



**SUSTAINABILITY
REPORT
2019/2020**

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



NATIONAL STORAGE BUNDALL

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MANAGING DIRECTOR'S INTRODUCTION

Our FY2020 Sustainability Report represents the fourth standalone report undertaken by National Storage. Our sustainability reporting has increasingly focused on areas in which we believe we can make the most meaningful impact in terms of reducing our environmental footprint and meeting our commitment to sustainability across the environmental, social and governance landscape in which we operate. In this regard, we continue to focus upon the three key pillars of sustainability determined in the National Storage Materiality Matrix - economic performance, people and transformation.

Our economic performance focuses upon optimising our operational systems in an efficient and effective fashion. At National Storage, we strive to improve areas such as customer experience, our centres' energy efficiency, overall operational performance and our impact on the environment. Important landmarks over the past twelve months include the introduction of a COVID-safe contact-free move-in process, allowing online customers the peace of mind to enquire, book and move into their storage units in a remote fashion. We have also completed Australia's first fully automated self-storage centre at Robina on the Gold Coast incorporating a range of sustainable development initiatives into this flagship project. In addition, National Storage has continued to build new centres with a view to limiting its carbon footprint using long term sustainable materials wherever possible, in an endeavor to minimise its impact on the environment. Our solar and LED programs continue to lead the Australian and New Zealand self-storage industry. Our cardboard box recycling program

continues to reduce waste and limit landfill from users of our business.

Our commitment to our staff and customers continues to be unwavering. We consider our staff to be our greatest asset and although 2020 has provided a range of unprecedented challenges, our highly engaged team of self-storage professionals have risen magnificently to meet these unforeseen circumstances. National Storage received recognition of its endeavors in customer care when it was awarded the prestigious Canstar Blue Award for Australia's most satisfied storage customers in 2020.

Staff and customer safety is paramount to our business and our teams in every state, territory and province of Australia and New Zealand have worked tirelessly to ensure safety by introducing a range of COVID-safe practices which thankfully have resulted in zero confirmed COVID-19 positive cases across our business. Our Pride in Diversity program continues to meet with great success and we strive to maintain a diverse, inclusive workplace where our employees are able to "bring their whole self to work". Our commitment to gender diversity is reflected by the fact that 53% of our workforce is female. In addition, National Storage runs a range of employee assistance, wellness and benefits programs all aimed at maintaining our company's positioning as an employer of choice for our valued team members. We are proud to have introduced a new paid parental leave scheme in 2020 offering 16 weeks paid parental leave for our female staff and 4 weeks paid partner leave. Our safety program continues to focus upon the objective

Our commitment to our staff and customers continues to be unwavering.



ANDREW CATSOULIS

CORE VALUES AND COMMITMENTS

The National Storage Group's core values are:



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, trusting environment.



Excellence

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

of "no harm to anyone at anytime" and in the past 12 months we have seen a significant reduction in total time off work due to manual handling injuries. Our employee development programs continue to invest in our employees and provide internal pathways for them to continue to develop on both a professional and personal basis.

Our "Transformation Program" embodies three key areas - maximising centre utilisation, driving scalability and improving customer experience. Significant achievements in these areas include the introduction of a new sales training and customer service program designed to personalise and improve every aspect of our customer experience. The introduction of a new "mobile-first" user friendly website incorporates a streamlined enquiry and booking portal and our contact-free move-in process and online Box Shop. All of these initiatives have been hugely successful and transformative for our business.

As our business continues to grow towards 200 centres, located across every state and territory of Australia and throughout New Zealand, we remain passionately committed to best practice and industry leading outcomes across a range of sustainability initiatives, designed to continue to transform our business into the most sustainable in its field.

APPROACH ASSESSMENT

This report has been prepared by identifying those topics that are most material to National Storage. Implemented in FY2019 the National Storage Materiality Matrix has been assessed and our three key sustainability pillars remain the focus of this report.

Economic

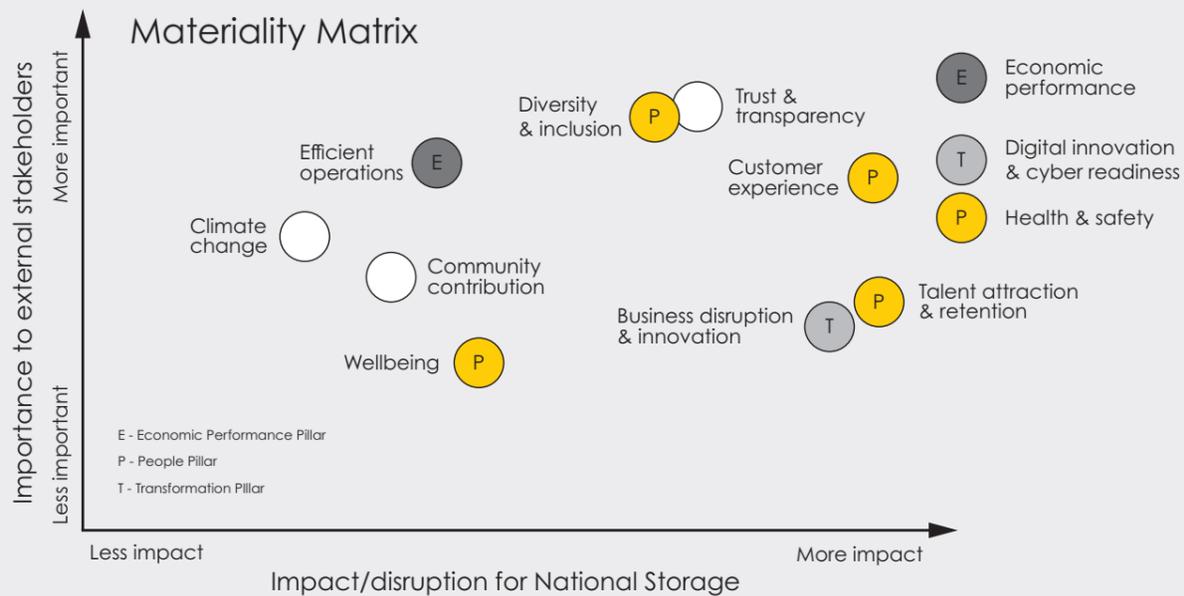
The Economic Performance pillar considers how we can continue to deliver growth and returns through sustainable finance and efficient operations and management.

People

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

Transformation

The Transformation pillar concentrates on how we can adapt and innovate in a competitive and changing market.



The data contained within this report is for the financial year ended 30 June 2020, except where otherwise identified.



OUR ECONOMIC PERFORMANCE

Financial Performance

The National Storage Annual Report details the organisation's financial performance for the financial year to 30 June 2020. The report is available for download at:

www.nationalstorageinvest.com.au/reporting

Sustainable Finance

National Storage adopts a sustainable approach in managing its capital requirements and financial structure. This allows us to safeguard our ability to continue to grow and maintain an optimal structure to reduce the cost of capital and maximise long-term value.

To support this objective, we:

- Ensure the availability of future funding requirements via multiple debt channels;
- Manage interest rate risk, ensuring that all hedging is prudent and non-speculative;
- Proactively monitor liquidity levels to ensure we meet all short-term funding requirements and maintain a sufficient commercial buffer to add additional stability; and
- Maintain a robust capital structure, making appropriate adjustments to reflect changes in economic conditions.

Oversight is provided by the board of National Storage with policies and procedures in place to govern and monitor each area.

Financial Highlights

A - IFRS PROFIT	UNDERLYING EARNINGS	UNDERLYING EARNINGS PER STAPLED SECURITY	TOTAL RETURN
\$121.8m	\$67.7m	8.3cps	6.2%p.a.
DISTRIBUTION PER STAPLED SECURITY	TOTAL ASSETS	NET TANGIBLE ASSETS PER STAPLED SECURITY	ACQUISITIONS SETTLED IN FY20
8.1cps	\$2.64b	\$1.65	20

* As at 30 June 2020.

* Underlying earnings is a non-A-IFRS measure (unaudited). Refer to FY20 Annual Report for reconciliation.

EFFICIENT OPERATIONS AND ASSET MANAGEMENT

Sustainability is of the utmost importance when designing our new National Storage centres. We recognise that in designing and constructing the storage centres of the future, we must focus upon and seek to enhance the following keystones of each project:

1. Customer experience
2. Energy efficiency
3. Operations
4. Sustainable environment

To do so, materials with longevity are sourced, advanced technologies are applied, and energy efficient measures are implemented to achieve a centre that enhances our customer experience and staff wellbeing. Our building methodology is the result of a whole-of-life cycle analysis with natural ventilation minimising heating and cooling requirements in conjunction with low environmental impact material choices, selected for their high efficiency value. The result is a dynamic, efficiently run centre with low energy consumption and integrated building management systems.

Energy efficiency measures have many benefits to our business. Such initiatives provide a sustainable and effective method to manage the energy and operational costs of our business while increasing the value of our portfolio and reducing our environmental impact.

As Australasia's largest self-storage owner-operator, we are fortunate that unlike many buildings in the commercial sector, we are not restricted by the many hurdles that can delay the implementation of smart building techniques. The synergies we are able to achieve have also enabled us to apply sustainable asset management techniques and energy efficiencies to our existing property portfolio, in addition to our new builds.

Energy Uses and Emissions

Solar

National Storage has been investing in its solar installation program since 2017. Phase Two of the program was revised in FY2020 to include a third group of newly acquired centres. We are happy to announce that 115 centres now feature solar power (FY2019: 50+ centres with solar power).

In FY2021, we will continue to assess and implement solar at our newly acquired centres to reduce our carbon footprint further and deliver long term benefits to our customers and investors.

LED Program

Our ongoing LED initiative has seen LED lighting installed throughout all of our new builds. In FY2020, our focus shifted to converting the existing portfolio and any aging lighting in our newly acquired centres to more durable and energy efficient LED lighting. In addition, we have systematically implemented motion sensors and smart building measures across our portfolio that light our customers' pathways to their unit. This provides "on demand" lighting in a low consumption ready-state facility which further limits our carbon footprint. National Storage will continue to assess technological advancements across the industry to establish whether any such measures are suitable and economically viable for our business.

Energy Usage

Our solar and LED programs have contributed to gradually reducing our energy usage and emissions and we are aiming to provide more information in this regard in future reports.

As at 30 June 2020, National Storage has installed 5,959 solar panels across over 100 centres which equates to:



Based on length.



Based on area.



Based on power.

As at 30 June 2020, we have installed the following solar:

SOLAR	INSTALLED BETWEEN JULY 2019 - JUNE 2020	TOTAL INSTALLED UNDER THE SOLAR PROGRAM TO JUNE 2020
Installed (kWp) ¹	649	2,086
Solar Generation (MWh) ²	498	2,452
Co2-e Reduction (t)	376	1,978

As at 30 June 2020, our energy savings are as detailed below:

ENERGY SAVINGS (KWh)	NSW ACT	VIC	QLD	SA	WA	NT	TAS
LED and solar program	333,800	691,000	854,942	187,000	294,000	19,358	69,900

* We note that we have adjusted our energy savings reporting since the FY19 Sustainability Report. We will endeavour to provide investors with comparative information in the FY21 Sustainability Report.

¹ kWp is the peak power of a PV system or panel. Solar panel systems are given a rating in kilowatts peak (kWp) which is the rate at which they generate energy at peak performance.

² A megawatt hour (MWh) is equal to 1,000 kilowatt hours (Kwh)



CASE STUDY: ROBINA

Building on the initiatives incorporated into our recently completed Bundall centre, National Storage's latest flagship centre at Robina on the Gold Coast sets a new standard in sustainable development.

Robina's energy efficient design includes automated LED lighting that illuminates only on an as-needed basis, reducing power consumption and grid reliance. Thermal glazing also assists in maintaining temperature controls and reducing energy consumption.

Building materials have been chosen through a whole-of-life cost/benefit analysis, that considers our sustainability principles.

Solar supplements energy consumption with the excess feeding into the local grid, where possible. A naturally ventilated design was implemented to reduce the power consumption necessary to control internal temperatures.

National Storage Robina treats storm water runoff through a best-in-class proprietary water treatment device. This device ensures stormwater runoff is filtered, and free of contaminants and waste. All internal fixtures are water efficient and landscaping is designed using native species, which are drought tolerant and require low irrigation and maintenance.

Finally, recent health concerns associated with COVID-19 are mitigated at National Storage Robina as well as our other centres with the inclusion of a completely contact-free move-in process featuring industry-first bluetooth smart access technology – making National Storage Robina the first fully automated self-storage centre in Australia.

the first fully
automated
self-storage
centre in
Australia



FUTURE DEVELOPMENT



Mitchell, Ha Crescent and Manukau

Future National Storage centres will continue to innovate, applying both existing initiatives and adopting new technologies, materials and designs within the built form for National Storage to continue as a market leader in producing sustainable storage centres. This will be combined with operational initiatives such as recycled water for irrigation purposes and waste management plans that maximise our recycling efforts from construction right through to operation.

We look forward to announcing the opening of our newly developed Mitchell centre in the Australian Capital Territory, Ha Crescent and Manukau centres in Auckland soon.

RECYCLING PROGRAM

Over the last 13 months, we have reduced our general waste by approximately three tonnes year-on-year. This is due to the on-demand system implemented last year where waste disposal bins are only serviced upon request. Specifically, in the last 13 months, we have diverted 311.97 tonnes of waste from landfill.

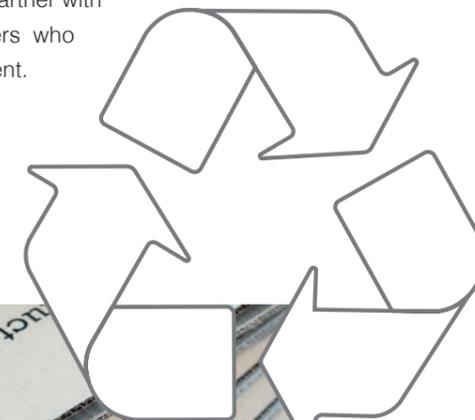
During this time, we have introduced co-mingled recycling, confidential paper disposal, and ad hoc liquid waste services. In South Australia, we have been able to divert all waste generated at our centres within the State from landfill due to the NAWMA's Material Recovery Facility:

<https://www.nawma.sa.gov.au/resource-recovery/material-recovery-facility/>

Of the 686 tonnes of cardboard boxes sold across National Storage centres during FY2020, 96% were made from recycled materials. Further, 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 packaging materials. The success of the National Storage box buy-back program is reflected in the circa 29,000 branded boxes re-sold and re-used during FY2020, which is consistent with FY2019's results.

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



OUR PEOPLE

Improving engagement, finding a balance and driving high performance outcomes - all in challenging times

At National Storage, our highly valued team of professional people continue to be critical to our present and future success. The past year has seen a raft of unique and unforeseen scenarios which have challenged our people in all areas of the business. It's these challenges that have provided an environment where excellence is able to be demonstrated, and our team has risen magnificently to meet these demands.

Pride in Diversity

Our Pride in Diversity program continued in FY2020 with the key purpose of encouraging our employees to be able to 'bring their whole self to work'.

Our human resources policies are completely gender neutral, along with the movement to gender neutral bathrooms at both our Head Office and centres. Focused recruitment has our current gender split at 47% male and 53% female (2019: 46% male and 54% female), with our management structure balance improving at all levels. For more information see National Storage WGEA Report at:

www.nationalstorageinvest.com.au/governance

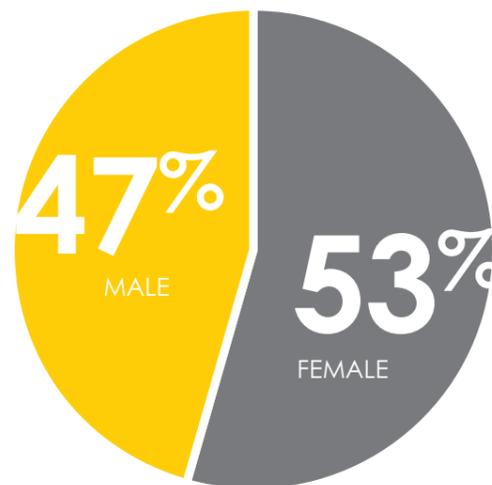
FY2021 focuses in this space include:

- Educating our staff regarding diversity, through our online platform;
- Implementing our charitable initiative which will promote and celebrate a charity on a proposed

bi-monthly basis which will specifically include Pride in Diversity and Women in Leadership focuses;

- Developing an Allies Group through our online workplace communication and networking portal to connect our employees and celebrate our diverse and inclusive culture; and
- Enhancing our Women in Leadership program.

Employment by Gender



A GROUP OF OUR CURRENT AND ASPIRING FEMALE LEADERS





Employee Assistance Program

National Storage's Employee Assistance Provider, CONVERGE, continues to deliver confidential counselling and has provided additional support services during COVID-19. Key areas of mental health, personal pressures, work pressures and direct COVID-19 related issues have been supported throughout FY2020.

An increased trend in utilising our provider during the reporting period in all but one State was observed. CONVERGE have provided additional relevant content for our people specifically relating to CoronaCare – isolation support and dealing with your emotions during COVID-19.

In addition to implementing flexible working options, National Storage was excited to roll out the new Paid Parental Leave scheme in FY2020. This scheme offers 16 weeks paid parental leave or four weeks paid partner leave for our eligible staff. This is a significant undertaking by National Storage and one of which we are particularly proud.

In FY2021, we will continue to encourage our people to consider their health and wellbeing and support our people by providing additional wellness offerings.



Employee Benefits

“NS Perks” is one of many offerings we provide our staff in recognition of their superior performance. This employee benefit has been in operation for several years and provides exclusive special offers and savings from leading businesses in Australia and New Zealand. The uptake of our NS Perks offering has shown a steady increase of employee spend on discounted gift cards as well as managers utilising the gift card offering for direct staff rewards.

National Storage was excited to roll out the new Paid Parental Leave scheme.

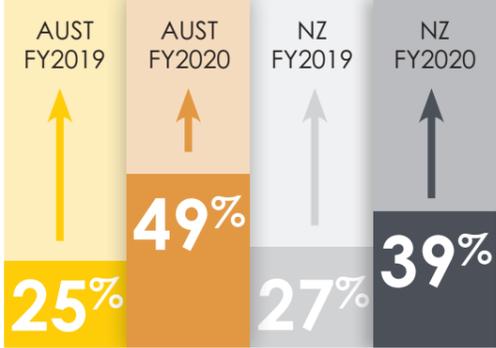
Wellness Offering

National Storage remains committed to the overall wellbeing of its staff with many offerings implemented in FY2020.

The annual flu vaccination program continues. This is a complimentary offering to all staff to assist in maintaining their health and wellness to assist in the prevention of the spread of influenza virus. During COVID-19 we saw a significant increase in the uptake of this offering.

Our Exhale Program actively encourages staff to live happier and healthier lifestyles by offering financial assistance to subsidise approved health goals. Programs such as gym memberships, weight management programs, mindfulness, mental health programs, health fund membership and Quit Smoking products can be claimed. All staff who have been employed for 12 months or longer in the company are eligible for this annual assistance.

Flu Vaccination Uptake



SAFETY OF OUR PEOPLE

“No Harm to Anyone at Anytime”

The safety vision at National Storage is “No Harm to Anyone at Anytime”. This continues to drive our safety process, behaviours and initiatives. We are continuously striving for improvement across all areas of the business in relation to our management of risk. National Storage seeks to create an environment where our employees and customers feel safe by creating a culture of sustainable productivity through safe work practices.

National Storage monitors, reviews and implements training and education programs that assist our people in identifying safety risks and managing hazards. We remain proactive in endeavouring to ensure our people are safe, through encouraging our staff to report all hazards and safety events (including “near misses”) investigating incidents, implementing remedial actions, analysing our reported statistics and determining areas of focus for improvement. We actively engage with our staff in relation to new safety initiatives channelled through our management team and centre-based representatives as well as using a variety of online learning systems and processes.

Proactive decision-making tools such as the Take 5 and the Job Safety Analysis procedures assist our staff in making structured and safe choices when working in our centres.

To ensure that we have a safe and skilled workforce, National Storage provides safety compliance training to staff. All new centre employees complete

mandatory induction training, encompassing 36 modules, within their first two to four weeks and are then provided with 40 hours of additional job specific training.

In the past year, existing employees received on average 48 hours of additional training with a focus on modules such as fire and evacuation training, forklift training, various safety modules and customer service training. Overall, 24 specific and mandatory safety courses were provided to operational staff in the past financial year. This has been a significant uplift in education and compliance from previous years.

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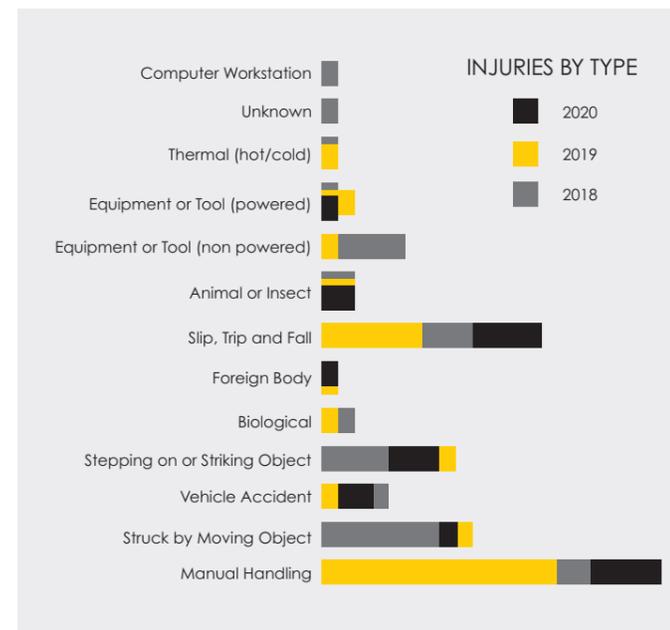


REDUCTION OF WORK HOURS DUE TO MANUAL HANDLING INJURIES

In the past year, we saw a significant reduction in the amount of total time off work due to manual handling injuries. Most injuries were experienced in Victoria, Western Australia and New Zealand where there is a large number of isolated or more remote centres,

continue to raise our standard of contracted work, but most importantly will help better manage our safety risk exposure.

In the past year, we saw a significant reduction in the



and this has become a focus area for us going forward. A 25% reduction in the overall number of injuries in Queensland for the year was reported as we continue to strive for the elimination of injury risk and the overall downward trend of workplace injury statistics. We observe that our training is assisting the understanding of safe work methods and believe that overall safety awareness continues to grow amongst all stakeholders. National Storage aims to reduce all injury rates and has a risk ranking process that prioritises resourcing. Utilising additional tools, such as Take 5’s, Job Safety Analysis assessments, safety meetings, safe work observations, safety alerts and consultative committees will continue to drive this process.

Customer Safety and Security

National Storage also works 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 - All new customers receive an on-site induction either in person, with a staff member or online by a virtual process, to learn the operational processes and procedures of the centre. There was a total of 20 injuries involving customers in our 190+ centres in the past financial year, with six incidents requiring medical treatment. Nine out of the 20

injuries were due to manual handling. To further reduce the likelihood of injuries, we have ensured accessibility and enhanced communications around manual handling aides provided on-site.

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 slips, trips and falls and customers being struck by moving objects. To minimise vehicle accidents, speed signs, speed humps, mirrors, 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. Making our driveways one way has also reduced the likelihood of vehicle collision and given safer manoeuvrability for customer vehicles and forklift operations. Centres also have on-site offices with first aid kits to help ensure that if any injuries do occur, immediate and appropriate remedial action can be taken.

MONITOR - The final aspect of customer safety is to continue monitoring. This involves daily inspections and the installation and enhancement of video cameras that provide a deterrent. The monitoring enables the efficient detection of, and more timely responses to events, any third-party damage, natural disasters or in rare cases criminal activity that may occur.



TALENT ATTRACTION, ENGAGEMENT AND RETENTION

Internal Employee Development

National Storage is proud to demonstrate career pathways for employees across the company. We believe that it is important to invest in our employees in order to foster talent and to provide progression pathways for our staff.

There are many examples of progression to date including: Connaugh Druhan, Melinda McLachlan, Luke Moore and Campbell Howell who have all transitioned from National Storage's Contact Centre into various positions within the company throughout FY2020.

CONNAUGH originally started with National Storage in November 2017 as Contact Centre Agent, continuing until December 2018 when he moved to Perth. Upon returning to Brisbane, Connaugh re-joined National Storage in April 2019 in a similar position, and within a short period of time was promoted to supervisor, assisting with sales training and agent development within our Contact Centre. In October 2019, Connaugh joined the Operations team as Project Coordinator and was heavily focused on implementing operational solutions across the company. Connaugh's role has developed further, to focus on revenue management and growth. He has completed a series of courses in Project Management and Business Analytics and intends to commence a Bachelor of Business starting in 2021.

We have
increased our
employee
headcount by
approximately

6%

MELINDA began her employment with National Storage as a Contact Centre Agent in April 2018. Melinda's next role was as Centre Administration and Rostering Assistant. Later she took on additional duties during COVID-19 and in March 2020 Melinda was given the responsibility of supervisor. Holding a Certificate IV in Accounting, National Storage identified Melinda's highly complimentary skill set and appointed her to the position of Corporate Accounts Finance Officer in May 2020. Melinda now looks after our corporate clients with quotes, invoicing, managing arrears and receipting.

LUKE started with National Storage as a Contact Centre Agent in December 2017. Currently studying a Bachelor of Laws (Honours)/ Bachelor of Arts (Economics/Philosophy majors) at the University of Queensland, he transferred into the role of Legal Clerk in February 2020. Luke's responsibilities are to support the experienced in-house legal team of senior corporate and commercial lawyers in various matters of legal administration in areas including: acquisitions, property and asset management, operational queries and disputes, administration, governance and compliance. In addition to this, Luke has branched out in supporting the HR team as required. Luke's eagerness to learn and expand on his skill set has afforded him the opportunity to continue his career with National Storage, and to thereby build a broad and wide ranging skill set across multiple legal, administrative and corporate governance areas.



FROM LEFT TO RIGHT: CONNAUGH, MELINDA, LUKE AND CAMPBELL

CAMPBELL started with National Storage as Contact Centre Agent in September 2018, and after strong performance in this role, he was offered the opportunity to transfer into National Storage's Development team in March 2020 in the role of Development Assistant. His main responsibilities are to assist the due diligence process for both sites under investigation and current assets and assist in the coordination of the design, development and construction of new centres. Campbell graduated from Queensland University of Technology in Property Economics in June 2020 and continues to develop and refine his property development skills.

Recruitment

National Storage has implemented a streamlined recruitment process, enabling centres to be able to recruit high quality candidates. We believe that the increased training in our centres has contributed to the reduction of turnover. Employee turnover is currently 39% across all centres, a considerable reduction from FY2019 (FY2019: 44%). Our employee headcount has increased through new developments and acquisitions by approximately 6% (466 to 495 people) as of 30 June 2020. The retention of staff from acquired centres continues to remain a focus and we aim to integrate our people into the National Storage team by initiating a thorough induction and training process in their first few months of employment.

INTRODUCING MAL McALLAN

Celebrating over 20 years with National Storage

After more than 20 years in black and yellow, Mal McAllan has become synonymous with storage.

From a chance encounter with a young Andrew Catsoulis on a Gold Coast construction site, to now leading our ever-expanding Property team, Mal is the epitome of a true Aussie success story.

As National Storage has evolved, so has Mal's role and responsibilities. When asked what his biggest professional challenge was to date, aside from the many natural disasters he has personally had to combat, Mal mentioned the period immediately post-listing. But in his usual happy-go-lucky manner, he referred

to it not as a challenge, but an opportunity. "When we first listed on the ASX, it provided us with the opportunity to expand in a short period of time. We managed to adapt at speed and grow the business to become the industry leader we are today."

I really value being part of the team that has contributed to growing the company



However, despite the many avenues for growth and change, the real reason Mal has opted to share his time and talents with us for more than two decades is, in his words, "our people", and our "unwavering values".

"Despite being an ASX 200 company, National Storage still has that family feel. I appreciate being able to work with my brother

Ross, and my son Travis previously worked with us also."

From opportunities for international travel, to the feeling of autonomy in his role, Mal can't help but sing the praises of the job he loves. Upon reflection, as humble as he is, he also takes great pride in his achievements. "I really value being part of the team that has contributed to growing the company from a single storage centre at Oxley, to over 190 centres today."

Looking forward, Mal hopes to continue to train and educate his team so that he is able to foster talent, while also freeing up his time to focus more on project-based work – namely, adding the latest technology to our existing portfolio.

When posed the question "what would you say to someone considering joining our team?" Mal simply smiled at his brother and said "be good at your job."

And that right there, is Mal in a nutshell.



Mal assisted in building the first storage centre at Oxley.

Mal and his wife Karen were asked to manage National Storage Aspley. Fun fact: Karen worked with National Storage for approximately 17 years.

When the National Mini Storage portfolio was purchased, Mal was asked to take on the role of Property Maintenance Manager.



Mal was asked to join the Head Office team.

Mal became our Property Manager. This role has evolved as the team has grown to meet the demand posed by new centres.



Mal is now our General Manager of Properties and Projects.



OUR TRANSFORMATION

Our brand and service strategies are focused on excellence in customer experience.

Customer Experience

Delivering excellent customer experiences is central to the National Storage ethos and one of our key competitive advantages. Satisfied customers remains one of our highest priorities and makes good commercial sense from a business perspective. Throughout FY2020 a number of programs have delivered improvements in our customer experience including:

- A new sales training program launched in FY2020 aimed at assisting our team to better understand customer needs and tailor a solution accordingly. The program was launched across the Contact Centre and storage centre teams.
- Digital experience – across FY2020 we launched our new mobile-first website enabling customers to book and pay online. Since the launch, we have invested in a number of updates aimed at ensuring the customer experience is as seamless as possible. Ongoing testing has resulted in further enhancements which will progressively be rolled out across FY2021.

Our brand and service strategies are focused on excellence in customer experience. These strategies support our core values of teamwork, care and excellence, ensuring the alignment of customer and employee experience to deliver outstanding experiences at every level of our business.

Our commitment to excellence in customer service was recognised when National Storage was awarded the Canstar Blue Award for Australia's most satisfied storage customers in 2020.

Technology and Innovation

In FY2020 we harnessed new technology and innovation for sustainable business outcomes including:

- Roll out of Contact-Free Move-In process
- Completion of the first fully automated self-storage centre in Australia

- Development of an National Storage Application Programming Interface (API) that will allow selected partners to integrate with National Storage's business and data in a secure and well-structured manner.

We also improved efficiencies across the business whilst identifying ways to reduce how we use consumable goods. A full review of all printed internal reports in our storage centres was undertaken in FY2020, resulting in an initiative aimed at reducing the number of printed internal documents by 18 per week per centre. Many of these reports are now available online and are stored in cloud-based technology which is easily accessible for staff and customers. This program continues into FY2021 with an expectation that we remove all printed reports in the very near future.

Work has also begun on an efficiency project targeting automation through new technologies. This will allow us to centralise many of the current administrative tasks that take place across our centres on a daily basis and allow improved management of processes and reporting. This program will continue into FY2021.

In FY2021, 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 goals:

1. Maximise Utilisation

2. Drive Scalability

3. Improve Experience

These goals 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.



COVID-19 UPDATE

COVID-19

The most recent period has seen a focus on the development, management, delivery and ultimate measurement of our business performance during the COVID-19 pandemic. Our management team has worked closely with our staff to maximise team safety, uphold all state and regional requirements whilst continuing our high performance and productivity as key priorities.

At the outset of the COVID-19 pandemic self storage was recognised by local, state, and federal governments as an essential component of the storage - supply - logistics chain, vital to the ongoing facilitation of product and service delivery in the community. As such all National Storage centres remained open and operational throughout the pandemic.

Our prompt development and implementation of the NS COVID-19 Policy in all regions enabled our staff, customers and contractors to have clarity on how to implement safe work methods tailored for each site and region. Our urgent response resulted in the formation of an internal Crisis Management Team (in-line with our Disaster Recovery Plan) facilitating and directing requirements for our Australian and New Zealand operations. With strong senior and State Management Teams already in place, National Storage was able to communicate effectively and respond in a timely fashion to the crisis.

Independent and internal audit assessments further enabled us to refine and improve the policies and processes initially in place, as the effects of the pandemic transpired. During this period, we requested that all levels of staff consider

taking 20% of hours worked as annual leave per week for a period of 10 weeks. We experienced an uptake in excess of 95%, which meant we were able to further ensure that no staff members were laid off as a result of the pandemic.

Due to the resilience of the self-storage industry, and National Storage's operating business, the company did not receive any JobKeeper subsidies. Where National Storage was able to claim government relief such as stamp duty concessions, these were claimed and passed on in full to lessees.

As at the date of this report, none of our staff have contracted COVID-19.

Flexible working options

A significant benefit from a challenging and unprecedented pandemic situation has been the ability to test both Head Office and centre-based remote working arrangements. This included trialing the effectiveness of working from home, and team members' ability to adapt and deliver on tasks without in-person monitoring, all while continuing to find efficiencies in how we manage our customer interactions and overall staffing levels going forward.

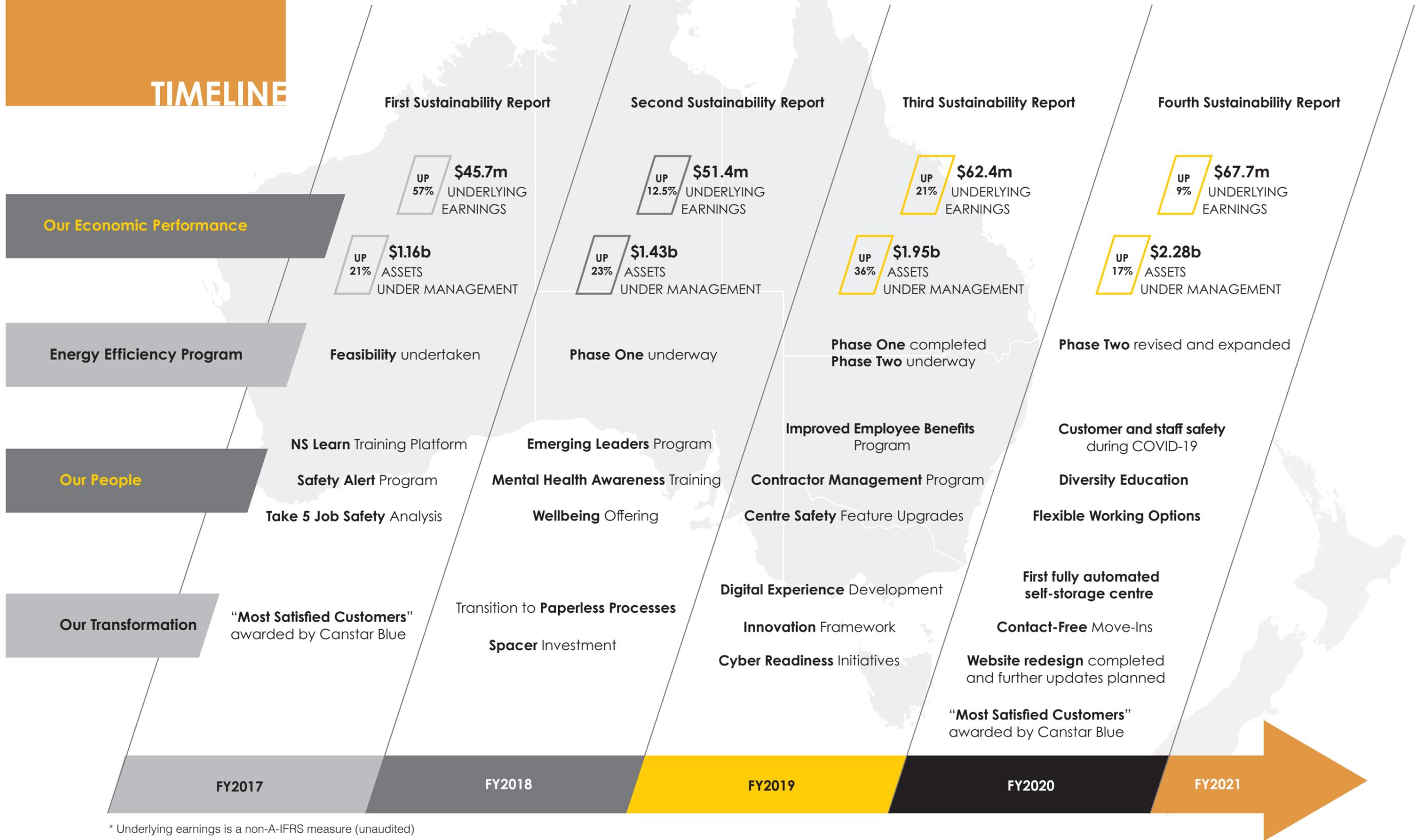
The implementation of remote working strategies for our Head Office and State Management Teams during the COVID-19 lockdown stages reinforced that our capable and autonomous teams are willing and able to deliver high performance outcomes whilst in isolation.

Our wellbeing provider, HBP Group, developed and implemented a series of 'Work from home health and workstation setup' videos which have assisted in managing each staff members' unique home office environment and their varying challenges.

As we emerged from the initial lockdown period, we strategically maintained a semi-remote work routine for Head Office staff. This has been reviewed regularly which continues to give us the ability and agility to react if we were to experience a second wave of COVID-19 in Brisbane.

As at the date of this report, none of our staff have contracted COVID-19.

TIMELINE



* Underlying earnings is a non-A-IFRS measure (unaudited)

CORPORATE DIRECTORY

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

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

Directors

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

Company Secretary

Claire Fidler

Registered Office

Level 16, 1 Eagle Street, Brisbane QLD 4000

Principal Place of Business

Level 16, 1 Eagle Street, Brisbane QLD 4000

Share Registry

Computershare Investor Services Pty Limited
452 Johnston Street
Abbotsford
VIC 3067

Stapled Securities are quoted on the
Australian Securities Exchange (ASX)

The logo consists of the words "NATIONAL" and "STORAGE" stacked vertically in a bold, black, sans-serif font. The text is contained within a yellow rectangular box with a black border.

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