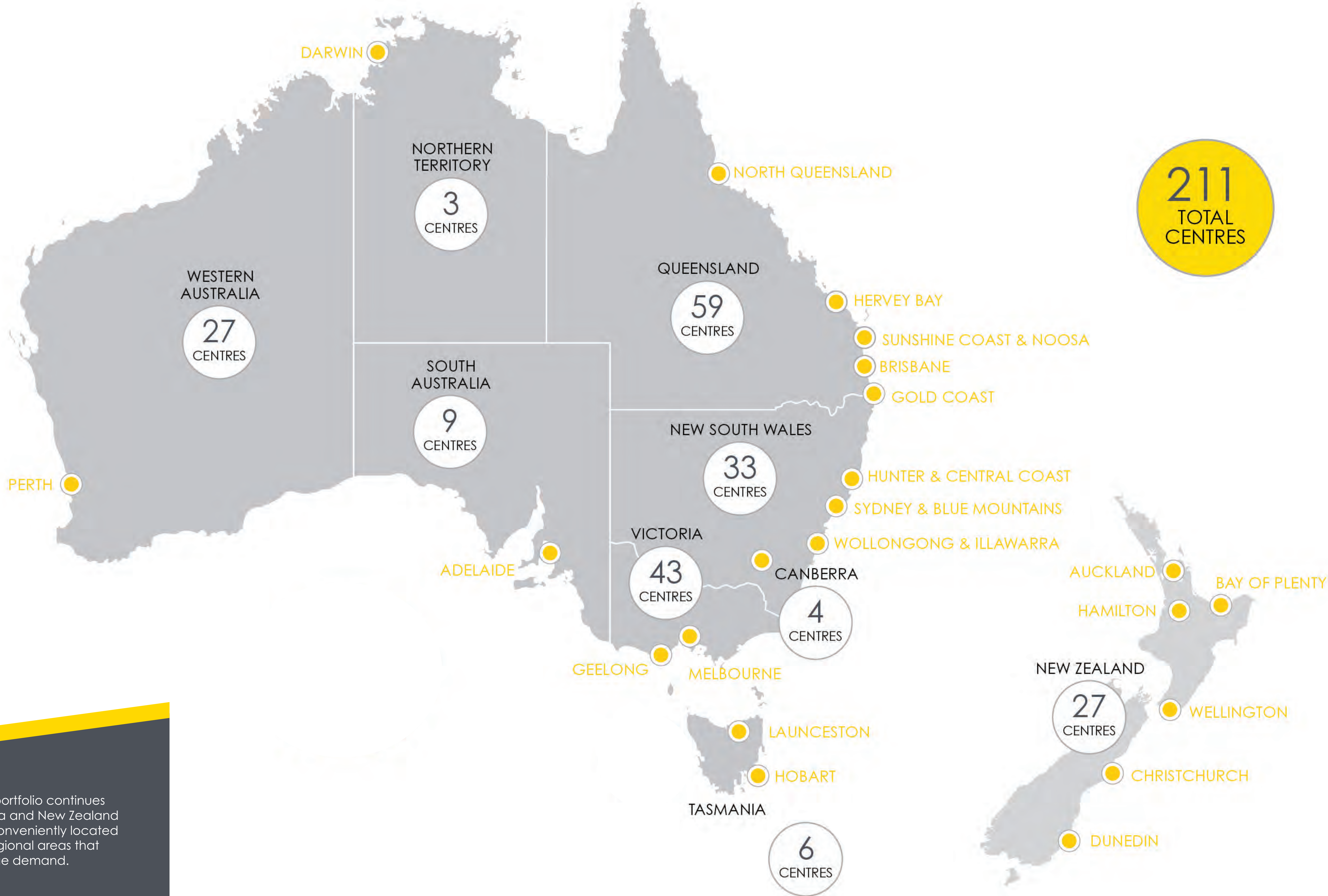
NSR has a highly developed and proven in-house expertise which enables it to identify, negotiate and deliver strategic development and expansion projects

3

TECHNOLOGY AND INNOVATION

NSR leads the Australasian storage industry with new technology and innovation projects providing an important competitive advantage over its peers

4



The National Storage portfolio continues to grow across Australia and New Zealand with storage centres conveniently located in capital cities and regional areas that exhibit drivers of storage demand.

As at 30 June 2021.

*Map not to scale.

ALBION, QLD

PORTFOLIO **STATISTICS - JUNE 2021**

AUST PORTFOLIO BY NLA		
REGION	**CENTRES**	**NLA**
North Queensland	8	45,000
Sunshine Coast	11	57,800
Gold Coast	15	77,400
Brisbane	25	143,000
Sydney	20	104,700
Canberra	4	33,100
Melbourne	39	202,800
Geelong	4	16,100
Adelaide	9	52,300
Tasmania	6	22,000
Perth	27	140,400
Darwin	3	17,200
Wollongong	3	12,900
Central Coast (NSW)	10	44,300
TOTAL	184	969,000

NZ PORTFOLIO BY NLA		
REGION	**CENTRES**	**NLA**
Auckland	4	30,200
Hamilton	5	19,800
Wellington	8	35,100
Christchurch	6	22,200
Dunedin	2	17,700
Regional NZ	2	7,300
TOTAL	27	132,300

PORTFOLIO COMPOSITION	
Freehold	192
Leasehold	14
Managed	3
Licensed	2
TOTAL	211

PORTFOLIO VALUATION

Weighted Average Primary Cap Rate: 5.98%

VALUATION					
STATE	**CENTRES**	**NLA**	**%**	**$M**	**%**
QLD	59	323,200	28	776	27
NSW	33	161,900	15	466	16
ACT	4	33,100	3	128	4
VIC	43	218,800	20	738	25
SA	9	52,300	5	130	4
WA	27	140,400	13	265	9
TAS	6	22,000	2	73	2
NT	3	17,200	2	30	1
NZ	27	132,300	12	350	12
TOTAL	211	1,101,200	100%	2,956	100%

Exchange Rate: 1.074

CHAIRMAN & MANAGING DIRECTORS' **REPORT**

"THESE TREMENDOUS RESULTS ARE A TESTAMENT TO THE STRENGTH AND RESILIENCE OF OUR BUSINESS MODEL"

NSR has delivered an exceptionally strong set of results for the 2020-2021 year, despite facing considerable economic uncertainty and numerous logistical challenges arising from the COVID-19 global pandemic. These results have been underpinned by the outstanding performance of our individual centre management teams supported by our regional, state, and head office management staff across the whole of NSR. Every state and territory of Australia and New Zealand has experienced growth throughout FY21 in terms of overall occupancy, rate, and REVPAM. This has seen Group occupancy increase by 8.5% to 86.1%, rate per square metre increase by 8.3% to \$260 and REVPAM increase by 22.8% to \$227/m², which is an exceptional result.

These tremendous results are a testament to the strength and resilience of our business model which remains focused on our "Four Pillar" growth strategy. This strategy focuses primarily on driving organic growth which we achieve by utilising the twin drivers of rate and occupancy, while undertaking accretive acquisitions, continuing to grow our development and expansion pipeline, along with harnessing new technology and innovation in order to achieve ongoing business efficiencies and economies of scale. Over the past 12 months our total revenue has exceeded \$217 million, an increase of 22% on FY20. At the same time, our operating profit increased by 22% to \$128.6 million, and our operating margin has continued to grow to 61%, despite a number of COVID-19 related expenses having been incurred throughout the year. For FY21, NSR reported underlying earnings of \$86.5 million, representing 8.5 cents per stapled security. Our company-wide emphasis on improving our organic earnings, together with lower finance and borrowing costs has meant that we are extremely well positioned to continue this positive growth trajectory throughout the 2021-2022 year and beyond.

NSR's revenue has increased at a compound annual growth rate (CAGR) of 24.1% since IPO, representing a 300%+ increase in revenue, and underlying earnings growth of 344% since December 2013. This phenomenal growth is due to various factors, including an expansion of the "user universe" for self-storage in Australia and New Zealand, NSR's enhanced brand awareness, increasingly transitory workforce, ongoing trend towards downsizing, aging population and the strength of the housing market in Australia and New Zealand.

NSR's NTA has increased substantially over the last 12 months to \$1.89, representing a 15% increase over 30 June 2020. This has primarily been driven by our improved operating performance, tightening capitalisation rates and value accretion from the delivery of 10 development and expansion projects. The primary capitalisation rate for the Australian NSR portfolio now sits at 5.97%, while its New Zealand counterpart is at 6.07%. NSR now has total assets of \$3.25 billion, a ten-fold increase since its IPO in December 2013.

NSR delivered total securityholder return for FY21 of 12.4%, and 22.7% for the three years to 30 June 2021, one of the best results of any A-REIT 200 company.

Operationally, NSR has added approximately 125,000m² of occupancy growth to NSR's portfolio during FY21, filling the equivalent of approximately 20 new centres in the last 12 months. This is an extraordinary achievement, and is testament to our operational team's united, relentless and strong team-based approach in the face of numerous unprecedented challenges.

ALBANY, NZ

Our COVID-19 safe work practices include contact-free, completely automated move-ins, and the capacity for all head office and contact centre staff to work completely remotely when necessary, while ensuring our collaborative working environment is maintained. We have the ability to implement state and location-specific COVID-safe plans to facilitate continued centre and head office operations quickly and seamlessly in response to lockdowns which have unfortunately been ongoing over the past 18 months.

From a storage asset acquisition perspective, the Australian and New Zealand markets remain highly fragmented, offering considerable opportunity for future growth. In FY21, NSR made 25 acquisitions comprising 22 existing storage centres and three new development sites at a total cost of \$352 million. This included the strategic acquisition of a nine centre portfolio in Melbourne on approximately 100,000m² of land, offering significant scope for future expansion and development. Since 1 July 2021, NSR has completed four more acquisitions totalling \$33 million.

NSR was well supported in June 2021 when it announced a fully underwritten capital raise for \$325 million by way of an accelerated, non-renounceable rights issue to existing security holders. As a result, NSR's balance sheet remains strong, with a gearing of 22% as at 30 June 2021, and approximately \$900 million of headroom available before NSR reaches the upper end of its stated gearing range of 25% - 40%.

NSR's development and expansion pipeline has grown, with 10 projects completed in FY21 adding over 59,000m² of new NLA. In addition, NSR has 22 active projects across Australia and New Zealand ranging from concept design to nearing completion with seven projects currently under construction. These projects include new developments in key infill locations and targeted growth areas, the strategic expansion of existing centres where unit supply is insufficient to meet current and anticipated future demand, and "revive" projects focused on enhancing the functionality and technology of existing centres in order to drive revenue optimisation. Our aggregate NLA pipeline currently exceeds 150,000m², providing the opportunity for continued organic growth in both rate and occupancy, which will underpin strong organic earnings growth in future years.

NSR's continuing commitment to business automation has witnessed improvements in the customer enquiry, booking and move-in processes promoting greater efficiency, security and convenience. In addition, contact centre innovations have seen enquiry conversion rates improving year-on-year. Our Wine Ark optimisation project will result in a purpose-built new state of the art cellar management system. NSR's IT and cyber security program has delivered enhanced security across the entire operating platform and our in-house IT team is collaborating with our development

IPSWICH, QLD

and operational teams to bring key technologies into our new builds, expansions and refurbishment projects.

NSR maintains its long-term commitment to quality ESG outcomes. Three key focus areas for NSR include our economic performance, our people, and the ongoing transformation of our business from an ESG perspective. NSR is in the process of undertaking its first NoCO^2 audit, which is scheduled to be completed in the coming months. NSR has continued its solar PV system rollout with 119 centres now featuring solar power generation capabilities with over 7,000 solar panels now installed across the NSR portfolio. All NSR new builds feature solar PV, LED lighting and other energy efficient initiatives.

We have been extremely grateful for the unstinting support and guidance that NSR has received from our independent directors and our highly capable executive and senior management teams for their tireless work in helping to achieve the outcomes delivered to securityholders in FY21. We express our sincere gratitude to NSR's staff, securityholders and other stakeholders for their ongoing support throughout FY21 and look forward to a positive and successful FY22.

Laurence Brindle
INDEPENDENT NON-EXECUTIVE CHAIRMAN

Andrew Catsoulis
MANAGING DIRECTOR

" NSR'S DEVELOPMENT AND EXPANSION PIPELINE HAS GROWN, WITH 10 PROJECTS COMPLETED IN FY21 ADDING OVER 59,000M^2 OF NEW NLA. "

National Storage continues to work with its current investment partners, and engage with a number of new investment partners, to assess options for future acquisition, development and redevelopment opportunities.

PERTH DEVELOPMENT PORTFOLIO

The Perth Development Portfolio is a construction and management arrangement with one of Perth's leading self-storage construction companies, Parsons Group. This venture continues to reinforce the National Storage brand as a prominent player in the Perth market. Various sites in and around Perth have been identified as part of the arrangement, whereby Parsons Group constructs quality self-storage centres branded as National Storage. The arrangement will see some centres acquired by National Storage on completion, and others managed by Parsons Group under the guidelines of the National Storage operating platform. The partnership to date has delivered multiple centres with Fremantle, Martin, Port Kennedy and East Perth added to the NSR portfolio over recent years. The Frances Bay and Kelmscott centres are owned by Parsons Group and managed by National Storage. An additional two centres are currently under design and construction, with other sites currently in due diligence and planning stages. National Storage retains certain rights to purchase the assets under this arrangement.

BRYAN FAMILY GROUP

(BFG, formerly known as Leyshon)

National Storage and BFG have jointly developed a site at Biggera Waters on the Gold Coast that commenced operating in the first half of FY21. National Storage and BFG, through The Bryan Foundation, extended their partnership in FY20 to jointly acquire and develop a site at Moorooka in Brisbane on which a high-quality storage centre and service station is currently under construction with completion due in the first half of FY22.

OTHER PARTNERS

National Storage continues to work with numerous other development partners which has resulted in the delivery of two new purpose-built storage centres in South East Queensland (Ipswich and North Lakes) and one centre at Glendenning in Sydney during FY21. Several additional centres in Victoria and Queensland are currently in various stages of design and planning and when delivered, will add further to the National Storage network.

NORTH LAKES, QLD

WINE ARK ARTARMON, NSW

ASSET MANAGEMENT

The implementation of our new revenue management software in March 2020 has delivered excellent results. The new system is predominantly automated and uses artificial intelligence in a predictive modelling capacity. The continued refinement of our advanced revenue management modelling system, together with a storage-specific data analytics platform continues to deliver efficiencies and enhance scalability across the operating platform. The operations management team maintain a focus on driving Revenue per Available Square Metre (REVPAM) using a balanced approach to rate per square metre and occupancy growth on an individual centre and unit type basis. The 30 June 2021 REVPAM across the Australian portfolio (121 owned centres at June 2019, excluding let-up centres) was $234/m^2 (June 2020: $188/m^2), a 24.3% increase. Occupancy across the Australian portfolio also increased strongly to 86.2% (June 2020: 76.5%).

Our operational state-based structure has gone above and beyond over the last year, weathering the impacts of COVID-19 lockdowns and the increased portfolio size as well as the day-to-day issues that arise from operations. Significant improvements were made through efficiency programs and the continued rollout of training programs to all centre and contact centre staff. Conversion rates across all channels have again increased this year due to improved data analysis and stronger operational leadership. As the portfolio continues to grow, the NSR operating model will continue to evolve in order to meet the challenges of trading environments, and to optimise operating performance through automation and efficiency programs. The introduction of several bulk buys in our packaging range has seen revenue in this area continue to grow year-on-year. Other ancillary income streams including insurance and vehicle hire continued to increase across the year and deliver important additional revenue to the model.

ACQUISITIONS

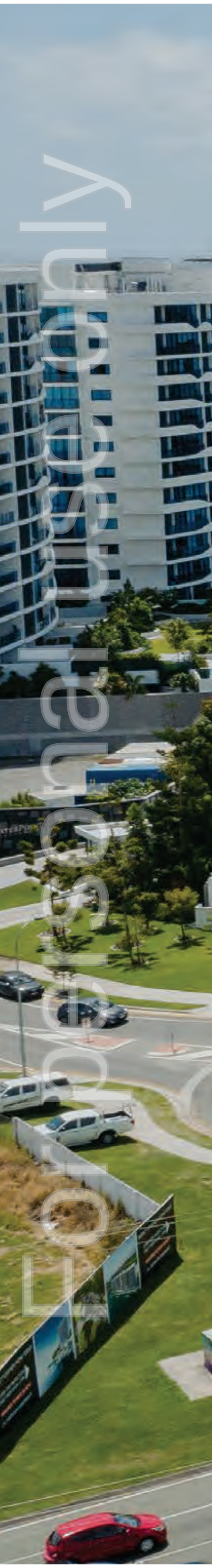
National Storage has successfully transacted 22 acquisitions and three development sites in FY21 and continues to pursue high-quality acquisitions across Australia and New Zealand. The ability to acquire and integrate strategic accretive acquisitions is one of National Storage's major competitive advantages and a cornerstone of its growth strategy. This active growth strategy also strengthens and scales the National Storage operating platform which drives efficiencies across the business.

DEVELOPMENT AND EXPANSION

National Storage continues to target development and expansion projects to provide additional built capacity in key markets to deliver long-term enhanced revenue and NTA outcomes for securityholders. During the year, 10 projects were completed adding 59,100m^2 of NLA, with 15 active projects including 7 projects under construction, expected to deliver approximately 110,000m^2 of additional NLA.

WINE ARK

Wine Ark, Australia's largest wine storage provider is part of the National Storage Group and houses over two million bottles of fine wine across 15 centres for clients located in over 30 countries. There are few businesses in Australia with more experience when it comes to storing and managing premium wine. Throughout FY21 Wine Ark continued to strengthen its relationship and involvement in the greater wine trade supporting the Wine Communicators of Australia, Sommeliers Association of Australia, Wine Australia and Commanderie de Bordeaux (Australian Chapter).



MARKETING AND CUSTOMER EXPERIENCE

In FY21, the National Storage marketing strategy was further refined to focus on customer acquisition and conversion optimisation. The business has continually invested in our digital presence creating a simplified, increasingly user-friendly online customer experience. Our revamped e-commerce offering is industry leading due to the improved functionality of our simplified booking and onboarding processes, and automated customer communications. We have also seen an increased number of customers visiting our website as a result of our strategic digital marketing activity.

Our emphasis on digital marketing has allowed our strategy to remain unimpeded by COVID-19, with all branding, sponsorship and retail campaigns now being promoted almost exclusively digitally. This has been supported by our contact-free move-in processes, now including a new contact centre payment portal.

The National Storage sponsorship strategy has continued to evolve with the availability of live data through our new CRM (Customer Relationship Management) tool that enables us to track each customer's journey, showcasing direct conversions and thereby determining ROI of our sponsorships. We have also capitalised on engagement rates surrounding video content and created a suite of commercials that are then amplified through our digital channels.

Brand trust and purpose have come to the forefront of our key messaging with sustainability, staff and community-focused content featuring heavily in both our corporate and marketing communications.

SUSTAINABILITY

This year will see the release of National Storage's fifth stand-alone Sustainability Report. The report is expected to be released in October 2021, prior to National Storage's AGM and will be published online at nationalstorageinvest.com.au. The report will detail National Storage's progress across its three sustainability pillars: economic performance, people, and transformation. Further, the environmental, social and governance aspects of the organisation will be considered when our short, medium, and long-term sustainability targets are discussed.

BIGGERA WATERS, QLD

Laurence Brindle

Independent Non-Executive Chairman

BCom BE (Hons) MBA

Laurence has extensive experience in funds management, finance and investment. Until 2009 he was an executive with Queensland Investment Corporation (QIC). During his 21 years with QIC, he served in various senior positions including Head of Global Real Estate where he was responsible for a portfolio of $9 billion. Laurence was also a long-term member of QIC's Investment Strategy Committee. He provides advice to a number of investment institutions on real estate investment and funds management matters. Laurence holds a Bachelor of Engineering (Honours) and a Bachelor of Commerce from the University of Queensland, and a Master of Business Administration from Cass Business School, London where he graduated with distinction. He is a former Chairman of the Shopping Centre Council of Australia and a former director of Westfield Retail Trust and Scentre Group, which owns, operates and develops Westfield shopping centres in Australia and New Zealand. Laurence is also currently the Non-Executive Chairman of the listed entity, Waypoint REIT and a Non-Executive Director of Stockland.

Laurence serves on the Audit, Risk and Remuneration Committees and is Chairman of the Nomination Committee.

Anthony Keane

Independent Non-Executive Director

BSc (Maths) GradDipCorpFin

Anthony is an experienced finance and business executive with an extensive background in banking and business management. Prior to accepting his directorship with National Storage, Anthony held numerous leadership roles with a major trading bank principally in business, corporate and institutional banking. He is actively involved in the business community through Non-Executive Director and Advisory Board roles, and finance advisory consultancies. He is a Director of Queensland Symphony Orchestra Pty Ltd and ASX listed EMvision Medical Devices Ltd (EMV). Anthony has a Bachelor of Science (Mathematics) from University of Adelaide and a Graduate Diploma in Corporate Finance from Swinburne. He is a Fellow of the Financial Services Institute of Australasia, a Graduate of the Australian Institute of Company Directors and a Fellow of the CEO Institute. Anthony acts as Chairman of the Audit and Risk Committees and is a member of the Nomination and Remuneration Committees.

Howard Brenchley

Independent Non-Executive Director

BEc

Howard has over 35 years' involvement in the Australian property industry, as an analyst, investor and fund manager. He is now a professional company director and consultant to the property funds industry. Howard co-founded Property Investment Research Pty Ltd (PIR) in 1989, which during the1990s was considered a leading researcher of both listed and unlisted property funds. In 1998 Howard was instrumental in establishing the funds management business of APN Property Group Limited. During this period, he was responsible for the establishment and operations of a number of funds investing both directly and indirectly in real estate. Howard was until recently a Non-Executive Director of the ASX listed APN Property Group Limited (APD) and is currently a Non-Executive Director of APN Funds Management Limited, responsible entity for ASX listed APN Industria REIT (ADI) and APN Convenience Retail REIT (AQR). Howard is a member of the Audit and Risk Committees.

Steven Leigh

Independent Non-Executive Director

Grad Dip Proj Mgmt

Steven Leigh has more than 30 years' experience in the real estate investment management and development industry. He joined QIC Global Real Estate in 1991 and was a key member of the senior executive team that acquired and created through development a portfolio of high-quality retail and commercial assets in Australia, USA and the UK. Steven has had significant experience in the wholesale funds management business through various market cycles and conditions and has a strong background in retail, commercial and industrial property with a particular focus on shopping centre acquisitions and redevelopments. After time as the Managing Director of Trinity Limited, and later Head of Australia for LaSalle Investment Management, Steven re-joined QIC as Managing Director QIC Global Real Estate in 2012 where he was responsible for the group's $20b plus property portfolio. Steven is a Non-Executive Director of ASX-listed company, Scentre Group Limited, is a founding member of Male Champions of Change established by the Property Council of Australia and he has qualifications in real estate valuation and project management. Steven is the Chairman of the Remuneration Committee and a member of the Nomination Committee.

Andrew Catsoulis

Managing Director

BA LLB Grad Dip Project Mgmt (Hons)

A founder of the National Storage business, Andrew has over 25 years' of specific self-storage industry expertise including in the areas of acquisitions, developments, integration and operation of 'greenfield' and developed self-storage centres. Andrew is a qualified solicitor who has been admitted to the Supreme Court of Queensland. He has had extensive experience in the fields of finance, commercial and property law during his tenure at major law firms both in Australia and overseas. He is also a qualified project manager and has considerable property development experience both within the storage industry and in broader markets. Andrew was instrumental in the successful acquisition and integration of the original pre-existing Group portfolio and led the Company through the IPO and planned and negotiated the acquisition of the Southern Cross portfolio in 2016. He has led the company in its growth from a single centre in 1996 to over 200 centres today and has been primarily responsible for charting its strategy over that period.

Claire Fidler

Executive Director & Company Secretary

LLB (Hons) BBus (Intl) GAICD FGIA

Claire was appointed an Executive Director in July 2017 and has been the principal Company Secretary of National Storage since November 2015. She was appointed Head of Legal & Governance in June 2020 and now oversees the legal, governance and risk functions of the organisation. Claire holds legal and international business qualifications and is admitted as a solicitor of the Supreme Court of Queensland. Claire has twenty years' experience in corporate and commercial law, both in private practice and in-house. She practiced in the litigation, resources, and corporate areas of two large law firms and as Corporate Counsel and Company Secretary at Rio Tinto Coal Australia, prior to joining National Storage. Claire has also worked in corporate compliance with the Australian Securities and Investments Commission. Claire is a Graduate of the Australian Institute of Company Directors and a Fellow of the Governance Institute of Australia. Claire was also a Non-Executive Director of Spacer Marketplaces Pty Limited until May 2021.

Stuart Owen

Chief Financial Officer

BBus CPA GAICD

Stuart joined National Storage in late 2014, with extensive experience in the energy sector in coal and gas fired power generation. He has held wide ranging finance and commercial management roles, including as Commercial Manager for Energy Developments Limited. Prior to this, Stuart was Commercial Manager on the delivery of a multi-site gas fired power generation project and micro-LNG plant. He has significant experience in project financing, mergers and acquisitions, and project development. Stuart holds a Bachelor of Business, is a Certified Practising Accountant and is a graduate of the Australian Institute of Company Directors.

NORTH LAKES, QLD

The National Storage Boards are responsible for ensuring that the organisation has an appropriate corporate governance framework in place to protect and enhance the entity's performance and build sustainable value for securityholders. The corporate governance framework is based on the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations. More information is provided in NSR's 2021 Corporate Governance Statement, which can be found online at [nationalstorageinvest.com.au.](nationalstorageinvest.com.au)

HEAD OFFICE, QLD

KEY HIGHLIGHTS

Group	FY21	FY20	Change	
Total Revenue	$217.7m	$177.9m	22%	▲
IFRS profit after tax	$309.7m	$121.8m	154%	▲
Earnings per stapled security	30.21cps	14.59cps	107%	▲
Underlying earnings[1]	$86.5m	$67.7m	28%	▲
Underlying earnings per stapled security[1]	8.5cps	8.3cps	2.4%	▲
Net operating cashflow	$135.2m	$89.5m	51%	▲
Distribution per security	8.2cps	8.1cps	1.2%	▲

Portfolio	At June 2021	At June 2020	Change	
Number of Centres owned/managed & licenced (Total)	206/5 (211)	184/4 (188)	22/(1) (23)	▲
Group occupancy[2]	86.1%	77.6%	8.5%	▲
Australian occupancy[3]	86.2%	76.5%	9.7%	▲
New Zealand occupancy[4]	85.4%	84.4%	1.0%	▲
Group Revenue per available metre (REVPAM)[2]	$228	$185	22.8%	▲
Australian Revenue per available metre (REVPAM)[3]	$234	$188	24.3%	▲
New Zealand Revenue per available metre (REVPAM)[4]	$183	$163	12.0%	▲
Weighted Average Primary Cap Rate	5.98%	6.49%	(0.51%)	▼
Investment Properties[5]	$2.95b	$2.28b	29%	▲
Portfolio Valuation Uplift	$311m	$67m	$244m	▲
Acquisitions / Centres[6,7]	$320m/22	$204m/20	($116m)/(2)	▲
NLA (sqm)	1,100,000	947,000	16%	▲

Balance Sheet	At June 2021	At June 2020	Change	
Total Assets[7]	$3.25b	$2.64b	23%	▲
Debt drawn[7]	$761m	$681m	$80m	▲
Interest Rate Hedges[7]	$432m	$507m	($75m)	▼
Gearing	22%	25%	(3%)	▼
Weighted average cost of debt	1.8%	1.9%	(0.1%)	▼
Weighted average debt tenor (years)	2.8	2.8	-	-
NTA	$1.89	$1.65	15%	▲

PRINCIPAL ACTIVITIES

Listed on the ASX in December 2013, NSR is the largest self-storage owner/operator across Australia and New Zealand, with 213 self-storage centres under operation, management or licence, providing tailored storage solutions to over 85,000 customers.

NSR continues the expansion of its extensive portfolio of owned, managed and licenced centres, having grown from 62 centres at IPO in December 2013 to 213 centres at the date of this Directors' Report, with an additional centre expected to settle in late August 2021. A total of 10 newly constructed and expanded storage centres were delivered during the Reporting Period with a further 22 in various stages of design, construction and delivery. NSR now manages approximately 110,000 storage units across 1.1 million square metres of net lettable area in Australia and New Zealand. Investment Properties[5] have increased by 29% during the Reporting Period to $2.95 billion as at 30 June 2021.

Of the 214 self-storage properties in the NSR portfolio at the date of this report, ownership is as follows:

- 195 self-storage centres owned by NSPT (Freehold Centres)
- 14 self-storage centres operated as long-term leasehold centres (Leasehold Centres)
- 3 third party managed centres
- 2 licenced branding rights centres in New Zealand

[1] Underlying earnings is a non-IFRS measure (unaudited), see table within Operating Results for reconciliation
[2] Group – Australia and New Zealand (142 centres), as per 3 & 4 below
[3] Australia – 121 centres as at 30 June 2019 (excluding WineArk and let-up centres)
[4] New Zealand – 21 centres as at 30 June 2021 (excluding let-up centres)
[5] Investment properties net of lease liability
[6] Excluding transaction costs
[7] NZD/AUD exchange rate of 1.074

NSR's business model encompasses a "Four Pillar" growth strategy, focussing on:

- Organic Growth
- Acquisitions
- Development and Expansion
- Technology and Innovation.

BUSINESS STRATEGY

NSR's objective is to deliver investors a stable and growing income stream from a portfolio of geographically diversified high-quality self-storage assets. NSR strives to drive income and capital growth through active asset and portfolio management (including the acquisition, development or redevelopment and portfolio recycling of self-storage centres).

The key drivers of the business are:

- Organic Growth - NSR achieves organic growth through a combination of occupancy and rate increases assessed on an individual centre basis
- Acquisitions - NSR has executed over 150 high-quality acquisitions since its IPO in December 2013 – a growth rate unmatched in the Australasian market
- Development and Expansion - NSR has a highly developed and proven inhouse expertise which enables it to identify, negotiate and deliver strategic development, expansion and refurbishment projects in an efficient and effective manner
- Technology and Innovation - NSR leads the Australasian storage industry with new technology and innovation projects designed to improve operational efficiency and enhance the customer and employee experience, providing an important competitive advantage over its peers

Further details on these key business drivers can be found elsewhere in the NSR 2021 Annual Report.

REVIEW AND RESULTS OF OPERATIONS

The Financial Statements of NSR are prepared in compliance with Australian Accounting Standards and the requirements of the *Corporations Act 2001* (Cth).

OPERATING RESULTS

IFRS Profit after tax for the Reporting Period was $309.7 million with EPS of 30.21 cents per stapled security. Underlying earnings[(8)] for the Reporting Period increased by 28% to $86.5 million. NSR achieved underlying earnings[(8)] per stapled security of 8.5cps for the 2021 financial year, an increase of 2.4% over the previous 12 months. This result was impacted by the dilutionary effects of capital raises and a softer first quarter due to uncertainty surrounding COVID-19. The impact on operations due to COVID-19 was relatively minor and the operational result for the full year reflects the highly resilient nature of NSR's business model and growth strategy as well as the high level of competency demonstrated by the NSR team across all aspects of the business.

$m	FY21	FY20
IFRS Profit after tax	$309.7	$121.8
Plus tax expense/(benefit)	$0.8	($2.3)
Plus restructure and other non-recurring costs	$0.9	$3.7
Plus contracted gain in respect of sale of investment property	-	$3.0
Plus amortisation of interest rate swap reset	$10.9	$7.8
Less fair value adjustment	($231.7)	($63.0)
Less lease diminution on leasehold investment properties	($4.1)	($3.3)
Underlying Earnings[(8)]	**$86.5**	**$67.7**
Weighted average securities on issue (refer Note 19)	1,020,912,858	815,973,324
Underlying earnings per stapled security[(8)]	**8.5cps**	**8.3cps**

Total revenue increased by 22% to $217.7 million driven by increases in rate and occupancy as well as contributions from acquisitions and new developments. Occupancy across the Group recovered the early losses suffered as a result of COVID-19 during the last quarter of FY20 and achieved significant and consistent growth throughout the whole of FY21, increasing to 86.1%, up 8.5% from 77.6% at 30 June 2020. Strong growth in REVPAM was experienced across both Australia (+24.3%) and New Zealand (+12.0%), supported by both increased occupancy and rate. Let-Up centres (those recently built or expanded) continued to fill strongly with approximately 50,000m^2 of new NLA filled during the Reporting Period.

These results continue to demonstrate the highly resilient nature of self-storage as an asset class and are a testament to the proactive response provided by NSR's management team, which limited the impact of losses related to the COVID-19 pandemic.

8 Underlying earnings is a non-IFRS measure (unaudited)

CASH MANAGEMENT

Cash and cash equivalents as at 30 June 2021 were $95.9 million compared to $90.4 million at 30 June 2020. Subsequent to 30 June 2021, the cash balance has been utilised to facilitate further acquisitions and incorporates a provision for payment of the distribution on 3 September 2021. Net operating cashflow for the year was $135.2 million (2020: $89.5 million).

During the year NSR successfully completed an equity raising of $325 million by way of a fully underwritten non-renounceable rights issue. The purpose of the equity raising was to strengthen the balance sheet, replenish investment capacity and provide additional funding flexibility.

An interim distribution of 4.0 cents per stapled security ($40.7 million) was paid on 1 March 2021 with an estimated final distribution of 4.2 cents per stapled security ($49.7 million) declared on 23 June 2021 with a payment date of 3 September 2021. This totals a full year distribution of 8.2 cents per stapled security, against underlying earnings[(8)] per security of 8.5 cents.

During the Reporting Period NSR once again offered a Distribution Reinvestment Plan (DRP) which enables eligible securityholders to receive part or all of their distribution by way of securities rather than cash.

For the December 2020 interim distribution approximately 12% of eligible securityholders (by number of securities) elected to receive their distributions as securities totalling approximately $4.9 million. The DRP price was set at $1.8596 which resulted in 2,641,947 new securities being issued.

The June 2021 final distribution has seen approximately 23% of eligible securityholders (by number of securities) elect to receive their distributions as securities totalling approximately $11.4 million. The DRP price was set at $2.1925 which resulted in approximately 5,200,000 new securities being issued.

NSR continues to actively manage its debt facilities to ensure it has adequate capacity for future acquisitions and working capital requirements. NSR's finance facilities are structured on a "Club" arrangement involving the four major Australian banks, a major Australian superannuation fund and JP Morgan, providing a diversified and high-quality funding group. During the Reporting Period all conditions precedent to the drawdown of the JP Morgan facility were satisfied.

During the Reporting Period the Group refinanced part of its existing debt facilities and increased available liquidity by a further AUD $100 million and NZD $25 million, to support ongoing developments in Australia and New Zealand. The Consolidated Group's borrowing facilities are AUD $930 million and NZD $252 million. As at the Reporting Date AUD equivalent of approximately $403 million was undrawn and available. NSR's weighted average debt tenor as at the Reporting Date is 2.8 years, consistent with 30 June 2020. NSR is actively reviewing its debt structure with the aim of increasing diversity of funding sources and extending NSR's debt tenor beyond 4 years. NSR's gearing level as at 30 June 2021 was 22% against a target gearing range of 25% - 40%, providing flexibility and the ability to act expeditiously on acquisition and development opportunities as they arise.

NSR maintains interest rate hedges in accordance with NSR's hedging policy. This hedging policy is reviewed on a regular basis. As at the Reporting Date interest rate hedges totalling $432 million were in place with expiry dates ranging from 0.25 years to 5.25 years.

ACQUISITIONS AND INVESTMENTS

NSR considers its ability to acquire and integrate quality self-storage assets to be one of the key drivers of its growth strategy and success to date. NSR's dedicated in-house acquisitions team has continued to lead the market in identifying, facilitating and transacting on acquisitions that are considered to be appropriate for inclusion in the NSR portfolio. NSR critically assesses each potential acquisition against criteria such as:

- location and surrounding demographics of local catchment area;
- competition and potential for future competition within the primary (3km) and secondary (5km) competitive radial areas;
- exposure to passing traffic – typically a minimum of 30,000 cars per day targeted;
- build quality and opportunities for value adding such as expansion potential, surplus land, occupancy runway or potential for rate per square metre improvement;
- proximity to major drivers of storage demand such as retirement villages, new housing development and / or medium density apartment or townhouse developments and major shopping centres; and
- environmental, sustainability and climate change impacts.

Acquisition activity for the year ended 30 June 2021 returned to pre-COVID-19 levels. NSR continued with the execution of its focused acquisition strategy with 22 new centres and 3 development sites acquired during the Reporting Period, totalling $352 million. Since the Reporting Date to the date of this Directors' Report a further three self-storage centres and one development site with a combined value of $33 million have settled or are under contract.

NSR re-values all assets each Reporting Period through a combined process undertaken by both external valuers and Directors' valuations, based on valuations and methodologies from independent valuers (m3 Property and Cushman & Wakefield). After having undertaken this process, the weighted average primary capitalisation rate of NSR's portfolio of assets reduced by 51 basis points to 5.98% and the value of the 30 June 2020 portfolio increased by $311 million. This contributed to the 15% increase in NTA which now sits at $1.89 per stapled security, up from $1.65 per stapled security in June 2020. The continuation of improved trading conditions as well as recent non NSR acquisition activity indicates that capitalisation rates are reasonably likely to continue to tighten further and hence valuations are expected to continue to increase.

Acquisitions for the Year Ended 30 June 2021

Region	Number of Centres	NLA (m^2)
Brisbane	2	13,400
Sunshine Coast	4	29,100
Sydney	2	13,100
Central Coast	2	15,700
Melbourne	10	47,500
Perth	1	5,800
Christchurch (NZ)	1	3,800
Total	**22**	**128,400**

INVESTMENT IN JOINT VENTURES AND ASSOCIATES

In June 2019, NSR with Bryan Family Group ("BFG") acquired a combined commercial and self-storage development site at Biggera Waters on the Gold Coast. Construction of a multi-level, state-of-the-art self-storage facility was completed during the Reporting Period and the centre commenced trading in January 2021.

In December 2019, NSR with The Bryan Foundation ("TBF") acquired a development site at Moorooka in Brisbane for the purpose of developing a combined commercial and self-storage facility. Construction of the multi-level, state-of-the-art self-storage facility and commercial building is underway and expected to complete in late 2021.

NSR has been appointed to manage the above projects and will generate income from its provision of a range of services including design and development, project management, corporate administration and centre operations.

LIKELY DEVELOPMENTS

NSR continues to utilise its position as Australia's first and only ASX listed, pure play, fully integrated, sector specific, self-storage REIT in order to execute its stated "Four Pillars" strategy. This embodies:

- organic growth through increases in rate and occupancy at an individual centre level;
- growth by acquisition of quality storage centres across Australia and New Zealand;
- development and expansion activity focused on high-quality new self-storage developments in key locations and evaluating its existing portfolio for expansion, development or re-development opportunities, while continuing to explore portfolio recycling opportunities; and
- technology and innovation – harnessing new technology and innovation to bring further efficiencies and economies of scale to NSR's existing business model.

DIVIDENDS AND DISTRIBUTIONS

NSR has paid or declared distributions totalling 8.2 cents per stapled security for the Reporting Period, comprising:

- An estimated final distribution of 4.2 cents per stapled security for the 6 months to 30 June 2021. The distribution is expected to be paid on 3 September 2021 and is expected to contain a tax deferred component.
- An interim distribution of 4.0 cents per stapled security for the period 1 July 2020 to 31 December 2020 which was paid on 1 March 2021 which included a tax deferred component.

OPTIONS OVER STAPLED SECURITIES

No options over issued stapled securities or interests in a Controlled Entity have been granted in NSR during the Reporting Period. There are no options in stapled securities outstanding as at the date of this report.

ENVIRONMENTAL REGULATION

NSR's operations are not regulated by any environmental law of the Commonwealth or a State or Territory that is enacted specifically for NSR. However, as part of its operations, NSR must comply with broader environmental laws. NSH management on behalf of NSR has in place procedures to identify and ensure compliance with such laws including identifying and obtaining of necessary approvals, consents or licences.

There have been no known material breaches during the Reporting Period of any environmental laws to which NSR is subject.

ENVIRONMENTAL, ECONOMIC AND OTHER SUSTAINABILITY RISKS

NSR recognises that its operating activities and strategic goal of delivering securityholder growth and returns expose it to potential risks. NSR management takes a pro-active approach to risk management/elimination and recognises the importance of a strong risk culture which is instilled and lead by the Board and the senior executive team so as to form a core tenet of the organisation.

Risk is managed centrally to minimise potential adverse effects on the financial performance of NSR and protect long-term securityholder value, and its broader corporate reputation. A copy of NSR's Risk Management Policy can be found at https://www.nationalstorageinvest.com.au.

The Head of Legal & Governance is responsible for management of NSR's risk function and in turn reports to the Managing Director and the Risk Committee. The Risk Committee is charged with risk oversight and reports to the full Board. The full Board is then actively involved in the ultimate review of and determination of risk to within sensible tolerances.

Potential risks faced by NSR include but are not limited to:

RISK
Strategic Risk - Poor development and or execution of business strategy by the executive management team can lead to the risk of loss and or poor performance. To mitigate this risk, strategies are developed by the relevant responsible executive or senior officer. These are then reviewed and discussed, as appropriate, by other executive officers and approved by the Managing Director. Strategic decisions of a significant nature are further put before the Board and discussed in detail and require Board approval. The senior executive team meets a number of times each year to discuss strategy and ensure that it remains current and appropriate. This allows management to ensure it is employing strategies that are updated for changes in the operating environment of the business.
Economic and market conditions - NSR may be adversely impacted by many factors including fluctuations in general economic conditions including interest rates, inflation, taxation, 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, geo-political instability, including international hostilities, acts of terrorism, the response to COVID-19 and travel restrictions, epidemics and pandemics such as COVID-19, 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. The share prices for many listed companies in Australian stock markets and in international stock markets have in recent times been subject to wide fluctuations and volatility, which in many cases may reflect a diverse range of non-company specific influences referred to above. In particular, the events relating to COVID-19 have recently resulted in significant market falls and volatility both in Australia and overseas, including in the prices of securities trading on the ASX. There is continued uncertainty as to the further impact of COVID-19 and or any other strains of this virus on the Australian economy and equity and debt capital markets including in relation to governmental action, work stoppages, university and school stoppages, lockdowns, quarantines, travel restrictions and the impact on the Australian economy (and international economies) and share markets globally. Any of these events and resulting fluctuations may materially adversely impact the market price of Stapled Securities. It is also possible that new risks may emerge as a result of domestic or foreign markets experiencing extreme stress, or existing risks (including the impacts of COVID-19) may evolve in ways that are not currently foreseeable. There are also industry and location specific risks to consider, including competitor behaviour. NSR mitigates the potential impacts of fluctuating economic conditions by seeking to maintain a strong and conservative balance sheet and financial position.

RISK
General commercial property risks - Risks commonly associated with commercial property investment apply equally to NSR, including levels of occupancy, capital expenditure requirements, development and refurbishment risk, environmental and 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). NSR utilises a comprehensive due diligence process when acquiring centres to mitigate or eliminate risk where possible.
Tenure - Storage agreements are typically month to month and there is no guarantee customers will renew or that other customers will be found to take their place upon departure. To mitigate this risk, customer relationships are carefully managed to maximise duration of stay and highly developed marketing and management systems are in place to generate new customer enquiries and then maximise conversion of these new customer enquiries and to continue to maintain and build occupancy at an individual centre level.
Competition - Entry by new competing storage centres or discounting by existing storage centres may adversely impact upon occupancy and rental rates on a centre specific basis. While there are barriers to entry for new competition, NSR constantly monitors its competitors' activities to ensure pricing and terms remain competitive.
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 the analysis and opinion of qualified experts at a certain point in time. These factors may be exacerbated by the impact of COVID-19. A reduction in the value of NSR's property assets may adversely affect the value of the Stapled Securities. It may also impact on NSR's financing arrangements (refer to Funding below). Property values may fall if the underlying assumptions on which the property valuations are based, change in the future. As property values fluctuate, so too may returns from property assets. 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.
Property liquidity - Self storage centres are property based illiquid assets and subject to supply and demand factors dependent upon prevailing market conditions. As a result, it may not be possible for NSR to dispose of assets in a timely or price accretive fashion should the need to do so arise.
Future acquisitions and expansions - NSR may consider opportunities to make further acquisitions of self-storage assets. NSR may also develop and expand the existing lettable area at a number of NSR's centres. The rate at which NSR is able to expand will be impacted by its financial capacity to do so as well as 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 as well as the prevailing micro and macro-economic enviroment. 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.
Personnel risk - 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. NSR relies upon the expertise and experience of the senior management team. Therefore, if the services of key personnel were no longer available this may have an adverse impact on the financial performance of NSR. However, NSR's senior management team are considered internally to be stable and committed and succession planning is undertaken periodically by the NSH Board and Managing Director.
Interest rate fluctuations and derivative exposure - Unfavourable movements in interest rates could lead to increased interest expense to the extent that these rates are not hedged. NSR uses derivative instruments to hedge a percentage of its exposure to interest rates however the interest rate movements could still result in an adverse effect on financial performance.
Workplace 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. NSR has a dedicated focus on health and safety including comprehensive reporting to assist in the mitigation or elimination of such risks and keep our team members, customers and contractors safe.
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 earthquakes or cyclones. 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. Any failure by the company or companies providing insurance (or any reinsurance) may adversely affect NSR's right of recovery under its insurance.

RISK
Funding and gearing - 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 at the relevant time, 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. As noted above, COVID-19 may negatively impact on property valuations. In part, NSR's gearing levels depend on the valuation of properties within its portfolio. If the value of properties in NSR's portfolio decreases, then NSR's gearing will increase. Without the sufficient capital, a COVID-19 related impact to property valuations and earnings has the potential to increase NSR's gearing levels above its target gearing range.
Leasehold interests - NSR holds lease agreements with certain third parties which allow it to operate storage centres from these properties. Lease terms for these properties are typically long (greater than 10 years). However, there is no guarantee that these lease arrangements will be able to be renewed upon expiry or if so on suitable terms to NSR (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.
Environmental issues and climate change - 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 found to be 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. Extreme weather events or progressive damage from climate related causes may cause loss to NSR through either physical impact on storage centres or disrupting operations and attendant income. NSR has enacted a specific regular review process for its centres to ensure such impacts or their likelihood is mitigated to the maximum extent possible. Material expenditure may also be required to comply with new or more stringent environmental laws or regulations introduced in the future.
Data and Cyber Attack Loss – During the course of its operations, NSR is required to handle data from various sources including sensitive customer data. As a result, there is the possibility that data could be either damaged or lost. This creates the risk of potential legal exposure from both commercial third parties and regulators depending on the nature and the extent of any possible loss or damage to the data. There is also the risk that NSR could suffer a cyber-attack from a third party that could disrupt its operations and functionality or result in the leaking of sensitive data. NSR employs state of the art cyber security systems, processes and consultants in order to attempt to minimise this risk. These systems are regularly reviewed and updated as deemed necessary.
Impact of COVID-19 - The events relating to COVID-19 have resulted in unprecedented restrictions and lockdowns, including in relation to domestic and international travel and general disruption to business activities. These restrictions have been imposed by Australian and New Zealand state, provincial and federal governments and international governments and regulatory authorities, and/or implemented as a matter of best practice during the ongoing crisis. Whilst all of NSR's centres have remained open and operational throughout the COVID-19 pandemic, the events relating to COVID-19 may have a material adverse effect on, or cause a material adverse change to, NSR's business. Given the high degree of uncertainty surrounding the extent and duration of COVID-19, it is not currently possible to assess the full impact of COVID-19 on the NSR business. There is also continued uncertainty as to the duration and further impact of COVID-19 including (but not limited to) in relation to government, regulatory or health authority actions, work stoppages, lockdowns, quarantines, travel restrictions and the impact on global economies. There is no certainty that property values or NSR's business activities will normalise to a level existing prior to the impact of COVID-19 (or how long such normalisation could take). If the duration of events surrounding COVID-19 are prolonged, NSR may need to take additional measures in order to respond appropriately (for example, by raising additional funding).

DIRECTORS

NATIONAL STORAGE HOLDINGS LIMITED

The NSH Directors in office during the Reporting Period and continuing as at the date of this Directors' Report are set out below.

NAME	POSITION
Laurence Brindle	Non-Executive Chairman (Appointed 1 November 2013)
Andrew Catsoulis	Managing Director (Appointed 1 November 2013)
Anthony Keane	Non-Executive Director (Appointed 1 November 2013)
Howard Brenchley	Non-Executive Director (Appointed 21 November 2014)
Steven Leigh	Non-Executive Director (Appointed 21 November 2014)
Claire Fidler	Executive Director (Appointed 18 July 2017)

NATIONAL STORAGE FINANCIAL SERVICES LIMITED (NSFL)

NSFL was appointed as responsible entity on 10 November 2015. The Directors of NSFL in office during the Reporting Period and continuing as at the date of this Directors' Report are set out below.

NAME	POSITION
Laurence Brindle	Non-Executive Chairman (appointed 18 July 2014)
Andrew Catsoulis	Managing Director (appointed 18 July 2014)
Anthony Keane	Non-Executive Director (appointed 18 July 2014)
Howard Brenchley	Non-Executive Director (appointed 8 September 2015)
Steven Leigh	Non-Executive Director (appointed 8 September 2015)
Claire Fidler	Executive Director (appointed 18 July 2017)

DIRECTORS' QUALIFICATIONS, EXPERIENCE AND SPECIAL RESPONSIBILITIES

Boards of National Storage Holdings Limited and National Storage Financial Services Limited

Laurence Brindle, Independent Non-executive Chairman
BCom, BE (Hons), MBA

Laurence has extensive experience in funds management, finance and investment. Until 2009 he was an executive with Queensland Investment Corporation (QIC). During his 21 years with QIC, he served in various senior positions including Head of Global Real Estate where he was responsible for a portfolio of $9 billion. Laurence was also a long-term member of QIC's Investment Strategy Committee. He provides advice to a number of investment institutions on real estate investment and funds management matters. Laurence holds a Bachelor of Engineering (Honours) and a Bachelor of Commerce from the University of Queensland, and a Master of Business Administration from Cass Business School, London where he graduated with distinction. He is a former Chairman of the Shopping Centre Council of Australia and a former director of Westfield Retail Trust and Scentre Group, which owns, operates and develops Westfield shopping centres in Australia and New Zealand. Laurence is also currently the Non-Executive Chairman of the listed entity, Waypoint REIT and a Non-Executive director of Stockland.

Laurence serves on the Audit, Risk and Remuneration Committees and is Chair of the Nomination Committee.

Andrew Catsoulis, Managing Director
BA, LLB, Grad Dip Proj Mgmt (Hons)

As founder of the National Storage business, Andrew has over 25 years of specific self-storage industry expertise including in the areas of acquisition, development, expansion, integration and operation of 'greenfield' and developed self-storage centres. Andrew is a qualified solicitor who has been admitted to the Supreme Court of Queensland and Federal Court of Australia. He has had extensive experience in the fields of finance, commercial and property law during his tenure at major law firms both in Australia and overseas. He is also a qualified project manager and has considerable property development experience both within the storage industry and in broader markets. Andrew was instrumental in the successful acquisition and integration of the original pre-existing Group portfolio and led the Company through the IPO and planned and negotiated the acquisition of the Southern Cross portfolio in 2016. He has led the company in its growth from a single centre in 1996 to over 210 centres today and has been primarily responsible for charting its strategy over that period.

Anthony Keane, Independent Non-executive Director
BSc (Maths), Grad Dip Corp Fin

Anthony is an experienced finance and business executive with an extensive background in banking and business management. Prior to accepting his directorship with National Storage, Anthony held numerous leadership roles with a major trading bank principally in business, corporate and institutional banking. He is actively involved in the business community through Non-Executive Director and Advisory Board roles, and finance advisory consultancies. He is a Director of Queensland Symphony Orchestra Pty Ltd and ASX listed EMvision Medical Devices Ltd (EMV). Anthony has a Bachelor of Science (Mathematics) from University of Adelaide and a Graduate Diploma in Corporate Finance from Swinburne. He is a Fellow of the Financial Services Institute of Australasia, a Graduate of the Australian Institute of Company Directors and a Fellow of the CEO Institute.

Anthony acts as Chair of the Audit and Risk Committees and is a member of the Nomination and Remuneration Committees.

Howard Brenchley, Independent Non-executive Director
BEc

Howard has over 35 years' involvement in the Australian property industry, as an analyst, investor and fund manager. He is now a professional company director and consultant to the property funds industry. Howard co-founded Property Investment Research Pty Ltd (PIR) in 1989, which during the1990's was considered a leading researcher of both listed and unlisted property funds. In 1998 Howard was instrumental in establishing the funds management business of APN Property Group Limited. During this period, he was responsible for the establishment and operations of a number of funds investing both directly and indirectly in real estate. Howard was until recently a Non-Executive Director of the ASX listed APN Property Group Limited (APD) and is currently a Non-Executive Director of APN Funds Management Limited, responsible entity for ASX listed APN Industria REIT (ADI) and APN Convenience Retail REIT (AQR).

Howard is a member of the Audit and Risk Committees.

Steven Leigh, Independent Non-executive Director
Grad Dip Proj Mgmt

Steven Leigh has more than 30 years' experience in the real estate investment management and development industry. He joined QIC Global Real Estate in 1991 and was a key member of the senior executive team that acquired and created through development a portfolio of high-quality retail and commercial assets in Australia, USA and the UK. Steven has had significant experience in the wholesale funds management business through various market cycles and conditions and has a strong background in retail, commercial and industrial property with a particular focus on shopping centre acquisitions and redevelopments. After time as the Managing Director of Trinity Limited, and later Head of Australia for LaSalle Investment Management, Steven re-joined QIC as Managing Director QIC Global Real Estate in 2012 where he was responsible for the group's $20b plus property portfolio. Steven is a Non-Executive Director of ASX-listed company, Scentre Group Limited, is a founding member of Male Champions of Change established by the Property Council of Australia and he has qualifications in real estate valuation and project management.

Steven is Chair of the Remuneration Committee and a member of the Nomination Committee.

Claire Fidler, Executive Director
LLB (Hons), B Bus (Int), GAICD, FGIA

Claire was appointed an Executive Director in July 2017 and has been the principal company secretary of National Storage since November 2015. She was appointed Head of Legal & Governance in June 2020 and now oversees the legal, governance and risk functions of the organisation. Claire holds legal and international business qualifications and is admitted as a solicitor of the Supreme Court of Queensland. Claire has over 10 years' experience in corporate and commercial law in private practice, having practiced in the litigation, resources and corporate areas of two large law firms. Prior to joining National Storage, Claire was Corporate Counsel and Company Secretary at Rio Tinto Coal Australia. During this time, in addition to providing legal services to the business, she was responsible for the corporate governance and ASX compliance of one of Rio Tinto's listed subsidiaries as well as managing the corporate secretarial responsibilities of over 50 subsidiaries within the group and providing joint venture support. Claire has also worked in corporate compliance with the Australian Securities and Investments Commission. Claire is a Graduate of the Australian Institute of Company Directors and a Fellow of the Governance Institute of Australia and was a non-executive director of Spacer Marketplaces Pty Limited until May 2021.

DIRECTORSHIPS OF OTHER LISTED COMPANIES

Directorships of other listed companies held by current Directors in the three years immediately before the end of the financial year are as follows:

NAME	COMPANY	PERIOD OF DIRECTORSHIP
Laurence Brindle	Waypoint REIT (ASX:WPR)	10/07/2016 - Current
	Stockland (ASX: SGP)	16/11/2020 – Current
Howard Brenchley	APN Property Group (ASX:APD)	1998 – 13/08/2021
	APN Funds Management Limited, responsible entity for:	
	APN Industria REIT (ASX:ADI)	03/12/2013 - Current
	APN Convenience Retail REIT (ASX:AQR)	27/12/2017 - Current
Steven Leigh	Scentre Group Limited (ASX: SCG)	04/04/2019 – Current
Anthony Keane	EMvision Medical Devices Ltd (ASX:EMV)	11/12/2018 – Current

Directors' interests in NSR Securities

As at the date of this Directors' Report, the interests of the Directors (including indirect interests) in the stapled securities of NSR were:

DIRECTOR	DIRECT	INDIRECT	TOTAL
Laurence Brindle	-	1,523,488	1,523,488
Anthony Keane	11,595	230,421	242,016
Andrew Catsoulis	500,000	13,943,612	14,443,612
Howard Brenchley	-	122,751	122,751
Steven Leigh	-	233,068	233,068
Claire Fidler	-	14,494	14,494

DIRECTORS' MEETINGS

The number of meetings of directors of NSH (including meetings of sub-committees of directors) held during the Reporting Period and the number of meetings attended by each director were as follows:

DIRECTOR	BOARD	AUDIT COMMITTEE	RISK COMMITTEE	REMUNERATION COMMITTEE	NOMINATION COMMITTEE
Laurence Brindle	12 (12)	6 (6)	6 (6)	5(5)	2 (2)
Anthony Keane	12 (12)	6 (6)	6 (6)	5(5)	2 (2)
Andrew Catsoulis	12 (12)	-	-	-	-
Howard Brenchley	12 (12)	6 (6)	6 (6)	-	-
Steven Leigh	12 (12)	-	-	5(5)	2 (2)
Claire Fidler	12 (12)	-	-	-	-

Notes:

1. Figures in brackets indicate the number of meetings held whilst the director was in office or was a member of the relevant Committee during the Reporting Period. Figures not in brackets indicate the number of meetings or Committee meetings that the director attended.
2. Mr. Catsoulis and Ms Fidler attend Nomination, Remuneration, Risk and Audit Committee meetings by invitation.
3. The Company has an Investment Committee Charter to govern an Investment Committee. The Board has determined that at this time, the full Board will act as the Investment Committee and therefore there are no separate Investment Committee meetings noted.

COMPANY SECRETARY

NATIONAL STORAGE HOLDINGS LIMITED

NAME	APPOINTMENT DATE
Claire Fidler	26 November 2015

NATIONAL STORAGE FINANCIAL SERVICES LIMITED

NAME	APPOINTMENT DATE
Claire Fidler	26 November 2015

Claire Fidler
LLB (Hons), B Bus (Int), GAICD, FGIA

Refer to page 26

CORPORATE GOVERNANCE

NSH and the Responsible Entity have their own respective Boards and constitutions. The relationship between NSH and the Responsible Entity is governed by a Cooperation Deed and Management Agreement that allows NSH to provide key services to NSFL as Responsible Entity in exchange for a monthly fee. These services include finance and administrative services, property management, provision of staff and equipment.

The NSH and Responsible Entity Boards and NSH management are committed to achieving and demonstrating to securityholders high standards of corporate governance and to ensuring NSH acts in the best interests of its securityholders, balanced with its broader community obligations.

An important component of the NSR corporate governance structure is the ASX Corporate Governance Principles and Recommendations (the "ASX Recommendations"). A statement of the extent of NSR's compliance with the ASX Recommendations can be viewed on the NSR website at www.nationalstorageinvest.com.au. Full copies of all NSR governance policies and Charters can also be found in the Governance section of the website.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

The Company has agreed to indemnify all the Directors and executive officers of the Company and its group entities to the extent permitted by law, for the amount of any liability, loss, cost, charge, damage, expense or other liability suffered by the Director or executive officer as an officer of the Company or group entity or as a result of having been an officer of the Company or any Group entity. This includes any liability arising out of or in connection with any negligence, breach of duty, or breach of trust ("Indemnity").

However, the Indemnity does not extend to a claim in the nature of:

(a) a challenge to any rejection of a Director's claim by the provider of the Company's insurance cover; or
(b) a cross-claim or a third-party claim for contribution or indemnity in, and results directly from, any Proceedings in respect of which the Director has made a claim under the Indemnity.

Deeds of indemnity to effect the above have been formally entered into by the Company and each of the Directors.

The Deeds of Indemnity require the Company to obtain a back to back indemnity to the Company from the Responsible Entity out of the assets of the NSPT. This has been procured by the Company and is in place. The back to back indemnity requires the Responsible Entity to indemnify the Company for any liability under the Directors/officers indemnity to the extent that the Company is not able to meet that obligation. The indemnity does not extend to any payment made or due as a result of a breach by the Company of its obligations under a Director/Officer indemnity or to any payment which the Company makes voluntarily but is not due and payable under the terms of a Director/officer indemnity.

The total amount of insurance contract premiums paid for Directors and Officers insurance for NSR (including subsidiary entities) during the Reporting Period was $1,547,967.

No insurance premiums are paid out of the assets of the NSPT in regard to insurance cover provided to either the Responsible Entity or the auditors of the NSPT. So long as the officers of the Responsible Entity act in accordance with the constitution and the law, the officers remain indemnified out of the assets of the NSPT against losses incurred while acting on behalf of the NSPT. The auditors of the NSPT are in no way indemnified out of the assets of the NSPT.

INDEMNIFICATION OF AUDITORS

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made or claim received by NSR to indemnify Ernst & Young during the Reporting Period or up to the date of this report.

REMUNERATION REPORT (AUDITED) – NSH GROUP

MESSAGE FROM THE BOARD

The NSH Board is committed to ensuring that its remuneration arrangements are structured to support and reinforce NSR's overall business strategy, are consistent with the requirements of governance standards, and meet the expectations of investors and the community at large. By linking the Short-Term Incentive ("STI") and Long-Term Incentive ("LTI") (at risk remuneration) of executive remuneration to the drivers that support NSR's business strategy including financial, governance, cultural and community measures, the remuneration of executives is aligned with the creation of long-term value for securityholders. The Board believes that the remuneration practices of NSR should fairly and responsibly reward Key Management Personnel ("KMP") with regard to their individual performance, the performance of NSR, and the broader external environment as it relates to KMP reward.

FY21 PERFORMANCE AND REMUNERATION OUTCOMES

FY21 was another year of strong performance for NSR. Despite difficult market conditions and capital raisings, NSR produced EPS growth as well as providing a high level of distributions to shareholders compared to the ASX 200 A-REIT index. NSR's TSR also significantly outperformed the ASX 200 A-REIT index over this same period of time. Further detail on NSR's performance in FY21 has been set out on page 32.

These strong outcomes for shareholders were reflected in the remuneration outcomes, with 95.4% combined STI and LTI. This compares to 44% for FY20 and 67% in FY19.

REMUNERATION REVIEW

The remuneration policy also aims to provide a platform for sustainable value creation for securityholders by attracting, motivating, and retaining quality KMP.

NSR's remuneration framework has been reviewed in FY21 with the following key objectives as the basis for the revised structure:

- Increase the 'at-risk' component of total remuneration across the KMP;
- Provide an increased alignment between KMP and securityholders' interests by introducing an equity-based structure as part of total remuneration arrangements;
- Structure remuneration in such a way as to enhance KMP retention, given the small team of key executives comprising the KMP and the specialised nature of the business; and
- Provide greater transparency on the short-term and long-term performance measures to align with securityholder expectations.

COVERAGE OF THIS REPORT

The following remuneration report has been prepared to provide information to NSR securityholders of the remuneration details of the KMP of NSH involved in the management of NSH and the NSPT.

Directors of the Responsible Entity do not receive any remuneration from the Responsible Entity in respect to their roles with the Responsible Entity. However, the director fees paid by NSR take into account the complexity involved, and additional duties required to be undertaken, in relation to the operation of the Responsible Entity as a subsidiary of NSH and as part of the consolidated governance group. The Responsible Entity receives a fee for management services rendered.

This information has been audited as required by section 308(3C) of the Act.

KMP are defined as *"those persons having authority and responsibility for planning, directing and controlling the major activities of NSH, the Consolidated Group and the NSPT, directly or indirectly, including any director (whether executive or otherwise) of NSH."*

Key management personnel covered in this report are as follows:

NON-EXECUTIVE AND EXECUTIVE DIRECTORS

Laurence Brindle - Chairman (non-executive)
Andrew Catsoulis – Managing Director ("MD") (executive)
Anthony Keane - Director (non-executive)
Howard Brenchley - Director (non-executive)
Steven Leigh - Director (non-executive)
Claire Fidler – Director & Head of Legal and Governance ("HoLG") (executive)

KEY MANAGEMENT PERSONNEL – SENIOR EXECUTIVES

Stuart Owen – Chief Financial Officer ("CFO")

REMUNERATION OVERVIEW

REMUNERATION PRINCIPLES

Attraction and retention	At-risk.	Securityholder alignment	Transparency
Attract and retain high quality executives and to reward the capabilities and experience brought to NSR by those executives.	Total reward for key executives is to have a significant "at risk" component, including both short term incentives ("STI") and long-term incentives ("LTI") which have a strong focus on quantitative and non-quantitative measures.	Provide industry competitive rewards linked to security holder returns.	Remuneration policies and structures must be clear and transparent both to the executives and Board of NSR and to securityholders.

REMUNERATION STRUCTURE (FY22)

	Fixed reward	At-risk reward			
	TFR	STI		LTI	
Delivery	Cash	Cash (70%)	Scrip (30%)	Performance rights (70%)	Cash (30%)
Details	• Comprised of base salary and superannuation	• Paid in a combination of cash and scrip • Scrip component is deferred for 12 months • Measures: ○ Financial measures – 70% ○ Individual and strategic measures – 30%		• LTI is subject to a 3-year performance period • Measures: ○ Relative Total Shareholder Return (rTSR)(ASX 200 A-REIT index comparator group) – 70% ○ Earnings per share (EPS) – 30%	
Link to remuneration principles	Assists attraction and retention through competitive remuneration	Incentivises group and individual performance through at-risk pay against financial and non-financial targets		Aligns executive remuneration with long-term securityholder value	

PAY MIX

The composition of TAR for the year ending 30 June 2022 for KMP is detailed in the table below.

ROLE	TFR	STI	LTI	STI as % of TFR	LTI as % of TFR
MD	36.4%	31.8%	31.8%	87.5%	87.5%
CFO	44.0%	28.0%	28.0%	63.5%	63.5%
HoLG	52.8%	23.6%	23.6%	44.7%	44.7%

This structure reflects and is consistent with NSR's policy objectives for executive TAR for the year commencing 1 July 2021 as outline above.

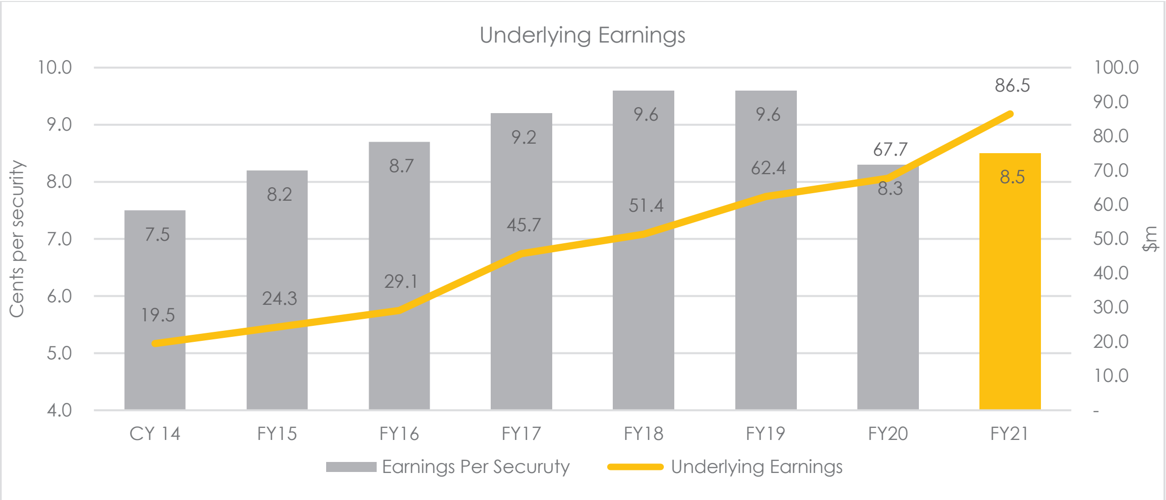
NSR PERFORMANCE

NSR has a well-established track record of consistent growth in underlying earnings[9], net tangible assets (NTA) and total assets under management (AUM). Despite the significant capital raisings undertaken in the previous 18 months and the combined impacts of the prolonged takeover activity and COVID-19, underlying earnings[9] per stapled security (EPS) grew in the 12 months to 30 June 2021. The FY21 Underlying EPS of 8.5cps exceeded the original EPS guidance of 7.7cps – 8.3cps and reflects the exceptional occupancy and REVPAM growth that has been achieved over the financial year. Occupancy across the Australian portfolio has increased by 9.7% to 86.2% at June 2021, with approximately an additional 110,000m^2 of NLA added during the year. Australian REVPAM has increased 24.3% to $234 in the 12 months to 30 June 2021, driven by both increased occupancy across all states and territories of Australia and New Zealand, as well as improvements in rate per square metre being achieved.

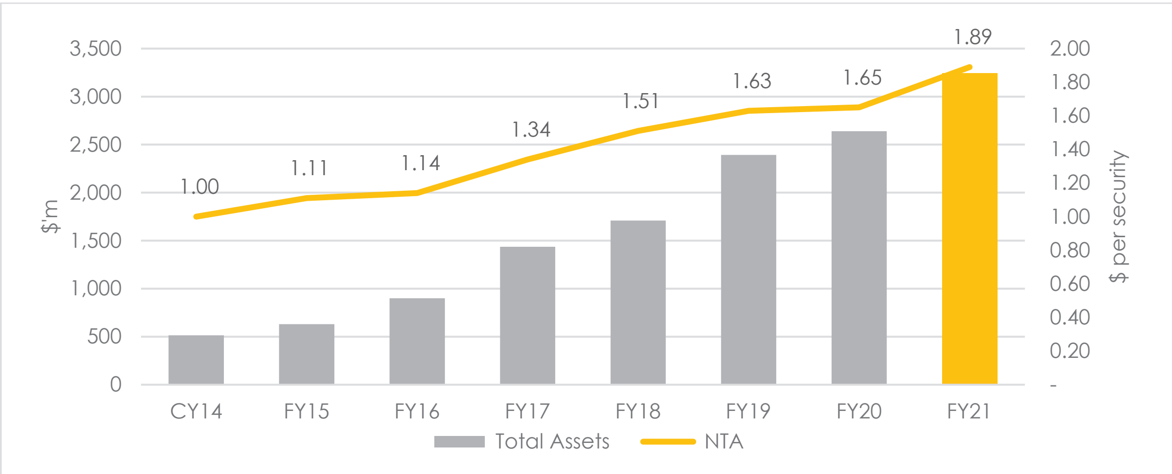
NTA has increased by 15% during the year to $1.89 per stapled security, principally driven by improvements in operational performance at an individual centre level, as well as the strength of the underlying storage property portfolio resulting in ongoing weighted average capitalisation rate compression from 6.49% at 30

[9] Underlying earnings is a non-IFRS measure (unaudited). See page 32 of Directors' Report for reconciliation of underlying earnings.

June 2020 to 5.98% at 30 June 2021. Investment Properties has increased by 29% to $2.95 billion over the 12 months to 30 June 2021. These results have been achieved through the disciplined management of NSR's operations and the continued success of its "Four Pillar" growth strategy. The consistent and considered approach to driving underlying earnings through a combination of organic growth from existing assets as well as acquisitions, developments and expansion activity, overlayed by a focus on technology and innovation, has been instrumental in achieving this result.

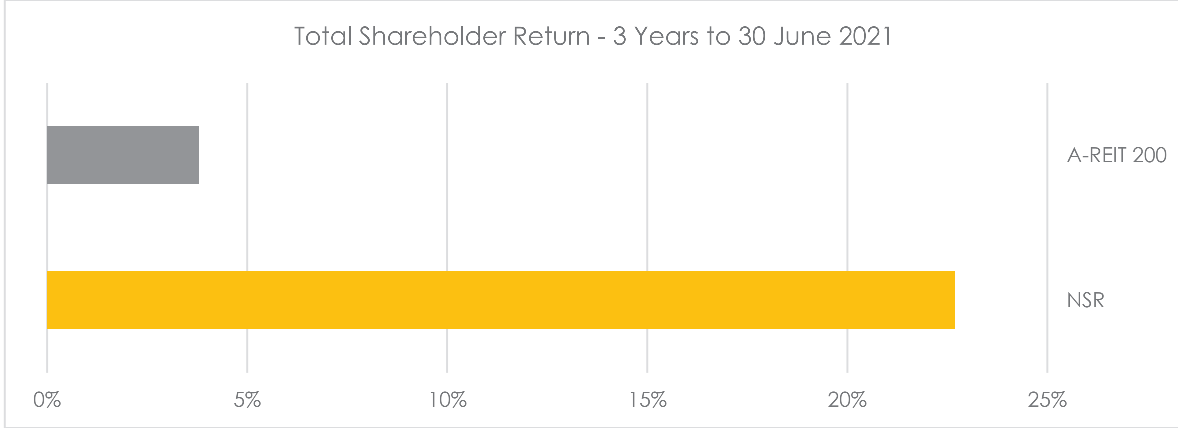


During FY21, NSR has again continued its successful growth strategy with the acquisition of 22 storage centres and 3 development sites totalling $352 million. These acquisitions have been funded through debt facilities which were successfully refinanced during the Reporting Period to extend tenor and increase available facilities. A successful capital raising was completed in June 2021 raising $325 million and was undertaken by a pro-rata accelerated non-renounceable rights issue to existing securityholders, reducing gearing to 22% and providing significant balance sheet capacity for further growth. The continued implementation of NSR's "Four Pillar" growth strategy has delivered sustained increases in earnings and assets under management. NSR continues to execute its development and expansion strategy with 22 projects in various stages of design and construction. In addition, NSR has successfully completed 4 new developments and 6 expansion projects during the Reporting Period.



NSR has maintained a distribution policy that targets distribution of 90% - 100% of underlying earnings[8] to securityholders. During the Reporting Period, NSR declared distributions totalling 8.2 cents per stapled security an increase of 2.4%, being at the upper end of the stated policy.

NSR continues to deliver strong Total Shareholder Return "TSR" (a combination of share price growth and distributions received by securityholders) over the past three years to 30 June 2021 of 22.7%, more than five times the ASX 200 A-REIT TSR of 3.8%. Generally, the self-storage sector has demonstrated its highly resilient nature as a business during times of uncertainty and fluctuating economic conditions. NSR's "Four Pillar" growth strategy facilitates multiple revenue streams as well as a high degree of geographic diversity providing exposure to multiple different markets across Australia and New Zealand. This facilitates a greater level of risk mitigation and places NSR in a uniquely advantageous position in the Australian and New Zealand self-storage market - a highly valued real estate investment asset class.

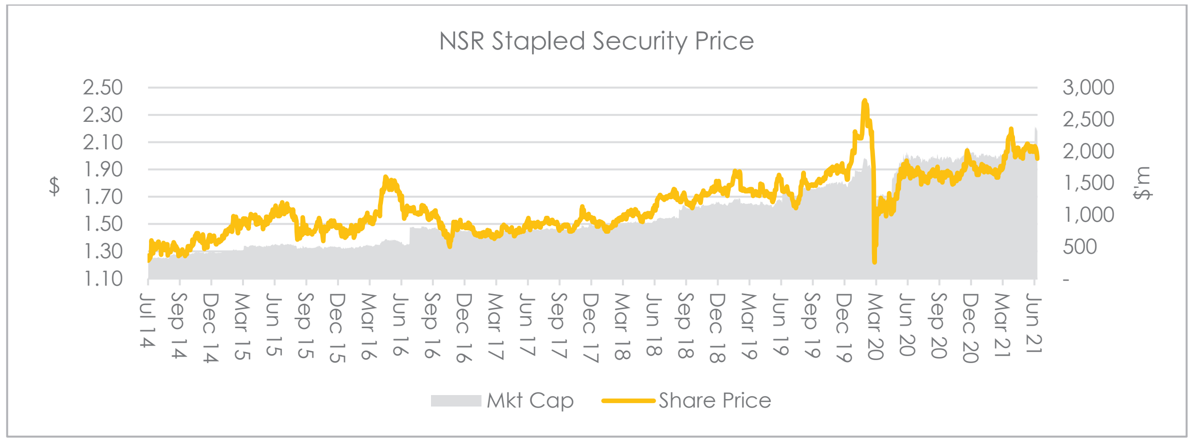


Source: Bloomberg

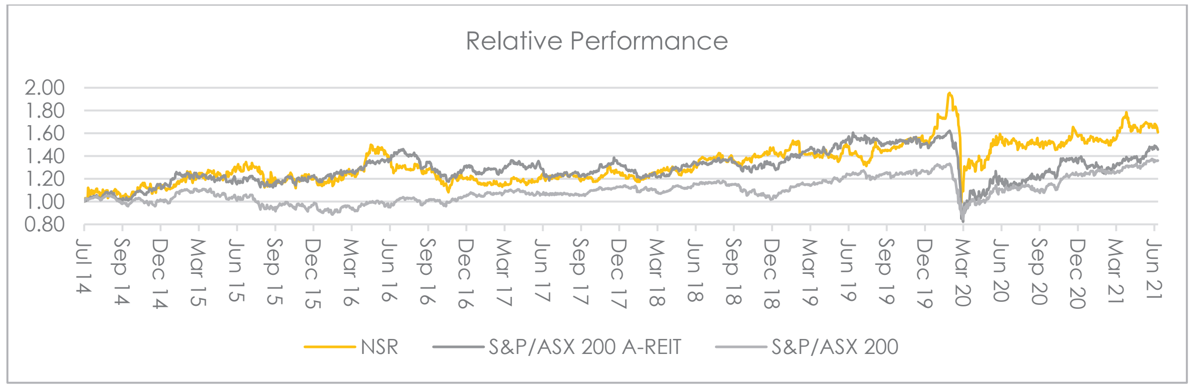
Note 1: Assumes Dividends are re-invested in underlying security

Note 2: Excludes securities not listed for the entire year

NSR listed in December 2013 with an issue price of $0.98. From that time to 30 June 2021, the stapled security price has increased by 102% (closing price as at 30 June 2021 of $1.98), and the market capitalisation of NSR has increased by 876% to $2.34 billion as at 30 June 2021, up 26% from $1.86 billion as at 30 June 2020.



Security price performance over the period 1 July 2014 to 30 June 2021 has shown a 61% increase. This compares to an increase of 46% for the ASX 200 A-REIT index and 36% for the broader ASX 200 Index over the same period.



FY21 REMUNERATION OUTCOMES

Short-term and long-term incentives in place during reporting period:
The KMP were eligible for payment of STI's and LTI's for the financial year ended 30 June 2021 in accordance with the incentive program outlined in the 2020 Annual Report. The assessment criteria for the program are consistent with those outlined on pages 49-50 below. Incentives achieved for the year ending 30 June 2021 will be paid through a combination of cash and scrip.

To compensate for performance against financial and operational objectives, the STI's and LTI's were agreed on with the KMP with the minimum payable being zero and maximum payable being $2,225,000 for FY21 in aggregate for all KMP.

The STI and LTI hurdles included:

1. Underlying earnings[10] equal to or exceeding 8.0 cents per security
2. TSR over the three-year period to 30 June 2021 being greater than the 50th percentile of the comparator group (ASX A-REIT 200)

The Board has assessed the performance of the Company and the KMP against the performance criteria and has determined that the following STI and LTI's have been earned and are payable, inclusive of statutory Superannuation amounts, for the period 1 July 2020 to 30 June 2021.

INCENTIVE OFFICER	STI		LTI		
	AMOUNT	% EARNED	AMOUNT	% EARNED	TOTAL
Andrew Catsoulis (MD)	$752,500	100.0%	$682,969	90.8%	$1,435,469
Stuart Owen (CFO)	$240,000	100.0%	$217,824	90.8%	$457,824
Claire Fidler (HoLG)	$120,000	100.0%	$108,912	90.8%	$228,912
Total	**$1,112,500**	**100.0%**	**$1,009,705**	**90.8%**	**$2,122,205**

The Board continues to assess both short-term and long-term incentives against a strict set of criteria and believes that delivering superior results to securityholders supports the above incentive payments.

The STI will be paid in accordance with the payment structure outlined above with 70% being paid as cash and 30% paid as scrip which will be restricted until 30 June 2022. The LTI will also be paid in accordance with the payment structure outlined above with 30% paid as cash and 70% paid as equity. The equity component will be paid as scrip and given the three-year assessment period, will be issued free of restrictions. The table below outlines the cash and scrip components of the FY21 STI and LTI. The scrip component will be calculated using the 30-day VWAP to 30 June 2021 of $2.044.

INCENTIVE OFFICER	CASH			SCRIP			
	STI	LTI	TOTAL	STI	LTI	TOTAL	TOTAL
Andrew Catsoulis (MD)	$526,750	$204,891	$731,641	$225,750	$478,078	$703,828	$1,435,469
Stuart Owen (CFO)	$168,000	$65,347	$233,347	$72,000	$152,477	$224,477	$457,824
Claire Fidler (HoLG)	$84,000	$32,674	$116,674	$36,000	$76,238	$112,238	$228,912
Total	**$778,750**	**$302,912**	**$1,081,662**	**$333,750**	**$706,793**	**$1,040,543**	**$2,122,205**

INCENTIVE OFFICER	SCRIP – AT $2.044		
	STI	LTI	TOTAL
Andrew Catsoulis (MD)	110,446	233,894	344,340
Stuart Owen (CFO)	35,226	74,598	109,824
Claire Fidler (HoLG)	17,613	37,299	54,912
Total	**163,285**	**345,791**	**509,076**

The issue of scrip to directors requires shareholder approval under the ASX Listing Rules and as such resolutions to approve the issues for the MD and HoLG will be included in the Notice of Meeting for upcoming Annual General Meeting. Should shareholder approval not be attained the amounts will be paid as cash.

NSR REMUNERATION FRAMEWORK

KEY MANAGEMENT PERSONNEL - EXECUTIVE DIRECTORS AND SENIOR EXECUTIVES

The primary objective of the remuneration arrangements for executive directors and senior executives is to motivate, incentivise and retain key employees whilst creating maximum alignment with corporate and stakeholder best interests. All remuneration paid to executive directors and senior executives comprises four components:

- Base pay and benefits (including superannuation)
- Short-term performance incentives
- Long-term performance incentives
- Other remuneration (if applicable)

Base salary and benefits

The Managing Director and senior executives are paid a base salary that includes employer contributions to superannuation funds. Remuneration is reviewed annually and there is no guarantee of base salary increases.

The NSR executive management team has continued to successfully navigate numerous significant micro and macro challenges, to achieve an outcome which is acknowledged to be one of the best performances in the A-REIT sector from both an operational and security price performance perspective.

The Managing Director's base remuneration was not adjusted for the year commencing 1 July 2020 and as such the adjustment for the year commencing 1 July 2021 reflects that no increase had been provided to the Managing Director for two years.

The FY22 remuneration increases consider the senior executives' highly demanding roles, their increasing tenure, high degree of competency in their respective areas as well as the sector specifics of their individual roles. The team assembled is highly competent, cohesive, collaborative and has the capacity to continue to successfully manage and drive business growth well into the future. The executive team has consistently demonstrated its willingness to make decisions in the best long-term strategic, corporate and securityholder interests of NSR.

Independent remuneration consultant SW Corporate was engaged during the Reporting Period to provide benchmarking against the ASX200 A-REIT index and ASX101-200, which highlighted that base salary was below market, particularly in light of NSR's significantly increased scale, comparative performance from a TSR perspective and the fact that NSR has consistently outperformed the comparator group.

The aggregate fixed remuneration for the KMP for the year commencing 1 July 2021 will increase by 8.7%, impacted by the FY22 increase to the Managing Director who elected not to receive an increase in FY21 during the initial period of COVID-19.

Short-term and long-term incentives

KMP senior executives may also be entitled to participate in the STI and LTI programs that are in place from time to time. The incentive programs are at the discretion of the Board and do not constitute an entitlement under the executive service agreements of the respective KMP. Total incentive programs are assessed against a broad comparator group and adjusted to reflect factors such as the criticality of the role, experience, length of service and NSR's positioning within the comparator group including the ASX200 A-REIT index and ASX101-200.

During the reporting period, a review of the incentive plan and structure was undertaken by SW Corporate who provided a summary on market practice relating to executive remuneration frameworks and structures. The SW Corporate report highlighted that market practice, particularly in relation to LTIs, is to use equity rather than cash awards. Consistent with NSR's abovementioned specific objectives for the coming year, the 'at risk' component of the Managing Director's and other executives renumeration has been adjusted as shown on page 45 of this report to more align the at-risk components with the market peer group.

The SW Corporate report highlighted that an increase to the at-risk components of the KMP's total remuneration packages should be considered to reflect the findings of the review as well as to consider the feedback received from investors and proxy advisors. In the NSR Board's opinion, the increased at-risk components of STI and LTI should be considered to be genuinely at risk as evidenced by the fact that in the past three financial years, approximately 73% of total potential executive STI and LTI's has been earned by the current executive team. The increase of these components of STI and LTI are conditional upon the delivery of superior outcomes which are intended to closely align the interests of management and investors and are targeted to enhance KMP retention.

[10] Underlying earnings is a non-IFRS measure (unaudited). See page 32 of Directors' Report for reconciliation of underlying earnings.

Short-Term Incentive (STI)
The STI contains four separate elements that will be assessed independently of the other elements. The STI is an annual incentive and will be paid in accordance with the payment structure outlined below.

ELEMENT	PERCENTAGE OF STI	CRITERIA
Financial	70%	Achieve Underlying Earnings as determined by the Board
Financial – Out Performance*	10%	Exceeding Underlying Earnings targets
Individual KPI's	15%	Individual performance criteria set in conjunction with MD/Board
Strategic	15%	Assessment in accordance with performance in the following areas: • Implementation of major projects • Staff continuity • Risk management • Innovation and enhancement of processes and procedures
Total	**100% (Max)**	

* The Financial Out-Performance STI is only payable to the extent that the total STI payable does not exceed 100%.

The minimum STI payable is zero and maximum STI payable is $1,640,000 for FY22 in aggregate for all KMP.

Long-Term Incentive (LTI)
The LTI criteria have been set so as to align the interests of KMP with those of securityholders. The LTI contains two separate components which are independently tested. The LTI is an annual incentive and will be paid in accordance with the payment structure outlined below.

ELEMENT	PERCENTAGE OF LTI	CRITERIA
Total Shareholder Return	70%	Minimum total shareholder return above the 50th percentile in comparison to the ASX 200 A-REIT index. The LTI becomes payable in accordance with the sliding scale below once the 50th percentile hurdle is met.
Earnings Per Share Growth	30%	Earnings per share growth of 5% per annum.

For the purposes of determining the LTI attributable to Total Shareholder Return in any given period, the following scale is applied:

NSR TSR v ASX 200 A-REIT INDEX	LTI PAYABLE
<50th percentile	0%
50th percentile	50%
>50th - <75th percentile	Pro-rata from 50% - 100%
>= 75th percentile	100%

The LTI is assessed over a rolling three-year period and as such to be eligible for payment of the LTI, KMP must have been employed by NSR for three years (or shorter period as determined by the Board). Post three years' service, the LTI will be paid on an annual basis on the previous three years' performance against the pre-determined criteria. For the year commencing 1 July 2021 the Earnings Per Share Growth target has been set at 9.5 cents per stapled security.

The minimum LTI payable is zero and maximum LTI payable is $1,640,000 for FY22 in aggregate for all KMP.

Future Incentives
During the previous Reporting Period, the Board reviewed the structure of the incentive plans based on market best practice and feedback received from both investors and proxy advisors and determined that going forward payments made under these plans will be paid through a combination of cash and scrip, rather than all cash, to further align executive remuneration with current investor expectations and returns.

In assessing the appropriate remuneration structure going forward, the Board considered several factors, including, SW Corporate's report on both NSR's current KMP remuneration levels and structure, market practice remuneration structures of comparator companies, and investor and proxy advisor feedback. Following detailed consideration of these factors, the Board has determined that from 1 July 2021, the payment of any STI and LTI earned will be as follows:

STI payment structure
Any STI earned for the Reporting Period, and future reporting periods, will be paid in the form of 70% cash and 30% scrip. The quantum of scrip will be determined using the 30-day VWAP up to 30 June in the relevant year. The scrip will be issued at the end of the assessment period, subject to satisfaction of the performance criteria, Board approval and any shareholder approvals required. The scrip component will be restricted for a period of 12 months, meaning that the KMP cannot deal in the scrip for 12 months and that the Board has certain claw back rights over the scrip during the restricted period. The claw back provisions could be triggered under circumstances such as, but not limited to:

- Dismissal (termination for cause)
- Fraud
- Breach of duties
- Serious misconduct
- Resignation

The issue of scrip to directors requires shareholder approval under the ASX Listing Rules and as such, resolutions to approve the issues for the MD and HoLG will need to be drafted and included in the Notice of Meeting (NOM) for each year that an issue is required to be made. Should shareholder approval not be attained, the Board may choose to make the award in cash.

LTI payment structure
Any LTI earned for the Reporting Period, and future reporting periods, will be paid in the form of 30% cash and 70% equity. The cash component is designed to enable KMP to fund any tax liability on the equity component and mitigate any need to dispose of NSR securities to fund tax liabilities. The quantum of equity will be determined using the 30-day VWAP up to 30 June in the relevant year. The Board will review the use of cash as part of the LTI on a regular basis.

The equity component would be structured through the issue of performance rights at the commencement of the three-year LTI assessment period. The performance rights will vest and convert into scrip at the end of the assessment period, based on the performance criteria, with any unvested rights lapsing. The issue of the rights and the conditions associated with them are contained in the NSR Equity Incentive Plan Rules.

The number of performance rights to be issued for the three-year assessment period commencing on 1 July 2021 and ending 30 June 2024 is based off the approved FY22 LTI using the 30-day VWAP to 30 June 2021 as the issue price. As such, performance rights will be issued based on a calculation price of $2.044 with the number of rights to be issued (rounded up to the nearest 100) included in the table below.

ROLE	LTI AVAILABLE $	EQUITY COMPONENT 70%	PERFORMANCE RIGHTS VESTING 30 JUNE 2024
MD	1,050,500	735,000	359,600
CFO	400,000	280,000	137,000
HoLG	190,000	133,000	65,100

The LTI EPS target for year ending 30 June 2024 has been set at 10.5 cents per stapled security, representing 7.3% compound growth over the FY21 EPS of 8.5 cents per stapled security, in excess of the minimum target of 5.0%.

LTI Transition Payment Structure
The existing LTI payment structure, which is based around cash and scrip payments, did not require the issue of performance rights at the commencement of the assessment period, rather the payment was made at the end of the assessment period through the use of cash and scrip. The transition to the structure outlined above will be undertaken through a transitional award of performance rights covering the assessment period from 1 July 2020 – 30 June 2023, vesting on 30 June 2023.

Given the short time remaining in the assessment period covering 1 July 2019 - 30 June 2022, an issue of performance rights is not viewed as appropriate and any LTI payable for this period will be paid as per the current structure, being 30% cash and 70% scrip. The LTI EPS target for the year ending 30 June 2022 has been set at 9.5 cents per stapled security, representing 11.8% growth over the FY21 EPS of 8.5 cents per stapled security and 7.0% compound growth over the FY20 EPS of 8.3 cents per stapled security.

This transitional structure ensures that there are no "gaps" or "double-ups" in the LTI program and that KMP are eligible for their full remuneration package whilst improving executive retention and alignment with investors. Participants are not entitled to any additional awards to what they would have received under the previous LTI plan.

The number of rights to be issued for each vesting period will be consistent with those issued for the assessment period ending 30 June 2024, as calculated above.

ROLE	LTI AVAILABLE $	EQUITY COMPONENT 70%	PERFORMANCE RIGHTS VESTING 30 JUNE 2023
MD	1,050,500	735,000	359,600
CFO	400,000	280,000	137,000
HoLG	190,000	133,000	65,100

The LTI EPS target for year ending 30 June 2023 has been set at 10.0 cents per stapled security, representing 17.6% growth over the FY21 EPS of 8.5 cents per stapled security and 6.4% compound growth over the FY20 EPS of 8.3 cents per stapled security, in excess of the minimum target of 5.0%.

The issue of scrip, including performance rights, to directors requires shareholder approval under the ASX Listing Rules and as such resolutions to approve the issues for the MD and HoLG will be included in the Notice of Meeting (NOM) for the upcoming Annual General Meeting. Should shareholder approval not be attained, the Board may choose to make the award in cash.

Other Remuneration

The Managing Director and senior executives can potentially be paid a discretionary bonus as part of their remuneration. Whether such a bonus is paid and the amount of such a bonus is at the discretion of the Remuneration Committee and the Board. Any bonuses paid would fall into the category of "other remuneration".

The criteria required to be satisfied for the second tranche of the discretionary bonus as outlined in the June 2020 Remuneration Report were met and the payment was made on 3 July 2021.

There were no discretionary bonuses awarded in relation to FY21.

NON-EXECUTIVE DIRECTORS

Fees and payments to non-executive directors reflect the demands which are made on, and the responsibilities of, the non-executive directors and their contribution towards the performance of NSR as well as the complexity of the National Storage Property Trust, National Storage Financial Services Limited and the operating business. The remuneration policy seeks to ensure that NSR attracts and retains directors with appropriate experience and qualifications to oversee the operations of NSR on behalf of the securityholders.

The number of meetings of directors is shown on page 40 of this report.

The Constitution of NSH specifies that the amount of the remuneration of the non-executive directors is a yearly sum not exceeding the sum from time to time determined by the Company in a general meeting. Under the ASX Listing Rules, the total amount paid to all NSH non-executive directors for their services must not exceed in aggregate in any financial year the amount fixed by NSH's annual general meeting. The amount approved by securityholders at the 2019 Annual General meeting was $1,200,000.

Annual NSH non-executive directors' fees and Committee fees currently agreed to be paid by NSH effective from 1 July 2021 are detailed below. Non-executive directors are not eligible to participate in NSR's incentive plan.

NON-EXECUTIVE DIRECTORS	BASE FEE	AUDIT AND RISK COMMITTEE FEES	REMUNERATION AND NOMINATION COMMITTEE FEES	TOTAL
Laurence Brindle[a.]				$310,000
Anthony Keane[b.]	125,000	$40,000	$12,500	$177,500
Steven Leigh[c.]	125,000	-	$22,500	$147,500
Howard Brenchley	125,000	$20,000	-	$145,000

a. Chairman and Chair of the Nomination Committee and receives a single fee for all roles
b. Chair of the of Audit and Risk Committees
c. Chair of the of Remuneration Committee

Where applicable, NSH non-executive directors' fees include superannuation at the required statutory rate.

Service agreements

Remuneration and other terms of employment for the KMP senior executives are formalised in service agreements. The service agreements specify the components of remuneration, benefits and notice periods. Termination benefits are designed to fall within the limits relevant to the *Corporations Act 2001* (Cth) such that they do not require securityholder approval. However, in addition, all executive contracts make any such benefits subject to the *Corporations Act 2001* (Cth), all other applicable laws and where necessary securityholder approval. They also contain provisions which allow NSH to reduce any such payments to ensure compliance with the law.

The terms of employment for the KMP effective from 1 July 2021 period are set out in the table below.

NAME	TERM OF AGREEMENT AND NOTICE PERIOD	BASE SALARY* INCLUDING SUPERANNUATION	TERMINATION PAYMENTS
Andrew Catsoulis	No fixed term 6 months	$1,200,000	• 6 months in lieu of notice if required by NSH. • 6 months in the event of incapacity or illness.
Stuart Owen	No fixed term 6 months	$630,000	• 6 months in lieu of notice if required by NSH. • 6 months in the event of incapacity or illness. • 1 months fixed remuneration plus 2 weeks for each year of service – capped at 2 months in the event of redundancy
Claire Fidler	No fixed term 6 months	$425,000	• 6 months in lieu of notice if required by NSH. • 6 months in the event of incapacity or illness. • 1 months fixed remuneration plus 2 weeks for each year of service – capped at 2 months in the event of redundancy

* Base salaries are annual salaries for the financial year commencing 1 July 2021. They are reviewed annually by the Remuneration Committee. Actual salaries paid in the year ended 30 June 2021 are shown on page 52.

REMUNERATION GOVERNANCE

REMUNERATION COMMITTEE AND USE OF REMUNERATION CONSULTANTS

The Remuneration Committee's activities are governed by its Charter, a copy of which is available at *https://www.nationalstorageinvest.com.au/governance*.

The responsibilities of the Remuneration Committee include:

- formulate and recommend remuneration policies to apply to the company's managing director, senior executives and non-executive directors;
- formulate the specific remuneration packages for senior executives (including base salary, short-term and long-term incentives and other contractual benefits);
- review contractual rights of termination for senior executives;
- review the appropriateness of the company's succession planning policies;
- review management's recommendation of the total proposed STI and LTI awards;
- administer the STI and LTI awards; and
- review management recommendations regarding the remuneration framework for the company as a whole.

The deliberations of the Remuneration Committee, including any recommendations made on remuneration issues, are considered by the full NSH Board. In making its recommendations to the Board, the Remuneration Committee takes into account advice from independent remuneration advisors on trends in remuneration for KMP. The independent remuneration advisors consider a range of factors including the specific responsibilities assumed by KMP. An independent remuneration consultant, SW Corporate, was engaged during the Reporting Period to assess the directors' and senior executives' current remuneration and remuneration structure, and to provide a summary on market practice relating to executive remuneration and remuneration structures, including the use of equity-based components within incentive plans. The advice did not constitute a remuneration recommendation as defined in the *Corporations Act Cth 2001*.

The Remuneration Committee comprises three independent non-executive directors and is chaired by Steven Leigh. The Remuneration Committee met five times during the Reporting Period.

PRINCIPLES USED TO DETERMINE THE NATURE AND AMOUNT OF REMUNERATION

The overall objective of the remuneration policy is to ensure that Group remuneration is competitive, reflects responsibilities of the officers and ensures that NSR is able to attract and retain executives and directors with the skills and capabilities required to sustainably deliver NSR's objectives.

The remuneration of directors and senior executives is reviewed at least annually by the Remuneration Committee and the full NSH Board. External analysis and advice is sought by the Committee, where considered appropriate, to ensure that the remuneration for directors and senior executives is competitive in the marketplace and appropriate for the organisation.

The policy seeks to align executive reward with the achievement of strategic objectives and the creation of value for securityholders. The primary tenets of the policy are:

- Attract and retain high-quality executives and to reward the capabilities and experience brought to NSR by those executives.
- Total reward for key executives is to have a significant "at risk" component.
- The "at risk" component for key executives is to include both short-term incentives ("STI") and long-term incentives ("LTI") that have a strong focus on quantitative and non-quantitative measures.
- Provide industry competitive rewards linked to securityholder returns.
- Provide recognition for contribution, complexity of role and responsibilities of the officer.
- Remuneration policies and structures must be clear and transparent both to the executives and Board of NSR and to securityholders.
- Promote and encourage a strong, responsible and positive culture amongst all NSR employees.

In addition to the above tenets, the specific objectives of the NSR board in making changes to the remuneration framework, and in particular the at-risk components of the structure, for the year commencing 1 July 2021 include:

- to adjust the TAR of the executive team to reflect the expansion in the scope and scale of their respective roles and their performance in the roles;
- achieve a shift in the components of the executive team's TAR such that there is a greater weighting towards "at risk remuneration"; and
- to achieve the introduction of partial equity-based remuneration as part of the TAR for the executive team.

TARGET MARKET POSITIONING

Total Annual Remuneration (TAR) is assessed against a broad comparator group and adjusted to reflect factors such as the criticality and complexity of the role, experience, length of service and NSR's positioning within the group. The individual components of TAR, comprising Total Fixed Remuneration (TFR), STI and LTI are individually assessed within this framework and structured to provide both short-term and long-term incentives to KMP that align with delivery of short-term and long-term value to securityholders.

When selecting the comparator group, the data is collected from a combination of sources including audited Remuneration Reports of the selected companies and information provided by SW Corporate as part of the review of remuneration and remuneration structures. The NSR Board believes this provides an appropriate pool of data that is statistically relevant. This data is then assessed against NSR's current size, industry positioning and other relevant factors to determine the appropriate information against which to assess NSR's remuneration framework.

DETAILS OF REMUNERATION

The following tables set out details of the remuneration received by the Company's KMP for the Reporting Period.

	SALARY & FEES	SHORT TERM INCENTIVE (CASH)	NON-MONETARY BENEFITS	POST-EMPLOYMENT BENEFITS SUPERANNUATION	LONG TERM INCENTIVE (CASH)	LONG SERVICE LEAVE	TERMINATION PAYMENTS	TOTAL	PERFORMANCE RELATED
2021	$	$	$	$	$	$	$	$	%
Non-executive directors									
Laurence Brindle	274,441	-	10,560	21,694	-	-	-	306,695	0%
Anthony Keane	140,722	-	-	13,369	-	-	-	154,091	0%
Howard Brenchley	132,500	-	-	-	-	-	-	132,500	0%
Steven Leigh	120,748	-	-	11,471	-	-	-	132,219	0%
Executive directors									
Andrew Catsoulis	1,121,630	1,192,500	10,560	21,694	682,969	24,543	-	3,053,896	61%
Claire Fidler	393,163	185,000	10,560	21,694	108,912	9,132	-	728,461	40%
Senior executives									
Stuart Owen	603,552	405,500	10,560	21,694	217,824	13,699	-	1,272,829	49%
Total	**2,786,756**	**1,783,000**	**42,240**	**111,616**	**1,009,705**	**47,374**	**-**	**5,780,691**	

	SALARY & FEES	SHORT TERM INCENTIVE (CASH)	NON-MONETARY BENEFITS	POST-EMPLOYMENT BENEFITS SUPERANNUATION	LONG TERM INCENTIVE (CASH)	LONG SERVICE LEAVE	TERMINATION PAYMENTS	TOTAL	PERFORMANCE RELATED
2020	$	$	$	$	$	$	$	$	%
Non-executive directors									
Laurence Brindle	275,636	-	9,910	21,003	-	-	-	306,549	0%
Anthony Keane	141,261	-	-	13,420	-	-	-	154,681	0%
Howard Brenchley	132,414	-	-	-	-	-	-	132,414	0%
Steven Leigh	118,254	-	-	11,234	-	-	-	129,488	0%
Executive directors									
Andrew Catsoulis	1,144,162	125,400	9,910	25,662	308,000	24,543	-	1,637,677	26%
Claire Fidler	302,221	18,525	9,910	21,003	45,500	7,306	-	404,465	16%
Senior executives									
Stuart Owen	563,433	47,025	9,910	21,003	115,500	12,557	-	769,428	21%
Patrick Rogers*	330,588	0	9,030	21,003	-	8,641	328,991	698,253	0%
Total	**3,007,969**	**190,950**	**48,670**	**134,328**	**469,000**	**53,047**	**328,991**	**4,232,955**	

* Patrick Rogers ceased employment effective 29 May 2020

SECURITYHOLDINGS OF DIRECTORS AND EXECUTIVES

The movement during the Reporting Period in the number of stapled securities, directly, indirectly or beneficially held by Directors and KMP senior executives, including parties related to them, is as follows:

	BALANCE 30 JUNE 2020	GRANTED AS REMUNERATION	ON EXERCISE OF OPTIONS	ACQUIRED	BALANCE 30 JUNE 2021
Directors of NSH					
Laurence Brindle	1,523,488	-	-	-	1,523,488
Anthony Keane	208,727	-	-	33,289	242,016
Andrew Catsoulis	14,174,249	-	-	269,363	14,443,612
Howard Brenchley	105,866	-	-	16,885	122,751
Steven Leigh	201,009	-	-	32,059	233,068
Claire Fidler	12,500	-	-	1,994	14,494
Executives of NSH					
Stuart Owen	100,000	-	-	15,949	115,949
Total	**16,325,839**	**-**	**-**	**369,539**	**16,695,378**

RELATED PARTY TRANSACTIONS

There were no other transactions with KMP and their related parties during the reporting period.

SIGNIFICANT EVENTS AFTER BALANCE SHEET DATE

For the period from 1 July 2021 to the date of this report the Group settled two storage centre investment properties for a total cost of $21m, and one development site for NZD $3m (AUD $2.8m). An additional storage centre is under contract for NZD $10.1m (AUD $9.4m) and is due to settle in late August 2021.

ROUNDING

The amounts contained in this Directors' Report and in the Financial Report have been rounded to the nearest $1,000 (unless otherwise stated) under the option available under ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191. The Consolidated Group and NSPT Group are entities to which the ASIC Instrument applies.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under Section 307C of the *Corporations Act 2001* (Cth) is set out on page 56.

Non-audit services

The following non-audit services were provided by the entity's auditor, Ernst & Young Australia. The Directors of NSH are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001* (Cth). The nature and scope of each type of non-audit service provided means that auditor independence was not compromised.

Ernst & Young Australia received or are due to receive $49,315 for the provision of Category 4 fees for other services conducted during the financial year. Refer Note 20 of the financial statements.

FEES PAID TO AND INTERESTS HELD IN THE NSPT BY THE RESPONSIBLE ENTITY OR ITS ASSOCIATES

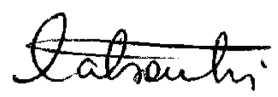
Fees paid to the Responsible Entity and its associates out of NSPT property during the year are disclosed in the Statement of Comprehensive Income and are detailed in Note 17 to the financial statements.

No fees were paid to the Directors of the Responsible Entity during the year out of NSPT.

INTERESTS IN THE NSPT

The movement in units on issue by the NSPT during the year is set out in Note 13 to the financial statements.

This Directors' Report is made on 24 August 2021 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

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Auditor's Independence Declaration to the Directors of National Storage Holdings Limited and its controlled entities

As lead auditor for the audit of the financial report of National Storage Holdings Limited and its controlled entities for the financial year ended 30 June 2021, I declare to the best of my knowledge and belief, there have been:

a. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

b. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of National Storage Holdings Limited and the entities it controlled during the financial year.

Ernst & Young

Ric Roach
Partner
24 August 2021

FREMANTLE, WA

BIGGERA WATERS, QLD

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 30 June 2021

	Notes	2021 $'000	2020 $'000
Revenue from rental income		201,555	164,078
Revenue from contracts with customers	5	15,327	12,563
Interest income	7	866	1,272
Total revenue		**217,748**	**177,913**
Employee expenses	6	(41,743)	(32,085)
Premises costs		(25,963)	(22,481)
Advertising and marketing costs		(6,531)	(4,277)
Insurance costs		(5,233)	(4,084)
Other operational expenses	6	(19,473)	(14,895)
Finance costs	7	(38,507)	(39,401)
Share of loss from joint ventures and associates	12	(570)	(491)
Gain from fair value adjustments	10.3	231,718	63,019
Restructuring and other non-recurring costs		(874)	(3,704)
Profit before income tax		**310,572**	**119,514**
Income tax (expense) / benefit	8	(864)	2,265
Profit after tax		**309,708**	**121,779**
Profit / (loss) for the year attributable to:			
Members of National Storage Holdings Limited		3,728	(5,981)
Non-controlling interest (unitholders of NSPT)		305,980	127,760
		309,708	**121,779**
Basic and diluted earnings per stapled security (cents)	19	30.21	14.59

The above Consolidated Statement of Profit or Loss should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2021

	2021 $'000	2020 $'000
Profit after tax	**309,708**	**121,779**
Other comprehensive income		
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	(501)	(1,731)
Net gain / (loss) on cash flow hedges	13,581	(5,857)
Other comprehensive gain / (loss) for the year, net of tax	**13,080**	**(7,588)**
Total comprehensive income for the year	**322,788**	**114,191**
Total comprehensive income for the year attributable to:		
Members of National Storage Holdings Limited	3,721	(5,944)
Unitholders of National Storage Property Trust	319,067	120,135
	322,788	**114,191**

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

	Notes	2021 $'000	2020 $'000
ASSETS			
Current assets			
Cash and cash equivalents	9.1	95,910	90,352
Trade and other receivables	9.2	15,056	15,975
Inventories	10.1	1,318	833
Income tax receivable		29	331
Other current assets	9.3	4,909	10,469
Total current assets		**117,222**	**117,960**
Non-current assets			
Trade and other receivables	9.2	1,893	518
Property, plant and equipment	10.2	1,408	1,091
Right of use assets	9.7	5,782	6,540
Investment properties	10.3	3,055,800	2,452,085
Investment in joint ventures and associates	12	7,881	8,451
Intangible assets	10.4	47,197	46,629
Deferred tax assets	8	8,444	7,041
Other non-current assets	9.3	6,246	19
Total non-current assets		**3,134,651**	**2,522,374**
Total assets		**3,251,873**	**2,640,334**
LIABILITIES			
Current liabilities			
Trade and other payables	9.4	21,468	14,875
Lease liabilities	9.7	9,037	6,011
Deferred revenue	10.5	16,185	12,236
Income tax payable		237	418
Provisions	10.6	3,457	2,460
Distribution payable	16	49,689	34,467
Other liabilities	9.6	22	50
Total current liabilities		**100,095**	**70,517**
Non-current liabilities			
Borrowings	9.5	758,050	677,702
Lease liabilities	9.7	101,663	164,582
Provisions	10.6	3,213	2,655
Deferred tax liabilities	8	4,107	2,697
Other liabilities	9.6	103	357
Total non-current liabilities		**867,136**	**847,993**
Total liabilities		**967,231**	**918,510**
Net assets		**2,284,642**	**1,721,824**
EQUITY			
Non-controlling interest (unitholders of NSPT)		2,109,561	1,578,615
Contributed equity	13	161,320	133,169
Other reserves	14	3	10
Retained earnings		13,758	10,030
Total equity		**2,284,642**	**1,721,824**

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2021

Attributable to securityholders of National Storage REIT

	Notes	Contributed equity $'000	Retained earnings $'000	Other reserves $'000	Non-controlling interest $'000	Total equity $'000
Balance at 1 July 2020		**133,169**	**10,030**	**10**	**1,578,615**	**1,721,824**
Profit for the year		-	3,728	-	305,980	309,708
Other comprehensive income / (loss)	14	-	-	(7)	13,087	13,080
Total comprehensive income		**-**	**3,728**	**(7)**	**319,067**	**322,788**
Issue of stapled securities	13	28,574	-	-	308,901	337,475
Costs associated with issue of stapled securities		(607)	-	-	(6,625)	(7,232)
Deferred tax on cost of stapled securities	8	184	-	-	-	184
Distributions	16	-	-	-	(90,397)	(90,397)
		28,151	**-**	**-**	**211,879**	**240,030**
Balance at 30 June 2021		**161,320**	**13,758**	**3**	**2,109,561**	**2,284,642**
Balance at 1 July 2019		**100,143**	**16,011**	**(27)**	**1,188,147**	**1,304,274**
Profit / (loss) for the year		-	(5,981)	-	127,760	121,779
Other comprehensive income / (loss)	14	-	-	37	(7,625)	(7,588)
Total comprehensive income		**-**	**(5,981)**	**37**	**120,135**	**114,191**
Issue of stapled securities	13	33,444	-	-	348,091	381,535
Costs associated with issue of stapled securities		(598)	-	-	(6,252)	(6,850)
Deferred tax on cost of stapled securities	8	180	-	-	-	180
Distributions	16	-	-	-	(71,506)	(71,506)
		33,026	**-**	**-**	**270,333**	**303,359**
Balance at 30 June 2020		**133,169**	**10,030**	**10**	**1,578,615**	**1,721,824**

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2021

	Notes	2021 $'000	2020 $'000
Operating activities			
Receipts from customers		244,084	190,954
Payments to suppliers and employees		(109,073)	(101,140)
Interest received	9.1	689	1,202
Income tax paid	9.1	(541)	(1,538)
Net cash flows from operating activities	9.1	**135,159**	**89,478**
Investing activities			
Purchase of investment properties		(375,809)	(236,601)
Proceeds on sale of investment property		-	5,091
Improvements to investment properties		(6,404)	(8,246)
Development of investment properties under construction		(45,966)	(37,550)
Purchase of property, plant and equipment	10.2	(763)	(633)
Purchase of intangible assets		(794)	(918)
Distribution received from joint ventures and associates	12	-	10,319
Investments in associates and joint ventures	12	-	(2,530)
Net cash flows used in investing activities		**(429,736)**	**(271,068)**
Financing activities			
Proceeds from issue of stapled securities	13	325,472	361,877
Transaction costs on issue of stapled securities		(6,921)	(7,025)
Distributions paid to stapled security holders	16	(63,172)	(51,751)
Proceeds from borrowings		391,062	267,558
Repayment of borrowings		(310,000)	(430,000)
Payments associated with resetting interest rate swaps	9.5	-	(14,303)
Financing provided to joint ventures	17	(5,875)	(2,125)
Repayment of financing provided to joint ventures	17	4,500	6,950
Payment of principal and interest on lease liabilities		(13,507)	(13,599)
Interest and other finance costs paid		(21,470)	(24,525)
Net cash flows from financing activities		**300,089**	**93,057**
Net increase / (decrease) in cash and cash equivalents		5,512	(88,533)
Net foreign exchange difference		46	43
Cash and cash equivalents at 1 July		90,352	178,842
Cash and cash equivalents at 30 June	9.1	**95,910**	**90,352**

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2021

1. CORPORATE INFORMATION

National Storage REIT ("**the Group**" or "**NSR**") is a joint quotation of National Storage Holdings Limited ("**NSH**" or "**the Company**") and its controlled entities ("**NSH Group**") and National Storage Property Trust ("**NSPT**" or "**the Trust**") and its controlled entities ("**NSPT Group**") on the Australian Securities Exchange ("**ASX**").

The Constitutions of NSH and 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 (National Storage Financial Services Limited) 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 termination by either entity.

The financial report of NSR for the year ended 30 June 2021 was approved on 24 August 2021, in accordance with a resolution of the Board of Directors of NSH.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ("**AASB**") and the Corporations Act 2001. The financial statements have been prepared on a historical cost basis, except for selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied. NSH is a for-profit entity for the purpose of preparing the financial statements.

The financial statements are presented in Australian Dollars ("**AUD**") and all values are rounded to the nearest thousand dollars ($'000) unless otherwise stated (refer to note 2(x)).

The accounting policies applied by NSR in these financial statements are the same as the 30 June 2020 financial statements except for the accounting policies impacted by new or amended accounting standards detailed in this note.

The Group has elected to present only financial information relating to NSR within these financial statements. A separate financial report for the NSPT Group has also been prepared for the year ended 30 June 2021. This is available at www.nationalstorageinvest.com.au.

(b) Compliance with IFRS

The consolidated financial statements of the Group comply with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board.

(c) Changes in accounting policy, disclosures, standards and interpretations

The Group has adopted all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for the current year.

Other standards, amendments and interpretations

The Group adopted AASB 2018-6 *Amendments to Australian Accounting Standards – Definition of a Business* from 1 July 2018 as detailed in note 2(h).

Several other amendments and interpretations apply for the first time in the reporting period, but do not have a material impact on the consolidated financial report of the Group. The Group has not early adopted any other standards.

Accounting standards and interpretations issued but not yet effective

Australian Accounting Standards and Interpretations relevant to the Group's operations, that have recently been issued or amended but are not yet effective or have not been adopted for the annual reporting year ended 30 June 2021 are outlined in the following table:

Reference	Title	Summary and impact on Group financial report	Application date of standard	Application date for Group
AASB 2019-3	Amendments to Australian Accounting Standards (AASs) – Interest Rate Benchmark Reform	Interbank offered rates (IBOR) are benchmark interest rates referenced in financial products. Examples include: • A loan that incurs interest quarterly at 3-month LIBOR plus a margin; • An interest rate swap involving the exchange of fixed-rate monthly interest payments for variable interest payments based on monthly BBSW plus a margin. Addressing the financial reporting effects of IBOR reform comes in two phases. The first phase deals with issues affecting financial reporting before the replacement of existing interest rate benchmarks. It introduces amendments to AASB 7, AASB 9, and AASB 139, providing mandatory temporary relief enabling hedge accounting to continue during the period of uncertainty before existing interest rate benchmarks are replaced with alternatives. The second phase focuses on issues that may affect financial reporting on replacement of existing interest rate benchmarks, and amends the requirements in AASB 9, AASB 139, AASB 7, AASB 4, and AASB 16. The objective of the amendments is to minimise financial reporting consequences of a change in benchmark interest rates that may otherwise be required, such as the derecognition or remeasurement of financial instruments, and the discontinuation of hedge accounting.	1 January 2021	1 July 2021

AASB 2020-3	Amendment to AASB 9 – Fees in the '10 per cent' Test for Derecognition of Financial Liabilities (Part of Annual Improvements 2018–2020 Cycle)	Under AASB 9, an existing financial liability that has been modified or exchanged is considered extinguished when the contractual terms of the new liability are substantially different, measured by when the present value of the cash flows under the new terms, including any fees paid or received, is at least 10 per cent different from the present value of the remaining cash flows of the original financial liability. The amendment to AASB 9 clarifies that fees included in the test are limited to fees paid or received between the borrower and the lender, including amounts paid or received by them on the other's behalf.	1 January 2022	1 July 2022
AASB 2014-10	Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	AASB 2014-10 amends *AASB 10 Consolidated Financial Statements* and AASB 128 *Investments in Associates* and Joint Ventures to address an inconsistency between the requirements in AASB 10 and those in AASB 128, in dealing with the sale or contribution of assets between an investor and its associate or joint venture.	1 January 2022	1 July 2022
AASB 2020-1	Amendments to AASs – Classification of Liabilities as Current or Non-current	A liability is classified as current if the entity has no right at the end of the reporting period to defer settlement for at least 12 months after the reporting period. The AASB recently issued amendments to AASB 101 Presentation of Financial Statements to clarify the requirements for classifying liabilities as current or non-current. The amendments specify that the conditions which exist at the end of the reporting period are those which will be used to determine if a right to defer settlement of a liability exists. Management intention or expectation does not affect classification of liabilities.	1 January 2023	1 July 2023
AASB 2021-2	Amendments to AASB 108 – Definition of Accounting Estimates	An accounting policy may require items in the financial statements to be measured using information that is either directly observable, or estimated. Accounting estimates use inputs and measurement techniques that require judgements and assumptions based on the latest available, reliable information. The amendments to AASB 108 clarify the definition of an accounting estimate, making it easier to differentiate it from an accounting policy. The new definition provides that 'Accounting estimates are monetary amounts in financial statements that are subject to measurement uncertainty.' The amendments explain that a change in an input or a measurement technique used to develop an accounting estimate is considered a change in an accounting estimate unless it is correcting a prior period error. For example, a change in a valuation technique used to measure the fair value of an investment property from market approach to income approach would be treated as a change in estimate rather than a change in accounting policy. In contrast, a change in an underlying measurement objective, such as changing the measurement basis of investment property from cost to fair value, would be treated as a change in accounting policy.	1 January 2023	1 July 2023
AASB 2021-5	Amendments to AASs – Deferred Tax related to Assets and Liabilities arising from a Single Transaction	AASB 112 Income Taxes requires entities to account for income tax consequences when economic transactions take place, and not at the time when income tax payments or recoveries are made. Entities need to consider the differences between the tax rules and the accounting standards. These differences could either be: Permanent – e.g., when tax rules do not allow a certain expense to ever be deducted; or Temporary – e.g., when tax rules treat an item of income as taxable in a period later than when included in the accounting profit. Deferred taxes representing amounts of income tax payable or recoverable in the future must be recognised on temporary differences unless prohibited by AASB 112 in certain circumstances. One of these circumstances, known as the initial recognition exception, applies when a transaction affects neither accounting profit nor taxable profit, and is not a business combination. The amendments to AASB 112 have narrowed the scope of this exception such that it no longer applies to transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. Entities are required to recognise deferred tax for all temporary differences related to leases, restoration and similar liabilities at the beginning of the earliest comparative period presented.	1 January 2023	July 2023

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(d) Basis of consolidation

The Financial Statements of NSR as at 30 June 2021 comprises the consolidated financial statements of the NSH Group and the NSPT Group.

The financial statements for the Group are prepared on the basis that NSH was the acquirer of NSPT. The non-controlling interest is attributable to stapled securityholders presented separately in the statement of comprehensive income and within equity in the statement of financial position, separately from parent shareholders' equity.

Subsidiaries
Subsidiaries are all entities over which the Group has control. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through the power to direct the activities of the entity. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control. The acquisition method of accounting is used to account for business combinations (see note 2(h).

Intercompany transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of all subsidiaries are consistent with the policies adopted by the Group.

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of the parent entity.

Associates
Associates are all entities over which the Group has significant influence but not control. This is generally the case where the Group holds between 20% and 50% of the voting rights.

Investments in associates are accounted for using the equity method.

Joint arrangements
Under AASB 11 *Joint Arrangements,* investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement.

Investments in joint ventures are accounted for using the equity method.

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

The statement of profit or loss reflects the Group's share of the results of operations of the associate or joint venture. Any change in other comprehensive income of those investees is presented as part of the Group's other comprehensive income. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The aggregate of the Group's share of profit or loss from associates and joint ventures is shown on the face of the consolidated statement of profit or loss. This represents profit or loss after tax and non-controlling interests in the subsidiaries of associates or joint ventures.

The financial statements of associates and joint ventures are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group. After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associates or joint ventures. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, then recognises the loss as 'Share of profit or loss of joint ventures and associates' in the consolidated statement of profit or loss. Upon loss of significant influence over an associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

(e) Revenue recognition

Revenue is recognised under AASB 15 Revenue from Contracts with Customers and applies to all revenue from contracts with customers, unless those contracts are in the scope of other standards.

The Group follows a five-step model to account for revenue arising from contracts with customers. Revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled to, in exchange for transferring goods or services to a customer. The Group exercises judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers.

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is received. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

The Group assesses its revenue arrangements against specific criteria to determine if it is acting as principal or agent. The specific recognition criteria described below must also be met before revenue is recognised.

The Group's revenue is disaggregated in the statement of profit or loss with the exception of Revenue from Contracts with Customers which is disaggregated into categories in note 5 that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors.

Revenue from rental income
Revenue from rental income relating to the provision of storage space and commercial units is recognised less any amount contractually refundable to customers over the term of the general agreement. The value of discounts offered to customers at the end of an incentive period is recognised over the expected rental period.

Revenue from contracts with customers under AASB 15

Sale of goods and services
Revenue from the sale of goods is recognised on fulfilment of performance obligations. The Group recognises revenue at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods or service.

Agency fees and commission
The Group acts as an agent in the provision of insurance services provided by a third party insurance company to storage rental customers. The Group's contracts with customers for agency fees and commissions consist of one performance obligation. The Group recognises revenue at the point in time when the commission is generated and is receivable.

Design and development fees
The Group's design and development fees to customers consist of one performance obligation. The Group recognises revenue from design and development fees over the relevant period of the performance obligations as the Group's performance creates or enhances an asset that the customer controls.

Management fees
The Group's contracts with customers for management fees are recognised over the period of the management agreement, in line with recurring performance obligations.

Interest income
Interest income is recognised using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument and continues unwinding the discount as interest income. Interest income on impaired loans is

recognised using the original effective interest rate.

(f) Taxes

The Group comprises taxable and non-taxable entities. A liability for current and deferred tax expense is only recognised in respect of taxable entities that are subject to income tax.

NSPT is a 'flow through' entity for Australian income tax purposes and is an Attribution Managed Investment Trust, such that the determined tax components of NSPT will be taxable in the hands of unitholders on an attribution basis. NSPT's subsidiary National Storage New Zealand Property Trust ("**NSNZPT**") is an Australian registered trust which owns investment property in New Zealand. For New Zealand tax purposes NSNZPT is classed as a unit trust and is subject to New Zealand income tax.

Current income tax
Current income tax assets and liabilities are measured at the amount expected to be recovered or paid to the taxation authorities. The tax rates and laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss.

Management periodically evaluates tax positions where the interpretation of applicable tax regulations is subjective and establishes provisions where appropriate.

Deferred tax
Deferred tax is provided using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax assets and liabilities are recognised for all deductible or taxable temporary differences, except:

- When the deferred tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of deductible or taxable temporary differences associated with investments in subsidiaries, associates and interest in joint arrangements, when the timing of the reversal of temporary differences can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future, and in the case of deferred tax assets taxable profit will be available against which the temporary differences can be utilised.

The deferred tax liabilities in relation to investment property is recognised dependent upon the taxable impact in the relevant jurisdiction. The Group assumes that the current measurement at fair value will be recovered entirely through a sale.

In New Zealand, as any capital gain on sale will generally be exempt from tax, the deferred tax liability in relation to these assets would generally be calculated based on the amount of any tax depreciation recovery.

Deferred tax assets are also recognised relating to the carry forward of unused tax credits and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised,

The carrying amount of deferred tax assets is reviewed at each reporting date and adjusted to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on the tax rates and laws that have been enacted or substantially enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and liabilities are offset if a legally enforceable right to offset current tax assets and liabilities exists and when the deferred tax balances relate to the same taxation authority.

Tax consolidation legislation
NSH and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation. As a consequence, these entities are taxed as a single entity and the deferred tax assets and liabilities of these entities are set off in the consolidated financial statements. Accounting for the tax consolidation legislation is only relevant for the individual financial statements of the parent entity (head entity) in the tax consolidated group, but not for the consolidated financial statements.

*Goods and services tax ("**GST**")*
Revenue, expenses, assets, and liabilities are recognised net of the amount of GST, except:

- When the GST incurred on a sale or purchase of assets is not payable or recoverable from the taxation authority, in which case the GST is recognised as part of the revenue or expense item or part of the cost of acquisition of the asset, as applicable.
- When receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority is classed as part of operating cash flows.

(g) Foreign currencies

The Group's consolidated financial statements are presented in Australian dollars. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions and balances
Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in other comprehensive income until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e. translation differences on fair value gain or loss recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss).

Group companies
On consolidation, the assets and liabilities of foreign operations are translated into Australian dollars at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

(h) Business combinations and goodwill

The Group accounts for a transaction as a business combination if it meets the definition under AASB 3, which requires the assets and liabilities acquired to constitute a business. A business is defined as an integrated set of activities and assets that are capable of being conducted and managed for the purpose of providing goods or services to customers, generating investment income (such as dividends or interest) or generating other income from ordinary activities. In order to determine if there is an integrated set of activities, an assessment of minimum business requirements and what substantive processes have been acquired, is applied.

As part of this assessment the Group has applied the amendments to the definition of a business under AASB 2018-6 including the optional fair value concentration test. If the concentration test is passed, the set of activities and assets is determined not to be a business and therefore, the transaction is not accounted for as a business combination but rather as an asset acquisition.

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

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

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of AASB 9 *Financial Instruments*, is measured at fair value with the changes in fair value recognised in the statement of profit or loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed).

If the fair value of the net assets acquired exceeds the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all assets acquired and liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

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

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

(i) Leases

The Group leases properties which are classified as investment properties (note 10.3). The Group also leases office premises and items of plant and equipment.

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee
The Group applies a single recognition and measurement approach for all leases, except for short term leases and leases of low value assets. The Group recognises lease liabilities associated with lease payments and right of use assets representing the right to use the underlying assets.

Right of use assets
The Group recognises right of use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right of use assets (excluding leasehold investment properties) are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right of use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right of use assets are depreciated on a straight line basis over the shorter of the lease term and the estimated useful lives of the assets.

Leasehold investment property assets are measured at fair value as detailed in note 2(q). If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right of use assets are subject to impairment as detailed in note 2(s).

Lease liabilities
At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities are increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities are remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset or to extend an existing lease term.

Short term leases and leases of low value assets
The Group applies the short term lease recognition exemption to its short term leases of equipment (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short term leases and leases of low value assets are recognised on a straight line basis over the lease term.

Group as a lessor
Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

(j) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank, cash on hand and term deposits that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and term deposits as defined above.

(k) Inventories

Inventories are valued at the lower of cost and net realisable value. Costs are assigned on a first-in first-out basis. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale.

(l) Financial assets

Initial recognition and measurement

At initial recognition, financial assets are classified and measured at amortised cost, fair value through other comprehensive income, or fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. The Group initially measures a financial asset at its fair value plus, in the case of financial assets, transaction costs.

Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under AASB 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("**SPPI**") on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Subsequent measurement

Financial assets at amortised cost
The Group measures financial assets at amortised cost if the financial asset is held with the objective to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets held at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. The Group's financial assets at amortised cost includes trade and other receivables, and deposits.

Financial assets at fair value through other comprehensive income
The Group measures debt instruments at fair value through other comprehensive income if the financial asset is held with the objective of both holding to collect contractual cash flows and sale, and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at fair value through other comprehensive income, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner asfinancial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to profit or loss.

Financial assets at fair value through profit or loss
This category includes financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets have expired and the Group has transferred substantially all the risks and rewards of ownership or control of the asset.

Impairment

The Group uses AASB 9's incurred loss approach with a forward-looking expected credit loss ("**ECL**") methodology to recognise an ECL for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months. For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default.

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group assesses this allowance based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors.

The Group considers a financial asset to be at risk of default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

(m) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified at initial recognition as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include trade and other payables, loans and borrowings, and derivative financial instruments.

Subsequent measurement

Financial liabilities at fair value through profit or loss
This category includes financial liabilities held for trading and financial liabilities designated upon initial recognition at fair value through profit or loss.

Financial liabilities at fair value through profit or loss are designated at the initial date of recognition only if the criteria in AASB 9 are satisfied. The Group has not designated any financial liability at fair value through profit or loss.

Loans and borrowings
After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are capitalised as transaction costs of the loan and subsequently amortised over the period of the facility to which it relates.

Borrowing costs are recognised as an expense when incurred unless they relate to the acquisition, construction or production of a qualifying asset or to upfront borrowing establishment and arrangement costs, which are deferred and amortised as an expense over the life of the facility. Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete the asset for its intended use or sale.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, this is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

(n) Derivative financial instruments and hedge accounting

Initial recognition and measurement

The Group uses derivative financial instruments, such as interest rate swaps, forward currency exchange contracts and a net investment hedge to hedge its foreign currency and interest rate risks.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to fair value at the end of each reporting period.

The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either:

- Hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedges);
- Hedges of a particular risk associated with the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges); or
- Hedges of a net investment in a foreign operation (net investment hedges).

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

For hedges that were initially entered into prior to 1 July 2018, the documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the Group will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine if they have been highly effective throughout the financial reporting periods for which they were designated.

From 1 July 2018, the documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is 'an economic relationship' between the hedged item and the hedging instrument.
- The effect of credit risk does not 'dominate the value changes' that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

The fair values of various derivative financial instruments used for hedging purposes are disclosed in note 9.8. Movements in the hedging reserve in equity are shown in note 14. The full fair value of a hedging derivative is classified as either a current or non-current asset or liability dependent upon if remaining maturity of the hedged item is less than or greater than 12 months. Trading derivatives are classified as a current asset or liability.

Cash flow hedge
The effective portion of changes in the fair value of derivatives that are designated and qualify as a cash flow hedge is recognised in other comprehensive income and accumulated in reserves in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss within interest income and finance costs.

The Group uses forward currency contracts as hedges of its exposure to foreign currency risk in forecast transactions. The ineffective portion relating to foreign currency contracts is recognised as other operational expenses.

The Group designates only the spot element of forward contracts as a hedging instrument. The forward element is recognised in other comprehensive income and accumulated in a separate component of equity within the hedging reserve.

The amounts accumulated in other comprehensive income are accounted for depending on the nature of the underlying hedged transaction. These amounts are reclassified to profit or loss as a reclassification adjustment in the same period or periods during which the hedged cash flows affect profit or loss.

If cash flow hedge accounting is discontinued, the amount that has been accumulated in other comprehensive income must remain in other comprehensive income if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to profit or loss as a reclassification adjustment. After discontinuation, once the hedged cash flow occurs, any accumulated amount remaining in other comprehensive income must be accounted for depending on the nature of the underlying transaction.

Hedges of a net investment
Hedges of a net investment in a foreign operation, including a hedge of a monetary item that is accounted for as part of the net investment, are accounted for in a similar way to cash flow hedges.

Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognised as other comprehensive income while any gains or losses relating to the ineffective portion are recognised in the statement of profit or loss. On disposal of the foreign operation, the cumulative value of any such gains or losses recorded in equity is transferred to the statement of profit or loss.

(o) Assets held for sale

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset or disposal group, excluding finance costs and income tax expense.

The criteria for held for sale classification is met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of classification.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale. Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position. A disposal group qualifies as a discontinued operation if it is a component of an entity that has been disposed of, or is classified as held for sale, and:

- Represents a separate major line of business or geographical area of operations;
- Is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- Is a subsidiary acquired exclusively with a view to resale.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit or loss.

(p) Property, plant and equipment

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component asset is derecognised when replaced. All repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation is calculated on a straight-line basis over the estimated useful life of the assets as follows:

- Leasehold improvements - remaining length of lease term
- Plant and equipment - 2.5 to 20 years

Each asset's residual value and useful life is reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the carrying amount is greater than the estimated recoverable amount (note 2(s)). Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

(q) Investment properties

Freehold investment properties
Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the period in which they arise.

Fair values are determined by a combination of independent valuations and Director valuations. The independent valuations are performed by an accredited independent valuer. Investment properties are independently valued on a rotational basis, every three years, unless required by the underlying financing or the Directors determine a more frequent valuation cycle.

For properties subject to an independent valuation report, the Directors verify all major inputs to the valuation and review the results with the independent valuer. The Director valuations are completed by the NSH Group Board. The valuations are determined using the same techniques and similar estimates to those applied by the independent valuer.

In some transactions involving the purchase of a group of assets the value assessed by NSR, being the purchase price paid, may exceed the sum of the independent property valuations which are undertaken on a stand-alone property basis. This excess in value represents a portfolio premium.

Any portfolio premium attributable to the investment property assets acquired in transactions accounted for as asset acquisition is allocated to the individual identifiable assets acquired within each portfolio on the relative fair value basis at the date of acquisition

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

Transfers are made to or from investment property only when there is a change in use.

Leasehold investment properties
The Group, as lessee, has properties that in accordance with AASB 140 *Investment Property*, qualify for recognition as investment properties. Under this treatment, for each property, the present value of lease payments to be made over the lease term is determined and carried as a lease liability and the fair value of the lease to the NSH Group is recorded each period as investment property.

Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the period in which they arise, including the corresponding tax effect. Fair values are determined using the same valuation process applied to freehold investment property.

Lease payments are accounted for under AASB 16, see note 2(i). Lease payments are allocated between the principal component of the lease liability and interest expense as to achieve a constant rate of interest on the remaining balance of the liability. Interest expense is recognised in finance costs in the consolidated statements of profit and loss and within payment of lease liabilities within the consolidated statements of cash flows.

(r) Intangible assets

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

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at the end of each reporting period.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates and adjusted on a prospective basis. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss in the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives, such as goodwill, are not amortised but are tested for impairment at each reporting period, either individually or at the CGU level. The assessment of indefinite life is reviewed at each reporting period to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

Research costs are expensed as incurred. Development expenditure on an individual project is recognised as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale;
- Its intention to complete and its ability and intention to use or sell the asset;
- How the asset will generate future economic benefits;
- The availability of resources to complete the asset; and
- The ability to measure reliably the expenditure during development.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation is recorded in other operational expenses. During the period of development, the asset is tested annually for impairment.

(s) Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (CGU's). Non-financial assets other than goodwill that have been impaired in previous periods are reviewed for possible reversal of the impairment at the end of each reporting period.

(t) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

In accordance with lease agreements, the Group must restore the leased premises in a number of leasehold premises to its original condition at lease expiry. A provision has been recognised for the obligation to remove leasehold improvements from the leased premises (note 10.6).

(u) Employee benefits

Short-term obligations
Liabilities for wages and salaries, including non-monetary benefits, and accumulating annual leave which are expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits obligations
The Group does not expect its long service leave benefits to be settled wholly within 12 months of each reporting date. The Group recognises a liability for long service leave measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to previous experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on the applicable corporate bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

Retirement benefit obligations
All employees can direct the Group to make contributions to a defined contribution plan of their choice. Contributions to defined contribution superannuation funds are recognised as an expense as they become payable.

(v) Contributed equity

Stapled securities are classified as equity. Issued and paid up capital is recognised at the fair value of the consideration received by the Group. Incremental costs directly attributable to the issue of securities are shown in equity as a deduction, net of tax, from the proceeds.

(w) Dividends and distributions to securityholders

The Group recognises a liability to make cash or non-cash distributions to equity holders when the distribution is authorised and is no longer at the discretion of the Company or the Responsible Entity. A corresponding amount is recognised directly in equity.

Non-cash distributions are measured at the fair value of the assets to be distributed with fair value re-measurement recognised directly in equity. Any difference between the carrying amount of the liability and the carrying amount of the assets distributed is recognised in the statement of profit or loss.

(x) Rounding of amounts

The Group is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, relating to the 'rounding off' of amounts in the financial statements. Amounts in the financial statements have been rounded off to the nearest thousand dollars, or in certain cases, the nearest dollar.

(y) Parent entity financial information

The financial information for the parent entity, NSH, disclosed in note 21 has been prepared on the same basis as the consolidated financial statements, except as set out below.

Investments in subsidiaries
Investments in subsidiaries are accounted for at cost in the financial statements of NSH.

Tax consolidation legislation
NSH and its wholly-owned entities have implemented the tax consolidation legislation. The head entity, NSH, and the controlled entities that are in the tax consolidated group, account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand-alone tax payer in its own right. In addition to its own current and deferred tax amounts, NSH also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

The entities have also entered into a tax funding agreement under which the wholly-owned entities fully compensate NSH for any current tax payable and are compensated by NSH for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to NSH under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly-owned entities' financial statements. The amounts receivable/payable under the tax funding agreement are due upon receipt of the funding advice from the head entity. The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as current amounts receivable from or payable to other entities in the Group.

(z) Fair value measurement

The Group measures financial instruments, such as derivatives, and non-financial assets such as investment properties, at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the group.

The fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For further details on fair value measurement refer to notes 9.8 and 10.7.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent assets and liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the assets or liabilities affected in future periods.

Other disclosures relating to the Group's exposure to risks and uncertainties include:

- Capital management (note 16)
- Financial instruments risk management and policies (notes 9.8, 15)
- Sensitivity analyses disclosures (notes 10.7, 15).

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, which have a significant effect on the amounts recognised in the consolidated financial statements:

Significant judgements

Acquisition of storage centre assets
For the acquisition of storage centres, the Group's policy is to review the nature of the transaction and assess if the transaction should be accounted for under *AASB 3 Business Combinations* or *AASB 140 Investment Properties* as a purchase of investment property. The key assessment is whether the transaction constitutes a purchase of a 'business', and if so, it will be accounted for under AASB 3. If it is determined that the transaction does not meet this definition, the transaction is accounted for as a purchase of an asset under AASB 140, as an acquisition of a storage centre(s) held for rental return and capital appreciation.

As described in note 2(c), the Group has applied the amendments to a definition of a business contained in AASB 2018-6. This provides clarity on what is considered as a business and adds an optional concentration test that simplifies the assessment of whether an acquired set of activities and assets is not a business.

For the years ended 30 June 2021 and 30 June 2020, the Group has assessed that all of its storage centre acquisitions do not meet the definitions set out in AASB 3 and are therefore accounted for as purchases of investment property per AASB 140.

Determining the lease term of contracts with renewal and termination options – Group as lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew or terminate the lease considering factors that create an economic incentive to exercise either the renewal or termination clause.

The Group has included the extension period as part of the lease term for leases of investment property where the option is expected to be exercised at the next renewal period.

As detailed in note 9.7, during the year ended 30 June 2021 the Group has reviewed these commitments and reassessed lease liabilities relating to option periods on some leasehold investment properties based on the Group's judgement that the option periods, which the ability to exercise is under control of the Group, are not reasonably certain to be exercised at the end of the initial contractual term.
The renewal periods for leases of with longer non-cancellable periods (i.e. 3+ years) are not included as part of the lease term as these are not reasonably certain to be exercised.

The Group also has the option to extend its lease of head office premises. The renewal period for this lease is not included as part of the lease term as there is no reasonable certainty that this will be exercised at the end of the initial contractual term.

Deferred tax
Deferred tax assets are recognised by the Group for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised.

Judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits.

Classification of joint arrangements
The NSPT Group holds a 25% interest in the Bundall Storage Trust, and the NSH Group holds a 25% interest in the Bundall Commercial Trust and the TBF & NS trust.

In each arrangement, investments are classified as joint ventures as all parties are subject to a Securityholders Agreement that has been contractually structured such that each party has equal representation on the advisory board responsible for the overall direction and supervision of each trust. Decisions about the relevant activities require the unanimous consent of the parties sharing control.

Estimates and assumptions

The key assumptions at the reporting date concerning the future, and other key sources of estimation uncertainty, that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Assumptions and estimates are based on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about the future developments may change due to market changes or circumstances arising beyond the Group's control. Such changes are reflected in the assumptions when they occur.

Revaluation of investment properties
The Group carries its investment properties at fair value, with changes in fair value being recognised in the statement of profit or loss under fair value adjustments. Fair values of individual properties are determined by a combination of independent valuations assessed on a rotational basis and annual Directors' valuations, determined using the same techniques and similar estimates to those applied by the independent valuer.

The capitalisation of net operating income approach to investment property valuations is applied by both the external and Directors' valuations. This is a commonly applied valuation method for storage facilities within Australia and New Zealand. This methodology is generally used in sectors where revenue is earned from short term rentals or an operating activity as opposed to a fixed long-term rental lease.

The Group calculates net operating income before depreciation, amortisation, interest, tax, and capital expenditure deductions for both passive income (current trading income) and potential income (additional income at sustainable occupancy). Potential income is subject to a higher degree of risk, reflected in a higher secondary capitalisation rate. The approach of disaggregating a property's net operating income between current passive income and future potential income allows appropriate risk adjusted capitalisation rates to be applied to each income stream.

The Group disaggregates primary and secondary capitalisation rates to provide more transparency to the valuation process. This gives visibility over the separate rates applied to passive income from current trading and potential income, and the resultant differing risk profile which exists between these income categories.

The key assumptions used to determine the fair value of the properties and the sensitivity analyses are provided in note 10.7.

Impairment of non-financial assets – goodwill
An impairment exists when the carrying value of an asset or CGU exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use.

The goodwill on the Group's balance sheet is allocated to the full NSR listed group as one single CGU. This reflects the fact that as a portfolio of storage centre investment properties, the whole of NSR is considered to be one business segment and that goodwill is beneficial to the entire Group. This aligns with how NSR's chief operating decision maker monitors and structures the performance of the Group and is consistent with the Group's assessment of operating segments under AASB 8.

The fair value less costs to sell calculation is based on the fair value of the Group's stapled securities as listed on the Australian Securities Exchange, less costs of disposal.

Market capitalisation is used as an appropriate method under AASB 136 and AASB 13 to assess fair value when the CGU, to which the goodwill is attached, is the same group of assets and liabilities to those represented by the market capitalisation value, and the equity is traded on an active market.

The Group also considers other sources of information, such as the value attributable to the synergistic benefits from managing the investment properties as a portfolio, as a cross-check of the recoverable amount of goodwill.

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4. SEGMENT INFORMATION

During the 2021 and 2020 financial years, the Group operated wholly within one business segment being the operation and management of storage centres in Australia and New Zealand.

The Managing Director is the Group's chief operating decision maker and monitors the operating results on a portfolio wide basis. Monthly management reports are evaluated based upon the overall performance of NSR consistent with the presentation within the consolidated financial statements. The Group's financing (including finance costs and interest income) are managed on a Group basis and not allocated to operating segments.

The operating results presented in the statement of profit or loss represent the same segment information as reported in internal management information.

Geographic information

	2021 $'000	2020 $'000
Revenue from external customers		
Australia	194,596	156,188
New Zealand	22,286	20,453
Total	216,882	176,641

The revenue information above excludes interest income and is based on the location of storage centres.

Geographic information

	2021 $'000	2020 $'000
Non-current operating assets		
Australia	2,717,530	2,179,014
New Zealand	348,703	283,377
Total	3,066,233	2,462,391

Non-current assets for this purpose consists of property, plant and equipment, investment properties, right of use assets, and intangible assets (excluding goodwill).

The Group has no individual customer which represents greater than 10% of total revenue.

5. REVENUE FROM CONTRACTS WITH CUSTOMERS

	2021 $'000	2020 $'000
Revenue from contracts with customers		
Sale of goods and services	7,232	5,465
Agency fees and commissions	5,724	3,295
Design and development fees	1,741	2,868
Management fees	630	935
Total revenue from contracts with customers	15,327	12,563

6. EXPENSES

	Notes	2021 $'000	2020 $'000
Other operational expenses			
Professional fees		2,991	2,337
Information technology costs		2,754	2,448
Cost of packaging and other products sold		3,776	2,650
Communications costs		2,501	1,686
Bank charges		1,456	1,270
Motor vehicle expenses		677	631
Depreciation		1,600	1,108
Amortisation of intangible assets	10.4	746	490
Travel and entertainment costs		539	754
Other expenses		2,433	1,521
Total other operational expenses		19,473	14,895
Employee expenses			
Wages and salaries		33,635	26,882
Post-employment benefits		2,534	2,157
Payroll tax		1,546	1,314
Other employee costs		4,028	1,732
Total employee expenses		41,743	32,085

7. INTEREST INCOME AND FINANCE COSTS

	2021 $'000	2020 $'000
Interest income		
Bank interest	245	340
Interest income from related parties	621	932
Total interest income	866	1,272
Finance costs		
Interest on borrowings	20,007	23,599
Reclassification from cash flow hedge reserve to statement of profit or loss (see note 14)	10,923	7,764
Interest on lease liabilities relating to investment property	7,389	7,925
Interest on other lease liabilities	188	113
Total finance costs	38,507	39,401

8. INCOME TAX

NSPT is a 'flow through' entity for Australian income tax purposes and is an Attribution Managed Investment Trust, such that the determined tax components of NSPT will be taxable in the hands of unitholders on an attribution basis. NSPT's subsidiary National Storage New Zealand Property Trust ("**NSNZPT**") is an Australian registered trust which owns investment property in New Zealand. For New Zealand tax purposes NSNZPT is classed as a unit trust and is subject to New Zealand income tax at a rate of 28%.

The major components of income tax expense / (benefit) for the years ended 30 June 2021 and 30 June 2020 are:

	Notes	2021 $'000	2020 $'000
Consolidated statement of profit or loss			
Current tax		1,422	1,453
Deferred tax		(134)	(2,908)
Adjustment in relation to prior periods		(424)	(810)
Total income tax expense / (benefit)		864	(2,265)
Deferred tax relating to items recognised in other comprehensive income during the year			
Net (loss) / gain on revaluation of cash flow hedges	14	(6)	413
Deferred tax relating to items recognised in statement of changes in equity during the year			
Cost of issuing share capital		(184)	(180)
Reconciliation of tax expense and accounting profit multiplied by Australia's domestic tax rate for 2021 and 2020:			
Profit before tax		310,572	119,514
Deduct profit before tax from Trusts owning Australian properties		(270,069)	(95,034)
Accounting profit before income tax		40,503	24,480
Tax at the Australian tax rate of 30% (2020 – 30%)		12,151	7,344
Non-deductible / assessable amounts		1,282	1,876
Deductible / non-assessable amounts		(11,111)	(9,962)
Adjustments in respect of previous years		(455)	(810)
Effect of lower tax rates in New Zealand		(747)	(688)
Recognition of previously unrecognised tax losses		(256)	(25)
Income tax expense / (benefit)		864	(2,265)

	2021 $'000	2020 $'000
Deferred tax benefit included in income tax benefit comprises:		
Increase in deferred tax assets	(19,065)	(30,963)
Increase in deferred tax liabilities	19,072	28,502
Movement of deferred tax asset on carry forward losses shown in current tax expense	(336)	(241)
Exchange variations	5	27
Movement in deferred tax asset recognised in other comprehensive income	6	(413)
Movement in deferred tax asset recognised in statement of changes in equity	184	180
Total deferred tax benefit	(134)	(2,908)
Deferred tax assets and liabilities		
Deferred tax assets		
The balance comprises temporary differences attributable to:		
Lease liabilities	324,708	306,214
Employee benefits	1,166	596
Accrued expenses	964	451
Carry forward losses	1,203	1,283
Make good provisions	768	649
Revaluation of cash flow hedges	-	3
Revaluation of investment property assets	1,755	2,419
Other	504	388
Total deferred tax assets	331,068	312,003
Deferred tax liabilities		
The balance comprises temporary differences attributable to:		
Right of use assets	1,732	1,878
Trade and other receivables	16	125
Intangibles	337	215
Revaluations of investment properties	324,641	305,438
Unrealised foreign exchange losses	5	3
Total deferred tax liabilities	326,731	307,659
Net deferred tax assets	4,337	4,344
Reconciliation to statement of financial position		
Deferred tax assets	8,444	7,041
Deferred tax liabilities	(4,107)	(2,697)
Net deferred tax assets	4,337	4,344

The Group offsets tax assets and liabilities if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax asset and deferred tax liabilities relate to income taxes levied by the same tax authority.

The Group has the following gross tax losses which arose in Australia:

	2021 $'000	2020 $'000
Recognised group tax losses	4,010	4,278
Unrecognised group tax losses	3,831	4,244
Total	7,841	8,522

These losses are available for offsetting against future taxable profits of the NSH Australian tax group, subject to the satisfaction of the same business test and a reduced rate of utilisation under the 'available fraction' rules.

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9. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The Group holds the following financial instruments:

	Notes	2021 $'000	2020 $'000
Financial assets			
At amortised cost			
Cash and cash equivalents	9.1	95,910	90,352
Trade and other receivables	9.2	16,949	16,493
Deposits	9.3	3,849	2,293
		116,708	109,138
Measured at fair value			
Derivatives used for hedging	9.3	2,408	19
Total financial assets		119,116	109,157
Financial liabilities			
At amortised cost			
Trade and other payables	9.4	21,468	14,875
Borrowings	9.5	761,343	681,063
Lease liabilities	9.7	110,700	170,593
		893,511	866,531
Measured at fair value			
Derivatives used for hedging	9.6	125	407
Total financial liabilities		893,636	866,938

The Group's approach to financial risk management is discussed in note 15. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial asset mentioned above.

All derivatives relate to interest rate swaps held by the Group. These have been designated as cash flow hedges and are presented as current assets or liabilities if they are expected to be settled within 12 months after the end of the reporting period.

9.1. Cash and cash equivalents

	2021 $'000	2020 $'000
Current assets		
Cash on hand	2	2
Cash at bank	95,908	90,350
Total cash and cash equivalents	95,910	90,352

Cash flow reconciliation of net profit after tax to net cash flows from operations

	2021 $'000	2020 $'000
Profit after income tax	309,708	121,779
Income tax expense /(benefit)	864	(2,265)
Profit before tax	310,572	119,514
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation	1,600	1,108
Amortisation of intangible assets presented within restructuring and other non-recurring costs	746	490
Derecognition of intangible assets	56	651
Fair value adjustments	(231,718)	(63,019)
Share of loss from joint ventures and associates	570	491
Interest income	(866)	(1,272)
Finance costs	38,507	39,401
Changes in operating assets and liabilities:		
Decrease / (increase) in receivables	939	(2,530)
Increase in inventories	(485)	(151)
Decrease / (increase) in other assets	3,278	(2,341)
Increase / (decrease) in payables	6,575	(1,796)
Increase / (decrease) in deferred revenue	3,949	(483)
Increase / (decrease) in provisions	1,288	(249)
Cash flows from operating activities	**135,011**	**89,814**
Interest received	689	1,202
Income tax paid	(541)	(1,538)
Net cash flows from operating activities	**135,159**	**89,478**

9.2. Trade and other receivables

	Notes	2021 $'000	2020 $'000
Current			
Trade receivables		2,885	4,035
GST and employment taxes receivable		722	-
Other receivables		4,285	4,681
Receivables from related parties	17	7,322	7,448
Allowance for expected credit losses on trade receivables		(158)	(189)
		15,056	15,975
Non-current			
Receivables from related parties	17	1,775	-
Other receivables		118	518
		1,893	518
Total current and non-current		16,949	16,493

Classification as trade and other receivables

Trade receivables are amounts due from customers for rental income, goods sold or services performed in the ordinary course of business. Other receivables are held to collect contractual cash flows of solely payments of principal and interest. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

The allowance for expected credit losses represents an estimate of receivables that are not considered to be recoverable. The Group recognises an expected loss provision based on lifetime expected credit losses at each reporting date. The Group applies significant judgement in assessing this allowance based on its historical credit loss experience, adjusted for forward-looking factors specific to the receivable, and wider economic factors.

See note 17 for terms and conditions relating to related party receivables.

See below for the movements in the allowance for expected credit losses in the Group.

	2021 $'000	2020 $'000
At 1 July	189	135
(Credit) / charge for the year	(9)	107
Reversed in the year	(22)	(53)
At 30 June	158	189

The age of trade receivables not impaired was as follows:

	2021 $'000	2020 $'000
0 to 3 months	2,607	3,096
3 to 6 months	79	589
Over 6 months	41	161
	2,727	3,846

The carrying amounts of current receivables are assumed to be the same as their fair values, due to their short-term nature. The fair value of non-current receivables approximates carrying value.

9.3. Other assets

	2021 $'000	2020 $'000
Current		
Deposits	-	2,293
Prepayments	4,898	8,176
Financial assets (derivatives)	11	-
	4,909	10,469
Non-current		
Deposits	3,849	-
Financial assets (derivatives)	2,397	19
	6,246	19
Total current and non-current	11,155	10,488

For details on the classification of financial instruments see note 9.

9.4. Trade and other payables

	2021 $'000	2020 $'000
Current		
Trade payables	1,364	939
Accrued expenses	16,375	11,457
GST and employment taxes payable	2,311	1,067
Other payables	1,418	1,412
Total	21,468	14,875

Trade payables are unsecured and are usually paid within 30 days of recognition. Other payables and accruals are paid when amounts fall due. The carrying amounts of trade and other payables are assumed to be the same as their fair values, due to their short-term nature.

9.5. Borrowings

	2021 $'000	2020 $'000
Non-current		
Bank finance facilities	761,343	681,063
Non-amortised borrowing costs	(3,293)	(3,361)
Total borrowings	758,050	677,702

The Group has non-current borrowing facilities denominated in Australian Dollars ("**AUD**") and New Zealand Dollars ("**NZD**"). All facilities are interest only facilities with any drawn balances payable at maturity. Drawn amounts and facility limits are as follows:

	2021 $'000	2020 $'000
Bank finance facilities (AUD)		
Drawn amount	548,000	485,000
Facility limit	930,000	830,000
Bank finance facilities (NZD)		
Drawn amount	229,150	209,750
Facility limit	251,750	226,750
AUD equivalent of NZD facilities		
Drawn amount	213,343	196,063
Facility limit	234,384	211,954

The major terms of these agreements are as follows:

- At 30 June 2021 maturity dates on these facilities range from 23 July 2022 to 23 December 2026. (30 June 2020: maturity dates from 23 July 2021 to 23 December 2026).
- The interest rate applied is the bank bill rate plus a margin depending on the gearing ratio.
- Security has been granted over the Group's freehold investment properties.

The Group has a bank overdraft facility with a limit of $3m that was undrawn at 30 June 2021 and 30 June 2020. During the year ended 30 June 2021, the Group refinanced part of the existing debt facilities, and increased its club banking facilities by AUD $100m and NZD $25m. (Year ended 30 June 2020: facilities increased by AUD $150m and NZD $30m).

The Group has complied with the financial covenants of their borrowing facilities during the 2021 and 2020 reporting periods (see note 16). The fair value of borrowings approximates carrying value. Details of the exposure to risk arising from current and non-current borrowings are set out in note 15.

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Interest rate swaps
The Group has the following interest rate swaps in place as at the end of the reporting period:

	2021 $'000	2020 $'000
Interest rate swaps (AUD) at face value		
Current interest rate swaps	385,000	460,000
Future interest rate swaps	-	25,000
Interest rate swaps (NZD) at face value		
Current interest rate swaps	50,000	50,000
AUD equivalent of NZD interest rate swaps		
Current interest rate swaps	46,551	46,737

Interest rate swaps in place at the end of the reporting period have maturity dates ranging from 23 September 2021 to 23 September 2026 (2020: 23 September 2020 to 23 September 2026).

During the prior year ended 30 June 2020, the Group reset the interest rates associated with AUD and NZD denominated interest rate swaps. This resulted in a cash outflow of $14.3m which reduced the Group's financial liability presented in note 9.8.

The cumulative change in fair value of these hedging instruments is carried in a separate reserve in equity (cash flow hedge reserve of NSPT presented within non-controlling interest in the Group's consolidated statement of changes in equity). This balance is amortised from the hedge reserve to finance costs in the statement of profit and loss in the current and future reporting periods corresponding to when the underlying hedged item impacts profit or loss. For the year ended 30 June 2021 $10.9m (30 June 2020: $7.8m) has been recognised in finance costs relating to this item (see note 7).

Hedge of net investments in foreign operations
Included in borrowings at 30 June 2021, amounts totalling NZD $51.9m (AUD $48.3m) have been designated as a hedge of the net investments against the value of the New Zealand tangible assets (2020: NZD $51.9m, (AUD $48.5m)). These borrowings are being used to hedge the Group's exposure to the NZD foreign exchange risk on these investments. Gains or losses on the retranslation of this borrowing are transferred to other comprehensive income to offset any gains or losses on translation of the net investments in the subsidiaries. There is no hedge ineffectiveness in the years ended 30 June 2021 or 30 June 2020 recognised in the statement of profit or loss.

9.6. Other liabilities

	Notes	2021 $'000	2020 $'000
Current financial liabilities			
Interest rate swaps	9.8	22	50
Non-current financial liabilities			
Interest rate swaps	9.8	103	357
Total current and non-current		125	407

For details on the classification of financial instruments see note 9.

9.7. Right of use assets and lease liabilities

a) Right of use assets

	Premises leases $'000	Equipment leases $'000	Advertising leases $'000	Total $'000
Opening balance at 1 July 2020	5,742	790	8	6,540
Additions in the year ended	-	250	144	394
Depreciation charge	(840)	(301)	(13)	(1,154)
Reassessment of variable lease payments	-	6	(4)	2
Closing balance at 30 June 2021	4,902	745	135	5,782
Adjustments on the adoption of AASB 16	-	1,072	14	1,086
Additions in the year ended	6,165	-	-	6,165
Depreciation charge	(423)	(282)	(6)	(711)
Closing balance at 30 June 2020	5,742	790	8	6,540

b) Lease liabilities

	2021 $'000	2020 $'000
Current lease liabilities		
Lease liabilities relating to right of use assets	1,142	980
Lease liabilities relating to right of use assets presented as leasehold investment properties	7,895	5,031
Total current lease liabilities	9,037	6,011
Non-current lease liabilities		
Lease liabilities relating to right of use assets	4,958	5,722
Lease liabilities relating to right of use assets presented as leasehold investment properties	96,705	158,860
Total non-current lease liabilities	101,663	164,582
Total lease liabilities	110,700	170,593

The Group has several lease contracts that include extension and termination options. The Group has included the extension period as part of the lease term for leases of investment property where the option is expected to be exercised at the next renewal period. The Group has options to extend its leases of other investment properties and its head office premises.

During the year ended 30 June 2021 the Group has reassessed these commitments and decreased lease liabilities by $53.4m relating to option periods on leasehold investment properties (note 10.3). These have not been included as part of the lease term as there is no reasonable certainty that the option will be exercised at the end of the initial contractual term. Had all extension periods been recognised the Group's lease liabilities at 30 June 2021 would have increased by $56.2m (2020: $2.7m).

	2021 $'000	2020 $'000
Amounts recognised in statement of profit or loss:		
Depreciation expense of right of use assets	1,154	711
Interest expense on lease liabilities	7,577	8,038
Expenses relating to short term leases presented within premises costs	21	416
Lease diminution on leasehold investment properties presented within fair value adjustments (note 10.3)	4,131	3,326
Total	12,883	12,491

Group as a lessor

Future minimum rentals receivable under non-cancellable operating leases as at are as follows:

	30 June 2021 $'000	30 June 2020 $'000
Within one year	4,415	4,385
After one year but not more than five years	12,722	11,891
More than five years	16,714	10,562
Total	33,851	26,838

9.8. Financial instruments fair value measurement

Fair value hierarchy

This note explains the judgements and estimates made in determining the fair values of the financial instruments recognised in the financial statements, as detailed in notes 9.1 to 9.7. To provide an indication about the reliability of the inputs used in determining fair value, financial instruments are classified into the following three levels.

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for any financial assets held is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Specific fair valuation techniques used to determine fair values include:

- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves, adjusted for counterparty or own credit risk.

The resulting fair value estimates for interest rate swaps are included in level 2.

	Notes	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
At 30 June 2021					
Derivatives used for hedging - interest rate swaps					
Current financial assets	9.3	-	11	-	11
Non-current financial assets	9.3	-	2,397	-	2,397
Current financial liabilities	9.6	-	(22)	-	(22)
Non-current financial liabilities	9.6	-	(103)	-	(103)
		-	2,283	-	2,283
At 30 June 2020					
Derivatives used for hedging - Interest rate swaps					
Non-current financial assets	9.3	-	19	-	19
Current financial liabilities	9.6	-	(50)	-	(50)
Non-current financial liabilities	9.6	-	(357)	-	(357)
		-	(388)	-	(388)

There were no transfers between levels of fair value hierarchy during the years ended 30 June 2021 and 30 June 2020.

10. NON-FINANCIAL ASSETS AND LIABILITIES

This note provides information about the Group's non-financial assets and liabilities including:

- An overview of all non-financial assets and liabilities held by the Group;
- Specific information about each type of non-financial asset and non-financial liability; and
- Information about determining the fair value of the non-financial assets and liabilities, including areas of judgement, estimates and other assumptions.

10.1. Inventories

	2021 $'000	2020 $'000
Finished goods - at lower of cost and net realisable value	1,318	833

10.2. Property, plant and equipment

	2021 $'000	2020 $'000
At cost	2,666	2,538
Accumulated depreciation	(1,258)	(1,447)
Total property, plant and equipment	1,408	1,091

Reconciliation of the carrying amounts of property, plant and equipment at the beginning and end of the financial periods are shown below:

	2021 $'000	2020 $'000
Plant and equipment		
Opening balance at 1 July	1,091	856
Additions	763	633
Depreciation	(446)	(397)
Effect of movement in foreign exchange	-	(1)
Closing balance at 30 June	1,408	1,091

10.3. Investment properties

	Notes	2021 $'000	2020 $'000
Leasehold investment properties	10.7	137,498	201,202
Freehold investment properties in operation	10.7	2,834,509	2,180,299
Investment properties under construction		83,793	70,584
Total investment properties		3,055,800	2,452,085
Leasehold investment properties			
Opening balance at 1 July		201,202	215,279
Improvements to investment properties		311	439
Reassessment of lease terms	9.7b	(53,981)	82
Items reclassified from investment property under construction		1,529	-
Lease diminution, presented as fair value adjustments		(4,131)	(3,326)
Net loss from other fair value adjustments		(7,432)	(11,272)
Closing balance at 30 June		137,498	201,202
Freehold investment properties in operation			
Opening balance at 1 July		2,180,299	1,874,698
Property acquisitions		338,048	216,104
Disposal of freehold investment property		-	(3,984)
Improvements to investment properties		5,966	7,661
Items reclassified to investment property under construction		-	(4,188)
Items reclassified from investment property under construction		67,894	17,448
Net gain from fair value adjustments		243,520	78,338
Effect of movement in foreign exchange		(1,218)	(5,778)
Closing balance at 30 June		2,834,509	2,180,299
Investment property under construction			
Opening balance at 1 July		70,584	27,199
Property acquisitions		36,184	15,061
Development costs		46,586	42,090
Items reclassified to freehold investment properties		(67,894)	(17,448)
Items reclassified to leasehold investment properties		(1,529)	-
Items reclassified from freehold investment properties		-	4,188
Effect of movement in foreign exchange		(138)	(506)
Closing balance at 30 June		83,793	70,584

	2021 $'000	2020 $'000
Gains for the year in profit or loss (recognised in fair value adjustments)		
Realised gains	-	2,944
Realised losses – lease diminution of leasehold property	(4,131)	(3,326)
Unrealised gains associated with investment property	236,088	64,122
Movement in provisions presented in fair value adjustments	(239)	(721)
	231,718	63,019

Included within net gain from fair value adjustments for the prior year ended 30 June 2020 are realised gains of $3m relating to the divestment of freehold investment properties.

10.4. Intangible assets

	Notes	2021 $'000	2020 $'000
Goodwill			
Opening and closing net book value		43,954	43,954
Other intangible assets			
Opening net book value		2,675	2,546
Additions		1,370	1,270
Derecognition losses presented within restructuring and other non-recurring costs		(56)	(651)
Amortisation	6	(746)	(490)
Closing net book value		3,243	2,675
Total intangible assets		47,197	46,629

Impairment testing of goodwill

Goodwill has been allocated to the listed group (NSR). Management have determined that the listed group, which is considered one operating segment (see note 4), is the appropriate CGU against which to allocate these intangible assets owing to the synergies arising from combining the portfolios of the Group.

The recoverable amount of the listed group has been determined based on the fair value less costs of disposal method using the fair value quoted on an active market. As at 30 June 2021, NSR had 1,183,070,060 stapled securities quoted on the Australian Securities Exchange at $1.98 per security providing a market capitalisation of $2,342m. This amount is in excess of the carrying amount of the Group's net assets at 30 June 2021.

10.5. Deferred revenue

	2021 $'000	2020 $'000
Deferred rental income revenue	16,185	12,236

Deferred rental income revenue represents funds received in advance from customers.

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10.6. Provisions

	2021 $'000	2020 $'000
Current		
Make good provisions	-	619
Annual leave	2,100	905
Long service leave	1,357	936
	3,457	2,460
Non-current		
Make good provisions	2,773	2,506
Long service leave	440	149
	3,213	2,655
Reconciliation of movement in make good provisions		
As at 1 July	3,125	2,189
Arising during the year	591	660
Changes in discount rates	(352)	254
Unwinding of discount rates	28	22
Utilised	(619)	-
As at 30 June	2,773	3,125

The Group is required to restore the leased premises in a number of leasehold properties to their original condition at the end of lease term. A provision has been recognised for the present value of the estimated expenditure required to remove any leasehold improvements.

10.7. Non-financial assets fair value measurement

The Group has classified its non-financial assets held at fair value into the three levels prescribed in note 9.8 to provide an indication about the reliability of inputs used to determine fair value.

	Notes	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
At 30 June 2021					
Leasehold investment properties	10.3	-	-	137,498	137,498
Freehold investment properties	10.3	-	-	2,834,509	2,834,509
		-	-	2,972,007	2,972,007
At 30 June 2020					
Leasehold investment properties	10.3	-	-	201,202	201,202
Freehold investment properties	10.3	-	-	2,180,299	2,180,299
		-	-	2,381,501	2,381,501

Recognised fair value measurements

The Group's policy is to recognise transfers into and out of fair value hierarchy levels at the end of the reporting period. There were no transfers between levels 1 and 2 or between levels 2 and 3 for recurring fair value measurements during the current or prior year.

Fair value measurements using significant unobservable inputs (level 3)

Valuation techniques used to determine level 3 fair values and valuation process

Investment properties, principally storage buildings, are held for rental to customers requiring self-storage facilities and are carried at fair value. Changes in fair values are presented in profit or loss as fair value adjustments.

Fair values are determined by a combination of independent valuations and Director valuations. The independent valuations are performed by an accredited independent valuer. Investment properties are independently valued on a rotational basis every three years unless the underlying financing requires a more frequent valuation cycle. For properties subject to an independent valuation report the Directors verify all major inputs to the valuation and review the results with the independent valuer. The Director valuations are completed by the NSH Group Board. The valuations are determined using the same techniques and similar estimates to those applied by the independent valuer.

The Group obtains the majority of its external independent valuations at each financial year end. The Group's policy is to maintain the valuation of the investment property valued in the preceding year at external valuation, unless there is an indication of a significant change to the property's valuation inputs. Freehold investment properties acquired in the year ended 30 June 2021 have been held at acquisition price.

Due to general market and economic uncertainty in relation to COVID-19, there is a heightened degree of valuation uncertainty which could cause property values to change significantly and unexpectedly over a short period of time. However, the financial impact of COVID-19 on the Group's business has been minimal to date and the Group considers that there continues to be a strong demand for storage rental as evidenced by NSR's strong occupancy levels which underpin the operating results.

At 30 June 2021, the Group held 37% of freehold investment properties and 46% of leasehold investment properties at external valuation. (30 June 2020: 33% of freehold investment properties and 38% of leasehold investment properties).

Valuation inputs and relationship to fair value

Description	Significant unobservable inputs	Range at 30 June 2021	Range at 30 June 2020
Investment properties - freehold	Primary capitalisation rate	5.0% to 7.0%	5.5% to 8.2%
	Secondary capitalisation rate	6.0% to 8.0%	6.0% to 8.6%
	Weighted average primary cap rate	5.9%	6.4%
	Weighted average secondary cap rate	6.4%	7.1%
	Sustainable occupancy	75% to 98%	73% to 95%
	Stabilised average EBITDA	$963,839	$923,427
Investment properties - leasehold	Primary capitalisation rate	5.8% to 30.0%	7.3% to 18.0%
	Secondary capitalisation rate	5.8% to 30.0%	7.8% to 19.0%
	Weighted average primary cap rate	10.1%	10.6%
	Weighted average secondary cap rate	11.6%	11.4%
	Sustainable occupancy	83% to 94%	85% to 95%
	Stabilised average EBITDA	$302,775	$331,546

Under the income capitalisation method, a property's fair value is estimated based upon a combination of current earnings before interest, tax, depreciation and amortisation ("**EBITDA**") generated by the property, which is divided by the primary capitalisation rate (the investor's required rate of return) and additional EBITDA (stabilised EBITDA less current EBITDA) divided by the secondary capitalisation rate. Stabilised EBITDA reflects the estimated EBITDA generated once a property reaches a sustainable level of operations. The value attributed to the secondary capitalisation is then discounted to account for the estimated time and the additional costs required to deliver this additional value.

The capitalisation rates are derived from recent sales of similar properties. The secondary capitalisation rate is typically higher than the primary capitalisation rate to reflect the additional risk associated with these cashflows. Generally, an increase in stabilised average EBITDA will result in an increase in fair value of an investment property. An increase in the vacancy rate will result in a reduction of the stabilised average EBITDA. Investment properties are valued on a highest and best use basis. The current use of all of the investment properties (self-storage) is considered to be the highest and best use.

The capitalisation rate adopted reflects the inherent risk associated with the property. For example, if the lease expiry profile of a particular property is short, the capitalisation rate is likely to be higher to reflect additional risk to income. The higher capitalisation rate then reduces the valuation of the property.

The following tables present the sensitivity of investment property fair values to changes in input assumptions.

At 30 June 2021:

Unobservable inputs	Leasehold		Freehold	
	Increase/ (decrease) in input	Increase/ (decrease) in fair value $'000	Increase/ (decrease) in input	Increase/ (decrease) in fair value $'000
Primary capitalisation rate	1% / (1%)	(3,150) / 4,110	1% / (1%)	(352,120) / 500,170
Secondary capitalisation rate	2% / (2%)	(1,900) /3,220	2% / (2%)	(96,400) / 180,310
Sustainable occupancy	5% / (5%)	7,430 / (2,000)	5% / (5%)	169,010 / (73,120)
Stabilised average EBITDA	5% / (5%)	1,930 / (1,380)	5% / (5%)	130,030 / (77,740)

At 30 June 2020:

Unobservable inputs	Leasehold		Freehold	
	Increase/ (decrease) in input	Increase/ (decrease) in fair value $'000	Increase/ (decrease) in input	Increase/ (decrease) in fair value $'000
Primary capitalisation rate	1% / (1%)	(2,000) / 2,530	1% / (1%)	(226,290) / 311,570
Secondary capitalisation rate	2% / (2%)	(3,300) /5,190	2% / (2%)	(123,160) / 218,030
Sustainable occupancy	5% / (5%)	5,130 / (4,410)	5% / (5%)	119,620 / (107,750)
Stabilised average EBITDA	5% / (5%)	1,750 / (1,770)	5% / (5%)	99,000 / (95,190)

11. INFORMATION RELATING TO SUBSIDIARIES

The ultimate holding company of the Group is National Storage Holdings Limited. This entity is domiciled in Australia.

The consolidated financial statements of the Group as at 30 June 2021 include:

Name of controlled entity	Place of incorporation	Equity interest 2021	2020
National Storage (Operations) Pty Ltd	Australia	100%	100%
National Storage Financial Services Limited	Australia	100%	100%
Wine Ark Pty Ltd	Australia	100%	100%
Southern Cross Storage Operations Pty Ltd	Australia	100%	100%
National Storage Investments Pty Ltd	Australia	100%	100%
National Storage Limited	New Zealand	100%	100%
National Storage Investment Trust	Australia	100%	100%
National Storage Victorian Property Trust	Australia	100%	100%
National Storage New Zealand Property Trust*	Australia	100%	100%
National Storage Southern Trust	Australia	100%	100%

In addition, the result of NSPT has been consolidated due to the stapling arrangement between NSPT and NSH which constitutes NSR. Equity attributable to NSPT is presented as non-controlling interest.

** NSNZPT is an Australian registered trust which holds investment properties in New Zealand*

12. INTEREST IN JOINT VENTURES AND ASSOCIATES

Interest in joint ventures

	2021 $'000	2020 $'000
Opening balance at 1 July	6,130	4,343
Acquisition of shareholding / capital contribution in joint venture	-	2,030
Share of loss from joint ventures*	(477)	(243)
Closing balance at 30 June	5,653	6,130

** Included within share of loss from joint ventures in the year ended 30 June 2021 was $0.2m representing NSR's share of fair value losses related to investment properties held by joint ventures. For the prior year ended 30 June 2020, there were no fair value gains or losses included within share of loss from joint ventures.*

The NSPT Group holds a 25% interest in the Bundall Storage Trust, and the NSH Group holds a 25% interest in the Bundall Commercial Trust and the TBF & NS Trust.

The Bundall Commercial Trust derives rental property income from the leasing of commercial units and the Bundall Storage Trust develops investment property. As at 30 June 2021, the Bundall Storage Trust had one storage centre investment property.

During the prior year ended 30 June 2020, the Group subscribed to 25% of the units in the TBF & NS Trust for $2m. The TBF & NS Trust subsequently purchased a development site for a storage centre and commercial property in Queensland, Australia. As at 30 June 2021, this centre remains under construction.

These investments are classified as joint ventures as all parties are subject to a Securityholders Agreement that has been contractually structured such that the parties to the agreement have equal representation on the advisory board responsible for the overall direction and supervision of each trust.

Interest in associates

	2021 $'000	2020 $'000
Opening balance at 1 July	2,321	12,388
Capital contribution in associate	-	500
Share of loss from associates	(93)	(248)
Distributions from associate	-	(10,319)
Closing balance at 30 June	2,228	2,321

The Group holds a 25.9% (30 June 2020: 25.9%) holding in Spacer Marketplaces Pty Ltd ("**Spacer**"). Spacer operate online peer-to-peer marketplaces for self-storage and parking. During the prior year ended 30 June 2020, the Group made a capital contribution of $0.5m into Spacer as part of an equity raise.

During the prior year ended 30 June 2020, the Group purchased three storage centre investment properties in Australia from the Australia Prime Storage Fund ("**APSF**") for $64m. The Group held a 24.9% interest in APSF. Following these transactions, the Group received distributions from APSF totalling $10.3m and the APSF entities were subsequently dissolved.

See note 17 for fees received and purchases from joint ventures and associates. None of the Group's joint ventures or associates are listed on any public exchange.

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13. CONTRIBUTED EQUITY

	2021 $'000	2020 $'000
Issued and paid up capital	161,320	133,169

Number of stapled securities on Issue	**2021**	**2020**
Opening balance at 1 July	1,013,740,898	673,928,751
Institutional and retail placements	162,736,215	329,205,527
Distribution reinvestment plan	6,592,947	10,606,620
Closing balance at 30 June	1,183,070,060	1,013,740,898

Capital raises
On 8 June 2021, the Group announced a fully underwritten $325m equity raising. This resulted in the issue of 137,037,814 new stapled securities on 23 June 2021 and 25,698,401 new stapled securities on 30 June 2021. The issue price represented a discount of 3.8% on the last closing price of NSR stapled securities on 7 June 2021.

In the prior year ended 30 June 2020, the Group raised a total of $361.9m of equity resulting in the issue of 329,205,527 new stapled securities.

Distribution reinvestment plan
During the year, 6,592,947 (2020: 10,606,620) stapled securities were issued to securityholders participating in the Group's Distribution Reinvestment Plan for consideration of $12m (2020: $19.7m). The stapled securities were issued at the volume weighted average market price of the Group's stapled securities over a period of ten trading days, less a 2% discount.

Terms and conditions of contributed equity

Stapled securities
A stapled security represents one share in NSH and one unit in NSPT. Stapled securityholders have the right to receive declared dividends from NSH and distributions from NSPT and are entitled to one vote per stapled security at securityholders' meetings. 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 NSPT. The stapled securities have no par value.

In the event of the winding up of NSH and NSPT, stapled securityholders have the right 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. Ordinary stapled securityholders rank after all creditors in repayment of capital. There is no current on or off market security buy-back.

14. OTHER RESERVES

	2021 $'000	2020 $'000
Foreign currency translation reserve		
Opening balance at 1 July	10	(27)
Foreign exchange translation differences	(7)	37
Closing balance at 30 June	3	10

The financial statements for the Group are prepared on the basis that NSH was the acquirer of NSPT. On this basis, foreign currency translation reserve movements relating to the NSH Group are presented within other reserves. The movements below in foreign currency translation reserve and cashflow hedge reserve relating to the NSPT Group are presented within non-controlling interest in the Group's consolidated statement of changes in equity.

	NSPT Group	
	2021 $'000	2020 $'000
Foreign currency translation reserve		
Opening balance at 1 July	(1,010)	758
Net investment hedge	194	1,127
Foreign exchange translation differences	(688)	(2,895)
Closing balance at 30 June	(1,504)	(1,010)
Cash flow hedge reserve		
Opening balance at 1 July	(29,738)	(23,881)
Revaluation of cash flow hedges	2,652	(13,208)
Reclassification to statement of profit or loss (see note 7)	10,923	7,764
Taxation impact on revaluation (see note 8)	6	(413)
Closing balance at 30 June	(16,157)	(29,738)
Other reserves	(17,661)	(30,748)

The hedging reserve is used to record gains or losses on derivatives that are designated as cash flow hedges and recognised in other comprehensive income, as described in note 2(n). Amounts are reclassified to profit or loss in the period when the associated hedged transaction takes place.

In previous years, the Group has reset the interest rates associated with interest rate swaps designated as cash flow hedges. In the prior year ended 30 June 2020, this resulted in a cash outflow of $14.3m which reduced the Group's financial liability as presented in note 9.8. In accordance with AASB 9 *Financial instruments,* as the nature of the underlying hedged instrument is unchanged the fair value of these outflows remain in the cash flow hedge reserve and are amortised to the statement of profit or loss in both the current and future periods relating to the profile of the original instrument.

Taxation impact on revaluation applies only to cash flow hedges held in NSNZPT, a sub-trust of NSPT, which is subject to New Zealand tax legislation. Deferred tax does not apply to cash flow hedges held in the NSPT Group under current Australian tax legislation. The cash flow hedge is included in non-controlling interest in the Consolidated Group.

15. FINANCIAL RISK MANAGEMENT

This note outlines the Group's exposure to financial risks and how these risks could affect future financial performance.

The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the business. The Group uses derivative financial instruments such as interest rate swaps to hedge certain market risk exposures.

Risk management for the Group is carried out by the NSH Board and key management personnel of NSH. The NSH Board of Directors analyses, on behalf of the Group, interest rate exposure and evaluates treasury management strategies in the context of the most recent economic conditions and forecasts.

Derivatives

Derivatives are only used for economic hedging purposes and not as trading or speculative instruments. The Group has the following derivative financial instruments:

	Notes	2021 $'000	2020 $'000
Interest rate swaps designated as cash flow hedges presented in:			
Current assets	9.3	11	-
Non-current assets	9.3	2,397	19
Current liabilities	9.6	(22)	(50)
Non-current liabilities	9.6	(103)	(357)
Net liability		2,283	(388)

Classification of derivatives

All derivatives have been designated as cash flow hedges. They are presented as current assets or liabilities if they are expected to be settled within 12 months after the end of the reporting period.

The Group's accounting policy for cash flow hedges is set out in note 2(n). For hedged forecast transactions that result in the recognition of a non-financial asset, the Group has included related hedging gains and losses in the initial measurement of the cost of the asset. The ineffectiveness recognised in the statement of profit or loss was immaterial.

Fair value measurement

For information about the methods and assumptions used in determining fair values of derivatives refer to note 9.8.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of three types of risk: interest rate risk, currency risk and other price risk, such as equity price and commodity risk. Financial instruments affected by market risk include loans and borrowings, deposits, debt and equity investments, and derivative financial instruments.

The sensitivity analysis in the following sections relate to the position as at 30 June 2021 and 30 June 2020. The sensitivity analysis has been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of debt and derivatives and the proportion of financial instruments in foreign currencies are all constant on the basis of hedge designations in place at each year end.

The analysis excludes the impact of movements in market variables on provisions and the non-financial assets and liabilities of foreign operations.

The following assumptions have been made in calculating sensitivity analysis:

- The sensitivity of the relevant statement of profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets held at 30 June 2021 and 30 June 2020 including the effect of hedge accounting.
- The sensitivity of equity is calculated by considering the effect of any associated cash flow hedges and hedges of a net investment in a foreign subsidiary at 30 June 2021 and 30 June 2020 for the effects of the assumed changes of the underlying risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relate primarily to their long-term debt obligations with floating interest rates.

The Group manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. To manage this, the Group enters into interest rate swaps, in which it agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount. At 30 June 2021, after taking into account the effect of interest rate swaps, 56.7% (2020: 74.4%) of the Group's borrowings are at a fixed rate of interest.

Interest rate sensitivity

The following table demonstrates the sensitivity to a possible change in interest rates on the portion of loans and borrowings affected, after the impact of hedge accounting.

	Increase/ decrease in basis points	Effect on profit before tax $'000
2021		
Australian dollar denominated debt	+50 / -50	(1,405) / 1,405
New Zealand dollar denominated debt	+50 / -50	(765) / 765
2020		
Australian dollar denominated debt	+50 / -50	(852) / 852
New Zealand dollar denominated debt	+50 / -50	(692) / 692

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment.

Foreign currency risk

Foreign currency risk is the risk that the fair value of future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a foreign currency), and the Group's net investment in foreign subsidiaries.

The Group hedges its exposure to fluctuations on the translation into Australian dollars of its foreign operations by holding net borrowings in foreign currencies.

Foreign currency sensitivity

The following tables demonstrate the sensitivity to a possible change in New Zealand Dollar exchange rate with all other variables held constant.

	Change in NZD rate	Effect on profit before tax $'000	Effect on pre-tax equity $'000
2021	+5%	(1,738)	(5,415)
	-5%	1,921	6,413
2020	+5%	(1,574)	(3,629)
	-5%	1,752	4,509

The movement in the profit before tax is a result of a change in the fair value of the monetary assets and liabilities denominated in NZD. The movement in pre-tax equity arises from changes in NZD borrowings in the hedge of net investments in New Zealand operations and cash flow hedges. These movements will offset the translation of New Zealand operations' net assets into AUD.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and other financial instruments.

Trade receivables

The exposure to credit risk for trade and other receivables is influenced mainly by the individual characteristics of each customer. The Group's customer credit risk is managed by requiring customers to pay monthly rentals in advance. Customer credit risk is reduced through a contractual lien over the contents stored in the rented units. The terms of the storage agreement provide for the auction of the customer's stored contents to recover any unpaid amounts. Outstanding customer receivables are regularly monitored and credit concerns reviewed.

The allowance for expected credit losses represents an estimate of trade receivables that are not considered to be recoverable. For the year ended 30 June 2021, the Group has recognised an expected loss provision of $158,000 (30 June 2020: $189,000) based on lifetime expected credit losses at each reporting date. The Group assesses this allowance based on its historical credit loss experience, adjusted for forward-looking factors specific to classification groups of receivables.

Cash and cash equivalents

The Group's credit risk on cash and cash equivalents is limited as the counterparties are banks with high credit-ratings assigned by international credit-rating agencies. The maximum exposure to credit risk for the components of the statement of financial position at 30 June 2021 and 30 June 2020 is the carrying amounts as indicated in the statement of financial position.

Guarantees

Credit risk also arises in relation to financial guarantees given to certain parties (refer to notes 18, 21, and 22). Such guarantees are only provided in exceptional circumstances and are subject to specific Board approval.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The objective of managing liquidity risk is to ensure the Group will have sufficient liquidity to meet its liabilities when they fall due, under both normal and stressed conditions. NSH on behalf of the Group has established a number of policies and processes for managing liquidity risk. These include:

- Continuously monitoring cash flows on a daily basis as well as forecasting cash flows on a medium and long-term basis.
- Monitoring the maturity profiles of financial assets and liabilities in order to match cashflows.
- Maintaining adequate reserves and support facilities.
- Monitoring liquidity ratios and all constituent elements of working capital.
- Maintaining adequate borrowing and finance facilities.

Financing arrangements

The Group had access to the following undrawn borrowing facilities at the end of the reporting period:

	2021 $'000	2020 $'000
Expiring within one year (bank overdraft)	3,000	3,000
Expiring beyond one year (loans)	403,041	360,891
	406,041	363,891

The bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice. All other secured bank loans may be drawn at any time and are subject to an annual review. Further details of the bank loans are detailed in notes 9.5 and 16.

Maturity of financial liabilities

The tables below summarise the maturity profile of the Group's financial liabilities based on contractual undiscounted payments. As amounts disclosed in the table are the contractual undiscounted cash flows including future interest payments, these balances will not necessarily agree with the amounts disclosed on the statement of financial position.

	On demand $'000	Less than 3 months $'000	3 to 12 months $'000	1 to 5 years $'000	Over 5 years $'000	Total $'000
At 30 June 2021						
Non-derivatives						
Trade and other payables	628	20,332	508	-	-	**21,468**
Borrowings	-	5,960	17,803	758,969	50,597	**833,329**
Lease liabilities	-	6,517	10,002	54,544	76,933	**147,996**
Distribution payable	-	49,689	-	-	-	**49,689**
Total non-derivatives	628	82,498	28,313	813,513	127,530	**1,052,482**
Derivatives						
Inflows	-	(118)	(332)	(5,825)	(240)	**(6,515)**
Outflows	-	386	965	3,131	67	**4,549**
Total derivatives	-	268	633	(2,694)	(173)	**(1,966)**
	628	82,766	28,946	810,819	127,357	**1,050,516**

	On demand $'000	Less than 3 months $'000	3 to 12 months $'000	1 to 5 years $'000	Over 5 years $'000	Total $'000
At 30 June 2020						
Non-derivatives						
Trade and other payables	558	14,037	280	-	-	**14,875**
Borrowings	-	4,026	12,046	655,188	61,876	**733,136**
Lease liabilities	-	3,576	10,876	17,386	267,308	**299,146**
Distribution payable	-	34,467	-	-	-	**34,467**
Total non-derivatives	558	56,106	23,202	672,574	329,184	**1,081,624**
Derivatives						
Inflows	-	(480)	(1,159)	(4,137)	(412)	**(6,188)**
Outflows	-	688	1,651	4,195	93	**6,627**
Total derivatives	-	208	492	58	(319)	**439**
	558	56,314	23,694	672,632	328,865	**1,082,063**

Changes in liabilities arising from financing activities

	1 July 2020 $'000	Cash flows $'000	Foreign exchange movement $'000	Change in fair value $'000	New leases $'000	Other $'000	30 June 2021 $'000
Derivatives:							
Interest rate swap							
Current financial liabilities	50	-	-	(28)	-	-	**22**
Non-current financial liabilities	357	-	-	(254)	-	-	**103**
Distributions payable	34,467	(63,172)	-	-	-	78,394*	**49,689**
Non-current borrowings	677,702	81,062	(782)		-	68	**758,050**
Lease liabilities							
Current liabilities	6,011	(6,316)**	-	-	-	9,342	**9,037**
Non-current liabilities	164,582	-	-	-	-	(62,919)	**101,663**
Total liabilities from financing activities	883,169	11,574	(782)	(282)	-	24,885	**918,564**

	1 July 2019 $'000	Cash flows $'000	Foreign exchange movement $'000	Change in fair value $'000	New leases $'000	Other $'000	30 June 2020 $'000
Derivatives:							
Forward currency exchange contract							
Current financial liabilities	474	392	-	(866)	-	-	**-**
Interest rate swap							
Current financial liabilities	239	-	-	(189)	-	-	**50**
Non-current financial liabilities	1,375	-	(36)	(982)	-	-	**357**
Distributions payable	34,370	(51,751)	-	-	-	51,848*	**34,467**
Non-current borrowings	843,927	(163,181)	(4,333)	-	-	1,289	**677,702**
Lease liabilities							
Current liabilities	5,598	(5,674)**	-	-	667	5,420	**6,011**
Non-current liabilities	164,642	-	-	-	5,498	(5,558)	**164,582**
Total liabilities from financing activities	1,050,625	(220,214)	(4,369)	(2,037)	6,165	52,999	**883,169**

The opening balances at 1 July 2020 above are stated after the adoption of AASB 16 Leases.

* Other balances presented above represent distributions declared in the year: $90.4m (30 June 2020: $71.5m) (see note 16), less units issued under the distribution reinvestment plan which do not result in a cash outflow: $12m (30 June: 2020; $19.7m), (see note 13).

**Relates to principal portion of lease liability payment. Total lease payments for the year ended 30 June 2021 were $13.5m (30 June 2020: $13.6m) as disclosed in the Consolidated Statement of Cashflows.

16. CAPITAL MANAGEMENT

The Group's objectives when managing capital are two-fold, to safeguard its ability to continue as a going concern, and to maintain an optimal structure to reduce the cost of capital and maximise long term value for the securityholder.

In order to achieve these objectives, the Group's capital management strategy aims to ensure that it meets financial covenants attached to interest-bearing loans and borrowings. Breaches in meeting a financial covenant could permit the lender to immediately call loans and borrowings. There have been no breaches of financial covenants relating to any loans and borrowings in the current or prior year. The Group manages its capital structure and makes adjustments to reflect changes in economic conditions and the requirements of its financial covenants. To maintain or adjust the capital structure, the Group may adjust the distribution payment to securityholders, return capital to securityholders or issue new securities.

The Group monitors capital using a gearing ratio, represented by net debt divided by total assets less cash and short term deposits and lease liabilities. The Group's target is to keep the gearing ratio between 25% and 40%. Net debt includes borrowings, less cash and short-term deposits.

	Notes	2021 $'000	2020 $'000
Interest bearing loans	9.5	761,343	681,063
Less: cash and short term deposits	9.1	(95,910)	(90,352)
Net debt		665,433	590,711
Total assets		3,251,873	2,640,334
Less cash and short term deposits		(95,910)	(90,352)
Less lease liabilities	9.7	(110,700)	(170,593)
		3,045,263	2,379,389
Gearing ratio		22%	25%

Loan covenants

Financial covenants under the terms of the Group's borrowing agreement require the Group to ensure that the gearing ratio does not exceed 55% and the ratio of operating earnings adjusted for interest, tax, depreciation and finance amortisation costs equals or exceeds a multiple of two. The Group has complied with these covenants throughout the reporting period.

Dividends and distributions

Distributions have been made and declared as noted below.

	NSPT Group 2021 $'000	NSPT Group 2020 $'000
NSPT interim distribution of 4 cents per unit paid on 1 March 2021 (2020: 4.7 cents per unit)	40,708	37,039
NSPT final distribution of 4.2 cents per unit payable on 3 September 2021 (2020: 3.4 cents per unit)	49,689	34,467
	90,397	71,506

There are no proposed distributions not recognised as a liability for the year ended 30 June 2021. The Directors of NSH have not declared an interim or final dividend for the year ended 30 June 2021.

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Franking credit balance

	2021 $'000	2020 $'000
Franking credits available for subsequent financial years based on a tax rate of 30% (2020: 30%)	4,176	4,166

The above amounts are calculated from the balance of the NSH franking account at the end of the reporting period.

The NSPT Group does not have franking credits as distributions are paid from NSPT which is not liable to pay income tax provided all taxable income is distributed.

17. RELATED PARTY TRANSACTIONS

The following tables provide the total amount of transactions that have been entered into with related parties for the relevant financial years.

Transactions with Related Parties		Revenue from related parties $	Purchases from related parties $	Amount owed by related parties $	Amount owed to related parties $
Australia Prime Storage Fund	2021	-	-	-	-
	2020	490,195	-	-	-
Bundall Commercial Trust	2021	224,394	-	2,458,421	-
	2020	891,365	-	2,288,726	-
Bundall Storage Trust	2021	200,675	-	3,078,992	-
	2020	510,121	-	4,131,488	-
Bundall Storage Operations Pty Ltd	2021	29,373	-	29,323	-
	2020	-	-	-	50
Spacer Marketplaces Pty Ltd	2021	-	107,511	-	-
	2020	-	78,459	-	-
The TBF & NS Trust	2021	831,735	-	3,529,934	-
	2020	1,027,993	-	1,027,993	-

Terms and conditions of transactions with related parties

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions.

As at 30 June 2021, the Group had receivables outstanding of $1,775,000 (30 June 2020: $1,775,000) with the Bundall Commercial Trust and $2,850,000 (30 June 2020: $2,700,000) with the Bundall Storage Trust, and $1,675,000 (30 June 2020: $nil) with the TBF & NS Trust relating to amounts drawn down under facility agreements between the entities. These are included in the table above.

The facility agreements have terms ranging from 1 to 5 years, and are interest bearing on commercial rates. The receivables with the Bundall Storage Trust and TBF & NS Trust have been classed as current receivables in the statement of financial position as these receivables are expected to be repaid within 12 months of 30 June 2021. The receivable with the Bundall Commercial Trust have been classed as a non-current receivable in the statement of financial position as this receivable is not expected to be repaid within 12 months of 30 June 2021. All other outstanding balances are unsecured and interest free.

The remaining amounts owed by these entities relate to contractual management fees and accrued interest not paid at 30 June 2021 and 30 June 2020.

There have been no guarantees provided or received for any related party receivables or payables. For the years ended 30 June 2021 and 30 June 2020, the Group has not recorded any impairment of receivables relating to amounts owed by related parties.

Key management personnel compensation

	Consolidated Group 2021 $'000	2020 $'000
Short-term employee benefits	4,612	3,248
Post-employment benefits	112	134
Long-term benefits	1,057	522
Termination benefits	-	329
	5,781	4,233

The amounts disclosed in the table are the amounts recognised as an expense during the reporting period relating to key management personnel. Detailed remuneration disclosures are provided in the Remuneration Report which is included in the Directors' Report.

18. COMMITMENTS AND CONTINGENCIES

Capital commitments

As at 30 June 2021, the Group held commitments to purchase four freehold investment properties and three development sites for $53.7m (30 June 2020: three freehold investment properties for $39m).

As at 30 June 2021, the Group has contractual commitments in place for the construction of self-storage centres of NZD $32.5m (AUD $30.3m) in New Zealand (see note 10.3), (30 June 2020: $10.6m in Australia and NZD $1.7m (AUD $1.6m) in New Zealand).

As at 30 June 2021, the Group held a commitment with a third party, to supply and install solar panels on a number of NSR storage centres for $0.5m (30 June 2020: $1.1m). The Group also held commitments associated with the development of intangible assets for $0.7m.

There is no other capital expenditure contracted for at the end of the reporting period but not recognised as a liability. There are no other contingent assets or liabilities for the Group.

Lease liability commitments

For details of lease liability commitments see note 9.7.

Guarantees and contingent liabilities

The Group's parent entity has provided bank guarantees of $8.6m (2020: $8.7m). These are provided to third party lessors and other related entities.

The Group did not have any contingent liabilities as at 30 June 2021 or 30 June 2020.

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19. EARNINGS PER STAPLED SECURITY ("EPS")

Basic earnings per stapled security is calculated as net profit attributable to stapled security holders, adjusted to exclude costs of servicing equity (other than distributions) divided by the weighted average number of stapled securities on issue during the period under review.

Diluted earnings per stapled security adjust the figures used in the determination of basic earnings per share to take into account:

- The after tax effect of interest and other financing costs associated with dilutive potential stapled securities; and
- The weighted average number of additional stapled securities that would have been outstanding assuming the conversion of all dilutive potential stapled securities.

	2021	2020 Restated
Weighted average number of securities on issue during the year	1,020,912,858	815,973,324
Adjustment under AASB 133 to reflect discount to market price on issue of new capital	4,417,359	18,867,209
Weighted average number of securities used to calculate basic and diluted earnings per stapled securities	1,025,330,217	834,840,533
Reconciliation of earnings used in calculating earnings per stapled securities		
Net profit attributable to members ($'000)	309,708	121,779
Basic and diluted earnings per stapled securities (cents)	30.21	14.59

As required by AASB *133 Earnings per share,* for capital raises during the year ended 30 June 2021, the weighted average number of securities on issue used to calculate statutory basic and diluted earnings per stapled securities has been adjusted to reflect the difference between the issue price and the fair value of securities prior to issue. No actual securities were issued relating to this adjustment.

The weighted average number of stapled securities for the year ended 30 June 2020 used to calculate basic and diluted earnings per stapled securities has also been restated on this basis.

20. AUDITORS' REMUNERATION

The auditor of the Group is Ernst & Young Australia.

	2021 $	2020 $
Amounts received or due and receivable by Ernst & Young Australia for:		
Category 1 – Fees for auditing the statutory financial report of the group and any other group entity	602,100	587,802
Category 2 – Fees for assurance services that are required by legislation to be provided by the auditor	-	-
Category 3 - Fees for other assurance services under other legislation or contractual arrangements where there is discretion on service provider	27,900	27,400
Category 4- Fees for other services	49,315	75,815
Total auditors' remuneration	679,315	691,017

21. INFORMATION RELATING TO THE PARENT ENTITY

Summary financial information

The individual financial statements for NSH, the parent entity, show the following aggregate amounts:

	2021 $'000	2020 $'000
Current assets	142,356	104,527
Total assets	160,583	118,384
Current liabilities	(28,526)	(7,669)
Total liabilities	(29,776)	(8,919)
Net assets	130,807	109,465
Issued capital	159,567	131,421
Retained earnings	(28,760)	(21,956)
	130,807	109,465
Loss after tax	(6,803)	(1,642)
Total comprehensive income / (loss)	(6,803)	(1,642)

Guarantees entered into by the parent entity

The Group's parent entity has provided bank guarantees of $8.6m (2020: $8.7m). These are provided to third party lessors and other related entities. In addition, there are cross guarantees given by National Storage Holdings Limited, National Storage (Operations) Pty Ltd, Southern Cross Storage Operations Pty Ltd, and National Storage Pty Ltd as described in note 22. No deficiencies of assets exist in any of these companies.

Contingent liabilities of the parent entity

The parent entity of Group did not have any contingent liabilities as at 30 June 2021 or 30 June 2020.

22. DEED OF CROSS GUARANTEE

As at 30 June 2021 and 30 June 2020, National Storage Holdings Limited, National Storage (Operations) Pty Ltd, Southern Cross Storage Operations Pty Ltd and National Storage Pty Ltd are parties to a deed of cross guarantee under which each company guarantees the debts of the others. By entering into the deed, the wholly-owned entities have been relieved from the requirement to prepare a financial report and Directors' report under ASIC Corporations (wholly-owned companies) instrument 2016/785 issued by the Australian Securities and Investments Commission.

Set out below is a consolidated statement of comprehensive income and statement of financial position of the entities that are parties to a deed of cross guarantee.

Consolidated statement of comprehensive income	2021 $'000	2020 $'000
Profit / (loss) before income tax	2,064	(12,098)
Income tax benefit	1,331	3,902
Profit / (loss) after tax	3,395	(8,196)
Retained earnings at the beginning of the year	3,548	10,944
Dividends received	1,000	800
Retained earnings at the end of the year	7,943	3,548

Consolidated statement of financial position	2021 $'000	2020 $'000
Current assets		
Cash and cash equivalents	72,038	12,915
Trade and other receivables	32,390	28,956
Inventories	1,050	769
Income tax receivable	-	331
Other current assets	4,605	9,812
Total current assets	110,083	52,783
Non-current assets		
Trade and other receivables	118	118
Property, plant and equipment	1,320	1,051
Right of use assets	5,616	6,540
Investment properties	1,012,901	954,353
Investments	5,932	5,932
Intangibles	30,582	30,356
Deferred tax asset	8,499	6,982
Other non-current assets	3,846	-
Total non-current assets	1,068,814	1,005,332
Total assets	1,178,897	1,058,115
Liabilities		
Current liabilities		
Trade and other payables	31,888	7,359
Lease liabilities	8,257	5,251
Deferred revenue	14,498	10,781
Income tax payable	197	-
Provisions	3,312	1,774
Total current liabilities	58,152	25,165
Non-current liabilities		
Borrowings	1,250	1,250
Lease liabilities	948,772	893,457
Provisions	3,213	3,274
Total non-current liabilities	953,235	897,981
Total liabilities	1,011,387	923,146
Net assets	167,510	134,969
Equity		
Contributed equity	159,567	131,421
Retained profits	7,943	3,548
Total equity	167,510	134,969

23. EVENTS AFTER REPORTING PERIOD

For the period from 1 July 2021 to the date of this report the Group settled two storage centre investment properties for a total cost of $21m, and one development site for NZD $3m (AUD $2.8m). An additional storage centre is under contract for NZD $10.1m (AUD $9.4m) and is due to settle in late August 2021.

DIRECTORS' DECLARATION

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

1. In the opinion of the Directors:

   (a) the financial statements and notes of the Group for the year ended 30 June 2021 are in accordance with the *Corporations Act 2001*, including:

      i. giving a true and fair view of the consolidated entity's financial position as at 30 June 2021 and of its performance for the year ended on that date; and

      ii. complying with Accounting Standards and the *Corporations Regulations 2001*;

   (b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in note 2(b); and

   (c) there are reasonable grounds to believe that NSR will be able to pay its debts as and when they become due and payable.

   (d) as at the date of this declaration, there are reasonable grounds to believe that the members of the Closed Group identified in Note 22 will be able to meet any obligations or liabilities to which they are or may become subject, by virtue of the Deed of Cross Guarantee.

2. This declaration has been made after receiving the declarations required to be made to the Directors by the Chief Executive Officer and Chief Financial Officer in accordance with section 295A of the *Corporations Act 2001* for the financial year ended 30 June 2021.

On behalf of the Board,

Laurence Brindle
Director
24 August 2021
Brisbane

Andrew Catsoulis
Managing Director
24 August 2021
Brisbane

Ernst & Young
111 Eagle Street
Brisbane QLD 4000 Australia
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Independent Auditor's Report to the Members of National Storage REIT

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of National Storage REIT (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the consolidated financial position of the Group as at 30 June 2021 and of its consolidated financial performance for the year ended on that date; and

b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

1. Investment property valuation

Why significant	How our audit addressed the key audit matter
Investment properties represent approximately 94% of the Group's total assets. These assets are carried at fair value, which is assessed by the directors with reference to either external independent property valuations or internal valuations and are based on market conditions existing at reporting date. This was considered a key audit matter due to the number of judgments required in determining fair value. These judgments include assessing the capitalisation rates, sustainable occupancy and stabilised average EBITDA (earnings before interest, tax, depreciation and amortisation). Disclosure relating to investment properties and the associated significant judgments are included in Notes 2(q), 3, 10.3, and 10.7 to the financial report.	Our audit procedures included the following: • With the involvement of our real estate valuation specialists, we assessed the suitability of the valuation methodologies, the competence, qualifications and objectivity of both the Group's internal valuers and external valuation experts, and the assumptions used in the valuations. These assumptions and inputs included capitalisation rates, occupancy rates including forecast occupancy levels, and stabilised average EBITDA; • Agreed source data used in the valuations to supporting tenancy schedules and accounting sub-ledgers; • Tested the mathematical accuracy of the internal valuation model, including assessing key valuation inputs with reference to those applied by the external valuation experts and where relevant we assessed the reasonableness of comparable transactions used in the valuation process; • Where relevant, we evaluated the movement in the capitalisation rates, occupancy rates, and stabilised average EBITDA across the portfolio based on our knowledge of the property portfolio, comparable acquisition transactions in the period, published industry reports and comparable external valuations; and • We considered the adequacy of disclosures in relation to the valuation methods and principles disclosed in Note 2(q) *Summary of significant accounting policies - Investment properties,* Note 3 *Significant accounting judgements, estimates and assumptions – Revaluation of investment properties*, Note 10.3 *Investment properties* and Note 10.7 *Non-financial assets fair value measurement*.

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2. Carrying value of goodwill

Why significant	How our audit addressed the key audit matter
The goodwill balance of $43.9 million, relates to the acquisition of portfolios of investment properties purchased in previous periods. The goodwill is tested for impairment annually. Impairment testing involves the application of subjective judgment about future business performance and the application of valuation methodologies in accordance with Australian Accounting Standards. Accordingly, this was considered a key audit matter. Disclosure relating to goodwill and the associated significant judgments are included in Notes 2(h), 2(s), 3, 10.4 to the financial report.	Our audit procedures included the following: • We considered whether the impairment testing methodology applied by the Group, including the determination of cash generating units to which goodwill was allocated, met the requirements of Australian Accounting Standards; • We assessed the Group's appropriateness in respect of the determination of the CGU to which the goodwill is allocated; • We evaluated the suitability of the valuation methodology and validated the inputs to calculate the fair value less costs of disposal as disclosed in Note 10.4 *Intangible assets*; • We considered other sources of information, such as the value attributable to the synergistic benefits from managing the investment properties as a portfolio, as a cross-check of the recoverable amount of goodwill; and • We considered the adequacy of the disclosures in Note 2(h) *Summary of significant accounting policies – Business combinations and goodwill,* Note 2(s) *Summary of significant accounting policies – Impairment of assets,* Note 3 *Significant accounting judgements, estimates and assumptions – Impairment of non-financial assets – goodwill* and Note 10.4 *Intangible assets* of the financial report.

Information Other than the Financial Report and Auditor's Report

The directors are responsible for the other information. The other information comprises the information included in the National Storage REIT 2021 Annual Report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 42 to 53 of the directors' report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of National Storage REIT for the year ended 30 June 2021, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Ernst & Young

Ernst & Young

Ric Roach
Partner
Brisbane
24 August 2021

ASX ADDITIONAL INFORMATION

Additional information required by the Australian Securities Exchange and not shown elsewhere in this report is as follows. The information is current as at 30 July 2021 unless stated below:

(a) Distribution of equity securities

Analysis of numbers of ordinary fully paid stapled security holders by size of holding:

Holding			Total holders
1	-	1,000	1,168
1,001	-	5,000	1,853
5,001	-	10,000	1,497
10,001	-	100,000	2,983
100,001	-	And over	178
Total			7,679

There were 330 holders of less than a marketable parcel of stapled securities, representing 7,046 units.

(b) Equity security holders

Twenty largest quoted equity security holders

The names of the twenty largest holders of quoted equity securities as at 14 July 2021 are listed below:

Name	Stapled Securities Number held	Stapled Securities % of issued securities
HSBC Custody Nominees (Australia) Limited	470,383,370	39.76
J P Morgan Nominees Australia Limited	182,712,139	15.44
Perpetual Trustee Company Ltd	117,118,805	9.90
Citicorp Nominees Pty Limited	111,641,274	9.44
BNP Paribas Nominees Pty Ltd	54,838,439	4.64
National Nominees Limited	29,882,795	2.53
HSBC Custody Nominees (Australia) Limited – A/C 2	14,452,779	1.22
Morgan Stanley Australia Securities (Nominee) Pty Ltd	7,124,630	0.60
Neweconomy Com Au Nominees Pty Limited	6,895,928	0.58
Australian Executor Trustees Limited	5,711,473	0.48
HSBC Custody Nominees (Australia) Limited – GSCO ECA	5,043,750	0.43
BNP Paribas Noms Pty Ltd - Six Sis Ltd	5,040,974	0.43
Hooks Enterprises Pty Ltd	3,590,000	0.30
BNP Paribas Nominees Pty Ltd Acf Clearstream	2,972,013	0.25
Alex Queensland Pty Ltd (Catsoulis Development A/C)	2,932,388	0.25
Leyshon Investments (Australia) Pty Ltd	2,240,000	0.19
One Managed Investment Funds Ltd.	2,168,833	0.18
BNP Paribas Nominees (NZ) Limited - A/C NZCSD	2,110,892	0.18
Leendert & Aaltje Hoeksema	2,020,000	0.17
Stow Away Self Storage Pty. Ltd	1,811,224	0.15
	1,030,691,706	87.12

Unquoted equity securities

There are no unquoted securities.

(c) Substantial shareholders

Substantial securityholders, as at 14 July 2021, are set out below:

Name	Number held	Percentage
Abacus Storage Funds Management Limited	117,118,805	9.9%
Vanguard Investments Australia Ltd	75,268,523	6.4%

(d) Voting rights

The voting rights attached to the ordinary fully paid stapled securities is one vote per stapled security.

INVESTOR RELATIONS

National Storage REIT is listed on the Australian Securities Exchange under the code NSR.

NATIONAL STORAGE REIT SECURITIES

A stapled security comprises:

- one share in National Storage Holdings Limited; and
- one unit in the National Storage Property Trust, stapled and traded together as one stapled security.

CONTACT DETAILS

All changes of name, address, TFN, payment instructions and document requests should be directed to the registry.

SECURITIES REGISTRY

Computershare Investor Services Pty Limited
GPO Box 2975 Melbourne VIC 3001 Australia
Telephone: 1300 850 505 (Australia only)
International: +61 (0)3 9415 4000
Email using the online form:
computershare.com/Investor/#Contact/Enquiry

ELECTRONIC INFORMATION

By becoming an electronic investor and registering your email address, you can receive via email notifications and announcements, distribution statements, taxation statements and annual reports.

SECURE ACCESS TO YOUR SECURITYHOLDING

You will need to have your securityholder reference number or holder identification number (SRN/HIN) available to access your holding details.

ONLINE

You can access your securityholding information via link in the Investor Centre section of the corporate website, nationalstorageinvest.com.au, or via the Investor Centre link on registry website at computershare.com.au. To view your securityholding, you will need your SRN/HIN and will be asked to verify your registered postcode (inside Australia) or your country of residence (outside Australia).

PHONE

You can confirm your holding balance, request forms and access distribution and trading information by phoning: 1300 850 505 (Australia only) or calling International: +61 (0)3 9415 4000 (outside Australia).

DISTRIBUTION DETAILS

Distributions are expected to be paid within 8 to 10 weeks following the end of each semi annual distribution period, which occur in June and December each year. To ensure timely receipt of your distributions, please consider the following:

Direct Credit

NSR encourages securityholders to receive distribution payments by direct credit. If you wish to register for direct credit or update your payment details, log in to your holding online or telephone the registry on 1300 850 505 for assistance.

Tax File Number (TFN)

You are not required by law to provide your TFN, Australian Business Number (ABN) or exemption status. However, if you do not provide your TFN, ABN or exemption, withholding tax at the highest marginal rate for Australian resident members may be deducted from distributions paid to you. If you wish to update your TFN, ABN or exemption status, log in to your holding online or telephone the registry on 1300 850 505 for assistance.

UNPRESENTED CHEQUES

If you believe you have unpresented cheques, please contact the registry and request a search to assist in recovering your funds. If you wish to register for direct credit or update your payment details, log in to your holding online or telephone the registry on 1300 850 505 for assistance.

ANNUAL TAXATION STATEMENT AND TAX GUIDE

The Annual Taxation Statement and Tax Guide are dispatched to securityholders in August each year. A copy of the Tax Guide is available at nationalstorageinvest.com.au.

INVESTOR FEEDBACK

If you have any fund specific queries or feedback please telephone NSR Investor Relations on 1800 683 290. Please direct any complaints in writing to NSR Company Secretary at GPO Box 3239, Brisbane QLD 4001, Australia or via the investor feedback form available at nationalstorageinvest.com.au/investor-feedback/.

NSR CALENDAR

AUGUST

Full Year Results and Annual Report released.

SEPTEMBER

Distribution paid for the six months ended 30 June.
Annual tax statements released.
Notice of Annual General Meeting released.

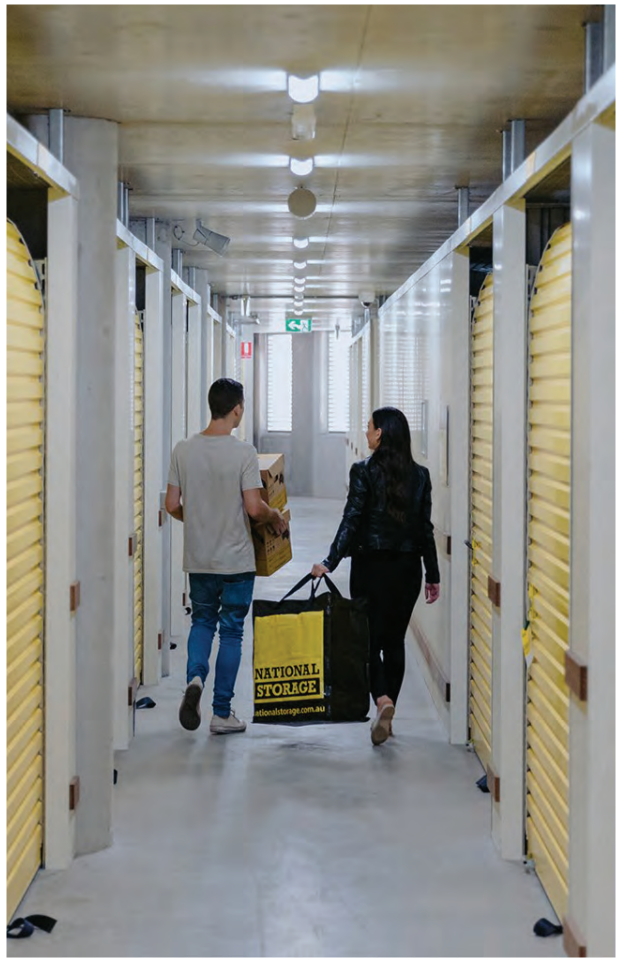
OCTOBER

Annual General Meeting.

FEBRUARY

Half Year Results released.
Distribution paid for six months ended 31 December.

The dates listed above are indicative only and subject to change.



CORPORATE DIRECTORY

RESPONSIBLE ENTITY OF NSPT

National Storage Financial Services Limited (NSFL)
ACN 600 787 246 AFSL 475 228
Level 16, 1 Eagle Street, Brisbane QLD 4000

DIRECTORS

Laurence Brindle
Anthony Keane
Howard Brenchley
Steven Leigh
Andrew Catsoulis
Claire Fidler

COMPANY SECRETARY

Claire Fidler

REGISTERED OFFICE

Level 16, 1 Eagle Street
Brisbane QLD 4000

PRINCIPAL PLACE OF BUSINESS

Level 16, 1 Eagle Street
Brisbane QLD 4000

SHARE REGISTRY

Computershare Investor Services Pty Limited
452 Johnston Street
Abbotsford VIC 3067
Stapled Securities are quoted on the Australian Securities Exchange (ASX)

AUDITORS

Ernst & Young
111 Eagle Street
Brisbane QLD 4000

National Storage Holdings Limited
ACN 166 572 845 ("NSH" or the "Company")
National Storage Property Trust
ARSN 101 227 712 ("NSPT")
together form the stapled entity
National Storage REIT ("NSR" or the "Consolidated Group")

NATIONAL STORAGE