



**NATIONAL STORAGE PROPERTY TRUST (NSPT)  
INTERIM FINANCIAL REPORT**

**FOR THE HALF-YEAR ENDED 31 DECEMBER 2022**

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

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## CORPORATE INFORMATION

National Storage Property Trust ARSN 101 227 712 ("**NSPT Group**")<sup>1</sup>

### **Responsible Entity of NSPT**

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

### **Directors – the Responsible Entity**

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

### **Company Secretary – the Responsible Entity**

Claire Fidler

### **Registered office**

Level 16, 1 Eagle Street  
Brisbane QLD 4000

### **Principal place of business**

Level 16, 1 Eagle Street  
Brisbane QLD 4000

### **Unit registry**

Computershare Investor Services Pty Limited  
452 Johnston Street  
Abbotsford VIC 3067

### **Auditor**

Ernst & Young  
111 Eagle Street  
Brisbane QLD 4000

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<sup>1</sup> NSPT is stapled to National Storage Holdings Limited ("**NSH**") to form National Storage REIT ("**NSR**"). NSR stapled securities are quoted on the Australian Securities Exchange ("**ASX**") – trading code ASX:NSR.

# DIRECTORS' REPORT

The NSPT Group is a Consolidated Group of Trusts which hold investment properties in Australia and New Zealand. The units in NSPT are stapled to the shares of National Storage Holdings Limited ("NSH") to form National Storage REIT ("NSR"). NSR is quoted on the Australian Securities Exchange ("ASX").

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

The Directors of National Storage Financial Services Limited as responsible entity of NSPT present their report together with the financial statements of National Storage Property Trust ("NSPT Group" or "the Group") for the financial half-year ended 31 December 2022 ("Reporting Period").

## DIRECTORS

### National Storage Financial Services Limited, "The Responsible Entity"

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

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

## PRINCIPAL ACTIVITIES

NSPT and its sub trusts hold properties in Australia and New Zealand for the purpose of earning rental returns.

## REVIEW AND RESULTS OF OPERATIONS

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

### Operating results

For the half-year ended 31 December 2022, total revenue increased by 28% to \$67.9m (31 December 2021: \$53m) driven by increased rental income from investment properties.

The Group achieved IFRS profit after tax for the period of \$163.9m (31 December 2021: \$266.2m). Fair value adjustments to investment properties increased investment property values by \$119.7m over the period (31 December 2021: \$234.2m).

### Capital management

Cash and cash equivalents as at 31 December 2022 were \$4.4m (30 June 2022: \$53.7m) with net operating cashflow for the half-year increasing by \$22.6m to \$66.3m (31 December 2021: \$43.6m).

An interim distribution of 5.5 cents per security (\$66m) was announced on 13 December 2022 with a payment date of 1 March 2023 (31 December 2021: interim distribution of \$54.7m - 4.6 cents per security).

NSR continues to operate a Distribution Reinvestment Plan ("DRP") which enables eligible security holders to receive part or all of their distribution by way of securities rather than cash. For the final distribution for the year ended 30 June 2022, approximately 14% of eligible securityholders (by number of stapled securities) elected to receive their distributions as securities. This raised equity of \$9.2m from the issue of 3,799,574 stapled securities during the period of which \$8.5m was attributed to the NSPT Group.

## DIRECTORS' REPORT

For the 31 December 2022 interim distribution, 25% of eligible security holders (by number of securities) elected to receive their distributions by way of securities. The DRP price has been set at \$2.3099 based upon the volume weighted average market price of NSR stapled securities over a period of 10 trading days, commencing on and including 6 February 2023, less a 2% discount. The impact of this will be reflected in the NSPT financial statements for the year ended 30 June 2023.

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

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

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

### **Investments**

During the reporting period the investment property portfolio expanded following the acquisition of 7 storage centre assets, 16 development sites and 1 freehold property of an existing leasehold centre across Australia and New Zealand, valued at \$170.9m and adding 31,200m<sup>2</sup> of net lettable area to the Groups portfolio.

### **SIGNIFICANT EVENTS AFTER BALANCE SHEET DATE**

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

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

### **ROUNDING**

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

## DIRECTORS' REPORT

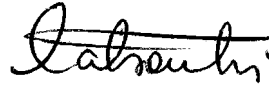
### AUDITOR'S INDEPENDENCE DECLARATION

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

This report is made on 21 February 2023 in accordance with a resolution of the Responsible Entity and is signed for and on behalf of the Responsible Entity.



Anthony Keane  
Director  
National Storage Financial Services Limited  
Brisbane



Andrew Catsoulis  
Director  
National Storage Financial Services Limited  
Brisbane



**Building a better  
working world**

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## **Auditor's independence declaration to the directors of National Storage Financial Services Limited as responsible entity of National Storage Property Trust**

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

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

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

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

Ernst & Young

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

Wade Hansen  
Partner  
21 February 2023

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 31 December

	Notes	2022 \$'000	2021 \$'000
Revenue from rental income		67,789	52,961
Interest income		121	24
<b>Total revenue</b>		<b>67,910</b>	<b>52,985</b>
Management fees		(1,707)	(2,264)
Finance costs		(20,253)	(14,482)
Other expenses		(942)	(872)
Share of profit from joint ventures	6	160	488
Gains from fair value adjustments		119,696	234,183
Restructuring and other non-recurring costs		-	(3,583)
<b>Profit before income tax</b>		<b>164,864</b>	<b>266,455</b>
Income tax expense	4	(983)	(241)
<b>Profit after tax</b>		<b>163,881</b>	<b>266,214</b>
<b>Profit for the period attributable to:</b>			
Unitholders of National Storage Property Trust		<b>163,881</b>	<b>266,214</b>
<b>Basic earnings per unit (cents)</b>	14	13.67	22.40
<b>Diluted earnings per unit (cents)</b>	14	13.66	22.38

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



# CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

For the six months ended 31 December

	2022 \$'000	2021 \$'000
<b>Profit after tax</b>	<b>163,881</b>	<b>266,214</b>
<b>Other comprehensive income</b>		
<i>Items that may be reclassified to profit or loss</i>		
Exchange differences on translation of foreign operations	7,905	1,087
Net gain on cash flow hedges	665	9,479
<b>Total other comprehensive gain, net of tax</b>	<b>8,570</b>	<b>10,566</b>
<b>Total comprehensive income</b>	<b>172,451</b>	<b>276,780</b>
<b>Comprehensive income for the period attributable to:</b>		
Unitholders of National Storage Property Trust	<b>172,451</b>	<b>276,780</b>

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

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		as at 31 Dec 2022 \$'000	as at 30 Jun 2022 \$'000
	Notes		
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		4,404	53,715
Trade and other receivables		551	457
Other current assets		1,533	387
<b>Total current assets</b>		<b>6,488</b>	<b>54,559</b>
<b>Non-current assets</b>			
Investment properties	5	4,027,428	3,666,134
Investment in joint venture	6	2,522	2,361
Deferred tax asset		7	-
Other non-current assets	9	17,733	20,876
<b>Total non-current assets</b>		<b>4,047,690</b>	<b>3,689,371</b>
<b>Total Assets</b>		<b>4,054,178</b>	<b>3,743,930</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables		74,325	58,848
Borrowings	8	250,000	-
Lease liabilities		862	828
Deferred revenue		210	96
Income tax payable		208	-
Distribution payable	12	66,001	64,557
<b>Total current liabilities</b>		<b>391,606</b>	<b>124,329</b>
<b>Non-current liabilities</b>			
Borrowings	8	897,212	972,017
Lease liabilities		18,055	17,655
Deferred tax liabilities		5,887	4,963
<b>Total non-current liabilities</b>		<b>921,154</b>	<b>994,635</b>
<b>Total Liabilities</b>		<b>1,312,760</b>	<b>1,118,964</b>
<b>Net Assets</b>		<b>2,741,418</b>	<b>2,624,966</b>
<b>EQUITY</b>			
Contributed equity	10	1,605,015	1,595,013
Retained earnings		1,123,387	1,025,507
Foreign currency translation reserve		1,715	(6,190)
Cashflow hedge reserve		11,301	10,636
<b>Total Equity</b>		<b>2,741,418</b>	<b>2,624,966</b>

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

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December

### Attributable to unitholders of National Storage Property Trust

	Notes	Contributed equity \$'000	Retained earnings \$'000	Foreign currency translation reserve \$'000	Other reserves \$'000	Total \$'000
<b>Balance at 1 July 2022</b>		<b>1,595,013</b>	<b>1,025,507</b>	<b>(6,190)</b>	<b>10,636</b>	<b>2,624,966</b>
Profit for the period		-	163,881	-	-	163,881
Other comprehensive income		-	-	7,905	665	8,570
<b>Total comprehensive income for the period</b>		<b>-</b>	<b>163,881</b>	<b>7,905</b>	<b>665</b>	<b>172,451</b>
Issue of stapled units under Distribution Reinvestment Plan	10	8,509	-	-	-	8,509
Issue of stapled units under Executive Remuneration Plan		1,516	-	-	-	1,516
Costs associated with issue of units		(23)	-	-	-	(23)
Distributions	12	-	(66,001)	-	-	(66,001)
		<b>10,002</b>	<b>(66,001)</b>	<b>-</b>	<b>-</b>	<b>(55,999)</b>
<b>Balance at 31 December 2022</b>		<b>1,605,015</b>	<b>1,123,387</b>	<b>1,715</b>	<b>11,301</b>	<b>2,741,418</b>
<b>Balance at 1 July 2021</b>		<b>1,568,864</b>	<b>551,352</b>	<b>(1,504)</b>	<b>(16,157)</b>	<b>2,102,555</b>
Profit for the period		-	266,214	-	-	266,214
Other comprehensive income		-	-	1,087	9,479	10,566
<b>Total comprehensive income for the period</b>		<b>-</b>	<b>266,214</b>	<b>1,087</b>	<b>9,479</b>	<b>276,780</b>
Issue of stapled units under Distribution Reinvestment Plan	10	10,536	-	-	-	10,536
Issue of stapled units under Executive Remuneration Plan		958	-	-	-	958
Costs associated with issue of units		(238)	-	-	-	(238)
Distributions	12	-	(54,685)	-	-	(54,685)
		<b>11,256</b>	<b>(54,685)</b>	<b>-</b>	<b>-</b>	<b>(43,429)</b>
<b>Balance at 31 December 2021</b>		<b>1,580,120</b>	<b>762,881</b>	<b>(417)</b>	<b>(6,678)</b>	<b>2,335,906</b>

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

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 31 December

	Notes	2022 \$'000	2021 \$'000
<b>Operating activities</b>			
Receipts from customers		69,388	51,764
Payments to suppliers and employees		(3,360)	(8,161)
Interest received		225	24
<b>Net cash flows from operating activities</b>		<b>66,253</b>	<b>43,627</b>
<b>Investing activities</b>			
Purchase of investment properties	5	(171,476)	(65,610)
Improvements to investment properties		(1,121)	(239)
Development of investment properties under construction		(38,963)	(26,679)
<b>Net cash flows used in investing activities</b>		<b>(211,560)</b>	<b>(92,528)</b>
<b>Financing activities</b>			
Distributions paid to unitholders		(55,355)	(38,241)
Transaction costs on issue of units		(23)	(238)
Repayment of borrowings		(130,000)	(793,179)
Proceeds from borrowings		300,074	844,535
Interest and other finance costs paid		(18,941)	(11,882)
Payment of principal and interest on lease liabilities		(421)	(387)
Borrowings from a related party		674	54,557
<b>Net cash flows from financing activities</b>		<b>96,008</b>	<b>55,165</b>
Net (decrease) / increase in cash and cash equivalents		(49,299)	6,264
Net foreign exchange difference		(12)	(18)
Cash and cash equivalents at 1 July		53,715	22,379
<b>Cash and cash equivalents at 31 December</b>		<b>4,404</b>	<b>28,625</b>

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

# NOTES TO THE FINANCIAL STATEMENTS

## 1. Corporate information

The NSPT Group ("the Group") is a Consolidated Group of Trusts which hold investment properties in Australia and New Zealand. The units in NSPT are stapled to the shares of National Storage Holdings Limited ("NSH") to form National Storage REIT ("NSR"). NSR is quoted on the Australian Securities Exchange ("ASX").

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

The financial report of NSPT Group for the half-year ended 31 December 2022 was approved on 21 February 2023, in accordance with a resolution of the Directors of National Storage Financial Services Limited.

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

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

### Basis of preparation

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

The accounting policies applied in this Interim Financial Report are the same as the 30 June 2022 financial statements for NSPT except for the accounting policies impacted by the new or amended Accounting Standards detailed in this note.

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

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

### Deficiency of net current assets

As at 31 December 2022, the Group had an excess of current liabilities over current assets of \$385.1m. \$250.0m of this deficit relates to borrowings with a maturity date of less than one year. The Group is currently in the process of refinancing this short-term arrangement and expects to conclude this process in advance of the expiry date of 23 December 2023. The Group also has undrawn facilities of \$268.8m of which \$238.8m has tenor of over one year.

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

The Group has payables of \$52.3m due to National Storage Holdings (a related party entity) which are not expected to fall due within the period. The Group generated strong operating cash flows of \$66.3m for the year ended 31 December 2022.

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

# NOTES TO THE FINANCIAL STATEMENTS

## Changes in accounting policy, accounting standards and interpretations

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

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

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

## 3. Segment information

The Group has identified its operating segments based on the internal management information used by the Directors of National Storage Financial Services Limited, the Group's chief decision maker.

The Group operates wholly within one business segment being the ownership of storage centres in Australia and New Zealand. The operating results presented in the Statement of Profit or Loss represent the same segment information as reported to the Group's chief decision maker. The Group's financing (including finance costs and finance income) are managed on a Group basis and not allocated to operating segments.

93% of total revenue is received from the NSH Group, a related party.

## 4. Income tax

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

### For the six months ended 31 December

	2022 \$'000	2021 \$'000
<b>Consolidated statement of profit or loss</b>		
Current tax	257	(413)
Deferred tax	726	654
Income tax expense	<u>983</u>	<u>241</u>
<b>Consolidated statement of other comprehensive income</b>		
<i>Deferred tax relating to items recognised in other comprehensive income during the period</i>		
Net gain on revaluation of cash flow hedges	<u>-</u>	<u>3</u>

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

## NOTES TO THE FINANCIAL STATEMENTS

### 5. Investment properties

	31 Dec 2022 \$'000	30 Jun 2022 \$'000
<b>Investment properties</b>		
Investment properties in operation	3,832,385	3,588,663
Investment property under construction	195,043	77,471
<b>Total investment properties</b>	<b>4,027,428</b>	<b>3,666,134</b>
<b>Investment properties in operation</b>		
Opening balance at 1 July	3,588,663	2,812,374
Property acquisitions	108,613	185,922
Improvements to investment properties	1,121	1,019
Items reclassified from investment properties under construction	710	83,987
Items reclassified to investment properties under construction	-	(10,261)
Reassessment of lease terms	469	1,560
Lease diminution, presented as fair value adjustments	(36)	(24)
Net gain from fair value adjustments	119,732	523,138
Effect of movement in foreign exchange	13,113	(9,052)
<b>Closing balance at 31 December / 30 June</b>	<b>3,832,385</b>	<b>3,588,663</b>
<b>Investment properties under construction</b>		
Opening balance at 1 July	77,471	83,793
Property acquisitions	69,326	23,732
Development costs	48,956	45,208
Items reclassified to investment properties in operation	(710)	(83,987)
Items reclassified from investment properties in operation	-	10,261
Effect of movement in foreign exchange	-	(1,536)
<b>Closing balance at 31 December / 30 June</b>	<b>195,043</b>	<b>77,471</b>

### 6. Interest in joint venture

	31 Dec 2022 \$'000	30 Jun 2022 \$'000
Opening balance at 1 July	2,361	2,291
Share of profit from joint venture*	161	70
<b>Closing balance at 31 December / 30 June</b>	<b>2,522</b>	<b>2,361</b>

\*Included within share of profit from joint ventures is \$231,250 representing the NSPT Group's share of fair value gains related to investment properties held by joint ventures (31 Dec 2021: \$550,000).

The Group holds a 25% (30 June 2022: 25%) interest in the Bundall Storage Trust. This investment is classified as a joint venture as all parties are subject to a Securityholders Agreement that has been contractually structured such that the parties to the agreement have equal representation on the advisory board responsible for the overall direction and supervision of the trust.

The Bundall Storage Trust develops investment property. As at 31 December 2022, the Bundall Storage Trust had one storage centre investment property.

There was no change in the share of the Group's interest during the period. The Group's joint venture is not listed on any public exchange.

## NOTES TO THE FINANCIAL STATEMENTS

### 7. Non-financial assets fair value measurement

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>At 31 December 2022</b>				
Investment properties at fair value	-	-	3,832,385	3,832,385
<b>At 30 June 2022</b>				
Investment properties at fair value	-	-	3,588,663	3,588,663

#### Recognised fair value measurements

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

#### Fair value measurements using significant unobservable inputs (level 3)

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

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

Fair values are determined by a combination of independent valuations and Directors' valuations. The independent valuations are performed by an accredited independent valuer. Investment properties are independently valued on a rotational basis every three years unless the underlying financing requires a more frequent valuation.

For properties subject to an independent valuation report the Directors verify all major inputs to the valuation and review the results with the independent valuer. The Directors' valuations are completed by the NSH Group Board (a related entity). The Directors of the Responsible Entity place reliance on these valuations for the Group financial statements. The valuations are determined using the same techniques and similar estimates to those applied by the independent valuer.

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

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

#### Valuation inputs and relationship to fair value

Description	Significant unobservable inputs	Range at 31 Dec 2022	Range at 30 Jun 2022
Investment properties in operation	Primary capitalisation rate	5.0% to 7.9%	4.7% to 7.9%
	Secondary capitalisation rate	5.3% to 8.5%	5.3% to 8.5%
	Weighted average primary cap rate	5.8%	5.8%
	Weighted average secondary cap rate	6.3%	6.3%
	Sustainable occupancy	72.5% to 95%	70% to 98%
	Stabilised average EBITDA	1,134,921	\$1,087,144

Under the income capitalisation method, a property's fair value is estimated based upon a combination of current earnings before interest, tax, depreciation and amortisation ("EBITDA") generated by the property, which is divided by the primary capitalisation rate (the investor's required rate of return) and additional EBITDA (stabilised EBITDA less current EBITDA) divided by the secondary capitalisation rate. Stabilised EBITDA reflects the estimated EBITDA generated once a property reaches



## NOTES TO THE FINANCIAL STATEMENTS

a sustainable level of operations. The value attributed to the secondary capitalisation is then discounted to account for the estimated time required to deliver this additional value.

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

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

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

At 31 December 2022:

Unobservable inputs	Increase/ (decrease) in input	Increase/ (decrease) in fair value \$'000
Primary capitalisation rate	1% / (1%)	(512,418) / 729,485
Secondary capitalisation rate	2% / (2%)	(82,047) / 161,488
Sustainable occupancy	5% / (5%)	239,366 / (94,028)
Stabilised average EBITDA	5% / (5%)	175,358 / (76,752)

At 30 June 2022:

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

## NOTES TO THE FINANCIAL STATEMENTS

### 8. Borrowings

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

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

Drawn amounts and facility limits are as follows:

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

The major terms of these agreements are as follows:

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

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

During the period the Group entered into two new additional term loans for a total of \$130.0m with major international banks.

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

#### Interest rate swaps

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

	31 Dec 2022 \$'000	30 Jun 2022 \$'000
<b>Interest rate swaps (AUD)</b>		
Current interest rate swaps	<u>260,000</u>	<u>360,000</u>

## NOTES TO THE FINANCIAL STATEMENTS

### 9. Financial instruments fair value measurement

#### Fair value hierarchy

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

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

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

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

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

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

There were no transfers between levels of fair value hierarchy during the period ended 31 December 2022. (30 June 2022: \$nil)

## NOTES TO THE FINANCIAL STATEMENTS

### 10. Contributed equity

	<b>31 Dec 2022</b>	<b>30 Jun 2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Issued and paid up capital	<b>1,605,015</b>	<b>1,595,013</b>
<b>Number of units on Issue</b>	<b>31 Dec 2022</b>	<b>30 Jun 2022</b>
	<b>No.</b>	<b>No.</b>
<b>Opening balance at 1 July</b>	1,195,498,309	1,183,070,060
Distribution reinvestment plan	3,799,574	11,919,173
Units issued under equity incentive plan	726,021	509,076
<b>Closing balance</b>	<b>1,200,023,904</b>	<b>1,195,498,309</b>

#### ***Distribution reinvestment plan***

During the period, 3,799,574 stapled securities were issued to securityholders participating in the Group's DRP for consideration of \$9.2m. The stapled securities were issued at the volume weighted average market price of the Group's stapled securities over a period of ten trading days, less a 2% discount (30 June 2022, a total of 11,919,173 for total consideration of \$26.4m).

#### ***Securities issued under equity incentive plan***

During the period, 726,021 units were issued to the NSH senior executive team for FY22 Short-Term Incentive ("STI") and Long-Term Incentive ("LTI") remuneration under the Equity Incentive Plan ("the Plan"). These units were issued following approval at the 2022 AGM on 26 October 2022. No consideration was paid by the recipients for the issue of the securities, which were issued for a deemed price of \$2.2589 per stapled security under the terms of the STI and LTI award. The deemed price was calculated using the volume weighted average market price of the Group's stapled securities over a 30-day trading period to 30 June 2022.

#### **Terms and conditions of contributed equity**

##### ***Stapled securities***

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

## NOTES TO THE FINANCIAL STATEMENTS

### 11. Related party transactions

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

Transaction with related parties		Revenue from related parties	Purchases from related parties	Amount owed by related parties	Amount owed to related parties
		\$	\$	\$	\$
National Storage Holdings Limited	Current period	-	-	-	47,191,849
	Comparative period	-	-	-	41,796,446
National Storage (Operations) Pty Ltd	Current period	46,506,427	293,781	-	22,000
	Comparative period	37,592,918	814,744	-	-
Southern Cross Storage Operations Pty Ltd	Current period	8,759,500	-	-	-
	Comparative period	7,507,000	-	-	-
National Storage Financial Services Limited	Current period	-	1,190,144	-	1,957,876
	Comparative period	-	1,216,418	-	859,706
National Storage Limited	Current period	8,004,909	-	-	3,100,960
	Comparative period	4,594,712	-	-	8,667,832

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

### 12. Distributions declared

#### Unit distributions

Distributions declared

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

### 13. Commitments and contingencies

#### Capital commitments

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS

### 14. Earnings per unit

	31 Dec 2022 cents	31 Dec 2021 cents (Restated)
Basic earnings per unit	13.67	22.40
Diluted earnings per unit	13.66	22.38

#### Reconciliation of earnings used in calculating earnings per unit

	\$'000	\$'000
Net profit attributable to unitholders	163,881	266,214
	<b>No. of units</b>	<b>No. of units</b>
Weighted average number of units on issue during the period	1,198,198,176	1,186,585,992
Adjustment under AASB 133 to reflect discount to market price on issue of new capital	524,787	1,816,357
Weighted average number of units for basic earnings per unit	1,198,722,963	1,188,402,349
Effects of dilution from issue of performance rights	1,202,950	1,217,959
Weighted average number of units for diluted earnings per unit	1,199,925,913	1,189,620,308

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

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

### 15. Events after reporting period

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

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

# DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of National Storage Financial Services Limited, the Responsible Entity state that:

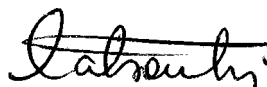
In the opinion of the Responsible Entity:

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

On behalf of the Responsible Entity,



Anthony Keane  
Director



Andrew Catsoulis  
Director

21 February 2023  
Brisbane



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## **Independent auditor's review report to the members of National Storage Property Trust**

### **Conclusion**

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

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

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

### **Basis for conclusion**

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

### **Directors' responsibilities for the half-year financial report**

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

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

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





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

A handwritten signature in black ink that reads "Ernst &amp; Young".

Ernst & Young

A handwritten signature in black ink that reads "Wade Hansen".

Wade Hansen  
Partner  
Brisbane  
21 February 2023