

ANNUAL REPORT 2024

**NATIONAL
STORAGE**

IMPORTANT INFORMATION

ABOUT THIS REPORT

Welcome to National Storage REIT's 2024 Annual Report which reports our performance for the financial year 1 July 2023 – 30 June 2024.

THE 2024 REPORTING SUITE INCLUDES:

Annual Report – a review of FY24 performance, strategy and governance.

Financial Report – FY24 financial accounts and detailed financial performance.

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

Sustainability Report – outlines NSR's approach to sustainability. The 2024 Sustainability Report will be released prior to National Storage REIT's AGM and will be available online at nationalstorageinvest.com.au at that time.

ENTITIES

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

RESPONSIBLE ENTITY OF NSPT

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

DISCLAIMER

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

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

This report contains forward looking statements and forecasts, including statements regarding future earnings and distributions. These forward looking statements and forecasts are not guarantees of future

performance, and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of NSH and/or NSFL, and which may cause actual results or performance to differ materially from those expressed or implied by the forward looking statements and forecasts contained in this report.

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

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

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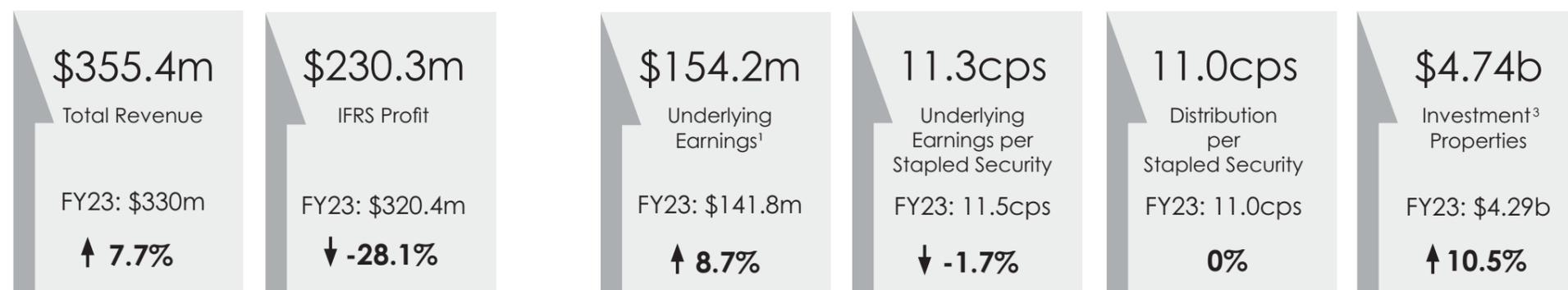
OUR BUSINESS

National Storage is Australasia's largest self-storage provider, tailoring self-storage solutions to approximately 97,000 residential and commercial customers at more than 250 storage centres across Australia and New Zealand. National Storage REIT is the only publicly listed, pure play, fully integrated, internally managed, owner and operator of self-storage centres in Australasia. The National Storage offering spans self-storage, business storage, climate-controlled wine storage and trading, vehicle storage, vehicle and trailer hire, packaging supplies and insurance. In addition to the traditional self-storage offering, National Storage provides valued services for businesses including receipt and dispatch, corporate account management, forklifts and pallet jacks, and versatile, adaptable spaces to suit customers' needs. Each National Storage centre reflects our commitment to quality, convenience and service. At National Storage, you can expect secure, clean and modern premises and a team of professionals trained in providing efficient storage solutions.

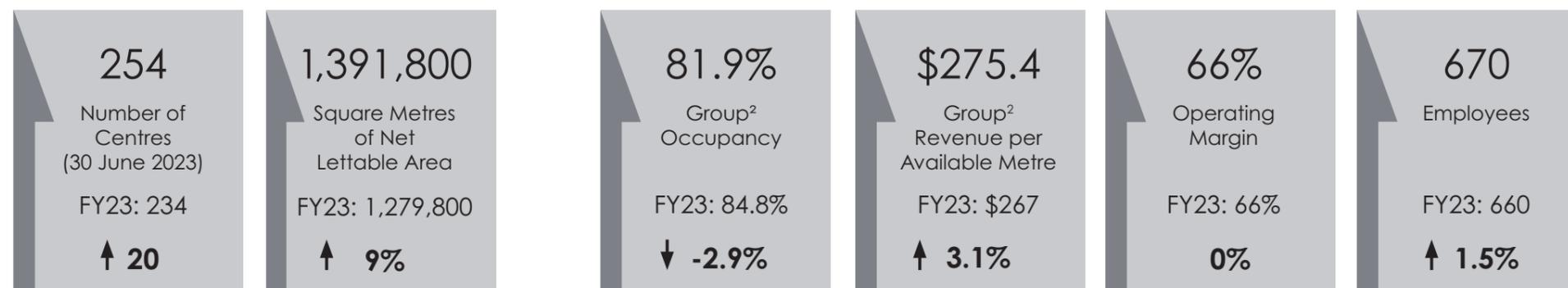
APPROXIMATELY 97,000
RESIDENTIAL AND COMMERCIAL
CUSTOMERS AND MORE THAN
250 STORAGE CENTRES ACROSS
AUSTRALIA AND NEW ZEALAND.

FY24 PERFORMANCE HIGHLIGHTS

FINANCIAL HIGHLIGHTS



OPERATIONAL HIGHLIGHTS



CAPITAL STRENGTH



NSR VISION & MISSION

OUR VISION:

To be a world leader in the provision of innovative and sustainable self-storage solutions

OUR MISSION:

United as one team, we commit to consistently and responsibly deliver on our four pillars of strategic growth

NSR FOUR PILLARS

ORGANIC GROWTH

1

Optimising occupancy and rate growth on an individual centre basis, combined with prudent cost management

ACQUISITIONS, DEVELOPMENTS & EXPANSIONS

2

Market leading opportunities in combination with delivery capabilities to drive sustained growth

TECHNOLOGY & AUTOMATION

3

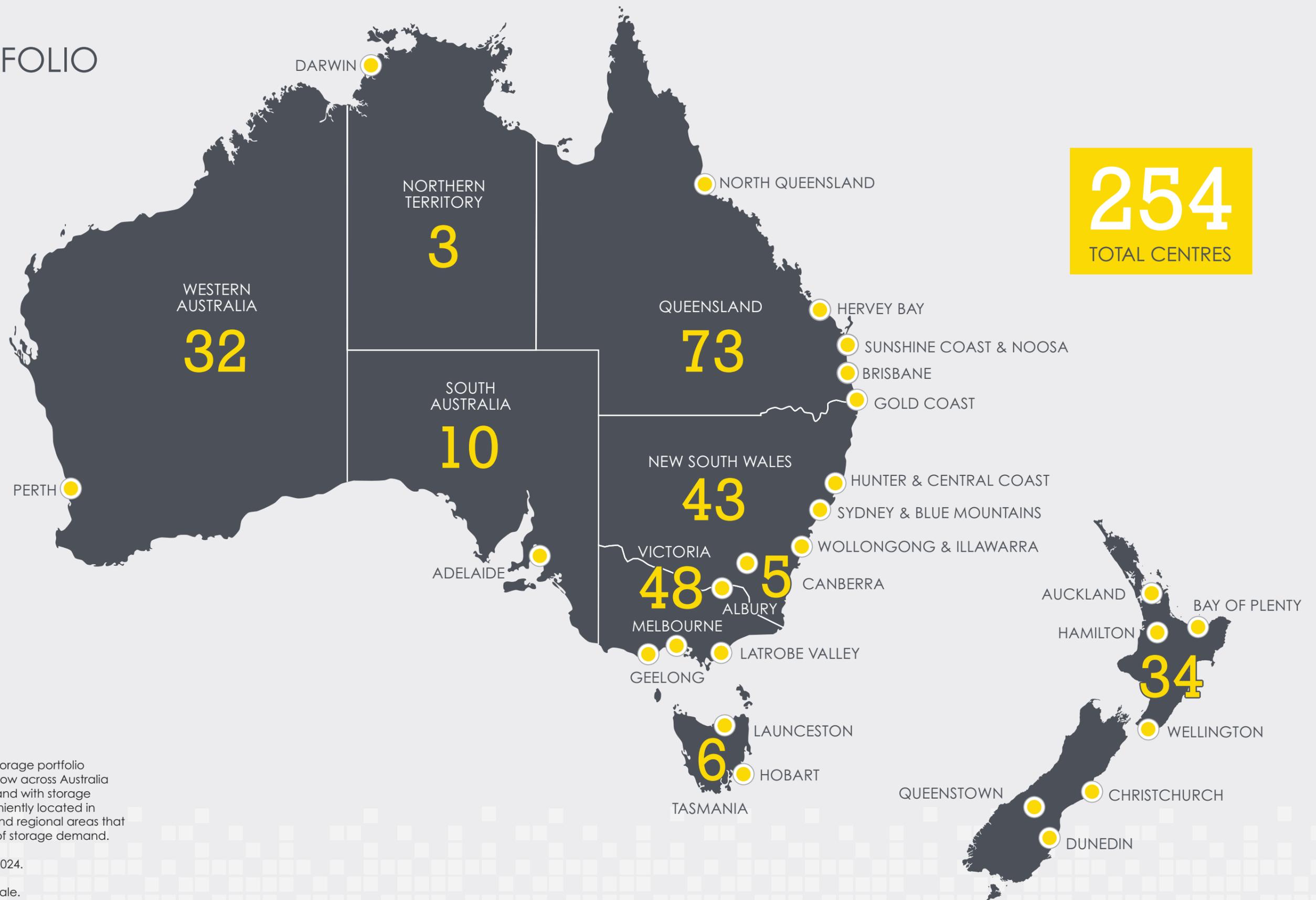
Leadership in development and implementation of innovative technology and automation

SUSTAINABILITY

4

Instilling trust and confidence that we are building a resilient and sustainable business for our stakeholders

NSR PORTFOLIO



254
TOTAL CENTRES

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

As at 30 June 2024.

*Map not to scale.

PORTFOLIO STATISTICS - JUNE 2024



MONTROSE, TAS

AUSTRALIAN PORTFOLIO BY NLA		
REGION	CENTRES	NLA
Brisbane	36	230,850
Melbourne	42	224,600
Perth	32	182,250
Sydney	18	99,400
Gold Coast	15	80,250
Regional QLD	11	61,600
Sunshine Coast	11	60,750
Regional NSW	14	59,000
Central Coast (NSW)	11	54,000
Adelaide	10	49,800
Canberra	5	37,400
Tasmania	6	23,000
Darwin	3	17,000
Geelong	4	16,450
Gippsland	2	8,350
TOTAL	220	1,204,700

NEW ZEALAND PORTFOLIO BY NLA		
REGION	CENTRES	NLA
Auckland	8	61,250
Wellington	8	45,100
Christchurch	6	22,750
Hamilton	5	20,050
Dunedin	2	17,400
North Island Regional	4	16,350
Queenstown	1	4,200
TOTAL	34	187,100

PORTFOLIO COMPOSITION		
	FY24	FY23
Freehold	242	221
Leasehold	11	12
Managed	1	1
TOTAL	254	234

PORTFOLIO VALUATION	
TOTAL VALUATION (AUS \$BILLION): \$4.74	WEIGHTED AVERAGE PRIMARY CAP RATE: 5.91%

VALUATION					
STATE	CENTRES	NLA	%	\$M	%
QLD	73	405,050	29	1,402	30
VIC	48	241,900	17	1,046	22
NSW	43	212,400	15	711	15
WA	32	176,650	13	587	12
NZ	34	187,100	13	526	11
SA	10	49,800	4	194	4
ACT	5	37,400	3	140	3
TAS	6	23,000	2	82	2
NT	3	17,000	1	50	1
Assets Held for Sale	4	26,500	2	-	-
Joint Venture	1	15,000	1	-	-
TOTAL	259	1,391,800	100%	4,739	100%

* Valuations exclude JVs and assets held for sale

Exchange Rate: 1.09494

CHAIRMAN & MANAGING DIRECTORS' REPORT

FY24 marks NSR's tenth full year of operations post its Initial Public Offering (IPO) in December 2013. We are also nearing 30 years since the inception of the business in 1995 when we built our first storage centre at Oxley in Brisbane. These milestones allow us to take a moment to reflect upon the beneficial outcomes delivered to NSR securityholders over this period. Since the time of our IPO, we have grown from a modest 62 centres and market capitalisation of \$268 million, to over 250 centres with a market capitalisation approaching \$3.5 billion today. Our total assets are valued at in excess of \$5 billion, and total returns to securityholders sit at more than 300% over this period. This includes a combined annual growth rate (CAGR) for both our underlying earnings and total revenue of over 20% p.a. over the last 10 years, making us one of the best and most consistently performing A-REITs over this period.

Our FY24 earnings have demonstrated both the resilience and embedded capacity for growth of NSR's business, increasing by 9% this year to \$154 million, with record total revenue of \$355 million. NSR's NTA increased by 4 cents to \$2.52 as the value of NSR's portfolio rose by 11% to \$4.7 billion, with valuation uplift again driven predominantly by improved operational performance and an unchanged weighted average portfolio capitalisation rate of 5.91% across our property portfolio. NSR achieving these results in such a challenging economic environment is a testament to both the strength of our business, and the relentless pursuit of excellence by our hardworking team of over 650 dedicated people. Underpinning this performance outcome has been NSR's ability to drive growth in both the average rate achieved across its centres (up 7% to \$339) and REVPAM (up 3% to \$275). Pleasingly, this REVPAM

WE HAVE GROWN FROM A MODEST 62 CENTRES AND MARKET CAPITALISATION OF \$268 MILLION, TO OVER 250 CENTRES WITH A MARKET CAPITALISATION APPROACHING \$3.5 BILLION TODAY

growth was predominantly achieved through H2 of FY24 (up 5.1% over this period on an annualised basis).

Our total built capacity has increased significantly in FY24 to almost 1.4 million square metres – an increase of over 9% in this financial year alone. This increase has been achieved through a combination of ongoing acquisition and development activity, with 12 existing centre acquisitions accounting for approximately 50,500 square metres, and the delivery of 11 new developments comprising 73,500 square metres of additional NLA.

Importantly NSR is well positioned to continue this growth trajectory into FY25 and beyond. Our development pipeline is comprised of 221,600 square metres of NLA across 28 projects, either development application (DA) approved or already under construction. Our total development pipeline stands at an impressive 46 projects comprising of over 382,000 square metres of NLA, including those projects currently under construction, projects with DA obtained, and new projects in the concept design and planning phases.

The importance of this acquisition and development pipeline cannot be overstated. Our newly developed storage centres have evolved to include numerous sustainability initiatives including solar, LED lighting and highly efficient building processes such as adaptive reuse of construction materials. Our centre configurations are now larger to accommodate upward trends in long-term growth in utilisation by our ever-expanding customer demographic. These new acquisitions and developments, combined with strong organic growth from our existing portfolio have underpinned our growth in earnings in the past and will continue to support our growth well into the future.



PENRITH, NSW

FY24 also marked a number of other milestones, with NSR entering into two significant capital partnership and development arrangements. The first with MAAS Group (ASX: MGH) will enable NSR to strengthen its coverage through important growth areas across NSW and the ACT. The MAAS Group arrangement has already delivered five new high performing centres to NSR in FY24, with more expected to follow on their completion in FY25.

The new GIC-NSR Ventures Fund (Fund) has been established to pursue the development and operation of new self-storage centres in Australia in a cost effective and capital efficient fashion. NSR will hold an approximate 25% interest in the Fund, while GIC will hold the remaining 75%. The Fund has identified 10 foundation assets which have been either recently completed or are currently under construction by NSR and these assets will be owned by the Fund. The Fund plans to deploy an initial amount of \$270 million and the parties have agreed to work together to identify future potential opportunities. The Fund will assist NSR in expediting its development activities in a capital efficient fashion and will enable NSR to recycle capital currently employed in these developments into new acquisition and development activities.

From a capital management perspective, NSR's gearing stands at a prudent 26.6% with an ICR of 3.2 times. Capital repatriated upon settlement of the Fund will further strengthen NSR's balance sheet capacity in the short term. During the course of FY24 NSR has again extended and improved the headroom, scope and tenor of its debt facilities. NSR has increased its total debt facilities to \$1.84 billion with \$450 million of FY25 debt maturities extended. NSR now has an average debt term to maturity of 3.3 years while having increased its proportion of debt hedged from 37% in June 23 to 43% in June 24. NSR has approximately \$1 billion of headroom before it reaches the upper end of its targeted gearing range. As a result, NSR's capital management strategy remains conservative, and the company is very well positioned to execute its strategic initiatives from an ongoing acquisition and development perspective.

NSR's vision statement is aspirational "to be a world leader in the provision of innovative and sustainable storage solutions." Our mission is that "united as one team, we commit to consistently and responsibly deliver on our four pillars of strategic growth."



Our Four Pillars of Growth Strategy include the following core principles:

- Organic Growth - Optimise occupancy and rate growth on an individual centre basis combined with prudent cost management;
- Acquisitions, Developments and Expansions - Centralised acquisition and development team with a diversified delivery pipeline to expedite and simplify the project delivery process and maximise returns;
- Technology and Automation – Leadership in development and implementation of innovative technology and automation; and
- Sustainability - Instilling trust and confidence that we are building a resilient and sustainable business for our stakeholders.

NSR remains a people-focused organisation, committed to attracting, engaging, and retaining the best team members to optimise both individual and organisational performance. Our ongoing staff training and support initiatives include WellNS, which offers meaningful assistance to employees in both their personal and professional lives. Additionally, through our NS Learn program, we provide continuous learning opportunities that empower our employees to realise their full potential whilst driving sustained high-level business outcomes.

Our 'NS Cares' program, continues to flourish and we were proud to be recognised as a nominee for Corporate Philanthropist of the Year at the 2024 Queensland Philanthropy Awards. We are committed to supporting the communities in which we operate, and currently partner with charities across the important areas of medical research, mental health, diversity and safety, all housed under the umbrella of "creating safe spaces" – a cornerstone of our mission here at National Storage.

From an environmental sustainability perspective, NSR has committed to reducing and offsetting its scope 1 and scope 2 carbon emissions by 2030. Our strategy to achieve this goal includes our ongoing program of solar panel installation, the introduction of smart energy metering, LED lighting, and an investigation into the feasibility of battery storage installation at various centres.

Our efforts to simplify and improve our customers' experiences when dealing with NSR include the introduction of digital wayfinding, "no key" Bluetooth access control systems, and a comprehensive roll-out of a new digital phone system throughout our centres and call-centre, designed to significantly improve customer service and our overall response to servicing our customers' requirements.

More details on our ESG initiatives will be included in our Sustainability Report.

From an innovation and automation perspective, our key focus areas include AI-led customer interaction initiatives as well as a 24-hour AI chat service designed to assist with existing customer needs and new inquiries outside of normal operating hours. NSR is also utilising AI to assist with improving its cyber security

capabilities to help identify and deal with cyber threats as well as threats to our physical property. Machine learning is helping NSR better analyse and understand its key customer characteristics as well as to assist in customer demographic analysis and segmentation. This is designed to better service our customers' needs by delivering the right product and service in the right location, tailored more specifically to our customers' needs and budget. Ultimately this process should result in highly efficient storage centres that are purpose-built, located in areas where they are most needed.

In summary, NSR enters FY25 as the self-storage industry leader in the provision of innovative storage solutions throughout Australia and New Zealand. Our development and acquisition capabilities are best of class and unrivalled in this region. We are well positioned to both consolidate our existing business through the relentless pursuit of excellence in our systems and processes, and to accelerate our growth through our unrivalled pipeline of new development and acquisition opportunities. Our new capital partnerships will underpin the acceleration and implementation of our growth strategies. NSR's operational platform is highly scalable and significantly advantaged by being the largest owner

operated, fully internally managed, storage-specific REIT in the southern hemisphere.

Our core focus remains to grow and improve our business in order to maximise the return on securityholders' funds invested and earnings per security.

As always, we remain deeply indebted to and sincerely grateful for the support of all NSR's stakeholders including our securityholders, our hard-working team members, Executive and Board, as well as of course, our customers without whom we would not have a business.

Thank you all.

Anthony Keane
NON-EXECUTIVE CHAIRMAN

Andrew Catsoulis
MANAGING DIRECTOR



INVESTMENT PARTNERS

National Storage has successfully added two new investment partners, GIC and MASS Group, during the year and continues to work with its current investment partners to assess options for future acquisition, development and redevelopment opportunities. Engaging with investment partners is a key focus of National Storage as it looks to source additional capital sources and development opportunities and deliver mutually beneficial outcomes to all parties.

GIC

National Storage has entered into binding agreements with GIC to establish the new National Storage Ventures Fund (Fund) that will pursue the development and operation of self-storage centres across Australia. The Fund will acquire and develop an initial portfolio of 10 foundation assets sourced from NSR's existing development portfolio. NSR and GIC will hold approximately 25% and 75% equity

interests respectively in the Fund and will deploy approximately \$270 million of total capital over the initial 12 – 18-month period. Financial close of the Fund remains subject to satisfaction of certain, customary, conditions precedent.

MAAS GROUP

The MAAS Group partnership sees National Storage acquire MAAS Group's existing portfolio of nine high-quality assets, enhancing NSR's market position in NSW and the ACT. The assets are a mix of established centres plus centres under development and will add more than 34,000m² of additional NLA to the NSR portfolio, providing synergies with existing NSR centres. The transaction establishes a relationship to pursue future development opportunities, either by development (turnkey) or joint venture agreements with six potential locations initially identified.

PARSONS GROUP

Parsons Group is one of Perth's leading self-storage construction companies and this venture continues to reinforce the National Storage brand as a prominent player in the Perth market. Various sites in and around Perth have been identified as part of the arrangement, whereby Parsons Group constructs high-quality self-storage centres branded as National Storage. The partnership to date has delivered multiple new self-storage centres and expansions, with additional locations currently under design and construction. Over the last year, multiple new sites have been reviewed and added to the development pipeline and are currently in various stages of due diligence and planning.

BRYAN FAMILY GROUP (BFG)

National Storage and BFG have undertaken numerous development projects in recent years including a site at Moorooka in Brisbane, Biggera

Waters on the Gold Coast, and associated Treasure Cove Commercial precinct. FY24 saw several of these projects mature with NSR acquiring the Moorooka and Biggera Waters developments and BFG acquiring the Treasure Cove Commercial precinct. This capital was recycled into a new self-storage development at Bundamba, west of Brisbane.

OTHER PARTNERS

National Storage continues to work with numerous other development partners for the construction of quality self-storage centres. These partnerships have delivered multiple new self-storage centres over recent years, with additional centres currently under construction across Australia and New Zealand. In addition, several centres are currently in various stages of design, planning and construction which, when delivered, will add further capacity to the National Storage network.



MOOROOKA, QLD



IN FY24 NATIONAL STORAGE DELIVERED 11 NEW DEVELOPMENT & JOINT VENTURE PROJECTS INTO THE PORTFOLIO

COBURG, VIC

THE YEAR IN REVIEW

ASSET MANAGEMENT

National Storage achieved positive revenue results in FY24, through the collaborative efforts of the wider Revenue Operations team. Their application of optimised revenue management principles maximised occupied revenue growth, while also driving key performance metrics despite some demand-driven fluctuations in occupancy. By using AI-supported forecasting and sensitivity modelling, our team ensured optimised rate per square metre was delivered for each unit across the portfolio.

The 30 June 2024 REVPAAM across the Australia and New Zealand portfolio (206 centres as at June 2023, excluding let-up centres) was \$275/m², a 3.1% increase from the June 2023 result of \$267/m². Occupancy across the portfolio on this same basis also reduced slightly to 81.9% (June 2023: 84.8%).

Throughout the year, the National Storage operations team in Australia and New Zealand delivered strong results despite prevailing economic challenges. Emphasising sales training, team development, enhanced marketing strategies, and technological advancements bolstered our conversion rates.

Improvements to our internal sales platform facilitated enhanced customer service through automation and optimisation, effectively meeting the evolving needs of the market. The expansion of our operational leadership teams, through both internal advancements and external hires, underscores our commitment to growth.

ACQUISITIONS

National Storage continues its growth strategy to strengthen and scale its portfolio of high-quality storage assets. This strategy will enable National Storage to continue to position itself with an unrivalled cohesive network of self-storage centres in targeted markets. The pursuit and execution of this

growth strategy aligns with a key NSR Board pillar of Acquisitions, Developments and Expansions.

In FY24 National Storage successfully transacted, acquired and integrated 14 strategically positioned 'going concerns', 10 new development sites, and proactively continues to deliberately pursue high-quality acquisitions across Australia and New Zealand.

National Storage's ability to integrate new assets into the existing portfolio, leveraging existing business operations for centre efficiencies and revenue growth, continues to deliver a competitive advantage.

Scale, asset quality and performance, and sustainable growth are the cornerstone of the strategy.

DEVELOPMENT AND EXPANSION

National Storage's focus on systematically expanding capacity with the delivery of high-quality new build assets continues. Its Development and Expansion pipeline is delivering substantial additional lettable area into the portfolio in a sustainable structured manner. In addition, it also proactively undertakes selected centre optimisations to improve centre efficiency and add further built capacity where appropriate redevelopment opportunities exist.

In FY24, National Storage delivered 11 new Development and Joint Venture projects into the portfolio. It currently has 20 major projects under construction and is targeting to complete construction of 17 of these in FY25.

National Storage's current development pipeline of deliverable NLA has increased from 360,000m² in FY23, to approximately 380,000m². National Storage also currently has 26 active projects in Design Authority Approval, or early Procurement phase, providing NSR with the opportunity to selectively continue to break ground on new sites in both infill locations and new markets in ensuing years.

WINE ARK

Wine Ark is Australia's largest wine storage provider and is a part of the National Storage group. Housing over two million bottles of fine wine, Wine Ark operations take place across 15 centres for clients located in over 20 countries. There are few businesses in Australia with more experience in the exacting task of storing and managing premium wine. Wine Ark's wine storage functions are complemented by a compelling wine sales offering giving clients the opportunity to acquire new release wines from iconic Australian and overseas

vendors, coupled with the opportunity for existing clients, restaurants, and the broader wine-buying public to purchase surplus wine in Wine Ark's storage.

Wine Ark's newest cellar in development is located at Coburg, Melbourne, and is set for completion during Q1 FY25. This brand-new build totals 2,700 sqm and consists of a 50 percent split between managed storage and private vault storage.

Throughout FY24, Wine Ark continued to strengthen its relationship and involvement in the greater wine trade industry, supporting the endeavours of The Len Evans Tutorial, The Wine Communicators of Australia, Sommeliers Association of Australia and Commanderie de Bordeaux (Australian Chapter).

HOUSING OVER TWO MILLION BOTTLES OF FINE WINE, WINE ARK OPERATIONS TAKE PLACE ACROSS 15 CENTRES FOR CLIENTS LOCATED IN OVER 20 COUNTRIES.



WINE ARK, NSW



MARKETING AND CUSTOMER EXPERIENCE

The FY24 marketing strategy is focused on enhancing our advertising through data and machine learning to ensure National Storage is at the forefront of a rapidly changing digital landscape. With continued investment in our key digital channels, National Storage is ensuring the future success of the customer acquisition strategy. Our focus on customer acquisition is supported by a streamlined Contact Centre with an improved focus on technology and automation, bringing an improved customer experience.

Our customers have been supported by a new Centralised Service team who manage various aspects of the customer experience from arrears to feedback. In FY24 we also expanded our New Zealand Contact Centre to further assist in driving business efficiencies while better supporting our New Zealand customer base.

Automated centre maps were introduced in FY24 which allows for a customer to be guided to their unit through an interactive digital experience. Customers can now book National Storage trailers directly through

the website, providing a total solution experience to National Storage customers.

Sponsorships continued to play a strong role in the National Storage marketing portfolio, which has assisted in broadening the awareness of the brand across Australia and New Zealand. A digital data focus across our campaigns continued to drive strong engagement results.

National Storage has continued its support of four major charitable partners (Lifeline, the Mater Foundation, RizeUp, and Youngcare) through the NS Cares community support initiative, while also supporting a wide range of organisations through our Community Units Program. This ongoing community engagement showcased our commitment to supporting the communities in which we operate.

Our unwavering commitment to prioritising our customers and their unique experience with the National Storage brand remained the cornerstone of our marketing approach in FY24. By promptly addressing customer needs and ensuring seamless interactions with National Storage, we successfully enhanced convenience and drove growth to achieve our objectives.

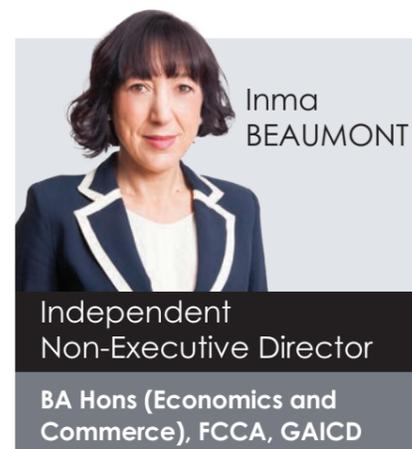
BOARD OF DIRECTORS



Anthony is an experienced finance and business executive with an extensive background in banking and business management. Prior to accepting his directorship with National Storage, Anthony held numerous leadership roles with a major trading bank principally in business, corporate and institutional banking. He is actively involved in the business community through Non-Executive Director and Advisory Board roles, and finance advisory consultancies.

Anthony is a Director of ASX listed EMvision Medical Devices Ltd (EMV). Anthony has a Bachelor of Science (Mathematics) from University of Adelaide and a Graduate Diploma in Corporate Finance from Swinburne. He is a Fellow of the Financial Services Institute of Australasia, a Graduate of the Australian Institute of Company Directors, and a Fellow of the CEO Institute.

Anthony is Chair of the Nomination Committee and is a member of the Audit and Risk Committee and Remuneration Committee.



Inma brings her financial expertise and diverse range of commercial experience to the NSR Board. As a senior finance executive, she has held leadership roles spanning Financial Control, Internal Audit and Risk Management within top multinationals in Energy, FMCG and Banking. In addition, she has governance experience as Chair of Finance, Audit and Risk Committees across several boards.

Inma is currently a non-executive director of Children's Health Queensland Hospital and Health Service, UN Women Australia and Guide Dogs Queensland. She holds a BA Hons (Economics and Commerce) from the University of Valencia, Spain, is a Fellow of the Association of Chartered Certified Accountants, and is a Graduate of the Australian Institute of Company Directors.

Inma is a member of the Audit and Risk, Nomination, and Remuneration Committees.



Howard has over 35 years' involvement in the Australian property industry, as an analyst, investor and fund manager. Howard cofounded Property Investment Research Pty Ltd (PIR) in 1989, which during the 1990s was considered a leading researcher of both listed and unlisted property funds. In 1998 Howard was instrumental in establishing the funds management business of APN Property Group Limited. During this period, he was responsible for the establishment and operations of several funds investing both directly and indirectly in real estate.

Since 1998, Howard has been a director (or the director of the responsible entity) of numerous listed and unlisted real estate investment vehicles.

Howard is Chair of the Audit and Risk Committee and is a member of the Nomination and Remuneration Committees.



Scott has over 25 years' experience in the technology and telecommunications sector across the Asia Pacific region, including a breadth of experience gained from working for large global telecommunication organisations before founding his own successful managed service provider company. Scott holds a Bachelor of Business (Marketing) from the Queensland University of Technology, and has extensive experience in technology and leadership positions. Having successfully co-founded Comlinx (Managed Service Provider) in 2006, he went on to sell that business to ASX listed Telecommunications provider Over the Wire (ASX: OTW) in 2018 and continued in the senior leadership team, taking over the role of CEO of OTW in February 2020. OTW has subsequently been sold to Aussie Broadband (ASX: ABB).

Scott is currently serving on the Advisory Board and as an investor at Rockfish Data Inc. a San Francisco-based software company focused on developing synthetic data for AI and machine learning applications. Additionally, he is a member of the Advisory Board at HEAL Software Inc. a company specializing in AI-driven IT operations (AiOps).

Scott is Chair of the Remuneration Committee and is a member of the Audit and Risk Committee and Nomination Committee.

EXECUTIVES & COMPANY SECRETARY



A founder of the National Storage business, Andrew has over 25 years' of specific self-storage industry expertise including in the areas of acquisitions, developments, integration and operation of 'greenfield' and developed self-storage centres.

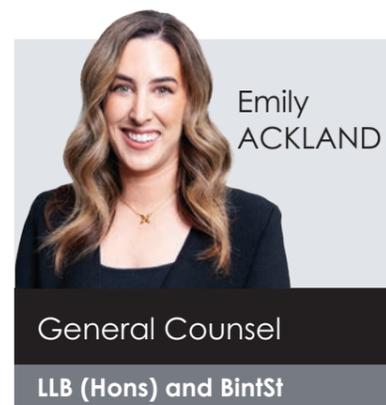
Andrew is a qualified solicitor who has been admitted to the Supreme Court of Queensland. He has had extensive experience in the fields of finance, commercial and property law during his tenure at major law firms both in Australia and overseas. He is also a qualified project manager and has considerable property development experience both within the storage industry and in broader markets.

Andrew was instrumental in the successful acquisition and integration of the original pre-existing Group portfolio and led the Company through the IPO and planned and negotiated the acquisition of the Southern Cross portfolio in 2016. He has led the company in its growth from a single centre in 1996 to over 200 centres today and has been primarily responsible for charting its strategy over that period.



Stuart joined National Storage in late 2014, with extensive experience in the energy sector in coal and gas fired power generation. He has held wide ranging finance and commercial management roles, including as Commercial Manager for Energy Developments Limited.

Prior to this, Stuart was Commercial Manager on the delivery of a multi-site gas fired power generation project and micro-LNG plant. He has significant experience in project financing, mergers and acquisitions, and project development. Stuart holds a Bachelor of Business, is a Certified Practising Accountant and is a graduate of the Australian Institute of Company Directors.



Emily, appointed as Chief Counsel at National Storage in 2020 and subsequently promoted to General Counsel in 2023, oversees the legal function of the organisation. Emily holds a Bachelor of Law with Honours, an International Studies degree and has been admitted to the Supreme Court of Queensland and South Australia.

Emily has over 17 years' experience in the legal industry having spent 14 years in private practice with HopgoodGanim and Piper Alderman's Corporate, Mergers and Acquisitions and Commercial teams prior to her holding a Corporate and Commercial in-house role with Canstar.

Since joining National Storage, Emily has played a key role in steering the company's legal strategy. Her legal acumen, combined with a sound understanding of the business landscape, positions her to work closely with the other members of the Executive in driving the company's pillars, notably, organic growth, acquisitions, developments and expansions, technology and innovation, and sustainability.



Nick has played an integral role in catalysing the growth and expansion of the company's asset base since 2017. As a driving force behind the establishment and continuous management of National Storage's Development division, Nick currently leads and oversees all development and acquisition activities within the organisation with his expertise that spans public, private, and not-for-profit sectors, in commercial, industrial, and residential property development.

Nick's focus remains firmly on identifying and pursuing strategic expansion opportunities through both development and acquisition within his executive capacity.



Katherine was appointed Company Secretary on 27 March 2024 on a part-time interim basis and will join National Storage in a full-time permanent capacity from October 2024.

Katherine holds a Bachelor of Laws (Hons) and Bachelor of Arts (majoring in Economics and French) from the University of Queensland, and is admitted as a solicitor of the Supreme Court of Queensland. Katherine is a qualified (Chartered) Company Secretary, holding a Graduate Diploma of Applied Corporate Governance from the Governance Institute of Australia.

Katherine has 15 years' of legal and company secretarial experience advising numerous ASX-listed companies, and specialising in mergers & acquisitions, equity capital markets, corporate advisory, governance and risk management. Katherine has previously served as company secretary and in-house legal counsel for dual listed Michel Hill Jeweller, in addition to having over a decade of private practice experience with major law firms in Australia. She joins National Storage from her position as a Partner of national commercial law firm, Holding Redlich Lawyers.

CORPORATE GOVERNANCE



MAIDSTONE, VIC

SUSTAINABILITY

This year will see the release of National Storage's eighth stand-alone sustainability report. The report is expected to be released in October 2024, prior to National Storage's AGM and will be published online at nationalstorageinvest.com.au. The report will detail National Storage's progress across its four sustainability pillars being strategy, people, environment and governance. Further, the environmental, social and governance aspects of the organisation will be considered through our short, medium, and long-term sustainability targets, including National Storage's commitment to reducing and offsetting its Scope 1 and 2 emissions by 2030.

CORPORATE GOVERNANCE

The National Storage Boards are responsible for ensuring that the organisation has an appropriate corporate governance framework in place to protect and enhance the entities' performance and build sustainable value for securityholders. The corporate governance framework is based on the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (4th Edition). More information is provided in NSR's Corporate Governance Statement, which can be viewed online at nationalstorageinvest.com.au.

DIRECTORS' REPORT

KEY HIGHLIGHTS

Group	FY24	FY23	Change	
Total Revenue	\$355.4m	\$330.0m	8%	▲
IFRS profit after tax	\$230.3m	\$320.4m	(28%)	▼
Earnings per stapled security	16.90cps	25.75cps	(34%)	▼
Underlying earnings ⁽¹⁾	\$154.2m	\$141.8m	9%	▲
Underlying earnings per stapled security ⁽¹⁾	11.3cps	11.5cps	(2%)	▼
Net operating cashflow	\$184.4m	\$188.3m	(2%)	▼
Distribution per security	11.0cps	11.0cps	0%	-

Portfolio	At June 2024	At June 2023	Change	
Number of Centres owned/managed & licenced (Total)	253/1 (254)	233/1 (234)	20/0 (20)	▲
Group occupancy ⁽²⁾	81.9%	84.8%	(2.9%)	▼
Group REVPAM ⁽²⁾ (Revenue per available metre)	\$275	\$267	3.1%	▲
Weighted Average Primary Cap Rate	5.91%	5.91%	0%	-
Investment Properties ⁽³⁾	\$4.88b	\$4.29b	14%	▲
Portfolio Valuation Uplift	\$143m	\$213m	(33%)	▼
Acquisitions / Centres ^(3,4)	\$147m / 12	\$120m / 11	\$27m / 1	▲
Net Lettable Area (NLA) (sqm)	1,391,800	1,279,800	9%	▲

Balance Sheet	At June 2024	At June 2023	Change	
Total Assets ⁽⁵⁾	\$5.17b	\$4.58b	13%	▲
Debt drawn ⁽⁵⁾	\$1,399m	\$947m	\$452m	▲
Interest Rate Swaps ⁽⁵⁾	\$596m	\$346m	\$250m	▲
Gearing	26.6%	19.8%	6.8%	▲
Weighted average cost of debt (Inc swaps)	5.14%	4.94%	20bps	▲
Weighted average debt tenor (years)	3.3	3.5	(0.2)	▼
Net Tangible Assets (NTA)	\$2.52	\$2.48	2%	▲

PRINCIPAL ACTIVITIES

Listed on the ASX in December 2013, NSR's Vision is "To be a world leader in the provision of innovative and sustainable self-storage solutions". NSR is the largest self-storage owner/operator across Australia and New Zealand, providing tailored storage solutions to approximately 97,000 customers. NSR's extensive portfolio of owned, managed and licenced centres continues to expand, having grown the network from 62 centres at IPO in December 2013 to 256 centres at the date of this Directors' Report.

Net Lettable Area (NLA) growth in built capacity is also achieved through development, expansion and redevelopment with 11 newly constructed and expanded storage centres delivered during the Reporting Period adding 73,500m² of NLA and a further 46 projects in various stages of design, construction and delivery. NSR now manages approximately 130,000 storage units across approximately 1.4 million square metres of NLA in Australia and New Zealand. NSR's storage centres have the largest average NLA per centre of its listed Australian peers at 5,500m² per centre, providing greater scope for centre profitability and better economies of scale.

FY24 also marked a number of other milestones, with NSR entering into two significant capital partnership and development arrangements. The first with MAAS Group will enable NSR to strengthen its coverage through important growth areas across NSW and the ACT. The arrangement with MAAS Group has already delivered five new high performing new centres to NSR in FY24, with more expected to follow on their completion in FY25.

¹ Underlying earnings is a non-IFRS measure (unaudited), see table within Operating Results for reconciliation

² Group – Australia and New Zealand (206 centres)

Australia – 176 centres as at 30 June 2022 (excluding Wine Ark and let-up centres)
New Zealand – 30 centres as at 30 June 2022 (excluding let-up centres)

³ Investment properties (including assets held for sale) net of lease liability

⁴ Excluding transaction costs

⁵ NZD/AUD exchange rate of 1.0949

The new GIC-NSR Ventures Fund (Fund) has been established to pursue the development and operation of new self-storage centres in Australia in a cost effective and capital efficient fashion. NSR will hold an approximate 25% interest in the Fund, while GIC will hold the remaining 75%. The JV has identified 10 foundation assets which have been either recently completed or are currently under construction by NSR and these assets will be owned by the Fund. The Fund plans to deploy an initial amount of \$270 million and the parties have agreed to work together to explore future potential opportunities. The Fund will assist NSR in expediting its development activities in a capital efficient fashion and will enable NSR to recycle capital currently employed in these developments into new acquisition and development activities.

The value of Investment Properties^(3,5) on NSR's balance sheet has increased by 14% during the Reporting Period to \$4.88 billion as at 30 June 2024.

Of the 256 self-storage properties in the NSR portfolio at the date of this report, ownership is as follows:

- 240 self-storage centres owned by NSPT group (Freehold Centres)
- 4 self-storage centres owned by NSPT group and Held for Sale as at 30 June 2024
- 11 self-storage centres operated as long-term leasehold centres (Leasehold Centres)
- 1 third party managed centre

During the Reporting Period, NSR converted one of its Leasehold Centres to a Freehold Centre by acquiring the underlying freehold property interest from the former owner in addition to acquiring three leaseholds which formed part of existing freehold centres. The ownership of both the business and the freehold of this centre now sits with NSR.

BUSINESS STRATEGY

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

The key drivers of NSR's business are:

- Organic Growth - NSR achieves organic growth through a combination of occupancy and rate increases assessed on an individual centre basis
- Acquisitions, Development and Expansion - NSR has executed over 175 high-quality acquisitions since its IPO in December 2013 – a growth rate unmatched in the Australasian market. NSR has proven in-house expertise which enables it to identify, negotiate and deliver strategic development, expansion and refurbishment projects in an efficient and effective manner
- Technology and Innovation - NSR leads the Australasian storage industry with new technology and innovation projects designed to improve operational efficiency and enhance the customer and employee experience, providing an important competitive advantage over its peers
- Sustainability – through NSR's comprehensive Environmental, Social and Governance framework, NSR focuses on creating trust and confidence that we are delivering sustainable outcomes for our stakeholders and the environment.

Further details on these key business drivers can be found elsewhere in the NSR 2024 Annual Report and NSR's Sustainability Report.

REVIEW AND RESULTS OF OPERATIONS

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

OPERATING RESULTS

IFRS Profit after tax for the Reporting Period was \$230.3 million delivering IFRS EPS of 16.9 cents per stapled security. The exceptional operating performance of the portfolio for the Reporting Period saw underlying earnings increase by 8.7% to \$154.2 million.

NSR achieved underlying earnings per stapled security of 11.3cps for the 2024 financial year, a decrease of 1.7% over the previous 12 months. The decrease was driven by a 17.2% increase in finance costs mainly relating to interest being expensed upon completion of new developments, which was partly offset by strong revenue growth driven by rate per square metre increases, as well as contributions from acquisitions and new developments. Occupancy across the Group has reduced by 2.9% to 81.9%, largely through trading in slower economic conditions. NSR remains well positioned to capitalise on the future growth in the industry and economy. Strong growth in Group rate of 7.1% to \$339/m² helped deliver Group REVPAM growth of 3.1% to 275/m². REVPAM growth was strongest across Australia (+3.7%) with New Zealand reducing slightly (1.6%) as a result of the impact of the tougher New Zealand economic conditions. Let-Up centres (those recently built or expanded) filled strongly with approximately 11,000m² of new NLA filled during the Reporting Period and an additional 73,500m² of built NLA added to the portfolio.

The impact on operations due to economic uncertainties and higher interest rates remain relatively modest. The operational result for the full year reflects the highly resilient nature of NSR's business model and its well-executed growth strategy, as well as the high level of competency and commitment demonstrated by the NSR team across all aspects of the business.

\$m	FY24	FY23
IFRS Profit after tax	\$230.3	\$320.4
Plus tax expense	\$11.5	\$13.8
Plus restructuring costs	\$4.9	-
Plus amortisation of interest rate swap reset	\$3.5	\$5.4
Less fair value adjustments and FX movement	(\$86.3)	(\$189.4)
Less lease diminution on leasehold investment properties	(\$9.7)	(\$8.4)
Underlying Earnings	\$154.2	\$141.8
Weighted average securities on issue (refer note 20)	1,361,883,416	1,236,914,113
Underlying earnings per stapled security	11.3cps	11.5cps

CASH MANAGEMENT

Cash and cash equivalents as at 30 June 2024 were \$55.2 million compared to \$67.3 million at 30 June 2023. Subsequent to 30 June 2024, the cash balance has been utilised to facilitate further acquisitions and the upcoming payment of the distribution on 2 September 2024. Net operating cashflow for the year decreased 2% to \$184.4 million (2023: \$188.3 million).

An interim distribution of 5.5 cents per stapled security (\$74.9 million) was paid on 1 March 2024 with an estimated final distribution of 5.5 cents per stapled security (\$75.4 million) declared on 19 June 2024, to be paid on 2 September 2024. This totals a full year distribution of 11.0 cents per stapled security, against underlying earnings per security of 11.3 cents, representing a payout ratio of 97%, within the target payout ratio of 90% - 100% of underlying earnings.

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

For the December 2023 interim distribution approximately 28% of eligible securityholders (by number of securities) elected to receive their distributions as securities totalling approximately \$20.9 million. The DRP price was set at \$2.2692 which resulted in 9,223,656 new securities being issued.

The June 2024 final distribution has seen approximately 34% of eligible securityholders (by number of securities) elect to receive their distributions as securities totalling approximately \$25.4 million. The DRP price was set at \$2.3681 which will result in approximately 10,725,000 new securities being issued.

NSR actively manages its debt facilities to ensure it has adequate investment capacity to fund future acquisitions, developments and working capital requirements. During the year ended 30 June 2024, NSR extended all facilities maturing in FY25, negotiated an additional \$325 million (equivalent) of additional facilities, and repaid \$100m of term loan facilities.

As at the Reporting Date, the Consolidated Group's borrowing facilities are \$1,841 million (2023: \$1,617 million), with approximately \$442 million undrawn and available. NSR's weighted average debt tenor as at the Reporting Date is 3.3 years (2023: 3.5 years). NSR actively monitors its debt structure with the aim of increasing diversity of funding sources and extending the average debt tenor. NSR's gearing level as at 30 June 2024 was 26.6% (2023: 19.8%) against a target gearing range of 25% - 40%, demonstrating a conservative position in the current debt environment and providing flexibility and the ability to act expeditiously on acquisition and development opportunities as they arise.

NSR utilises interest rate derivatives in accordance with its hedging policy. This hedging policy is reviewed on a regular basis. As at the Reporting Date interest rate hedges totalling \$596 million were in place (2023: \$346 million) with expiry dates ranging from September 2024 to September 2030.

ACQUISITIONS AND INVESTMENTS

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

- location and surrounding demographics of local catchment area;
- competition and potential for future competition within the primary (3km) and secondary (5km) competitive radial areas;
- exposure to passing traffic – typically a minimum of 30,000 cars per day targeted;

- build quality and opportunities for value adding such as expansion potential, surplus land, occupancy runway or potential for rate per square metre improvement;
- proximity to major drivers of storage demand such as retirement villages, new housing development and / or medium density apartment or townhouse developments and major shopping centres; and
- environmental, sustainability and climate change risk.

NSR has executed on its focused acquisition strategy with 12 new storage centres, the freeholds of 5 previously leasehold storage centres, 10 development and 2 commercial sites acquired during the reporting period for a total of \$250 million. Since the Reporting Date to the date of this Directors' Report, NSR has settled one storage centre, and four development sites, for total consideration of \$62.2m.

NSR revalues all assets each Reporting Period through a combined process undertaken by both external independent valuers and internal valuations. Internal valuations are based on valuations and methodologies from independent valuers (m3 Property and Cushman & Wakefield). After having undertaken this process, the weighted average primary capitalisation rate of NSR's portfolio remained consistent at 5.91% and the value of the 30 June 2024 portfolio increased by \$143 million, with the majority of this uplift driven by improved operating performance. This contributed to the 2% increase in NTA which now sits at \$2.52 per stapled security, up from \$2.48 per stapled security in June 2023.

Acquisitions for the Year Ended 30 June 2024

Region	Number of Centres	NLA (m ²)
New South Wales	5	15,200
Queensland	2	13,400
Victoria	3	13,300
Australian Capital Territory	1	4,400
New Zealand	1	4,200
Total	12	50,500
Development Sites	10	
Acquisition of Freehold	5	
Commercial Sites	2	
Total	29	

INVESTMENT IN JOINT VENTURES AND ASSOCIATES

National Storage and Bryan Family Group (BFG), including The Bryan Foundation, have undertaken numerous development projects in recent year including a site at Moorooka in Brisbane, Biggera Waters on the Gold Coast and associated Treasure Cove Commercial precinct. FY24 saw several of these projects mature with NSR acquiring the Moorooka and Biggera Waters developments and BFG acquiring the Treasure Cove Commercial precinct. This capital was recycled into a new self-storage development at Bundamba, west of Brisbane, established within a new joint venture vehicle.

In June 2024 National Storage entered into binding agreements with GIC (GIC) to establish the new National Storage Ventures Fund (Ventures JV) that will pursue the development and operation of self-storage centres across Australia. The Ventures JV will acquire and develop an initial portfolio of 10 foundation assets sourced from NSR's existing development portfolio. NSR and GIC will hold approximately 25% and 75% equity interests respectively in the Ventures JV and will deploy approximately \$270 million of total capital over the initial 12 – 18 month period. Financial close of the Ventures JV remains subject to satisfaction of certain, customary, conditions precedent.

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

LIKELY DEVELOPMENTS

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

- organic growth through increases in rate and occupancy at an individual centre level, overlaid with prudent cost control;
- growth by acquisition of quality storage centres across Australia and New Zealand, development, expansion and redevelopment activity focused on high-quality new self-storage developments in key locations and evaluating its existing portfolio for expansion, development or re-development opportunities, while exploring portfolio recycling opportunities;
- technology and innovation – harnessing new technology, innovation and AI to bring further efficiencies and economies of scale to NSR's existing business model; and
- Sustainability through NSR's comprehensive Environmental, Social and Governance framework, NSR focuses on delivery outcomes that are sustainable, for investors, employees, partners and the environment, while maximising returns for its stakeholders.

DIVIDENDS AND DISTRIBUTIONS

NSR has paid or declared distributions totalling 11.0 cents per stapled security for the Reporting Period, representing 97% of underlying earnings per stapled security of 11.3 cents:

- An estimated final distribution of 5.5 cents per stapled security for the 6 months to 30 June 2024. The distribution is expected to be paid on 2 September 2024 and is expected to contain a tax deferred component.
- An interim distribution of 5.5 cents per stapled security for the period 1 July 2023 to 31 December 2023 which was paid on 1 March 2024 which included a tax deferred component.

ENVIRONMENTAL REGULATION

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

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

RISK MANAGEMENT

NSR is committed to maintaining a robust system of risk oversight, management, and internal controls, fostering an environment where effective risk management practices are deeply ingrained within our business. We remain committed to proactively and efficiently managing risks throughout the organisation to instil confidence in our Board and other stakeholders.

The Board of Directors holds the responsibility for ensuring the efficacy of NSR's risk management framework, which assesses and addresses risks concerning operational, regulatory, reputation, and financial aspects impacting the business.

This framework establishes the basis and protocols for designing, implementing, monitoring, reviewing, and continuously improving risk management throughout the organisation, aligning with the principles outlined in the ASX Corporate Governance Principles and Recommendations (Fourth Edition) and incorporating guidelines from the Australian Standard AS/NZS ISO 31000:2018 Risk management – Principles and guidelines.

The Audit and Risk Committee supports the Board in overseeing the effectiveness of NSR's risk management system by reviewing compliance in areas identified as particularly sensitive to risk. The Committee Charter is available to view on our investor website: nationalstorageinvest.com.au/governance/.

The Board has entrusted the Managing Director with overall operational responsibility for the risk management function. The Managing Director receives support from the Executive Management Team, with the Chief Financial Officer /Chief Investment Officer overseeing financial risks and financial reporting matters, and the General Counsel in their capacity as the Group's Risk Officer handling the administration of the risk management function.

Each department assumes responsibility for identifying and managing their respective risks. To promote consistency in capturing and reporting risks, NSR operates an enterprise-wide risk management system across the Group.

During FY24, NSR was met by variable economic conditions, interest rate volatility, and emerging regulatory and policy changes. We continued to consider both our operational and responsible entity functions in applying NSR's risk management principles when communicating, identifying, analysing, evaluating, and treating risks and opportunities across the business. For further detail on our principles, please refer to our Risk Management Policy available on our investor website: nationalstorageinvest.com.au/governance/.

Moving forward, we remain steadfast in our commitment to positioning NSR for enduring success by promptly addressing risks that could impede the realisation of our strategic objectives.

KEY RISKS AND OPPORTUNITIES

A number of the risks and opportunities faced by NSR and how NSR responds to these risks and opportunities are set out below. These are not the only risks and opportunities associated with NSR and are not in order of importance.

Key Risks and Opportunities	How NSR is responding
<p>Strategic and Financial Performance</p> <p>Strategic and Financial performance of our business is subject to various risks including but not limited to economic conditions and legislative and regulatory factors.</p>	<ul style="list-style-type: none"> Continual strategy oversight and development by the Board, Managing Director, and Executive Management Team Diverse centre portfolio located across Australia and New Zealand, providing a range of storage offerings to different customer types An acquisitions and development pipeline aimed at optimising asset returns and upholding asset quality Constant monitoring of the market to ensure pricing and terms remain competitive A well-structured investment authorisation procedure Considerate management of customer relationships Highly developed marketing and management systems in place to generate new customer enquiries and maximise conversion and maintain and build occupancy Active assets life cycle planning, asset management, refurbishment programs and maintenance activity Methodical valuation process Prudent capital management Continual market analysis and monitoring Active risk management Transparency and communication with securityholders and stakeholders Sustainable practices and initiatives Comprehensive insurance coverage
<p>Environmental and Climate Change</p> <p>Unforeseen Environmental and Climate Change risks as well as risk arising from legislative changes may impact NSR's strategic and operational business and where possible are required to be mitigated. There is opportunity for NSR to consider and where appropriate implement ESG initiatives to respond to securityholder expectation in the market whilst delivering operational efficiencies to the business.</p>	<ul style="list-style-type: none"> Announcing and implementing a strategy to reduce and offset scope one and scope two emissions by 30 June 2030 Re-assessment of sustainability materiality matrix, at least annually Dedicated ESG Committee implementing environmental and climate related risk mitigation strategies, Regular review process for centres to ensure such impacts or their likelihood is mitigated where possible Comprehensive Disaster Recovery and Business Continuity Plan and procedures Active engagement with stakeholders on ESG matters, Climate related-risks and potential financial impacts assessed within NSR's enterprise-wide Risk Management Framework Alignment with the Task Force on Climate-related Financial Disclosures' recommendations Commitment to combat modern slavery Monitoring changing regulatory environment
<p>Economic and market conditions</p> <p>Changing rates of economic growth and market activity can impact Group performance, as can changing consumer practices and trends, including the housing market, population and migration growth, unemployment, wage growth, the rate of inflation, and consumer sentiment.</p>	<ul style="list-style-type: none"> Maintaining a nimble and proactive business approach Disciplined cost management Proactive monitoring of the economy and industry Ongoing economic and business research Standing strategic consideration in all investment decisions
<p>Capital Management</p>	<ul style="list-style-type: none"> Maintaining an appropriate capital structure commensurate with an investment grade balance sheet, ensuring the

Key Risks and Opportunities	How NSR is responding
<p>Maintaining a strong and appropriate capital structure underpins NSR's ability to deliver on its strategy and meet its objectives. The importance of appropriate and effective capital management is critical to mitigate against risks resulting from changing economic and funding environments.</p>	<ul style="list-style-type: none"> structure meets the business needs and can withstand changing economic or financial conditions Managing liquidity and maintaining a debt structure which is appropriately diversified by counterparty, tenor, funding sources, and debt instrument Strategic joint venture partnerships to assist in delivery pipeline and capital management Managing gearing and monitoring financial covenants Proactive monitoring and approach to interest rate risk management, including hedging Appropriate limits on foreign currency exposure Active management and limits of counterparty credit risk exposures related to borrowing/funding, derivatives/hedges, and surplus cash investments Strong compliance program
<p>Acquisitions and Developments</p> <p>Prevailing micro and macro-economic environments may impact NSR's decisions with respect to Acquisitions and Developments. These factors and risks relating to each transaction are considered at the time to ensure the expansion of our portfolio and our development pipeline continues to provide NSR with assets that expand our asset and storage offerings in line with our Strategic direction.</p>	<ul style="list-style-type: none"> A disciplined and comprehensive due diligence, feasibility, sensitivity analysis and legal review and approval process Strategic offer, tender, procurement, and consultant engagement process undertaken Experienced management and sufficiently resourced and skilled internal team Dedicated acquisition and development teams Thorough systems and processes with regular reviews, optimisation, and interdepartmental accountability Implementation of a clearly articulated development risk tolerance framework
<p>Technology, Cyber and Data Security</p> <p>Data loss, breach or damage, cyber-attacks, business interruptions and reputational risk are risks faced by all businesses in the current environment including NSR.</p>	<ul style="list-style-type: none"> Appropriately skilled and experienced Board, Audit and Risk Committee, and Cyber Security Steering Committee with oversight of cyber and data security strategy Comprehensive Cyber Security Program, including cyber security risk management and treatments External Chief Information Security Officer (CISO) Regular review and development of policies, guidelines, and procedures addressing new and emerging cyber risks Disaster Recovery and Business Continuity Plan Monitoring, penetration testing, phishing exercises, additional security testing and staff education program Regular updates to technology hardware and software Risk assessments and ongoing alignment with ISO 27001 Internal and external audits
<p>Health, Safety and Wellbeing</p> <p>Our alignment with health and safety standards and regulations safeguards our employees, our customers and our contractors from potential health and safety risks, in accordance with our safety vision of 'no harm to anyone at any time'</p>	<ul style="list-style-type: none"> Comprehensive health and safety management systems, Active monitoring of health and safety best practices and developing regulations Induction training and ongoing scheduled training of our employees Continual re-assessment and annual testing of our Disaster Recovery and Business Continuity Plan Stable, committed, skilled and experienced Executive Management Team, with ongoing succession and strategic workforce planning Dedicated People and Culture team conducting benchmarking to ensure competitive remuneration, supported by external advisors when required Diversity and inclusion targets Evolving wellness offerings Annual employee engagement survey and team check ins Ongoing monitoring of risk culture and conduct Annual reporting to the Workplace Gender Equality Agency

Key Risks and Opportunities	How NSR is responding
<p>Compliance and regulatory</p> <p>NSR maintains best practice governance and compliance practices to mitigate risks of non-compliance whilst managing strategic and business continuity in the event of compliance or regulatory change.</p>	<ul style="list-style-type: none"> Experienced Executive Management Team, supported by internal expertise Active management of comprehensive Compliance Plan, in accordance with the requirements of the Corporations Act 2001 (Cth) Continuous monitoring of developments in regulatory environment Internal committees to monitor key compliance risks Scheduled annual review and enforcement of all compliance policies Regular compliance reporting, internal audits and annual external compliance audit program Ongoing training and continuous professional development

DIRECTORS

NATIONAL STORAGE HOLDINGS LIMITED

The NSH Directors in office during the Reporting Period and at the date of this Directors' Report:

NAME	APPOINTED	POSITION
Anthony Keane	1 November 2013	Non-Executive Chairman
Andrew Catsoulis	1 November 2013	Managing Director
Howard Brenchley	21 November 2014	Non-Executive Director
Scott Smith	1 July 2022	Non-Executive Director
Inmaculada Beaumont	1 July 2022	Non-Executive Director
Claire Fidler	18 July 2017	Executive Director (Retired 27 March 2024)

NATIONAL STORAGE FINANCIAL SERVICES LIMITED (NSFL)

The Directors of NSFL in office during the Reporting Period and at the date of this Directors' Report:

NAME	APPOINTED	POSITION
Anthony Keane	18 July 2014	Non-Executive Chairman
Andrew Catsoulis	18 July 2014	Managing Director
Howard Brenchley	8 September 2015	Non-Executive Director
Scott Smith	1 July 2022	Non-Executive Director
Inmaculada Beaumont	1 July 2022	Non-Executive Director
Claire Fidler	18 July 2017	Executive Director (Retired 27 March 2024)

DIRECTORS' QUALIFICATIONS, EXPERIENCE AND SPECIAL RESPONSIBILITIES

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

Anthony Keane, Independent Non-Executive Chairman **BSc (Maths), Grad Dip Corp Fin, GAICD**

Anthony is an experienced finance and business executive with an extensive background in banking and business management. Prior to accepting his directorship with National Storage, Anthony held numerous leadership roles with a major trading bank principally in business, corporate and institutional banking. He is actively involved in the business community through Non-Executive Director and Advisory Board roles, and finance advisory consultancies.

Anthony is a Director of ASX listed EMvision Medical Devices Ltd (EMV). Anthony has a Bachelor of Science (Mathematics) from University of Adelaide and a Graduate Diploma in Corporate Finance from Swinburne. He is a Fellow of the Financial Services Institute of Australasia, a Graduate of the Australian Institute of Company Directors, and a Fellow of the CEO Institute.

Anthony is Chair of the Nomination Committee and is a member of the Audit and Risk Committee and Remuneration Committee.

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

A founder of the National Storage business, Andrew has over 25 years' of specific self-storage industry expertise including in the areas of acquisitions, developments, integration and operation of 'greenfield' and developed self-storage centres.

Andrew is a qualified solicitor who has been admitted to the Supreme Court of Queensland. He has had extensive experience in the fields of finance, commercial and property law during his tenure at major law firms both in Australia and overseas. He is also a qualified project manager and has considerable property development experience both within the storage industry and in broader markets.

Andrew was instrumental in the successful acquisition and integration of the original pre-existing Group portfolio and led the Company through the IPO and planned and negotiated the acquisition of the Southern Cross portfolio in 2016. He has led the company in its growth from a single centre in 1996 to over 200 centres today and has been primarily responsible for charting its strategy over that period.

Howard Brenchley, Independent Non-Executive Director **BEC**

Howard has over 35 years' involvement in the Australian property industry, as an analyst, investor and fund manager. Howard cofounded Property Investment Research Pty Ltd (PIR) in 1989, which during the 1990s was considered a leading researcher of both listed and unlisted property funds. In 1998 Howard was instrumental in establishing the funds management business of APN Property Group Limited. During this period, he was responsible for the establishment and operations of a number of funds investing both directly and indirectly in real estate.

Since 1998, Howard has been a director (or the director of the responsible entity) of numerous listed and unlisted real estate investment vehicles.

Howard is Chair of the Audit and Risk Committee and is a member of the Nomination and Remuneration Committees.

Inmaculada (Inma) Beaumont, Independent Non-Executive Director **BA (Mathematics), BA Hons (Economics and Commerce), FCCA, GAICD**

Inma brings her financial expertise and diverse range of commercial experience to the NSR board. As a senior finance executive, she has had leadership roles spanning Financial Control, Internal Audit and Risk Management within top multinationals in Energy, FMCG and Banking. In addition, she has governance experience as Chair of Finance, Audit and Risk Committees across several boards.

Inma is currently a non-executive director of Children's Health Queensland Hospital and Health Service, UN Women Australia and Guide Dogs Queensland. She holds a BA Hons (Economics and Commerce) from the University of Valencia, Spain, is a Fellow of the Association of Chartered Certified Accountants, and is a Graduate of the Australian Institute of Company Directors.

Inma is a member of the Audit and Risk, Nomination, and Remuneration Committees.

Scott Smith, Independent Non-Executive Director **BBus (Marketing)**

Scott has over 25 years' experience in the Technology and Telecommunications sector across the Asia Pacific region, including a breadth of experience gained from working for large global telecommunication organisations before founding his own successful managed service provider company. Scott holds a Bachelor of Business (Marketing) from the Queensland University of Technology and has extensive experience in technology and leadership positions. Having successfully co-founded Comlinx (Managed Service Provider) in 2006, he went on to sell that business to ASX listed Telecommunications provider Over the Wire (ASX: OTW) in 2018 and continued in the senior leadership team, taking over the role of CEO of OTW in February 2020. OTW has subsequently been sold to Aussie Broadband (ASX: ABB).

Scott is currently serving on the Advisory Board and as an investor at Rockfish Data Inc. a San Francisco-based software company focused on developing synthetic data for AI and machine learning applications. Additionally, he is a member of the Advisory Board at HEAL Software Inc. a company specializing in AI-driven IT operations (AI Ops).

Scott is Chair of the Remuneration Committee and is a member of the Audit and Risk Committee and Nomination Committee.

Katherine Hammond, Company Secretary
LLB(Hons), BA, GradDipLegPrac, FGIA & FCG

Katherine was appointed Company Secretary on 27 March 2024 on a part-time interim basis and will join National Storage in a full-time permanent capacity from October 2024.

Katherine holds a Bachelor of Laws (Hons) and Bachelor of Arts (majoring in Economics and French) from the University of Queensland and is admitted as a solicitor of the Supreme Court of Queensland. Katherine is a qualified (Chartered) Company Secretary, holding a Graduate Diploma of Applied Corporate Governance from the Governance Institute of Australia.

Katherine has 15 years' of legal and company secretarial experience advising numerous ASX-listed companies, and specialising in mergers & acquisitions, equity capital markets, corporate advisory, governance and risk management. Katherine has previously served as company secretary and in-house legal counsel for dual listed Michel Hill Jeweller, in addition to having over a decade of private practice experience with major law firms in Australia. She joins National Storage from her position as a Partner of national commercial law firm, Holding Redlich Lawyers.

DIRECTORSHIPS OF OTHER LISTED COMPANIES

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

NAME	COMPANY	PERIOD OF DIRECTORSHIP
Howard Brenchley	APN Property Group (ASX:APD)	1998 – 13/08/2021
	Dexus Asset Management Limited previously known as APN Funds Management Limited, responsible entity for: Dexus Industria REIT (ASX:DXI) previously known as APN Industria REIT (ASX:ADI) Dexus Convenience Retail REIT (ASX:DXC) previously known as APN Convenience Retail REIT (ASX:AQR)	03/12/2013 - 17/10/2022 27/12/2017 - 17/10/2022
Anthony Keane	EMvision Medical Devices Ltd (ASX:EMV)	11/12/2018 – Current

DIRECTORS' INTERESTS IN NSR SECURITIES

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

DIRECTOR	DIRECT	INDIRECT	PERFORMANCE RIGHTS	TOTAL
Anthony Keane	11,595	242,870	-	254,465
Andrew Catsoulis	-	15,782,872	773,900	16,556,772
Howard Brenchley	-	135,200	-	135,200
Scott Smith	-	154,958	-	154,958
Inmaculada Beaumont	37,449	-	-	37,449

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

DIRECTORS' MEETINGS

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

DIRECTOR	NSH BOARD	NSFL BOARD	AUDIT & RISK COMMITTEE	REMUNERATION COMMITTEE	NOMINATION COMMITTEE
Anthony Keane	12 (12)	10 (10)	10 (10)	6 (6)	4 (4)
Andrew Catsoulis	12 (12)	10 (10)	10 (10)	5 (6)	4 (4)
Howard Brenchley	12 (12)	10 (10)	10 (10)	6 (6)	4 (4)
Inma Beaumont	12 (12)	10 (10)	10 (10)	6 (6)	4 (4)
Scott Smith	12 (12)	10 (10)	10 (10)	6 (6)	4 (4)
Claire Fidler	6 (8)	5 (6)	7 (8)	3 (4)	2 (3)

Notes:

- Figures in brackets indicate the number of meetings held whilst the director was in office or was a member of the relevant Committee during the Reporting Period. Figures not in brackets indicate the number of meetings or Committee meetings that the director attended.
- Mr. Catsoulis attends Nomination, Remuneration, Risk and Audit, and Risk Committee meetings by invitation. One Remuneration Committee meeting was held without executive members present and Mr Catsoulis did not attend.
- Ms Fidler resigned as a Director on 27 March 2024.
- The Company has an Investment Committee Charter to govern an Investment Committee. The Board has determined that at this time, the full Board will act as the Investment Committee and therefore there are no separate Investment Committee meetings noted.

COMPANY SECRETARY

NATIONAL STORAGE HOLDINGS LIMITED

NAME	APPOINTMENT DATE	RESIGNATION DATE
Claire Fidler	26 November 2015	20 May 2024
Katherine Hammond	27 March 2024	

NATIONAL STORAGE FINANCIAL SERVICES LIMITED

NAME	APPOINTMENT DATE	RESIGNATION DATE
Claire Fidler	26 November 2015	20 May 2024
Katherine Hammond	27 March 2024	

Katherine Hammond

LLB(Hons), BA, GradDipLegPrac, FGIA & FCG Refer to page 27

CORPORATE GOVERNANCE

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

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

Information on NSR's corporate governance policies and practices, including the Corporate Governance Statement disclosing the extent of NSR's compliance with the ASX Corporate Governance Principles and Recommendations (Fourth Edition) (the "ASX Recommendations") can be viewed on the NSR website at www.nationalstorageinvest.com.au/governance.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

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

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

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

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

The Responsible Entity (as trustee of NSPT) has provided the Company with an indemnity out of the assets of the NSPT for any liability under the Directors/Officers indemnity to the extent that the Company is not able to

meet that obligation. The back-to-back indemnity does not extend to any payment made or due as a result of a breach by the Company of its obligations under a Director/Officer indemnity or to any payment which the Company makes voluntarily but is not due and payable under the terms of a Director/Officer indemnity.

The total amount of insurance contract premiums paid for Directors and Officers insurance for NSR (including subsidiary entities) during the Reporting Period was \$1,686,153.

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

INDEMNIFICATION OF AUDITORS

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

REMUNERATION REPORT (AUDITED) – NSH GROUP

MESSAGE FROM THE BOARD

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

For the FY25 year and onwards several changes have been made to the STI and LTI plans, taking on advice and feedback from investors and advisors as well as in light of the broader market conditions for comparable roles and responsibilities to those undertaken by NSR's executive team. These changes are outlined below.

KEY PERFORMANCE INDICATORS

NSR's performance over the last five years against key financial indicators is illustrated below.

Group		FY20	FY21	FY22	FY23	FY24
Total Revenue	\$m	177.9	217.7	278.9	330.0	355.4
IFRS profit after tax	\$m	121.8	309.7	620.6	320.4	230.3
Earnings per stapled security	cps	14.59	30.21	51.71	25.75	16.90
Underlying earnings ⁽¹⁾	\$m	67.7	86.5	126.5	141.8	154.2
Underlying earnings per stapled security ⁽¹⁾	cps	8.3	8.5	10.6	11.5	11.3
Net operating cashflow	\$m	89.5	135.2	165.8	188.3	184.4
Distribution per security	cps	8.1	8.2	10	11.0	11.0
Total Assets	\$'b	2.64	3.25	4.05	4.58	5.17
Debt drawn	\$m	681	761	975	947	1,399
Gearing	%	25	22	23	19.8	26.6
Weighted average debt tenor	years	2.8	2.8	3.3	3.5	3.3
Net Tangible Assets (NTA)	\$	1.65	1.89	2.34	2.48	2.52

¹ Underlying earnings is a non-IFRS measure

FY24 PERFORMANCE AND REMUNERATION OUTCOMES

The FY24 year was another year of record performance for NSR with underlying earnings increasing by 9% to \$154.2 million. Despite the ongoing challenging economic and market conditions, NSR delivered underlying earnings of 11.3cps, in line with its stated guidance. FY24 EPS was impacted by the \$340 million capital raise undertaken in March 2023 which was undertaken to fund NSR's ongoing acquisition and development pipeline. Total distributions declared for the year was 11.0cps, consistent with the previous year, with a payout ratio of 97%, a high level of distribution payout to shareholders compared to the ASX 200 A-REIT index. NSR's Total Shareholder Return (TSR) also significantly outperformed the ASX 200 A-REIT index over the 3 years to 30 June 2024, with NSR being ranked number five out of 29 companies, delivering 32% TSR over this period. NSR's long term success from both a yield and TSR perspective is closely linked to the high levels of commitment and overall performance displayed by its executive team.

REMUNERATION REVIEW AND FY25 CHANGES

The remuneration policy also aims to provide a platform for sustainable value creation for securityholders by attracting, motivating, and retaining its high quality team of executives.

NSR's remuneration framework has evolved over time and in response to stakeholder feedback and broader market conditions, and uses the following key objectives as the basis for the executive remuneration:

- Increase the 'at-risk' component of total remuneration across the executive team;
- Provide an increased alignment between the executive team and securityholders' interests by utilising equity-based structures (particularly in respect of LTI) as part of total remuneration arrangements;
- Structure remuneration in such a way as to enhance executive team retention, given the small team of key executives, the specialised nature of the business and the increasingly competitive landscape for high quality executives;
- Provide greater transparency on the short-term and long-term performance measures to align with securityholder expectations; and

- Increase NSR's alignment with the A-REIT direct comparator group

In light of the above factors, and particularly in response to investor and advisor feedback, the Board has made several changes to the incentives plans that will apply going forward. These changes are:

- The inclusion of an Environmental component in STI weighted at 10% of the total STI to align executive remuneration with the delivery of NSR energy efficiency projects;
- Removal of the "cliff" vesting in the EPS component of the LTI, replacing this with a graduated vesting scale more aligned with ASX market practice; and
- The introduction of a distribution equivalent payment on vested Rights in the LTI plan, to compensate executives for distributions foregone during the performance period.

During the reporting period, the Board engaged external remuneration consultants to conduct benchmarking on executive remuneration. This benchmarking indicated that the MD's TFR was below the median of the ASX peer group. With reference to this benchmarking exercise, increases to fixed remuneration and "at-risk" remuneration were made for the MD and CFO in recognition of their tenure, continued performance, expansion of roles and duties as well as the significant growth in NSR's market capitalisation. The CFO has also taken on the role of Chief Investment Officer (CIO) during FY24 and the increase in the CFO's FY25 remuneration is also reflective of these additional duties and responsibilities. Commencing 1 July 2024, fixed remuneration will increase by 7.5% for the MD and the CFO / CIO by 12.7%. Post this increase the MD's total fixed remuneration will sit slightly above the median for the ASX peer group.

Additionally, some minor increases in "at-risk" rewards were made to the executives' total remuneration packages to create better alignment with the broader market and comparator peers. The MD's STI opportunity was increased to 105% (previously 100% of fixed remuneration) whilst the MD's LTI has remained unchanged at 105% of fixed remuneration. The CFO's STI opportunity remained unchanged at 80% of fixed remuneration whilst the LTI was increased to 80% (previously 70% of fixed remuneration).

COVERAGE OF THIS REPORT

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

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

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

Key management personnel covered in this report are as follows:

NON-EXECUTIVE AND EXECUTIVE DIRECTORS

Anthony Keane	Independent Non-Executive Chairman
Andrew Catsoulis	Executive Managing Director ("MD")
Howard Brenchley	Independent Non-Executive Director
Inmaculada Beaumont	Independent Non-Executive Director
Scott Smith	Independent Non-Executive Director
Claire Fidler	Executive Director and Head of Legal & Governance (Retired 20 May 2024)

KEY MANAGEMENT PERSONNEL – SENIOR EXECUTIVES

Stuart Owen	Chief Financial Officer & Chief Investment Officer ("CFO")
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REMUNERATION OVERVIEW

REMUNERATION PRINCIPLES

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

REMUNERATION STRUCTURE (FY25)

Delivery	Fixed reward		At-risk reward		
	TFR	STI	LTI		
	Cash	Cash (70%)	Scrip (30%)	Performance rights (70%)	Cash (30%)
Details	<ul style="list-style-type: none"> • Comprised of base salary and superannuation 	<ul style="list-style-type: none"> • Paid in a combination of cash and scrip • Scrip component <ul style="list-style-type: none"> ◦ Scrip price set as the 30-day VWAP to 30 June 2024 ◦ escrowed for 12 months • Measures: <ul style="list-style-type: none"> ◦ Financial measures (EPS) – 70% ◦ Individual and strategic measures – 30% 		<ul style="list-style-type: none"> • LTI is subject to a 3-year performance period • Measures: <ul style="list-style-type: none"> ◦ Relative Total Shareholder Return (rTSR) (ASX 200 A-REIT index comparator group) – 70% ◦ Underlying Earnings per share (EPS) – 30% 	
Link to remuneration principles	Assists attraction and retention through competitive remuneration	Incentivises group and individual performance through at-risk pay against financial and non-financial targets		Aligns executive remuneration with long-term securityholder value	

PAY MIX

The composition of total annual remuneration (TAR) for the year ending 30 June 2024 for KMP is detailed in the table below.

KMP	TFR	STI	LTI	STI as % of TFR	LTI as % of TFR
Andrew Catsoulis (MD)	32.8%	32.8%	34.4%	100%	105%
Stuart Owen (CFO)	40.0%	32.0%	28.0%	80%	70%

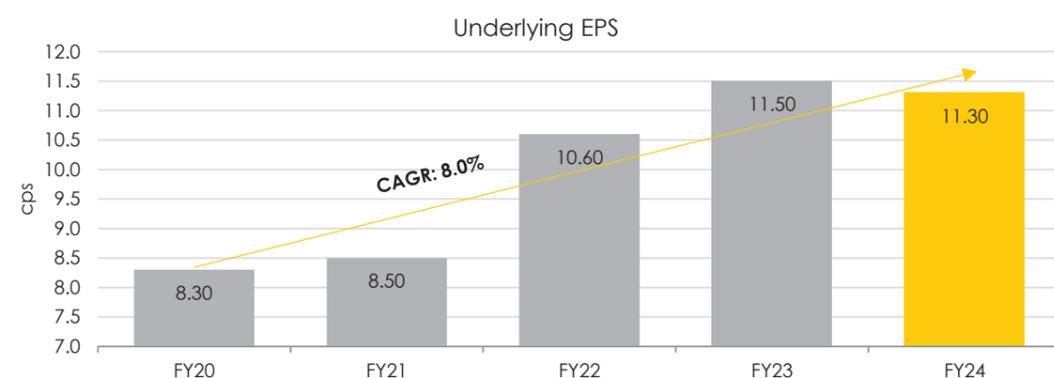
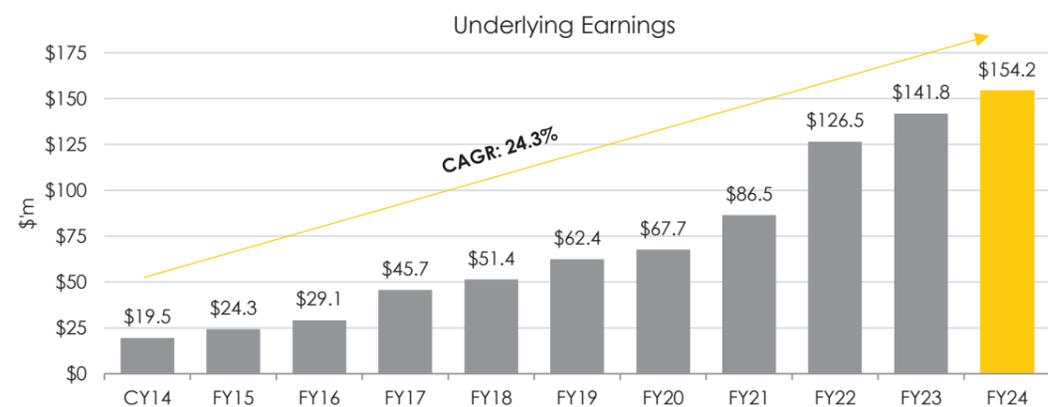
The structure has been adjusted slightly as a result of the remuneration review, with an increased emphasis on "at-risk" remuneration. The table below reflects the new structure and is consistent with NSR's policy objectives for executive TAR for the year commencing 1 July 2024 as outline above.

KMP	TFR	STI	LTI	STI as % of TFR	LTI as % of TFR
Andrew Catsoulis (MD)	32.2%	33.9%	33.9%	105%	105%
Stuart Owen (CFO)	38.4%	30.8%	30.8%	80%	80%

NSR PERFORMANCE

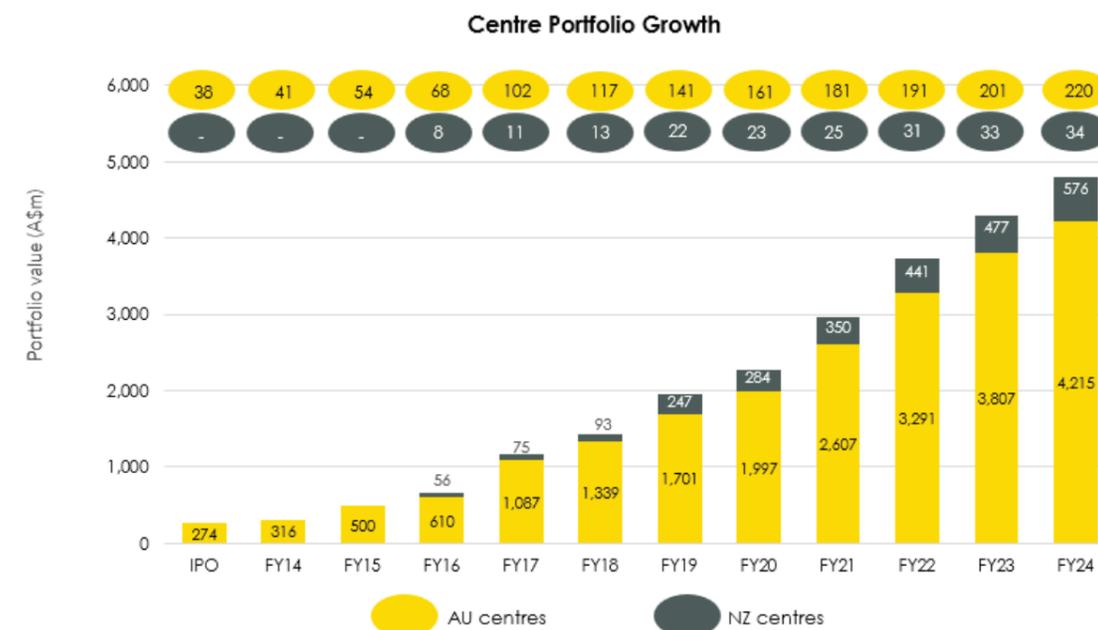
NSR has a long and established track record of consistent growth in all of the following key measures - underlying earnings, net tangible assets (NTA) and value of its Investment Properties. Underlying earnings per stapled security ("EPS") for the 12 months to 30 June 2024 was in line with guidance at 11.3cps, with underlying earnings increasing 9% to \$154.2m. Group REVPAM increased 3.1% to \$275m², consolidating previous years'

increases, and establishing an opening FY25 REVPAM that provides an exceptional base from which to deliver FY25 revenue growth. Rate per square metre achieved across the Group increased by 7.1% to \$339m² with 30 June 2024 Group occupancy of 81.9%. This reflects NSR's careful balancing of rate and occupancy in order to achieve optimal revenue growth in the challenging market and trading conditions experienced across FY24. Occupancy across the 14 Let-up centres, being those centres that have been recently developed or expanded and were operating at the commencement of the period, increased by 10% to 59.1%, with total occupancy across the portfolio now sitting at 76.7%. This has been impacted by the significant number of new developments (11) coming on line during FY24 which have added 73,500m² of new NLA. These new developments will be an important contributor to NSR's future growth in FY25 and beyond.



NTA has increased by 2% during the year to \$2.52 per stapled security, with the weighted average capitalisation rate remaining unchanged at 5.91% at 30 June 2024. The uplift in valuation, and resulting NTA, of NSR's Investment Properties has been derived from improved operational performance of the assets at an individual centre level. Capitalisation rates, supported by independent third party valuations, are holding at similar levels to 30 June 2023 despite the uncertainty in interest rate markets and the increased bond yields, reflecting the high quality of NSR's self-storage portfolio in particular as well as the strong position that self-storage assets in general have within the real estate markets globally.

The value of Investment Properties has increased by \$594 million or 14% to \$4.9 billion over the 12 months to 30 June 2024, with total assets now exceeding \$5.0 billion. These results have been achieved through the disciplined management of NSR's operations and the ongoing success of its "Four Pillar" growth strategy. NSR's focus on making highly accretive acquisitions, combined with its deeply analytical and process driven development program has produced consistent results, in assisting NSR to drive strong underlying earnings growth from both its existing assets and new acquisitions and developments. The consistent and considered approach to driving underlying earnings through a combination of organic growth from existing assets as well as acquisitions, developments and expansion activity, overlaid by a focus on technology and innovation, along with a focus on sustainable business practices has been instrumental in achieving this exceptional result.



NSR has executed on its successful growth strategy with a total of 29 acquisitions in FY24, including the acquisition of 12 freehold operating storage centres, the freehold of 5 previously leasehold storage centres 10 development sites, and 2 commercial sites totalling \$250 million. These acquisitions have been funded through the use of NSR's strong balance sheet and additional debt facilities which were successfully expanded and refinanced during the Reporting Period. The successful execution of NSR's development, expansion and redevelopment strategy has seen it secure 49 projects in various stages of design and construction. In addition, NSR has successfully completed 11 new developments and expansion projects during the Reporting Period adding over 73,000m² of NLA.

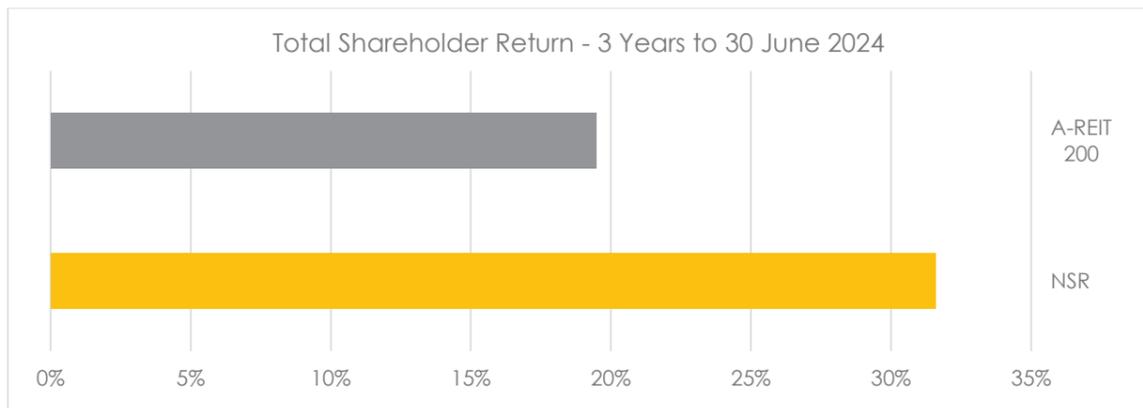
The highly successful \$340 million capital raising undertaken in FY23 enabled NSR to utilise its strong balance sheet in combination with its expanded and refinanced debt facilities to fund its ongoing acquisitions and development pipeline. This program has been undertaken whilst maintaining a strong balance sheet with gearing ratio at 30 June 2024 at a conservative at 26.6%. This provides significant balance sheet capacity to fund NSR's further growth into FY25 and beyond. NSR has a historically low level of gearing, which it believes to be a significant advantage and an important consideration in these uncertain times.

On 13 June 2024 NSR entered into binding agreements with GIC (GIC) to establish the new National Storage Ventures Fund (Ventures JV) that will pursue the development and operation of self-storage centres across Australia. The Ventures JV will acquire and develop an initial portfolio of 10 foundation assets sourced from NSR's existing development portfolio. NSR and GIC will hold approximately 25% and 75% equity interests respectively in the Ventures JV and will deploy approximately \$270 million of total capital over the initial 12 – 18 month period. Financial close of the Ventures JV remains subject to satisfaction of certain, customary, conditions precedent and is expected to complete prior to 30 September 2024. NSR will be the manager of all operational and development activities of the Venture JV and receive fees for undertaking various activities on behalf of the Ventures JV. Post settlement NSR's pro-forma 30 June 2024 gearing would reduce from 26.6% to 24.9% with this capital recycling will allow NSR to pursue further redeployment opportunities as a result.

NSR has maintained a distribution policy that targets distribution of 90% - 100% of underlying earnings to securityholders. During the Reporting Period, NSR declared distributions totalling 11.0 cents per stapled security consistent with that paid in FY23, representing a payout ratio of 97%.

NSR was ranked in the top quartile (5 out of 23) for Total Shareholder Return "TSR" (a combination of share price growth and distributions received by securityholders) over the past three years to 30 June 2024, delivering TSR of 31.6%, significantly outperforming the ASX 200 A-REIT TSR of 19.5%. Generally, the self-storage sector has demonstrated its highly resilient nature as a business during times of uncertainty and fluctuating economic conditions.

A combination of factors - including a broad customer base, geographic diversity and short term-tenancy arrangements providing customers with a high degree of flexibility, plus an increasingly diverse user universe and high demand from a variety of sources - has underpinned the successful growth of the storage industry.

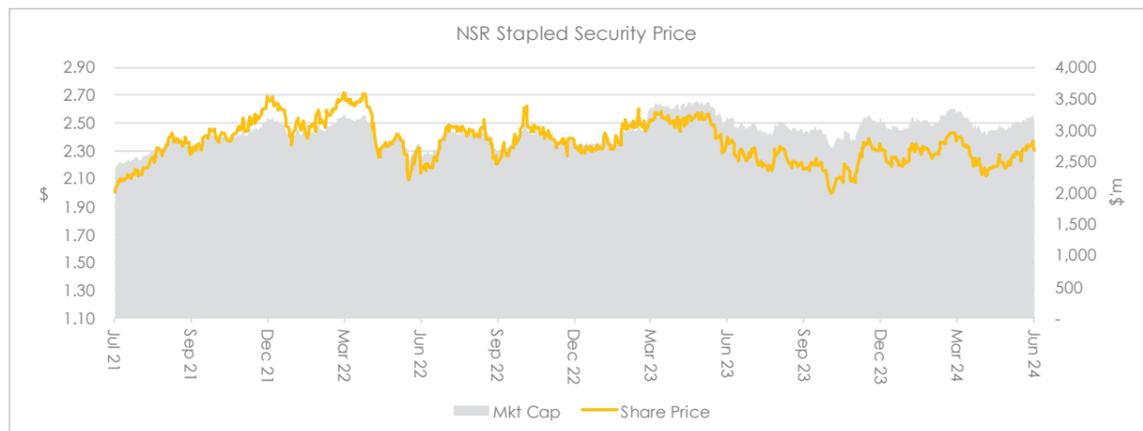


Source: Bloomberg

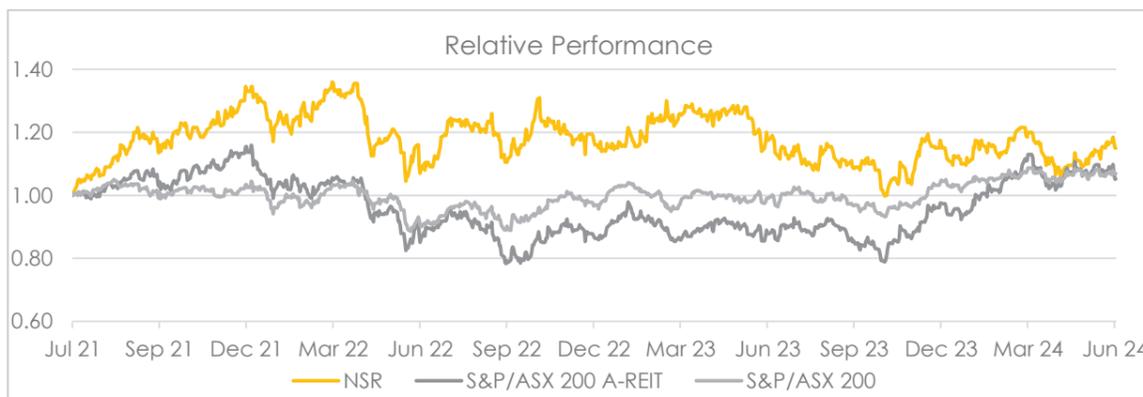
Note 1: Assumes Dividends are re-invested in underlying security

Note 2: Excludes securities not listed for the entire year

NSR's share price closed on 28 June 2024 at \$2.30, a slight decrease from \$2.35 at 30 June 2023 with the market capitalisation of NSR now exceeding \$3.15 billion as at 30 June 2024. Given the difficult trading conditions and the impacts of macro drivers such as interest rates and geopolitical uncertainty, it is considered a positive result.



Security price performance over the period 1 July 2021 to 30 June 2024 has shown a 15% increase. This compares favourably to an increase of 5.2% for the ASX 200 A-REIT index and 6.9% for the broader ASX 200 Index over the same period.



FY24 REMUNERATION OUTCOMES

Short-term and long-term incentives in place during reporting period:

The KMP were eligible for payment of STI's and LTI's for the financial year ended 30 June 2024 in accordance with the incentive program outlined in the 2023 Annual Report. The assessment criteria for the program and performance against those criteria are outlined below. Incentives achieved for the year ended 30 June 2024 will be paid through a combination of cash and scrip.

The STI and LTI hurdles are set out below.

The Board has assessed the performance of the Company and the KMP against the performance criteria and has determined that the following STI and LTI's have been earned and are payable, inclusive of statutory Superannuation amounts, for the period 1 July 2023 to 30 June 2024.

KMP	STI		LTI		TOTAL
	AMOUNT	% EARNED	AMOUNT	% EARNED	
Andrew Catsoulis (MD)	\$1,285,250	97.0%	\$1,050,000	100.0%	\$2,335,250
Stuart Owen (CFO)	\$568,000	100.0%	\$400,000	100.0%	\$968,000
Total	\$1,853,250	97.9%	\$1,450,000	100.0%	\$3,303,250

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

Assessment of FY24 Outcomes

The assessment of the FY24 STI outcomes was considered against a predetermined set of assessment criteria. The criteria utilised for assessing the MD's FY24 STI were:

Element	Weighting	Metrics	Rationale	Achievement in FY24
Financial	70%	Underlying Earnings of 11.3cps (10% out performance if Underlying EPS >11.4cps - \$12.0cps)	Underlying EPS ensures alignment to the Consolidated Group's financial performance and securityholders' experience	Achievement: 100% Underlying EPS of 11.3cps was achieved over the 12-month performance period, in line with stated guidance.
Strategic	15%	Implementation of major projects	Delivering priorities consistent with the long-term strategies of the Consolidated Group under the "Four Pillars" strategy. The "Four Pillar" strategy aims to deliver securityholders a stable and growing income stream from a portfolio of geographically diversified high-quality self-storage assets	Achievement: 100% The Board considered the application of the stated strategy in the assessment: 1. Organic Growth <ul style="list-style-type: none"> Delivered same centre REVPAM growth of 3.1% Centre efficiency program has reduced average centre staffing levels 2. Acquisitions <ul style="list-style-type: none"> 10 new storage centres, the freehold of four previously leasehold storage centre 12 development sites totalling \$240 million 3. Developments <ul style="list-style-type: none"> Completed 11 developments adding over 73,000m² of NLA Added 12 sites to the development and expansion pipeline 4. Technology and Innovation <ul style="list-style-type: none"> Cyber security and PCI compliance program Digital wayfinding technology for
		Risk management		
		Innovation & enhancement of processes and procedures		

Element	Weighting	Metrics	Rationale	Achievement in FY24
				<ul style="list-style-type: none"> customers to navigate to their unit Centralised arrears management technology developed and implemented Comprehensive roll-out of digital phone system
Individual	15%	<ul style="list-style-type: none"> Undertaking all necessary investor relations activities expected of an ASX:200 listed entity Delivery of timely and accurate management reports Maintenance of a suitable qualified executive team Maintenance of best practice health, safety environmental practices 	Individual KPIs are designed to foster and drive high-performance amongst the key executive team members. The KPIs are intended to cover duties and responsibilities relevant to individual executives across several key operational areas including but not limited to staff continuity/development, risk management and ESG	<p>Achievement: 80%</p> <p>The Board considered the following in assessing individual KPIs for FY24:</p> <ul style="list-style-type: none"> No significant adverse feedback from investors on the quality of investor briefings or presentations or other major concerns. All management reports delivered in accordance with agreed timeframe and of the quality expected for an ASX200 entity No material errors in management reporting. All key executive team members retained during the reporting period (not achieved) LTIFR – maintaining a LTIFR at or below the industry benchmark was achieved No reportable health, safety or environmental incidences during the reporting period

three-year assessment period, will be issued free of restrictions. The table below outlines the cash, scrip and performance rights components of the FY24 STI and LTI. The scrip component will be calculated using the 30-day VWAP to 30 June 2023 of \$2.4044, aligning the outcome with the share price performance for the relevant year.

STI Payable

KMP	MAX STI \$	STI EARNED		STI PAYABLE		
		%	\$	CASH \$	SCRIP \$	SCRIP @ \$2.4044
Andrew Catsoulis (MD)	1,325,000	97.0%	1,285,250	899,675	385,575	160,363
Stuart Owen (CFO)	568,000	100.0%	568,000	397,600	170,400	70,871
Total	1,893,000	97.9%	1,853,250	1,297,275	555,975	231,234

LTI Payable

KMP	CASH (\$)	MAX LTI RIGHTS (\$)	RIGHTS (No.)	LTI EARNED %	LTI PAYABLE		
					CASH \$	RIGHTS VESTED	RIGHTS LAPSED
Andrew Catsoulis (MD)	315,000	735,000	359,600	100.0%	315,000	359,600	-
Stuart Owen (CFO)	120,000	280,000	137,000	100.0%	120,000	137,000	-
Total	435,000	1,015,000	496,600	100.0%	435,000	496,600	-

Total STI and LTI Payable

KMP	CASH (\$)	SCRIP @ \$2.4044	RIGHTS VESTED	RIGHTS LAPSED
Andrew Catsoulis (MD)	1,214,675	160,363	359,600	-
Stuart Owen (CFO)	517,600	70,871	137,000	-
Total	1,732,275	231,234	496,600	-

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

The assessment of the FY24 LTI outcomes was considered against a predetermined set of assessment criteria. The criteria utilised were:

Metric	Weighting	Vesting Schedule	
Relative Total Shareholder Return (rTSR)	70%	rTSR when ranked to the comparator group of ASX 200 A-REIT Index	Payout
		<50 th percentile	0%
		50 th percentile	50%
		>50 th - <75 th percentile	Pro-rata from 50%-100%
		>=75 th percentile	100%
Earnings Per Share (EPS) Growth	30%	Compound EPS growth of 5% achieved over the 3 year performance period. Reference year FY21, EPS 8.5cps, Target 9.9cps Target was revised to 10.5cps	Payout
		10.5cps	100%

In assessing performance against the criteria above the Board sourced NSR's TSR ranking (as outlined above) and determined that NSR ranked number five (80th percentile) for TSR over the 3 year period to 30 June 2024, delivering 31.6% total return over the 3 year period, resulting in 100% of the TSR component being payable. The Board also determined that the FY24 Earnings Per Share (EPS) of 11.3cps satisfied that EPS component of the LTI, resulting in 100% of the EPS component being payable.

The STI will be paid in accordance with the payment structure outlined above with 70% being paid as cash and 30% paid as scrip which will be restricted for a period of 12 month. The LTI will also be paid in accordance with the payment structure outlined above with 30% paid as cash and 70% paid through the vesting of performance rights, with any unvested performance rights lapsing. Any performance rights vesting, given the

NSR REMUNERATION FRAMEWORK

KEY MANAGEMENT PERSONNEL - EXECUTIVE DIRECTORS AND SENIOR EXECUTIVES

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

- Base pay and benefits (including superannuation)
- Short-term performance incentives
- Long-term performance incentives

Base salary and benefits

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

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

The FY25 remuneration increases consider the senior executives' highly demanding roles, their increasing tenure, the additional responsibilities taken on by the executives following the restructure of the executive that took place during FY24, high degree of competency in their respective areas as well as the sector specifics of their individual roles and the significant increase in the size of the group from both an operational and market capitalisation perspective. The team assembled is highly competent, cohesive, collaborative and has the capacity to successfully manage and drive business growth well into the future. This growth involves the evolution of NSR's existing strategies as well as NSR embracing new strategies, designed to build on its existing market and storage sector leadership as well as increasing its competitiveness in all areas of the business including technological innovation and advancement. The remuneration increases also consider the increased scope and additional duties assumed by the executives following the departure of two members of the broader executive team during FY24. The executive team has consistently demonstrated its willingness to make decisions in the best long-term strategic, corporate and securityholder interests of NSR.

Independent remuneration consultant SW Corporate was engaged during the Reporting Period to provide benchmarking against the ASX200 A-REIT index and ASX75-150.

The Board has elected to position TFR and TR within the 50th to 60th percentile range of the expanded comparator group. In general, the SW Corporate review concluded that against the ASX75-150 comparator group, incentive opportunity levels, particularly the STI component, are generally low against comparable roles, reducing the overall competitiveness of the total package, despite NSR's overall performance which is at the upper end of its comparator group. As a result, TR for all roles is below the desired positioning of the median. Against NSR's REIT peers however, TFR and TR is more competitive against this group, however low STI opportunity persists.

After considering the SW Corporate report which indicated that the MD's TFR was below the median of the ASX peer group, and all other internal and external factors, the Board determined that the aggregate fixed remuneration for the KMP for the year commencing 1 July 2024 will increase as per the table below. Following this increase the MD's TRF will sit slightly above the median for the peer group.

KMP	FY24 TFR	FY25 TFR	% CHANGE
Andrew Catsoulis (MD)	\$1,325,000	\$1,425,000	7.5%
Stuart Owen (CFO)	\$710,000	\$800,000	12.7%

The increase for the CFO takes into account the additional responsibilities taken on during FY24 associated with becoming the Chief Investment Officer of NSR in addition to his role as CFO.

Short-term and long-term incentives

KMP senior executives may also be entitled to participate in the STI and LTI programs that are in place from time to time. The incentive programs are at the discretion of the Board and do not constitute an entitlement under the executive service agreements of the respective KMP. Total incentive programs are assessed against a broad comparator group and adjusted to reflect factors such as the criticality of the role, experience, length of service and NSR's positioning within the comparator group including the ASX 200 A-REIT index and ASX 75-150.

The STI and LTI incentive programs are structured such that on achievement of the certain performance criteria, eligible executives' total remuneration is aligned with investor interests and incentivises eligible executives.

The existing structure has been generally well received by investors and proxy advisors, with feedback centred around two main points, those being the lack of a link between executive remuneration and ESG, namely climate change initiatives and the cliff vesting of the EPS component of the LTI.

Following on from the adoption of NSR's carbon target in February 2024, it is deemed appropriate to review the existing STI and LTI structure and address the feedback that has been received in this regard. Following the review it was deemed appropriate to include a Sustainability component to the STI and remove the cliff vesting associated with the EPS component of the LTI from 1 July 2024.

Short-Term Incentive (STI)

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

For FY25 and beyond, the Board has modified the elements of the existing structure to include a link between executive remuneration and ESG, namely climate change initiatives. The Environmental measure will provide a direct link between executive remuneration and ESG measures with annual targets being set for increased installation of solar energy production capacity, LED lighting and smart energy meters across the portfolio. This strategy and associated link to executive remuneration will assist in NSR reducing its overall energy consumption as well as increasing the amount of internally generated electricity, both of which will help reduce NSR's emissions and carbon footprint. The Social and Governance aspects of ESG are included in Individual KPI's.

To account for the new measure the weightings of the Individual and Strategic elements of the STI have both been reduced.

ELEMENT	PERCENTAGE OF STI	CRITERIA
Financial	70%	Achieve Underlying Earnings as determined by the Board
Financial – Out Performance*	10%	Exceeding Underlying Earnings targets
Environmental	10%	Delivery of Energy Efficiency Projects including the installation of solar energy, smart energy meters and LED lighting
Individual KPI's – including social and governance	10%	Individual performance criteria set in conjunction with MD/Board
Strategic	10%	Assessment in accordance with performance in the following areas: <ul style="list-style-type: none"> • Implementation of major projects • Staff continuity • Risk management • Innovation and enhancement of processes and procedures
Total	100% (Max)	

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

The minimum STI payable is zero and maximum STI payable is \$2,136,250 for FY25 in aggregate for all KMP.

KMP	MAX STI FY24 \$	MAX STI FY25 \$
Andrew Catsoulis (MD)	1,325,000	1,496,250
Stuart Owen (CFO)	568,000	640,000
Total	1,893,000	2,136,250

Long-Term Incentive (LTI)

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

For FY25 and beyond, the Board has modified the elements of the existing structure to remove the cliff vesting associated with the EPS component and introduce a sliding scale for vesting. The sliding scale will use the existing 5.0% target as the midpoint of the payment band, with payments commencing at 4.0%, being a 50% payment, and the EPS LTI not being fully paid until 6.0% compound growth is achieved.

Compound EPS Growth	LTI Payable
<4.0%	Nil
>=4.0% – <6.0%	Pro-rata from 50% - 100%

There are no changes to the rTSR hurdle.

ELEMENT	PERCENTAGE OF LTI	CRITERIA
Total Shareholder Return	70%	Minimum total shareholder return above the 50 th percentile in comparison to the ASX 200 A-REIT index. The LTI becomes payable in accordance with the sliding scale below once the 50 th percentile hurdle is met.
Earnings Per Share Growth	30%	Minimum earnings per share growth of at least 4% per annum. The LTI becomes payable in accordance with the sliding scale above once the 4.0% growth hurdle is met.

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

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

The minimum LTI payable is zero and maximum LTI payable is set out below.

KMP	MAX LTI FY24 (\$)	MAX LTI FY25 (\$)	MAX LTI FY26 (\$)	MAX LTI FY27 (\$)
Andrew Catsoulis (MD)	1,050,000	1,187,500	1,391,250	1,496,250
Stuart Owen (CFO)	400,000	462,000	497,000	640,000
Total	1,450,000	1,649,500	1,888,250	2,136,250

As part of the review undertaken into the ongoing structure of the LTI, and in particular the performance rights attached to the LTI, the Board will introduce a distribution equivalent payment on vested rights at the end of the performance period to compensate executives for distributions foregone during the performance period. This approach will apply to any rights issued for the FY25 year and beyond.

Future Incentives

The Board periodically reviews the structure of the incentive plans based on market best practice and feedback received from both investors and proxy advisors and assesses the structure of forward payments to be made under these plans and the appropriate combination of cash and scrip, to ensure the alignment of executive remuneration with current investor expectations and returns.

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

STI payment structure

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

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

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

LTI payment structure

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

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

The number of performance rights to be issued for the three-year assessment period commencing on 1 July 2024 and ending 30 June 2027 is based off the approved FY25 LTI using the 30-day VWAP to 30 June 2024 as the issue price. As such, performance rights will be issued based on a calculation price of \$2.3081 with the number of rights to be issued (rounded up to the nearest 100) included in the table below.

KMP	LTI AVAILABLE \$	EQUITY COMPONENT 70%	PERFORMANCE RIGHTS VESTING 30 JUNE 2027
Andrew Catsoulis (MD)	1,496,250	1,047,375	453,800
Stuart Owen (CFO)	640,000	448,000	194,100

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

Other Remuneration

There was no other remuneration in relation to FY24.

NON-EXECUTIVE DIRECTORS

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

The number of meetings of directors is shown on page 41 of this report.

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

NSH non-executive directors' fees and Committee fees currently agreed to be paid by NSH effective from 1 July 2024 are detailed below. The fees have increased by an average of 6.0% and have taken into account the external independent benchmarking exercise undertaken, the increasing size and complexity of the company and the increasing regulatory burden imposed on directors. Non-executive directors are not eligible to participate in NSR's incentive plan.

NON-EXECUTIVE DIRECTORS	BASE FEE	AUDIT AND RISK COMMITTEE FEES	REMUNERATION AND NOMINATION COMMITTEE FEES	TOTAL
Anthony Keane ^a				\$365,000
Howard Brenchley ^b	155,000	\$37,500	\$16,000	\$208,500
Inmaculada Beaumont	155,000	\$17,500	\$16,000	\$188,500
Scott Smith ^c	155,000	\$17,500	\$30,000	\$202,500

a. Chairman and Chair of the Nomination Committee and receives a single fee for all roles

b. Chair of the Audit and Risk Committee

c. Chair of the Remuneration Committees

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

Service agreements

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

The terms of employment for the KMP effective from 1 July 2024 period are set out in the table below.

NAME	TERM OF AGREEMENT AND NOTICE PERIOD	BASE SALARY* INCLUDING SUPERANNUATION	TERMINATION PAYMENTS
Andrew Catsoulis	No fixed term 6 months	\$1,425,000	<ul style="list-style-type: none"> 6 months in lieu of notice if required by NSH 6 months in the event of incapacity or illness
Stuart Owen	No fixed term 6 months	\$800,000	<ul style="list-style-type: none"> 6 months in lieu of notice if required by NSH. 6 months in the event of incapacity or illness a redundancy payment in accordance with the <i>Fair Work Act 2009</i> (Cth) in the event of redundancy

* Base salaries are annual salaries for the financial year commencing 1 July 2024. They are reviewed annually by the Remuneration Committee. Actual salaries paid in the year ended 30 June 2024 are shown on page 58.

On 27 March 2024, Claire Fidler resigned from her role as Executive Director & Company Secretary, Head of Legal & Governance. She was paid her contractual entitlements, which included a termination payment of \$262,500 as per her contract. She was not eligible to receive an FY24 STI award and all unvested LTI awards lapsed.

REMUNERATION GOVERNANCE

REMUNERATION COMMITTEE AND USE OF REMUNERATION CONSULTANTS

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

The responsibilities of the Remuneration Committee include:

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

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

The Remuneration Committee comprises four independent non-executive directors and is chaired by Scott Smith. The Remuneration Committee met five times during the Reporting Period.

PRINCIPLES USED TO DETERMINE THE NATURE AND AMOUNT OF REMUNERATION

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

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

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

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

TARGET MARKET POSITIONING

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

When selecting the comparator group, the data is collected from a combination of sources including audited Remuneration Reports of the selected companies and information provided in FY24 by SW Corporate as part of the review of remuneration and remuneration structures. The NSR Board believes this provides an appropriate pool of data that is statistically relevant. This data is then assessed against NSR's current size, industry positioning and other relevant factors to determine the appropriate information against which to assess NSR's remuneration framework.

DETAILS OF REMUNERATION

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

	SHORT TERM INCENTIVE (CASH)	SHORT TERM INCENTIVES (EQUITY SETTLED)	NON-MONETARY BENEFITS	POST-EMPLOYMENT SUPERANNUATION BENEFITS	LONG TERM INCENTIVE (CASH)	VESTED LONG TERM INCENTIVES (EQUITY SETTLED)	LONG SERVICE LEAVE	TERMINATION PAYMENT	TOTAL	PERFORMANCE RELATED
2024	\$	\$	\$	\$	\$	\$	\$	\$	\$	%
Non-executive directors										
Anthony Keane	322,601	-	1,620	27,399	-	-	-	-	351,620	0%
Howard Branchley	195,000	-	-	-	-	-	-	-	195,000	0%
Scott Smith	191,699	-	-	-	-	-	-	-	191,699	0%
Inmaculada Beacomont	157,752	-	-	17,306	-	-	-	-	175,058	0%
Executive directors										
Andrew Catsoulis	1,331,484	899,675	10,560	27,399	315,000	735,000	29,842	-	3,734,535	63%
Claire Fidler ⁽²⁾	376,767	-	7,869	20,549	-	-	8,787	262,500	676,472	0%
Senior executives										
Stuart Owen	721,811	397,600	10,560	27,399	120,000	280,000	15,991	-	1,743,761	56%
Total	3,297,114	1,297,275	30,609	120,052	435,000	1,015,000	54,620	262,500	7,068,145	

	SALARY & FEES	SHORT TERM INCENTIVE (CASH)	SHORT TERM INCENTIVES (EQUITY SETTLED)	NON-MONETARY BENEFITS	POST-EMPLOYMENT SUPERANNUATION BENEFITS	LONG TERM INCENTIVE (CASH)	VESTED LONG TERM INCENTIVES (EQUITY SETTLED)	LONG SERVICE LEAVE	TERMINATION PAYMENT	TOTAL	PERFORMANCE RELATED
2023	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	%
Non-executive directors											
Anthony Keane	300,972	-	-	1,881	25,292	-	-	-	-	328,145	0%
Howard Branchley	186,400	-	-	-	-	-	-	-	-	186,400	0%
Scott Smith	168,033	-	-	-	-	-	-	-	-	168,033	0%
Inmaculada Beacomont	146,035	-	-	15,276	-	-	-	-	-	161,311	0%
Steven Leigh ⁽¹⁾	51,182	-	-	5,429	-	-	-	-	-	56,611	0%
Executive directors											
Andrew Catsoulis	1,214,986	833,000	357,000	10,560	25,292	315,000	735,000	28,281	-	3,519,119	64%
Claire Fidler	451,011	182,000	78,000	10,560	25,292	57,000	133,000	10,747	-	947,610	47%
Senior executives											
Stuart Owen	674,005	329,000	141,000	10,560	25,292	120,000	280,000	14,932	-	1,594,789	55%
Total	3,192,624	1,344,000	576,000	33,561	121,873	492,000	1,148,000	53,960	-	6,962,018	

(1) – Mr Leigh retired from the Board effective 26 October 2022

(2) – Ms Fidler retired from the Board effective 27 March 2024 and her position as Company Secretary effective 20 May 2024

PERFORMANCE RIGHTS AWARDED, VESTED AND LAPSED DURING THE YEAR

Name	Award	Year of grant	Year in which rights vest	Number of rights granted during the year	Fair value of right at grant date*	Rights vested during the year	Rights lapsed or forfeited during the year	Value of rights granted during the year*
Andrew Catsoulis (MD)	FY24 Performance Rights - TSR	2022	2024	251,720	\$1.35	251,720	-	\$339,822
	FY24 Performance Rights - EPS	2022	2024	107,880	\$2.22	107,880	-	\$239,494
	FY25 Performance Rights - TSR	2023	2025	258,160	\$1.35	-	-	\$348,516
	FY25 Performance Rights - EPS	2023	2025	110,640	\$2.22	-	-	\$245,621
	FY26 Performance Rights - TSR	2024	2026	283,570	\$1.00	-	-	\$283,570
	FY26 Performance Rights - EPS	2024	2026	121,530	\$1.76	-	-	\$213,893
Claire Fidler (HoLG)	FY24 Performance Rights - TSR	2022	2024	45,570	\$1.35	-	45,570	\$0
	FY24 Performance Rights - EPS	2022	2024	19,530	\$2.22	-	19,530	\$0
	FY25 Performance Rights - TSR	2023	2025	56,420	\$1.35	-	56,420	\$0
	FY25 Performance Rights - EPS	2023	2025	24,180	\$2.22	-	24,180	\$0
	FY26 Performance Rights - TSR	2024	2026	58,870	\$1.00	-	58,870	\$0
	FY26 Performance Rights - EPS	2024	2026	25,230	\$1.76	-	25,230	\$0
Stuart Owen (CFO)	FY24 Performance Rights - TSR	2022	2024	95,900	\$1.35	95,900	-	\$129,465
	FY24 Performance Rights - EPS	2022	2024	41,100	\$2.22	41,100	-	\$91,242
	FY25 Performance Rights - TSR	2023	2025	101,990	\$1.35	-	-	\$137,687
	FY25 Performance Rights - EPS	2023	2025	43,710	\$2.22	-	-	\$97,036
	FY26 Performance Rights - TSR	2024	2026	101,290	\$1.00	-	-	\$101,290
	FY26 Performance Rights - EPS	2024	2026	43,410	\$1.76	-	-	\$76,402

* Determined at the time of grant per AASB 2. For details on the valuation of performance rights, including models and assumptions used, please refer to note 21.

There were no alterations to the terms and conditions of performance rights awarded as remuneration since their grant date.

SECURITYHOLDINGS OF DIRECTORS AND EXECUTIVES

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

	BALANCE 30 JUNE 2023	GRANTED AS REMUNERATION	ON EXERCISE OF OPTIONS	ACQUIRED	BALANCE 30 JUNE 2024
<i>Directors of NSH</i>					
Anthony Keane	254,465	-	-	-	254,465
Andrew Catsoulis	15,265,230	517,642	-	-	15,782,872
Howard Brenchley	135,200	-	-	-	135,200
Scott Smith	154,958	-	-	-	154,958
Inmaculada Beaumont	37,449	-	-	-	37,449
Claire Fidler ⁽¹⁾	153,519	99,631	-	-	-
<i>Executives of NSH</i>					
Stuart Owen	415,301	199,420	-	-	614,721
Total	16,416,122	816,693	-	-	16,979,665

1. Ms Fidler ceased being a Director effective 27 March 2024

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

	BALANCE 30 JUNE 2023	GRANTED AS REMUNERATION	VESTED	LAPSED/ FORFEITED	BALANCE 30 JUNE 2024
<i>Directors of NSH</i>					
Anthony Keane	-	-	-	-	-
Andrew Catsoulis	1,088,000	405,100	359,600	-	1,133,500
Howard Brenchley	-	-	-	-	-
Scott Smith	-	-	-	-	-
Inmaculada Beaumont	-	-	-	-	-
Claire Fidler*	210,800	84,100	65,100	229,800	-
<i>Executives of NSH</i>					
Stuart Owen	419,700	144,700	137,000	-	427,400
Total	1,718,500	633,900	561,700	229,800	1,560,900

* Ms Fidler ceased being a Director effective 27 March 2024

RELATED PARTY TRANSACTIONS

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

SIGNIFICANT EVENTS AFTER BALANCE SHEET DATE

For the period from 1 July 2024 to the date of this report the Group settled one storage centre investment property, and four development sites for total consideration of \$62.2m.

In July 2024, the Group increased the size of its NZD interest rate derivatives by \$25m NZD and extended the final maturity date to 23 June 2028.

In August 2024, the Group transacted \$260m of new interest rate derivatives, comprising of interest rate swaps and interest rate caps. These commence on 23 December 2024 and mature on 23 December 2026. The Group also entered into \$260m of interest rate swaptions which commence on 23 December 2026 and mature on 23 December 2029.

ROUNDING

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

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under Section 307C of the *Corporations Act 2001* (Cth) is set out on page 63.

Non-audit services

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

Ernst & Young Australia received or are due to receive \$216,761 for the provision of Category 4 fees for other services conducted during the financial year. Refer note 22 of the financial statements.

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

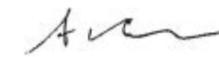
Fees paid to the Responsible Entity and its associates out of NSPT property during the year are disclosed in the Statement of Comprehensive Income and are detailed in Note 18 to the financial statements.

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

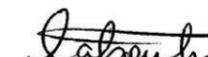
INTERESTS IN NSPT

The movement in units on issue by NSPT during the year is set out in Note 14 to the financial statements.

This Directors' Report is made on 21 August 2024 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
Non-Executive Chairman
National Storage Holdings Limited
Brisbane



Andrew Catsoulis
Managing Director
National Storage Holdings Limited
Brisbane



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Auditor's independence declaration to the directors of National Storage Holdings Limited and its controlled entities

As lead auditor for the audit of the financial report of National Storage Holdings Limited and its controlled entities for the financial year ended 30 June 2024, I declare to the best of my knowledge and belief, there have been:

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

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

Ernst & Young

Wade Hansen
Partner
Brisbane
21 August 2024

FINANCIAL STATEMENTS



CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 30 June 2024

	Notes	2024 \$'000	2023 \$'000
Revenue from rental income		333,108	312,735
Revenue from contracts with customers	5	20,041	14,647
Interest income	7	2,221	2,654
Total revenue		355,370	330,036
Employee expenses	6	(59,699)	(58,163)
Premises costs		(43,260)	(37,840)
Advertising and marketing costs		(7,820)	(8,908)
Insurance costs		(7,199)	(6,585)
Information technology and communications		(8,764)	(7,911)
Other operational expenses	6	(17,345)	(17,835)
Finance costs	7	(52,126)	(47,960)
Share of profit / (loss) from joint ventures and associates	13	1,245	(23)
Gain from fair value adjustments	8	86,702	188,011
Restructuring costs		(4,908)	-
Foreign exchange (losses) / gains		(454)	1,395
Profit before income tax		241,742	334,217
Income tax expense	9	(11,471)	(13,817)
Profit after income tax		230,271	320,400
Profit for the year attributable to:			
Members of National Storage Holdings Limited		28,934	37,304
Non-controlling interest (unitholders of NSPT)		201,337	283,096
		230,271	320,400
Basic earnings per stapled security (cents)	20	16.90	25.75
Diluted earnings per stapled security (cents)	20	16.89	25.71

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2024

	2024 \$'000	2023 \$'000
Profit after income tax	230,271	320,400
Other comprehensive income		
<i>Items that may be reclassified to profit or loss</i>		
Exchange differences on translation of foreign operations	(2,372)	4,357
Net (loss) / gain on cash flow hedges	(5,161)	579
Other comprehensive (loss) / gain for the year, net of tax	(7,533)	4,936
Total comprehensive income for the year	222,738	325,336
Total comprehensive income for the year attributable to:		
Members of National Storage Holdings Limited	28,924	37,368
Non-controlling interest (unitholders of NSPT)	193,814	287,968
	222,738	325,336

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

	Notes	2024 \$'000	2023 \$'000
ASSETS			
Current assets			
Cash and cash equivalents	10.1	55,245	67,330
Trade and other receivables	10.2	18,134	17,308
Inventories	11.1	1,592	2,107
Assets held for sale	11.2	142,673	-
Income tax receivable		159	-
Other current assets	10.3	14,751	11,383
Total current assets		232,554	98,128
Non-current assets			
Trade and other receivables	10.2	2,362	181
Property, plant and equipment	11.3	1,466	1,241
Right of use assets	10.7	3,301	4,381
Investment properties	11.4	4,829,600	4,384,736
Investment in joint ventures and associates	13	8,855	8,986
Intangible assets	11.5	47,246	47,024
Deferred tax assets	9	10,995	9,176
Other non-current assets	10.3	30,362	28,183
Total non-current assets		4,934,187	4,483,908
Total assets		5,166,741	4,582,036
LIABILITIES			
Current liabilities			
Trade and other payables	10.4	40,508	30,117
Lease liabilities	10.7	11,639	11,285
Deferred revenue	11.6	16,372	17,045
Income tax payable		1,501	8,606
Provisions	11.7	5,359	4,947
Distribution payable	17	75,369	74,161
Other liabilities	10.6	519	-
Total current liabilities		151,267	146,161
Non-current liabilities			
Trade and other payables	10.4	1,156	1,283
Borrowings	10.5	1,395,531	941,133
Lease liabilities	10.7	82,107	90,086
Provisions	11.7	9,448	9,359
Deferred tax liabilities	9	6,656	6,208
Other liabilities	10.6	13,755	1,289
Total non-current liabilities		1,508,653	1,049,358
Total liabilities		1,659,920	1,195,519
Net assets		3,506,821	3,386,517
EQUITY			
Non-controlling interest (unitholders of NSPT)		3,201,542	3,113,954
Contributed equity	14	196,004	191,938
Other reserves	15	2,059	2,343
Retained earnings		107,216	78,282
Total equity		3,506,821	3,386,517

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2024

Attributable to securityholders of National Storage REIT

	Notes	Contributed equity \$'000	Retained earnings \$'000	Other reserves \$'000	Non-controlling interest \$'000	Total equity \$'000
Balance at 1 July 2023		191,938	78,282	2,343	3,113,954	3,386,517
Profit for the year		-	28,934	-	201,337	230,271
Other comprehensive loss	15	-	-	(10)	(7,523)	(7,533)
Total comprehensive income		-	28,934	(10)	193,814	222,738
Issue of stapled securities	14	4,070	-	(1,498)	44,074	46,646
Costs associated with issue of stapled securities		(6)	-	-	(68)	(74)
Deferred tax on issue of stapled securities	9	2	-	-	-	2
Share-based payments	21	-	-	1,224	-	1,224
Distributions	17	-	-	-	(150,232)	(150,232)
		4,066	-	(274)	(106,226)	(102,434)
Balance at 30 June 2024		196,004	107,216	2,059	3,201,542	3,506,821
Balance at 1 July 2022		163,526	40,978	2,415	2,631,973	2,838,892
Profit for the year		-	37,304	-	283,096	320,400
Other comprehensive income	15	-	-	64	4,872	4,936
Total comprehensive income		-	37,304	64	287,968	325,336
Issue of stapled securities	14	28,702	-	(1,640)	338,968	366,030
Costs associated with issue of stapled securities		(414)	-	-	(4,793)	(5,207)
Deferred tax on issue of stapled securities	9	124	-	-	-	124
Share-based payments	21	-	-	1,504	-	1,504
Distributions	17	-	-	-	(140,162)	(140,162)
		28,412	-	(136)	194,013	222,289
Balance at 30 June 2023		191,938	78,282	2,343	3,113,954	3,386,517

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2024

	Notes	2024 \$'000	2023 \$'000
Operating activities			
Receipts from customers		388,448	363,733
Payments to suppliers and employees		(187,403)	(164,427)
Interest received	10.1	3,274	2,330
Income tax paid	10.1	(19,902)	(13,325)
Net cash flows from operating activities	10.1	184,417	188,311
Investing activities			
Purchase of investment properties		(204,685)	(131,501)
Development of investment properties under construction		(248,587)	(206,183)
Improvements to investment properties		(11,479)	(6,199)
Purchase of property, plant and equipment	11.3	(830)	(573)
Development of intangible assets		(491)	(998)
Investments in associates and joint ventures	13	(5,572)	(100)
Financing provided to joint venture		(6,550)	-
Repayment of financing from joint ventures		4,625	1,150
Distributions received from joint ventures	13	5,200	1,619
Disposal of shareholding in joint venture	13	1,748	-
Net cash flows used in investing activities		(466,621)	(342,785)
Financing activities			
Proceeds from issue of stapled securities	14	-	340,360
Costs associated with issue of stapled securities		(74)	(5,207)
Distributions paid to stapled security holders	16	(102,378)	(104,888)
Proceeds from borrowings		738,373	798,403
Repayment of borrowings		(285,126)	(829,351)
Payment of principal and interest on lease liabilities		(15,944)	(14,624)
Interest and other finance costs paid		(64,721)	(46,603)
Net cash flows from financing activities		270,130	138,090
Net decrease in cash and cash equivalents		(12,074)	(16,384)
Net foreign exchange difference		(11)	63
Cash and cash equivalents at 1 July		67,330	83,651
Cash and cash equivalents at 30 June	10.1	55,245	67,330

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

1. CORPORATE INFORMATION

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

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

The financial report of NSR for the year ended 30 June 2024 was approved on 21 August 2024, in accordance with a resolution of the Board of Directors of NSH.

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

2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

(a) Basis of preparation

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

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

The accounting policies applied by NSR in these financial statements are the same as the 30 June 2023 financial statements except for the accounting policies impacted by new or amended accounting standards detailed in this note.

The Group has elected to present only financial information relating to NSR within these financial statements. A separate financial report for the NSPT Group has also been prepared for the year ended 30 June 2024. This is available at www.nationalstorageinvest.com.au.

Net current asset surplus

As at 30 June 2024, the Group had an excess of current assets over current liabilities of \$81.3m. This has been impacted by the classification of \$141.4m of investment properties (non-current assets) to assets held for sale (current assets).

As at 30 June 2023, the Group had an excess of current liabilities over current assets of \$48.0m.

Accounting standards require the lease liability to be split between current and non-current while the corresponding asset is classed as non-current. This results in \$10.4m of lease liabilities being classified as current (30 June 2023: \$10.1m). 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 \$16.4m associated with prepaid storage rentals which are not expected to result in a cash outflow (30 June 2023: \$17.0m).

The Group generated operating cash flows of \$184.4m for the year ended 30 June 2024 (30 June 2023: \$188.3). Sufficient cash inflows from operations are expected to enable all liabilities to be paid when due throughout the next financial year. The Group also has undrawn facilities of \$442.1m which have a tenor of over one year. The Group's gearing levels remain low at 26.6% as at 30 June 2024 (30 June 2023: 19.8%)

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

(b) Compliance with IFRS

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

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

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

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

Accounting standards and interpretations issued but not yet effective

Australian Accounting Standards and Interpretations relevant to the Group's operations, that have recently been issued or amended but are not yet effective or have not been adopted for the annual reporting year ended 30 June 2024 are outlined in the following table:

Reference	Title	Summary and impact on Group financial report	Application date of standard	Application date for Group
AASB 2020-1	Amendments to AASBs – Classification of Liabilities as Current or Non-current	A liability is classified as current if the entity has no right at the end of the reporting period to defer settlement for at least 12 months after the reporting period. The AASB recently issued amendments to AASB 101 Presentation of Financial Statements to clarify the requirements for classifying liabilities as current or non-current. The amendments specify that the conditions which exist at the end of the reporting period are those which will be used to determine if a right to defer settlement of a liability exists. Management intention or expectation does not affect classification of liabilities.	1 January 2024	1 July 2024
AASB 2014-10	Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	AASB 2014-10 amends AASB 10 Consolidated Financial Statements and AASB 128 Investments in Associates and Joint Ventures to address an inconsistency between the requirements in AASB 10 and those in AASB 128, in dealing with the sale or contribution of assets between an investor and its associate or joint venture.	1 January 2025	1 July 2025

Reference	Title	Summary and impact on Group financial report	Application date of standard	Application date for Group
AASB 18	Presentation and Disclosure in Financial Statements	AASB 18 establishes new presentation and disclosure requirements. These include the presentation of newly defined subtotals in the statement of profit or loss, the disclosure of management-defined performance measures and enhanced requirements for grouping information. The standard introduces three new categories for the classification of income and expenses in the statement of profit and loss: operating, investing and financing. AASB 18 will replace AASB 101 Presentation of Financial Statements.	1 January 2027	1 July 2027

(d) Basis of consolidation

The Financial Statements of NSR comprises the consolidated financial statements of the NSH Group and the NSPT Group.

The financial statements for the Group are prepared on the basis that NSH was the acquirer of NSPT. The non-controlling interest, attributable to stapled securityholders 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.

Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through the power to direct the activities of the entity.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control. The acquisition method of accounting is used to account for business combinations (see note 2(h)).

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

consistent with the policies adopted by the Group.

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary.

Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of the parent entity.

Associates

Associates are all entities over which the Group has significant influence but not control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method.

Joint arrangements

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

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

Equity method

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

The consolidated statement of profit or loss reflects the Group's share of the results of operations of the associate or joint venture. Any change in other comprehensive income ("OCI") of those investees is presented as part of the Group's other comprehensive income.

In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

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

The financial statements of associates and joint ventures are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, at each reporting date the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, then recognises the loss as 'Share of profit or loss of joint ventures and associates' in the consolidated statement of profit or loss.

Upon loss of significant influence over an associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the

associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

(e) Revenue recognition

Revenue is recognised when performance obligations have been met and is measured at the fair value of the consideration received or receivable to the extent it is probable the economic benefits will flow to the Group and the revenue can be reliably measured.

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

The following specific recognition criteria must also be met before revenue is recognised:

Revenue from rental income

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

Interest income

Interest income is recognised using the effective interest method.

Revenue from contracts with customers

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

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

Revenue is measured at the expected consideration received or receivable, taking

into account contractually defined terms of payment and excluding taxes or duty.

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

Sale of goods and services

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

Agency fees and commission

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

Design and development fees

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

Management fees

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

(f) Taxes

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

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

Zealand tax purposes NSNZPT is classed as a unit trust and is subject to New Zealand income tax.

Current income tax

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

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

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

Deferred tax

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

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

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

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

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

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

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

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are following the underlying transaction either in OCI or directly in equity.

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

Tax consolidation legislation

NSH and its wholly-owned Australian entities are a tax consolidated group, meaning they are taxed as a single entity and the deferred tax assets and liabilities of these entities are set off in the consolidated financial statements. NSPT and its wholly owned entities are not eligible to be part of the NSH tax consolidated group.

Goods and services tax ("GST")

Revenue, expenses, assets, and liabilities are recognised net of the amount of GST.

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

Cash flows are included in the consolidated statement of cash flows on a gross basis. The GST component of cash flows arising from investing and financing activities, either recoverable from, or payable to, the relevant

taxation authority, is classed as part of operating cash flows.

(g) Foreign currencies

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

Transactions and balances

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

Differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation.

These are recognised in OCI until the net investment is disposed of, at which time the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

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

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

Group companies

On consolidation, the assets and liabilities of foreign operations are translated into Australian dollars at the exchange rate prevailing at the reporting date and their statements of profit or

loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in other comprehensive income. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognised in profit or loss.

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

(h) Business combinations and goodwill

The Group accounts for a transaction as a business combination if it meets the definition under AASB 3 *Business Combinations*, which requires the assets and liabilities acquired to constitute a business. A business is defined as an integrated set of activities and assets that are capable of being conducted and managed for the purpose of providing goods or services to customers, generating investment income (such as dividends or interest) or generating other income from ordinary activities.

To determine if there is an integrated set of activities, the Group conducts an assessment of minimum business requirements and what substantive processes have been acquired.

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

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

business combination expenses in the consolidated statement of profit or loss.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

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

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

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

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

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

(i) Leases

The Group leases properties which are classified as investment properties (note 11.4). The Group also leases office premises and items of plant and equipment.

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

Group as a lessee

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

Right of use assets

The Group recognises right of use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right of use assets (excluding leasehold investment properties) are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right of use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right of use assets are depreciated on a straight line basis over the shorter of the lease term and the estimated useful lives of the assets.

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

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts

expected to be paid under residual value guarantees.

The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date when the interest rate implicit in the lease is not readily determinable.

After the commencement date, the amount of lease liabilities are increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities are remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset or to extend an existing lease term.

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

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight line basis over the lease terms and is included in revenue in the consolidated statement of profit or loss due to its operating nature.

Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are

recognised as revenue in the period in which they are earned.

(j) Cash and cash equivalents

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

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

(k) Financial assets

Initial recognition and measurement

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

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

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

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding. This assessment is performed at an instrument level. Financial assets with cash flows that are not solely payments of principal and interest ("SPPI") are classified and measured at fair value through profit or loss, irrespective of the business model.

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

Financial assets classified and measured at amortised cost are held with the objective of collecting contractual cash flows while financial assets classified and measured at fair value through OCI are held with the objective of both holding to collect contractual cash flows and selling the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in three categories:

- Financial assets at amortised cost (debt instruments);
- Financial assets at fair value through OCI with recycling of cumulative gains and losses; and
- Financial assets at fair value through profit or loss.

Financial assets at amortised cost

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

Financial assets at fair value through Other Comprehensive Income

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the consolidated statement of profit or loss and computed in the same manner as financial assets measured at amortised cost.

The remaining fair value changes are recognised in other comprehensive income. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the consolidated statement of financial position at fair value with net changes in fair value recognised in the consolidated statement of profit or loss.

This category includes derivative instruments which the Group has not designated as a hedged instrument.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if:

- The economic characteristics and risks are not closely related to the host;
- A separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and
- The hybrid contract is not measured at fair value through profit or loss.

Embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss.

Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

Derecognition

Financial assets are primarily derecognised when:

- The rights to receive cash flows from the assets have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:
 - (a) the Group has transferred substantially all the risks and rewards of the asset; or
 - (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that

reflects the rights and obligations that the Group has retained.

Impairment

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

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

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

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

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

(l) Financial liabilities

Initial recognition and measurement

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

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

Subsequent measurement

Financial liabilities at fair value through profit or loss

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

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by AASB 9 *Financial Instruments'*. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the consolidated statement of profit or loss.

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

Loans and borrowings

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate ("EIR") method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the consolidated statement of profit or loss.

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

Derecognition

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

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

(m) Derivative financial instruments and hedge accounting

Initial recognition and measurement

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

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to fair value at the end of each reporting period. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment;
- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment; or
- Hedges of a net investment in a foreign operation.

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

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

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

Hedges that meet all the qualifying criteria for hedge accounting are accounted for, as described below:

Cash flow hedge

The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the

cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit or loss. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

The Group uses interest rate swap contracts as hedges of its exposure to the risk of changes in market interest rates. The ineffective portion relating to these is recognised as other operating income or expenses.

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

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

If cash flow hedge accounting is discontinued, the amount that has been accumulated in OCI must remain in OCI if the hedged future cash flows are still expected to occur.

Otherwise, the amount will be immediately reclassified to profit or loss as a reclassification adjustment. After discontinuation, once the hedged cash flow occurs, any accumulated amount remaining in OCI must be accounted for depending on the nature of the underlying transaction.

Hedges of a net investment

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

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

(n) Assets held for sale

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

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

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position. A disposal group qualifies as a discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

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

(o) Investment properties

Freehold investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, freehold investment properties are stated at fair value, which reflects market conditions at the reporting date.

Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the period in which they arise.

Investment properties under construction are held at cumulative cost of construction as an estimate for fair value. This serves as the most appropriate basis to estimate fair value particularly during the early stages of development and is adjusted once risks associated with the completion of development and ultimate operations of the property are determined to be insignificant.

Fair values are determined by a combination of external valuations and internal valuations. The external valuations are performed by an accredited independent valuer. Investment properties are independently valued on a rotational basis every three years, unless a more frequent valuation cycle is required.

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

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

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

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

Leasehold investment properties

The Group, as lessee, has properties that under AASB 140 *Investment Property*, qualify for

recognition as investment properties. Under this treatment, for each property, the present value of lease payments to be made over the lease term is determined and carried as a lease liability and the fair value of the lease to the NSH Group is recorded each period as investment property.

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

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

(p) Intangible assets

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

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

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate. These are treated as

changes in accounting estimates and adjusted on a prospective basis. The amortisation expense on intangible assets with finite lives is recognised in the consolidated statement of profit or loss in other operational expenses.

Intangible assets with indefinite useful lives, such as goodwill, are not amortised but are tested for impairment at each reporting period, either individually or at the CGU level. The assessment of indefinite life is reviewed at each reporting period to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the consolidated statement of profit or loss when the asset is derecognised.

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

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

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

(q) Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment or more frequently if events or changes in circumstances indicate that they

might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (CGU's). Non-financial assets other than goodwill that have been impaired in previous periods are reviewed for possible reversal of the impairment at the end of each reporting period.

(r) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain.

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

In accordance with its lease agreements, the Group must restore the leased premises in a number of leasehold premises to their original condition at lease expiry. A provision has been recognised for the obligation to remove leasehold improvements from the leased premises (note 11.7).

(s) Employee benefits

Short-term obligations

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

Other long-term employee benefits obligations

The Group does not expect its long service leave benefits to be settled wholly within 12 months of each reporting date. The Group recognises a liability for long service leave measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to previous experience of employee departures, and periods of service.

Expected future payments are discounted using market yields at the reporting date on the applicable corporate bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

Retirement benefit obligations

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

Equity-settled transactions

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model, further details of which are provided in note 21.

That cost is recognised in employee expenses, together with a corresponding increase in equity (share-based payment reserve within other reserves), over the period in which the service and, where applicable, the performance conditions are fulfilled (the vesting period).

The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the consolidated statement of profit or loss for a

period represents the movement in cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the fair value of awards at grant date, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value.

Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognised is the grant date fair value of the unmodified award, provided the original vesting terms of the award are met.

An additional expense, measured as at the date of modification, is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee.

Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss. The dilutive effect of outstanding performance rights is reflected as additional share dilution in the computation of diluted earnings per share (see note 20).

(t) Contributed equity

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

(u) Dividends and distributions to securityholders

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

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

(v) Rounding of amounts

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

(w) Parent entity financial information

The financial information for the parent entity, NSH, disclosed in note 23 has been prepared on the same basis as the consolidated financial statements, except as set out below.

Investments in subsidiaries

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

Tax consolidation legislation

NSH, the head entity, and its wholly-owned subsidiaries are a tax consolidated group. This results in them being taxed as a single entity. NSH recognises the current tax liabilities or assets and the deferred tax assets and liabilities arising from all tax consolidated group members. This includes any unused tax losses and unused tax credits arising from members of the tax consolidated group.

(x) Fair value measurement

The Group measures financial instruments, such as derivatives, and non-financial assets such as investment properties, at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction

between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

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

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

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole:

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

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

For further details on fair value measurement refer to notes 8 and notes 10.8.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

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

- Capital management (note 17)
- Financial instruments risk management and policies (notes 10.8, 16)
- Sensitivity analyses disclosures (notes 11.8, 16).

Judgements

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

Significant judgements

Acquisition of storage centre assets

For the acquisition of storage centres, the Group's policy is to review the nature of the transaction and assess if the transaction should be accounted for under AASB 3 *Business Combinations* or AASB 140 *Investment Properties* as a purchase of investment property.

The key assessment is whether the transaction constitutes a purchase of a 'business', and if so, it will be accounted for under AASB 3. If it is determined that the transaction does not meet this definition, the transaction is accounted for as a purchase of an asset under AASB 140, as an acquisition of a storage centre(s) held for rental return and capital appreciation.

For the years ended 30 June 2024 and 30 June 2023, the Group has assessed that all of its storage centre acquisitions do not meet the definitions set out in AASB 3 and are therefore

accounted for as purchases of investment property per AASB 140.

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

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

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

The Group has included the extension period as part of the lease term for leases of investment property where the option is expected to be exercised at the next renewal period. The renewal periods for leases with non-cancellable periods in excess of three years are not included as part of the lease term as these are not certain to be exercised.

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

Estimates and assumptions

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

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

Revaluation of investment properties

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

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

The Group calculates net operating income before depreciation, amortisation, interest, tax, and capital expenditure deductions for both passive income (current trading income) and potential income (additional income at sustainable occupancy).

Potential income is subject to a higher degree of risk, reflected in a higher secondary capitalisation rate. The approach of disaggregating a property's net operating income between current passive income and future potential income allows appropriate risk adjusted capitalisation rates to be applied to each income stream.

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

The key assumptions used to determine the fair value of the properties and the sensitivity analyses are provided in note 11.8.

Impairment of non-financial assets – goodwill

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

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

The recoverable amount of the CGU has been determined based on a fair value less cost of disposal calculation. The assumptions used in the estimations of the recoverable amount and the carrying amount of goodwill are discussed in note 11.5.

4. SEGMENT INFORMATION

During the 2024 and 2023 financial years, the Group operated wholly within one business segment, being the operation and management of storage centres in Australia and New Zealand.

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

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

Geographic information

	2024 \$'000	2023 \$'000
Revenue from external customers		
Australia	317,991	295,253
New Zealand	35,158	32,129
Total	353,149	327,382

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

	2024 \$'000	2023 \$'000
Non-current operating assets		
Australia	4,314,981	3,917,271
New Zealand	522,678	476,157
Total	4,837,659	4,393,428

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

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

5. REVENUE FROM CONTRACTS WITH CUSTOMERS

	2024 \$'000	2023 \$'000
Revenue from contracts with customers		
Sale of goods and services	6,945	7,396
Agency fees and commissions	6,765	5,951
Design and development fees	4,292	468
Management fees	2,039	832
Total revenue from contracts with customers	20,041	14,647

6. EXPENSES

	Notes	2024 \$'000	2023 \$'000
Other operational expenses			
Professional fees		4,127	3,817
Cost of packaging and other products sold		2,955	3,877
Bank charges		1,988	2,001
Motor vehicle expenses		499	540
Depreciation		1,736	2,054
Amortisation of intangible assets	11.5	997	775
Travel and entertainment costs		2,035	1,883
Other expenses		3,008	2,888
Total other operational expenses		17,345	17,835
Employee expenses			
Salaries and wages		47,268	45,911
Post-employment benefits		4,180	3,907
Share-based payments	21	1,224	1,504
Payroll tax		2,552	2,308
Other employee costs		4,475	4,533
Total employee expenses		59,699	58,163

7. INTEREST INCOME AND FINANCE COSTS

		2024 \$'000	2023 \$'000
Interest income			
Bank interest		1,642	2,186
Interest income from related parties		579	468
Total interest income		2,221	2,654
Finance costs			
Interest on borrowings		44,117	37,617
Reclassification from cash flow hedge reserve to consolidated statement of profit or loss	15	3,481	5,359
Interest on lease liabilities relating to investment property		4,423	4,875
Interest on other lease liabilities		105	109
Total finance costs		52,126	47,960

8. FAIR VALUE ADJUSTMENTS

	2024 \$'000	2023 \$'000
Gains / (losses) for the year in profit or loss		
Realised losses – lease diminution of leasehold property	(9,715)	(8,361)
Unrealised gains associated with investment property	93,601	193,949
Movement in provisions presented in fair value adjustments	572	369
Change in fair value of derivatives recognised through profit or loss	2,244	2,054
	86,702	188,011

9. INCOME TAX

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

The major components of income tax expense for the years ended 30 June 2024 and 30 June 2023 are:

	Notes	2024 \$'000	2023 \$'000
Consolidated statement of profit or loss			
Current tax		9,833	13,364
Deferred tax		1,564	1,272
Adjustment in relation to prior periods		74	(819)
Total income tax expense		11,471	13,817
Deferred tax relating to items recognised in statement of changes in equity			
Cost of issuing share capital		(2)	(124)
Reconciliation of tax expense and accounting profit multiplied by Australia's domestic tax rate for 2024 and 2023:			
Profit before tax		241,742	334,217
Deduct profit before tax from trusts owning Australian properties		(197,958)	(269,180)
Accounting profit before income tax		43,784	65,037
Tax at the Australian tax rate of 30% (2023: 30%)		13,135	19,511
Non-deductible / assessable amounts		1,419	1,360
Deductible / non-assessable amounts		(3,020)	(5,796)
Adjustments in respect of previous years		(2)	(1,227)
Effect of lower tax rates in New Zealand		(32)	(266)
Tax losses not recognised		(29)	235
Income tax expense		11,471	13,817

	2024 \$'000	2023 \$'000
Deferred tax expense included in income tax expense comprises:		
Increase in deferred tax assets	(70,921)	(50,454)
Increase in deferred tax liabilities	69,550	52,051
Movement of deferred tax asset on carry forward losses	2,828	(389)
Exchange variations	105	(60)
Movement in deferred tax asset recognised in consolidated statement of changes in equity	2	124
Total deferred tax expense	1,564	1,272

Deferred tax assets and liabilities

Deferred tax assets

The balance comprises temporary differences attributable to:

Lease liabilities	529,666	461,528
Employee benefits	2,138	1,907
Accrued expenses	1,875	1,908
Carry forward losses	3,056	229
Make good provisions	2,232	2,391
Revaluation of investment property assets	398	645
Other	1,348	1,184
Total deferred tax assets	540,713	469,792

Deferred tax liabilities

The balance comprises temporary differences attributable to:

Right of use assets	981	1,301
Trade and other receivables	2	16
Intangibles	108	141
Revaluations of investment properties	535,276	465,351
Unrealised foreign exchange losses	7	15
Total deferred tax liabilities	536,374	466,824

Net deferred tax assets

4,339 2,968

Reconciliation to consolidated statement of financial position

Deferred tax assets	10,995	9,176
Deferred tax liabilities	(6,656)	(6,208)
Net deferred tax assets	4,339	2,968

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

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

	2024 \$'000	2023 \$'000
Recognised group tax losses	10,914	818
Unrecognised group tax losses	698	805
Total	11,612	1,623

For the year ended 30 June 2024, all recognised tax losses relate to NSNZPT and are available for offsetting against future taxable profits in New Zealand. Unrecognised group tax losses relate to Australian losses incurred by National Storage Finance Pty Ltd.

10. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The Group holds the following financial instruments:

	Notes	2024 \$'000	2023 \$'000
Financial assets			
<i>At amortised cost</i>			
Cash and cash equivalents	10.1	55,245	67,330
Trade and other receivables	10.2	20,496	17,489
Deposits	10.3	6,944	8,876
		<u>82,685</u>	<u>93,695</u>
<i>Interest rate derivatives measured at fair value</i>			
Designated as hedging instruments	10.3	7,840	16,483
Not designated as hedging instruments	10.3	18,573	3,343
Total financial assets		<u>109,098</u>	<u>113,521</u>
Financial liabilities			
Trade and other payables	10.4	41,664	31,400
Borrowings	10.5	1,399,208	946,958
Lease liabilities	10.7	93,746	101,371
		<u>1,534,618</u>	<u>1,079,729</u>
<i>Interest rate derivatives measured at fair value</i>			
Not designated as hedging instruments	10.6	14,274	1,289
Total financial liabilities		<u>1,548,892</u>	<u>1,081,018</u>

The Group's approach to financial risk management is discussed in note 16. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial asset mentioned above.

Derivatives designated as hedging instruments reflect the change in fair value of interest rate derivatives, designated as cash flow hedges. Derivatives not designated as hedging instruments reflect the change in fair value of interest derivatives that are not designated in hedging relationships, but are, nevertheless, intended to manage the risk associated with interest rate fluctuations.

All derivatives are presented as current assets or liabilities if they are expected to be settled within 12 months after the end of the reporting period.

10.1. Cash and cash equivalents

	2024 \$'000	2023 \$'000
Current assets		
Total cash and cash equivalents	<u>55,245</u>	<u>67,330</u>

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

	2024 \$'000	2023 \$'000
Profit after income tax	230,271	320,400
Income tax expense	11,471	13,817
Profit before income tax	<u>241,742</u>	<u>334,217</u>
<i>Adjustments to reconcile profit before tax to net cash flows:</i>		
Depreciation	1,736	2,054
Loss on disposal of property, plant and equipment	-	132
Amortisation of intangible assets	997	775
Derecognition of intangible assets presented in restructuring costs	49	-
Fair value adjustments	(86,702)	(188,011)
Derecognition of capitalised borrowing costs presented in restructuring costs	3,452	-
Share-based payments	1,224	1,504
Share of (profit) / loss from joint ventures and associates	(1,245)	23
Interest income	(2,221)	(2,654)
Finance costs	52,126	47,960
<i>Changes in operating assets and liabilities:</i>		
(Increase) / decrease in receivables	(2,173)	1,980
Decrease / (increase) in inventories	495	(252)
Increase in other assets	(995)	(1,187)
(Decrease) / increase in payables	(7,541)	2,060
Decrease in deferred revenue	(673)	(555)
Increase in provisions	774	1,260
Cash flows from operating activities	201,045	199,306
Interest received	3,274	2,330
Income tax paid	(19,902)	(13,325)
Net cash flows from operating activities	184,417	188,311

Disclosure of non-cash financing activities

Non-cash financing activities include capital raised pursuant to the NSR's distribution reinvestment plan. During the year 21.2m stapled securities (2023: 10.9m) were issued with a cash equivalent of \$46.6m (2023: \$25.7m).

10.2. Trade and other receivables

	Notes	2024 \$'000	2023 \$'000
Current			
Trade receivables		6,359	3,818
Goods and services tax receivable		2,428	-
Other receivables		3,061	6,654
Receivables from related parties	18	6,924	7,117
Allowance for expected credit losses on trade receivables		(638)	(281)
		<u>18,134</u>	<u>17,308</u>
Non-current			
Other receivables		181	181
Receivables from related parties	18	2,181	-
		<u>2,362</u>	<u>181</u>
Total current and non-current		<u>20,496</u>	<u>17,489</u>

Classification as trade and other receivables

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

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

See note 18 for terms and conditions relating to related party receivables.

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

	2024 \$'000	2023 \$'000
At 1 July	281	219
Charge for the year	358	114
Reversed in the year	-	(54)
Effect of movement in foreign exchange	(1)	2
At 30 June	638	281

The age of trade receivables not impaired was as follows:

	2024 \$'000	2023 \$'000
0 to 3 months	5,017	3,205
3 to 6 months	452	294
Over 6 months	252	38
	5,721	3,537

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

10.3. Other assets

	2024 \$'000	2023 \$'000
Current		
Prepayments	11,756	10,864
Financial assets (derivatives)	2,995	519
	14,751	11,383
Non-current		
Deposits	6,944	8,876
Financial assets (derivatives)	23,418	19,307
	30,362	28,183
Total current and non-current	45,113	39,566

Deposits include advances on contracts or options on investment property purchases. Contracts where the Group has a future commitment to acquire an investment property are detailed in note 19.

For details on the classification of financial instruments see note 10.

10.4. Trade and other payables

	2024 \$'000	2023 \$'000
Current		
Trade payables	388	6,144
Accrued expenses	35,306	20,886
GST and employment taxes payable	887	1,463
Other payables	3,927	1,624
	40,508	30,117
Non-current		
Other payables	1,156	1,283
Total current and non-current	41,664	31,400

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

10.5. Borrowings

	2024 \$'000	2023 \$'000
Non-current		
Bank finance facilities	1,399,208	946,958
Non-amortised borrowing costs	(3,677)	(5,825)
Total borrowings	1,395,531	941,133

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

	2024 \$'000	2023 \$'000
Bank finance facilities (AUD)		
Drawn amount	1,275,000	855,000
Facility limit	1,645,000	1,410,000
Bank finance facilities (NZD)		
Drawn amount	136,000	100,000
Facility limit	215,000	225,000
AUD equivalent of NZD facilities		
Drawn amount	124,208	91,957
Facility limit	196,358	206,904

The major terms of these agreements are as follows:

- At 30 June 2024 maturity dates on these facilities range from 2 September 2025 to 13 June 2030 (30 June 2023: maturity dates from 1 September 2023 to 13 June 2030).
- 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.

The Group has a bank overdraft facility with a limit of \$3m that was undrawn at 30 June 2024 and 30 June 2023. During the year ended 30 June 2024, the Group refinanced existing facilities which previously had upcoming maturities in FY25, negotiated \$325m (AUD equivalent) of additional facilities and repaid

\$100m of term loan facilities. As a result of these initiatives, Group finance facilities increased to \$1,841m at 30 June 2024 (30 June 2023: \$1,617m).

Transaction costs of \$3.5m relating to extinguished facilities were expensed in the year. These costs are included within restructuring costs in the Consolidated Statement of Profit or Loss.

The Group has complied with the financial covenants of their borrowing facilities during the 2024 and 2023 reporting periods (see note 17). The fair value of interest-bearing loans and borrowings approximates carrying value. Details of the exposure to risk arising from current and non-current borrowings are set out in note 16.

Interest rate derivatives

The Group uses interest rate derivatives as part of its risk management strategy to manage exposure to interest rate fluctuations. These derivatives include interest rate swaps, interest rate caps, and interest rate swaptions. The purpose of using a combination of these instruments is to mitigate the impact of interest rate changes on the Group's future cash flows in accordance with its risk management policies.

The Group has the following interest rate derivatives at the end of the reporting period:

	2024 \$'000	2023 \$'000
Interest rate swaps (AUD) at face value		
Current interest rate swaps	550,000	300,000
Future interest rate swaps	200,000	50,000
Interest rate swaps (NZD) at face value		
Current interest rate swaps	50,000	50,000
Future interest rate swaps	25,000	25,000
AUD equivalent of NZD interest rate swaps		
Current interest rate swaps	45,665	45,979
Future interest rate swaps	22,832	22,989
Sold interest rate caps (AUD) at face value	540,000	40,000
Interest rate swaptions (AUD) at face value	540,000	40,000
Interest rate swaptions (NZD) at face value	50,000	50,000
AUD equivalent of NZD interest rate swaptions	45,664	45,979

Interest rate swaps

Interest rate swaps are financial contracts where the Group agrees to exchange interest rate cash flows with a counterparty. Typically, the Group exchanges fixed-rate interest payments for floating-rate interest payments based on a notional principal amount.

Interest rate caps

Interest rate caps are financial instruments that set a maximum interest rate payable on a notional amount over a specified period. The Group enters into interest rate caps which impact an interest rate swap by providing a maximum or minimum limit on the floating interest rate payments that the Group's counterparty must make to the Group under the swap. The Group has sold interest rate caps to lower the blended swap rate when the BBSY rate is below the agreed threshold (set quarterly). If the BBSY is above this threshold at the quarterly roll date the Group is required to pay additional interest payments.

Interest rate swaptions

Interest rate swaptions are options contracts that provide the counterparty with the option but not the obligation to extend an interest rate swap at a specified future date on predetermined terms.

Interest rate derivatives in place at the end of the reporting period have maturity dates ranging from 23 September 2024 to 23 September 2030 (30 June 2023: 23 September 2023 to 23 June 2027).

10.6. Other liabilities

	2024 \$'000	2023 \$'000
Current financial liabilities – interest rate derivatives	519	-
Non-current financial liabilities – interest rate derivatives	13,755	1,289
Total current and non-current other liabilities	14,274	1,289

10.7. Right of use assets and lease liabilities

a) Right of use assets

	Premises leases \$'000	Equipment leases \$'000	Advertising leases \$'000	Total \$'000
Opening balance at 1 July 2023	4,259	5	117	4,381
Additions	-	57	-	57
Depreciation	(1,111)	(11)	(8)	(1,130)
Reassessment of variable lease payments	-	(4)	-	(4)
Effect of movement in foreign exchange	(3)	-	-	(3)
Closing balance at 30 June 2024	3,145	47	109	3,301
Opening balance at 1 July 2022	4,656	386	123	5,165
Additions	585	101	-	686
Depreciation	(1,010)	(469)	(8)	(1,487)
Reassessment of variable lease payments	28	(13)	-	15
Effect of movement in foreign exchange	-	-	2	2
Closing balance at 30 June 2023	4,259	5	117	4,381

b) Lease liabilities

	2024 \$'000	2023 \$'000
Current lease liabilities		
Lease liabilities relating to right of use assets	1,230	1,151
Lease liabilities relating to right of use assets presented as leasehold investment properties	10,409	10,134
Total current lease liabilities	11,639	11,285
Non-current lease liabilities		
Lease liabilities relating to right of use assets	2,570	3,756
Lease liabilities relating to right of use assets presented as leasehold investment properties	79,537	86,330
Total non-current lease liabilities	82,107	90,086
Total lease liabilities	93,746	101,371

	2024 \$'000	2023 \$'000
Amounts recognised in consolidated statement of profit or loss:		
Depreciation of right of use assets	1,130	1,487
Interest expense on lease liabilities	4,528	4,984
Expenses relating to short term leases presented within premises costs	29	36
Lease diminution on leasehold investment properties presented within fair value adjustments (note 8)	9,715	8,361
Total	15,402	14,868

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

Set out below are the undiscounted potential future rental payments relating to periods following the exercise date of extension options that are not included in the lease term:

	Within five years \$'000	More than five years \$'000	Total \$'000
Extension options expected not to be exercised			
At 30 June 2024	5,239	242,670	247,909
At 30 June 2023	5,583	247,540	253,123

Group as a lessor

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

	30 June 2024 \$'000	30 June 2023 \$'000
Within one year	5,772	5,930
After one year but not more than five years	10,170	5,026
More than five years	1,216	-
Total	17,158	10,956

10.8. Financial instruments fair value measurement

Fair value hierarchy

This note explains the judgements and estimates made in determining the fair values of the financial instruments recognised in the financial statements, as detailed in notes 10.1 to 10.7. To provide an indication about the reliability of the inputs used in determining fair value, financial instruments are classified into the following three levels.

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

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

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

Specific fair valuation techniques used to determine fair values include:

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

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

	Notes	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
At 30 June 2024					
<i>Interest rate derivatives</i>					
Current financial assets	10.3	-	2,995	-	2,995
Non-current financial assets	10.3	-	23,418	-	23,418
Current financial liabilities	10.6	-	(519)	-	(519)
Non-current financial liabilities	10.6	-	(13,755)	-	(13,755)
		-	12,139	-	12,139

At 30 June 2023

<i>Interest rate derivatives</i>					
Current financial assets	10.3	-	519	-	519
Non-current financial assets	10.3	-	19,307	-	19,307
Non-current financial liabilities	10.6	-	(1,289)	-	(1,289)
		-	18,537	-	18,537

There were no transfers between levels of fair value hierarchy during the years ended 30 June 2024 and 30 June 2023.

11. NON-FINANCIAL ASSETS AND LIABILITIES

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

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

11.1. Inventories

	2024 \$'000	2023 \$'000
Finished goods - at lower of cost and net realisable value	1,592	2,107

11.2. Assets held for sale

	Notes	2024 \$'000	2023 \$'000
Current assets			
Opening balance at 1 July		-	-
Items reclassified from investment properties under construction	11.4	141,409	-
Items reclassified from current assets		129	-
Items reclassified from non-current assets		1,135	-
Total assets held for sale		142,673	-

On 13 June 2024, NSR entered into binding agreements with GIC to establish the National Storage Ventures Fund ("NSVF").

NSVF will acquire and develop an initial portfolio of ten foundation assets from NSR's existing portfolio at consideration equal to the assets' carrying value.

As a result of these agreements, these assets have been classified as held for sale at 30 June 2024. The sale of these assets is expected to complete during September 2024.

11.3. Property, plant and equipment

	2024 \$'000	2023 \$'000
At cost	3,729	2,899
Accumulated depreciation	(2,263)	(1,658)
Total property, plant and equipment	1,466	1,241

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

	2024 \$'000	2023 \$'000
Plant and equipment		
Opening balance at 1 July	1,241	1,365
Additions	830	573
Disposals	-	(132)
Depreciation	(606)	(567)
Effect of movement in foreign exchange	1	2
Closing balance at 30 June	1,466	1,241

11.4. Investment properties

	Notes	2024 \$'000	2023 \$'000
Leasehold investment properties in operation	11.8	127,146	136,775
Freehold investment properties in operation	11.8	4,387,352	3,978,791
Investment properties under construction		315,102	269,170
Total investment properties		4,829,600	4,384,736
Leasehold investment properties in operation			
Opening balance at 1 July		136,775	140,681
Property acquisitions		-	2,048
Improvements to investment properties		477	324
Reassessment of lease terms		3,742	1,641
Items reclassified to freehold investment properties		(437)	(230)
Lease diminution, presented as fair value adjustments	10.7b	(9,715)	(8,361)
Net (loss) / gain from other fair value adjustments		(3,696)	672
Closing balance at 30 June		127,146	136,775
Freehold investment properties in operation			
Opening balance at 1 July		3,978,791	3,612,082
Property acquisitions		205,508	136,944
Improvements to investment properties		11,002	5,875
Items reclassified from leasehold investment properties		437	230
Items reclassified to investment properties under construction		(22,255)	(6,109)
Items reclassified from investment properties under construction		119,830	28,949
Net gain from fair value adjustments		97,297	193,277
Effect of movement in foreign exchange		(3,258)	7,543
Closing balance at 30 June		4,387,352	3,978,791
Investment properties under construction			
Opening balance at 1 July		269,170	77,471
Property acquisitions		58,889	114,014
Development costs		226,027	100,525
Items reclassified to freehold investment properties		(119,830)	(28,949)
Items reclassified from freehold investment properties		22,255	6,109
Items reclassified to assets held for sale	11.2	(141,409)	-
Closing balance at 30 June		315,102	269,170

11.5. Intangible assets

	Notes	2024 \$'000	2023 \$'000
Goodwill			
Opening and closing net book value		43,954	43,954
Other intangible assets			
Opening net book value		3,070	2,847
Additions		1,268	998
Derecognition losses presented within restructuring and other non-recurring costs		(49)	-
Amortisation	6	(997)	(775)
Closing net book value		3,292	3,070
Total intangible assets		47,246	47,024

Impairment testing of goodwill

The Group performed its annual impairment test at 30 June 2024 and 30 June 2023.

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

The recoverable amount of the listed group has been determined based on the fair value less costs of disposal method using the fair value quoted on an active market 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 11.8.

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 the analysis, management did not identify an impairment for this CGU.

11.6. Deferred revenue

	2024 \$'000	2023 \$'000
Deferred rental income revenue	16,372	17,045

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

11.7. Provisions

	2024 \$'000	2023 \$'000
Current		
Make good provisions	-	243
Annual leave	3,677	3,304
Long service leave	1,682	1,400
	5,359	4,947
Non-current		
Make good provisions	7,666	7,695
Long service leave	1,782	1,664
	9,448	9,359
Reconciliation of movement in make good provisions		
As at 1 July	7,938	8,079
Extinguished during the year	(248)	-
Reassessment of existing provisions	-	760
Movement in discount rates	(24)	(901)
Utilised	-	-
As at 30 June	7,666	7,938

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

11.8. Non-financial assets fair value measurement

The Group has classified its non-financial assets held at fair value into the three levels prescribed in note 10.8 to provide an indication about the reliability of inputs used to determine fair value.

	Notes	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
At 30 June 2024					
Leasehold investment properties	11.4	-	-	127,146	127,146
Freehold investment properties	11.4	-	-	4,387,352	4,387,352
		-	-	4,514,498	4,514,498
At 30 June 2023					
Leasehold investment properties	11.4	-	-	136,775	136,775
Freehold investment properties	11.4	-	-	3,978,791	3,978,791
		-	-	4,115,566	4,115,566

Recognised fair value measurements

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

Fair value measurements using significant unobservable inputs (level 3)

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

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

Fair values are determined by a combination of external valuations and internal valuations. The external valuations are performed by an accredited independent valuer. Investment properties are

independently valued on a rotational basis every three years unless a more frequent valuation cycle is required. For properties subject to an independent valuation report management verify all major inputs to the valuation and review the results with the independent valuer. The internal valuations are completed by management and reviewed 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 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. Investment properties acquired in the year ended 30 June 2024 have been held at acquisition price.

Valuation inputs and relationship to fair value

Description	Significant unobservable inputs	Range at 30 June 2024	Range at 30 June 2023
Investment properties - freehold	Primary capitalisation rate	5.0% to 8.0%	4.7% to 7.9%
	Secondary capitalisation rate	5.3% to 8.5%	5.3% to 8.1%
	Weighted average primary cap rate	5.8%	5.8%
	Weighted average secondary cap rate	6.3%	6.4%
	Weighted average sustainable occupancy	86.3%	87.3%
	Stabilised average EBITDA	\$1,168,619	\$1,134,151
Investment properties - leasehold	Primary capitalisation rate	6.3% to 40.0%	6.0% to 55.0%
	Secondary capitalisation rate	6.3% to 40.0%	6.5% to 55.0%
	Weighted average primary cap rate	15.7%	13.4%
	Weighted average secondary cap rate	16.2%	13.6%
	Weighted average sustainable occupancy	87.5%	88.1%
	Stabilised average EBITDA	\$610,317	\$469,764

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

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

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

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

At 30 June 2024:

Unobservable inputs	Leasehold		Freehold	
	Increase/ (decrease) in input	Increase/ (decrease) in fair value \$'000	Increase/ (decrease) in input	Increase/ (decrease) in fair value \$'000
Primary capitalisation rate	1% / (1%)	(2,375) / 2,975	1% / (1%)	(537,649) / 764,217
Secondary capitalisation rate	2% / (2%)	(1,175) / 2,025	2% / (2%)	(131,698) / 260,293
Sustainable occupancy	5% / (5%)	7,425 / (5,075)	5% / (5%)	284,256 / (195,555)
Stabilised EBITDA	5% / (5%)	1,925 / (1,675)	5% / (5%)	194,215 / (148,239)

At 30 June 2023:

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%)	(3,275) / 4,200	1% / (1%)	(524,915) / 746,138
Secondary capitalisation rate	2% / (2%)	(575) / 950	2% / (2%)	(94,237) / 186,433
Sustainable occupancy	5% / (5%)	8,125 / (3,475)	5% / (5%)	256,914 / (136,278)
Stabilised EBITDA	5% / (5%)	2,100 / (1,375)	5% / (5%)	182,084 / (131,438)

12. INFORMATION RELATING TO SUBSIDIARIES

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

The consolidated financial statements of the Group as at 30 June 2024 include:

Name of controlled entity	Place of incorporation	Equity interest	
		2024	2023
National Storage (Operations) Pty Ltd	Australia	100%	100%
Southern Cross Storage Operations Pty Ltd	Australia	100%	100%
Wine Ark Pty Ltd	Australia	100%	100%
National Storage Financial Services Limited	Australia	100%	100%
National Storage Finance Pty Ltd	Australia	100%	100%
NS Development Co 1 Pty Ltd	Australia	100%	100%
National Storage No.2 Pty Ltd	Australia	100%	100%
National Storage No.3 Pty Ltd	Australia	100%	100%
National Storage Limited	New Zealand	100%	100%
National Storage Pty Ltd	Australia	100%	100%
National Storage Developments Pty Ltd*	Australia	100%	100%
National Storage Investments Pty Ltd	Australia	100%	100%
Runway Technologies Pty Ltd	Australia	100%	100%
National Storage Property Trust**	Australia	100%	100%
National Storage Victorian Property Trust	Australia	100%	100%
National Storage New Zealand Property Trust***	Australia	100%	100%
National Storage Southern Trust	Australia	100%	100%
National Storage Investment Trust	Australia	100%	100%
National Storage Active Investment Trust	Australia	100%	100%
National Storage Finance Trust	Australia	100%	100%

*Strategic Storage Consulting Pty Ltd changed name to National Storage Developments Pty Ltd on 4 July 2024

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

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

13. INTEREST IN JOINT VENTURES AND ASSOCIATES

Interest in joint ventures

	2024 \$'000	2023 \$'000
Opening balance at 1 July	5,794	7,433
Acquisition of shareholding / capital contribution in joint venture	5,460	-
Share of profit / (loss) from joint ventures*	1,166	(20)
Distributions received from joint ventures	(5,200)	(1,619)
Disposal of shareholding in joint venture	(1,748)	-
Closing balance at 30 June	5,472	5,794

* Included within share of profit / (loss) from joint ventures in the year ended 30 June 2024 was \$0.3m representing NSR's share of fair value gain related to investment properties held by joint ventures (30 June 2023: \$0.1m loss).

The above 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.

During the year the Group subscribed to a 30% interest in BFNS Trust and BFNS Operations Pty Ltd for \$5.5m. BFNS Trust subsequently purchased a newly constructed self-storage centre in Queensland, Australia. This centre commenced trading in December 2023 and is operated by BFNS Operations Pty Ltd.

During the year, the Group also acquired a storage centre investment property asset from the Bundall Storage Trust for \$40.2m. This centre was previously operated by Bundall Storage Operations Pty Ltd. The Group also acquired commercial investment property from Bundall Commercial Trust for \$5.4m, and the TBF & NS Trust for \$7.1m. There was no change in the share of the Group's interest following this transaction. The Group received distributions totalling \$5.2m as a result of these transactions.

Following the completion of the above transactions and prior to 30 June 2024, Bundall Storage Trust and the TBF & NS Trust have been terminated, and Bundall Storage Operations Pty Ltd and Moorooka Storage Operations Pty Ltd are in the process of being deregistered.

On 26 June 2024, the Group disposed of its interest in Bundall Commercial Trust for \$1.7m.

On 13 June 2024, the Group subscribed to a 25% interest in National Storage Ventures Trust and a 4.9% interest in National Storage Ventures Operations Pty Ltd both for nominal initial investments. These entities form the National Storage Ventures Fund ("NSVF") (see note 11.2).

Interest in associate

	2024 \$'000	2023 \$'000
Opening balance at 1 July	3,192	3,095
Capital contribution in associate	112	100
Share of profit / (loss) from associate	79	(3)
Closing balance at 30 June	3,383	3,192

The Group holds a 21% (30 June 2023: 21%) holding in Spacer Technologies Pty Ltd ("Spacer"). Spacer operate online peer-to-peer and corporate marketplaces for parking and self-storage in Australia and North America. During the year ended 30 June 2024, the Group made a capital contribution of \$0.1m into Spacer. (30 June 2023: \$0.1m).

See note 18 for fees received and purchases from joint ventures and associates. None of the Group's joint ventures or associates are listed on any public exchange.

14. CONTRIBUTED EQUITY

	2024 \$'000	2023 \$'000
Issued and paid up capital	196,004	191,938
Number of stapled securities on issue		
	2024	2023
Opening balance at 1 July	1,348,382,592	1,195,498,309
Institutional and retail capital raises	-	141,229,611
Distribution reinvestment plan	21,153,845	10,928,651
Securities issued under equity incentive plan	816,693	726,021
Closing balance at 30 June	1,370,353,130	1,348,382,592

Distribution reinvestment plan

During the year, 21,153,845 (2023: 10,928,651) stapled securities were issued to securityholders participating in the Group's Distribution Reinvestment Plan for consideration of \$46.6m (2023: \$25.7m). The stapled securities were issued at the volume weighted average market price of the Group's stapled securities over a period of ten trading days, less a 2% discount.

Securities issued under equity incentive plan

During the year 254,993 stapled securities were issued to the NSH senior executive team for FY23 Short-Term Incentive ("STI"). No consideration was paid by the recipients for the issue of the stapled securities, which were issued for a deemed price of \$2.2589 per stapled security under the terms of the STI 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.

561,700 stapled securities were issued to the NSH senior executive team following the vesting of performance rights under Long Term Incentive ("LTI") remuneration. No consideration was paid by the recipients for the issue of the stapled securities, which were issued for a deemed price of \$2.044 per stapled security calculated using the volume weighted average market price of the Group's stapled securities over a 30-day trading period to 30 June 2021 under the terms of the LTI award.

Terms and conditions of contributed equity

Stapled securities

A stapled security represents one share in NSH and one unit in NSPT. Stapled securityholders have the right to receive declared dividends from NSH and distributions from NSPT and are entitled to one vote per stapled security at securityholders' meetings. Holders of stapled securities can vote their shares and units in accordance with the Corporations Act 2001, either in person or by proxy, at a meeting of either NSH or NSPT. The stapled securities have no par value.

In the event of the winding up of NSH and NSPT, stapled securityholders have the right to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on stapled securities held. Ordinary stapled securityholders rank after all creditors in repayment of capital. There is no current on or off market security buy-back.

15. OTHER RESERVES

	2024 \$'000	2023 \$'000
Share-based payment reserve		
Opening balance at 1 July	2,420	2,556
Expense for the year	1,393	1,504
Forfeited in the year	(169)	-
Issue of securities upon vesting	(1,498)	(1,640)
Closing balance at 30 June	2,146	2,420
Foreign currency translation reserve		
Opening balance at 1 July	(77)	(141)
Foreign exchange translation differences	(10)	64
Closing balance at 30 June	(87)	(77)
Other reserves	2,059	2,343

The share-based payments reserve is used to recognise the value of equity-settled share-based payments provided to key management personnel as part of their remuneration. Refer to note 21 for further details of these plans.

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

The movements below in foreign currency translation reserve and cash flow hedge reserve relating to the NSPT Group are presented within non-controlling interest in the Group's consolidated statement of changes in equity.

	NSPT Group	
	2024 \$'000	2023 \$'000
Foreign currency translation reserve		
Opening balance at 1 July	(1,897)	(6,190)
Net investment hedge	(976)	1,158
Foreign exchange translation differences	(1,386)	3,135
Closing balance at 30 June	(4,259)	(1,897)
Cash flow hedge reserve		
Opening balance at 1 July	11,215	10,636
Revaluation of cash flow hedges	(8,642)	(4,780)
Reclassification to consolidated statement of profit or loss (see note 7)	3,481	5,359
Closing balance at 30 June	6,054	11,215
Other reserves	1,795	9,318

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

In previous years, the Group has reset the interest rates associated with interest rate derivatives designated as cash flow hedges. In accordance with AASB 9 *Financial Instruments*, as the nature of the underlying hedged instrument is unchanged the fair value of these outflows remain in the cash flow hedge reserve and are amortised to the consolidated statement of profit or loss in both the current and

future periods relating to the profile of the original instrument. During the year ended 30 June 2024, \$3.5m (30 June 2023: \$5.4m) has been recognised in finance costs relating to this item (see note 7).

16. FINANCIAL RISK MANAGEMENT

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

The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the business. The Group uses derivative financial instruments such as interest rate swaps, caps, and interest rate swaptions to hedge certain market risk exposures. Risk management and risk exposure is governed by the Treasury Policy, which is reviewed at least annually. This considers interest rate exposure and evaluates treasury management strategies in the context of the most recent economic conditions and forecasts.

Derivatives

Derivatives are only used for economic hedging purposes and not as trading or speculative instruments. The fair value of the Group's derivative financial instruments is presented below:

	Notes	2024 \$'000	2023 \$'000
Interest rate derivatives not designated as hedging instruments presented in:			
Current assets	10.3	1,595	-
Non-current assets	10.3	16,978	3,343
Current liabilities	10.6	(519)	-
Non-current liabilities	10.6	(13,755)	(1,289)
Net assets		4,299	2,054
Interest rate derivatives designated as cash flow hedges presented in:			
Current assets	10.3	1,400	519
Non-current assets	10.3	6,440	15,964
Net assets		7,840	16,483

Classification of derivatives

Derivatives entered into prior to 30 June 2022 were designated as cash flow hedges with changes in the fair value of the instrument recognised in OCI and accumulated in the Groups cash flow hedge reserve. The Group continues to hedge account for these derivatives until the expiry date of the instrument. The Group will discontinue hedge accounting should the instrument fail to meet the risk management objective, no longer comply with the qualifying criteria, or is sold or terminated.

Derivatives entered into post 30 June 2022 have not been designated as hedging instruments and are therefore classified as held for trading. Changes in the fair value of the derivatives is recognised directly in fair value adjustments within the consolidated statement of profit or loss. All derivatives are presented as current assets or liabilities if they are expected to be settled within 12 months after the end of the reporting period.

The Group's accounting policy for cash flow hedges is set out in note 2(m).

Fair value measurement

For information about the methods and assumptions used in determining fair values of derivatives refer to note 10.8.

Market risk

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

The sensitivity analysis in the following sections relate to the position as at 30 June 2024 and 30 June 2023. The sensitivity analysis has been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of debt and derivatives and the proportion of financial instruments in foreign currencies are all constant on the basis of hedge designations in place at each year end.

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

The following assumptions have been made in calculating sensitivity analysis:

- The sensitivity of the relevant consolidated statement of profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at 30 June 2024 and 30 June 2023 including the effect of hedge accounting.
- The sensitivity of equity is calculated by considering the effect of any associated cash flow hedges and hedges of a net investment in a foreign subsidiary in place at 30 June 2024 and 30 June 2023.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relate primarily to its debt obligations, which are principally by way of variable rate loan facilities.

The Group manages its interest rate margin risk by having a balanced portfolio of debt from a variety of providers and markets, with multiple maturities. Interest rate risk is also managed by using financial derivatives, which include interest rate swaps, forwards, options and caps. At 30 June 2024, after taking into account the effect of interest rate derivatives, 42.6% (2023: 36.5%) of the Group's borrowings are at a fixed rate of interest.

Interest rate sensitivity

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

	Increase/ decrease in basis points	Effect on profit before tax \$'000
2024		
Australian dollar denominated debt	+50 / -50	(2,103) / 2,103
New Zealand dollar denominated debt	+50 / -50	(266) / 266
2023		
Australian dollar denominated debt	+50 / -50	(2,143) / 2,143
New Zealand dollar denominated debt	+50 / -50	(775) / 775

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

Foreign currency risk

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

The Group hedges its exposure to fluctuations on the translation into Australian dollars of its New Zealand operations by holding a level of borrowings in New Zealand dollars.

Foreign currency sensitivity

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

	Change in NZD rate	Effect on profit before tax \$'000	Effect on pre-tax equity \$'000
2024	+5%	(403)	(18,557)
	-5%	445	20,510
2023	+5%	(793)	(18,056)
	-5%	876	19,957

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

Credit risk

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

Trade receivables

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

The allowance for expected credit losses represents an estimate of trade receivables that are not considered to be recoverable. For the year ended 30 June 2024, the Group has recognised an expected loss provision of \$638,000 (30 June 2023: \$281,000) based on lifetime expected credit losses at each reporting date. The Group assesses this allowance based on its historical credit loss experience, adjusted for forward-looking factors specific to classification groups of receivables.

Cash and cash equivalents

The Group's credit risk on cash and cash equivalents is limited as the counterparties are banks with high credit-ratings assigned by international credit-rating agencies. The maximum exposure to credit risk for the components of the consolidated statement of financial position at 30 June 2024 and 30 June 2023 is the carrying amounts as indicated in the consolidated statement of financial position.

Guarantees

Credit risk also arises in relation to financial guarantees given to certain parties (refer to notes 19, 23, and 24). Such guarantees are only provided in exceptional circumstances.

Liquidity risk

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

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

Financing arrangements

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

	2024 \$'000	2023 \$'000
Expiring within one year (bank overdraft)	3,000	3,000
Expiring within one year (loans)	-	30,000
Expiring beyond one year (loans)	442,150	639,947
Total	445,150	672,947

The bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice. All other unsecured bank loans may be drawn at any time and are subject to an annual review. Further details of the bank loans are detailed in notes 10.5 and 17.

Maturity of financial liabilities

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

	On demand \$'000	Less than 3 months \$'000	3 to 12 months \$'000	1 to 5 years \$'000	Over 5 years \$'000	Total \$'000
At 30 June 2024						
<i>Non-derivatives</i>						
Trade and other payables	1,704	37,758	1,046	1,156	-	41,664
Borrowings	-	22,425	62,785	1,371,609	212,098	1,668,917
Lease liabilities	-	3,876	11,801	48,310	58,917	122,904
Distribution payable	-	75,369	-	-	-	75,369
Total non-derivatives	1,704	139,428	75,632	1,421,075	271,015	1,908,854
<i>Derivatives</i>						
Inflows	-	(3,396)	(8,236)	(14,744)	(2,326)	(28,702)
Outflows	-	252	1,451	3,513	-	5,216
Total derivatives	-	(3,144)	(6,785)	(11,231)	(2,326)	(23,486)
	1,704	136,284	68,847	1,409,844	268,689	1,885,368

At 30 June 2023	On demand \$'000	Less than 3 months \$'000	3 to 12 months \$'000	1 to 5 years \$'000	Over 5 years \$'000	Total \$'000
<i>Non-derivatives</i>						
Trade and other payables	1,310	22,535	6,272	1,283	-	31,400
Borrowings	-	17,447	51,352	893,441	245,713	1,207,953
Lease liabilities	-	3,798	11,747	50,598	63,310	129,453
Distribution payable	-	74,161	-	-	-	74,161
Total non-derivatives	1,310	117,941	69,371	945,322	309,023	1,442,967
<i>Derivatives</i>						
Inflows	-	(3,084)	(7,954)	(10,573)	(231)	(21,842)
Outflows	-	33	175	925	-	1,133
Total derivatives	-	(3,051)	(7,779)	(9,648)	(231)	(20,709)
	1,310	114,890	61,592	935,674	308,792	1,422,258

Changes in liabilities arising from financing activities

	1 July 2023 \$'000	Cash flows \$'000	Foreign exchange movement \$'000	Change in fair value \$'000	New leases \$'000	Other \$'000	30 June 2024 \$'000
<i>Interest rate derivatives:</i>							
Current financial liabilities	-	-	-	519	-	-	519
Non-current financial liabilities	1,289	-	-	12,466	-	-	13,755
Distributions payable	74,161	(102,378)	-	-	-	103,586*	75,369
Borrowings	941,133	453,247	(946)	-	-	2,097	1,395,531
<i>Lease liabilities</i>							
Current liabilities	11,285	(11,132)**	-	-	57	11,429	11,639
Non-current liabilities	90,086	-	(4)	-	-	(7,975)	82,107
Total liabilities from financing activities	1,117,954	339,737	(950)	12,985	57	109,137	1,578,920

	1 July 2022 \$'000	Cash flows \$'000	Foreign exchange movement \$'000	Change in fair value \$'000	New leases \$'000	Other \$'000	30 June 2023 \$'000
<i>Interest rate derivatives:</i>							
Current financial liabilities	-	-	-	-	-	-	-
Non-current financial liabilities	-	-	-	1,289	-	-	1,289
Distributions payable	64,557	(104,888)	-	-	-	114,492*	74,161
Borrowings	972,017	(30,948)	2,426	-	-	(2,362)	941,133
<i>Lease liabilities</i>							
Current liabilities	10,636	(10,677)**	-	-	342	10,984	11,285
Non-current liabilities	97,954	-	2	-	1,532	(9,402)	90,086
Total liabilities from financing activities	1,145,164	(146,513)	2,428	1,289	1,874	113,712	1,117,954

* Other balances presented above represent distributions declared in the year: \$150.2m (30 June 2023: \$140.2m) (see note 17), less units issued under the distribution reinvestment plan which do not result in a cash outflow: \$46.6m (30 June: 2023: \$25.7m), (see note 14).

** Relates to principal portion of lease liability payment. Total lease payments for the year ended 30 June 2024 were \$15.9m (30 June 2023: \$14.6m) as disclosed in the Consolidated Statement of Cashflows.

17. CAPITAL MANAGEMENT

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

One component of achieving the capital management objectives is ensuring that the Group meets financial covenants attached to interest-bearing borrowings, which includes a Gearing ratio and an Interest Coverage ratio, consistent with the methodology held within the Common Terms Deed relating to the Group's borrowings. As at 30 June 2024, the Group was in compliance with all financial covenants.

A failure to meet a financial covenant could permit the lender to seek repayment of committed facilities. There have been no breaches of financial covenants relating to any loans and borrowings in the current or prior year.

The Group manages its capital structure carefully to ensure it meet its capital management objectives through economic cycles. Furthermore, it can make additional adjustments, including amending distribution payments to securityholders, returning capital to securityholders, or issuing new securities.

Loan covenants

Financial covenants under the terms of the Group's borrowing agreement require the Group to ensure that the gearing ratio does not exceed 55% and the interest cover ratio does not fall below 2.0x. The Group has complied with these covenants throughout the reporting period. The Gearing Ratio at 30 June 2024 was 26.6% (30 June 2023: 19.8%) against a maximum covenant level of 55%. The Interest Cover Ratio at 30 June 2024 was 3.2x (30 June 2023: 4.1x), against a minimum covenant level of 2.0x.

Dividends and distributions

Distributions have been made and declared as noted below.

	NSPT Group	
	2024 \$'000	2023 \$'000
NSPT interim distribution of 5.5 cents per unit paid on 1 March 2024 (2023: 5.5 cents per unit)	74,863	66,001
NSPT final distribution of 5.5 cents per unit payable on 2 September 2024 (2023: 5.5 cents per unit)	75,369	74,161
	150,232	140,162

There are no proposed distributions not recognised as a liability for the year ended 30 June 2024. The Directors of NSH have not declared an interim or final dividend for the year ended 30 June 2024.

Franking credit balance

	2024 \$'000	2023 \$'000
Franking credits available for subsequent financial years based on a tax rate of 30% (2023: 30%)	36,106	17,409

The above amounts are calculated from the balance of the NSH franking account at the end of the reporting period. The NSPT Group does not have franking credits as distributions are paid from NSPT which is not liable to pay income tax provided all taxable income is distributed.

18. RELATED PARTY TRANSACTIONS

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

Transactions with Related Parties		Revenue from related parties	Purchases from related parties	Amount owed by related parties	Amount owed to related parties
		\$	\$	\$	\$
Bundall Commercial Trust	2024	152,086	-	-	-
	2023	230,036	-	2,915,866	-
Bundall Storage Trust	2024	67,521	-	-	-
	2023	327,056	-	3,717,686	-
Bundall Storage Operations Pty Ltd	2024	187,020	-	-	-
	2023	199,408	-	390,732	-
Spacer Technologies Pty Ltd	2024	-	82,645	-	22,500
	2023	-	73,148	-	-
The TBF & NS Trust	2024	1,279,052	-	-	-
	2023	224,026	-	51,346	-
Moorooka Storage Operations Pty Ltd	2024	77,289	-	-	-
	2023	38,217	-	41,551	-
BFNS Operations Pty Ltd	2024	132,309	-	134,127	-
	2023	-	-	-	-
BFNS Trust	2024	2,421,141	-	8,971,141	-
	2023	-	-	-	-

Terms and conditions of transactions with related parties

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

As at 30 June 2024, the Group had receivables outstanding of \$6,550,000 with the BFNS Trust relating to amounts drawn under facility agreements. During the year, receivables owing from Bundall Commercial Trust (30 June 2023: \$1,775,000) and Bundall Storage Trust (30 June 2023: \$2,850,000) were fully repaid. These are included in the table above.

The BFNS Trust facility agreement has a term of 2 years and is interest bearing on commercial rates. The receivable with the BFNS Trust have been classed as a current receivable in the consolidated statement of financial position as it is expected to be repaid within 12 months of 30 June 2024. All other outstanding balances are unsecured and interest free.

The remaining amounts owed by these entities relate to management fees and accrued interest not paid at 30 June 2024 and 30 June 2023.

There have been no guarantees provided or received for any related party receivables or payables. For the years ended 30 June 2024 and 30 June 2023, the Group has not recorded any impairment of receivables relating to amounts owed by related parties.

Key management personnel compensation

	Consolidated Group	
	2024	2023
	\$'000	\$'000
Short-term employee benefits	4,626	4,571
Post-employment benefits	120	122
Equity settled short-term benefits	556	576
Equity settled long-term benefits	1,015	1,148
Other long-term benefits	490	546
Termination benefits	263	-
	7,070	6,963

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

Key management personnel's interest in the Equity Incentive Plan

Performance rights held by key management personnel under the Equity Incentive Plan for the year ended 30 June 2024 and 30 June 2023 are listed below:

Date of grant	Assessment period	2024	2023
		Number outstanding	Number outstanding
2022	1-July-20 to 30-June-23	-	561,700
2022	1-July-21 to 30-June-24	496,600	561,700
2023	1-July-22 to 30-June-25	514,500	595,100
2024	1-July-23 to 30-June-26	549,800	-
		1,560,900	1,718,500

19. COMMITMENTS AND CONTINGENCIES

Capital commitments

As at 30 June 2024, the Group held commitments to purchase four freehold investment properties and five development sites in Australia for \$89.4m (30 June 2023: three freehold investment properties and six development sites for \$69.4m).

As at 30 June 2024, the Group has contractual commitments in place for the construction of self-storage centres in Australia for \$249.6m (30 June 2023: \$161.4m). (see note 11.4). \$66.2m of these commitments relate to assets held for sale at 30 June 2024 where the resultant commitment cash outflow is not expected to be incurred by the Group.

The Group is also committed to invest \$34.1m into the National Storage Ventures Fund.

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

Lease liability commitments

For details of lease liability commitments see note 10.7.

Guarantees and contingent liabilities

The Group has provided bank guarantees of \$6.6m (2023: \$6.8m). These are provided to third party lessors and other related entities.

The Group did not have any other contingent liabilities as at 30 June 2024 or 30 June 2023.

20. EARNINGS PER STAPLED SECURITY ("EPS")

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

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

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

	2024 cents	2023 cents (restated)
Basic earnings per stapled security	16.90	25.75
Diluted earnings per stapled security	16.89	25.71

Reconciliation of earnings used in calculating earnings per stapled security

	\$'000	\$'000
Net profit attributable to stapled security holders	230,271	320,400

	No. of securities	No. of securities (restated)
Weighted average number of securities on issue during the year	1,361,883,416	1,236,914,113
Adjustment under AASB 133 to reflect discount to market price on issue of new capital	348,043	7,414,878
Weighted average number of securities used to calculate basic and diluted earnings per stapled security	1,362,231,459	1,244,328,991
Effects of dilution from issue of performance rights and restricted securities	1,241,610	1,678,856
Weighted average number of securities for diluted earnings per stapled security	1,363,473,069	1,246,007,847

As required by AASB 133 *Earnings per share*, for issues of capital raises during the year ended 30 June 2024 and 30 June 2023, the weighted average number of securities on issue used to calculate statutory basic and diluted earnings per stapled security has been adjusted to reflect the difference between the issue price and the fair value of securities prior to issue. No actual securities were issued relating to this adjustment.

The weighted average number of stapled securities for the year ended 30 June 2023 used to calculate basic and diluted earnings per stapled security has also been restated on this basis.

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.

21. SHARE-BASED PAYMENTS

Executive remuneration 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

The equity component of 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. In the event that these conditions are not met, the restricted securities do not vest.

The maximum value of the STI payable under the FY24 award is set at 30 June 2023, with the number of instruments to be granted calculated using the 30-day volume weighted average price ("VWAP") to 30 June 2024.

For the year ended 30 June 2024, the Group has recognised \$0.6m of share-based payment expense in the consolidated statement of profit or loss for restricted securities expected to be issued under the FY24 STI award (30 June 2023: \$0.6m).

Long-term incentive remuneration

The equity component of LTI remuneration is structured through the issuance of performance rights at the commencement of a 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 service and vesting conditions. If these vesting conditions are not met, the performance rights will lapse. There is no consideration payable by the participant upon vesting of the performance rights.

The following table illustrates the number of, and movements in, performance rights during the year:

	2024 No. of rights	2023 No. of rights
Outstanding as at 1 July	1,718,500	1,123,400
Granted during the year	633,900	595,100
Vested during the year	(561,700)	-
Forfeited during the year	(229,800)	-
Outstanding at 30 June	1,560,900	1,718,500
Exercisable at 30 June	496,600	561,700

Fair value of performance rights

Performance rights contain both a market vesting condition (TSR) and a non-market vesting condition (EPS growth target). The fair value of performance rights containing a market vesting condition are estimated at the date of grant using a Monte Carlo simulation and trinomial lattice combination, taking into account the terms and conditions on which the performance rights were granted. The model simulates the TSR and compares it with a group of principal competitors. It takes into account historical and expected dividends, and share price volatility of the Group relative to that of its competitors so as to predict the share performance.

The fair value of performance rights containing a non-market vesting condition (EPS growth target) are estimated at the date of grant using a binomial model, taking into account the terms and conditions on which the performance rights were granted.

Both models were prepared by an independent valuation expert.

The following table lists the model inputs used to determine the fair value at grant date of performance rights issued under the Plan:

	Grant date	Vesting date	Share price at grant date	Expected volatility	Dividend yield	Risk-free interest rate
			\$	%	%	%
FY24 performance rights	22-Nov-21	30-Jun-24	2.43	30.22	3.37	0.96
FY25 performance rights	11-Nov-22	30-Jun-25	2.49	32.20	4.34	3.16
FY26 performance rights	02-Nov-23	30-Jun-26	2.03	22.00	5.42	4.31

The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the performance rights is indicative of future trends, which may not necessarily be the actual outcome.

The weighted average fair value of performance rights granted during the year ended 30 June 2024 was \$1.22 (year ended 30 June 2023: \$1.61).

Expenses arising from performance rights

For the year ended 30 June 2024, the Group has recognised \$0.6m of share-based payment expense in the consolidated statement of profit or loss for performance rights granted (30 June 2023: \$0.9m).

During the year ended 30 June 2024, Claire Fidler ceased to be a KMP and subsequently forfeited all unvested performance rights. \$0.2m of share-based payment expense previously recognised under AASB 2 in respect of unvested performance rights has been reversed in the year ended 30 June 2024 as a result. There were no other cancellations or modifications to the awards in 2023 or 2024.

22. AUDITORS' REMUNERATION

The auditor of the Group is Ernst & Young Australia.

	2024	2023
	\$	\$
Amounts received or due and receivable by Ernst & Young Australia for:		
Category 1 – Fees for auditing the statutory financial report of the group and any other group entity	716,881	712,094
Category 2 – Fees for assurance services that are required by legislation to be provided by the auditor	-	-
Category 3 – Fees for other assurance services under other legislation or contractual arrangements where there is discretion on service provider	40,200	38,200
Category 4 – Fees for other services	216,761	70,716
Total auditors' remuneration	973,842	821,010

23. INFORMATION RELATING TO THE PARENT ENTITY

Summary financial information

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

	2024	2023
	\$'000	\$'000
Current assets	176,096	122,620
Total assets	193,613	145,165
Current liabilities	(87,672)	(21,560)
Total liabilities	(88,114)	(22,298)
Net assets	105,499	122,867
Issued capital	194,253	190,186
Other reserves	2,146	2,420
Retained earnings / (deficit)	(90,900)	(69,739)
	105,499	122,867
Loss after tax	(21,160)	(22,437)
Total comprehensive loss	(21,160)	(22,437)

Guarantees entered into by the parent entity

The Group's parent entity has provided bank guarantees of \$2.4m (2023: \$2.4m). These are provided to third party lessors and other related entities. In addition, there are cross guarantees given by National Storage Holdings Limited, National Storage (Operations) Pty Ltd, Southern Cross Storage Operations Pty Ltd, and National Storage Pty Ltd as described in note 24. No deficiencies of assets exist in any of these companies.

Contingent liabilities of the parent entity

The Group's parent entity did not have any contingent liabilities as at 30 June 2024 or 30 June 2023.

24. DEED OF CROSS GUARANTEE

As at 30 June 2024 and 30 June 2023, National Storage Holdings Limited, National Storage (Operations) Pty Ltd, Southern Cross Storage Operations Pty Ltd and National Storage Pty Ltd are parties to a deed of cross guarantee under which each company guarantees the debts of the others. By entering into the deed, the wholly-owned entities have been relieved from the requirement to prepare a financial report and Directors' report under ASIC Corporations (wholly-owned companies) instrument 2016/785 issued by the Australian Securities and Investments Commission.

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

Consolidated statement of comprehensive income	2024	2023
	\$'000	\$'000
Profit before income tax	36,436	48,522
Income tax expense	(10,094)	(12,053)
Profit after income tax	26,342	36,469
Retained earnings at the beginning of the year	69,315	31,646
Dividends received	1,350	1,200
Retained earnings at the end of the year	97,007	69,315

Consolidated statement of financial position	2024 \$'000	2023 \$'000
Current assets		
Cash and cash equivalents	28,577	21,797
Trade and other receivables	175,824	161,921
Inventories	1,109	1,528
Other current assets	10,600	10,129
Total current assets	216,110	195,375
Non-current assets		
Trade and other receivables	135	135
Property, plant and equipment	1,383	1,168
Right of use assets	2,795	3,719
Investment properties	1,629,136	1,398,267
Investments	5,932	5,932
Intangibles	29,720	29,310
Deferred tax asset	10,642	8,810
Other non-current assets	-	7,294
Total non-current assets	1,679,743	1,454,635
Total assets	1,895,853	1,650,010
Liabilities		
Current liabilities		
Trade and other payables	13,779	20,785
Lease liabilities	10,557	10,240
Deferred revenue	14,750	15,404
Income tax payable	1,508	8,625
Provisions	5,130	4,731
Total current liabilities	45,724	59,785
Non-current liabilities		
Trade and other payables	1,156	1,283
Lease liabilities	1,546,119	1,317,662
Provisions	9,448	9,359
Total non-current liabilities	1,556,723	1,328,304
Total liabilities	1,602,447	1,388,089
Net assets	293,406	261,921
Equity		
Contributed equity	194,253	190,186
Other reserves	2,146	2,420
Retained profits	97,007	69,315
Total equity	293,406	261,921

25. EVENTS AFTER REPORTING PERIOD

For the period from 1 July 2024 to the date of this report the Group settled one storage centre investment property, and four development sites for total consideration of \$62.2m.

In July 2024, the Group increased the size of its NZD interest rate derivatives by \$25m NZD and extended the final maturity date to 23 June 2028.

In August 2024, the Group transacted \$260m of new interest rate derivatives, comprising of interest rate swaps and interest rate caps. These commence on 23 December 2024 and mature on 23 December 2026. The Group also entered into \$260m of interest rate swaptions which commence on 23 December 2026 and mature on 23 December 2029.

CONSOLIDATED ENTITY DISCLOSURE STATEMENT

As at 30 June 2024

Entity name	Entity type	Body corporates		Tax residency	
		Place of incorporation	Equity interest	Australian or foreign	Foreign jurisdiction
National Storage Holdings Limited	Company	Australia	100%	Australian	N/A
National Storage (Operations) Pty Ltd	Company	Australia	100%	Australian	N/A
Southern Cross Storage Operations Pty Ltd	Company	Australia	100%	Australian	N/A
National Storage Financial Services Limited	Company	Australia	100%	Australian	N/A
Wine Ark Pty Ltd	Company	Australia	100%	Australian	N/A
Southern Cross Storage Operations Pty Ltd	Company	Australia	100%	Australian	N/A
National Storage Finance Pty Ltd	Company	Australia	100%	Australian	N/A
NS Development Co 1 Pty Ltd	Company	Australia	100%	Australian	N/A
National Storage No.2 Pty Ltd	Company	Australia	100%	Australian	N/A
National Storage No.3 Pty Ltd	Company	Australia	100%	Australian	N/A
National Storage Limited*	Company	New Zealand	100%	Australian	New Zealand
National Storage Pty Ltd	Company	Australia	100%	Australian	N/A
National Storage Developments Pty Ltd**	Company	Australia	100%	Australian	N/A
National Storage Investments Pty Ltd	Company	Australia	100%	Australian	N/A
Runway Technologies Pty Ltd	Company	Australia	100%	Australian	N/A
National Storage Property Trust	Trust	N/A	N/A	Australian	N/A
National Storage Victorian Property Trust	Trust	N/A	N/A	Australian	N/A
National Storage New Zealand Property Trust	Trust	N/A	N/A	Australian	N/A
National Storage Southern Trust	Trust	N/A	N/A	Australian	N/A
National Storage Investment Trust	Trust	N/A	N/A	Australian	N/A
National Storage Active Investment Trust	Trust	N/A	N/A	Australian	N/A
National Storage Finance Trust	Trust	N/A	N/A	Australian	N/A

* National Storage Limited is a tax resident of Australia and New Zealand.

** Strategic Storage Consulting Pty Ltd changed name to National Storage Developments Pty Ltd on 4 July 2024

DIRECTORS' DECLARATION

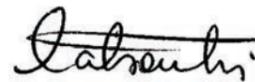
In accordance with a resolution of the Directors of National Storage Holdings Limited, the Directors state that:

1. In the opinion of the Directors:
 - (a) the financial statements and notes of the Group for the year ended 30 June 2024 are in accordance with the *Corporations Act 2001*, including:
 - i. giving a true and fair view of the consolidated entity's financial position as at 30 June 2024 and of its performance for the year ended on that date; and
 - ii. complying with Accounting Standards and the *Corporations Regulations 2001*;
 - (b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in note 2(b);
 - (c) there are reasonable grounds to believe that NSR will be able to pay its debts as and when they become due and payable;
 - (d) as at the date of this declaration, there are reasonable grounds to believe that the members of the Closed Group identified in Note 24 will be able to meet any obligations or liabilities to which they are or may become subject, by virtue of the Deed of Cross Guarantee; and
 - (e) the consolidated entity disclosure statement of the Group for the year ended 30 June 2024 is true and correct.
2. This declaration has been made after receiving the declarations required to be made to the Directors by the Chief Executive Officer and Chief Financial Officer in accordance with section 295A of the *Corporations Act 2001* for the financial year ended 30 June 2024.

On behalf of the Board,



Anthony Keane
Non-Executive Chairman
21 August 2024
Brisbane



Andrew Catsoulis
Managing Director
21 August 2024
Brisbane



Ernst & Young
111 Eagle Street
Brisbane QLD 4000 Australia
GPO Box 7878 Brisbane QLD 4001

Tel: +61 7 3011 3333
Fax: +61 7 3011 3100
ey.com/au

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

Report on the audit of the financial report

Opinion

We have audited the financial report of National Storage REIT (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2024, the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including summary of material accounting policy information, the consolidated entity disclosure statement and the directors' declaration.

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

- a. Giving a true and fair view of the consolidated financial position of the Group as at 30 June 2024 and of its consolidated financial performance for the year ended on that date; and
- b. Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

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

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

Key audit matters

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

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

Investment property valuation

Why significant	How our audit addressed the key audit matter
<p>Investment properties represent approximately 93% of the Group's total assets. These assets are carried at fair value, which is assessed by the directors with reference to either external independent property valuations or internal valuations and are based on market conditions existing at reporting date.</p> <p>This was considered a key audit matter due to the number of judgments required in determining fair value. These judgments include assessing: capitalisation rates; sustainable occupancy; and stabilised EBITDA (earnings before interest, tax, depreciation and amortisation).</p> <p>Disclosure relating to investment properties and the associated significant judgments are included in Notes 2(o), 3, 11.4, and 11.8 to the financial report.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> ▶ With the involvement of our real estate valuation specialists, we assessed: <ul style="list-style-type: none"> ▶ The suitability of the valuation methodologies used; ▶ The competence, qualifications and objectivity of both the Group's internal valuers and external valuation experts; and ▶ The reasonableness of key assumptions and inputs used in the valuations. These assumptions and inputs included capitalisation rates occupancy rates including forecast occupancy levels, and stabilised EBITDA. ▶ Agreed source data used in the valuations to supporting tenancy schedules and accounting sub-ledgers; ▶ Tested the mathematical accuracy of the internal valuation model, including assessing key valuation inputs with reference to those applied by the external valuation experts and where relevant we assessed the reasonableness of comparable transactions used in the valuation process; ▶ Where relevant, we evaluated the movement in the capitalisation rates, occupancy rates, and stabilised EBITDA across the portfolio based on our knowledge of the property portfolio, comparable acquisition transactions in the period, published industry reports and comparable external valuations; and <p>We considered the adequacy of disclosures in relation to the valuation methods and principles disclosed in Note 2(o) <i>Summary of material accounting policy information - Investment properties</i>, Note 3 <i>Significant accounting judgements, estimates and assumptions - Revaluation of investment properties</i>, Note 11.4 <i>Investment properties</i> and Note 11.8 <i>Non-financial assets fair value measurement</i>.</p>

Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information comprises the information included in the Company's 2024 annual report, but does not include the financial report and our auditor's report thereon.

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

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

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

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of:

- ▶ The financial report (other than the consolidated entity disclosure statement) that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001; and;
- ▶ The consolidated entity disclosure statement that is true and correct in accordance with the Corporations Act 2001, and

for such internal control as the directors determine is necessary to enable the preparation of:

- ▶ The financial report (other than the consolidated entity disclosure statement) that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- ▶ The consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial report

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

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

- ▶ Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- ▶ Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- ▶ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on the audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 43 to 59 of the directors' report for the year ended 30 June 2024.

In our opinion, the Remuneration Report of National Storage REIT for the year ended 30 June 2024, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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



Ernst & Young



Wade Hansen
Partner
Brisbane
21 August 2024

ASX ADDITIONAL INFORMATION

Additional information required by the Australian Securities Exchange and not shown elsewhere in this report is as follows. The information is current as at 29 July 2024 unless stated below:

(a) Distribution of equity securities

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

Holding	Total holders
1 - 1,000	1,397
1,001 - 5,000	2,013
5,001 - 10,000	1,441
10,001 - 100,000	2,733
100,001 - And over	150
Total	<u>7,734</u>

There were 400 holders of less than a marketable parcel of stapled securities, representing 12,490 units.

(b) Equity security holders

Twenty largest quoted equity security holders

The names of the twenty largest holders of quoted equity securities as at 15 July 2024 are listed below:

Name	Stapled Securities	
	Number held	% of issued securities
HSBC Custody Nominees (Australia) Limited	652,125,140	47.59
J P Morgan Nominees Australia Limited	242,304,499	17.68
Citicorp Nominees Pty Limited	166,967,417	12.18
BNP Paribas Nominees Pty Ltd	77,127,634	5.63
Perpetual Trustee Company Ltd	40,369,952	2.95
National Nominees Limited	28,103,058	2.05
HSBC Custody Nominees (Australia) Limited – A/C 2	19,608,964	1.43
IOOF Investment Services Ltd	5,322,397	0.39
Hooks Enterprise	3,400,000	0.25
Oakharbour Pty Ltd	3,400,000	0.25
Netwealth Investments Limited	2,999,077	0.22
BNP Paribas Nominees (NZ) Limited – A/C NZCSD	2,345,916	0.17
Leyshon Investments (Australia) Pty Ltd	2,252,449	0.16
Leendert Hoeksema	1,980,000	0.14
Brindle Super Pty Ltd	1,523,488	0.11
Merrill Lynch (Australia) Nominees Pty Ltd	1,298,211	0.09
Dorvell Pty Ltd	1,051,839	0.08
Green 9 Pty Ltd	1,020,408	0.07
Charter Hall Wholesale Management Ltd	1,000,000	0.07
Woodross Nominees Pty Limited	946,533	0.07
	<u>1,228,146,982</u>	<u>91.58</u>

Unquoted equity securities

	Number on issue	Number of holders
Performance rights	1,560,900	2

(c) Substantial shareholders

Substantial securityholders, as at 14 July 2024, are set out below:

Name	Number held	Percentage
Vanguard Investments Australia Ltd	71,791,374	5.2%

(d) Voting rights

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

INVESTOR RELATIONS

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

NATIONAL STORAGE REIT SECURITIES

A stapled security comprises:

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

CONTACT DETAILS

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

SECURITIES REGISTRY

Computershare Investor Services Pty Limited
GPO Box 2975 Melbourne VIC 3001 Australia
Telephone: 1300 850 505 (Australia only)
International: +61 (0) 3 9415 4000

Email using the online form:

computershare.com/Investor/#Contact/Enquiry

ELECTRONIC INFORMATION

By registering your email address, you can then receive via email notifications and announcements, distribution statements, taxation statements and annual reports.

SECURE ACCESS TO YOUR SECURITYHOLDING

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

ONLINE

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

PHONE

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

DISTRIBUTION DETAILS

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

DIRECT CREDIT

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

TAX FILE NUMBER (TFN)

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

UNPRESENTED CHEQUES

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

AMMA STATEMENT AND TAX GUIDE

The annual attribution managed investment trust member annual statement (AMMA Statement) and Tax Guide are dispatched to securityholders in September each year. A copy of the Tax Guide is available at nationalstorageinvest.com.au.

INVESTOR FEEDBACK

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

NSR CALENDAR 2024 - 2025

AUGUST

Full Year Results and Annual Report released

SEPTEMBER

Distribution paid for the six months ended 30 June
Annual AMMA Statement released
Notice of Annual General Meeting released

OCTOBER

Annual General Meeting

FEBRUARY

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

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



CORPORATE DIRECTORY

RESPONSIBLE ENTITY OF NSPT

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

DIRECTORS

Anthony Keane
Andrew Catsoulis
Howard Brenchley
Inma Beaumont
Scott Smith

COMPANY SECRETARY

Katherine Hammond

REGISTERED OFFICE

Level 16, 1 Eagle Street, Brisbane QLD 4000

PRINCIPAL PLACE OF BUSINESS

Level 16, 1 Eagle Street, Brisbane QLD 4000

SHARE REGISTRY

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

AUDITORS

Ernst & Young, 111 Eagle Street, Brisbane QLD 4000

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

The logo for National Storage is a yellow square with the words "NATIONAL" and "STORAGE" stacked vertically in black, bold, sans-serif capital letters. The text is centered within the square.

**NATIONAL
STORAGE**