



**NATIONAL STORAGE REIT (NSR)
INTERIM FINANCIAL REPORT**

FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

**National Storage Holdings Limited ACN 166 572 845
National Storage Financial Services Limited ACN 600 787 246 AFSL 475 228
as responsible entity for
National Storage Property Trust ARSN 101 227 712**

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CORPORATE INFORMATION

National Storage Holdings Limited ACN 166 572 845 (“**NSH**” or the “**Company**”) and National Storage Property Trust ARSN 101 227 712 (“**NSPT**”) form the stapled entity National Storage REIT (“**NSR**” or the “**Group**”)

Responsible Entity of NSPT

National Storage Financial Services Limited (“**the Responsible Entity**”), a wholly owned subsidiary of National Storage Holdings Limited
ACN 600 787 246
AFSL 475 228
Level 16, 1 Eagle Street
Brisbane QLD 4000

Directors – NSH

Anthony Keane (Chairman)
Andrew Catsoulis
Howard Brenchley
Claire Fidler
Inma Beaumont
Scott Smith

Directors – the Responsible Entity

Anthony Keane
Andrew Catsoulis
Howard Brenchley
Claire Fidler
Inma Beaumont
Scott Smith

Company Secretary – NSH

Claire Fidler

Company Secretary – the Responsible Entity

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**”) – trading code **ASX:NSR**.

Auditor

Ernst & Young
111 Eagle Street
Brisbane QLD 4000

DIRECTORS' REPORT

The Directors of NSH jointly with the Directors of National Storage Financial Services Limited as Responsible Entity of NSPT present their report together with the financial statements of NSR which incorporates NSH and its controlled entities ("NSH Group") and NSPT and its controlled entities ("NSPT Group") for the half-year ended 31 December 2022 ("Reporting Period").

DIRECTORS

National Storage Holdings Limited

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

Anthony Keane	Independent Non-Executive Chairman
Andrew Catsoulis	Managing Director
Claire Fidler	Executive Director
Howard Brenchley	Independent Non-Executive Director
Steven Leigh	Independent Non-Executive Director (Resigned 26 October 2022)
Inmaculada Beaumont	Independent Non-Executive Director (Appointed 1 July 2022)
Scott Smith	Independent Non-Executive Director (Appointed 1 July 2022)

National Storage Financial Services Limited, "the Responsible Entity"

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

Anthony Keane	Director
Andrew Catsoulis	Director
Claire Fidler	Director
Howard Brenchley	Director
Steven Leigh	Director (Resigned 26 October 2022)
Inmaculada Beaumont	Director (Appointed 1 July 2022)
Scott Smith	Director (Appointed 1 July 2022)

REVIEW AND RESULTS OF OPERATIONS

The Financial Statements are prepared in compliance with Australian Accounting Standards. Users of the financial information should familiarise themselves with the "Corporate Information" and "Basis of Preparation" in Notes 1 and 2 in the Financial Statements.

Operating results

For the half-year ended 31 December 2022, total revenue increased by 23% to \$162.5m (31 December 2021: \$131.6m) driven by strong self-storage revenue growth, increases in rate per square metre and an increase to total net lettable area through completion of developments and acquisitions.

Underlying earnings¹ increased 23% to \$71.4m (31 December 2021: \$58.2m) through improved centre operating performance and contribution from new acquisitions and developments.

	H1 FY23	H1 FY22
IFRS profit after tax	\$182.3m	\$274.1m
Plus tax expense	\$8.2m	\$0.8m
Plus restructure and other non-recurring costs	\$0.0m	\$3.7m
Plus amortisation of interest rate swap reset	\$2.9m	\$4.4m
Less fair value adjustment and foreign exchange movement	(\$118.0m)	(\$221.4m)
Less lease diminution on leasehold investment properties	(\$4.0m)	(\$3.4m)
Underlying Earnings⁽¹⁾	\$71.4m	\$58.2m

¹ Underlying earnings is a non-IFRS measure (unaudited)

DIRECTORS' REPORT

Capital management

Cash and cash equivalents as at 31 December 2022 were \$56.0m (30 June 2022: \$83.7m) with net operating cashflow for the half-year increasing by \$24.5m to \$90.0m (31 December 2021: \$65.5m).

An interim distribution of 5.5 cents per stapled security (\$66.0m) was announced on 13 December 2022 with a payment date of 1 March 2023 (31 December 2021: interim distribution of \$54.7m - 4.6 cents per stapled security).

NSR continues to operate a Distribution Reinvestment Plan ("DRP") which enables eligible security holders to receive part or all of their distribution by way of securities rather than cash. For the final distribution for the year ended 30 June 2022, 14% of eligible securityholders (by number of stapled securities) elected to receive their distributions as stapled securities. This raised equity of \$9.2m from the issue of 3,799,574 stapled securities during the period.

For the 31 December 2022 interim distribution, 25% of eligible security holders (by number of stapled securities) elected to receive their distributions by way of stapled securities. The DRP price has been set at \$2.3099 based upon the volume weighted average market price of NSR stapled securities over a period of 10 trading days, commencing on and including 6 February 2023, less a 2% discount.

During the period, NSR increased its total debt facilities by AUD \$130m by entering into additional term loans with major international banks. This has assisted to extend the tenor of NSR's borrowings and also expanded NSR's lender pool.

NSR has a loan totalling AUD \$250m which has been classified as a current liability in the financial statements as the expiry date of the arrangement on 23 December 2023 is within one year of the reporting date.

At the Reporting Date, NSR's total borrowing facilities are AUD \$1,210m, and NZD \$225m, of which AUD equivalent of approximately \$268.8m was undrawn and available. \$238.8m of undrawn facilities have tenor of greater than one year. The Group is currently progressing the refinance of these short-term arrangements and expects to conclude this process in advance of the expiry date. This will continue to diversify NSR's sources of funding and provide capacity for ongoing acquisitions, development and expansion activities.

Investments in Investment Property Assets

During the reporting period the investment property portfolio expanded following the acquisition of 7 storage centre assets, 16 development sites and 1 freehold property of an existing leasehold centre across Australia and New Zealand, valued at \$170.9m and adding 31,200m² of net lettable area to NSR's portfolio.

SIGNIFICANT EVENTS AFTER BALANCE SHEET DATE

For the period from 1 January 2023 to the date of this report the Group purchased one storage centre investment property for \$6m and two development sites for \$22.7m.

No other events have occurred between the reporting date and the issue date of the half year report which require disclosure in the financial statements.

ROUNDING

The amounts contained in this report and in the financial report have been rounded to the nearest \$1,000 (unless otherwise stated) under the option available under ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191. The Group is an entity to which the class order applies.

DIRECTORS' REPORT

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under Section 307C of the *Corporations Act 2001* is set out on page 7.

This report is made on 21 February 2023 in accordance with a resolution of the Board of Directors of National Storage Holdings Limited and is signed for and on behalf of the Directors.



Anthony Keane
Chairman
National Storage Holdings Limited
Brisbane



Andrew Catsoulis
Managing Director
National Storage Holdings Limited
Brisbane



**Building a better
working world**

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Auditor's independence declaration to the directors of National Storage REIT

As lead auditor for the review of the half-year financial report of National Storage REIT for the half-year ended 31 December 2022, I declare to the best of my knowledge and belief, there have been:

- a. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review;
- b. No contraventions of any applicable code of professional conduct in relation to the review; and
- c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the review.

This declaration is in respect of National Storage REIT and the entities it controlled during the financial period.

A handwritten signature in black ink that reads 'Ernst & Young' in a cursive script.

Ernst & Young

A handwritten signature in black ink that reads 'Wade Hansen' in a cursive script.

Wade Hansen
Partner
21 February 2023

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 31 December

	Notes	2022 \$'000	2021 \$'000
Revenue from rental income		153,389	122,070
Revenue from contracts with customers		8,394	9,266
Interest income		685	309
Total revenue		162,468	131,645
Employee expenses		(28,909)	(24,940)
Premises costs		(18,946)	(15,904)
Advertising and marketing costs		(4,123)	(2,634)
Insurance costs		(3,022)	(3,326)
Information technology and communications		(3,811)	(3,165)
Other operational expenses		(8,841)	(8,536)
Finance costs		(22,527)	(16,904)
Share of profit of joint ventures and associates	6	244	953
Gain from fair value adjustments		117,019	221,208
Restructuring and other non-recurring costs		-	(3,690)
Foreign exchange gain		955	221
Profit before income tax		190,507	274,928
Income tax expense	4	(8,165)	(812)
Profit after tax		182,342	274,116
Profit for the period attributable to:			
Members of National Storage Holdings Limited		18,461	7,902
Non-controlling interest (unit holders of NSPT)		163,881	266,214
		182,342	274,116
Basic earnings per stapled security (cents)	17	15.21	23.07
Diluted earnings per stapled security (cents)	17	15.20	23.04

The above Consolidated Statement of Profit or Loss should be read in conjunction with the accompanying notes and 30 June 2022 Financial Statements of National Storage REIT.

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

For the six months ended 31 December

	2022	2021
	\$'000	\$'000
Profit after tax	182,342	274,116
Other comprehensive income		
<i>Items that may be reclassified to profit or loss</i>		
Exchange differences on translation of foreign operations	7,984	1,086
Net gain on cash flow hedges	665	9,479
Total other comprehensive gain, net of tax	8,649	10,565
Total comprehensive income	190,991	284,681
Comprehensive income for the year attributable to:		
Members of National Storage Holdings Limited	18,540	7,901
Non-controlling interest (unit holders of NSPT)	172,451	276,780
	190,991	284,681

The above Consolidated Statement of Other Comprehensive Income should be read in conjunction with the accompanying notes and 30 June 2022 Financial Statements of National Storage REIT.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	as at 31 Dec 2022 \$'000	as at 30 Jun 2022 \$'000
ASSETS			
Current assets			
Cash and cash equivalents		56,045	83,651
Trade and other receivables		16,893	20,153
Inventories		2,108	1,849
Other current assets	9	7,555	7,009
Total current assets		82,601	112,662
Non-current assets			
Trade and other receivables		135	135
Property, plant and equipment		1,337	1,365
Right of use assets	7	4,551	5,165
Investment properties	5	4,192,515	3,830,234
Investment in joint ventures and associates	6	9,254	10,528
Intangible assets	10	47,164	46,801
Deferred tax assets		9,017	9,537
Other non-current assets	9	27,309	37,554
Total non-current assets		4,291,282	3,941,319
Total Assets		4,373,883	4,053,981
LIABILITIES			
Current liabilities			
Trade and other payables		38,053	23,936
Borrowings	11	250,000	-
Lease liabilities	7	10,870	10,636
Deferred revenue		17,312	17,600
Income tax payable		6,919	9,769
Provisions		4,331	3,926
Distribution payable	15	66,001	64,557
Total current liabilities		393,486	130,424
Non-current liabilities			
Trade and other payables		775	461
Borrowings	11	897,212	972,017
Lease liabilities	7	93,733	97,954
Provisions		8,980	9,261
Deferred tax liabilities		5,887	4,972
Total non-current liabilities		1,006,587	1,084,665
Total Liabilities		1,400,073	1,215,089
Net Assets		2,973,810	2,838,892
EQUITY			
Non-controlling interest (unit holders of NSPT)		2,748,425	2,631,973
Contributed equity	13	164,336	163,526
Other reserves		1,610	2,415
Retained earnings		59,439	40,978
Total Equity		2,973,810	2,838,892

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes and 30 June 2022 Financial Statements of National Storage REIT.

CONSOLIDATED STATEMENT OF CHANGES OF EQUITY

For the six months ended 31 December

Attributable to securityholders of National Storage REIT

	Notes	Contributed equity \$'000	Retained earnings \$'000	Other reserves \$'000	Non- controlling interest \$'000	Total \$'000
Balance at 1 July 2022		163,526	40,978	2,415	2,631,973	2,838,892
Profit for the period		-	18,461	-	163,881	182,342
Other comprehensive income		-	-	79	8,570	8,649
Total comprehensive income for the period		-	18,461	79	172,451	190,991
Issue of stapled securities under Distribution Reinvestment Plan	13	693	-	-	8,509	9,202
Issue of stapled securities under Executive Remuneration Plan		124	-	(1,640)	1,516	-
Costs associated with issue of stapled securities		(10)	-	-	(23)	(33)
Deferred tax on cost of issue of stapled securities		3	-	-	-	3
Share-based payments	18	-	-	756	-	756
Distributions	15	-	-	-	(66,001)	(66,001)
		810	-	(884)	(55,999)	(56,073)
Balance at 31 December 2022		164,336	59,439	1,610	2,748,425	2,973,810
Balance at 1 July 2021		161,320	13,758	3	2,109,561	2,284,642
Profit for the period		-	7,902	-	266,214	274,116
Other comprehensive income		-	-	(1)	10,566	10,565
Total comprehensive income for the period		-	7,902	(1)	276,780	284,681
Issue of stapled securities	13	995	-	-	11,494	12,489
Costs associated with issue of stapled securities		(21)	-	-	(238)	(259)
Deferred tax on cost of issue of stapled securities		7	-	-	-	7
Share-based payments	18	-	-	1,434	-	1,434
Distributions	15	-	-	-	(54,685)	(54,685)
		981	-	1,434	(43,429)	(41,014)
Balance at 31 December 2021		162,301	21,660	1,436	2,342,912	2,528,309

The above Consolidated Statement of Changes of Equity should be read in conjunction with the accompanying notes and 30 June 2022 Financial Statements of National Storage REIT.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 31 December

	2022	2021
	\$'000	\$'000
Operating activities		
Receipts from customers	180,184	143,302
Payments to suppliers and employees	(81,489)	(77,790)
Interest received	1,021	40
Income tax paid	(9,760)	(63)
Net cash flows from operating activities	89,956	65,489
Investing activities		
Purchase of investment properties	(166,630)	(65,763)
Development of investment properties under construction	(38,963)	(26,680)
Improvements to investment properties	(3,337)	(2,556)
Purchase of property, plant and equipment	(283)	(402)
Purchase of intangible assets	(680)	(820)
Investments in joint ventures and associates	(100)	-
Distributions received from joint ventures	1,618	-
Net cash flows used in investing activities	(208,375)	(96,221)
Financing activities		
Distributions paid to stapled security holders	(55,355)	(38,241)
Transaction costs on issue of stapled securities	(33)	(570)
Repayment of borrowings	(130,000)	(794,429)
Proceeds from borrowings	300,074	844,535
Interest and other finance costs paid	(18,941)	(11,889)
Payment of principal and interest on lease liabilities	(6,183)	(7,167)
Repayment of financing from joint ventures	1,150	-
Net cash flows from / (used in) financing activities	90,712	(7,761)
Net decrease in cash and cash equivalents	(27,707)	(38,493)
Net foreign exchange difference	101	(30)
Cash and cash equivalents at 1 July	83,651	95,910
Cash and cash equivalents at 31 December	56,045	57,387

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes and 30 June 2022 Financial Statements of National Storage REIT.

NOTES TO THE FINANCIAL STATEMENTS

1. Corporate information

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

The Constitutions of NSH and NSPT ensure that, for so long as the two entities remain jointly quoted, the number of shares in the Company and the number of units in the Trust shall be equal and that the shareholders and unitholders be identical. Both the Company and the Responsible Entity of the Trust must at all times act in the best interest of NSR. The stapling arrangement will continue until either the winding up of the Company or the Trust, or either entity terminates the stapling arrangements.

The interim financial report of NSR for the half-year ended 31 December 2022 was approved on 21 February 2023, in accordance with resolutions from the Board of Directors of National Storage Holdings Limited and the Board of Directors of National Storage Financial Services Limited as the Responsible Entity of National Storage Property Trust.

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

2. Basis of preparation and changes to the Group's accounting policies

Basis of preparation

This Interim Financial Report for the half-year ended 31 December 2022 has been prepared in accordance with AASB 134 *Interim Financial Reporting*.

The Interim Financial Report of NSR as at and for the half-year ended 31 December 2022 comprises the consolidated financial statements of the NSH Group and the NSPT Group.

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

The Group elects to present only financial information relating to NSR within this interim financial report. A separate interim financial report for the NSPT Group has also been prepared for the half-year ended 31 December 2022, this is available at www.nationalstorageinvest.com.au.

The interim consolidated financial statements do not include all the information and disclosures required in the annual financial statements. It is recommended that the interim financial report be read in conjunction with the annual report for the year ended 30 June 2022 and considered together with any public announcements made by the Group in accordance with the continuous disclosure obligations of the ASX listing rules during the half-year ended 31 December 2022.

These financial statements have been prepared on the basis of historical cost, except for selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied. The financial statements are presented in Australian dollars (“**AUD**”) and all values are rounded to the nearest thousand dollars (\$'000) unless otherwise stated.

Deficiency of net current assets

As at 31 December 2022, the Group had an excess of current liabilities over current assets of \$310.9m. \$250.0m of this deficit relates to borrowings with a maturity date of less than one year. The Group is currently in the process of refinancing this short-term arrangement and expects to conclude this process in advance of the expiry date of 23 December 2023. The Group also has undrawn facilities of \$268.8m of which \$238.8m has tenor of over one year.

In addition, negotiations are ongoing with major lenders to increase the Groups total debt facilities by an estimated \$250.0m. This will extend the tenor of the Groups borrowings and may expand the Groups lender pool. The Group expects to conclude this process in advance of 30 June 2023. The Group's gearing levels remain low at 26% as at 31 December 2022.

NOTES TO THE FINANCIAL STATEMENTS

Accounting standard AASB 140 *Investment Property* requires the finance lease liability to be split between current and non-current while the corresponding asset is classed as non-current. This results in \$9.6m of lease liabilities being classified as current. The Directors believe the excess of the total investment property value over the finance lease liability reflects a positive position in both the immediate and long-term.

Current liabilities also include deferred revenue of \$17.3m associated with prepaid storage rentals which are not expected to result in a cash outflow. The Group generated strong operating cash flows of \$90.0m for the half year ended 31 December 2022, with strong cash conversion expected to continue for the 2023 calendar year. Sufficient cash inflows from operations will enable all liabilities to be paid when due.

The interim financial report has been prepared on a going concern basis as the Directors of the Responsible Entity believe the Group will continue to generate operating cash flows to meet all liability obligations in the ordinary course of business.

Changes in accounting policy, accounting standards and interpretations

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board ("**AASB**") that are relevant to its operations and effective for the current half-year.

The adoption of new and revised standards did not result in any material changes to the interim consolidated financial statements.

The accounting policies adopted in the preparation of the interim consolidated financial statements are otherwise consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 30 June 2022.

3. Segment information

The Group operates wholly within one business segment being the operation and management of storage centres in Australia and New Zealand. The operating results presented in the consolidated statement of profit or loss represent the same segment information as reported in internal management information.

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

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

NOTES TO THE FINANCIAL STATEMENTS

4. Income tax

The major components of income tax expense in the consolidated statement of profit or loss are:

For the six months ended 31 December

	2022	2021
	\$'000	\$'000
Consolidated statement of profit or loss		
Current tax	7,379	3,757
Deferred tax	691	(2,822)
Adjustment in relation to prior periods	95	(123)
Total income tax expense	8,165	812
Deferred tax relating to items recognised in other comprehensive income during the period		
Net gain on revaluation of cash flow hedges	-	3
Deferred tax relating to items recognised in consolidated statement of changes in equity during the period		
Cost of issuing share capital	(3)	(7)

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

NOTES TO THE FINANCIAL STATEMENTS

5. Investment properties

	31 Dec 2022 \$'000	30 Jun 2022 \$'000
Leasehold investment properties	139,484	140,681
Freehold investment properties in operation	3,857,988	3,612,082
Investment properties under construction	195,043	77,471
Total investment properties	4,192,515	3,830,234
Leasehold investment properties		
Opening balance at 1 July	140,681	137,498
Property acquisitions	2,019	7,412
Improvements to investment properties	195	249
Reassessment of lease terms	(469)	7,388
Items reclassified to freehold investment properties in operation	(230)	(11,500)
Lease diminution, presented as fair value adjustments	(4,045)	(6,954)
Net gain from other fair value adjustments	1,333	6,588
Closing balance at 31 December / 30 June	139,484	140,681
Freehold investment properties in operation		
Opening balance at 1 July	3,612,082	2,834,509
Property acquisitions	108,696	185,922
Improvements to investment properties	3,142	4,989
Items reclassified from leasehold investment properties	230	11,500
Items reclassified to investment properties under construction	-	(10,261)
Items reclassified from investment properties under construction	710	83,987
Net gain from fair value adjustments	119,731	510,786
Effect of movement in foreign exchange	13,397	(9,350)
Closing balance at 31 December / 30 June	3,857,988	3,612,082
Investment properties under construction		
Opening balance at 1 July	77,471	83,793
Property acquisitions	69,326	23,732
Development costs	48,956	45,208
Items reclassified to freehold investment properties	(710)	(83,987)
Items reclassified from freehold investment properties	-	10,261
Effect of movement in foreign exchange	-	(1,536)
Closing balance at 31 December / 30 June	195,043	77,471

NOTES TO THE FINANCIAL STATEMENTS

6. Interest in joint ventures and associates

Interest in joint ventures

	31 Dec 2022 \$'000	30 Jun 2022 \$'000
Opening balance at 1 July	7,433	5,653
Share of profit from joint ventures*	232	1,780
Distributions received from joint ventures	(1,618)	-
Closing balance at 31 December / 30 June	6,047	7,433

*Included within share of profit from joint ventures is \$288,000 representing NSR's share of fair value gains related to investment properties held by joint ventures (31 Dec 2021:\$1,050,000).

The Group held a 25% interest in the Bundall Storage Trust, Bundall Commercial Trust, Bundall Storage Operations Pty Ltd, the TBF & NS Trust, and Moorooka Storage Operations Pty Ltd at 31 December 2022.

The Bundall Commercial Trust derives rental property income from the leasing of commercial units and the Bundall Storage Trust develops investment property for the purpose of earning future rental income. As at 31 December 2022, the Bundall Storage Trust had one storage centre investment property. Bundall Storage Operations Pty Ltd operates a self-storage business at the centre owned by the Bundall Storage Trust.

During the period, the Group acquired one storage centre investment property asset from the TBF & NS Trust for \$27.1m. This centre was previously operated by Moorooka Storage Operations Pty Ltd. There was no change in the share of the Group's interest following this transaction.

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

Interest in associates

	31 Dec 2022 \$'000	30 Jun 2022 \$'000
Opening balance at 1 July	3,095	2,228
Capital contribution in associate	100	906
Share of profit / (loss) from associates	12	(39)
Closing balance at 31 December / 30 June	3,207	3,095

The Group holds a 19% (30 June 2022: 19%) holding in Spacer Marketplaces Pty Ltd ("**Spacer**"). Spacer operate online peer-to-peer marketplaces for self-storage and parking in Australia and North America. None of the Group's joint ventures or associates are listed on any public exchange. See note 14 for fees received and purchases from joint ventures and associates.

NOTES TO THE FINANCIAL STATEMENTS

7. Right of use assets and lease liabilities

Right of use assets

	Premises leases \$'000	Equipment leases \$'000	Advertising leases \$'000	Total \$'000
Opening balance at 1 July 2022	4,656	386	123	5,165
Additions	-	101	-	101
Depreciation charge	(482)	(231)	(4)	(717)
Reassessment of variable lease payments	-	(4)	-	(4)
Effect of movement in foreign exchange	-	1	5	6
Closing balance at 31 December 2022	4,174	253	124	4,551

Opening balance at 1 July 2021	4,902	745	135	5,782
Additions	587	23	-	610
Depreciation charge	(935)	(382)	(8)	(1,325)
Reassessment of variable lease payments	102	-	-	102
Effect of movement in foreign exchange	-	-	(4)	(4)
Closing balance at 30 June 2022	4,656	386	123	5,165

Lease liabilities

	31 Dec 2022 \$'000	30 Jun 2022 \$'000
Current lease liabilities		
Lease liabilities relating to right of use assets	1,245	1,342
Lease liabilities relating to right of use assets presented as leasehold investment property	9,625	9,294
Total current lease liabilities	10,870	10,636
Non-current lease liabilities		
Lease liabilities relating to right of use assets	3,810	4,317
Lease liabilities relating to right of use assets presented as leasehold investment property	89,923	93,637
Total non-current lease liabilities	93,733	97,954
Total lease liabilities	104,604	108,590

8. Non-financial assets fair value measurement

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
At 31 December 2022				
Leasehold investment properties	-	-	139,484	139,484
Freehold investment properties	-	-	3,857,988	3,857,988
	-	-	3,997,472	3,997,472
At 30 June 2022				
Leasehold investment properties	-	-	140,681	140,681
Freehold investment properties	-	-	3,612,082	3,612,082
	-	-	3,752,763	3,752,763

NOTES TO THE FINANCIAL STATEMENTS

Recognised fair value measurements

The Group's policy is to recognise transfers in and out of fair value hierarchy levels at the end of the reporting period. There were no transfers between categories for the period ended 31 December 2022 or the year ended 30 June 2022.

Fair value measurements using significant unobservable inputs (level 3)

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

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

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

The Group obtains the majority of its independent valuations at each 30 June financial year end. The Group's policy is to maintain the valuation of the investment property at external valuation for all properties valued in the preceding year, unless there is an indication of a significant change to the property's valuation inputs. Freehold investment properties acquired in the period ended 31 December 2022 have been held at acquisition price.

At 31 December 2022, the Group held 41% of freehold investment properties and 25% of leasehold investment properties at external valuation. (30 June 2022: 41% of freehold investment properties and 23% of leasehold investment properties).

Valuation inputs and relationship to fair value

Description	Significant unobservable inputs	Range at 31 Dec 2022	Range at 30 Jun 2022
Investment properties - freehold	Primary capitalisation rate	5.0% to 7.9%	4.7% to 7.3%
	Secondary capitalisation rate	5.3% to 8.5%	5.3% to 8.5%
	Weighted average primary cap rate	5.8%	5.8%
	Weighted average secondary cap rate	6.3%	6.3%
	Sustainable occupancy	73% to 95%	70% to 98%
	Stabilised average EBITDA	\$1,134,921	\$1,087,144
Investment properties - leasehold	Primary capitalisation rate	6.0% to 55.0%	6.0% to 53.9%
	Secondary capitalisation rate	6.5% to 55.0%	6.5% to 53.9%
	Weighted average primary cap rate	12.2%	11.2%
	Weighted average secondary cap rate	12.8%	12.1%
	Sustainable occupancy	85% to 92.5%	85% to 95%
	Stabilised average EBITDA	\$402,531	\$368,167

Under the income capitalisation method, a property's fair value is estimated based upon a combination of current trading income and potential income. Potential income is subject to a higher degree of risk, reflected in a higher secondary capitalisation rate.

Current earnings before interest, tax, depreciation and amortisation ("EBITDA") generated by the property is divided by the primary capitalisation rate (the investor's required rate of return). Potential income is represented by additional EBITDA (stabilised EBITDA less current EBITDA) divided by the secondary capitalisation rate. Stabilised EBITDA reflects the estimated EBITDA generated once a property reaches a sustainable level of operations. The value attributed to the secondary

NOTES TO THE FINANCIAL STATEMENTS

capitalisation is then discounted to account for the estimated time required to deliver this additional value.

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

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

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

At 31 December 2022:

Unobservable inputs	Leasehold		Freehold	
	Increase/ (decrease) in input	Increase/ (decrease) in fair value \$'000	Increase/ (decrease) in input	Increase/ (decrease) in fair value \$'000
Primary capitalisation rate	1% / (1%)	(3,575) / 4,500	1% / (1%)	(512,418) / 729,485
Secondary capitalisation rate	2% / (2%)	(550) / 850	2% / (2%)	(82,047) / 161,488
Sustainable occupancy	5% / (5%)	6,925 / (2,175)	5% / (5%)	239,366 / (94,028)
Stabilised average EBITDA	5% / (5%)	1,975 / (1,475)	5% / (5%)	175,358 / (76,752)

At 30 June 2022:

Unobservable inputs	Leasehold		Freehold	
	Increase/ (decrease) in input	Increase/ (decrease) in fair value \$'000	Increase/ (decrease) in input	Increase/ (decrease) in fair value \$'000
Primary capitalisation rate	1% / (1%)	(4,125) / 5,250	1% / (1%)	(480,713) / 684,897
Secondary capitalisation rate	2% / (2%)	(850) / 1,225	2% / (2%)	(76,979) / 151,904
Sustainable occupancy	5% / (5%)	6,025 / (1,525)	5% / (5%)	208,659 / (81,373)
Stabilised average EBITDA	5% / (5%)	2,225 / (1,025)	5% / (5%)	164,884 / (62,541)

9. Other assets

	31 Dec 2022 \$'000	30 Jun 2022 \$'000
Current		
Prepayments	6,284	6,622
Financial assets (derivatives)	1,271	387
	7,555	7,009
Non-current		
Deposits	9,576	16,678
Financial assets (derivatives)	17,733	20,876
	27,309	37,554
Total current and non-current	34,864	44,563

NOTES TO THE FINANCIAL STATEMENTS

10. Intangible assets

	31 Dec 2022 \$'000	30 Jun 2022 \$'000
Goodwill	43,954	43,954
Other intangibles	3,210	2,847
Total intangible assets	47,164	46,801

Impairment testing of goodwill

Goodwill is an asset acquired through business combinations. Management has determined that the listed group, which is considered one operating segment (see note 3), is the appropriate cash generating unit against which to allocate this asset owing to the synergies arising from combining the portfolios of the Group.

The recoverable amount of the listed group has been determined based on the fair value less costs of disposal method using the fair value quoted on an active market and an estimate for the value attributable to control over the CGU (e.g. control premium) and costs of disposal. The key estimation input used in the calculation is the control premium. The basis for determining the value assigned to the control premium is reflective of observed examples of premiums to the pre-announcement share prices paid for acquisitions of public companies.

The Group also uses a secondary calculation based on the incremental value attributable to investment properties as a portfolio. This sits above the stand-alone valuation permitted for assessing the fair value of investment property under AASB 140. The portfolio premium is estimated using the same capitalisation method used for the valuation of the investment properties detailed in Note 8.

The key estimation input of the portfolio premium is the incremental capitalisation rate. This is determined from independent valuations with regard to observable premiums paid from recent sales of portfolio transactions, and assessing the level of premium which would be attached to a portfolio of the Group's size. Management believes an incremental capitalisation rate of between 50 to 100 basis points to the portfolio is the minimum level appropriate to be used in this calculation.

As a result of updated analysis, management did not identify an impairment for this cash-generating unit to which goodwill is allocated.

Other intangible assets relate to costs incurred on development projects which are expected to generate future economic benefits either through increased revenue from the sale of products or services, cost savings or other benefits resulting from the use of the asset.

11. Borrowings

	31 Dec 2022 \$'000	30 Jun 2022 \$'000
Current borrowings		
Bank finance facilities	250,000	-
Total current borrowings	250,000	-
Non-current borrowings		
Bank finance facilities	900,807	975,448
Non-amortised borrowing costs	(3,595)	(3,431)
Total non-current borrowings	897,212	972,017
Total borrowings	1,147,212	972,017

The Group has borrowing facilities denominated in Australian Dollars ("AUD") and New Zealand Dollars ("NZD").

NOTES TO THE FINANCIAL STATEMENTS

Drawn amounts and facility limits are as follows:

	31 Dec 2022 \$'000	30 Jun 2022 \$'000
Bank finance facilities (AUD)		
Drawn amount	985,000	827,000
Facility limit	1,210,000	1,080,000
Bank finance facilities (NZD)		
Drawn amount	178,000	164,250
Facility limit	225,000	225,000
AUD equivalent of NZD facilities shown above		
Drawn amount	165,807	148,448
Facility limit	209,588	203,354

The major terms of these agreements are as follows:

- At 31 December 2022, the Group has drawn and undrawn facilities with maturity dates ranging from 23 September 2023 to 23 June 2029 (30 June 2022: maturity dates from 23 September 2023 to 23 June 2029).
- All facilities are unsecured and interest only with any drawn balance payable at maturity.
- The interest rate applied is the bank bill rate plus a margin depending on the gearing ratio.

The Group has a bank overdraft facility with a limit of AUD \$3m that was undrawn at 31 December 2022 and at 30 June 2022.

During the period, the Group entered into two new additional term loans for a total of \$130m with major international banks.

The Group has complied with the financial covenants of their borrowing facilities during both the current and prior reporting periods. The fair value of interest-bearing borrowings approximates carrying value.

Interest rate swaps

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

	31 Dec 2022 \$'000	30 Jun 2022 \$'000
Interest rate swaps (AUD) at face value		
Current interest rate swaps	260,000	360,000

12. Financial instruments fair value measurement

Fair value hierarchy

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

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

The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves. The resulting fair value estimates for interest rate swaps are included in level 2.

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
At 31 December 2022				
<i>Derivatives used for hedging - interest rate swaps</i>				
Current financial assets	-	1,271	-	1,271
Non-current financial assets	-	17,733	-	17,733
	-	19,004	-	19,004
At 30 June 2022				
<i>Derivatives used for hedging - interest rate swaps</i>				
Current financial assets	-	387	-	387
Non-current financial assets	-	20,876	-	20,876
	-	21,263	-	21,263

There were no transfers between levels of fair value hierarchy during the period ended 31 December 2022.

13. Contributed equity

	31 Dec 2022 \$'000	30 Jun 2022 \$'000
Issued and paid up capital	164,333	163,526
Number of stapled securities on issue		
		30 Jun 2022 No.
Opening balance at 1 July	1,195,498,309	1,183,070,060
Distribution reinvestment plan	3,799,574	11,919,173
Stapled securities issued under equity incentive plan	726,021	509,076
Closing balance	1,200,023,904	1,195,498,309

Distribution reinvestment plan

During the period, 3,799,574 stapled securities were issued to securityholders participating in the Group's dividend distribution plan for consideration of \$9.2m. The stapled securities were issued at the volume weighted average market price of the Group's stapled securities over a period of ten trading days commencing on and including 1 August 2022, less a 2% discount (30 June 2022: 11,919,173 stapled securities issued for total consideration of \$27.6m).

Securities issued under equity incentive plan

During the period, 726,021 stapled securities were issued to the NSH senior executive team for FY22 Short Term Incentive ("STI") and Long Term Incentive ("LTI") remuneration under the Equity Incentive Plan ("the Plan"). These stapled securities were issued following approval at the 2022 AGM on 26 October 2022. No consideration was paid by the recipients for the issue of the stapled securities, which were issued for a deemed price of \$2.259 per stapled security under the terms of the STI and LTI award. The deemed price was calculated using the volume weighted average market price of the Group's stapled securities over a 30-day trading period to 30 June 2022.

NOTES TO THE FINANCIAL STATEMENTS

Terms and conditions of contributed equity

Stapled securities

A stapled security represents one share in NSH and one unit in NSPT. Stapled securityholders have the right to receive declared dividends from NSH and distributions from NSPT and are entitled to one vote per stapled security at securityholders' meetings. Holders of stapled securities can vote in accordance with the *Corporations Act 2001*, either in person or by proxy, at a meeting of either NSH or NSPT. The stapled securities have no par value. In the event of the winding up of NSH and NSPT, stapled securityholders have the right to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on stapled securities held. Ordinary stapled securityholders rank after all creditors in repayment of capital.

14. Related party transactions

The following tables provide the total amount of transactions that have been entered into with related parties for the six months ended 31 December 2022 and 31 December 2021, as well as outstanding balances with related parties as at 31 December 2022 and 30 June 2022.

Transaction with related parties

		Revenue from related parties \$	Purchases from related parties \$	Amount owed by related parties \$	Amount owed to related parties \$
Bundall Commercial Trust	Current period	115,153	-	2,803,863	-
	Comparative period	112,753	-	2,683,928	-
Bundall Storage Trust	Current period	163,528	-	3,553,933	-
	Comparative period	161,128	-	3,390,434	-
Bundall Storage Operations Pty Ltd	Current period	100,675	-	288,974	-
	Comparative period	30,539	-	175,293	-
Spacer Marketplaces Pty Ltd	Current period	-	20,882	-	-
	Comparative period	-	65,148	-	-
The TBF & NS Trust	Current period	159,333	-	-	-
	Comparative period	600,364	-	3,837,538	-
Moorooka Storage Operations Pty Ltd	Current period	38,217	-	8,822	-
	Comparative period	-	-	29,950	-

As at 31 December 2022, the Group had receivables outstanding of \$1,775,000 (30 June 2022: \$1,775,000) with the Bundall Commercial Trust, \$2,850,000 (30 June 2022: \$2,850,000) with the Bundall Storage Trust, and \$nil (30 June 2022: \$1,150,000) with the TBF & NS Trust relating to amounts drawn down under facility agreements between the entities. These are included in the table above.

The facility agreements have terms ranging from 1 to 5 years, and are interest bearing on commercial rates. The receivables with the Bundall Commercial Trust and Bundall Storage Trust have been classed as current receivables in the consolidated statement of financial position as these receivables are expected to be repaid within 12 months of 31 December 2022.

The remaining amounts owed by these entities relate to contractual management fees and accrued interest not paid at 31 December 2022.

All other outstanding balances at period end are unsecured and interest free. There have been no guarantees provided or received for any related party receivables or payables. For the periods ended 31 December 2022 and 30 June 2022, the Group has not recorded any impairment of receivables relating to amounts owed by related parties.

NOTES TO THE FINANCIAL STATEMENTS

15. Distributions declared

Unit distributions	31 Dec 2022	31 Dec 2021
Distributions declared	\$'000	\$'000
NSPT interim distribution of 5.5 cents per unit payable on 1 March 2023 (1 March 2022: 4.6 cents per unit)	66,001	54,685

16. Commitments and contingencies

Capital commitments

As at 31 December 2022, the Group held commitments to purchase two storage centres and seven development sites for \$70.7m.

As at 31 December 2022, the Group has contractual commitments in place for the construction of self-storage centres of \$84.2m in Australia.

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

17. Earnings per stapled security

	31 Dec 2022	31 Dec 2021
	cents	cents
		(restated)
Basic earnings per stapled security	15.21	23.07
Diluted earnings per stapled security	15.20	23.04

Reconciliation of earnings used in calculating earnings per stapled security

	\$'000	\$'000
Net profit attributable to members	182,342	274,116
	No. of securities	No. of securities (restated)
Weighted average number of securities on issue during the period	1,198,198,176	1,186,585,992
Adjustment under AASB 133 to reflect discount to market price on issue of new capital	524,787	1,816,357
Weighted average number of securities for basic earnings per stapled security	1,198,722,963	1,188,402,349
Effects of dilution from issue of performance rights and restricted securities	1,202,950	1,217,959
Weighted average number of securities for diluted earnings per stapled security	1,199,925,913	1,189,620,308

As required by AASB 133 *Earnings per share*, for issues of capital during the period ended 31 December 2022 and 31 December 2021, the weighted average number of securities on issue used to calculate statutory basic and diluted earnings per stapled securities has been adjusted to reflect the difference between the issue price and the fair value of securities prior to issue. No actual securities were issued relating to this adjustment.

Diluted EPS is calculated by dividing the profit attributed to members by the weighted average number of securities for basic earnings per stapled security plus the weighted average number of securities that would be issued on conversion of all dilutive potential stapled securities into stapled securities.

NOTES TO THE FINANCIAL STATEMENTS

18. Share-based payments

Equity Incentive Plan

Under the Group's Equity Incentive Plan, key management personnel ("KMP") receive a component of their short-term incentive ("STI") and long-term incentive ("LTI") remuneration in the form of share-based payments.

Short-term incentive remuneration

Equity settled STI remuneration is structured through the issuance of restricted securities at the end of a one-year assessment period, subject to satisfaction of pre-determined vesting conditions. If these conditions are not met, the restricted securities will not vest.

The maximum value of the STI payable under the FY23 award is set at 30 June 2022, with the number of instruments to be granted calculated using the 30-day volume weighted average price ("VWAP") to 30 June 2023.

For the six months ended 31 December 2022, the Group has recognised \$288,000 of share-based payment expense in the consolidated statement of profit or loss for restricted securities expected to be issued under the FY23 STI award (31 Dec 2021: \$246,000).

Long-term incentive remuneration

Equity settled LTI remuneration is structured through the issuance of performance rights at the commencement of the three-year LTI assessment period. Each performance right is a right to receive one stapled security of the Group, subject to the satisfaction of pre-determined vesting conditions. If these vesting conditions are not met, the performance rights will lapse.

In November 2022, 595,100 performance rights were granted to senior executives for the assessment period 1 July 2022 - 30 June 2025. The fair value of the performance rights granted was estimated at the date of grant using the following assumptions:

Dividend yield (%)	4.34
Expected volatility (%)	32.2
Risk-free interest rate (%)	3.16
Expected life of performance rights (years)	2.64
Share price on grant date (\$)	2.49

The weighted average fair value of the performance rights granted during the six months ended 31 December 2022 was \$1.61 (year ended 30 June 2022: \$1.63)

For the six months ended 31 December 2022, the Group has recognised \$468,000 of share-based payment expense in the consolidated statement of profit or loss for performance rights (31 December 2021: \$1.2m)

19. Events after reporting period

For the period from 1 January 2023 to the date of this report the Group purchased one storage centre investment property for \$6m and two development sites for \$22.7m.

No other events have occurred between the reporting date and the issue date of the half year report which require disclosure in the financial statements.

DIRECTORS' DECLARATION

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

In the opinion of the Directors:

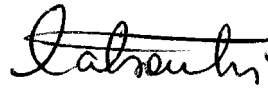
- (a) the financial statements and notes of NSR for the half-year ended 31 December 2022 are in accordance with the *Corporations Act 2001*, including:
 - a. giving a true and fair view of the consolidated entity's financial position as at 31 December 2022 and of its performance for the half-year ended on that date; and
 - b. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and
- (b) with reference to Note 2 in the financial statements, there are reasonable grounds to believe that NSR will be able to pay its debts as and when they become due and payable.

On behalf of the Board,



Anthony Keane
Chairman

21 February 2023
Brisbane



Andrew Catsoulis
Managing Director



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Independent auditor's review report to the members of National Storage REIT

Conclusion

We have reviewed the accompanying half-year financial report of National Storage REIT (the Company) and its subsidiaries (collectively the Group) which comprises the interim statement of financial position as at 31 December 2022, the interim statement of profit or loss, the interim statement of other comprehensive income, the interim statement of changes in equity and the interim statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group does not comply with the *Corporations Act 2001*, including:

- a. Giving a true and fair view of the consolidated financial position of the Group as at 31 December 2022 and of its consolidated financial performance for the half-year ended on that date; and
- b. Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Directors' Responsibilities for the half-year financial report

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

Auditor's responsibilities for the review of the half-year financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2022 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



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A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

A handwritten signature in black ink that reads 'Ernst & Young' in a cursive script.

Ernst & Young

A handwritten signature in black ink that reads 'Wade Hansen' in a cursive script.

Wade Hansen
Partner
Brisbane
21 February 2023