



Steady as she goes

Company/ASX Code	National Storage REIT/NSR
AGM date	Wednesday 26 October 2022
Time and location	10am AEST, Allens, 480 Queen St, Brisbane
Registry	Computershare
Type of meeting	Hybrid
Poll or show of hands	Poll on all items
Monitor	Sally Mellick and Ghes Holmes
Pre AGM Meeting?	Yes with Chair Tony Keane and Director Clair Fidler

Please note any potential conflict as follows: An individual involved in the preparation of this voting intention has a shareholding in this company.

Summary of issues for meeting

National Storage REIT has continued steady growth and this is reflected in its share price. The Company is open to feedback and engages with investors and Proxy Advisors. This has led to adjustment to some Remuneration Report specifics accordingly.

The expected Sustainability Report for 2022 will be published prior to the AGM. The Company has engaged with the Australian Council of Superannuation Investors (ACSI) who had given them a Moderate Rating for their 2021 Sustainability Report. This engagement has resulted in improved processing of factors affecting Sustainability which should also be reflected in the forth-coming and future reports.

The Company does not have a formal policy on Directors' share ownership. One of the recently appointed Directors is well on the way to the required shareholding. The informal view of the Chairman is consistent with ASA Policy that Directors hold one year's salary worth of shares after three years.

There was the expected discussion on Security issues for the company. Data and computer systems are important and are tested and monitored, including by an independent security company. We noted the background of one of the new Directors in having additional direct IT security experience. However, we also noted that the particular skills of each Director are not identified in the skills matrix. The Board does do this in their deliberations and we suggested it could be extended to the matrix so that investors could see what specific skills were being lost or gained with Director changes.

Proposed Voting Summary

No.	Resolution description	
2	Adoption of Remuneration Report	For
3	Re-election of Mr Anthony Keane as a Director	For
4	Election of Ms Inma Beaumont as a Director	For
5	Election of Mr Scott Smith as a Director	For
6	Approval to issue stapled securities for payment of 2022 STI and LTI payments to Mr Andrew Catsoulis	For
7	Approval to issue stapled securities for payment of 2022 STI and LTI payments to Ms Claire Fidler	For
8	Approval to issue of FY25 Performance Rights to Mr Andrew Catsoulis	For
9	Approval to issue of FY25 Performance Rights to Ms Claire Fidler	For
10a	Change of company constitution – general amendments	For
10b	Change of company constitution – virtual meeting amendments	Against
11a	Change of NSPT constitution – general amendments	For
11b	Change of NSPT constitution – virtual meeting amendments	Against
12	Spill motion (contingent resolution)	Against

Summary of ASA Position

Consideration of accounts and reports - No vote required

Governance and culture

The Company provides an annual Sustainability Report which has become progressively more detailed and focussed each year. We await the 2022 Report.

Financial performance

National Storage has continued to perform well, particularly given some of the challenges of COVID. Staff development and tight management has raised occupancy levels to 89%. Company results are in the table below. Gearing ratio is reported at 23%, providing the company with flexibility to fund further growth.

Key events

National Storage undertook a successful capital raising at the end of the last financial year. Retail shareholders, while unable to sell any rights (non-renounceable), were offered rights to shares on a proportional basis with the option to taking up to an additional 50% of their entitlement. The company reported a 58% participation rate.

Key Board or senior management changes

After some nine years in the role, Mr Laurie Brindle retired in April having been Chairman since the Company's IPO in 2013. He has overseen significant growth and development through which the

Company has become one of the best performing A-REITs. Fellow Board member, Mr Anthony Keane has taken over as Chairman.

Mr Steven Leigh will retire at the AGM. Ms Beaumont and Mr Smith were appointed to the Board from 1 July 2022. Both bring different skills and experiences. While Ms Beaumont has a finance background overseas, she seems to have played a more wide-ranging role in various groups in Australia. Mr Scott will add important technology experience to the Board.

Summary

(As at FYE)	2022	2021	2020	2019	2018
NPAT (\$m)	620.6	309.7	121.8	144.8	145.8
UPAT (\$m)	126.5	86.5	67.7	62.4	
Share price (\$)	2.14	1.98	1.84	1.74	1.62
Dividend (cents)	10	8.2	8.1	9.6	9.5
Simple TSR (%)	21.1	18.5	14.7	17.9	19.4
EPS (cents)	-15.9	-12.4	-83	-22.6	8.9
CEO total remuneration, actual (\$m)	3.423	3.054	1.74	1.32	

For 2022, the CEO's total actual remuneration was **35.9 times** the Australian Full time Adult Average Weekly Total Earnings (based on May 2022 data from the Australian Bureau of Statistics).

Simple TSR is calculated by dividing (change in share price plus dividend paid during the year, excluding franking) by the share price at the start of the year.

Adoption of remuneration report

The company received a first strike at last year's AGM. The biggest issue reported was the method the company was using from prior remuneration periods where LTI payments were not share based.

Guiding principles for Company remuneration are identified and set out further in simple tables. For 2023 the Managing Director will be able to earn up to 90% of fixed remuneration in both Short Term (STI) and Long Term (LTI) incentives. The company has increased the at-risk component of total remuneration of Key Management Personnel (KMP), and this forms a significant but lesser amount than the Managing Directors 90% of fixed remuneration for each of STI and LTI. STIs are paid in a mix of cash (70%) and equity (30%) that has a 1 year restriction.

The target amount of incentives are achieved through company performance in Underlying earnings per share (EPS) and Total Shareholder Return relative to peers in A-REIT200 and determined on a sliding scale from 50th to 75th percentile performance. Having held 1st place in TSR against the ASX200 A-REIT peers for the last three years, and achieving the required underlying EPS performance >5%pa, KMPs achieved 100% of their LTI payments for 2022. STI performance was also met although the 30% individual and strategic items were assessed and reported as a group rather than individually. The detail of the assessment items are aligned to the

Company's pillars for sustainable growth and are tabled in the Remuneration Section of the Report.

There are some minor variations from ASA's preferred position in some aspects of remuneration, eg 50% of STI is not paid as equity, but by and large the remuneration plan complies with ASA principles.

Re-election of Mr Anthony Keane as a Director

Mr Anthony Keane joined the National Storage Board in 2013 and was appointed Chairman in 2021. He brings experience in banking and business management with Mathematics credentials. He serves on the Audit and Risk, Nominations and Remuneration Committees.

Mr Keane's has experience as a Director with other ASX listed companies including a period as Chairman. He is presently on the Board of EMvision Medical Devices (EMV) and the Queensland Symphony Orchestra.

Election of Ms Inma Beaumont as a Director

Ms Inma Beaumont was appointed to the Board of National Storage on 1 July 2022. She brings significant diversity to the Board, with her initial education completed in Spain and subsequent experience in financial roles with multinational companies. Since her arrival in Australia Ms Beaumont has graduated from Australian Institute of Company Directors. She has added to her skills with experience in Marketing and Communications with several well-known educational and not for profit organisations. Her education and experience indicate she will add a distinctly different appraisal to her work with the Board.

Election of Mr Scott Smith as a Director

Mr Scott Smith was appointed to the Board of National Storage on 1 July 2022. Mr Smith began his business career in Technology and Telecommunications with a B Business (Marketing) before going on to co-found his own Service Provider business. When this business was successfully sold to ASX listed Over the Wire (OTW) in 2018, he continued with that company until he retired in October 2021. He has since undertaken consultant work in technology areas including Artificial Intelligence and Machine Learning. His skills and experience will add to the Board goals and oversight of adding value and providing efficiencies through technology.

Approval to issue stapled securities for payment of 2022 STI and LTI payments to Mr Andrew Catsoulis and Ms Claire Fidler

Mr Catsoulis is being awarded 464,829 stapled securities as the amount awarded to the CEO based on his ST 2021 and LT 2019 remuneration frameworks. The payment is based on the achievement of four hurdles covering both ST and LT incentives. Two measures are financial and were met. Two measures are individual and strategic KPIs for which no detail is provided. The number of stapled securities is determined by dividing the average price of the shares (30 day VWAP) to the 30 June 2022 into the amount of eligible incentive payment. Failure to achieve approval for this item will result in the amounts being paid in cash. The equity issued under the STI award has a 1 year holding lock. While ASA prefers shares being purchased rather than issued for incentive payments, a more important principle is for KMPs to have a vested interest in the performance of the company through share ownership.

Ms Fidler is being awarded 84,113 stapled securities as determined in the same basis as the CEO according to her remuneration package.

Approval to issue of FY25 Performance Rights to Mr Andrew Catsoulis and Ms Claire Fidler

The 368,800 FY25 Performance Rights for Mr Catsoulis has been determined based on the amount allocated for the equity component of LTI for 2025, and the 80,600 FY25 Performance Rights for Ms Fidler has been determined based on the amount allocated for the equity component of LTI for 2025. The number of Rights as been determined by the 30 day VWAP of NSR stapled securities to 30 June 2022.

Adoption of amended constitution – company and NSPT

A number of amendments have been highlighted in the Constitution documents provided with the meeting which are explained as bringing the Company and its Property Trust in line with changes in corporate governance practices, ASX listing rules and the Corporations Act. The matters covered by resolutions 10a and 11a are supportable. The specific working of the legal amendments are available for viewing and downloading from the Company's website.

We are unable to support the holding of fully virtual meetings at this time which is the substance of resolutions 10b and 11b. We note ASIC is legally able to permit fully virtual general meetings where necessary, where the constitution does not allow.

Spill motion (contingent resolution)

Last year the Company received a first strike on their Remuneration Report. Last year we did not monitor the Company, however we have in the previous two years. Following discussions with the Chairman in the preceding years we have seen a gradual improvement in the Remuneration Report according to ASA guidelines, particularly with the issue of awarding shares as part of the package, and Directors' share ownership.

Over the past three years the Company has negotiated COVID challenges and continued to grow both the company and its performance. Additionally, two of the Directors have only just joined the Board.

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Appendix 1 Remuneration framework detail

CEO rem. Framework for FY22	Target* \$m	% of Total	Max. Opportunity \$m	% of Total
Fixed Remuneration	1.25	34.4%	1.25	34.4%
STI - Cash	1.19	22.96%	1.19	22.96%
STI - Equity		9.84%		9.84%
LTI - Equity	.833	22.96%	1.19	22.96%
LTI - Cash	.357	9.84%		9.84%
Total	3.63	100.0%	3.63	100%

The amounts in the table above are the amounts that are envisaged in the design of the remuneration plan.

*Target remuneration is sometimes called budgeted remuneration and is what the company expects to award the CEO in an ordinary year, with deferred amounts subject to hurdles in subsequent years before vesting.