

The image shows a modern, two-story commercial building at night. The building has a light-colored facade and a dark roof. A large window on the left side of the building is illuminated from within, showing several yellow doors. To the right of the window, the words "HUMIDITY CONTROLLED" are written in large, black, sans-serif capital letters. Further to the right, a yellow sign with the "NATIONAL STORAGE" logo is mounted on the wall. The building is lit up with several bright spotlights. In the foreground, there is a dark road with red light trails from passing vehicles. The entire image is overlaid with a yellow hexagonal pattern.

**NATIONAL
STORAGE**

**SUSTAINABILITY
REPORT**
2017/2018

CONTENTS

04	MESSAGE FROM THE MANAGING DIRECTOR
06	ABOUT THIS REPORT
08	ABOUT NATIONAL STORAGE
10	OUR OPERATIONS
12	OUR SERVICES
14	OUR STRATEGY
16	SUSTAINABILITY AT NATIONAL STORAGE
18	BOARD OF DIRECTORS
26	OUR ECONOMIC PERFORMANCE FY18
28	INVESTMENT PARTNERS
33	OUR EMPLOYEES
35	OUR CUSTOMERS
36	OUR COMMUNITIES
38	OUR ENVIRONMENT
42	GRI CONTENT INDEX
46	APPENDIX: STAKEHOLDER ENGAGEMENT
50	CORPORATE DIRECTORY

MESSAGE FROM THE MANAGING DIRECTOR

National Storage continues its commitment to responsible investing with a focus on creating long term sustainable value for its stakeholders. In doing so we follow principles of environmental and social sustainability and good governance (ESG). This is reflected in our management approach to actively operating our storage centres, our engagement with our teams and in our active management of our asset portfolios. This report aligns to the Global Reporting Initiative Standards (GRI).

NSR's approach to sustainability actively aligns its management of social, environmental and governance issues across the life cycle of our storage properties. Our properties are designed to be resilient thereby minimising their environmental footprint. There is minimum need for major refurbishment due to longevity of materials used in their construction and the use of flexible systems allow for easy and cost effective reconfiguration of storage units to suit an individual customer's needs.

Our approach forms the basis from which sustainability commitments and targets are formed, and how achievement is measured. National Storage actively seeks to provide a flexible environment which can respond to the needs of our customers, as those needs evolve. National Storage assets assist in accommodating the changing needs of the communities which these assets service – providing short and long term storage solutions for our residential customers whether they are building a new home or downsizing from an existing dwelling, refurbishing, buying or selling.

From a business customer perspective National Storage offers adaptable solutions providing for more efficient and lower cost business outcomes thereby helping to minimise businesses' carbon footprint. From a community perspective National Storage strives to be a positive force in the development of strong integrated local communities. We support over 55 local not-for-profit organisations, charities and community groups across Australia and New Zealand. National Storage also has a strong focus on the people who work in and utilise our properties, and on maximising their wellbeing by providing safe, productive and positive environments.

Our sustainability and governance framework exists as a living ecosystem, providing a strategy which drives our actions and which strives to create outcomes that are manifested in the day to day operation of our businesses. Material issues are identified by our program of ongoing proactive



engagement with stakeholders in the business and these issues are actively managed under the ESG framework. One such example is the continuing evolution of our risk matrix and management's commitment to minimise risk across all functions of the business. Our policies are reviewed at a board and senior executive level and these policies are communicated throughout the organisation via a well-developed intranet and our "NS Learn" portal. Our policies are designed to manage any potentially significant economic, environmental, and social impacts that National Storage causes, contributes to, or that may be directly linked to our service delivery, products or as a result of relationships with others, including our suppliers and communities.

We continue to progress our program which is intended to, where possible, achieve a meaningful reduction in our carbon footprint, improved recycling initiatives and greater staff engagement and diversity. In this regard Phase 1 of our solar and energy efficiency program, witnessed the rollout of solar photovoltaic systems, to in excess of 50 sites across every state and territory of Australia. This has resulted in over 1.3MW of installed solar panels, predicting a decreased electricity usage of around 2GWh per year, or approximately \$400,000 in expected cost savings for FY19. With Phase 1 nearing completion, National Storage is embarking on Phase 2 of the energy efficiency program. Phase 2 will deliver an additional 40 sites. This additional rollout will take the total number of National Storage sites with solar installed to over 100 (inclusive of Centres with solar already installed prior to implementation of the energy efficiency program).

The feasibility study completed has indicated that Phase 2 will add a further 2.2MW of solar panels resulting in reduced electricity usage of 1.8GWh per year. The Phase 2 program is being expanded to initially include the conversion of 57 sites to full LED lighting with sensors. This will require the replacement of over 15,000 lights and provide a reduction in lighting requirements in excess of 2.1GWh per year.

On completion of the program, our focus on energy efficiency will result in an expected emissions reduction of over 3,000 t-CO₂-e annually.

Our recycling and box buy-back programs similarly seek to reduce waste and promote recycling of consumables by incentivising our customers to conserve and reuse (or make available for reuse) packaging materials.

As an LGBTI positive employer we are proud to continue our support of the Pride in Workplace Diversity Initiative. Every National Storage workplace is an inclusive environment for all employees, regardless of race or ethnicity, gender, age, disability, religion, sexual orientation, gender identity and intersex status. Our WGEA reporting in FY18 highlighted our workforce of over 53% of females with over 27% females in management.

At National Storage we operate in an environment where ESG is part of our everyday business operation. Our ESG initiatives help drive corporate governance and performance, thereby positively impacting on the deployment of our capital within a framework which is focused on providing a stable and growing return to investors while carefully managing organisational risk, with ESG factors being top of mind.

Our FY18 ESG performance builds on FY17, particularly in the areas of solar PV deployment, energy efficiency, reduction in our carbon footprint and our continuing efforts to contribute positively to our surrounding communities. Employee engagement, diversity and community engagement remain of paramount concern and focus to National Storage, and this year's results are a benchmark for future performance. We look forward to continuing our work in this space, and progressing a number of ESG initiatives throughout FY19 and into the future. Follow our progress online at www.nationalstorageinvest.com.au.

Yours sincerely

Andrew Catsoulis
Managing Director



ABOUT THIS REPORT

This report is National Storage REIT's second sustainability report and is aligned with the Global Reporting Initiative (GRI) Standards. The report provides an overview of our performance on material topics for the FY18 period (1 July 2017 to 30 June 2018). We will continue to report to the GRI Standards annually.

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

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

We have previously engaged in a session with GRI expert and Certified Training Partner ZOOiD, to identify and prioritise stakeholders, and to identify topics most material to National Storage. These have again been reviewed for the FY18 period. The GRI Reporting Principles incorporated into the review were as follows:

- A review of stakeholders and associated engagement throughout the reporting year was conducted, but not specifically for compilation of this report (GRI Principle 'Stakeholder Inclusiveness')
- Economic, social and environmental impacts of National Storage operations were identified and reviewed (GRI Principle 'Sustainability Context')
- Economic, social and environmental impacts were assessed and ranked in terms of risk to the organisation and stakeholders (GRI Principle 'Materiality')
- The GRI and other topics included in this report are those that have been identified as material to National Storage and its stakeholders in FY18 (GRI Principle 'Completeness') and are:

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



ABOUT NATIONAL STORAGE

National Storage is one of Australasia's largest self storage providers, tailoring self-storage solutions to over 50,000 residential and commercial customers at more than 135 storage centres across Australia and New Zealand.

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

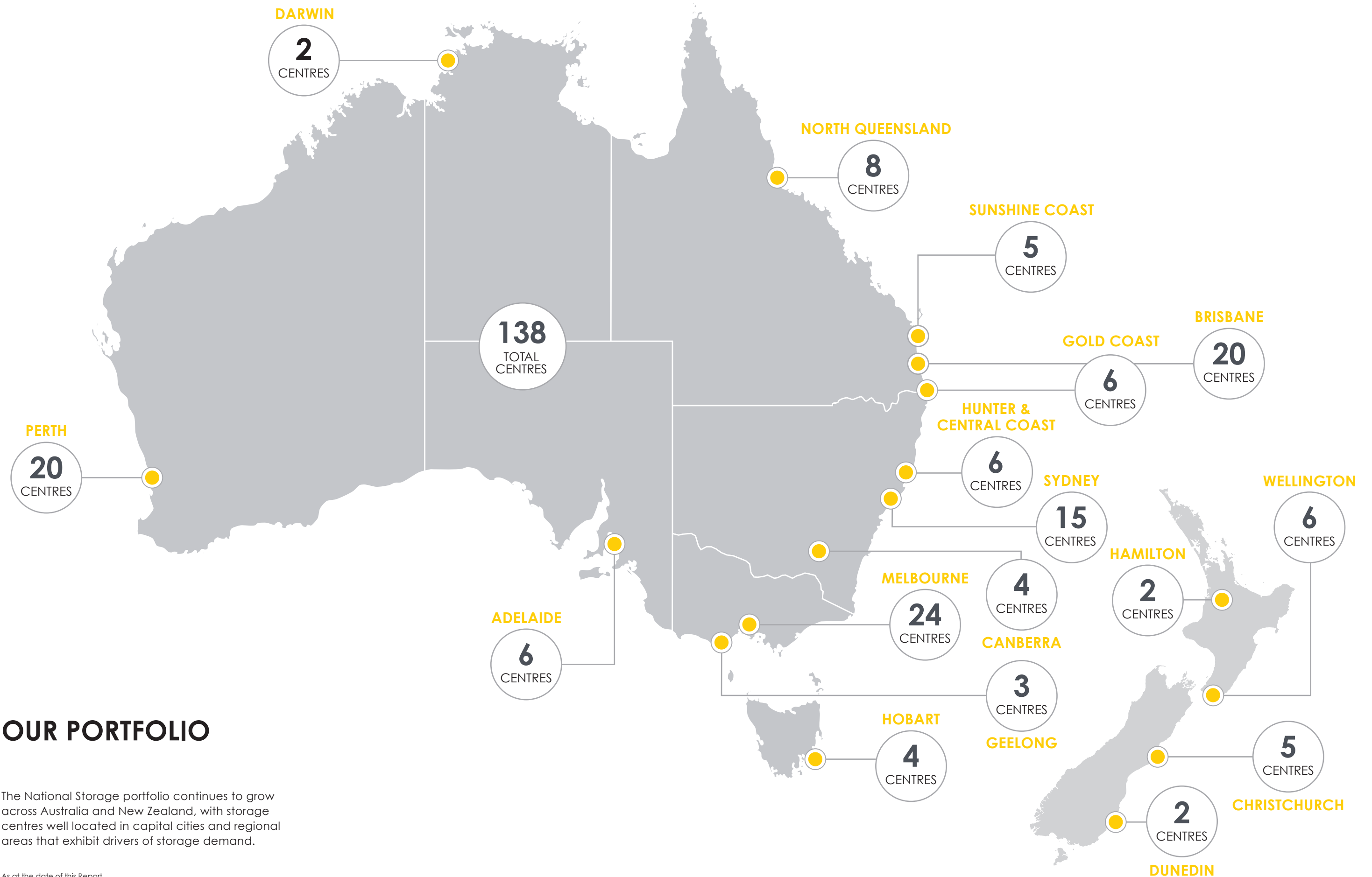
National Storage was established in December 2000, following the merger of Stowaway Self Storage, National Mini Storage and Premier Self Storage. While each company was a leader in its own right, the union consolidated over 30 years' experience in the industry and created a network of centres that delivered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

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

Since listing, National Storage has acquired more than 70 storage centres, growing the National Storage brand into every state and territory in Australia. In 2015, National Storage entered the New Zealand market with five centres in Christchurch and has continued this growth into Hamilton, Wellington and Dunedin.

National Storage continues to pursue accretive acquisition opportunities across Australia and New Zealand as part of its active growth strategy. Our Head Office is located in Brisbane, Australia.





OUR PORTFOLIO

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

As at the date of this Report.

OUR SERVICES



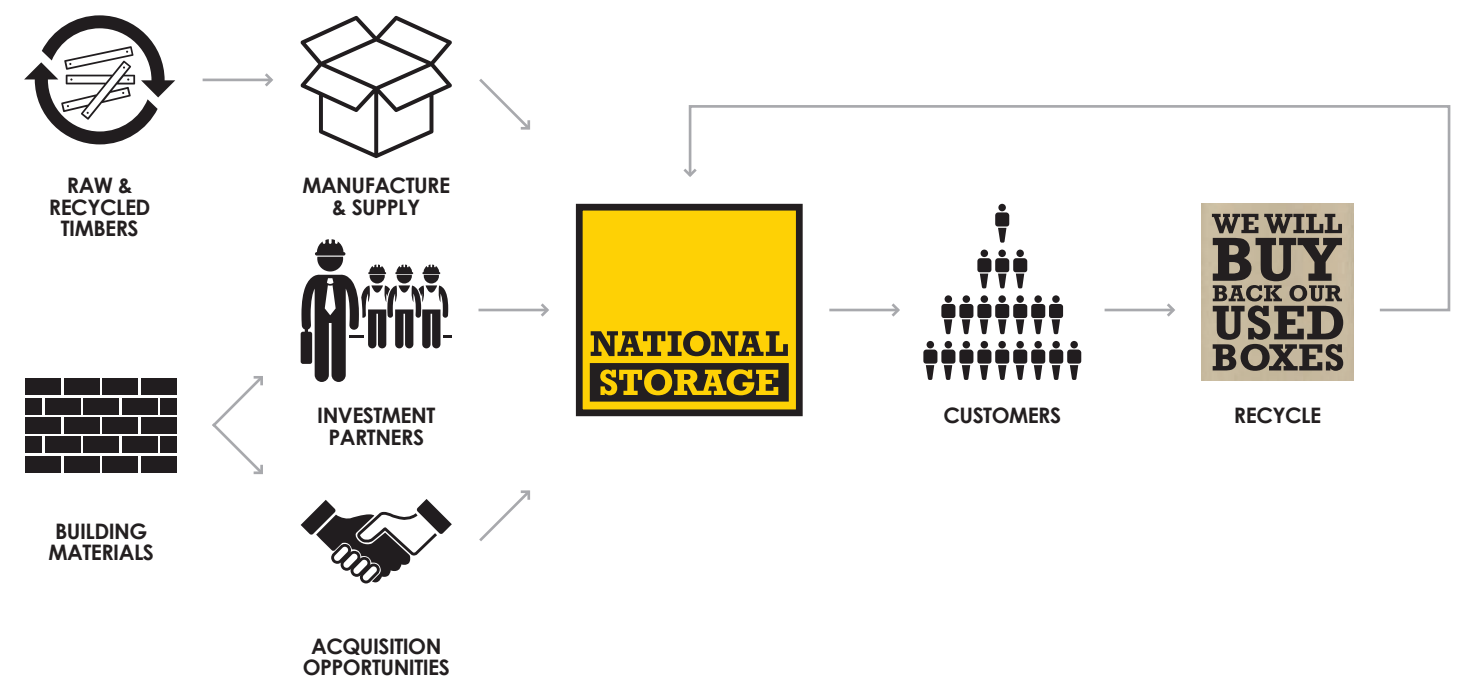
The National Storage offering spans self-storage, business storage, records management, climate controlled wine storage, vehicle storage, vehicle and trailer hire, packaging, insurance and other value added services. Wine Ark, part of the National Storage group, is Australia's largest wine storage provider.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

OUR MEMBERSHIPS



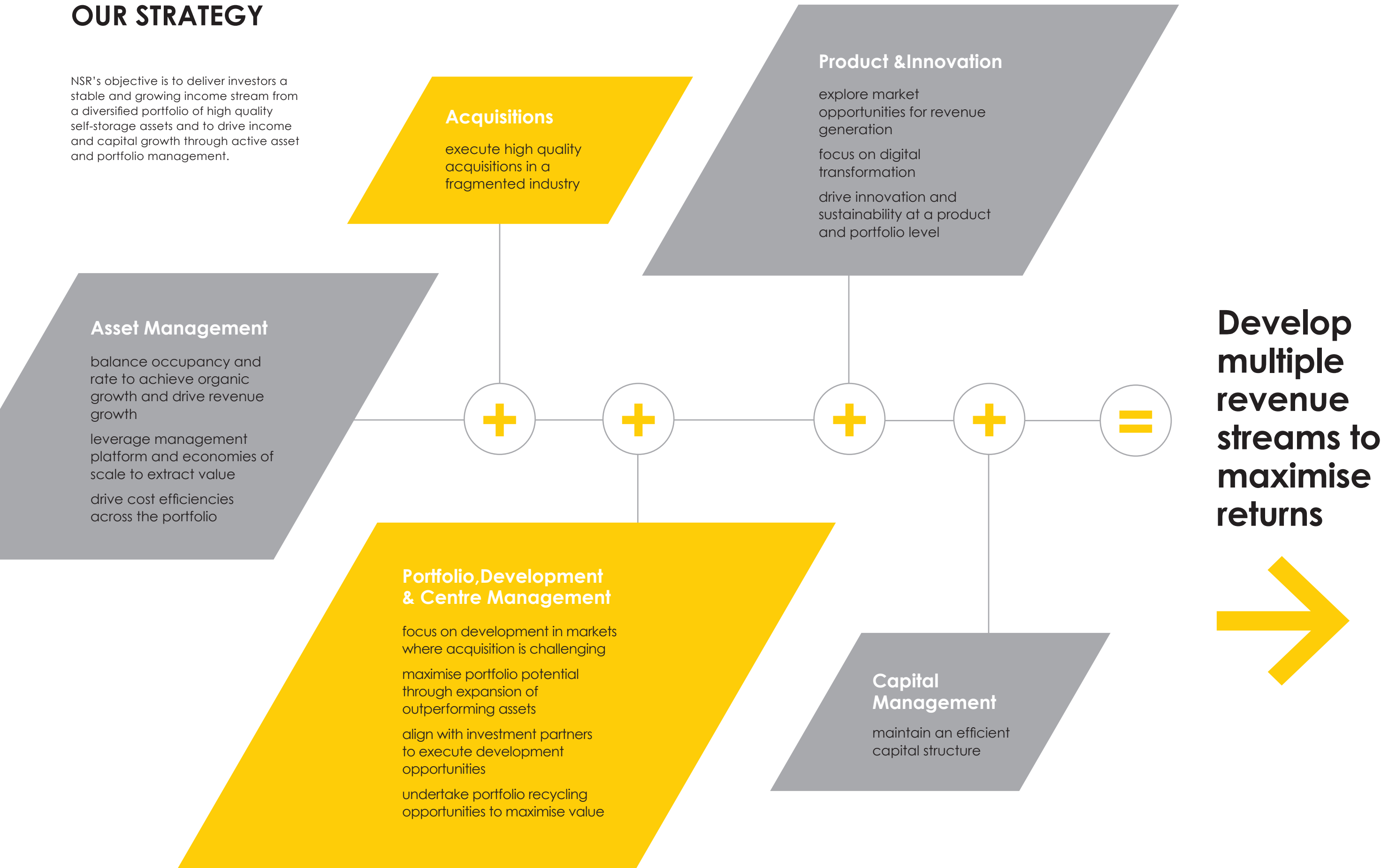
Advice, Awareness, Connect, Collaborate

OUR SUPPLY CHAIN



OUR STRATEGY

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





SUSTAINABILITY AT NATIONAL STORAGE

Following our first sustainability report in FY17 we have continued to refine and strengthen our sustainability framework. National Storage continues to assess its corporate social responsibility impacts and to evolve its sustainability framework to understand the material issues and stakeholder groups and the way we manage and engage on these aspects.

The National Storage values underpin the sustainability framework, with a strong emphasis on engagement and empowerment. The framework continues to be developed and enhanced as we progress on our path to a more sustainable organisation.

GOVERNANCE & ETHICS

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

OUR COMPANY STRUCTURE

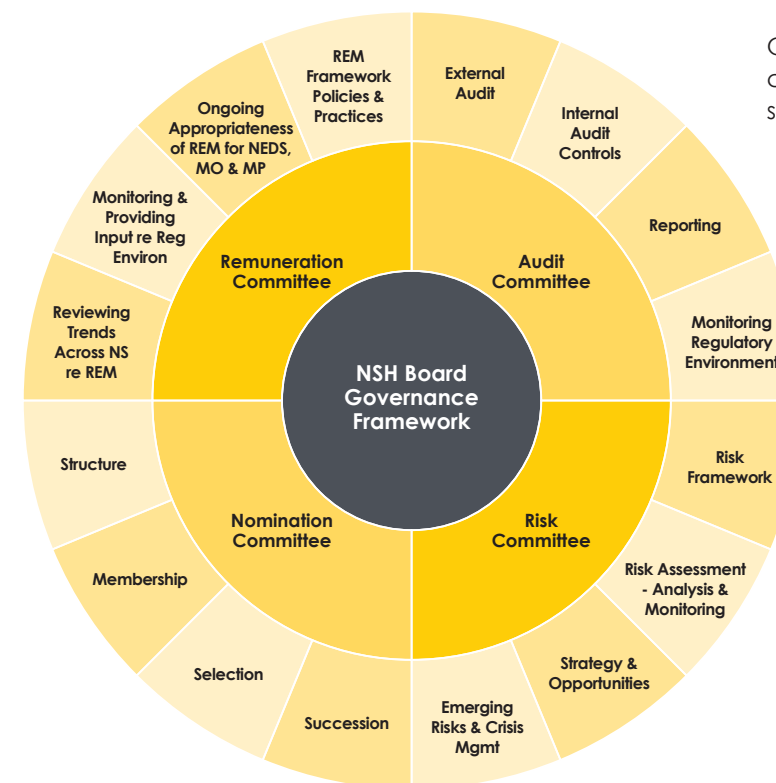
National Storage Holdings Limited (NSH) and National Storage Property Trust (NSPT) together form the stapled entity National Storage REIT. The Responsible Entity of NSPT is National Storage Financial Services Limited (NSFSL).

MANAGING RISK

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

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

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



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

BOARD OF DIRECTORS



LAURENCE BRINDLE

Independent Non-executive Chairman
BCom BE (Hons) MBA

Laurence has extensive experience in funds management, finance and investment. Until 2009 he was an executive with Queensland Investment Corporation (QIC). During his twenty-one years with QIC he served in various senior positions including Head of Global Real Estate where he was responsible for a portfolio of \$9 billion. Laurence was also a long term member of QIC's Investment Strategy Committee. He provides advice to a number of investment institutions on real estate investment and funds management matters. Laurence holds a Bachelor of Engineering (Honours) and a Bachelor of Commerce from the University of Queensland, and a Master of Business Administration from Cass Business School, London where he graduated with distinction. He is a former Chairman of the Shopping Centre Council of Australia and a former director of Westfield Retail Trust and Scentre Group, which owns, operates and develops Westfield shopping centres in Australia and New Zealand. Laurence is also currently the Non-executive Chairman of the listed entity, Viva Energy REIT.

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



ANTHONY KEANE

Independent Non-executive Director
BSc (Maths) GradDipCorpFin

Anthony is an experienced finance and business executive with 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.

He is a Director of Queensland Symphony Orchestra Pty Ltd, Chairman of Oncore Group Holdings Pty Ltd, and Director of EMvision Medical Devices Ltd.

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



HOWARD BRENCHLEY

Independent Non-executive Director
BEc

Howard has over 30 years' involvement in the Australian property industry, as an analyst, investor and fund manager. He is now a professional company director and consultant to the property funds industry. Howard co-founded Property Investment Research Pty Ltd (PIR) in 1989, which during the 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. Howard is currently a non-executive director of the ASX-listed APN Property Group Limited (APD) and is also a non-executive director of APN Funds Management Limited, responsible entity for ASX-listed Industria REIT (IDR) and Convenience Retail REIT (CRR). Until July 2017, APN Funds Management Limited was also responsible entity for Generation Healthcare REIT (GHC).

Howard is a member of the Audit and Risk Committees.



STEVEN LEIGH

Independent Non-executive Director
Grad Dip Proj Mgmt

Steven Leigh joined QIC Global Real Estate in 1991 and was a key member of the senior executive team that acquired and or created through development a portfolio of high quality retail and commercial assets in Australia, USA and the UK. Steven has had significant experience in the wholesale funds management business through various market cycles and conditions and has a strong background in retail, commercial and industrial property with a particular focus on shopping centre acquisitions and redevelopments.

After time as the Managing Director of Trinity Limited, and later Head of Australia for LaSalle Investment Management, Steven re joined QIC as Managing Director QIC Global Real Estate in 2012 where he is responsible for the group's \$12bn plus property portfolio.

Steven was a certified practising valuer and holds a Graduate Diploma in Project Management from the Queensland University of Technology. Steven is an associate member of the Australian Property Institute.

Steven is a member of the Remuneration and Nomination Committees



ANDREW CATSOULIS

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

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

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



CLAIRE FIDLER

Executive Director and Company Secretary
LLB (Honours) B Bus (Intl Bus) GAICD, FGIA

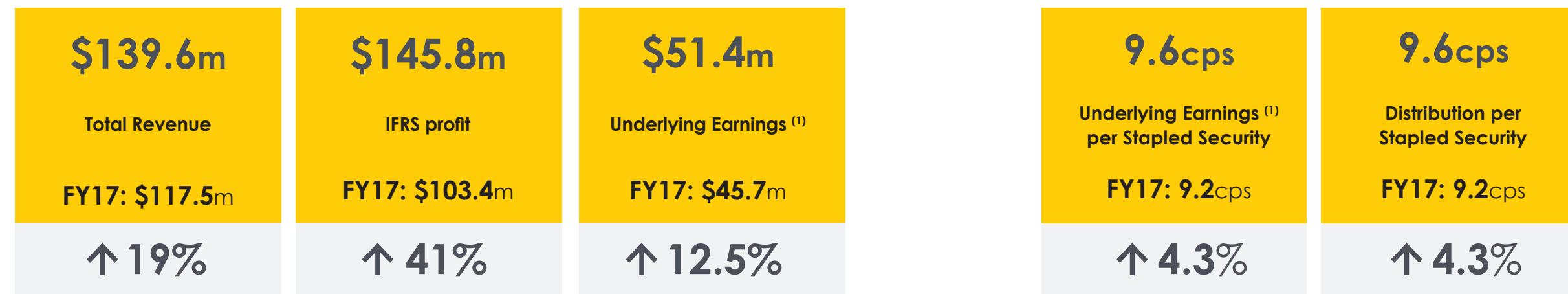
Claire was appointed as the principal company secretary of National Storage on 26 November 2015 and was appointed Executive Director on 18 July 2017. She holds legal and international business qualifications and is admitted as a solicitor of the Supreme Court of Queensland. Claire has over ten years' experience in corporate and commercial law in private practice, having practiced in the litigation, resources and corporate areas of two large law firms. Prior to joining National Storage, Claire spent four and a half years as Corporate Counsel and Company Secretary at Rio Tinto Coal Australia. During this time, in addition to providing legal services to the business, she was responsible for the corporate governance and ASX compliance of one of Rio Tinto's listed subsidiaries as well as managing the corporate secretarial responsibilities of approximately 60 subsidiaries within the group and providing joint venture support. Claire has also worked in corporate compliance with the Australian Securities and Investments Commission.

Claire is a Graduate of the Australian Institute of Company Directors and a Fellow of the Governance Institute of Australia.

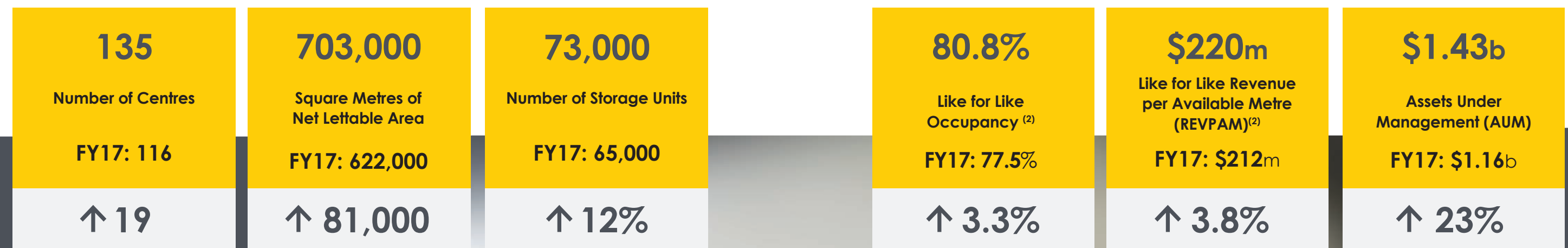


OUR FY18 PERFORMANCE at 30 June 2018

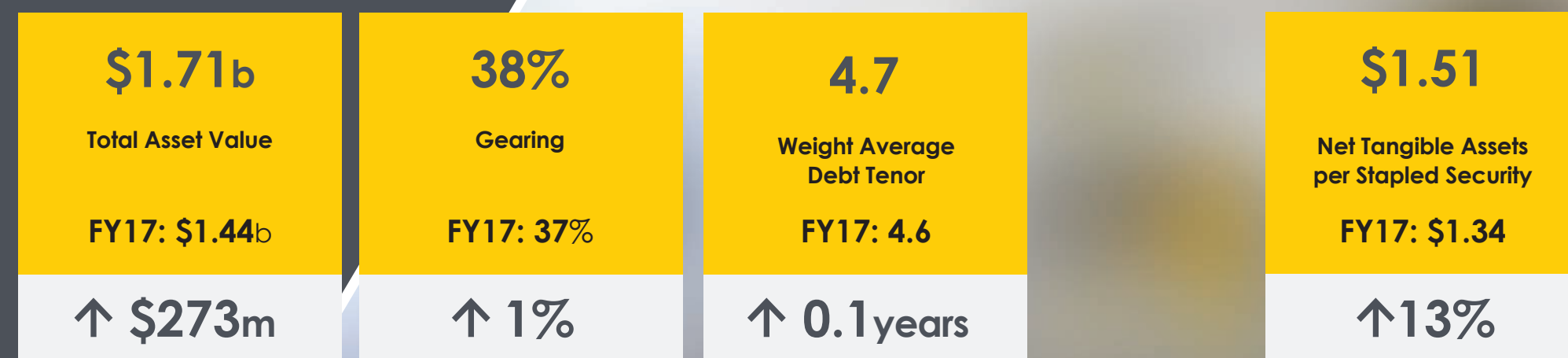
FINANCIAL HIGHLIGHTS



OPERATIONAL HIGHLIGHTS



CAPITAL STRENGTH



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

² Same centre 30 June 2016



OUR ECONOMIC PERFORMANCE FY18

Throughout FY18 we have continued to focus on improving our operational fundamentals and transacting high quality acquisitions while ensuring the evolution of our business model to deliver synergies and scalability. Our IFRS Profit after tax for the Reporting Period was \$145.8 million with EPS of 27.15 cents. Underlying earnings, increased by 12.5% to \$51.4 million. NSR also delivered solid growth of 4.3% in underlying earnings per stapled security to 9.6cps for FY18.

Total revenue rose by 19% to \$139.6 million. Occupancy across the June 2018 portfolio (excluding New Zealand and developing centres) increased to 80.8%, up from 77.5% at 30 June 2017. New Zealand occupancy increased to 84.7%, up from 78.2% at 30 June 2017. These are pleasing results and demonstrate that the continued focus on driving increased occupancy is delivering results. Revenue per available metre (REVPA) increased by 3.8% to \$220/sqm from \$212/sqm at June 2017 delivering continued strong revenue growth, underpinned by the delivery of combined improvement in our twin drivers of occupancy and rate per square metre.

The successful execution of NSR's acquisition strategy has seen 20 new centres acquired to the date of this Report, valued at \$168 million¹ with three additional centres valued at \$42 million expected to settle by mid-September 2018. An additional \$100

¹Excluding transaction costs. Includes Jandakot freehold property and Milton development site.

OUR ECONOMIC PERFORMANCE FY18

million of assets are actively under consideration as we move into FY19 and we continue to execute our consolidation strategy in the highly fragmented Australian and New Zealand self-storage markets. Assets under management have grown by 23% to surpass \$1.43 billion, firmly cementing our position as the largest storage owner-operator in Australasia.

NSR's finance facilities are on a "Club" arrangement with a selection of major Australian banks and a major Australian superannuation fund. The Consolidated Group's borrowing facilities are AUD \$605 million and NZD \$121 million. As at the reporting date AUD equivalent of approximately \$115 million was undrawn and available. NSR actively manages its debt facilities and continues to increase when and where required to ensure adequate capacity for future acquisitions and working capital requirements. The weighted average debt tenor as at the reporting date is 4.7 years, up from 4.6 years as at 30 June 2017. NSR's target gearing range remains 25%-40% to provide flexibility and the ability to act on acquisition opportunities.

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

National Storage has successfully completed 19 acquisitions in FY18 and continues to pursue high quality acquisitions across Australia and New Zealand. The ability to acquire and integrate strategic accretive acquisitions is one of National Storage's major competitive advantages and a cornerstone of its growth strategy. This active growth strategy also strengthens and scales the National Storage operating platform which drives efficiencies across the business.

REGION	NLA (\$qm)	PURCHASE PRICE
New South Wales		
Morisset	7,300	\$11.9m
North Wyong		
New Zealand		
Ngauranga	7,900	NZ\$21.3m
Te Rapa		
Northern Territory		
Darwin	8,800	\$14.0m
Queensland		
Carrara ¹		
Hope Harbour		
Milton (development site)	45,200	\$83.9m
Marcoola		
Robina		
Townsville (5 Centres)		
Victoria		
Geelong	7,300	\$10.9m
Mornington		
Western Australia		
Jandakot (Property)	11,000	\$15.1m
Perth Airport ¹		
Total²	87,500	\$155.3m

¹ Developing Centres

² AUD/NZ 1.10



INVESTMENT PARTNERS

National Storage continues to work with its investment partners and potential new investment partners to assess options for future acquisition, development and redevelopment opportunities.

PERTH DEVELOPMENT PORTFOLIO

The Perth Development Portfolio is a construction and management arrangement with one of Perth's leading self-storage construction companies, Parsons Group. This venture 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 quality self-storage centres branded National Storage. The arrangement will see some centres acquired by NSR on completion and others managed by Parsons Group under the guidelines

of the National Storage operating platform. The partnership to date has delivered centres at Jandakot, Butler and Perth Airport. NSR acquired Jandakot and Butler during FY17 and Perth Airport during FY18. A further site at Yanchep has just been completed with an additional centre under construction at Fremantle. Other sites are currently in due diligence and planning stages. NSR retains certain rights to purchase the assets under this arrangement.

AUSTRALIA PRIME STORAGE FUND

NSR is a cornerstone investor in the Australia Prime Storage Fund (APSF) with an equity interest of 24.9%. APSF was established to facilitate the development and ownership of premium self-storage centres in select major cities around Australia. APSF focuses its activity in inner city markets where there is demand

for a premium storage product, developing new institutional grade assets with state-of-the-art facilities and freehold tenure.

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

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

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

The existing centre of National Storage Albion continued to be managed by NSR on behalf of APSF during FY18 and is performing to expectations.

National Storage Kelvin Grove completed construction and opened in November 2017. The centre has achieved strong growth and is performing well against expectations.

In the second half of FY18 NSR successfully completed the acquisition of National Storage Carrara from APSF.

APSF has a development permit and is about to commence construction of a further centre at Canterbury, Victoria. Canterbury is an inner-city suburb approximately 10km east of Melbourne's CBD. It is expected that this development will be completed in early FY20.

LEYSHON GROUP

In March 2017, National Storage entered into arrangements with long term investment partner Leyshon Group to acquire a high-quality site on Bundall Road, Bundall on the Gold Coast. Construction has commenced on a multi-level state-of-the-art storage centre comprising 7,000m² of net lettable area with completion expected in early 2019. The remaining building that forms part of the site is approximately 1,800m² and will be enhanced and retained.

In January 2018, NSR furthered the arrangement with Leyshon Group through the acquisition of a site at Dorsey St, Milton in Brisbane's inner-west. The 1,862m² site was acquired with development approval to construct a multi-level, state-of-the-art self-storage facility comprising 4,600m² net lettable area. Construction has commenced and is expected to be completed in early 2019.

SPACER

In October 2017, National Storage invested in Spacer, the online "Marketplace for Space". National Storage strives to be a leader in industry evolution with its digital transformation and identified an opportunity in partnering with Spacer given the rapid growth of the sharing economy. The Spacer platform is an online marketplace for storage, parking and warehousing, leveraging existing infrastructure and assets. The investment was a strategic decision to stay ahead of any impacts of disruption and technology on the storage industry. It also provides National Storage with additional marketing benefits.



COMMUNICATING WITH OUR STAKEHOLDERS

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

Our key stakeholder groups are:

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

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



OUR EMPLOYEES

We operate a highly decentralised business model with effective controls and frameworks to empower our workforce. We place a high degree of trust and authority in our centre teams and operations management to run each centre and region with support and oversight from Head Office. National Storage is passionate about creating positive workplaces characterised by optimal organisational health, wellbeing and productivity of our employees. We pride ourselves on our family based philosophy involving our core values of teamwork, care and excellence and our policies and programs are designed to make employee working life inclusive, productive and rewarding. Training, education and development programs upskill our teams and our employee benefits and health programs promote personal wellbeing and a work/life balance. We foster an open, supportive, diverse and inclusive culture and regularly monitor and evaluate our performance in this regard.

CORE VALUES

TEAMWORK

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

CARE

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

EXCELLENCE

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

EMPLOYEE PROGRAMS

The National Standard

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

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

Stripes for Service

0-2 years of service

1 Stripe

2-4 years of service

2 Stripes

4-6 years of service

3 Stripes

6-8 years of service

4 Stripes

8-10 years of service

5 Stripes

10+ years of service

5 Stripes + Gold Pin

EMPLOYEE ASSISTANCE PROGRAM

We understand that our people are exposed to a number of pressures, both internal and external to the business. Our Employee Assistance Program (EAP) provides preventative and proactive interventions for the early identification and/or resolution of both work and personal problems that may adversely affect performance and wellbeing. The program provides confidential counselling on a number of personal pressures such as domestic violence, bullying, harassment and abuse, mental health, addictions, and work-related pressures such as career transitions, managing heavy workloads, and down-sizing and redundancies. EAP Provider CONVERGE services are also offered for an extended period post separation to assist in emotional and physical transition.

MENTAL HEALTH AWARENESS TRAINING

It is estimated that at any point in time, one in five working age people will be suffering from a mental illness. It is also estimated that mental illness costs Australian businesses \$11 billion per year. National Storage recognises that greater awareness is needed around mental health and in FY18 commenced 'lunch and learn' training sessions on the topic. The first seminar provided 30 interested staff from Head Office and centres the opportunity to attend to learn more about mental health, stress, anxiety and depression and the impact of mental health conditions. It also provided strategies for creating healthy workplaces and advice on getting support for our people and their family and friends.

HEALTH AND WELLBEING PROGRAM

The National Storage health and wellbeing initiative provides our people with access to their own health professional who can help to provide expertise and direction around healthier life choices. The program recognises that we are all at different stages of life and have our own unique story with different challenges and obstacles to overcome. Regardless of fitness or health level, there are opportunities for all National Storage employees to actively participate in some area of their health and wellbeing, whether that be getting better sleep, drinking more water, losing some weight or getting rid of headaches, aches and pains.

FLU SHOT OFFERING

This year, National Storage was pleased to announce the launch of our workplace flu vaccinations to give our people the opportunity to strengthen their immunity against infection and prevent contracting the influenza virus and passing it on to others. This voluntary and complimentary program was offered to reduce the number of doctor visits and sick days due to respiratory illness and to help prevent injuries, as employees who complete their regular tasks when they have the flu are at higher risk of injury due to slower reaction times.

EXHALE

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



EMERGING LEADERS PROGRAM

As part of our desire to engage, retain and provide our people a career path for our employees, National Storage offered two Emerging Leaders Programs in FY18, with one program tailored to Centre staff and the other to up-and-coming leaders in Head Office. Admission to this two-year program run by the GM People is by self-nomination and focuses on development through formal and informal education and upskilling opportunities. The program allows our people to demonstrate their desire to progress and to participate concurrently with their existing position. Centre staff admitted to this program are also able to immerse themselves in further development by participating at senior management conferences throughout the year. In addition, participants are provided with interactive personalised leadership profiling, guest appearances from the Managing Director and tools to identify individual strengths and areas for future development. In support of our gender equality initiatives this program has 75% females to demonstrate our commitment in developing our female workforce for future success in their careers.

Our first year of the program has seen 60% of Emerging Leader graduates placed into higher roles within the organisation.

One of our Emerging Leaders is Amber Stopforth.

Amber began her career with National Storage as an Assistant Manager at our Cannon Hill Centre in February 2013. A year later, Amber applied for a Centre Manager position at another centre and although unsuccessful in her application at this time,

she remained focused and determined to continue to move through the company.

Amber was appointed as a Centre Manager at our Cannon Hill Centre the following year and was shortly after recognised as one of our Emerging Leaders. As part of the Emerging Leaders Program, Amber attended State Manager operational conferences and completed her Certificate IV in Leadership and Management, advancing her skills and development.

Amber successfully managed our Cannon Hill Centre for two years and enjoyed further responsibility of overarching management of a number of Centres across the Brisbane region for about 6 months, at which time she was offered the position of Area Manager in early 2017. Over the next 12 months, as an Emerging Leader, Amber was exposed to many different parts of the business. She thrived during this time, assisting the internal audit team across a number of Australian States as well as taking on additional responsibilities with rostering, staff training and induction of new staff. In addition, she expanded her knowledge by working in the wine storage part of the business and undertook a Wine Appreciation Course.

Amber has now progressed to working in our corporate office alongside our National Manager and General Manager of Operations providing support to the team. During these past few months in this new role, Amber has been exposed to many challenges and is showing great promise. We look forward to nurturing Amber's career further at National Storage.



WORKPLACE FLEXIBILITY

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

QUARTERLY REVIEWS

In recognition that our former 'once a year' formal feedback and review of staff performance perhaps wasn't enough, National Storage also launched quarterly performance feedback sessions. Each quarter a series of questions around performance and development are discussed with each employee with a focus on continuous improvement and to demonstrate that we are invested in their ongoing development. Tailored individual development plans and tracked training sessions are also included in this process, which is underpinned by a clear managerial direction to ensure that the individual performance goals of our people stay aligned with the broader goals of National Storage.

STAY INTERVIEWS

National Storage recently initiated 'stay interviews', to allow us to see what issues are most important to our people, before they decide to leave us. The initiative involves the identification of our best performing staff to discuss a series of questions that provide clarity around what it is that keeps our people engaged and loyal to National Storage, so that we can do more of it!

CHECK-IN SURVEY

A short check-in survey is sent out to the newest recruits of National Storage, upon completing approximately one month of service. We recognise that one of the best sources of knowledge and innovation is new employees and as we are committed to improving our onboarding process, we seek feedback to help us understand what we are doing well, and what we need to improve regarding: new employee introduction, new employee training, and job specific satisfaction.

EXIT FEEDBACK SURVEY

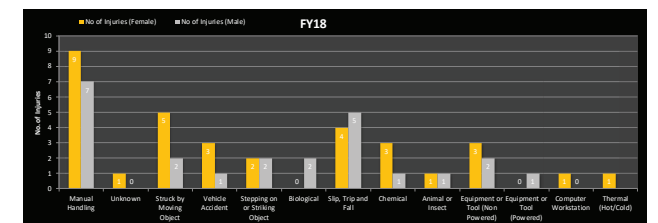
A short exit interview survey is provided to staff that have resigned from National Storage a few weeks prior to their departure. This survey helps us to better understand their reason for leaving and to improve

workplace or operations; plant or equipment; WHS legislation, policies, work processes or processes, and as required. Task-specific training is conducted to provide knowledge of WHS issues and safe work practices relevant to work activities, workplaces or equipment. Training is hands on and interactive, to ensure complete understanding of procedures. Records of training conducted and participation and acknowledgment of training by team members are kept in an online learning management system or filed with the Human Resources department.

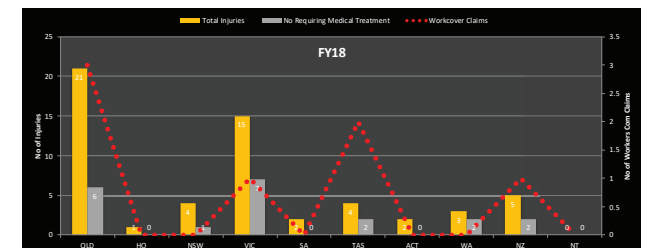
A significant improvement in our Lost Time Injury Frequency rate is testament to the initiatives/ systems/ processes and buy in from all staff.

Our WHS Dashboard that headlines the WHS Board Report demonstrates the reduction in injury rates and a high completion rate of WHS Education modules by staff.

Injury Type



Injuries by Region



our employment offering for both current and future employees. Feedback is reviewed regularly by the HR team, with any recommendations or identified issues flagged to relevant management in a timely manner.

WORKPLACE HEALTH & SAFETY

The safety of our staff and our customers is paramount. Safe practices are inherent in our systems, our operating procedures, and most importantly in the way our team think and act. We demonstrate our shared commitment that personal behaviour is fundamental to the achievement of positive safety outcomes through our simple safety vision, "No Harm to Anyone at Any Time". We are committed to providing a safe environment for our staff and customers, and regularly monitor, assess, evaluate and continuously improve our approach to workplace health and safety. Monthly WHS Committee meetings are held where each state and region reports on their areas of WHS performance, contributing to ownership of our safety outcomes. This enables State groups to benchmark their groups' performance and work towards continuous improvement. Workplace Health and Safety (WHS) organisational induction is provided to all new team members and contractors upon initial employment or engagement with National Storage. Regular periodic training is conducted with all team members, in addition to instances of changes to

*Total number of injuries in FY18 is 57 (FY17: 51. Note: 19 additional centres acquired during the FY18 period)

*Total number of hours off work FY18 was 576 hours (316 hours off work for Females; 260 hours off work for Males) (FY17: total 861 hours; 667 hours off work for females, 194 hours off work for males)

*LTIFR (12 month rolling average) is 13.64 (FY17: 15.7)

*9 lost time injuries, with time off work prescribed by medical professionals of 8 hours or more (FY17: 10 lost time injuries)

DIVERSITY & NON-DISCRIMINATION

National Storage is committed to an inclusive workplace that embraces and promotes diversity and equal opportunity. The success of National Storage relies on its ability to Attract, Engage and Retain the best staff available. For this to occur, we understand that our recruitment and promotion methods must be fair, efficient and effective. We value, respect and leverage the unique contributions of people with diverse backgrounds and perspectives to enhance understanding of the needs of our customers and provide innovative solutions and exceptional customer service to an equally diverse community.

Our commitment to creating and ensuring a diverse work environment contributes to the National Storage Group's corporate objectives and embeds the importance and value of diversity within the culture of our organisation.

National Storage has a strong commitment to gender diversity and the fundamental principle that gender is not a barrier to participation in our workforce, management, senior executive and on our Board. Our leaders are committed to providing opportunities that allow women to reach their full potential. The National Storage Diversity Committee reports to the Board regarding succession plans and appointment processes with the aim of achieving our diversity objectives, in particular regarding the number of women in senior management positions and on the Board. When we employ and promote people, we consider ability and not disability. We aim to create an inclusive environment that supports people and removes artificial barriers from the workplace. Training for all staff on sexual harassment and discrimination occurs at induction, and at least annually.

National Storage maintains a workplace that is free from discrimination. The management of Equal Employment Opportunity within National Storage is the responsibility of all employees. Recruitment, selection and promotion of individuals into specific positions or for development opportunities are determined on personal/professional merit, and all employees are subjected to the same rules and conditions of employment without regard for any individual differences.

TRAINING INITIATIVES

Training at National Storage is completed via a mix of face-to-face, on-the-job and online training and there were 2 conferences held during FY18. Our online training platform, NS Learn, is set up for each employee with role specific training suites and a regular schedule of WHS training refreshers. The platform enables our people to complete a series of self-paced learning around core topics necessary to their roles. During FY18, there were 24 WHS specific courses issued to staff, which equates to 6797 WHS courses completed by staff throughout the period. In addition, company-wide safety alerts are also circulated to ensure that all staff are made aware of a WHS issue that occurs at any site in a timely manner to prevent recurrence.

The total training hours for the reporting period was 38,912 hours. The average training hours per employee (based on 405 headcount) was 96 hours. Each new employee receives approximately 60 hours (1.5 weeks) induction training and approximately 36 hours of additional training to meet role and Company expectations. Key training for the period included:

- Workplace Health and Safety Modules
- CERT IV Workplace Health and Safety
- New Starter Policy and Procedure Training
- State Regional Manager Conference Training x 2
- Mental Health Awareness Training
- Forklift Training
- Approved external education for senior roles



DON B DANIELS SCHOLARSHIP AWARD

The Don B Daniels scholarship program is an annual program open to five outstanding National Storage team members to further their professional development. Peter Greer and Andrew Catsoulis first met Don in 1998 at the Australian Self Storage conference and immediately developed a close bond which became the foundation of an enduring friendship. Don became a wonderful mentor and took them on a journey of discovery in the storage industry. His guidance was pivotal in helping to expand from a single centre to a portfolio of 20 centres over the next few years and to over 100 centres today. His spirituality and love of life was infectious and touched the lives of all those whom he met. His attitude was summed up in the phrase "act in a way which is beneficial to all concerned" and this has always been a guiding light for our business. His legacy lives on in our approach to how our business has developed.

One of our scholarship recipients in FY18 was Owen Sawers.

Owen began his career with National Storage in October 2015 as a part-time Storage Consultant. His reliability, hard work and drive was recognised when he was promoted to Centre Manager at our Mitchell Centre in September 2016.

In this position, Owen has effectively managed Centre occupancy, consistently achieving over 90% occupancy rates to date. As part of the Don B Daniels Scholarship, Owen has commenced his Certificate IV in WH&S and continues to demonstrate his desire to improve and broaden his knowledge, skills and experience.

Owen is a valued team member of the ACT team and a well deserving recipient of the Don Daniels Scholarship.

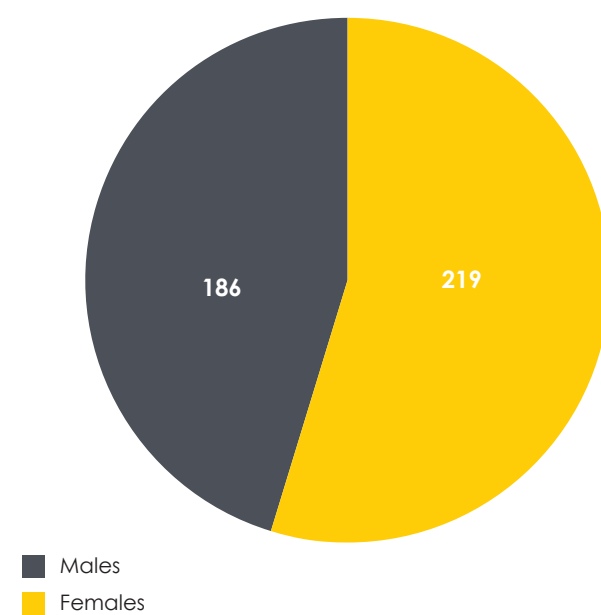


EMPLOYEES BY AGE & GENDER

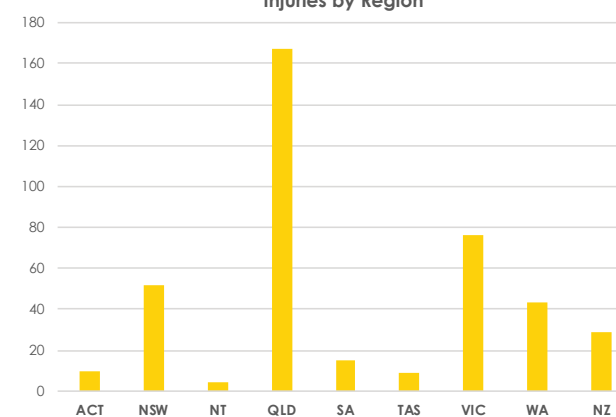
	17 -29		30-39		40-49		50-59		60-75	
	M	F	M	F	M	F	M	F	M	F
Management	1	2	8	4	14	4	5	0	0	1
Professional	2	4	4	1	0	0	0	0	0	0
Admin	2	7	1	1	0	0	0	2	0	0
Operational Staff	51	97	37	41	24	28	21	23	16	4

EMPLOYEE SNAPSHOT

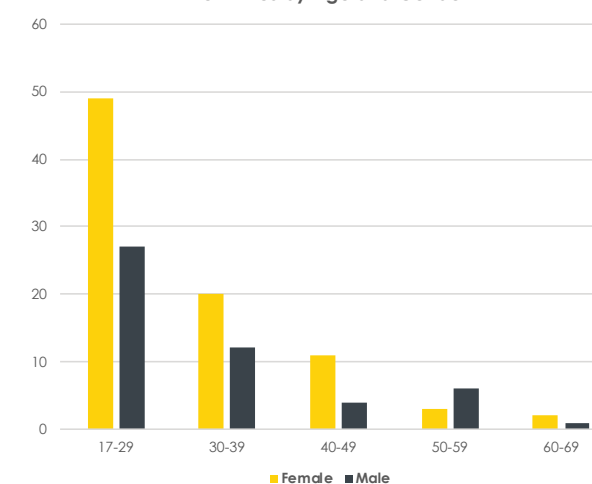
405 employees



Injuries by Region

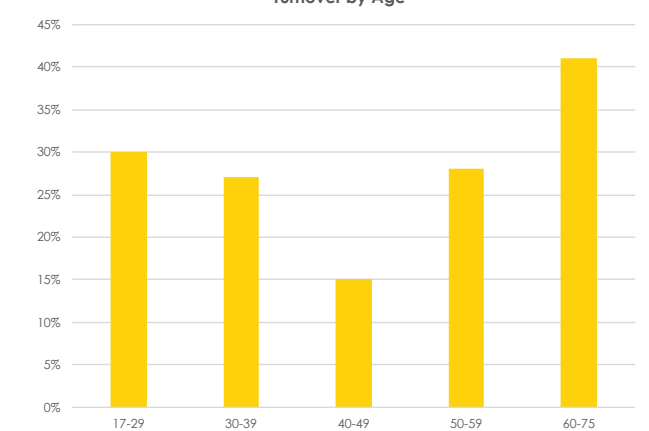


New Hires by Age and Gender

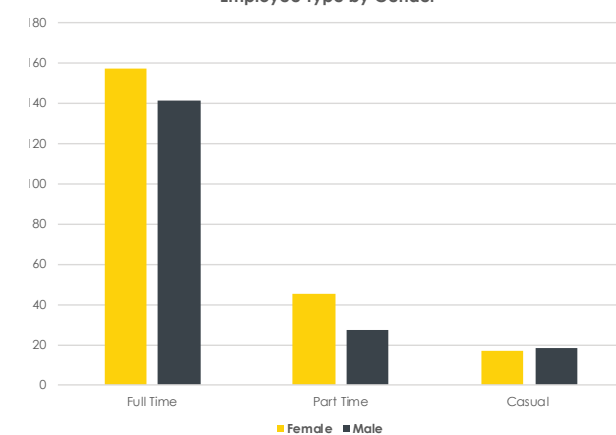


*The total number of new hires is 135

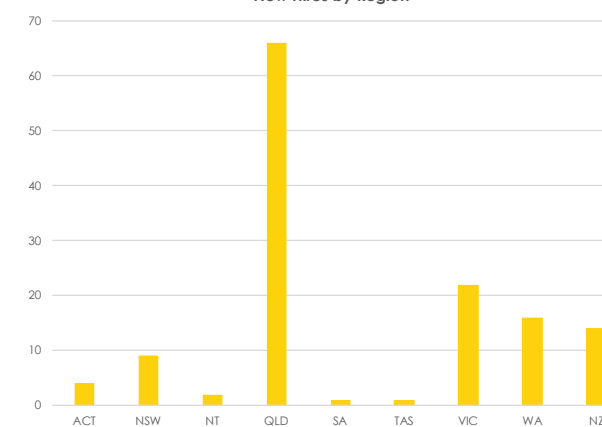
Turnover by Age



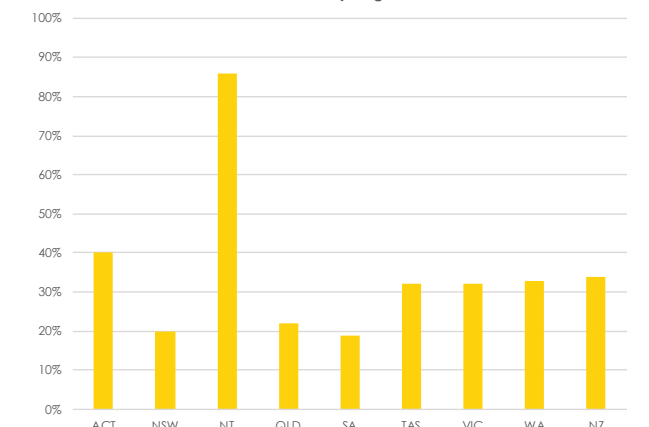
Employee Type by Gender



New Hires by Region



Turnover by Region



EMPLOYEE TURNOVER

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

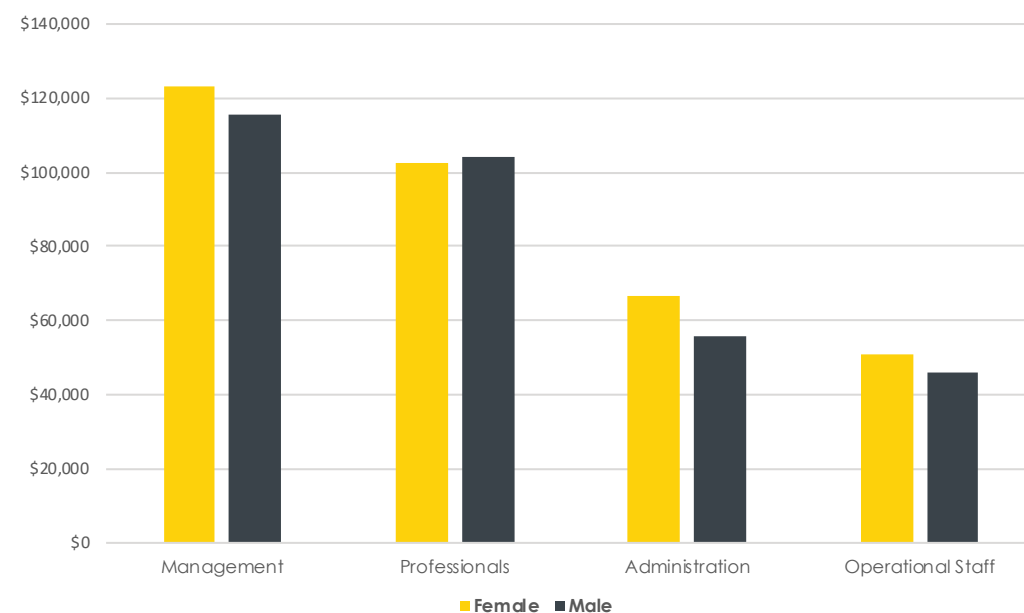
REMUNERATION

The average salary (annualised) company-wide by gender (excluding CEO and KMP) is \$66,815 (FY17:\$58,900) for males and \$56,263 (FY17: \$58,900) for females. We manage our workforce in line with the principles of equal employment opportunity as outlined on page 36.

KEY MANAGEMENT PERSONNEL

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

Remuneration Average: by employee category and gender (excluding KMP)



OUR CUSTOMERS

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

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

More than 80% of the National Storage customer base are residential customers whose storage needs range from short term due to moving house, renovating or simply needing more room, through to long term needs for collectibles or hobbies.

Approximately 20% of the National Storage customer base are businesses, from online retailers or local businesses through to multi-national companies requiring a distribution network.

OUR MARKET

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

Demographic drivers include:

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

Socioeconomic drivers include:

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

Housing market drivers include:

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

Business market drivers include:

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



OUR COMMUNITIES

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

National Storage continues to support and empower our community partners by focusing on building positive and lasting relationships and maintaining a sustainable operation.

Our community partners chiefly originate from the businesses and organisations in the locality of our storage centres, including schools, sporting teams, clubs and not-for-profit organisations. All of our centres (as well as our corporate office) have a budget to provide in-kind support and sponsorship to our community partners and this financial year they have continued to utilise these budgets to provide a positive contribution.

Our operations are located across residential, commercial and industrial areas. We understand that they may have an impact on our local communities and, therefore we proactively encourage community engagement. We believe that having an open and transparent dialogue with our local communities enables us to create a harmonious environment for our neighbours, customers and staff alike.

Compliance with local laws and regulations is paramount to the progress of our development projects, the sustainability of our operations and harmonious community environments. Hence, we consult our local councils, governments and regulators where necessary to verify that our obligations are met and we are making a constructive contribution to the areas in which we operate.

The effectiveness of our community engagement is continually being reviewed and adjusted to ensure that we sufficiently address community interest and opportunities.

LOCAL SPORTING PARTNERSHIPS

National Storage partners with a range of professional sporting teams across Australia and New Zealand as part of our strategy to drive product and high-level brand awareness. The continuation of this strategy into local markets is through community engagement and involvement in local and grassroots sport in communities that surround our storage centres. These partnerships provide a valuable opportunity for the National Storage team to play an active role in the local community, building relationships and awareness whilst providing essential support for local clubs.

A number of centres choose to utilise their community engagement budget to support player development and help build the profile of sport in the local area.

SOUTH MELBOURNE FOOTBALL CLUB

FY2018 saw a number of our Melbourne centres focusing their local spend on supporting the South Melbourne Football Club ("SMFC"). This sponsorship spread across four of our centres, being Port Melbourne, South Melbourne, South Wharf and Prahran. The form of this sponsorship was a like-for-like agreement: in exchange for National Storage agreeing to store the SMFC's museum at no-charge, SMFC provided National Storage with game day signage, sponsorship of a few individual players, the opportunity to attend SMFC's business to business functions (of which they hold one every two months) and access to the conference rooms for National Storage staff meetings.

"National Storage's contribution is appreciated by SMFC in many ways.

National Storage's support helps our development of kids at grass roots football. We need this support to be able to hire professional coaches, not just a Mum or Dad from each team. It allows SMFC to push youth development.

The National Storage brand helps our corporate image, it's not just the local shop but an iconic brand in sport. This national brand would also help our A-league bid showing we have big companies believing our journey.

Also, any contribution helps SMFC financially. We are a not-for-profit organisation which aims to invest all funding back into football at all levels, men's, women's, juniors and community groups like our walking football program for the elderly, and blind football with Football Federation Victoria."

George Liapis

Sales Manager

South Melbourne Football Club

GIANTS NETBALL

National Storage became a Major Partner of GIANTS Netball during the team's inaugural season at the end of FY17/beginning of FY18. We believe that GIANTS Netball promotes strong role models for young netballers not only at a local level in NSW but also across Australia - an approach we commend and support.

As the Official Self Storage Partner of GIANTS Netball, the National Storage brand is seen by over 2.1 million people tuning into one of their televised matches. Our brand is directly promoted to the GIANTS Netball's 2,700 plus members through email correspondence. It's further supported by strong game day attendance and the GIANTS Netball over 40,000 fans, spread across Facebook, Twitter and Instagram. National Storage's logo features on the GIANTS Netball uniforms, stadium signage, GIANTS Netball website, game day competitions and web-based competitions. Competitions run through the National Storage Locker Room are open to all and offer both opportunities to watch the games live as well as participate in game day activations, such as the Locker Room Challenge.

The sponsorship funds we provide GIANTS Netball assist them in further supporting grass roots charities and organisations in NSW, including but not limited to local netball clubs, schools involved in netball, organisations who are committed to increasing the opportunities available for women/girls to participate in sport and charities.

National Storage is pleased to support women in sport.

MATER INTERNATIONAL WOMEN'S DAY FUN RUN

Over 17,000 Australian women are diagnosed with breast cancer each year, and funds raised from this event help fund tangible support to make an immediate impact in the lives of women with breast cancer today; as well as promising research which will benefit the women who walk through the Mater Hospital doors for breast cancer treatment into the future.

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

National Storage has been a proud partner of the Mater Foundation since 2014, providing a tailored storage solution for their corporate and shared services divisions. In 2018, National Storage was privileged to be part of this important fundraising event where more than 13,000 people raised circa \$700,000.

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

LIFELINE

With over 65,000 Australians attempting suicide each year and the suicide rate among Aboriginal and Torres Strait Islander people being approximately twice that of non-Indigenous Australians, National Storage believes that Lifeline's 24-hour crisis support line is a vital community service that requires our support.

In FY2018 National Storage continued to foster its in-kind community partnership with Lifeline, offering the charity much needed rent-free storage and vehicle hire for their 'Bookfest' event in Brisbane. As the largest second-hand book sale in Queensland, Lifeline provided National Storage with the opportunity to promote its brand awareness and support the biggest fundraising event for the 24-hour crisis support line.

Embracing the recent ban of single-use lightweight plastic shopping bags in Queensland, Lifeline encouraged readers to bring their own bags or purchase eco-friendly alternatives such as the National Storage branded, Australian made, recyclable cardboard boxes.

Bookfest ran for nine days in Brisbane, which helped Lifeline raise over \$1.1 million in June 2018. We commend their efforts and support their step towards an environmentally sustainable future.

SHARE THE DIGNITY

Share the Dignity is a national not-for-profit charity providing assistance to women experiencing domestic violence, homelessness and/or poverty. The charity supplies women in these situations the necessary sanitary items they need during this vulnerable time. Share the Dignity also provides funeral funding for those families who have lost a family member due to domestic violence as they are not in a position to pay.

The volunteer work with Share the Dignity cannot be done without the support of the community and businesses like National Storage who are able to offer much needed storage to house the thousands of sanitary products and other essential items received each week. Share the Dignity volunteers have easy access to the 25 storage centres who offer units for these much-needed supplies. The space provided equates to over 340 square metres.

RECONCILIATION

Our commitment to contributing to and strengthening our relationships with the Aboriginal and Torres Strait Islander people can be initially seen

in our ongoing sponsorship of professional sporting teams that share our vision.

Through developing strong, lasting relationships with these professional sporting teams, the sponsorship funding we provide contributes to the team's development and operation of Aboriginal & Torres Strait Islanders community engagement programs which focus on celebrating cultural pride and supporting the next generation.

For example, as a sponsorship partner of Richmond Football Club we were recently invited to the Club to learn more about the Korin Gamadji Institute. We believe this facility is a shining example of community engagement, providing Aboriginal and Torres Strait Islander people education and training in leadership as well as employment opportunities. Further, our sponsorship partners, the Brisbane Broncos have also developed a number of Aboriginal and Torres Strait Islander centric programs such as 'Beyond the Broncos' which aims to improve school attendance and attainment rates for Aboriginal and Torres Strait Islander students in a number of high schools across the Greater Brisbane region.

We commend and support the opportunities our sponsorship partners are providing the Aboriginal and Torres Strait Islander community.

In FY2019, we will continue to develop our governance framework to determine what steps we can take to strengthen our relationships with the Aboriginal and Torres Strait Islander people.





OUR ENVIRONMENT

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

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

In addition to the solar and lighting efficiency projects underway, the broader sustainability review continues to identify opportunities for efficiencies in energy and water consumption across the portfolio. Any efficiency projects undertaken will be assessed on the basis of return on investment for both the environment and our investors. The centres currently under construction through our Investment Partner Australian Prime Storage Fund feature a number of efficiency measures including solar energy, water recycling and advanced airflow technologies. All National Storage centres play an active role in recycling, with every centre equipped with recycling bins or skips. The success of the National Storage box buy-back program is reflected in circa



28,000 branded boxes re-sold and re-used during FY18. National Storage is committed to building a sustainable supply chain. A number of key suppliers, including our major packaging provider, clearly demonstrate the same commitment and National Storage will look to partner with other suppliers in future who share this commitment.

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

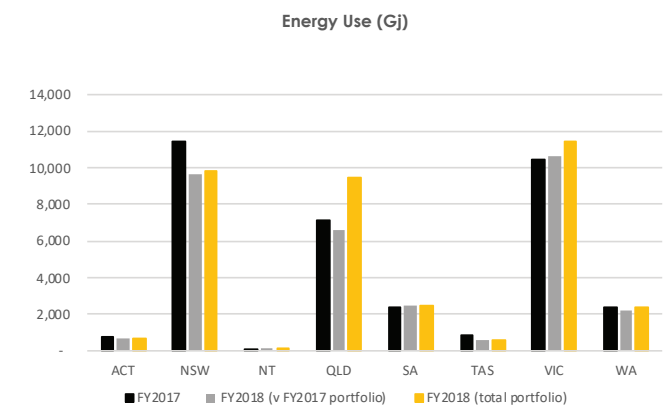
Where we are required to remediate land or contaminated sites, we seek expert advice and endeavour to conduct works in a sustainable manner.

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

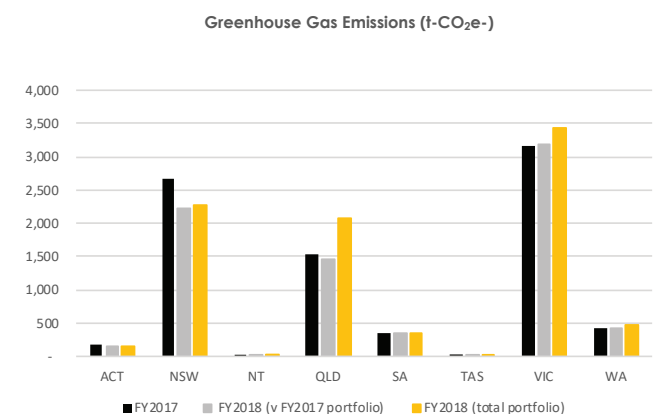
PACKAGING

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

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



Notes: FY2017 was the first year National Storage provided data estimates for energy use. All data is estimated. All emissions data relates to purchased electricity for storage facilities only under the control of National Storage.



Notes: Scope 2 indirect emissions from consumption of purchased electricity are calculated using the emission factors for each State or Territory per National Greenhouse Account Factors publication - www.environment.gov.au

WASTE

WASTE TYPE	WEIGHT (TONNES)	VOLUME (M3)	DISPOSAL METHOD
Comingle Container	2.62	29.08	4,570.62 m ³ was diverted from landfill and 7,656.06 m ³ was sent to landfill
Confidential Paper	0.93	13.20	
General Waste Alternative Waste Technology	24.64	381.90	
General Waste Dry	513.24	6994.22	
General Waste Wet	7.20	60.00	
Paper and Cardboard	204.61	4146.38	
Sanitary Waste	72.24	601.90	
Total	825.47	12226.68	

Notes: Data provided by waste contractor and includes Australia only, excludes Head Office. NSR is continuing to work on its reporting processes to provide more meaningful data of waste in the coming reporting periods.

ACHIEVING LONG TERM ENERGY SAVINGS THROUGH ENERGY EFFICIENCY

In the last 12 months National Storage has implemented a mass rollout of solar photovoltaic systems to over 50 Centres in every state and territory across Australia as part of its energy efficiency program. With over 1.3MW of solar panels having been installed to date, National Storage's electricity usage is predicted to decrease by approximately 2GWh per annum, equating to about \$400,000 in expected cost savings in FY2019.

With Phase 1 nearing completion, National Storage is ready to embark on Phase 2 of the energy efficiency program. Phase 2 will deliver an additional 40 Centres, taking the total number of National Storage solar Centres to over 100 (inclusive of Centres with solar already installed prior to implementation of the energy efficiency program).

The feasibility study completed for Phase 2 will add a further 2.2MW of solar panels resulting in reduced electricity usage of 1.8GWh per year. The Phase 2 program is being expanded to initially include the conversion of 57 Centres to full LED lighting with sensors. This will require the replacement of over 15,000 lights and provide a reduction in lighting requirements in excess of 2.1GWh per year.

On completion of the program, our focus on energy efficiency will result in an expected emissions reduction of over 3,000 t-CO2-e annually.

Beyond this, National Storage will continue to implement solar and LED programs on all new acquisitions and developments to ensure continued focus on responsible energy management.



GRI CONTENT INDEX

GRI STANDARD	DISCLOSURE	PAGE/REFERENCE OR MORE INFORMATION	OMISSION EXPLANATION
GRI 101: Foundation 2016			
General Disclosures			
GRI 102: General Disclosures	Organisational Profile		
	102-1: Name of the organisation	p.6	
	102-2: Activities, brands, products and services	p.12	
	102-3: Location of headquarters	p.8	
	102-4: Location of operations	pp.10, 11	
	102-5: Ownership and legal form	p.17	
	102-6: Markets served	p.41	
	102-7: Scale of the organisation	pp.8, 10, 11, 22, 23, 39 Employee data has been compiled from National Storage Human Resource systems.	
	102-8: Information on employees and other workers	pp.8, 10, 11, 22, 23, 39 There was not a significant portion of activities performed by non-National Storage employees.	
	102-9: Supply chain	pp.13, 57	
	102-10: Significant changes to the organisation and its supply chain	p.25	
	102-11: Precautionary Principle or approach	National Storage does not currently apply the Precautionary Principle and will review this approach in FY18.	
	102-12: External initiatives	pp.4, 5	
	102-13: Membership of associations	p.12	
	Strategy		
	102-14: Statement from senior decision-maker	pp.4, 5	
	Ethics & Integrity		
	102-16: Values, principles, standards, and norms of behaviour	pp.17, 31 Training on our values, principles, standards, and norms of behaviour occurs on induction. They are reinforced formally every six months through the National Standard, but not signed regularly. Available in English only.	
	Governance		
	102-18: Governance Structure	pp.17, 18, 19, 20	
	Stakeholder Engagement		
	102-40: List of stakeholder groups	p.28	
	102-41: Collective bargaining agreements	No National Storage staff are employed under collective bargaining agreements.	
	102-42: Identifying and selecting stakeholders	p.28	
	102-43: Approach to stakeholder engagement	pp.54, 55, 56, 57	
	102-44: Key topics and concerns raised	pp.54, 55, 56, 57	

GRI STANDARD	DISCLOSURE	PAGE/REFERENCE OR MORE INFORMATION	OMISSION EXPLANATION
GRI 101: Foundation 2016			
General Disclosures			
GRI 102: General Disclosures	Reporting Practice		
	102-45: Entities included in the consolidated financial statements	National Storage REIT (NSR) is a joint quotation of National Storage Holdings Limited and its controlled entities and National Storage Property Trust and its controlled entities listed on the Australian Securities Exchange.	
	102-46: Defining report content and topic Boundaries	pp.3, 6	
	102-47: List of material topics	pp.3, 6	
	102-48: Restatements of information	Not applicable as this is National Storage's first report.	
	102-49: Changes in reporting	Not applicable as this is National Storage's first report.	
	102-50: Reporting period	p.6	
	102-51: Date of most recent report	There was not a significant portion of activities performed by non-National Storage employees.	
	102-52: Reporting cycle	p.6	
	102-53: Contact point for questions regarding report	pp.4, 58	
	102-54: Claims of reporting in accordance with the GRI Standards	p.6	
	102-55: GRI Content Index	pp.50 - 53	
	102-56: External Assurance	p.6	
Material Topics			
GRI 200 Economic Standard Series			
Economic Performance			
GRI 103: Management Approach	103-1; 103-2; 103-3	pp.14, 15, 25	
GRI 201: Economic Performance	201-1: Direct economic value generated and distributed	pp.22 - 25	
Anti-Corruption			
GRI 103: Management Approach	103-1; 103-2; 103-3:	Australia has strict laws against bribery and corruption and we comply with and uphold all laws against bribery, corruption and related conduct. We have a strict policy not to offer secret commissions or bribes to further our business interests. Corruption is included as part of our overall risk assessment framework, and policies are reviewed annually.	
GRI 205: Anti-Corruption	205-1: Operations assessed for risks related to corruption	100% of our operations are assessed. No corruption risks were identified in the reporting year.	
	205-2: Communication and training about anti-corruption policies and procedures	All (100%) of National Storage staff and Board, and Committee members are made aware of our Code of Conduct. There is no specific anti-corruption training for governance body members or business partners. Our Code of Conduct is available at: https://www.nationalstorageinvest.com.au/governance/	
Anti-Competitive Behaviour			
GRI 103: Management Approach	103-1; 103-2; 103-3:	The National Storage Code of Conduct outlines our approach to fair dealing, which includes treating our competitors fairly and with respect. Our General Counsel/ Chief Risk Officer monitors this aspect of our business closely. All policies are reviewed annually. Our Code of Conduct is available at: https://www.nationalstorageinvest.com.au/governance/	
GRI 206: Anti-Competitive Behaviour	206-1: Legal actions for anti-competitive behaviour, anti-trust and monopoly practices	There are no legal actions pending or completed for anti-competitive behaviour, anti-trust or monopoly practices.	

GRI 300 Economic Standard Series**GRI 301: Materials**

GRI 103: Management Approach	103-1; 103-2; 103-3:	National Storage does not currently have an Environment Policy. This will be reviewed in the coming year.
GRI 301: Materials	301-1: Materials used by weight or volume	pp.48, 49 The most significant use of materials is through our supply chain, primarily corporate packaging suppliers and investment partners (builders of our facilities). Detailed data for renewable/non-renewable materials is not available this year, however, we will review how we report on this for FY19.
	301-2: Recycled input materials used	pp.47, 48 Packaging materials only are included in this report. Data for building materials used by our investment partners is not available, and will be reviewed for FY18.

GRI 302: Energy

GRI 103: Management Approach	103-1; 103-2; 103-3:	National Storage does not currently have an Environment Policy. This will be reviewed in the coming year.
GRI 301: Energy	302-1: Energy consumption within the organisation	pp.46, 47
	302-4: Reduction of energy consumption	pp.4, 47, 49

GRI 302: Emissions

GRI 103: Management Approach	103-1; 103-2; 103-3:	p.47 National Storage does not currently have an Environment Policy. This will be reviewed in the coming year.
GRI 305: Emissions	305-2: Energy indirect (Scope 2) GHG Emissions	p.47 The most significant use of materials is through our supply chain, primarily corporate packaging suppliers and investment partners (builders of our facilities). Detailed data for renewable/non-renewable materials is not available this year, however, we will review how we report on this for FY19.

GRI 306: Effluents& Waste

GRI 103: Management Approach	103-1; 103-2; 103-3:	pp.4, 46, 47 National Storage does not currently have an Environment Policy. This will be reviewed in the coming year.
GRI 306: Effluents and Waste	306-2: Waste by type and disposal method	p.48 Australia only data included. New Zealand data to be included for FY18. A detailed breakdown of waste diversion will be provided in FY18 as we streamline our reporting processes.
CRE5:	Land remediated and in need of remediation for the existing or intended land use, according to applicable legal designations	The topic has been identified as material to National Storage, but the GRI disclosure is not relevant.

GRI 400: Social Standard Series**GRI 401: Employment**

GRI 103: Management Approach	103-1; 103-2; 103-3:	pp.4, 31 All policies are reviewed annually.
GRI 401: Employment	401-1: New employee hires and employee turnover	pp.38, 39

GRI 402: Labour/Management Relations

GRI 103: Management Approach	103-1; 103-2; 103-3:	p.31 All policies are reviewed annually.
GRI 402: Labour/Management Relations	402-1: Minimum notice periods regarding operational changes	We do not have a policy on minimum notice periods, but aim to give one to two weeks notice where possible of major operational changes, or changes that will impact our employees.

GRI 403: Occupational Health and Safety

GRI 103: Management Approach	103-1; 103-2; 103-3:	p.34, 35 All policies are reviewed annually.
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GRI 403: Occupational Health and Safety	403-2: Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	pp.34, 35
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GRI 404: Training and Education

GRI 103: Management Approach	103-1; 103-2; 103-3:	pp.4, 31 All policies are reviewed annually.
GRI 403: Occupational Health and Safety	GRI 404-1: Average hours of training per year per employee	p.36
	GRI 404-2: Programs for upgrading employee skills and transition assistance programs	pp.33, 36, 37

GRI 405: Diversity and Equal Opportunity

GRI 103: Management Approach	103-1; 103-2; 103-3:	pp.4, 36 All policies are reviewed annually.
GRI 405: Diversity and Equal Opportunity	405-1: Diversity of governance bodies and employees	pp.38, 39
	405-2: Ratio of basic salary and remuneration of women to men	p.40

GRI 406: Non-Discrimination

GRI 103: Management Approach	103-1; 103-2; 103-3:	pp.4, 36 All policies are reviewed annually.
GRI 406: Non-Discrimination	406-1: Incidents of discrimination and corrective actions taken	There were no incidents of discrimination reported.

GRI 413: Local Communities

GRI 103: Management Approach	103-1; 103-2; 103-3:	pp.4, 42 National Storage does not have a formal policy around community engagement for developments.
GRI 413: Local Communities	413-1: Operations with local community engagement, impact assessments and development programs	pp.42-45

GRI 416: Customer Health and Safety

GRI 103: Management Approach	103-1; 103-2; 103-3:	p.41 All policies are reviewed annually.
GRI 416: Customer Health and Safety	416-2: Incidents of non-compliance concerning the health and safety impacts of products and services	There were no incidents of non-compliance concerning the health and safety impacts of our products and services.

GRI 418: Customer Privacy

GRI 103: Management Approach	103-1; 103-2; 103-3:	p.41 All policies are reviewed annually.
GRI 418: Customer Privacy	418-1: Substantiated complaints concerning breaches of customer privacy and losses of customer data	There were four minor complaints received in FY18 which were satisfactorily resolved with the complainants.

GRI 419: Socio-economic Compliance

GRI 103: Management Approach	103-1; 103-2; 103-3:	p.42 All policies are reviewed annually.
GRI 419: Socio-economic Compliance	419-1: Non-compliance with laws and regulations in the social and economic area	There were no incidents of non-compliance with laws and regulations regarding society and the economy.

APPENDIX: STAKEHOLDER ENGAGEMENT

STAKEHOLDER	METHOD	FREQUENCY
Employees	Staff Induction Survey	One month after staff induction
	Employee Exit Survey	On employee exit
	HR Pulse Surveys	Annually
	Stay Surveys	Annually
	Staff Conferences Operations Management	Twice yearly
	Staff Conferences - State Operations Staff	Annually
	Operational Management Meetings	Monthly
	Senior Management Meetings	Monthly
	Senior Management Conference	Annually
	Certificate IV in WH&S (Self Storage)	Once-off FY18

ENGAGEMENT	OUTCOME	FEEDBACK & ACTION
Survey to actively seek feedback on employee's first month with National Storage and provide support to employee during their induction period		Preference for a more structured approach to induction schedule to ensure consistency across teams
Survey to obtain valuable, open and honest feedback about employee's experience		Feedback from exit surveys revealed some staff feel there is limited opportunity for career progression given the nature of the business and there's room for improvement in rewarding and recognising success. Most staff who completed an exit survey confirmed they were happy to have worked for National Storage.
Survey to gauge employee wellbeing and engagement, aimed at improving performance and connecting employees to company goals	The survey demonstrated a clear understanding of goals and objectives, job satisfaction and role expectations with room for improvement around reward and recognition for employees	The NS Wahoo Wall was created as a designated space for sharing success and recognising employee performance
Survey to obtain feedback from our top performing operational staff around to gauge their reasons of for continuing to strive for progression at NS	The survey highlighted areas we are excelling at as well as areas to improve. It has also identified training opportunities for career progression.	Positive feedback from staff who appreciated being identified as a top performer, and useful suggestions for training opportunities and skill development.
Operations Management team conference held twice yearly to engage, educate and improve team performance	Further education for centre operational teams is required, with a focus on key operational metrics and business	State Operations Staff Conferences were instigated in FY17
Regional conferences were held for the first time in FY17, and continued in FY18, to engage, educate and motivate centre staff with a particular focus on company strategy the link to individual centre performance	Positive feedback from staff who appreciated time out for learning more about the business, and time with Operations Management	Positive feedback from staff who appreciated time out for learning more about the business, and time with Operations Management
Monthly management meetings are held with Centre Managers by region	General themes across the year included further training and education, systems and process improvements	Employee data has been compiled from National Storage Human Resource systems.
Monthly management meetings are held to discuss strategy, performance and projects	General themes across the year included communication, team building and cross-skilling	A commitment to improving communication (with a focus on utilising technology), Senior Management Conference to spend dedicated time working as a team and cross-skilling across business functions
Senior Management conference held annually for performance review and strategic planning	Senior Management felt empowered and engaged with improved knowledge of other business functions, challenges and opportunities	Senior Management felt empowered and engaged with improved knowledge of other business functions, challenges and opportunities
WH&S Management team completed "a Certificate IV in WH&S"	Worthwhile educational exercise for WH&S management particularly given mixed background and the breadth of the WH&S management role	Worthwhile educational exercise for WH&S management particularly given mixed background and the breadth of the WH&S management role

STAKEHOLDER	METHOD	FREQUENCY
Customers	Face-to-Face	Daily
	Online - email, website, social media	24 hours, seven days
	Telephone - contact centre or centre staff	Business Hours
Investors	Investor Briefings	On request
	Results Teleconferences	Half yearly
	Investor Roadshow & Conferences	Throughout the year
	Staff Conferences - State Operations Staff	Annually
Suppliers	Meetings	As required
Community	Face to Face	Business Hours
	Online - email, website, social media	24 hours, seven days
	Telephone - contact centre or centre staff	Business Hours
Government/Regulators	Reporting and lodgement of documents as required Once-off FY18	

ENGAGEMENT	OUTCOME	FEEDBACK & ACTION
Customers provide general operational feedback.	The majority of customers praise the National Storage customer service ethos and experience, demonstrated by more than 2,955 reviews and an 8.7/10 rating on independent review website TrustPilot for 2018. Feedback from customers who are disappointed in their experience with National Storage generally centres around pricing or price increases.	National Storage encourages the sharing of success and customer feedback on the staff intranet, Wahoo Wall and across teams. National Storage reviews its pricing strategy regularly and wherever possible will work with existing and prospective customers to tailor a storage solution to suit their needs.
Briefings with investors and analysts to provide an update on company strategy and performance, usually following a results or major market announcement	General themes from investor feedback throughout FY18 include: - improved operational reporting to assist with year-on-year and underlying growth comparisons; - improved transparency in reporting on acquisition strategy; - further detail on the industry given the alternative and emerging nature of the asset class	National Storage has improved its reporting to enable better understanding of underlying performance and earnings drivers, together with additional information on the self-storage industry and market dynamics.
Teleconference held as part of half-yearly and annual reporting to present results and strategy, plus an opportunity for investor and analysis questions and answers		
Meetings and presentations at major conferences or domestic/international roadshows to provide an update on company strategy and performance		
Held annually to provide a strategy update, hear from the Board and an opportunity for investors to interact with Board and the Senior Executive		
Meetings with product and corporate service suppliers	Suppliers generally provide feedback to National Storage around account management, new products, features and services, reporting and other relevant updates	As appropriate
National Storage maintains relationships with the community in storage centre catchments and more broadly as a responsible corporate citizen	Local communities generally provide positive feedback around community interaction and National Storage's extensive community engagement program sponsoring local community clubs, sporting teams and schools.	As appropriate

CORPORATE DIRECTORY

National Storage Holdings Limited ACN 166 572 845 ("NSH" or the "Company")
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 23, 71 Eagle Street, Brisbane QLD 4000

DIRECTORS

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

COMPANY SECRETARY

Claire Fidler
Patrick Rogers

REGISTERED OFFICE

Level 23, 71 Eagle Street
Brisbane QLD 4000

PRINCIPAL PLACE OF BUSINESS

Level 23, 71 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).





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