

**SUSTAINABILITY
REPORT
2016/2017**



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MESSAGE FROM THE MANAGING DIRECTOR



National Storage has a long term commitment to environmental and social sustainability and good governance (ESG), demonstrated in the way that we operate our storage centres, engage our teams and manage our asset portfolios. We are pleased to formalise this ongoing commitment to sustainability in our first

standalone sustainability report, aligned to the Global Reporting Initiative Standards (GRI).

The overall vision and strategy for National Storage is to ensure we set realistic and achievable goals whilst ensuring rigorous and appropriate sustainability targets in the short, medium and long-term. These targets are designed to manage any potentially significant economic, environmental, and social impacts that National Storage causes, contributes to, or that may be directly linked to our service delivery, products or as a result of relationships with others, including our suppliers and communities.

Our strategic priorities in the short to medium term include a program to, where possible, achieve a meaningful reduction in our carbon footprint, improved recycling initiatives and greater staff engagement and diversity. This will be achieved through the introduction and adoption of a number of initiatives including our solar and energy efficiency program, phase one of which will seek to reduce our reliance on traditional energy consumption by up to 20% over the next 12 months, with targeted reductions of over 2000 tonnes of CO₂ per annum in our carbon footprint. Our recycling and box buy-back programs similarly seek to reduce waste and promote recycling of consumables by incentivising our customers to conserve and reuse (or make available for reuse) packaging materials.

From a diversity perspective as an LGBTI positive employer we are proud to support the Pride in Workplace Diversity Initiative. We are endeavouring to ensure that every National Storage workplace is an inclusive environment for all employees, regardless of race or ethnicity, gender, age, disability, religion, sexual orientation, gender identity and intersex status. A truly inclusive workplace fosters a diversity of views, greater creativity and ultimately allows our team to work in an environment where they feel safe, valued and able to be their true selves. This in turn provides

National Storage with the benefit of a fully engaged, highly motivated and united team. Staff engagement is key to the long term success of our business and this will in turn engender the highest possible degree of customer service and foster the ongoing improvement in our customers' experience across every aspect of our business - the key to a truly successful and long term viable business model. We are already well advanced in this regard having received the coveted Canstar Blue award for the most satisfied customers in self-storage in 2017. Our independent online reviews have recorded an average rating of 8.6/10 from our customers.

National Storage contributes to multiple community and charitable initiatives providing cash or in kind donations of over \$300,000 per annum together with ancillary support to assist in excess of 80 worthy organizations. Our senior executives provided over 200 hours of their own time last year in community service and are actively encourage their teams to do the same.

From a governance perspective we must also ensure that an appropriate system of checks and balances exists to promote good top-down and bottom-up governance at all levels of our organisation to protect our stakeholders including investors, business counterparts, our employees and our customers. By doing so we hope to achieve full alignment of interests both internally and externally.

National Storage is determined to positively participate in and contribute to an era increasingly focused on ESG. Our ESG initiatives must inform and have a positive impact on our corporate governance and performance factors, ensuring the most efficient deployment of our capital and providing a stable and growing return to investors while carefully positioning the organisation from a risk perspective with ESG factors in mind.

We are pleased with our FY17 ESG performance, particularly in the areas of employee engagement, diversity and community engagement, and will use this year's results as a benchmark for future performance. We look forward to continuing our work in this space, and progressing a number of ESG initiatives throughout FY18 and beyond. Follow our progress online at www.nationalstorageinvest.com.au

Yours sincerely

Andrew Catsoulis
Managing Director

ABOUT THIS REPORT

This report is National Storage REIT's first sustainability report and is aligned with the Global Reporting Initiative (GRI) Standards. The report provides an overview of our performance on material topics for the FY17 period (1st July 2016 to 30 June 2017). We will continue to report to the GRI Standards annually.

Comparative data is not available for this year. We intend to progressively build on data sets in the coming year that will reflect comparative data on our material topics and address gaps where data is not yet available. National Storage operations span Australia and New Zealand and in this report we include employee related data for both countries, and environmental data for Australian operations only.

This report has been prepared in accordance with the GRI Standards: Core option. External assurance was not conducted specifically for this report, however, all financial statements are audited by an external party.

In preparation for this report, the General Manager – Marketing and Corporate, and Executive Director and Company Secretary engaged in a session with GRI expert and Certified Training Partner ZOOiD, to identify and prioritise stakeholders, and to identify topics most material to National Storage. The GRI Reporting Principles were incorporated into the session as follows:

- A review of stakeholders and associated engagement throughout the reporting year was conducted, but not specifically for compilation of this report (GRI Principle 'Stakeholder Inclusiveness')
- Economic, social and environmental impacts of National Storage operations were identified and reviewed (GRI Principle 'Sustainability Context')
- Economic, social and environmental impacts were assessed and ranked in terms of risk to the organisation and stakeholders (GRI Principle 'Materiality')
- The GRI and other topics included in this report are those that have been identified as material to National Storage and its stakeholders in FY17 (GRI Principle 'Completeness') and are:

ECONOMIC	SOCIAL	ENVIRONMENTAL	GENERAL
Economic Performance	Employment	Materials	Data Management Systems
Anti-Corruption	Labour / Management Relations	Energy	Cyber Security
Anti-Competitive Behaviour	Occupational Health and Safety	Emissions	Governance/Shareholder Rights
Access to Markets	Training and Education	Effluents and Waste	Technology/Connectivity
Maintenance of Investments	Diversity and Equal Opportunity	Land Remediation	
	Non-Discrimination	Natural Hazards	
	Local Communities		
	Customer Health and Safety		
	Customer Privacy		
	Socio-economic Compliance		
	Ageing Population/Changing Demographics		
	Changes in Consumer Expectations		

Questions regarding this report should be directed to:
Makala Ffrench Castelli, General Manager - Marketing and Corporate at invest@nationalstorage.com.au



ABOUT NATIONAL STORAGE

National Storage is one of Australasia's largest self-storage providers, tailoring self-storage solutions to over 40,000 residential and commercial customers at more than 115 storage centres across Australia and New Zealand.

In addition to our self-storage solutions, National Storage is a Real Estate Investment Trust (REIT). We aim to provide our investors with a stable growing income stream from a diversified portfolio of high quality self-storage assets and to drive income and capital growth through active asset and portfolio management.

National Storage was established in December 2000, following the merger of Stowaway Self Storage, National Mini Storage and Premier Self Storage. While each company was a leader in its own right, the union consolidated over 30 years' experience in the industry and created a network of centres that delivered tailored storage solutions for residential and commercial customers.

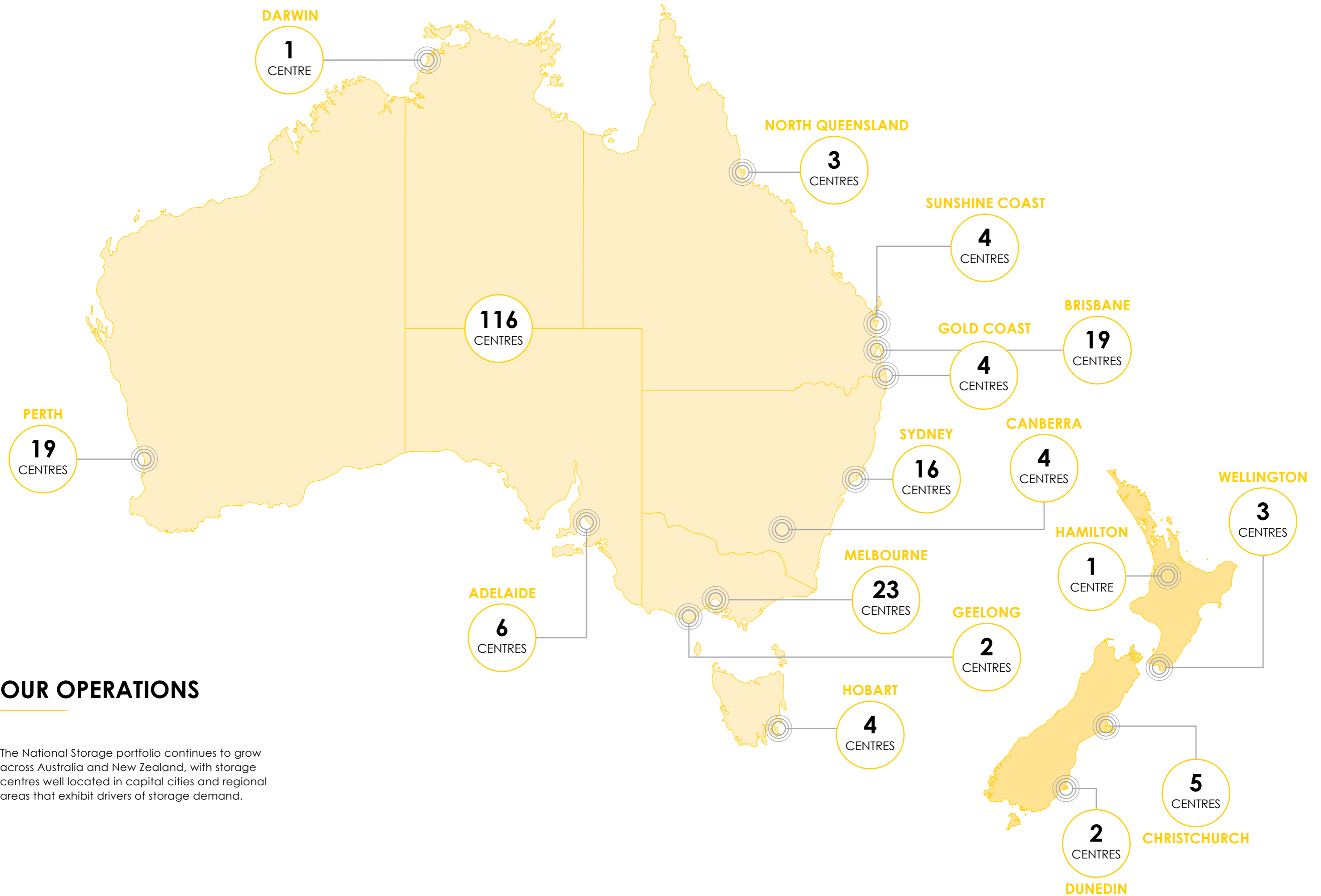
In December 2013, National Storage listed on the Australian Securities Exchange (ASX) forming National Storage REIT (NSR), the first publicly listed independent, internally managed and fully integrated owner and operator of self-storage centres in Australia.

Since listing, National Storage has acquired more than 50 storage centres, growing the National Storage brand into every state and territory in Australia. In 2015, National Storage entered the New Zealand market with five centres in Christchurch and has continued this growth into Hamilton, Wellington and Dunedin.

National Storage continues to pursue accretive acquisition opportunities across Australia and New Zealand as part of its active growth strategy.

Our headquarters are located in Brisbane, Australia.





OUR OPERATIONS

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



OUR SERVICES

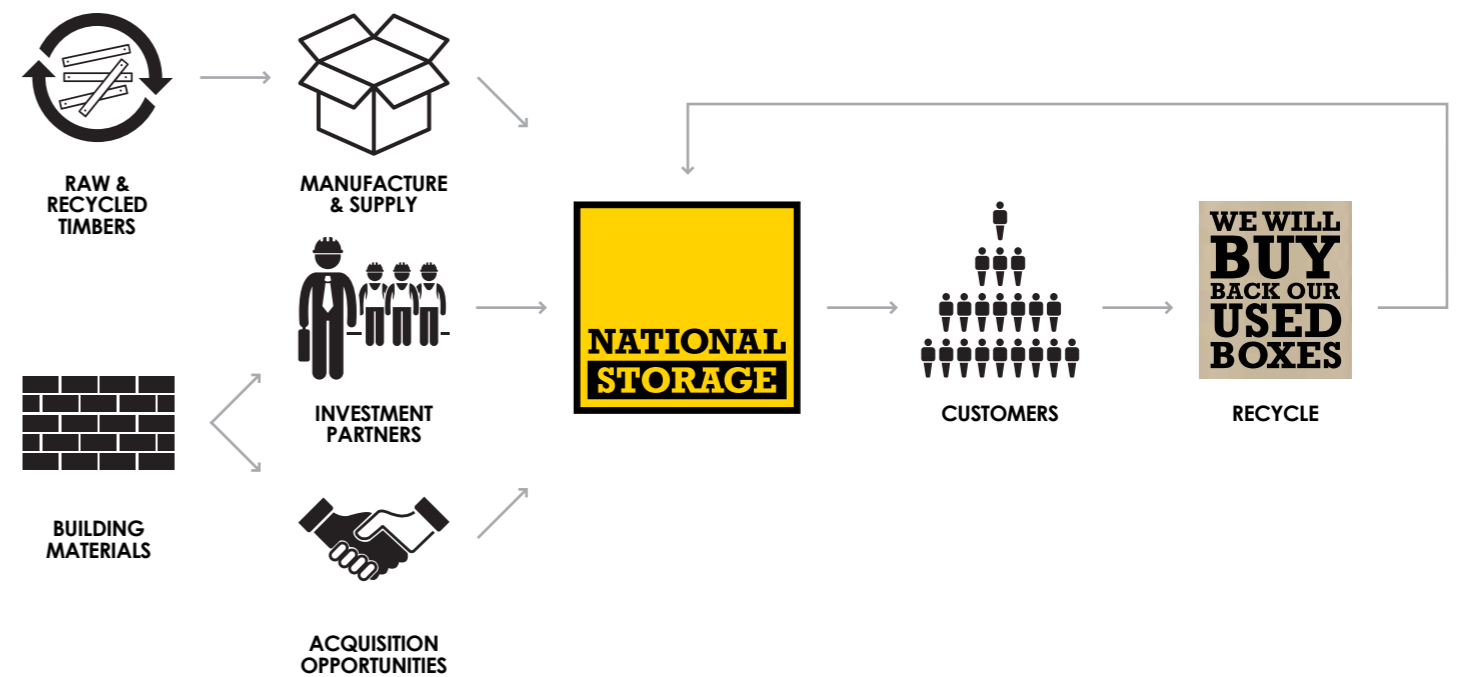
The National Storage offering spans self-storage, business storage, records management, climate controlled wine storage, vehicle storage, vehicle and trailer hire, packaging, insurance and other value added services. Wine Ark, part of the National Storage group, is Australia's largest wine storage provider. Wine Ark operates 16 centres across Australia, with over two million bottles of wine in the cellars, stored for clients located in over thirty countries.

OUR MEMBERSHIPS



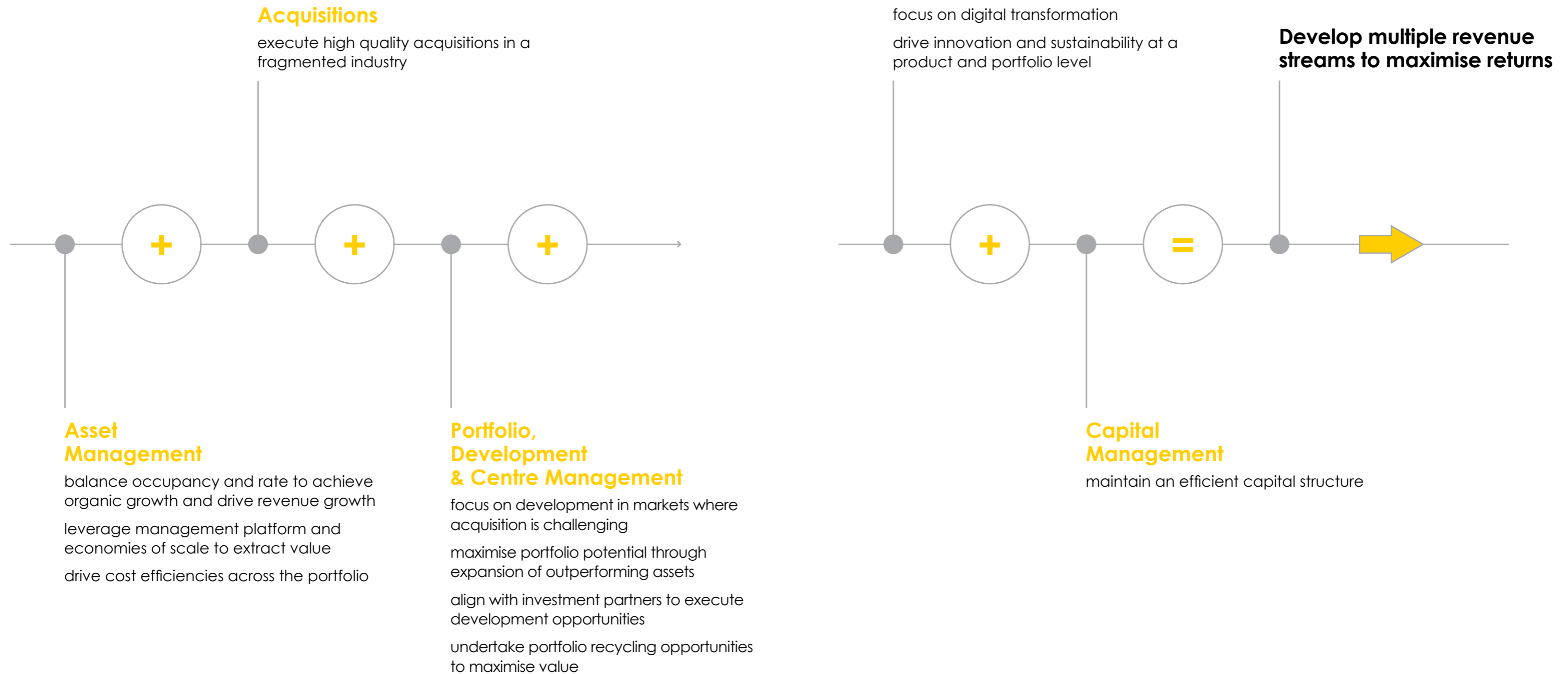
Advice, Awareness, Connect, Collaborate

OUR SUPPLY CHAIN



OUR STRATEGY

NSR's objective is to deliver investors a stable and growing income stream from a diversified portfolio of high quality self-storage assets and to drive income and capital growth through active asset and portfolio management.





SUSTAINABILITY AT NATIONAL STORAGE

The National Storage Sustainability Project (NSSP) was created to assess and evolve corporate social responsibility impacts and approaches into a comprehensive sustainability framework.

One of the first milestones for the NSSP was identifying, understanding and reviewing the GRI standards, assessing our performance against these standards and publishing this sustainability report. The outcomes of this process have enabled us to gain a more thorough understanding of our material issues and stakeholder groups and the way in which we manage and engage on these aspects. The development of baseline information of our material impacts will allow us to strengthen our sustainability performance and reporting over time.

The National Storage values will underpin the framework, with a strong emphasis on engagement and empowerment. The framework development will continue into FY18 with further detail to be provided online as the project progresses.

GOVERNANCE & ETHICS

National Storage is committed to operating with honesty and integrity in all of its dealings. Our code of conduct, endorsed by the Board, sets out the values, commitments, ethical standards and policies of the company and outlines the standards of conduct expected of our business and people. These important guides were developed many years ago, and are an intrinsic part of National Storage DNA. All policies are reviewed annually to ensure that our management approach to key functions of our business reflect robust and up to date expectations of how National Storage operates.

OUR COMPANY STRUCTURE

National Storage Holdings Limited (NSH) and National Storage Property Trust (NSPT) together form the stapled entity National Storage REIT. The Responsible Entity of NSPT is National Storage Financial Services Limited (NSFL).

MANAGING RISK

We are committed to maintaining an effective system of risk oversight and management and internal controls, and an appropriate risk management culture within the National Storage business. Our approach to effective risk management is underpinned by eleven principles, understanding that risk management:

1. Creates and protects value
2. Is an integral part of business
3. Is part of decision making
4. Explicitly addresses uncertainty
5. Is systematic, structured and timely
6. Is based on the best available information
7. Is tailored
8. Takes human and cultural factors into account
9. Is transparent and inclusive
10. Is dynamic, iterative and responsive to change
11. Facilitates continual improvement and enhancement of National Storage Group

Our risk management process is robust, and will continue to evolve to enhance our management of sustainability risks.



All governance related charters and policies are available at: <https://www.nationalstorageinvest.com.au/governance/>

BOARD OF DIRECTORS



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 twenty-one years with QIC he served in various senior positions including Head of Global Real Estate where he was responsible for a portfolio of \$9 billion. Laurence was also a long term member of QIC's Investment Strategy Committee. 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. 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, Viva Energy REIT.

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



ANTHONY KEANE

Independent Non-executive Director
BSc(Maths) GradDipCorpFin

Anthony is an experienced finance and business executive with over 30 years background in corporate, institutional, business and retail banking. Prior to accepting his directorship with National Storage, Anthony was most recently Head of Corporate Banking Queensland for National Australia Bank and was responsible for the bank's relationships with large privately owned and public listed companies across a broad range of industries including manufacturing, retail, wholesale, property, professional services, technology, leisure and tourism, transport, mining and associated services. Anthony has a Bachelor of Science (Mathematics) from University of Adelaide and a Graduate Diploma in Corporate Finance from Swinburne. He is a Fellow of the Financial Services Institute of Australasia, a Graduate of the Australian Institute of Company Directors and a member of the CEO Institute. He is a Director of Queensland Symphony Orchestra Pty Ltd.

Anthony acts as Chairman of the Audit and Risk Committee and is a member of the Nomination and Remuneration Committee.



HOWARD BRENCHLEY

Independent Non-executive Director
BEc

Howard has over 30 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 the 1990'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 is currently a non-executive director of the ASX-listed APN Property Group Limited (APD) and is also a non-executive director of APN Funds Management Limited, responsible entity for ASX-listed Industria REIT (IDR) and Convenience Retail REIT (CRR). Until July 2017, APN Funds Management Limited was also responsible entity for Generation Healthcare REIT (GHC).

Howard is a member of the Audit and Risk Committees.



STEVEN LEIGH

Independent Non-executive Director
Cert Practising Valuer Grad Dip Proj Mgmt

Steven Leigh joined QIC Global Real Estate in 1991 and was a key member of the senior executive team that acquired and/or 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 is responsible for the group's \$12bn plus property portfolio. Steven is a certified practising valuer and holds a Graduate Diploma in Project Management from the Queensland University of Technology. Steven is an associate member of the Australian Property Institute.

Steven is a member of the Remuneration and Nomination Committees



ANDREW CATSOULIS

Managing Director
BA, LLB, Grad Dip Project Mgmt (Hons)

Andrew is a qualified lawyer who has been admitted to the Supreme Court of Queensland and the 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.

A founder of the original National Storage business, he has over 20 years of specific self-storage industry expertise including in the areas of acquisition, development, integration and operation of 'greenfield' and developed self-storage centres. Andrew was instrumental in the successful acquisition and integration of the original portfolio and led the company through the IPO.



CLAIRE FIDLER

Executive Director and Company Secretary
LLB (Honours) BBus (Intl Bus)

Claire was appointed as the principal company secretary of National Storage on 26 November 2015 and was appointed Executive Director on 18 July 2017. She holds legal and international business qualifications and is admitted as a solicitor of the Supreme Court of Queensland.

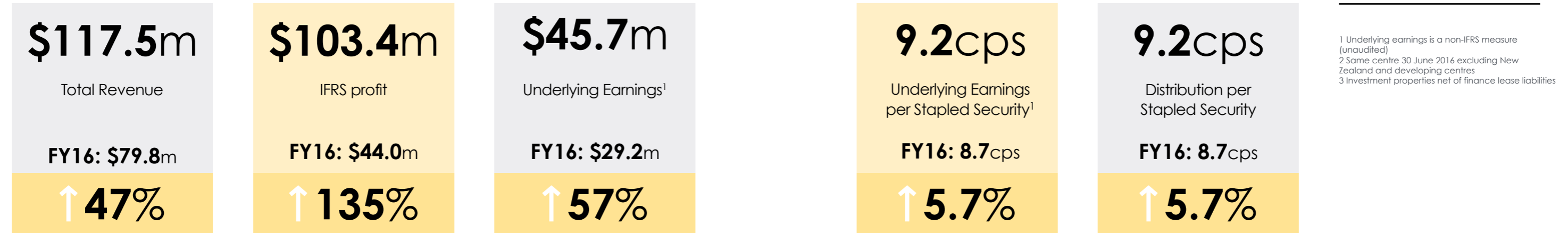
Claire has over ten years' experience in corporate and commercial law in private practice, having practiced in the litigation, resources and corporate areas of two large law firms. Prior to joining National Storage, Claire spent four and a half years as Corporate Counsel and Company Secretary at Rio 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 approximately 60 subsidiaries within the group and providing joint venture support.

Claire has also worked in corporate compliance with the Australian Securities and Investments Commission.

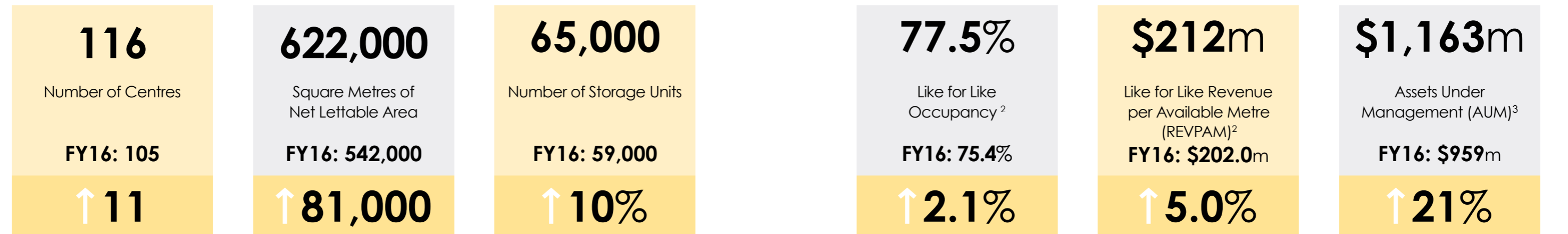


OUR ECONOMIC PERFORMANCE at 30 June 2017

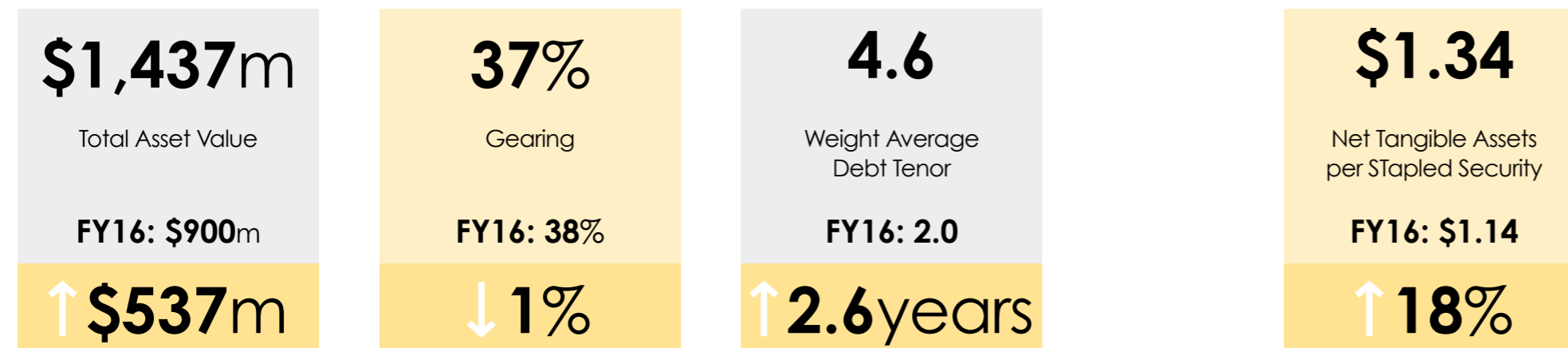
Financial Highlights



Operational Highlights



Capital Strength





OUR ECONOMIC PERFORMANCE

We commenced FY17 with two transformational transactions – announcing the acquisition of a 100% interest in the 26 centre Southern Cross Storage portfolio and a concurrent \$260 million capital raising. For the balance of FY17 we have focused on improving our operational fundamentals and transacting high quality acquisitions while continuing to evolve our business model to deliver synergies and scalability.

We have achieved a strong FY17 result with 5.7% growth in underlying earnings per stapled security to \$45.7 million, supported by revenue growth of 47% to \$117.5 million. Our organic revenue growth in FY17 has been underpinned by the delivery of combined improvement in our twin drivers of occupancy and rate per square metre, resulting in revenue per available metre (REVPAM) growth of 5.2% from \$202 to \$212. We have continued to successfully execute our acquisition strategy with a further \$138 million in acquisitions transacted across the year at an average weighted passing income yield of 7.2%, highlighting the long term accretive nature of our acquisitions. An additional \$100 million of assets are actively under consideration as we move into FY18 and we continue to execute our consolidation strategy in the highly fragmented Australian and New Zealand self-storage markets. Assets under management have grown by 21% to surpass \$1.1 billion, firmly cementing our position as the largest storage owner-operator in Australasia.

We continue to entrench our prudent approach to capital management, having entered into an institutional term loan securing \$100 million of long term debt funding. Under this loan arrangement, the lender acceded into NSR's existing club finance group providing two \$50 million tranches of debt with tenors of eight and ten years. This arrangement illustrates the continued evolution and maturation of our capital management strategy as we seek to broaden our funding sources, better manage refinance risk and balance funding costs with significantly extended tenor.

The National Storage business has reached a critical mass of centres. Looking further into the future we have a strong platform from which to continue to build the business and drive significant efficiencies of scale which will ultimately serve to provide long term value for shareholders.

National Storage considers its ability to acquire and integrate quality assets to be one of the key drivers of its growth strategy. During FY17, National Storage's dedicated acquisitions team continued to identify, facilitate and transact on acquisitions that were considered appropriate for the portfolio.

The successful execution of NSR's acquisition strategy has seen 11 new centres acquired and the freehold interest in three existing leasehold centres, valued at \$138 million.

CENTRE	STATE	DATE	NLA (Sqm)	STORAGE UNITS	PURCHASE PRICE
Butler ^{1,2}	Western Australia	August 2016	5,100	480	\$8.8m
Kurnell ¹	New South Wales	August 2016	12,400	750	\$17.5m
Moonah Central	Tasmania	September 2016	2,400	200	\$3.3m
Artarmon Central	New South Wales	December 2016	3,400	560	\$10.8m
Guilford, Rockingham, Subiaco ²	Western Australia	January 2017	-	-	\$30.0m
Kenepuru	Wellington (NZ)	January 2017	4,300	500	NZ \$9.8m
Brooklyn	Victoria	March 2017	5,300	350	\$9.0m
Gardens, Kaikorai	Dunedin (NZ)	March 2017	20,800	1,550	NZ \$14.0m
Jandakot ¹	Western Australia	May 2017	5,200	500	\$8.1m
Brendale, Lawnton, Rothwell	Queensland	June 2017	19,700	1,800	\$28.0m
Total (since 1 July 2016) - 12 Centres			78,600	6,690	\$138.0m

¹ - Developing Centres

² - Purchase of leasehold interest and renegotiation of lease terms in Subiaco

INVESTMENT PARTNERS

SOUTHERN CROSS PORTFOLIO

The Southern Cross Storage Group (Southern Cross) was an unlisted joint venture between National Storage and Heitman, a global real estate investment manager. The Southern Cross portfolio comprised 26 storage centres operated by National Storage, and in which NSR held a 10% interest.

In August 2016, NSR acquired the Southern Cross portfolio for a net consideration of \$285 million.

Importantly, this transaction secured the long term ownership of these strategically important assets and will provide NSR the opportunity to unlock further value as the centres continue to mature.

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 reinforces the National Storage brand as a prominent player in the Perth market.

Five sites in and around Perth have been identified as part of the arrangement, whereby Parsons Group constructs quality self-storage centres branded National Storage. The arrangement will see some centres acquired by NSR on completion and others managed by Parsons Group under the guidelines of the National Storage operating platform.

The partnership has delivered centres at Jandakot, Butler and Perth Airport. NSR acquired Jandakot and Butler during FY17, and Perth Airport is currently operating as a managed centre. NSR retains certain rights to purchase the assets under this arrangement

AUSTRALIAN PRIME STORAGE FUND

NSR is a cornerstone investor in the Australian Prime Storage Fund (APSF) with an equity interest of up to 25%. APSF was established to facilitate the development and ownership of premium self-storage centres in select major cities around Australia. APSF focuses its activity in inner city markets where there is demand for a premium storage product, developing new institutional grade assets with state-of-the-art facilities and freehold tenure.

The strategy underpins APSF's mandate to maximise absolute investment returns over the investment term.

NSR's involvement will serve to grow market share for the National Storage brand. NSR provides assistance and advice to the Fund on a range of matters including site identification, selection and acquisition, feasibility and input into design and development.

On completion of construction, assets will be integrated onto the National Storage operating platform and managed as part of the National Storage portfolio. NSR holds certain rights to purchase the assets upon termination of the Fund, or earlier sale.

National Storage Carrara and National Storage Albion opened successfully during FY17 and are performing in line with expectations.

National Storage Kelvin Grove is currently under construction and is scheduled to open in late 2017.

LEYSHON GROUP

In March 2017, NSR entered into arrangements with long term investment partner Leyshon Group to acquire a site on Bundall Road, Bundall on the Gold Coast.

Bundall is located approximately 2.5km west of Surfers Paradise, in close proximity to established drivers of storage demand including residential markets and substantial retail and commercial developments. The 6,900 sqm site currently comprises retail and warehouse components, and is located immediately adjacent to the former Masters Hardware store which is proposed for large format retail redevelopment.

It is anticipated the 2,400 sqm existing retail component of the site will be retained and enhanced, with the warehouse component redeveloped into a multi-level state-of-the-art storage centre comprising approximately 7,000sqm of net lettable area.

COMMUNICATING WITH OUR STAKEHOLDERS

Our key stakeholders have been identified and prioritised according to the level of sustainability impact we believe our operations have on their day to day activities, and, in turn, their sustainability impact on our day to day activities. These impacts span our identified material economic, social and environmental sustainability risks.

Our key stakeholder groups are:

- **Employees**
- **Customers**
- **Investors**
- **Suppliers**
- **Community**
- **Government and Regulators**

Further information on our stakeholder engagement activities is detailed in the Appendix.



OUR EMPLOYEES

We operate a highly decentralised business model with effective controls and frameworks to empower our workforce. We place a high degree of trust and authority in our centre teams and operations management to run each centre and region with support and oversight from Head Office.

National Storage is passionate about creating positive workplaces characterised by optimal organisational health, wellbeing and productivity of our employees. We pride ourselves on our family based philosophy involving our core values of teamwork, care and excellence and our policies and programs are designed to make employee working life inclusive, productive and rewarding.

Training, education and development programs upskill our teams and our employee benefits and health programs promote personal wellbeing and a work/life balance. We foster an open, supportive, diverse and inclusive culture and regularly monitor and evaluate our performance in this regard.

CORE VALUES

TEAMWORK

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

CARE

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

EXCELLENCE

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

EMPLOYEE PROGRAMS

The National Standard

We have developed 'The National Standard', a program to help employees reach their goals and make the most of their careers at National Storage. The National Standard values are:

- **RELATE:** represents our commitment to our core values of working as one team with care and excellence
- **REACH:** represents the tools and programs that will help us reach our goals and form part of our overall drive to make training and learning a priority for our team and business. These include our Marketing Information Technology, and Training program and Donald B Daniels Scholarship program
- **REWARD:** represents our commitment to recognising and rewarding achievement. We seek to recognise, celebrate and support our people. The National Storage Stripes for Service program is our way of recognising and celebrating years of service and experience across our team. Every six months, the National Standard Awards recognise outstanding achievement in the core value areas: Teamwork, Care and Excellence. The NS Champion is the 'People's Choice' award for ultimate peer recognition of outstanding performance.

Stripes for Service

0-2 years of service

1 Stripe

2-4 years of service

2 Stripes

4-6 years of service

3 Stripes

6-8 years of service

4 Stripes

8-10 years of service

5 Stripes

10+ years of service

5 Stripes + Gold Pin





EMPLOYEE ASSISTANCE PROGRAM

We understand that our people are exposed to a number of pressures, both internal and external to the business. Our Employee Assistance Program (EAP) provides preventative and proactive interventions for the early identification and/or resolution of both work and personal problems that may adversely affect performance and wellbeing.

The program provides confidential counselling on a number of personal pressures such as domestic violence, bullying, harassment and abuse, mental health, addictions, and work related pressures such as career transitions, managing heavy workloads, and down-sizing and redundancies.

EAP Provider CONVERGE services are always offered for an extended period post separation to assist in emotional and physical transition.

EXHALE

National Storage is all about encouraging our staff to live healthier and happier lives. To assist our staff in doing so, the company provides financial assistance to help full time and part time staff achieve their health goals. Under our Exhale program, staff are entitled to claim up to \$300 per calendar year towards maintaining a healthy lifestyle which can be used on gym memberships, weight management programs, health fund membership and Quit Smoking products.

NS PLUS

NS Plus is an online employee benefits program designed to support our team both personally and professionally. The program provides employees with savings of up to \$1,500 per year on groceries, fashion, homewares, travel, electronics and more.

WORKPLACE FLEXIBILITY

We try our best to accommodate flexible hours and job sharing to fit with day care and return to part-time roles, if operationally possible. Additional formal and informal arrangements in place for all employees are time-in-lieu; part-time work options; job sharing; carer's leave; purchased leave, and unpaid leave. Our Lunch Break policy aims to ensure that all National Storage employees take a designated rest break.

WORKPLACE HEALTH & SAFETY

The safety of our staff and our customers is paramount. Safe practices are inherent in our systems, our operating procedures, and most importantly in the way our team think and act. We demonstrate our shared commitment that personal behaviour is fundamental to the achievement of positive safety outcomes through our simple safety vision, "No Harm to Anyone, Anytime".

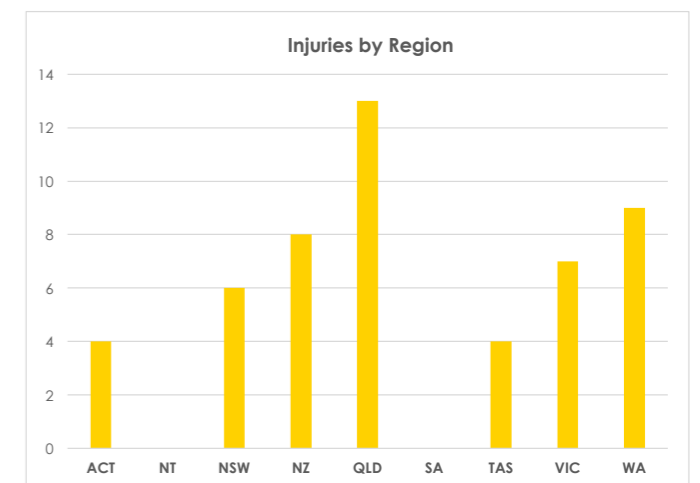
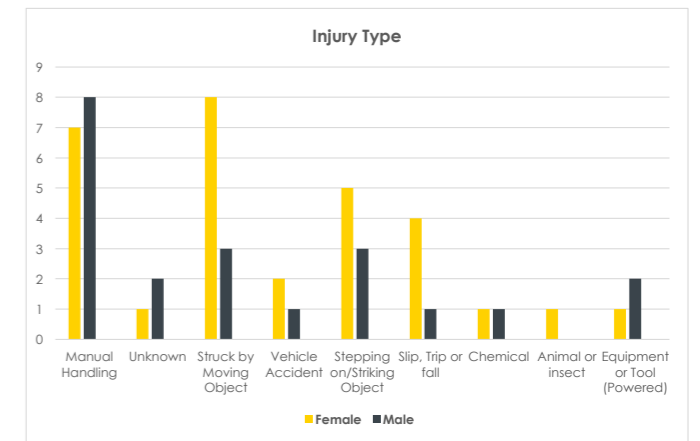
We are committed to providing a safe environment for our staff and customers, and regularly monitor, assess, evaluate and continuously improve our approach to workplace health and safety

Each state and region reports on their areas of WHS performance, contributing to ownership of our safety outcomes. This enables State groups to benchmark their groups' performance and work towards continuous improvement.

Workplace Health and Safety (WHS) organisational induction is provided to all new team members and contractors upon initial employment or engagement with National Storage. Regular periodic training is conducted with all team members, in addition to instances of changes to workplace or operations; plant or equipment; WHS legislation, policies, work processes or processes, and as required.

Task-specific training is conducted to provide knowledge of WHS issues and safe work practices relevant to work activities, workplaces or equipment. WHS specialist training is conducted to WHS specific roles. Training is hands on and interactive, to ensure complete understanding of procedures.

Records of training conducted and participation and acknowledgment of training by team members are filed with the Human Resources department.



*Total number of injuries is 51
 *Total lost time hours due to injury was 850 hours (563 hours female, and 287 hours male).
 *Lost time is calculated on hours, and includes any work hours lost immediately after incident occurs that are provided for on a doctors certificate.
 *LTIFR is 15.7. There were 10 lost time injuries of more than one full day or shift (8 hours)
 *Lost work days case rate is 3.145 with 11 recordable cases

WORKPLACE HEALTH & SAFETY JOB SAFETY ANALYSIS CARD

Throughout FY17 there was a strong focus on building additional resources to improve education around workplace health and safety at National Storage.

Take 5 Job Safety Analysis

1. Stop and look
2. Think through the task
3. Identify the hazard
4. Control and communicate
5. Keep doing the job safely

In addition to a range of training packages, the Job Safety Analysis Card was developed as a pocket-sized resource for centre staff to keep safety top-of-mind throughout the work day.

The concertina style card outlines the five key steps to undertake a job safely and contains a hierarchy of controls and risk matrix to help with analysing more complex tasks.

Since its introduction, the Job Safety Analysis Card has empowered staff to make their own decisions around safety and risk, resulting in the formation of positive safety habits and a culture of holding others accountable. This proactive approach to safety has enabled teams to share safety learnings and practice positive reinforcement for safe work habits.

DIVERSITY & NON-DISCRIMINATION

We are committed to creating and ensuring a diverse work environment in which everyone is treated fairly and with respect and where everyone feels responsible for the reputation and performance of the National Storage Group. Our commitment to this policy contributes to achieving the National Storage Group's corporate objectives and embeds the importance and value of diversity within the culture of our organisation.

We aim to develop and promote a workforce based on inclusion where individuals are respected, supported and provided with appropriate opportunities. We acknowledge the corporate benefits arising from a commitment to diversity.

National Storage has a strong commitment to gender diversity and the fundamental principle that gender is not a barrier to participation in our workforce, management, senior executive and on our Board. Our leaders are committed to providing opportunities that allow women to reach their full potential.

The National Storage Diversity Committee reports to the Board regarding succession plans and appointment processes with the aim of achieving our diversity objectives, in particular regarding the number of women in senior executive positions and on the Board. When we employ and promote people, we consider ability and not disability. We aim to create an inclusive environment that supports people and removes artificial barriers from the workplace. Training for all staff on sexual harassment and discrimination occurs at induction, and at least annually.

National Storage maintains a workplace that is free from discrimination. The management of Equal Employment Opportunity within National Storage is the responsibility of all employees.

Recruitment, selection and promotion of individuals into specific positions or for development opportunities are determined on personal/professional merit, and all employees are subjected to the same rules and conditions of employment without regard for any individual differences.

TRAINING INITIATIVES

15 conferences were held during FY17, each involving an element of WHS training. The face to face nature of a Conference forum gives us the ability to present/ workshop/ solution find and collaborate with the curriculum.

NS Learn, our online training platform, was launched in March 2017 and 'learning pathways' were created for staff, respective to position and core duties. A WHS refresher training schedule was also developed, with courses issued to relevant staff each month to complete, with more than 3200 individual learning modules completed.

We also introduced tailored training to learning styles including the introduction of online interactive assessment tools (Kahoot). A company-wide SAFETY ALERT was introduced, a process that ensures that all staff are made aware of a WHS issue that occurred at any site but may be relevant to their own (learning from each other) in a timely manner to prevent recurrence.

The total training hours for the reporting period was 13,583 hours. The average training hours per employee was 34 hours.

Key training for the period included:

- Workplace Health and Safety
- New Starter Training
- Certificate IV Leadership and Management
- Centre Manager Conference Training
- Senior Management Team Conference
- Area Manager Conference Training

DON B DANIELS SCHOLARSHIP AWARD

The Don B Daniels scholarship program is an annual program open to five outstanding National Storage team members to further their professional development.

Peter Greer and Andrew Catsoulis first met Don in 1998 at the Australian Self Storage conference and immediately developed a close bond which became the foundation of an enduring friendship. Don became a wonderful mentor and took them on a journey of discovery in the storage industry. His guidance was pivotal in helping to expand from a single centre to a portfolio of 20 centres over the next few years and to over 100 centres today.

His spirituality and love of life was infectious and touched the lives of all those whom he met. His attitude was summed up in the phrase "act in a way which is beneficial to all concerned" and this has always been a guiding light for our business. His legacy lives on in our approach to how our business has developed.

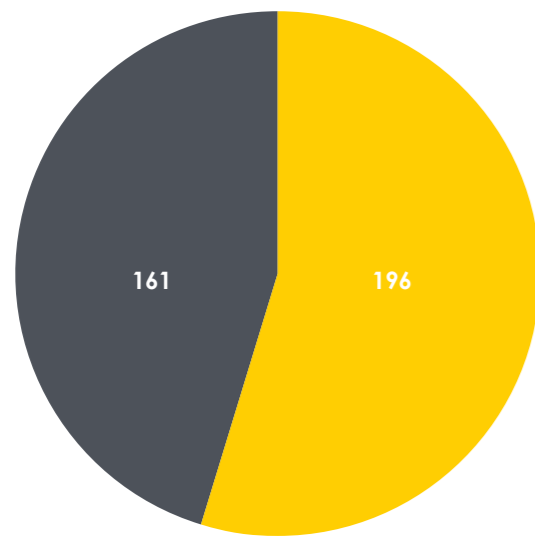
One of the inaugural recipients of the Don B Daniels Scholarship was well-respected QLD team member Ewan Croft, who has been with National Storage in between study commitments since 2011. Ewan was recognised for his commitment and holistic approach to his work at National Storage. His achievements include a 20% increase in occupancy at National Storage Currumbin and the successful development and management of the National Storage Gumtree platform.

As part of the Don B Daniels Scholarship, Ewan attended the Self-Storage Association of Australasia Conference in Melbourne and the Operations Management conference where he developed his own personal development plan, which included mentoring from the General Manager – People. Ewan's adaptability and motivation to understand all aspects of the National Storage business has afforded him a number of opportunities as he progressed from Storage Consultant to Centre Manager. Ewan is an asset to the National Storage team and is currently working through further study options which have been made available via the Don B Daniels Scholarship.

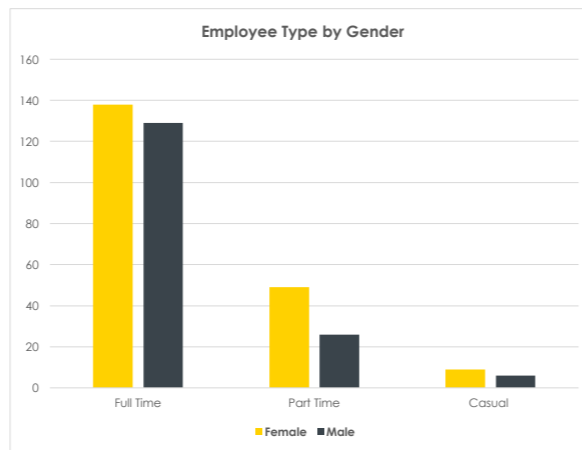
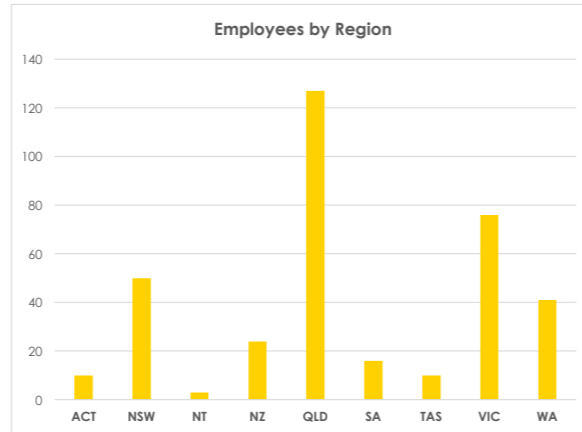


EMPLOYEE SNAPSHOT

357 employees

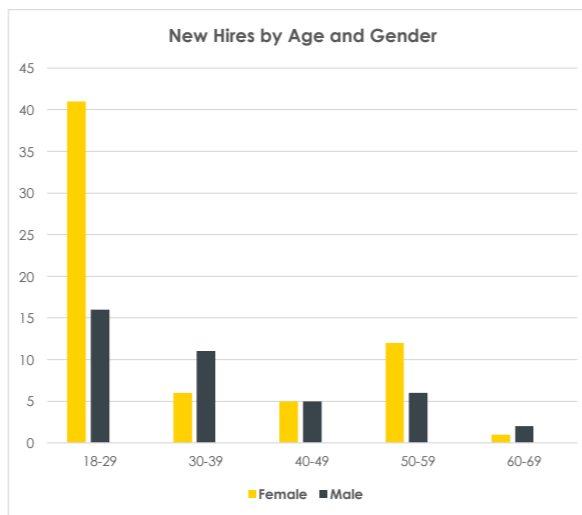


■ Males
■ Females



EMPLOYEE TURNOVER

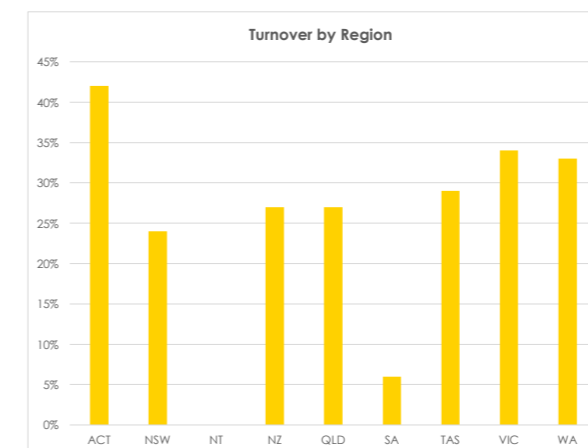
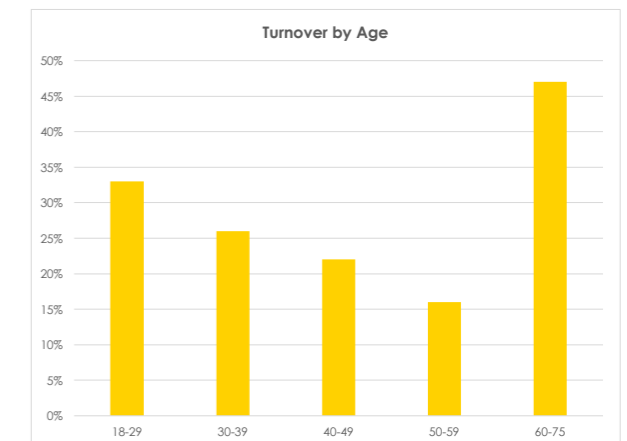
The acquisitive nature of the National Storage growth strategy means staff may be taken on for transition periods but may not continue on with us after this transition period ends, which impacts our staff turnover rate.



*The total number of new hires is 162

EMPLOYEES BY AGE & GENDER

	16-29		30-39		40-49		50-59		60-75	
	M	F	M	F	M	F	M	F	M	F
Management	0	0	2	4	5	2	3	0	0	0
Professional	1	3	5	0	1	1	0	1	0	0
Admin	0	5	0	0	0	0	0	1	0	0
Maintenance	0	0	1	0	4	0	1	0	1	0
Operational Staff	41	97	38	31	27	23	19	23	12	5
Total	42	105	46	35	37	26	23	25	13	5

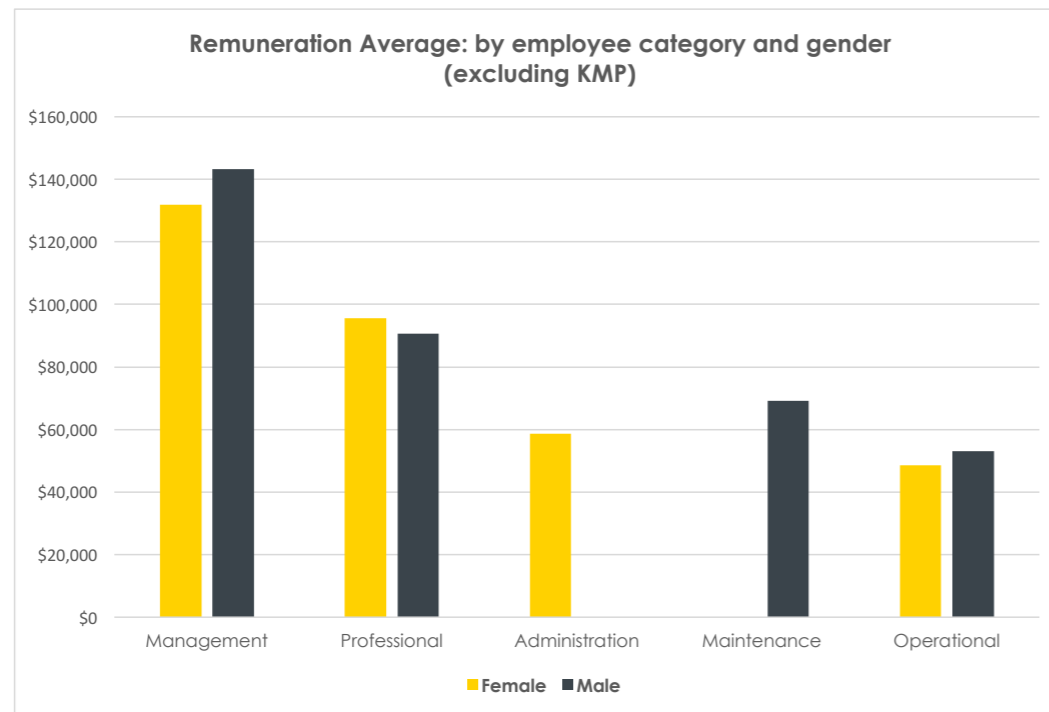


REMUNERATION

The average salary (annualised) company-wide by gender (excluding CEO and KMP) is \$58,900 for males and \$52,300 for females. We manage our workforce in line with the principles of equal employment opportunity as outlined on page 30.

KEY MANAGEMENT PERSONNEL

Further details on remuneration for our key management personnel and executive is detailed in the NSR Annual Report, available online at www.nationalstorageinvest.com.au.



OUR CUSTOMERS

Delivering excellent customer service is central to the National Storage ethos and a key competitive advantage. We are committed to understanding our customers' needs, providing tailored storage solutions and delivering on our brand promise. Our focus on customer engagement and insights informs our customer experience strategy which aims to deliver extraordinary experiences and in turn, drive retention and referrals.

Our policies, procedures and our focus on workplace health and safety is designed to protect the health, safety and privacy of our customers. We monitor and assess these programs which are updated regularly based on our learnings.

More than 70% of the National Storage customer base are residential customers whose storage needs range from short term due to moving house, renovating or simply needing more room, through to long term needs for collectibles or hobbies. Approximately 30% of the National Storage customer base are businesses, from online retailers or local businesses through to multi-national companies requiring a distribution network.

Our dedication to customer service saw Canstar Blue award National Storage "Most Satisfied Customers" in self-storage in 2017. National Storage received five stars across all categories, including overall satisfaction, value for money, customer service, safety and security and quality of storage. Customers continue to share their experiences with National Storage on independent review websites, which currently rank National Storage 8.6 out of 10.

OUR MARKET

There are four overarching demand drivers for self-storage – demographic, socioeconomic, housing markets and business markets. Changes in these drivers and market conditions influence the demand for self-storage and in turn our operating business.

Demographic drivers include:

- Marriage/Moving in together
- Divorce
- Birth/Growing families
- Death/Estate management

Socioeconomic drivers include:

- Urbanisation
- Ageing population
- Change of life events
- Long term travel
- Expat and Grey Nomad lifestyles

Housing market drivers include:

- Housing Construction Approvals
- Renovations
- Housing Sales Activity
- Rental Market Volumes

Business market drivers include:

- Growth in online retailing
- Optimising existing office/warehouse space
- On-premise storage costs
- Decentralisation of stock and point of sale distribution networks

OUR COMMUNITIES

At National Storage, we define community as our neighbours and those in the local catchment areas surrounding our storage centres. Our commitment to community is two-fold – operating sustainably and appropriately in our environment, and enriching and supporting our local communities.

We understand our operations may have an impact on local communities and we work closely with our neighbours (residential, commercial or industrial) to create a harmonious environment and positive local relationships. We also work with local councils, governments and regulators where necessary to ensure we comply with local laws and regulations and make a positive contribution to the areas in which we operate

Our corporate office and all (100%) centres have a budget to support and engage with their local community by way of in-kind support and sponsorship of local community clubs, sporting teams, schools, not-for-profit organisations and other community organisations.

LOCAL SPORTING PARTNERSHIPS

National Storage partners with a range of professional sporting teams across Australia and New Zealand as part of a strategy to drive high level brand and product awareness. The continuation of this strategy into local markets is through community engagement and involvement in local and grassroots sport in communities that surround our storage centres. These partnerships provide a valuable opportunity for the

National Storage team to play an active role in the local community, building relationships and awareness whilst providing essential support for local clubs.

Each National Storage centre has a local community engagement budget and a number of centres choose to utilise this budget to support player development and help build the profile of sport in the local area. FY207 saw a focus on women's football, with centres in Perth and Melbourne choosing to support local clubs with a growing base of female AFL teams.

The West Perth Football Club is based in Joondalup, Perth and is home to the Falcons with a 125 year history in Australian Football Rules and the WAFL League. National Storage was the first dedicated partner of the Falcons in the WA Women's Football League which fields three teams across youth and senior leagues.

"The National Storage sponsorship has been pivotal in allowing us to bring to reality a project we have been working on for a number of years. Without the National Storage partnership we would not have had the funding available to ensure we had equipment and jumpers for our female teams.

Having a well-recognised brand such as National Storage gave our teams great credibility amongst our peers and to prospective players, therefore gave us better recruitment opportunities"

Dave Burton
National Commercial Manager
West Perth Falcons



In Melbourne, a number of National Storage centres partner with the St Kevin's Old Boys Club (SKOB), a longstanding VAFA club with involvement at several levels of AFL. As a partner of SKOB, the support National Storage provides contributes to mental health support programs, mentoring and career guidance for the young men and women of the club. National Storage was a proud sponsor of the SKOB Saints women's teams in their inaugural 2016 season and is pleased to continue its support into FY18.

FRIENDS WITH DIGNITY

Friends with Dignity is a national not-for-profit organisation providing assistance to men, women and children who have been displaced by domestic violence. All donations go directly to supporting survivors of domestic violence to rebuild their lives and reclaim their dignity.

Much of their work sees dedicated volunteers create a Friends with Dignity Sanctuary using items donated by supporters — furniture, household and personal care items, gift cards and financial donations. Their primary goal is to create a welcoming home for survivors of domestic and family violence who have left behind their entire lives (and everything they own) when they leave refuge and are ready to rebuild their lives.

The work of Friends with Dignity can't be done without practical community business support. National Storage provides self-storage to house the many donated items Friends with Dignity receives and offers access and space for their volunteers to furnish homes or provide practical support items as the need arises.

RECONCILIATION ACTION PLAN

National Storage is committed to contributing to the community and to strengthening relationships with Aboriginal and Torres Strait Islander people and communities to ensure the same level of opportunity exists for them as for other Australians. Over the coming year, we plan to implement a governance framework to commence our journey towards reconciliation by way of a Reconciliation Action Plan (RAP). In doing so, we will build a case for future commitments we will make towards cultural learning and practising cultural protocols considering Aboriginal and Torres Strait Islander employment.

MATER INTERNATIONAL WOMEN'S DAY FUN RUN

Almost 16,000 Australian women are diagnosed with breast cancer each year, and funds raised from this event help fund tangible support to make an immediate impact in the lives of women with breast cancer today; as well as promising research which will benefit the women who walk through the Mater Hospital doors for breast cancer treatment into the future.

The RACQ Mater International Women's Day Fun Run is held each year in Brisbane as a fundraiser for the Mater Foundation and Mater Chicks in Pink, supporting women and helping to alleviate some of the huge emotional and financial burden that comes with a breast cancer diagnosis.

National Storage has been a proud partner of the Mater Foundation since 2014, providing a tailored storage solution for their corporate and shared services divisions. In 2017, National Storage was privileged to be part of this important fundraising event where more than 12,000 people raised over \$500,000.

The National Storage Baggage Tent stored thousands of bags during the event and the National Storage Cool Bananas marquee provided fuel in the form of bananas and cool water spritz bottles, seats to rest the weary and some vital sugars in the form of lolly bananas housed in mini boxes to help fundraisers make their way home!



OUR ENVIRONMENT

As an owner and operator of real estate assets, we understand the impacts of our built environment and the importance of addressing these in a sustainable manner. We are proactively exploring and, where feasible, implementing solutions designed to manage climate change risk, reduce our carbon emissions and overall impact on the environment.

A key driver of the establishment of the National Storage Sustainability Plan (NSSP) was the desire to improve the efficiency of our storage portfolio. Storage assets generally present low environmental impacts with minimal utility use given the nature of the business. National Storage remains committed to creating a sustainable future and minimising its environmental footprint.

In addition to a number of lighting efficiency projects underway, the broader sustainability review will identify opportunities for efficiencies in energy and water consumption across the portfolio. Any efficiency projects undertaken will be assessed on the basis of return on investment for both the environment and our investors.

The centres currently under construction through our Investment Partner Australian Prime Storage Fund feature a number of efficiency measures including solar energy, water recycling and advanced airflow technologies.

All National Storage centres play an active role in recycling, with every centre equipped with recycling bins or skips. The success of the National Storage box-buy-back program is reflected in 33,000 branded boxes re-sold and re-used during FY17.

National Storage is committed to building a sustainable supply chain. A number of key suppliers, including our major packaging provider, clearly demonstrate the same commitment and the NSSP will further explore this area in the coming year.

When undertaking design work for our storage centres, we recognise the importance of resolved and appropriate built asset design. Where possible we seek passive design solutions that aim to reduce heating, cooling, lighting and ventilation energy use. Our external design and material specifications aim to incorporate the benefits of thermal mass and reduce cooling energy use. We also utilise a range of technologies to minimise heat transfer (particularly in climate and/or humidity controlled storage).

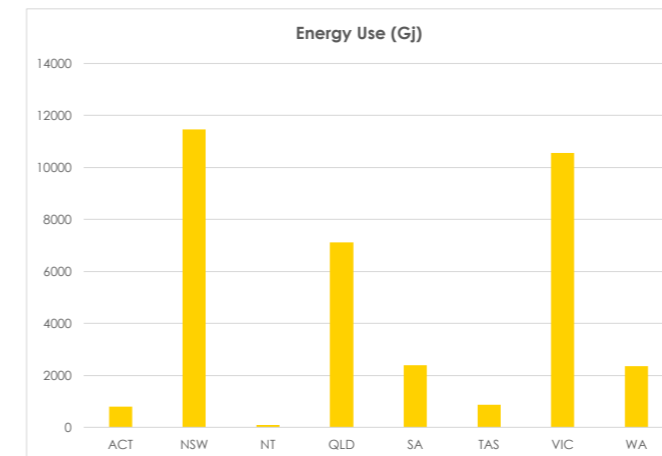
Where we are required to remediate land or contaminated sites, we seek expert advice and endeavour to conduct works in a sustainable manner.

Natural hazards including inclement weather may impact our operations and our real estate assets. Comprehensive business continuity and disaster recovery plans detail our management and operational approach in hazardous situations. Should rectification works be required, where required we seek expert advice and where possible we seek to conduct works in a sustainable manner.

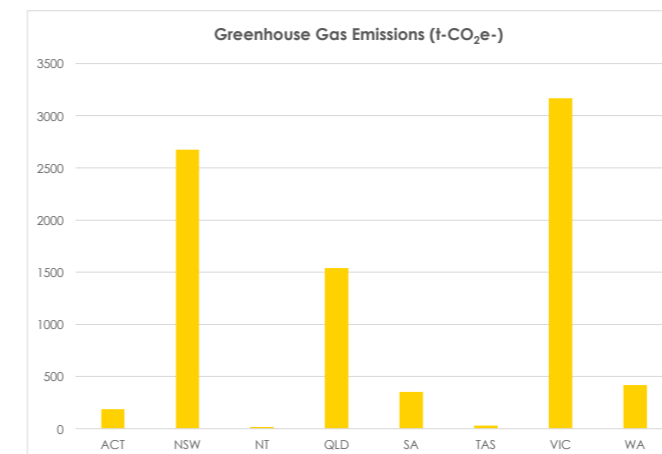
PACKAGING

Our key packaging supplier Visy's six recycled paper mills are all Forest Stewardship Council (FSC) and ISO 14001 certified and the company is a signatory to the Australian Packaging Covenant. All National Storage branded picture cartons, book cartons, inner cases, picture cases, porta-robes and tea-chests are made from 100% recycled fibre, and wine cartons and storage archives contain 49% recycled fibre.

All plastics packaging provided to National Storage by Visy contains 75% recycled content.



Note: Scope 2 emissions calculation methodology reflects National Greenhouse Accounts (NGA) Factors for Queensland. Australia only data is included.



*Notes: All data is estimated. FY17 is National Storage's base year of calculations as this is the first year of emissions data compilation. New Zealand data is not available, and will be available for the FY18 reporting year. All emissions data relates to purchased electricity and for storage facilities only under the control of National Storage.

WASTE

WASTE TYPE	WEIGHT (TONNES)	VOLUME (M3)	DISPOSAL METHOD
Comingle Container	3.46	38.5	4602.44 m3 of waste was diverted from landfill, and 7367.607 m3 was sent to landfill.
Confidential Paper	0.97	13.92	
General Waste Alternative Waste Technology	25.10	369.9	
General Waste Dry	490.92	7088.1	
General Waste Wet	6.48	54	
Green Waste	1.86	48	
Paper and Cardboard	206.57	4132.12	
Sanitary Waste	27.07	225.6	
TOTAL	762.43	11970.14	

Notes: Data provided by waste contractor, and includes Australia only, excluding Head Office. A more detailed breakdown of waste diversion will be provided in FY18 as we streamline our reporting processes.

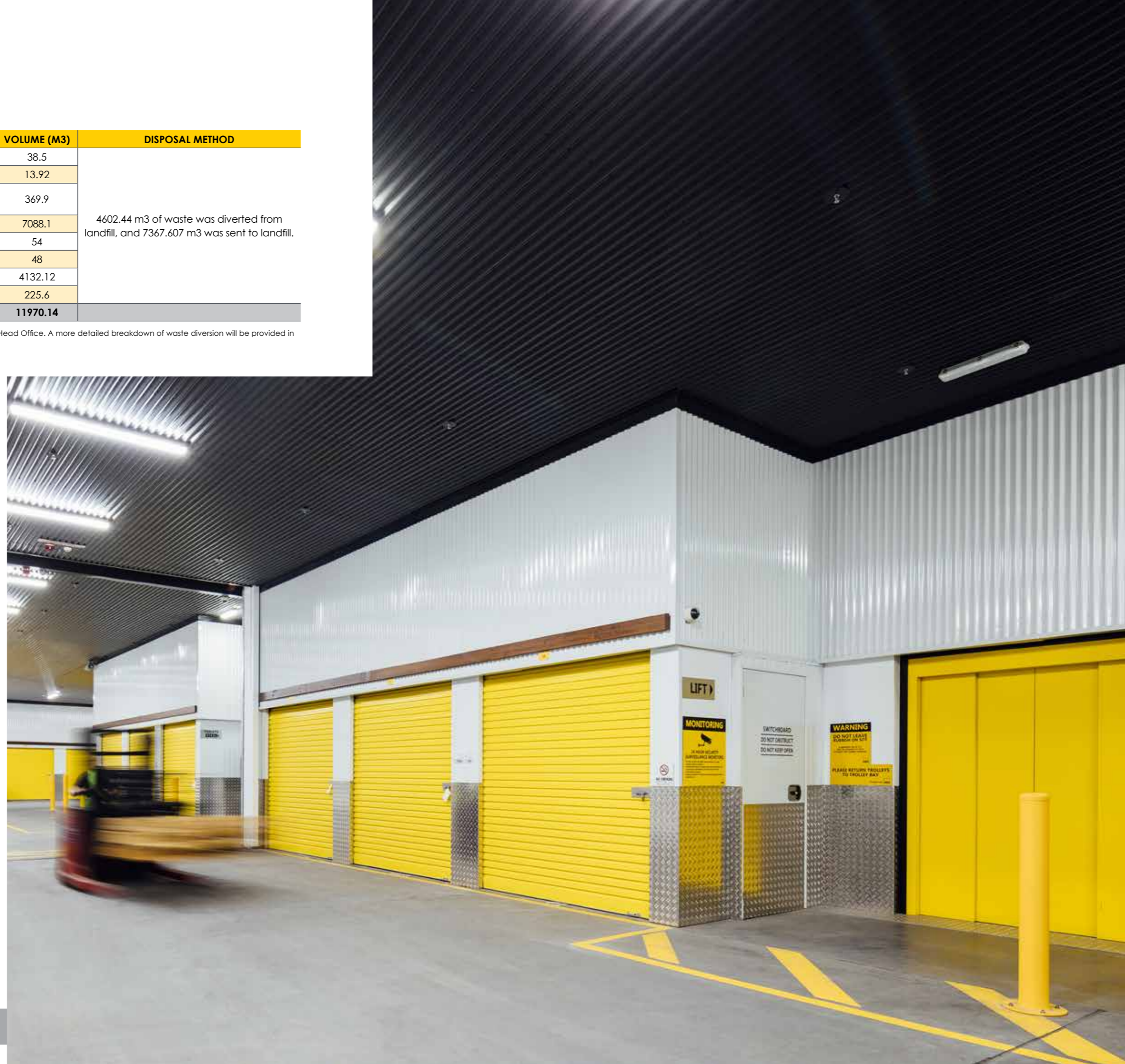
ACHIEVING LONG TERM ENERGY SAVINGS THROUGH SOLAR

National Storage has completed an economic and feasibility study into the potential for installation of a solar photovoltaic network across the portfolio to achieve long term energy savings across the portfolio. The three step approach involved formulating a plan to control energy costs, devising a cost-effective, integrated energy efficiency program and optimising energy procurement with the objective of delivering long term energy savings and emissions reduction.

The study sought to maximise renewable energy in our energy mix and took into account the scale and impact of future electricity costs, the financial and technical feasibility of solar, expense savings potential and investment return and capital expenditure.

The resulting comprehensive energy efficiency program is designed to deliver long term benefits both environmentally and from a cost saving perspective. Phase One of the program is expected to save 3,200 MWh with a reduction in t-CO₂-e of 2,600, with a year one saving in excess of \$600,000 in electricity expenditure in FY19.

Phase One Solar PV Program	2 MW +
Number of Centres	50 +
Electricity Savings (FY19)	3,200 MWh +
Emissions Reduced	2,600 + t-CO ₂ -e
Estimated Investment	< \$4 million
Forecast IRR	> 20%



GRI CONTENT INDEX

GRI STANDARD	DISCLOSURE	PAGE/REFERENCE OR MORE INFORMATION	OMISSION EXPLANATION
GRI 101: Foundation 2016			
General Disclosures			
	Organisational Profile		
	102-1: Name of the organisation	p.4	
	102-2: Activities, brands, products and services	p.10	
	102-3: Location of headquarters	p.6	
	102-4: Location of operations	pp.8, 9	
	102-5: Ownership and legal form	p.15	
	102-6: Markets served	p.35	
	102-7: Scale of the organisation	pp.6, 8, 9, 20, 21, 32 Employee data has been compiled from National Storage Human Resource systems.	
	102-8: Information on employees and other workers	pp.6, 8, 9, 20, 21, 32 There was not a significant portion of activities performance by non-National Storage employees.	
	102-9: Supply chain	pp.11, 38	
	102-10: Significant changes to the organisation and its supply chain	p.23	
	102-11: Precautionary Principle or approach	National Storage does not currently apply the Precautionary Principle and will review this approach in FY18.	
	102-12: External initiatives	p.3	
	102-13: Membership of associations	p.11	
	Strategy		
	102-14: Statement from senior decision-maker	p.13	
	Ethics & Integrity		
	102-16: Values, principles, standards, and norms of behaviour	pp.15, 26 Training on our values, principles, standards, and norms of behaviour occurs on induction. They are reinforced formally every six months through the National Standard, but not signed regularly. Available in English only.	
	Governance		
	102-18: Governance Structure	pp.15, 18	
	Stakeholder Engagement		
	102-40: List of stakeholder groups	p.25	
	102-41: Collective bargaining agreements	No National Storage staff are employed under collective bargaining agreements.	
	102-42: Identifying and selecting stakeholders	p.25	
	102-43: Approach to stakeholder engagement	p.46	
	102-44: Key topics and concerns raised	p.46	
GRI 102: General Disclosures			

GRI STANDARD	DISCLOSURE	PAGE/REFERENCE OR MORE INFORMATION	OMISSION EXPLANATION
GRI 101: Foundation 2016			
General Disclosures			
	Reporting Practice		
	102-45: Entities included in the consolidated financial statements		National Storage REIT (NSR) is a joint quotation of National Storage Holdings Limited and its controlled entities and National Storage Property Trust and its controlled entities listed on the Australian Securities Exchange.
	102-46: Defining report content and topic Boundaries	p.4	
	102-47: List of material topics	p.4	
	102-48: Restatements of information		Not applicable as this is National Storage's first report.
	102-49: Changes in reporting		Not applicable as this is National Storage's first report.
	102-50: Reporting period	p.4	
	102-51: Date of most recent report		There was not a significant portion of activities performance by non-National Storage employees.
	102-52: Reporting cycle	p.4	
	102-53: Contact point for questions regarding report	p.4	
	102-54: Claims of reporting in accordance with the GRI Standards	p.4	
	102-55: GRI Content Index	pp.42-45	
	102-56: External Assurance	p.4	
GRI 102: General Disclosures			
Material Topics			
GRI 200 Economic Standard Series			
Economic Performance			
GRI 103: Management Approach	103-1; 103-2; 103-3		pp.12, 13, 23
GRI 201: Economic Performance	201-1: Direct economic value generated and distributed		pp.3, 20-23
Anti-Corruption			
GRI 103: Management Approach	103-1; 103-2; 103-3:		Australia has strict laws against bribery and corruption and we comply with and uphold all laws against bribery, corruption and related conduct. We have a strict policy not to offer secret commissions or bribes to further our business interests. Corruption is included as part of our overall risk assessment framework, and policies are reviewed annually.
	205-1: Operations assessed for risks related to corruption		100% of our operations are assessed. No corruption risks were identified in the reporting year.
GRI 205: Anti-Corruption	205-2: Communication and training about anti-corruption policies and procedures		All (100%) of National Storage staff and Board, and Committee members are made aware of our Code of Conduct. There is no specific anti-corruption training for governance body members or business partners. Our Code of Conduct is available at: https://www.nationalstorageinvest.com.au/governance/
Anti-Competitive Behaviour			
GRI 103: Management Approach	103-1; 103-2; 103-3:		The National Storage Code of Conduct outlines our approach to fair dealing, which includes treating our competitors fairly and with respect. Our General Counsel/ Chief Risk Officer monitors this aspect of our business closely. All policies are reviewed annually. Our Code of Conduct is available at: https://www.nationalstorageinvest.com.au/governance/
GRI 206: Anti-Competitive Behaviour	206-1: Legal actions for anti-competitive behaviour, anti-trust and monopoly practices		There are no legal actions pending or completed for anti-competitive behaviour, anti-trust or monopoly practices.

GRI 300 Economic Standard Series

GRI 301: Materials

GRI 103: Management Approach	103-1; 103-2; 103-3:	National Storage does not currently have an Environment Policy. This will be reviewed in the coming year.
GRI 301: Materials	301-1: Materials used by weight or volume	pp.38, 39 The most significant use of materials is through our supply chain, primarily corporate packaging suppliers and investment partners (builders of our facilities). Detailed data for renewable/non-renewable materials is not available this year, however, we will review how we report on this for FY18.
	301-2: Recycled input materials used	pp.38, 39 Packaging materials only are included in this report. Data for building materials used by our investment partners is not available, and will be reviewed for FY18.

GRI 302: Energy

GRI 103: Management Approach	103-1; 103-2; 103-3:	National Storage does not currently have an Environment Policy. This will be reviewed in the coming year.
GRI 301: Energy	302-1: Energy consumption within the organisation	pp.38, 39
	302-4: Reduction of energy consumption	p.40

GRI 302: Emissions

GRI 103: Management Approach	103-1; 103-2; 103-3:	p.38 National Storage does not currently have an Environment Policy. This will be reviewed in the coming year.
GRI 305: Emissions	305-2: Energy indirect (Scope 2) GHG Emissions	p.39 The most significant use of materials is through our supply chain, primarily corporate packaging suppliers and investment partners (builders of our facilities). Detailed data for renewable/non-renewable materials is not available this year, however, we will review how we report on this for FY18.

GRI 306: Effluents & Waste

GRI 103: Management Approach	103-1; 103-2; 103-3:	pp.38, 39 National Storage does not currently have an Environment Policy. This will be reviewed in the coming year.
GRI 306: Effluents and Waste	306-2: Waste by type and disposal method	p.40 Australia only data included. New Zealand data to be included for FY18. A detailed breakdown of waste diversion will be provided in FY18 as we streamline our reporting processes.
	CRE5: Land remediated and in need of remediation for the existing or intended land use, according to applicable legal designations	The topic has been identified as material to National Storage, but the GRI disclosure is not relevant.

GRI 400: Social Standard Series

GRI 401: Employment

GRI 103: Management Approach	103-1; 103-2; 103-3:	p.26 All policies are reviewed annually.
GRI 401: Employment	401-1: New employee hires and employee turnover	pp.26-29, 32-33

GRI 402: Labour/Management Relations

GRI 103: Management Approach	103-1; 103-2; 103-3:	p.26 All policies are reviewed annually.
GRI 402: Labour/Management Relations	402-1: Minimum notice periods regarding operational changes	We do not have a policy on minimum notice periods, but aim to give one to two weeks notice where possible of major operational changes, or changes that will impact our employees.

GRI 403: Occupational Health and Safety

GRI 103: Management Approach	103-1; 103-2; 103-3:	p.29 All policies are reviewed annually.
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GRI 403: Occupational Health and Safety	403-2: Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	p.29
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GRI 404: Training and Education

GRI 103: Management Approach	103-1; 103-2; 103-3:	pp.27, 30, 31 All policies are reviewed annually.
GRI 403: Occupational Health and Safety	GRI 404-1: Average hours of training per year per employee	p.30
	GRI 404-2: Programs for upgrading employee skills and transition assistance programs	pp.27, 30, 31

GRI 405: Diversity and Equal Opportunity

GRI 103: Management Approach	103-1; 103-2; 103-3:	p.30 All policies are reviewed annually.
GRI 405: Diversity and Equal Opportunity	405-1: Diversity of governance bodies and employees	pp.27, 30, 31
	405-2: Ratio of basic salary and remuneration of women to men	p.34

GRI 406: Non-Discrimination

GRI 103: Management Approach	103-1; 103-2; 103-3:	p.31 All policies are reviewed annually.
GRI 406: Non-Discrimination	406-1: Incidents of discrimination and corrective actions taken	There were no incidents of discrimination reported.

GRI 413: Local Communities

GRI 103: Management Approach	103-1; 103-2; 103-3:	pp.36, 37 National Storage does not have a formal policy around community engagement for developments.
GRI 413: Local Communities	413-1: Operations with local community engagement, impact assessments and development programs	p.36

GRI 416: Customer Health and Safety

GRI 103: Management Approach	103-1; 103-2; 103-3:	p.35 All policies are reviewed annually.
GRI 416: Customer Health and Safety	416-2: Incidents of non-compliance concerning the health and safety impacts of products and services	There were no incidents of non-compliance concerning the health and safety impacts of our products and services.

GRI 418: Customer Privacy

GRI 103: Management Approach	103-1; 103-2; 103-3:	p.35 All policies are reviewed annually.
GRI 418: Customer Privacy	418-1: Substantiated complaints concerning breaches of customer privacy and losses of customer data	There were two minor complaints received in FY17 which were satisfactorily resolved with the complainants.

GRI 419: Socio-economic Compliance

GRI 103: Management Approach	103-1; 103-2; 103-3:	p.36 All policies are reviewed annually.
GRI 419: Socio-economic Compliance	419-1: Non-compliance with laws and regulations in the social and economic area	There were no incidents of non-compliance with laws and regulations regarding society and the economy.

APPENDIX: STAKEHOLDER ENGAGEMENT

STAKEHOLDER	METHOD	FREQUENCY
Employees	Staff Induction Survey	One month after staff induction
	Employee Exit Survey	On employee exit
	HR Pulse Surveys	Annually
	NS Culture Surveys	Annually
	Staff Conferences Operations Management	Twice yearly
	Staff Conferences - State Operations Staff	Annually
	Operational Management Meetings	Monthly
	Senior Management Meetings	Monthly
	Senior Management Conference	Annually
	Certificate IV in Business Management (Self Storage)	Once-off FY17

ENGAGEMENT	OUTCOME	FEEDBACK & ACTION
Survey to actively seek feedback on employee's first month with National Storage and provide support to employee during their induction period		Preference for a more structured approach to induction schedule to ensure consistency across teams
Survey to obtain valuable, open and honest feedback about employee's experience		Feedback from exit surveys revealed some staff feel there is limited opportunity for career progression given the nature of the business and there's room for improvement in rewarding and recognising success. Most staff who completed an exit survey confirmed they were happy to have worked for National Storage.
Survey to gauge employee wellbeing and engagement, aimed at improving performance and connecting employees to company goals	The survey demonstrated a clear understanding of goals and objectives, job satisfaction and role expectations with room for improvement around reward and recognition for employees	The NS Wahoo Wall was created as a designated space for sharing success and recognising employee performance
Survey to obtain feedback from operational staff around comfort levels and interactions with management, problem solving, communication and performance improvement	The survey highlighted room for improvement in Operations Management communication and interaction with centre staff, and positive feedback for direct manager relationships	State Operations Staff Conferences were instigated in FY17
Operations Management team conference held twice yearly to engage, educate and improve team performance	Further education for centre operational teams is required, with a focus on key operational metrics and business	State Operations Staff Conferences were instigated in FY17
Regional conferences held for the first time in FY17 to engage, educate and motivate centre staff with a particular focus on company strategy the link to individual centre performance	Positive feedback from staff who appreciated time out for learning more about the business, and time with Operations Management	Positive feedback from staff who appreciated time out for learning more about the business, and time with Operations Management
Monthly management meetings are held with Centre Managers by region	General themes across the year included further training and education, systems and process improvements	Employee data has been compiled from National Storage Human Resource systems.
Monthly management meetings are held to discuss strategy, performance and projects	General themes across the year included communication, team building and cross-skilling	A commitment to improving communication (with a focus on utilising technology), Senior Management Conference to spend dedicated time working as a team and cross-skilling across business functions
Senior Management conference held annually for performance review and strategic planning	Senior Management felt empowered and engaged with improved knowledge of other business functions, challenges and opportunities	Senior Management felt empowered and engaged with improved knowledge of other business functions, challenges and opportunities
Operations Management team completed a Certificate IV in Business Management (Self Storage)	Worthwhile educational exercise for operations management particularly given mixed background and the breadth of the operational management role	Worthwhile educational exercise for operations management particularly given mixed background and the breadth of the operational management role

STAKEHOLDER	METHOD	FREQUENCY
Customers	Face-to-Face	Daily
	Online - email, website, social media	24 hours, seven days
	Telephone - contact centre or centre staff	Business Hours
Investors	Investor Briefings	On request
	Results Teleconferences	Half yearly
	Investor Roadshow & Conferences	Throughout the year
	Staff Conferences - State Operations Staff	Annually
Suppliers	Meetings	As required
Community	Face to Face	Business Hours
	Online - email, website, social media	24 hours, seven days
	Telephone - contact centre or centre staff	Business Hours
Government/Regulators	Reporting and lodgement of documents as required Once-off FY17	

ENGAGEMENT	OUTCOME	FEEDBACK & ACTION
Customers provide general operational feedback.	<p>The majority of customers praise the National Storage customer service ethos and experience, demonstrated by more than 1,200 reviews and an 8.6/10 rating on independent review website TrustPilot and the 2017 Most Satisfied Self Storage Customers award from Canstar Blue.</p> <p>Feedback from customers who are disappointed in their experience with National Storage generally centres around pricing or price increases.</p>	<p>National Storage encourages the sharing of success and customer feedback on the staff intranet, Wahoo Wall and across teams.</p> <p>National Storage reviews its pricing strategy regularly and wherever possible will work with existing and prospective customers to tailor a storage solution to suit their needs.</p>
<p>Briefings with investors and analysts to provide an update on company strategy and performance, usually following a results or major market announcement</p> <p>Teleconference held as part of half-yearly and annual reporting to present results and strategy, plus an opportunity for investor and analysis questions and answers</p> <p>Meetings and presentations at major conferences or domestic/international roadshows to provide an update on company strategy and performance</p> <p>Held annually to provide a strategy update, hear from the Board and an opportunity for investors to interact with Board and the Senior Executive</p>	<p>General themes from investor feedback throughout FY17 include:</p> <ul style="list-style-type: none"> - improved operational reporting to assist with year-on-year and underlying growth comparisons; - improved transparency in reporting on acquisition strategy; - further detail on the industry given the alternative and emerging nature of the asset class 	<p>National Storage has improved its reporting to enable better understanding of underlying performance and earnings drivers, together with additional information on the self-storage industry and market dynamics.</p>
Meetings with product and corporate service suppliers	Suppliers generally provide feedback to National Storage around account management, new products, features and services, reporting and other relevant updates	As appropriate
National Storage maintains relationships with the community in storage centre catchments and more broadly as a responsible corporate citizen	Local communities generally provide positive feedback around community interaction and National Storage's extensive community engagement program sponsoring local community clubs, sporting teams and schools.	As appropriate

CORPORATE DIRECTORY

National Storage Holdings Limited ACN 166 572 845 ("NSH" or the "Company")
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together form the stapled entity National Storage REIT ("NSR" or the "Consolidated Group")

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