

Sustainability Report 2018/19



This is an exciting time for **National Storage**. We are a modern brand exploring the next generation of storage, leading the industry and the asset class across Australasia and working to transform our business in a meaningful, sustainable way.

Andrew Catsoulis
Managing Director

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National Storage is focused on implementing design solutions to manage climate change risk, a prime example being our new centre in **Bundall** on Queensland's Gold Coast. Opened in April 2019, Bundall is a **state-of-the-art facility** that utilises several design features to reduce its overall impact on the environment.



MANAGING DIRECTOR'S INTRODUCTION

On behalf of **National Storage** we are pleased to present our third stand-alone Sustainability Report. As a company we are committed to ensuring we meet the challenges of an evolving environmental, social and governance landscape. Reporting on our achievements in this space is an important step in recognising the increasing significance of sustainability to the future of our business.

We have taken this opportunity to refresh and refocus our strategy to ensure we have a **strong business with a sustainable vision for the future**. As part of this process, we undertook our second sustainability materiality assessment which has resulted in us refining the scope of our materiality matrix into three key areas:

- **Our Economic Performance:** Strong economic performance to drive sustainable returns
- **Our People:** Ensuring the health, safety and wellbeing of our team
- **Our Transformation:** Embracing technology and innovation to transform customer experience

Our strong economic performance over the last year equated to growth in underlying earnings of 21% (YOY) to \$62.4 million or 9.6 cents per stapled security. When combined with NTA growth of over 8% to \$1.63 per stapled security, this resulted in National Storage REIT securityholders enjoying a Total Return of 15% in 2019. This is an important driver of our business as, when combined with the other outcomes described below, our successful economic performance has allowed us to

contribute to other important environmental, community and sustainability initiatives which form part of the charter National Storage holds with our stakeholders. These outcomes include solar installations at 54 centres representing a reduction of 1,300 t-CO₂-e and a reduction in electricity usage of approximately 1.8 GWh per annum for these centres, with planning for installations at a further 40 centres now underway.

In addition, **more than half of the National Storage property portfolio has been retrofitted with LED lighting**, significantly reducing power usage and increasing the life cycle of our lighting systems by many years. These initiatives all contribute to a net reduction in our carbon footprint and lessen the already low environmental impact of our portfolio. Our assets are built with a view to both their durability and efficiency, so as to minimise their impact on the environment. Storage centres are predominantly steel and concrete buildings which require minimal ongoing maintenance, repair and refurbishment works meaning they will provide useful service to their local communities for many years to come. We are also cognisant of the consumables used across our business, with more than 200 tonnes of waste recycled across our centres.

National Storage continues to **contribute economically to both major city and regional areas**. We employ over 450 people on an ongoing basis across Australia and New Zealand and have 13 construction projects currently underway valued at in excess of \$100 million, supporting jobs and economic activity across various parts of Australia and New Zealand. Our contact centre is based in Brisbane and provides employment and training opportunities for 25 people from a variety of backgrounds. We continue to support a wide

range of local community and charitable organisations providing financial and in-kind support for various worthy causes.

Our **people remain our key asset** and our team is strengthened by living our core values of teamwork, care and excellence. We remain committed to a diverse and inclusive workforce and a safe and productive workplace for all.

From a safety perspective at National Storage, we work tirelessly to achieve **our objective of "no harm to anyone at anytime"**. This has seen our Lost Time Injury Frequency Rate (LTIFR) drop from 13.64 in 2018 to 9.2 in 2019. Similarly, our Lost Hours in Workers' Compensation (LHWC) have almost halved from 520 hours in 2018 to 259 hours in 2019. In addition, Medical Treatment Injuries (MTI) fell from 21 in 2018 to 10 in 2019, despite a 25% increase in the number of operating centres across the National Storage portfolio. A range of initiatives, including improvements in the online health and safety system, dissemination of "hot topics" to all storage centres including real-life example-based scenarios, a focus on proactively addressing high risk tasks and hazards and improvement in training completion rates, have assisted in mitigating injuries to our staff and customers.

The transformation of our business continues as we grow the National Storage brand and footprint across Australia and New Zealand. We understand our customers come to us in times of change and we are committed to designing products and services to simplify storage, tailoring storage solutions to suit their needs and budget.

We have commissioned a **new website** which will showcase a seamless user experience and unique recommendations

engine, which combines our dynamic pricing system and proprietary Unit Desirability Index to deliver tailored storage solutions in a digital environment to suit a wide range of storage needs and budgets.

We continue to **use technology to drive transformation** across our business, with a number of projects underway to help our team work flexibly on mobile devices across our centres, streamlining their time and reducing paper-based processes. A focus on securing both our company and customer digital assets has seen us embrace new data security measures and machine learning together with the continuing education of our staff and customers; one of our best defences against cyber risk.

Our **commitment to innovation** sees us regularly review changing customer behaviours and the operating landscape. To some extent, the sustainability of our business will rely on our ability to innovate and keep pace with (or indeed, exceed) customer expectations and changing service delivery models, and we are well placed to innovate in this.

This is an exciting time for **National Storage**. We are a modern brand exploring the next generation of storage, leading the industry and the asset class across Australasia and working to transform our business in a meaningful, sustainable way.

Andrew Catsoulis
Managing Director

APPROACH AND ASSESSMENT

This year, National Storage engaged with EY to research and facilitate a sustainability project designed to improve the definition and prioritisation of material sustainability topics across the business. From this discussion, a materiality matrix was updated to identify which topics have the most impact or disruption potential for National Storage and hold the largest importance to external

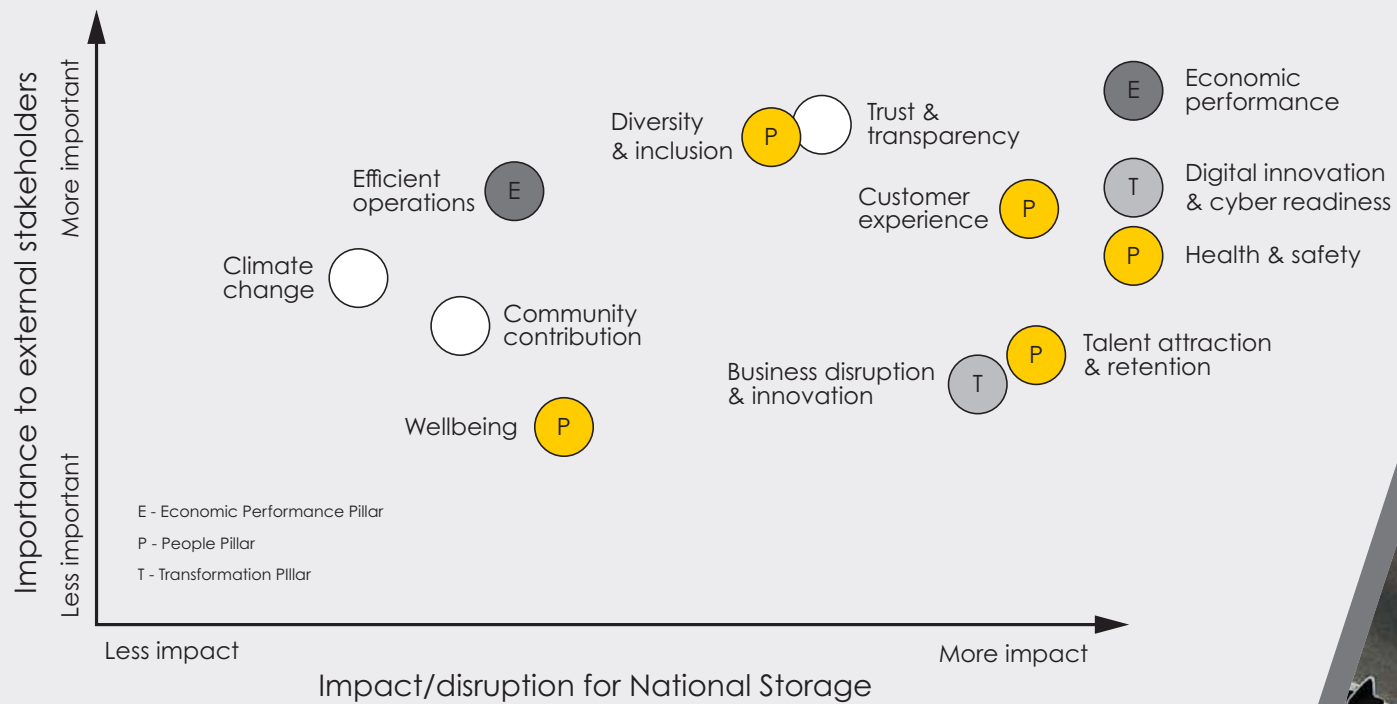
stakeholders. This assessment identified three key pillars that are most material to National Storage, namely, Economic, People and Transformation.

The **Economic Performance** pillar considers how we can continue to deliver growth and returns through sustainable finance and efficient operations and management.

The **People** pillar focuses on how we can create a safe and welcoming environment for customers and employees.

Finally, the **Transformation** pillar concentrates on how we can adapt and innovate in a competitive and changing market.

Materiality Matrix



The data contained within this report is for the financial year ended 30 June 2019, except where otherwise identified.



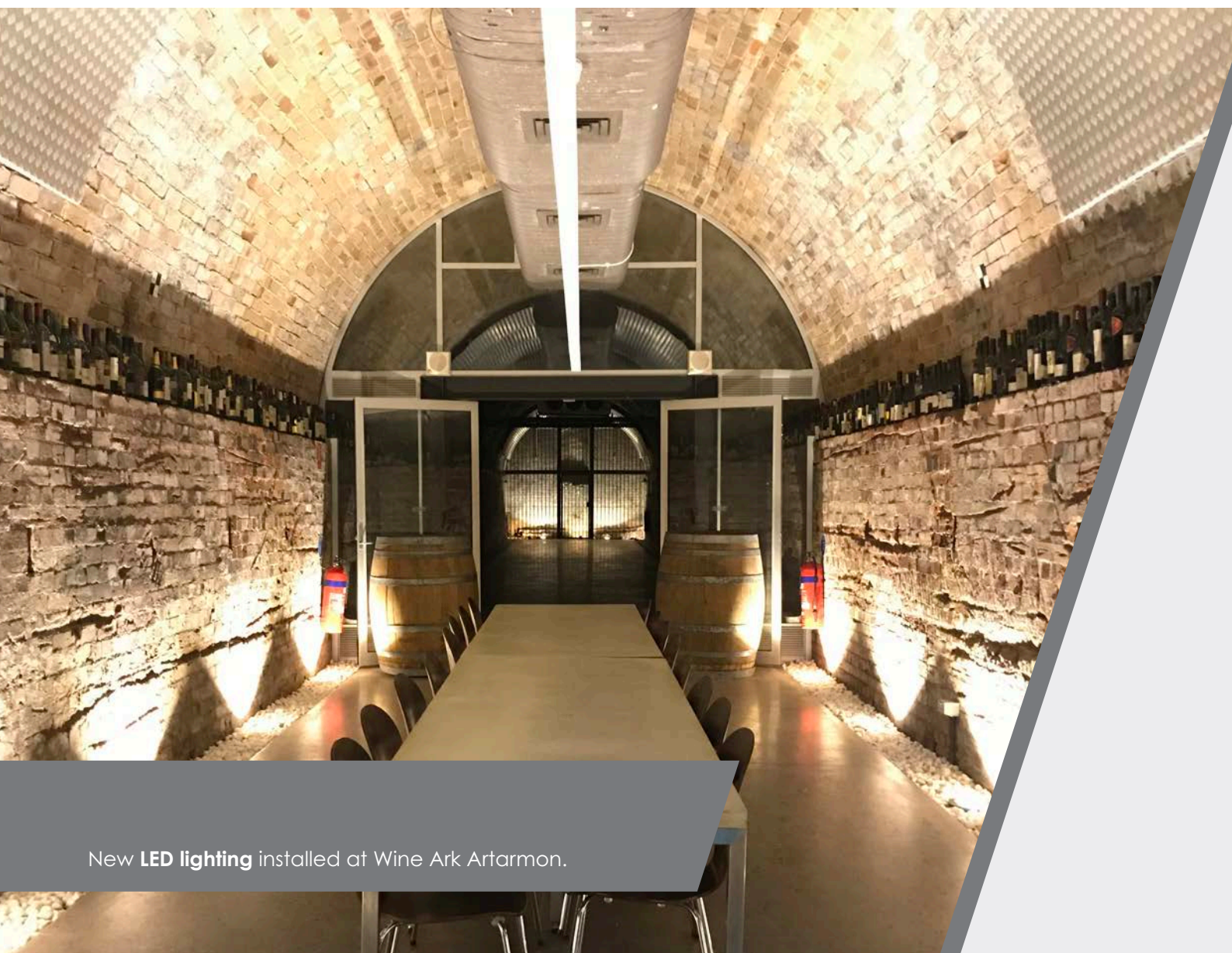
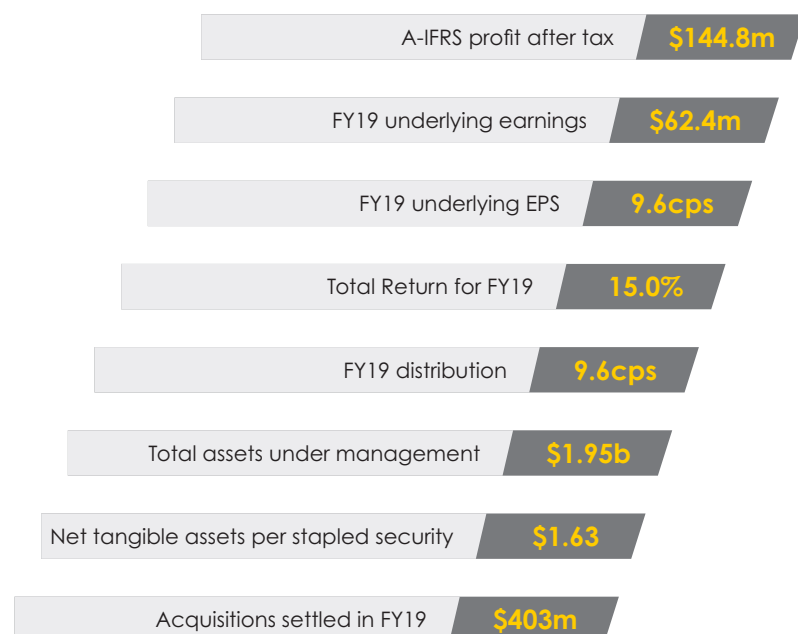
Solar panels at our Albion Centre, Queensland.

OUR ECONOMIC PERFORMANCE

1. FINANCIAL PERFORMANCE

The National Storage Annual Report details financial performance for the financial year to 30 June 2019. The report is available for download at www.nationalstorageinvest.com.au.

Financial Highlights - FY19



New LED lighting installed at Wine Ark Artarmon.

3. EFFICIENT OPERATIONS AND ASSET MANAGEMENT

Building and Developing Smart Buildings

We understand there are longstanding benefits in adopting an energy efficient design and sustainable approach to constructing new centres. We focus on creating centres that are built from durable materials and are efficient to operate. With increasing energy prices and operating costs of businesses in the REIT and commercial sectors, we have implemented a range of design and construction initiatives to help us manage these economic hurdles and increase the value of our property portfolio to drive sustainable returns.

In 2017 we announced a significant investment in a solar and energy efficiency program designed to deliver long term benefits, reducing our carbon footprint and generating superior returns. Phase One of the program involved solar installations at 54 centres, representing more than 1.3 MW+ of installed capacity and resulted in a reduction of 1,300 t-CO₂-e. Electricity usage has decreased by approximately 1.8 GWh per annum for these centres, which equates to approximately \$400,000 in cost savings in FY19.

Phase Two of the program commenced in 2019 and will see solar installations at a further estimated 40 centres, with ten centres completed to date in FY20. On completion of Phase Two, the total number of National Storage centres with solar installations will be greater than 100 centres (inclusive of centres with solar installed prior to acquisition).

Phase One of the LED lighting program, designed to convert aging lighting to full LED lighting with motion sensors, has been completed over the course of FY19 with more than 15,000 lights replaced across 50 centres. This has provided a reduction in overall lighting requirements and is expected to amount to a reduction in excess of 1.5 GWh per annum on a full year basis.

On completion of the existing programs, our focus will turn to retrofitting and incorporating solar and LED on new acquisitions and developments, reflecting our ongoing commitment to responsible energy management.

We will continue to strive to create further efficiencies from our solar and LED programs by the ongoing assessment of advances in the industry, particularly as regards the economic viability of battery storage which would significantly increase solar power generation and use.

2. SUSTAINABLE FINANCE

We seek to ensure the sustainability of our finance structures through several measures:

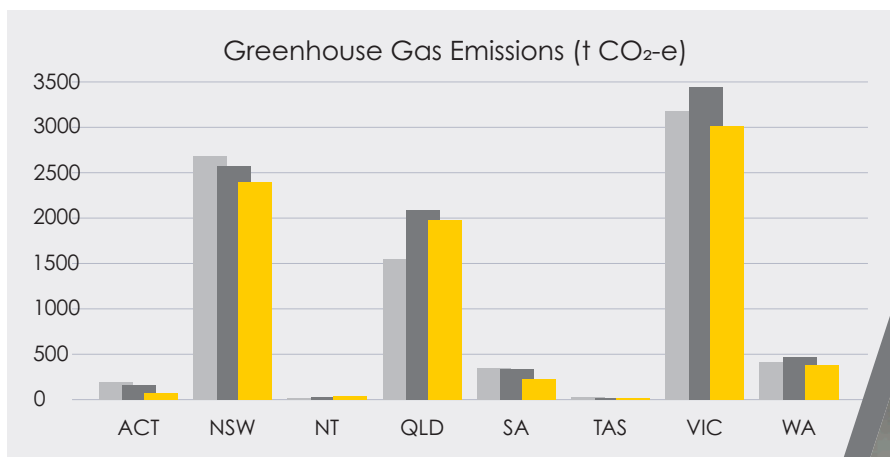
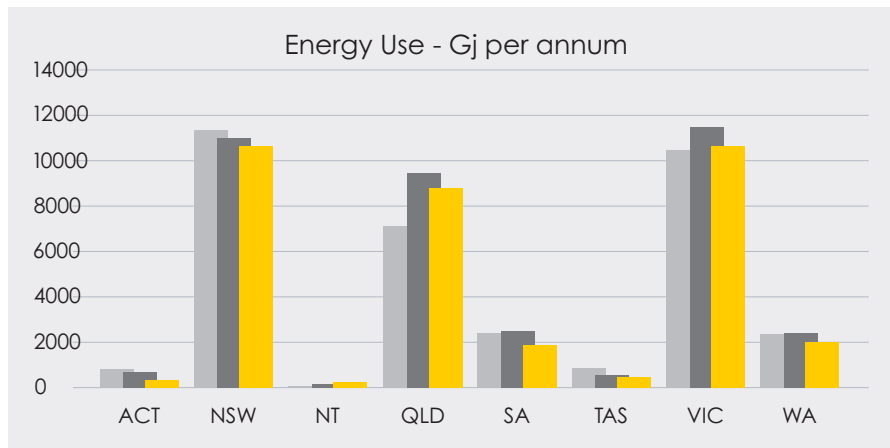
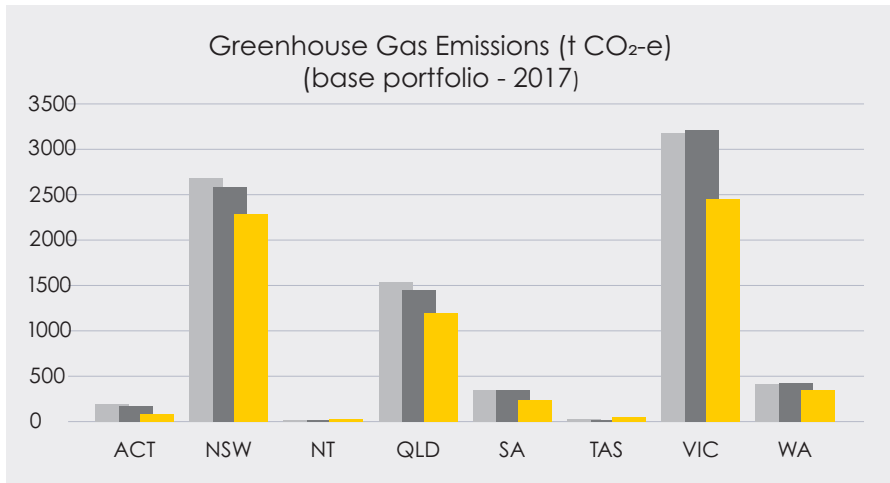
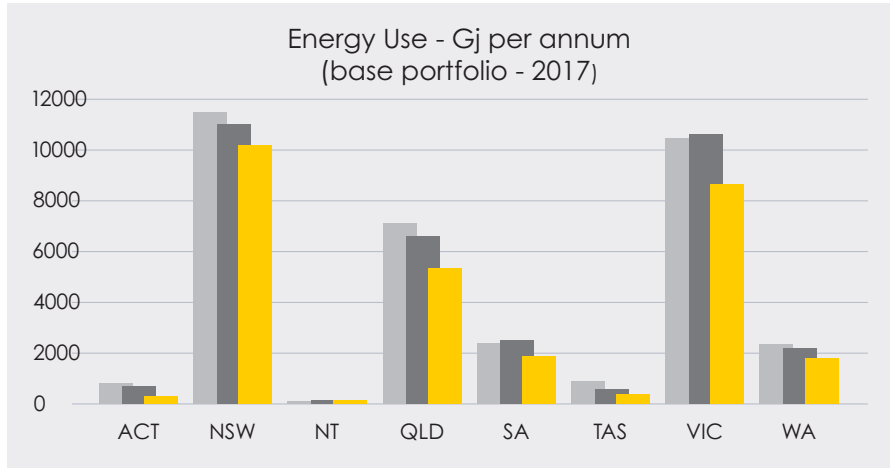
- Managing liquidity through a board approved liquidity policy to ensure that all current funding requirements maintain a sufficient commercial buffer;
- Ensuring the availability of future debt requirements by requiring multiple funding debt channels through a board approved treasury policy; and
- Managing interest rate risk through a board approved treasury policy to ensure that all hedging is prudent and non-speculative.

Energy Usage and Emissions

In the 2017 financial year National Storage began providing data estimates for energy use and emissions. Since then, National Storage is pleased to report that energy use and emissions across the core portfolio have reduced by 19.5% and 20.8% respectively (from the 2017 portfolio).

It should be noted that in some instances while the graphs illustrate rising emissions across the total portfolio, this is due to the acquisition of new centres which has increased the overall size of the portfolio. We expect the ongoing energy efficiency program to deliver gradual reductions in emissions across the entire portfolio.

Please note that all data is estimated. All emissions data relates to purchased electricity for storage centres only under the control of National Storage, and excludes other emission types (for example from vehicles or other consumables). Scope 2 indirect emissions from consumption of purchased electricity are calculated using the emission factors for each State or Territory in line with the National Greenhouse Account Factors publication, available at www.environment.gov.au.



- FY19 (125 centres)
- FY18 (113 centres)
- FY17 (90 centres)

* This data reflects the Australian portfolio only.



New LED lighting in National Storage Chatswood.

Case Study - National Storage Bundall

National Storage is focused on implementing design solutions to manage climate change risk, with a prime example being our new centre in Bundall on Queensland's Gold Coast. Opened in April 2019, Bundall is a state-of-the-art facility that utilises several design features to reduce its overall impact on the environment. The centre was built with consideration to its location and its environmental landscape.

This centre is positioned in the metropolitan area of the Gold Coast, and consequently takes full advantage of the public and active transport networks as well as existing infrastructure. By developing in urban infill areas, National Storage preserves the natural environment of the Gold Coast and creates more efficient investment infrastructure. To further promote efficiency within Bundall, National Storage has included eight bicycle parking spots for customers and staff to reduce congestion and greenhouse gas emissions.

The Bundall centre implements various design aspects to reduce its environmental footprint within and on the surrounding area. National Storage is committed to energy efficiency and has installed a 38kW solar PV system that generates approximately 25% of the total power consumption for the centre. To further reduce the reliance on electricity we have also employed natural ventilation to reduce the requirement of mechanical ventilation. We understand the increasing need to be water conscious and have ensured all water fixtures and fittings within the centre are water efficient and all landscaping consists of drought tolerant species. Additionally, we have installed multiple stormwater treatment devices

to ensure all water is treated prior to being discharged into shared infrastructure beyond the boundaries of the centre. Further consideration of our surrounding neighbours has also occurred through the inclusion of low volatile organic compound coatings, which reduce the concentration of contaminants in the ozone layer as well as ground water and landfills.



The **Bundall** centre implements various design aspects to **reduce its environmental footprint** within and on the surrounding area. National Storage is committed to energy efficiency and has installed a 38kW solar PV system that **generates approximately 25% of the total power consumption for the area.**

Future Development – Robina and Biggera Waters

The next generation of newly developed facilities, such as Robina and Biggera Waters, will feature further sustainability initiatives in addition to those utilised at Bundall. To further increase energy efficiency, LED lights with motion detectors and low e-thermal control glass will be installed. This glass allows for more sustainable management of internal temperatures and reduces the impact of harmful UV and IR waves on building inhabitants.

A focus on recycling has been integrated at these centres, with recycled water to be used to irrigate landscaping and waste management plans implemented to ensure general and demolition waste is recycled where possible. To further reduce our impact on the surrounding area acoustic controls will be installed, such as fences, to limit the amount of noise emanating from the centre.



Top 5 centres for box buy-back initiatives:

Indooroopilly, Queensland	1
Garbutt, Queensland	2
Coorparoo, Queensland	3
Morisset, New South Wales	4
Hawthorn, Victoria	5

Recycling Program

Our recycling and box buy-back program is focused on reducing waste and promoting recycling of consumables by incentivising our customers to conserve and reuse (or make available for reuse) packaging materials.

The success of the National Storage box buy-back program is reflected in circa 29,000 branded boxes re-sold and re-used during FY19.

National Storage is committed to building a sustainable supply chain. A number of key suppliers, including our major packaging provider, demonstrate strong commitments to sustainability and we will look to partner with other suppliers in future who share this commitment.



Design concept showing the **next generation** of newly developed facilities for Robina, Queensland.



OUR PEOPLE

1. HEALTH AND SAFETY OF OUR WORKFORCE AND CUSTOMERS

Staff Health

At National Storage, our staff are considered one of our greatest assets and a key factor in our success. We have implemented a range of programs and offerings to ensure they perform at their best, physically and mentally.

Employee Assistance Program

We appreciate that our employees may experience pressure at work and in everyday life. Our Employee Assistance Program provides preventative and proactive intervention for both work and personal problems that may be affecting our employees' wellbeing. The program provider CONVERGE, delivers confidential counselling on several personal pressures including domestic violence, harassment and abuse, mental health and addictions and work-related pressures such as managing heavy work-loads and redundancies.

Wellness Offering

National Storage continued its workplace flu vaccinations program during the reporting period. This voluntary and complimentary program was offered to maintain the health and wellness of our team and to prevent the spread of influenza virus.

Exhale Program

At National Storage we actively encourage our employees to live happier and healthier lifestyles. We provide our full-time and part-time staff with financial assistance so that they can reach their health

goals. Programs such as gym memberships, weight management programs, health fund membership and Quit Smoking products can be claimed, with staff being entitled to a set allowance each calendar year.

Employee Benefits

We want to reward our employees for their hard work and as such we offer a range of staff benefits. National Storage has offered for a number of years "NS Perks" which provides exclusive special offers and fantastic savings from leading businesses in Australia and New Zealand through our provider, "Where to Enjoy". We also provide travel benefits, with Australian based employees eligible to sign up to Travel Club which offers exclusive travel deals through the Flight Centre Travel Group.

Staff Safety

As part of our focus on staff safety, National Storage has created various training and education programs that assist our staff in identifying and preventing safety risks and hazards. We remain proactive in ensuring safety by constantly reviewing injury statistics in order to determine where improvements can be made and what targets can be set. We actively engage with our staff in relation to new safety initiatives.

Training and Education

No Harm to Anyone, Anytime
The overarching safety standard at National Storage is, "No Harm to Anyone at Any Time". We seek to create an environment where our employees and customers feel safe by creating a culture of sustainable productivity through safe work practices. We take a proactive approach by regularly monitoring, evaluating and

continuously assessing our safety programs and measures. We understand that a key ingredient in achieving safety is through our staff and their actions, and we have created the Take 5 initiative and implemented rigorous ongoing staff training programs to help keep our people safe.

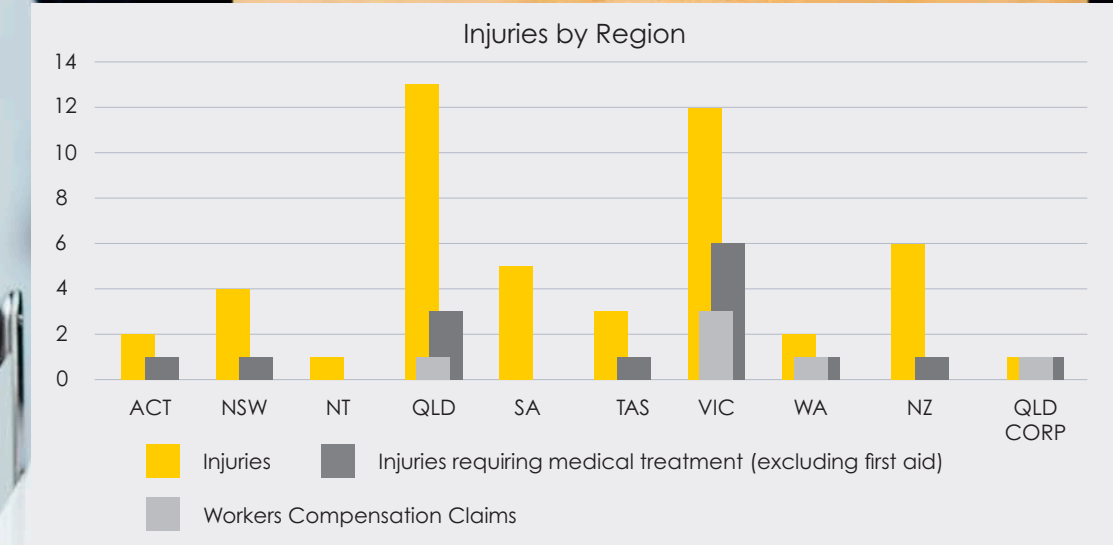
Take 5 Initiative

This pocket-sized resource was developed for centre staff to help keep safety top-of-mind throughout the day. The card states the five key steps required to undertake a job safely and includes a hierarchy of controls and a risk matrix to assist with analysing more complex tasks. Since the introduction of the Job Safety Analysis Card, staff have become more knowledgeable in safety and have felt empowered to make their own decisions around safety and risk. This proactive approach to safety has enabled teams to share safety learnings and practice positive reinforcement for safe work habits. Most importantly, it has helped our people take that critical first step of stopping and thinking about an action before they commence it.

Training, Including NS Learn Outcomes

National Storage is committed to developing a skilled workforce that places an emphasis on safety. All new centre employees undertake two weeks (80 hours) of induction training and 40 hours of additional job specific training after this period (to give a total of 120 hours per new employee). Existing employees received on average 48 hours of additional training in the past financial year with a focus on modules such as fire and evacuation training, forklift training, WH&S modules and customer service training. Overall, 32 specific WH&S courses were issued to staff with a total of 6,628 courses completed by employees in the past financial year.

By doing so, National Storage endeavours to ensure that all of its staff have the requisite skills to manage any situation that arises. This allows for employees and customers to have a safe and positive experience at National Storage.



WHS Board Report

Injury Type by Region and Gender, Comparing to FY18 and Target for FY20

In the past financial year there were a total of 47 injuries by staff across the regions which is an 18% reduction from the previous financial year. Most injuries were experienced in Queensland and Victoria (the regions which have the highest number of centres and staff). Manual handling was the most common injury for men and women, accounting for 30% of the total injuries. This figure has reduced considerably from the previous financial year, with a 12.5% reduction experienced. As a result, there was also a reduction in the amount of injuries that required medical treatment. In this financial year there were 15 injuries that required medical attention which represents a 50% decrease from the previous financial year. We will continue to strive for the elimination of injury risk and the downward trend of workplace injury statistics. It is clear that our programmatic training is improving the safety of our employees and we will continue to implement training and monitoring programs in an effort to further progress these improvements.

Lost Time Injury Frequency Rates, Comparing to FY18 and Target for FY20

National Storage is pleased to report the Lost Time Injury Frequency Rate has significantly reduced in this financial year from 13.64 to 9.2, which represents approximately a 33% decrease in work time lost to injuries. We are proud of this result which shows National Storage's approach to employee safety is producing tangible results. We will continue to work to improve this figure and we believe that with the strategies in place we can target a lost time injury frequency rate below

the industry benchmark of 8.6 in FY20.

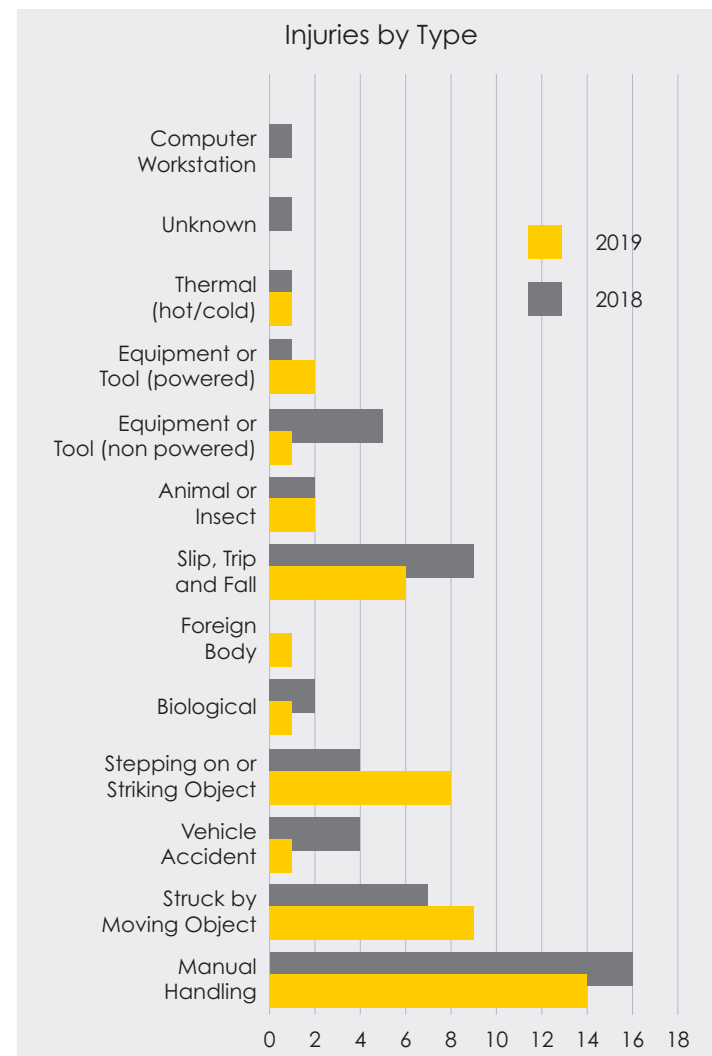
Customer Safety and Security

To ensure National Storage delivers on our values of care and excellence, we work diligently to ensure the safety of our customers. In order to reduce the likelihood of customer injury, we focus on three areas; **awareness, centre features and monitoring.**

Awareness – On-site Induction with our Staff Members

All new customers receive an on-site induction with our staff members to learn the operational processes and

procedures of the centre. There were a total of 12 injuries over 168 centres in the past financial year, with eight of these injuries requiring medical treatment, however none of these injuries were of a serious nature. Most of these injuries were caused by slips, trips and falls. To further reduce the likelihood of injury, in FY20 National Storage will be focused on the implementation of a contractor management process. This program ensures we engage contractors that are already at a higher level of awareness and standard before applying for roles. In addition, we will implement a verification of competency program – making sure people can operate the type of machinery/ equipment appropriately.



National Storage is **committed to developing a skilled workforce** that places an emphasis on safety. All new centre employees undertake two weeks (80 hours) of induction training and 40 hours of additional training after this period.

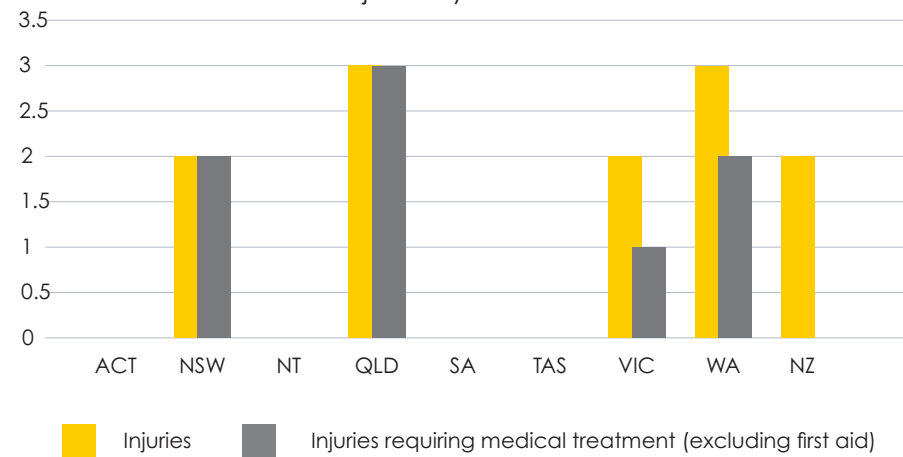
Centre Features

National Storage has implemented a range of specific safety features across the portfolio. Enhanced lighting has been installed to reduce the risk of slip, trip and falls and being struck by moving objects. To prevent vehicle accidents, clear parking and large signage is provided. We have been actively upgrading line marking and centre signage to provide a safer environment for our customers and staff. Finally, centres have onsite offices with first aid kits to help ensure that if any injuries do occur, immediate and adequate action can be taken.

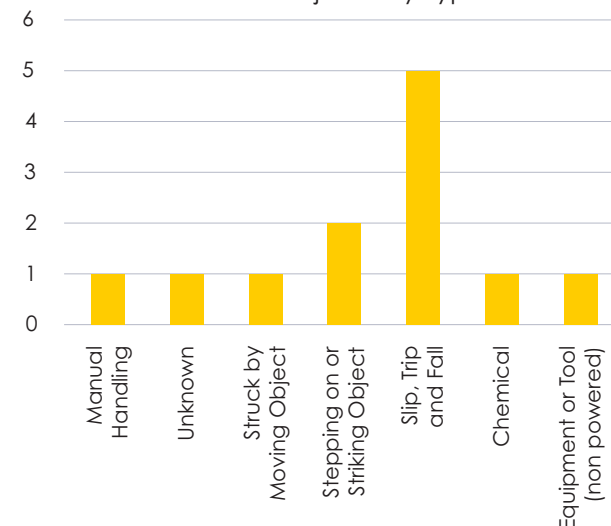
Monitor

The final aspect of customer safety is monitoring. This involves daily inspections and the installation of video cameras to detect and, where possible, prevent any dangerous conditions from arising or quickly remedy any issues identified. Monitoring enables the efficient detection of, and more timely responses to, any third-party damage, natural disasters or criminal activity that may occur.

Injuries by Customer



Customer Injuries by Type



2. TALENT ATTRACTION, ENGAGEMENT AND RETENTION

Internal Employee Development

National Storage is delighted to demonstrate real pathways for employees within our company. We believe that it is important to invest in our employees in order to foster talent and to provide career paths where our employees can grow. Four employees; Jack Volkers, Claudia Ruffin, Tiarne Fairfull and Gemma Coyne have all recently transitioned from National Storage's contact centre into various positions within the company.

Jack began in the contact centre in February 2017 and he has recently completed his Bachelor of Laws (Honours) at Queensland University of Technology (QUT). In September 2017 Jack was recognised as

an Emerging Leader of National Storage. This saw him participate in a 16-week program which focused on development through education and upskilling opportunities. In July 2018, following his completion of the program, Jack was offered a full-time position in the legal team where he now assists with a variety of legal matters including acquisitions, contract administration and customer relations. His tenacity and eagerness to learn, underpins his positive contributions to the team and broader customer experience.

Claudia started in the contact centre in March 2016 and is currently completing her Bachelor of Property Economics at QUT. In February 2019, she moved into the development team where she assists in the design and construction coordination of new centres for National Storage. Her problem-solving skills and ability to think

outside the box has seen Claudia become a great asset to the team.

Tiarne commenced working in the contact centre in early 2017 and within six months began assisting the finance team with accounts payable duties. In 2018, Tiarne transitioned to the accounts payable role full-time, which involves processing invoices and completing payments for National Storage across Australia and New Zealand. She will shortly commence her Certificate IV in Accounting and Bookkeeping and the team greatly appreciates her ability to work to deadlines and attention to detail.

Gemma began working in the call centre in January 2017 and is currently completing her Bachelor of Commerce (Finance) and Bachelor of Engineering (Chemical) at University of Queensland. After two years in the contact centre, Gemma transitioned into the commercial team as an analyst. Her role involves assisting with the analysis of the group's debt capital structure and feasibility, interpretation and analysis of a range of projects including energy efficiency and commercial leasing. Gemma's ability to interpret data and apply herself to understand commercial impacts, makes her a valuable addition to the team.

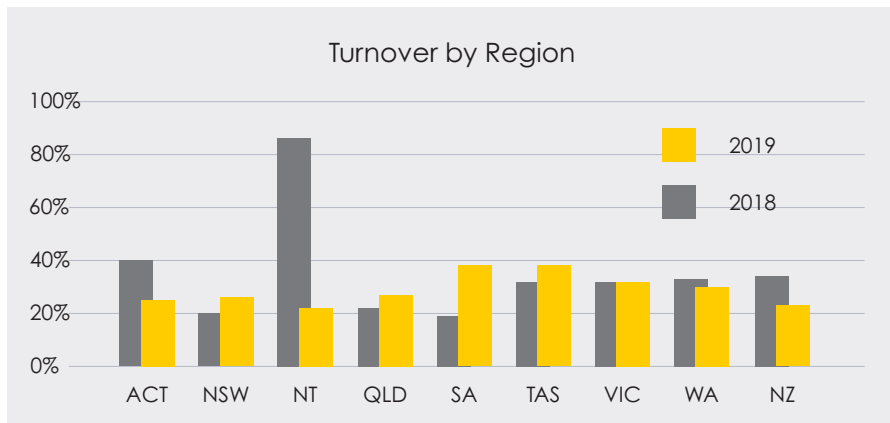
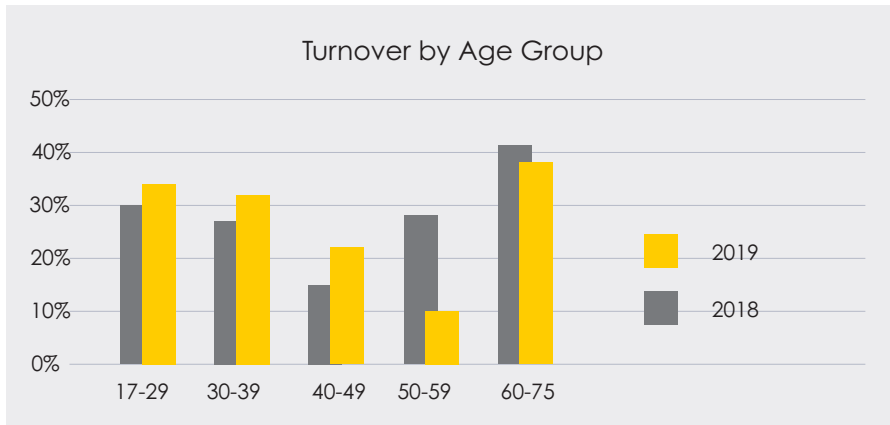
National Storage is proud to see Jack, Claudia, Tiarne and Gemma's growth and development across the company, and we look forward to being part of their ongoing success.



From left to right: Gemma, Tiarne, Claudia and Jack.

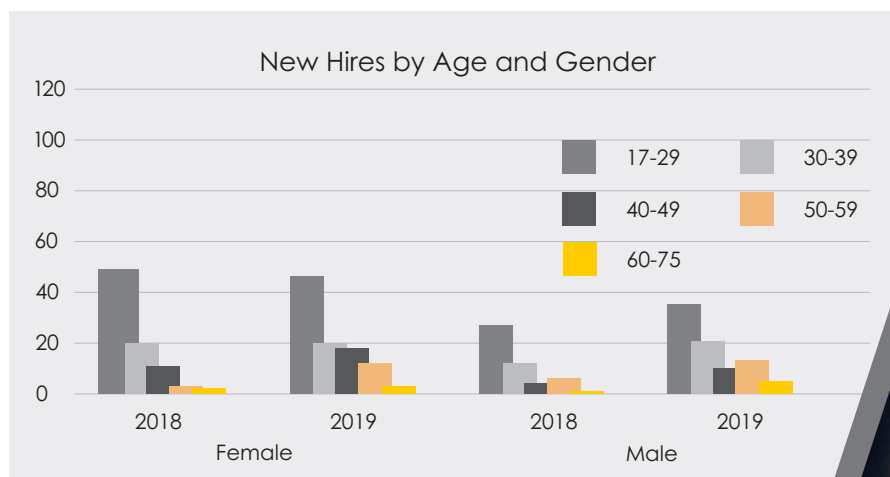
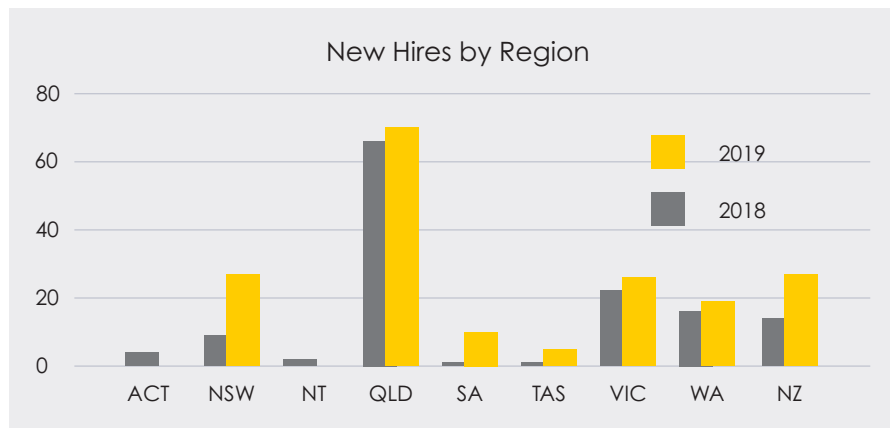
Employee Turnover

Employee turnover has remained relatively stable across the overall portfolio, with an average staff turnover of 28% in the past financial year. We expect staff turnover to remain consistent with FY18/FY19 in the coming year, though we continue to strive to improve staff retention rates. We are working to benchmark against similar sectors such as retail and warehousing in order to determine an appropriate level of turnover in our business.



New Hires

National Storage has increased its number of employees overall in the past financial year by approximately 15% from 405 employees to 466. In the past financial year, we had 184 new hires, with the largest number employed in Queensland. We have upheld our commitment to gender diversity, with females accounting for approximately 54% of new hires.



The team at National Storage Carrara.

3. DIVERSITY AND INCLUSION

A cornerstone of ensuring National Storage's continued success is to provide an inclusive workplace that creates and promotes diversity and equal opportunity. We believe that sustainable success requires a range of different perspectives and opinions, and we are therefore driven to support an environment where everyone is included and heard.

Policy and Targets

In order to meet our commitment to diversity and inclusion, National Storage has implemented various policies and targets. The Board consider diversity to be important and therefore the full board discharges the Diversity Committee function. Under National Storage's diversity policy, the Board monitors the organisation's succession plans and appointment processes to ensure that we meet our diversity targets. Measurable objectives are reviewed on an annual basis by the Board to work towards increasing the number of women in senior management positions and on the Board.

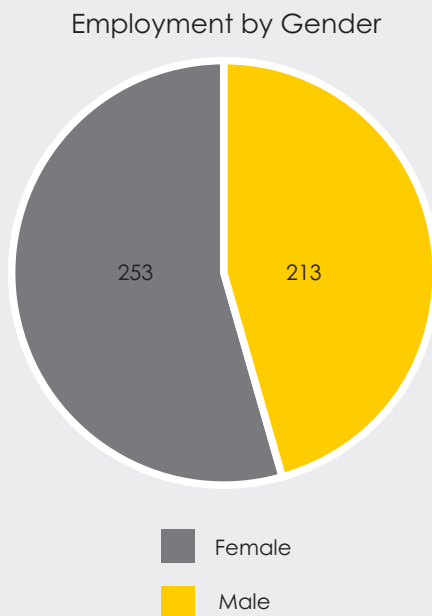
National Storage strives for 50% of senior management and senior executive roles to be women. We are working towards achieving these targets by continuing to grow the number of women in leadership roles both through recruitment (as required for new or replacement of existing roles) and by offering a range of workplace initiatives such as workplace flexibility, provision of technology to corporate office staff, continuing education and the emerging leader's programs.

Member of Pride and Diversity Australia

National Storage believes in creating and supporting an inclusive work environment for all employees, regardless of sexual orientation, gender identity and intersex status. We are proud to be a member of Pride in Diversity which provides support for LGBTI workplace inclusion that assists in our efforts to continue creating a welcoming and equal workplace.

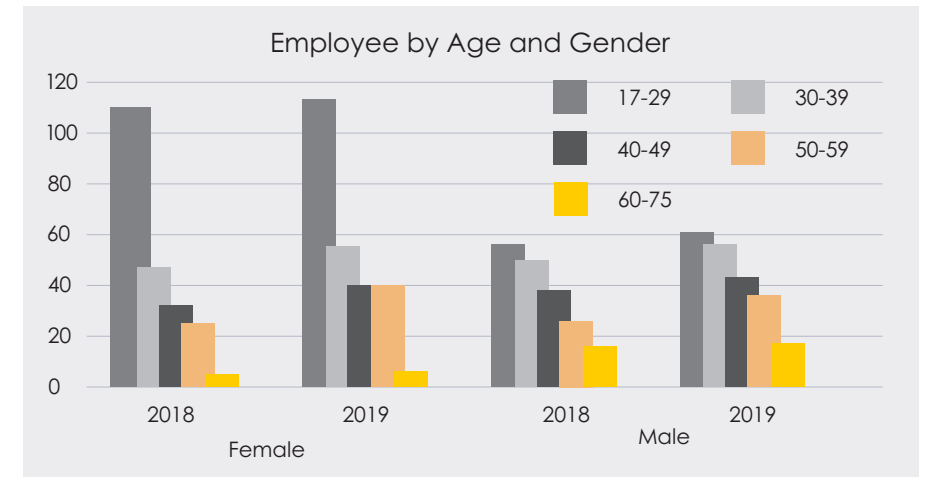
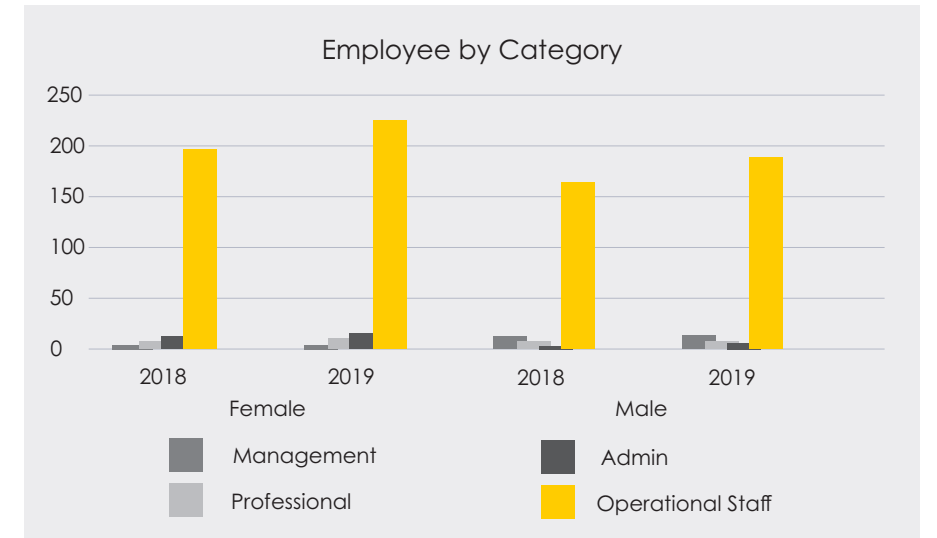
Employment by Gender

National Storage currently employs approximately 54% women, with strong representation in customer service, clerical and administrative positions. We are pleased to report that the percentage of women that make up professional positions now sits at 59% which represents a 31% increase from the previous year. National Storage recognises that we must continue to make progress on gender diversity in more senior positions. We believe that through our policy and targets that we can continue to promote and elevate women across the organisation.



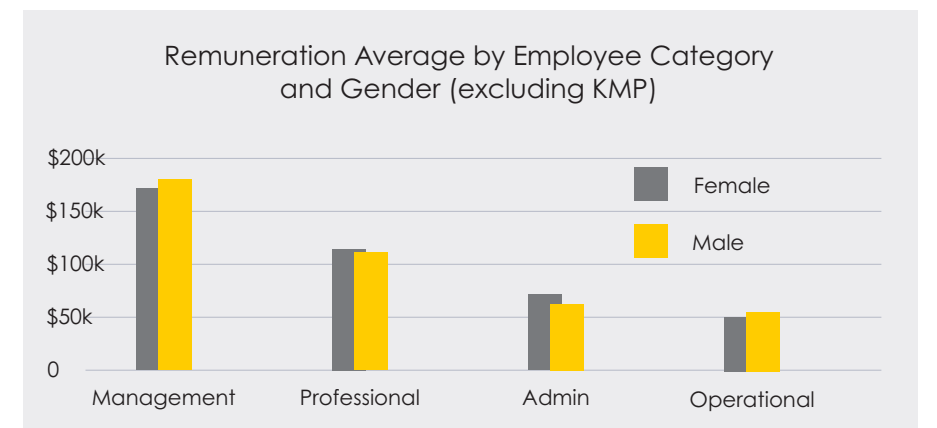
Employment by Age

National Storage believes that employing people with various work and life experiences is key to servicing our broad customer base.



Employee Remuneration

The average salary (annualised) company-wide by gender (excluding CEO and KMP) is \$65,405 for males and \$56,502 for females. We manage our workforce in line with the principles of equal employment opportunity and we are pleased to report minimal differences in average pay by gender across most levels of the organisation. Further details on remuneration for our key management personnel executive is detailed in the NSR Annual Report.



OUR TRANSFORMATION

1. CUSTOMER EXPERIENCE

Delivering excellent customer experiences is central to the National Storage ethos and one of our key competitive advantages. We have a unique opportunity to engage rationally and emotionally with our customers, because behind every storage need is a personal story that's of unique significance to the person seeking storage.

Throughout FY19 a number of programs have delivered improvements in customer experience:

- **Transition to Paperless** – National Storage's centres transitioned to paperless move-ins in early FY19, with each centre equipped with mobile technology and digital tablets to enable the contract and move-in process to be completed digitally. This process improvement saves time, paper and improves the security of customer data.

- **Extended Contact Centre Hours** – in July 2019 we extended the National Storage Contact Centre operating hours to provide services outside of centre office opening times and service Australian and New Zealand time zones. Based in our Brisbane office, the centre now opens 6am – 8pm Monday to Friday, 7am – 5.30pm Saturday and 8am – 4pm Sunday.
- **Digital Experience** – across FY19 a multidisciplinary team worked together to reimagine the National Storage digital customer experience. The results informed the development of a new website, which will feature a unique recommendations engine and improved user experience, scheduled for launch in late 2019.

Our brand and service strategies have been developed with excellence of customer experience at the forefront of our decision-making. These values support our core values of teamwork, care and excellence, ensuring alignment of customer and employee experience to deliver outstanding experiences at every level of our business.

2. INNOVATION AND INDUSTRY DISRUPTION

Innovation

National Storage is exploring the next generation of storage. We lead the industry and the asset class in Australasia and we seek to innovate and transform our business in sustainable ways. The National Storage Innovation Framework guides the innovation process and focuses on three core innovation missions:

- Maximise Utilisation
- Drive Scalability
- Improve Experience

These missions direct the focus of innovation across three growth horizons, focused on internal projects, new products and service offerings and new business models.

A number of contemporary innovation tools and methodologies have been adopted to understand core problems and explore potential solutions. Following concept exploration, innovation projects are evaluated and integrated as part of our business-as-usual, if successful.

Industry Disruption

National Storage continually monitors the changing consumer and business landscapes and takes a proactive approach to trend and demand forecasting.

National Storage strives to be a leader in industry evolution and has identified a number of opportunities in the digital sharing economy. In October 2017, National Storage invested in Spacer, the online "Marketplace for Space", and we maintained our position as a cornerstone investor throughout FY19.

The Spacer platform is an online marketplace for storage, parking and warehousing, leveraging existing infrastructure

and assets. The investment was a strategic decision to stay ahead of any impacts of disruption and technology on the storage industry.

In addition to the investment and marketing benefits this relationship delivers, it also facilitates the sharing of ideas and ways of working between an entrepreneurial start-up culture and a more established business.

3. CYBER READINESS

Cyber security is a strategic area of focus for National Storage. We continue to fortify and test our systems to ensure our online presence is sustainable and data is securely stored and protected against potential threats.

An example of the cyber security initiatives in place across FY19 include:

- **Awareness** – A campaign of alerts, training and a culture of self-reporting has been cultivated, improving awareness of cyber security company-wide.
- **Monitoring** – Our ongoing Sensitive Data Project continually monitors and tests our company systems and devices.
- **Assessment** – Our security systems are periodically tested and audited by internal and external service providers.



TIMELINE



CORPORATE DIRECTORY

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

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Anthony Keane
Howard Brenchley
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Claire Fidler

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Stapled Securities are quoted on the
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