

The Safestore logo features the word "safestore" in a bold, lowercase, sans-serif font. The letter "a" is white with a keyhole cutout, while the remaining letters are orange. A small "TM" trademark symbol is positioned at the top right of the word. The background of the entire page is a dark blue gradient with a large, faint, light blue keyhole graphic centered behind the text.

**safestore**<sup>TM</sup>

# Annual Report 2021

**Safestore Holdings plc**

Annual report and financial statements 2021

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# A record breaking year of self-funded growth and occupancy with EPS<sup>6</sup> up 34.1% and final dividend up 38.6%

"I am pleased to report an exceptional and record result for the year. I would like to thank our staff for continuing to perform excellently throughout the period particularly given the challenges presented by Covid-19.

All geographies have performed strongly and have shown good momentum in the final quarter. The UK business has traded particularly well in 2021, with closing occupancy up by 6.0ppts to a record 85.4% and an exceptionally strong growth in average rate in the final three months driving like-for-like revenue growth of 16.8% for the year. Our Paris business saw pleasing average rate improvement in the final quarter and, combined with 4.8ppts of like-for-like occupancy growth for the year (to 83.6%), grew like-for-like revenue by 4.3% which accelerated to 8.3% in the final quarter. Our Spanish business, in its first full year of ownership, also performed ahead of our expectations.

The Group has also made excellent strategic progress during the year. Our property pipeline continues to grow and we now have 732,000 sq ft of new space planned to open over the coming years in the UK, Paris and Spain, representing growth of c. 11% in the size of our estate. Our pipeline will be financed by our free cash flow and existing debt facilities and we anticipate continuing to add further sites over the coming months. Our balance sheet remains strong and our financing capacity allows us to continue to consider acquisition opportunities.

In December 2021, Safestore acquired Your Room Self Storage in Christchurch, Dorset, for £2.45m, which comprises a freehold store with an MLA of 14,000 sq ft. The store will be operated as an automated satellite of our two existing Bournemouth stores, and we anticipate the first year initial yield will be in excess of 6%.

Since 2013, we have added 22.9ppts of occupancy to the 113 stores still in the Group today, which now have an occupancy of 86.0% (an average increase of 2.9ppts per annum). Over that period the same stores have grown average rate by 16.1% (a CAGR of 1.9% per annum).

The Company has weathered the pandemic well and remains in a very strong position. Despite the current high levels of occupancy, the business still has 1.1 million sq ft of currently unlet space in its existing fully invested estate in addition to 0.8 million sq ft in its pipeline. This represents a significant organic growth opportunity in what remains a fragmented and growing market. Our leading market positions in the UK and Paris, combined with our balance sheet strength and resilient business model, leave us well positioned for the future.

Pleasingly, the strong performance of the final quarter has continued into the first two months of the new financial year with Group like-for-like revenue up 17.3% CER compared to the first two months of the prior year. Whilst accepting the potential for further disruption arising from Covid-19 restrictions I look forward with confidence to the 2021/22 financial year."

**Frederic Vecchioli**  
Safestore's Chief Executive Officer

# Highlights

## Record financial performance

- Group revenue for the year up 15.1% (up 15.5% in CER<sup>1</sup>)
- Like-for-like<sup>3</sup> Group revenue for the year in CER<sup>1</sup> up 13.8%:
  - UK up 16.8%
  - Paris up 4.3%
- Underlying EBITDA<sup>2</sup> up 26.2% in CER<sup>1</sup> which, combined with an increased gain on investment properties of £321.1 million (FY2020: £126.5 million), resulted in statutory operating profit<sup>9</sup> of £417.0 million (FY2020: £212.2 million)
- Adjusted Diluted EPRA Earnings per Share<sup>6</sup> up 34.1% at 40.5 pence (FY2020: 30.2 pence). Diluted Earnings per Share was 176.4 pence (FY2020: 84.0 pence) largely due to the higher property valuation gain in FY2021
- 38.6% increase in the final dividend to 17.6 pence (FY2020: 12.7 pence) giving a total for the year of 25.1 pence (FY2020: 18.6 pence)

## Operational focus

- Continued balanced approach to revenue management and efficient marketing platform driving returns and record occupancy performance:
  - Like-for-like<sup>3</sup> closing occupancy of 85.1% up 5.0ppts on 2020 (FY2020: 80.1%)
  - Like-for-like<sup>3</sup> average occupancy for the year up 11.8%
  - Like-for-like<sup>3</sup> average storage rate<sup>5</sup> for the year up 2.4% in CER<sup>1</sup>
- New and recently opened stores trading well and in line with business plans
- Investment in our digital marketing platform continuing to deliver for the business:
  - Online enquiries in FY2021 rose to 89% of our total enquiries in the UK (FY2020: 88%) and 85% in France (FY2020: 79%)

## Strategic progress

- New freehold Birmingham Middleway (58,500 sq ft of MLA) and leasehold Paris Magenta (50,000 sq ft of MLA) stores opened in April 2021
- New freehold store in Bow, London (74,000 sq ft of MLA), opened in December 2021
- Three store extensions in London Edgware, London Paddington Marble Arch and Southend opened in December 2021 adding 41,000 sq ft of MLA

- Development pipeline expanded to c. 732,000 sq ft of future MLA (equivalent to c. 11% of existing portfolio)
  - Seven London and South East developments to add 387,000 sq ft
  - Seven developments in Barcelona and Madrid to add 225,000 sq ft
  - Two Paris developments to add 99,000 sq ft
  - Two existing store extensions to add 21,000 sq ft
- New 18-year lease signed on Hayes store commencing in June 2027
- Acquisition of a 14,000 sq ft MLA freehold store in Christchurch<sup>10</sup>, Dorset, from Your Room Self Storage
- Joint venture<sup>14</sup> with Carlyle acquired three-store portfolio of Opslag XL in the Netherlands in December 2020 and a development site in Nijmegen in the Netherlands which opened in January 2022
- Continued development of Environmental, Social and Governance (“ESG”) agenda illustrated by:
  - Investors In People Platinum accreditation
  - GRESB “A” rating for public disclosures
  - EPRA Silver rating for sustainability
  - MSCI AA rating for ESG
  - Third FTSE 250 company to achieve the highest rating of five stars from Support The Goals

## Strong and flexible balance sheet

- Group loan-to-value ratio (“LTV”<sup>11</sup>) at 25% (31 October 2020: 29%) and interest cover ratio (“ICR”<sup>12</sup>) at 10.5x (31 October 2020: 9.0x)
- Unutilised bank facilities of £252 million at October 2021 and no borrowings to refinance before June 2023. In addition a further uncommitted €115 million shelf facility available from an existing lender
- 24.0% increase in property valuation (including investment properties under construction) driven by improved trading performance, new stores, revisions to exit cap rates and stabilised occupancy assumptions
- As a result, our pipeline continues to be financed by free cash flow and existing debt facilities

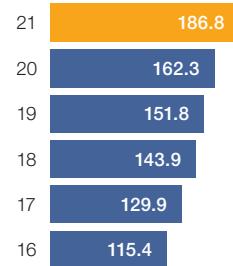
→ Learn more about Sustainability on page 40

→ Learn more about Corporate Governance on page 65

## Revenue (£'m)

£186.8m

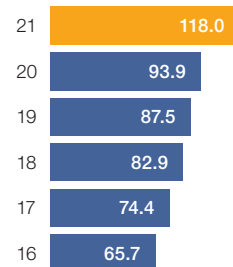
+15.1%



## Underlying EBITDA<sup>2</sup> (£'m)

£118.0m

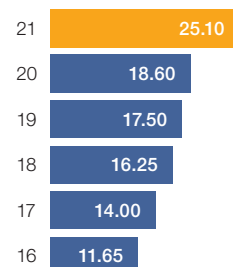
+25.7%



## Dividend (pence per share)

25.10p

+34.9%



# Financial highlights

## Key measures

	Year ended 31 October 2021	Year ended 31 October 2020	Change	Change – CER <sup>1</sup>
<b>Underlying and operating metrics – total</b>				
Revenue	<b>£186.8m</b>	£162.3m	15.1%	15.5%
Underlying EBITDA <sup>2</sup>	<b>£118.0m</b>	£93.9m	25.7%	26.2%
Closing Occupancy (let sq ft – million) <sup>3</sup>	<b>5.883</b>	5.454	7.9%	n/a
Closing Occupancy (% of MLA) <sup>4</sup>	<b>84.5%</b>	79.5%	+5.0ppts	n/a
Average Storage Rate <sup>5</sup>	<b>£26.95</b>	£26.44	1.9%	2.3%
Adjusted Diluted EPRA Earnings per Share <sup>6</sup>	<b>40.5p</b>	30.2p	34.1%	n/a
Free Cash Flow <sup>7</sup>	<b>£89.5m</b>	£68.8m	30.1%	n/a
EPRA NTA per Share <sup>13</sup>	<b>£6.79</b>	£5.29	28.4%	n/a
<b>Underlying and operating metrics – like-for-like<sup>8</sup></b>				
Storage Revenue	<b>£148.1m</b>	£129.9m	14.0%	14.4%
Ancillary Revenues	<b>£30.6m</b>	£27.7m	10.5%	10.8%
Revenue	<b>£178.7m</b>	£157.6m	13.4%	13.8%
Underlying EBITDA <sup>2</sup>	<b>£113.3m</b>	£91.9m	23.3%	23.7%
Closing Occupancy (let sq ft – million) <sup>3</sup>	<b>5.598</b>	5.249	6.6%	n/a
Closing Occupancy (% of MLA) <sup>4</sup>	<b>85.1%</b>	80.1%	+5.0ppts	n/a
Average Occupancy (let sq ft – million) <sup>3</sup>	<b>5.474</b>	4.897	11.8%	n/a
Average Storage Rate <sup>5</sup>	<b>£27.06</b>	£26.51	2.1%	2.4%
<b>Statutory metrics</b>				
Operating profit <sup>9</sup>	<b>£417.0m</b>	£212.2m	96.5%	n/a
Profit before tax <sup>9</sup>	<b>£404.6m</b>	£197.9m	104.4%	n/a
Diluted Earnings per Share	<b>176.4p</b>	84.0p	110.0%	n/a
Dividend per Share	<b>25.1p</b>	18.6p	34.9%	n/a
Cash inflow from operating activities	<b>£97.0m</b>	£75.7m	28.1%	n/a
Diluted net assets per share <sup>13</sup>	<b>£6.35</b>	£4.89	29.9%	n/a

### Notes to Highlights, Financial highlights, Chairman's statement & Chief Executive's statement

We prepare our financial statements using IFRS. However, we also use a number of adjusted measures in assessing and managing the performance of the business. These measures are not defined under IFRS and they may not be directly comparable with other companies' adjusted measures and are not intended to be a substitute for, or superior to, any IFRS measures of performance. These include like-for-like figures to aid in the comparability of the underlying business as they exclude the impact on results of purchased, sold, opened or closed stores and constant exchange rate ("CER") figures are provided in order to present results on a more comparable basis, removing FX movements. These metrics have been disclosed because management reviews and monitors performance of the business on this basis. We have also included a number of measures defined by EPRA, which are designed to enhance transparency and comparability across the European Real Estate sector; see notes 6 and 13 below and "Non-GAAP financial information" in the notes to the financial statements.

- CER is Constant Exchange Rates (Euro denominated results for the current period have been retranslated at the exchange rate effective for the comparative period in order to present the reported results on a more comparable basis).
- Underlying EBITDA is defined as Operating Profit before exceptional items, share-based payments, corporate transaction costs, change in fair value of derivatives, gain/loss on investment properties, variable lease payments, depreciation and the share of associate's depreciation, interest and tax. Underlying EBITDA therefore excludes all leasehold rent charges. Underlying profit before tax is defined as Underlying EBITDA less leasehold rent, depreciation charged on property, plant and equipment and net finance charges relating to bank loans and cash.
- Occupancy excludes offices but includes bulk tenancy. As at 31 October 2021, closing occupancy includes 14,000 sq ft of bulk tenancy (31 October 2020: 14,000 sq ft).
- MLA is Maximum Lettable Area. At 31 October 2021, Group MLA was 6.96 million sq ft (FY2020: 6.86 million sq ft).
- Average Storage Rate is calculated as the revenue generated from self storage revenues divided by the average square footage occupied during the period in question.
- Adjusted Diluted EPRA EPS is based on the European Public Real Estate Association's definition of Earnings and is defined as profit or loss for the period after tax but excluding corporate transaction costs, change in fair value of derivatives, gain/loss on investment properties and the associated tax impacts. The Company then makes further adjustments for the impact of exceptional items, IFRS 2 share-based payment charges, exceptional tax items and deferred tax charges. This adjusted earnings is divided by the diluted number of shares. The IFRS 2 cost is excluded as it is written back to distributable reserves and is a non-cash item (with the exception of the associated National Insurance element). Therefore neither the Company's ability to distribute nor pay dividends are impacted (with the exception of the associated National Insurance element). The financial statements will disclose earnings on a statutory, EPRA and Adjusted Diluted EPRA basis and will provide a full reconciliation of the differences in the financial year in which any LTIP awards may vest.
- Free cash flow is defined as cash flow before investing and financing activities but after leasehold rent payments.
- Like-for-like adjustments have been made to remove the impact of the 2021 openings in Birmingham Middleway and Magenta in Paris, the 2021 closure of Birmingham South, the 2020 acquisitions of Valencia, Calabria, Glories and Marina in Barcelona, the acquisition of Chelsea and St John's Wood in London, and the 2020 openings of Carshalton, Sheffield and Gateshead.
- Operating profit increased by £204.8 million to £417.0 million (FY2020: £212.2 million) principally as a result of an increase in the gain on investment properties of £194.6 million to £321.1 million (FY2020: £126.5 million), as well as an increase of £24.1 million or 25.7% in Underlying EBITDA as a result of stronger trading performance. Profit before tax additionally included an increase in the fair value of derivatives of £2.9 million (FY2020: net gain £0.2 million).
- The enterprise value paid for Your Room Self Storage in Christchurch, Dorset, on 7 December 2021 was £2.45 million. The total transaction costs are expected to be £2.6 million subject to customary working capital adjustments.
- LTV ratio is Loan-to-Value ratio, which is defined as gross debt (excluding lease liabilities) as a proportion of the valuation of investment properties and investment properties under construction (excluding lease liabilities).
- ICR is interest cover ratio, and is calculated as the ratio of Underlying EBITDA after leasehold rent to underlying finance charges.
- EPRA basic NAV has been superseded and has transitioned to three new measures: EPRA NRV (net reinstatement value), EPRA NTA (net tangible assets) and EPRA NDV (net disposal value) for periods commencing 1 January 2020 or thereafter. Safestore considers EPRA NTA to be most consistent with the nature of the Group's business. The basis of calculation is set out in the "Net assets per share" note to the financial statements.
- The joint venture with CERF, which represents a 20% investment, has been accounted for as an associate using the equity method of accounting, as described in the "Investment in associates" note to the financial statements.



## Our purpose is simple – to add stakeholder value by developing profitable and sustainable spaces that allow individuals, businesses and local communities to thrive

David Hearn  
Chairman

### Covid-19

The Covid-19 pandemic has continued to present challenges over the last financial year to all of us. Our first priority throughout the crisis has been, and will continue to be, the safety and wellbeing of our staff and customers. The Covid-19 processes and procedures adopted during the prior financial year have continued to be implemented where applicable with store teams able to adapt quickly as new Covid-19 restrictions are introduced.

After two years in the role, I have been consistently impressed by the dedication of the store and Head Office. The Covid-19 pandemic has highlighted an adaptability, commitment and resilience across the business that has enabled the continued operation of the stores throughout the crisis and which has delivered an outstanding and record set of results.

Our purpose remains simple, to continue to add stakeholder value by developing profitable and sustainable spaces that allow individuals, businesses and local communities to thrive. Our strategy is underpinned by our values, our behaviours and our governance structure which shape our culture and remain central to the way we conduct our business.

I would like to take this opportunity to congratulate all my colleagues throughout the Group for their exceptional contributions this year.

### Financial and strategic progress

Over the last two years the quality and resilience of the business model at Safestore has been demonstrated and I am delighted to announce, on behalf of the Board of the Group, a record set of results for the year ended 31 October 2021.

Management's first priority remains to maximise the economic return on our existing store portfolio and its 1.1 million sq ft of fully invested unlet space, building on the operational improvements made over the previous seven years.

In addition to improving returns from our existing portfolio, the Group has continued to make significant strategic progress in expanding its footprint through a combination of new store openings and acquisitions. The Group has now opened seventeen stores over the last five years and all are performing well. The acquisition of both Fort Box Self Storage and OMB in Barcelona, acquired in November 2019 and December 2019 respectively, are now fully integrated into the business. In addition, we have a further property pipeline of an additional 732,000 sq ft of MLA, which provides significant opportunity for the business and underpins our future growth.

Our joint venture<sup>14</sup> with Carlyle and our OMB acquisition in Barcelona provide us with exciting platforms in new attractive geographies. Opslag in the Netherlands, acquired by the joint venture<sup>14</sup> with Carlyle in December 2020, is performing strongly and complements the joint venture's previous acquisitions of M3 in the Netherlands and Lokabox in Belgium. Safestore's highly scalable platform will allow us to take advantage of further opportunities in due course.

### Financial results

Revenue for the year was £186.8 million, 15.1% ahead of last year (FY2020: £162.3 million), or 15.5% ahead on a constant currency basis. Like-for-like<sup>9</sup> revenue was up 13.8% in constant currency. This result was driven by an exceptional performance in the UK which grew like-for-like<sup>9</sup> revenue by 16.8%, combined with another strong performance by Une Pièce en Plus, our Parisian business, which grew like-for-like<sup>9</sup> revenue by 4.3%.

Underlying EBITDA<sup>2</sup> increased by 25.7% to £118.0 million (FY2020: £93.9 million) and on a constant currency basis by 26.2%. Underlying EBITDA<sup>2</sup> after rental costs increased by 29.5% to £105.0 million (FY2020: £81.1 million).

Operating profit increased by £204.8 million from £212.2 million in 2020 to £417.0 million in 2021, reflecting a higher investment property gain in 2021, combined with the increase in Underlying EBITDA<sup>2</sup>, offset by an increase in the share-based payments charge of £11.8 million to £18.3 million (FY2020: £6.5 million). The increase in share-based payments arises from the crystallisation of the Earnings per Share performance measure of the 2017 LTIP, which is measured over a 5 year period from 1 November 2016 to 31 October 2021 (further explanation will be provided within the 2021 Directors' Remuneration Report).

Adjusted Diluted EPRA Earnings per Share<sup>6</sup> grew by 34.1% to 40.5 pence (FY2020: 30.2 pence). Adjusted Diluted EPRA Earnings per Share<sup>6</sup> has grown by 29.8 pence or 279% over the last eight years. Statutory diluted Earnings per Share increased to 176.4 pence (FY2020: 84.0 pence) as a result of the increase in Adjusted Diluted EPRA Earnings per Share<sup>6</sup> combined with an increased gain on valuation of investment properties.

Finally, the Group's balance sheet remains robust with a Group LTV<sup>11</sup> ratio of 25% (FY2020: 29%) and an ICR<sup>12</sup> of 10.5x (FY2020: 9.0x). This represents a level of gearing we consider appropriate for the business to enable the Group to increase returns on equity, maintain financial flexibility and achieve our medium term strategic objectives.

This year's record performance continues a sustained period of excellent performance by the Company. Over the last eight years, the management and store teams have delivered a Total Shareholder Return of 1,013.1%, ranking at number one in the UK property sector. Since flotation in 2007, Safestore has also delivered the highest Total Shareholder Return of any UK listed self storage operator.

## Chairman's statement *continued*

### ESG

Safestore's business processes and operations are supported by the pillars of its ESG strategy; and whilst I am delighted with this record financial performance, I am equally proud of our other non-financial achievements.

The Board and management are particularly proud of the fact that the business was awarded the prestigious Investors in People ("IIP") Platinum accreditation, and made the final 10 shortlist in the 'Platinum Employer of the Year (250+)' category in The Investors in People Awards 2021. This is the result of our continuous efforts to support our people and help them to develop through open communication and specifically developed day to day training courses to help build their skills.

We have also made significant progress in pursuing our other ESG goals. We have continued to focus on our environmental agenda, with year-on-year reductions in greenhouse gas emissions and enhanced disclosures in recognition of the recommendations of the TCFD. I am pleased to report that we were awarded a Silver rating in the 2021 EPRA sustainability awards, an 'A' rating for public disclosures by GRESB and an 'AA' rating for ESG by MSCI. We were also awarded the highest rating of 5 stars by Support the Goals, recognising Safestore as the third member of the FTSE 250 to achieve this level. Details of these achievements are covered more fully in the Chief Executive's statement and the sustainability section of our annual report.

### Non-Executive Board changes

At the end of the financial year two of our Non-Executive Directors stood down from the Board due to other commitments. On behalf of the Board, I would like to thank both Bill Oliver and Joanne Kenrick for their contribution and commitment to the business over many years and wish them well in all their future endeavours.

I am also delighted to welcome the two new Non-Executive Directors whom we appointed after a comprehensive search through an international independent search firm. I am delighted that in Delphine Mousseau and Laure Duhot we have two new Board members whose experience and expertise will help us move forward. It is also worth noting that the appointment of these new directors means that over one third of our Board is now female, which is a further step in our journey towards greater diversity and inclusion at both Board and leadership level within the Company.

### Dividend

Finally, reflecting the Group's strong trading performance, the Board is pleased to recommend a 38.6% increase in the final dividend to 17.6 pence per share (FY2020: 12.7 pence) resulting in a full year dividend up 34.9% to 25.1 pence per share (FY2020: 18.6 pence).

Over the last eight years, the Group has grown the dividend by 337% or 19.4 pence per share during which period the Group has returned to shareholders a total of 120.2 pence per share. The total dividend for the year is covered 1.61 times by Adjusted Diluted EPRA Earnings (1.62 times in 2020). Shareholders will be asked to approve the dividend at the Company's Annual General Meeting on 16 March 2022 and, if approved, the final dividend will be payable on 7 April 2022 to Shareholders on the register at close of business on 4 March 2022.

### Summary

In conclusion, the Board remains confident in the future growth prospects for the Group and will continue its progressive dividend policy in 2022 and beyond. In the medium term it is anticipated that the Group's dividend will grow at least in line with Adjusted Diluted EPRA Earnings per Share<sup>6</sup>.

### David Hearn

Chairman  
12 January 2022

## Chief Executive's statement



# The Group has delivered an exceptional performance in 2021

**Frederic Vecchioli**  
Chief Executive Officer

### Summary

In 2021, the Group delivered 34.1% growth in Adjusted Diluted EPRA Earnings per Share largely driven by organic growth. Total Group revenue increased by 15.1% (15.5% CER<sup>1</sup>) with an outstanding performance in the UK (+18.8%) and continued strength in Paris (+4.3%). In addition, the newly acquired Spanish business contributed £2.8 million of revenue. On a like-for-like<sup>8</sup> basis in CER<sup>1</sup>, Group revenue increased by 13.8% with the UK up 16.8% and Paris up 4.3%. The Group's like-for-like<sup>8</sup> closing occupancy increased by 5.0 percentage points ("ppts") to a record 85.1% with the like-for-like average storage rate<sup>9</sup> up 2.4% at CER<sup>1</sup>.

The Group has traded strongly throughout the year with momentum improving as the year progressed. Our digital marketing platform has driven excellent enquiry generation and conversion, and our ongoing commitment to investing in and supporting our staff has resulted in like-for-like<sup>8</sup> closing occupancy in the UK growing by 5.0ppts to 85.4%. Growth in occupancy across the UK has been healthy with the UK regions and London and the South East once again all performing well.

In Paris, our performance has also been strong with like-for-like<sup>8</sup> revenue growing by 4.3% driven by a like-for-like growth in average occupancy of 6.1%. Like-for-like<sup>8</sup> closing occupancy ended the year at 83.6% (FY2020: 78.8%). This is the 23rd consecutive year of revenue growth in Paris with average growth over the last seven years of approximately 5%.

The Group's current pipeline of new developments and store extensions has grown significantly over the last year and now constitutes c. 732,000 sq ft of future MLA (equivalent to 11.5% of the existing portfolio) and associated outstanding capital expenditure of £96 million. This does not include the c. 130,000 sq ft of MLA opened since the year end. The pipeline consists of seven new stores in London and the South East of England, two in Paris, three in Madrid and four in Barcelona as well as two existing store extensions in the UK.

In December 2020, the Group's joint venture<sup>14</sup> ("JV") with Carlyle acquired Opslag XL in the Netherlands which has three stores in The Hague, Hilversum and Amsterdam. In addition, in June 2021, the JV acquired a freehold site with an existing building in Nijmegen in the Netherlands. Safestore provided 20% of the equity required to acquire and develop the site which will have an MLA of c. 40,000 sq ft. The Group earns management fees and a 20% share of the profits of the JV.

In December 2021, Safestore acquired Your Room Self Storage in Christchurch<sup>10</sup>, Dorset, for £2.45 million. The freehold Christchurch store has an MLA of 14,000 sq ft and the Group anticipates that the initial first year yield will be in excess of 6%. The store will be operated as an automated satellite of our two existing Bournemouth stores.

Group Underlying EBITDA<sup>2</sup> of £118.0 million increased by 26.2% at CER<sup>1</sup> on the prior year.

The Group's EBITDA<sup>2</sup> performance, combined with modest increases in leasehold rent and finance costs, resulted in a 34.1% increase in Adjusted Diluted EPRA EPS<sup>6</sup> in the period to 40.5 pence (FY2020: 30.2 pence). Statutory operating profit increased by £204.8 million to £417.0 million (FY2020: £212.2 million) principally as a result of an increase in the gain on investment properties of £194.6 million to £321.1 million (FY2020: £126.5 million), along with an increase of £24.1 million or 25.7% in Underlying EBITDA<sup>2</sup> as a result of stronger trading performance.

Our property portfolio valuation, including investment properties under construction, increased in the year by 24.0%, driven by the stronger underlying performance of the stores, revisions to exit cap rates, stabilised occupancy assumptions and FX. After exchange rate movements, the portfolio valuation increased to £1,949.2 million with the UK portfolio up £327.9 million to a total UK value of £1,474.8 million and the French portfolio increasing by €73.7 million to €521.6 million.

Reflecting the Group's strong trading performance, the Board is pleased to recommend a 38.6% increase in the final dividend to 17.6 pence per share (FY2020: 12.7 pence) resulting in a full year dividend up 34.9% to 25.1 pence per share (FY2020: 18.6 pence). Over the last eight years, the Group has grown the annual dividend by 337% or 19.4 pence per share.

### Strategic priorities

- Optimising the existing portfolio
- Maintaining a strong and flexible capital structure
- Focusing on portfolio management

## Chief Executive's statement *continued*

### Outlook

As we approach the second anniversary of the beginning of the Covid-19 pandemic, we believe the resilience of the business model has once again been proven. There remains the potential for disruption from Covid-19 restrictions but we anticipate that the Group is in a good position to withstand any ongoing challenges presented by the crisis.

In the last six financial years, Safestore has strengthened its market-leading positions in the UK and Paris with the acquisitions of Space Maker, Alligator, Fort Box and our stores at Heathrow and Christchurch<sup>10</sup>, as well as opening 17 new stores and establishing a pipeline of c. 732,000 sq ft of MLA. In addition, the Group has entered new markets in Spain together with Belgium and the Netherlands through our joint venture with Carlyle. Excluding the joint venture and the development pipeline, there is 1.1 million sq ft of fully invested unlet space available, offering significant operational upside within the existing portfolio. We remain focused on further optimising the Group's operational performance whilst our balance sheet strength and flexibility provide us with the opportunity to consider further selective development and acquisition opportunities in our key markets.

The strong performance of the final quarter of 2020/21 has continued into the new financial year with like-for-like Group revenue (CER<sup>1</sup>) up 17.3% for the first two months. We anticipate a return to normal cycle of trading in the coming months but look forward to the 2021/22 financial year with confidence.

### Covid-19

At Safestore, the health and wellbeing of our customers and colleagues is our absolute priority. Throughout the various stages of the pandemic, we implemented strict safeguarding measures across our portfolio, in line with government guidance in each geography, to maintain social distancing and ensure we could operate safely, protect our staff, and allow necessary access for our customers.

All our stores in the UK, Paris, Barcelona and the Netherlands remained open or accessible during the first lockdown but the reception areas were closed, the staffing and opening hours were reduced and we removed the provision of services that involve person-to-person contact. Access to our stores is largely automated and, in general, the premises have relatively low footfall. We supported our colleagues with alternative means of transport to work where public transport continues to be a challenge.

The process for new enquiries remained unchanged with customers able to enquire via our website or phone, and we adjusted the new let process so that contracts were concluded electronically. In addition, we intensified the daily cleaning levels of our stores, especially commonly touched areas.

Safestore paid all our employees' salaries throughout the crisis and did not access any of the UK government's support measures.

In line with UK government guidance relating to storage and points of delivery facilities, our UK stores remained open as they provide important support to small business customers and companies engaged in key supply chains including healthcare, food industry suppliers and infrastructure support such as electrical and mechanical repair providers.

As lockdowns were gradually relaxed across our geographies in early summer 2020, operational processes reverted to more normal practices. Colleagues were provided with personal protective equipment ("PPE") and adhered to the social distancing rules required in each geography.

During subsequent phases of restrictions and lockdowns, stores remained open in all geographies with all reception areas adapted to become Covid-19 secure environments with Perspex screens, personal protective equipment and hand sanitiser provided whilst ensuring social distancing measures were maintained.

While Covid-19 continues to create uncertainty, we are monitoring developments daily to ensure we adhere to government advice in each of our geographies and continue to ensure the safety of our staff and customers.

### Our strategy

The Group's proven strategy has evolved over the last three years with the creation of our joint venture<sup>14</sup> with Carlyle and our acquisition of OhMyBox! ("OMB") in Barcelona. We believe that the Group has a well-located asset base, management expertise, infrastructure, scale and balance sheet strength and, as we look forward, we consider that the Group has the potential to further increase its Earnings per Share by:

- optimising the trading performance of the existing portfolio;
- maintaining a strong and flexible capital structure; and
- taking advantage of selective portfolio management and expansion opportunities in our existing markets and, if appropriate, in attractive new geographies either through a joint venture<sup>14</sup> or in our own right.

In addition, the Group's strategy is pursued whilst maintaining a strong focus on Environmental, Social and Governance ("ESG") matters and a summary of our ESG strategy is provided below.

### Optimisation of existing portfolio

With the opening of 17 new stores since August 2016, and the acquisitions of 31 stores through the purchases of Space Maker in July 2016, Alligator in November 2017, our Heathrow store, Fort Box in London and OMB in Barcelona in 2019, we have established and strengthened our market-leading portfolio in the UK and Paris and have entered the Spanish market. We have a high quality, fully invested estate in all geographies and, of our 161 stores as at 31 October 2021, 100 are in London and the South East of England or in Paris, with 57 in the other major UK cities and four in Barcelona. In the UK, we now operate 48 stores within the M25, which represents a higher number of stores than any other competitor.

Our MLA<sup>4</sup> has increased to 6.96 million sq ft at 31 October 2021 (FY2020: 6.86 million sq ft). At the current occupancy level of 84.5% we have 1.1 million sq ft of fully invested unoccupied space (1.8 million sq ft including the development pipeline), of which 0.8 million sq ft is in our UK stores and 0.3 million sq ft is in Paris. In total, this unlet space is the equivalent of c. 27.5 empty stores located across the estate and provides the Group with significant opportunity to grow further. We have a proven track record of filling our vacant space so we view this availability of space with considerable optimism. We will also benefit from the operational leverage from the fact that this available space is fully invested and the related operating costs are essentially fixed and already included in the Group cost base. Our continued focus will be on ensuring that we drive occupancy to utilise this capacity at carefully managed rates. Between the full financial years 2013 and 2021, occupancy of the stores in the portfolio in 2013 that remain in the Group today has increased from 63.1% to 86.0%, i.e. an average of 2.9ppts per year and equivalent to a total of 2 million sq ft.

There are three elements that are critical to the optimisation of our existing portfolio:

- enquiry generation through an effective and efficient marketing operation;
- strong conversion of enquiries into new lets; and
- disciplined central revenue management and cost control.



### Digital marketing expertise – UK Number 1 Self Storage Brand

Awareness of self storage remains relatively low with 50% (FY2020: 52%) of the UK population either knowing very little or nothing about self storage (source: 2021 SSA Annual Report). In the UK, many of our new customers are using self storage for the first time. It is largely a brand blind purchase. Typically, customers requiring storage start their journey by conducting online research using generic keywords in their locality (e.g. “storage in Borehamwood”, “self storage near me”) which means that geographic coverage and search engine prominence remain key competitive advantages.

We believe there is a clear benefit of scale in the generation of customer enquiries. The Group has continued to invest in technology and in-house expertise which has resulted in the development of a leading digital marketing platform that has generated 63% enquiry growth for the Group over the last five years. Our in-house expertise and significant annual budget have enabled us to deliver strong results. Safestore is the UK number 1 self storage brand as it moves in more customers per year than any other brand.

The Group’s online strength came to the fore during the various Covid-19 lockdowns and has since continued to support customer acquisition growth. Online enquiries in FY2021 rose to 89% of our enquiries in the UK (FY2020: 88%) and 85% in France (FY2020: 79%). Approximately 64% of our online enquiries in the UK originate from a mobile device (excluding tablets), compared to c. 60% last year, highlighting the need for continual investment in our responsive web platform for a “mobile-first” world. We continue to invest in activities that promote a strong search engine presence to grow enquiry volume whilst managing efficiency in terms of overall cost per enquiry and cost per new let. UK enquiries increased by 25% whereas costs per enquiry decreased by 23%. Group marketing costs as a percentage of revenue were 3.7% for the full year (FY2020: 4.5%).

During the year, the Group demonstrated its ability to integrate newly developed and acquired stores into its marketing platform with successful new openings at Birmingham Middleway and Paris Magenta. The joint venture managed by the Group in the Netherlands expanded its coverage beyond Amsterdam and Haarlem with the acquisition and integration of stores in The Hague and Het Gooi, north of Hilversum. The Group also completed the integration of OMB (Spain, acquired December 2019) onto the Safestore platform with uplifts seen in both enquiry generation and marketing efficiency. Spanish cost per enquiry, for example, was reduced by c. 60% although the number of enquiries

more than doubled. With the integration of OMB, the Group has now completed the on-boarding of all of its managed brands onto its Digital platform.

In February 2021, Safestore UK won the Feefo Platinum Trusted Service award for the second time. The award is given to businesses which have achieved Gold standard for three consecutive years. It is an independent mark of excellence that recognises businesses for delivering exceptional experiences, as rated by real customers. In addition to using Feefo, Safestore invites customers to leave a review on a number of review platforms, including Google and Trustpilot. Our ratings for each of these three providers in the UK are between 4.7 and 4.8 out of 5. This way, wherever customers look for trust and reputational signals about Safestore, they will see an impartial view of our excellent customer satisfaction. In France, Une Pièce en Plus uses Trustpilot to obtain independent customer reviews. In FY2021, 93% of customers rated their service experience as “Excellent” or “Great” resulting in a TrustScore of 4.6 out of 5. In Spain, OMB collects customer feedback via Google reviews and has maintained a score of at least 4.8 out of 5.

### Motivated and effective store teams benefiting from investment in training and development

In what is still a relatively immature and poorly understood product, customer service and selling skills at the point of sale remain essential in earning the trust of the customer and in driving the appropriate balance of volumes and unit price in order to optimise revenue growth in each store.

The impact of the Covid-19 pandemic has been fast moving and uncertain but our teams created and implemented our plans quickly. The health, safety and wellbeing of our colleagues and customers is of paramount importance and all sites were operated in accordance with UK government guidelines in providing a Covid-19 secure workplace. We consulted our colleagues about managing risks associated with Covid-19, which included collaborating with them about key decisions we made during this time. The decision was taken not to access the UK government’s Covid-19 related support schemes including the job retention scheme. Our colleagues received their full salary entitlement, irrespective of whether they were working reduced hours or were unable to work because they were self-isolating.

Our enthusiastic, well-trained and customer-centric sales team remains a key differentiator and a strength of our business. Understanding the needs of our customers and using this knowledge to develop in-store trusted advisers is a fundamental part of driving revenue growth and market share.

Safestore has been an Investors in People (“IIP”) organisation since 2003 and our aim is to be an employer of choice in our sector as we passionately believe that our continued success is dependent on our highly motivated and well-trained colleagues. Following the award of a Bronze standard accreditation in 2015 and our subsequent Gold standard accreditation in 2018, Safestore was awarded the “we invest in people” Platinum accreditation in February 2021, the highest accolade in the Investors in People scale. Shortly after our Platinum accreditation, we also made the final top ten shortlist for the Platinum Employer of the Year (250+) category in the Investors in People Awards 2021. This nomination further endorses the high standard of our teams and the people development programmes that drive our skill and talent retention.

The Investors in People Awards firmly place Safestore in the top 2% of accredited organisations in the UK. The accreditation panel commented: “There are real gains on all of the indicators and individual themes compared to the survey conducted three years ago, and the response rate of 93% is excellent. Safestore are a fantastic example of sustained great practice.” – Matthew Filbee, IIP Practitioner.

IIP is the international standard for people management, defining what it takes to lead, support and manage people effectively to achieve sustainable results. Underpinning the standard is the Investors in People framework, reflecting the latest workplace trends, essential skills and effective structures required to outperform in any industry. Investors in People enables organisations to benchmark against the best in the business on an international scale. We are proud to have our colleagues recognised to such a high standard not only in our industry but also across 14,000 organisations in 75 countries. This sustained people development focus is an essential component of our continuous improvement mentality.

We are committed to growing and rewarding our people and tailor our development, reward and recognition programmes to this end. Our IIP recognised coaching programme, launched in 2018, and upgraded every year since, continues to be a driving force behind the continuous performance improvement demonstrated by our store colleagues.

## Chief Executive's statement *continued*

### Optimisation of existing portfolio *continued*

#### Motivated and effective store teams benefiting from investment in training and development *continued*

The last 24 months provided a challenging environment requiring us to operate in some new and innovative ways. Our online learning portal, combined with the energy and flexibility of our store colleagues, allowed us to not only continue to deliver our award-winning development programmes but also to capitalise on the strength of our IT platforms. In the first half of 2021 we rolled out our annual sales refresher programme to every store colleague online, utilising some innovative technologies along with more common communication tools such as Microsoft Teams to once again raise our performance bar. As the restrictions in the UK relaxed through the second half of the year, we were able to combine our newly created technology communication skills with our tried and tested face-to-face training sessions. In preparation for the start of our new trading year, early September saw us deliver a newly created "impact" sales refresher, further strengthening our charge into 2022.

We recognised the changing needs and demands of our customers, not only through the challenging times of 2020/21 but through the newly emerging demands and requirements that late 2021 brought. Combining new, along with tried and tested, solutions and systems, we are further able to support our store colleagues allowing them to continue to fulfil the needs of our customers.

The day-to-day training and development of our store and customer-facing colleagues is an essential part of our daily routines. Due to the restrictions created by the Covid-19 pandemic, our learning and development programmes have been continually delivered online via our Learning Management System and the use of the digital platforms mentioned above. This allowed us the flexibility to continue with high quality delivery of our core sales and development modules without the need to meet face-to-face. To support a safe working environment this Learning Management System also provides the opportunity for team members to receive rigorously enforced health and safety, fire and compliance training, ensuring that our colleagues are up to date in relation to their technical knowledge and continue to operate a safe environment for both our colleagues and customers. These tools, systems and resources have allowed us to effectively communicate changes quickly and manage compliance robustly. The onset of a national lockdown in March 2020 did not stop the continued development and training of our colleagues. Our training, developmental, welfare and compliance training modules can all be remotely accessed. Along with our

online-learning portal and the adaptation of our face-to-face training programmes into a video-linked Microsoft Teams format, we delivered a continuous seamless learning experience for all our colleagues. The relaxation of the restrictions in mid-2021 has seen us take a blended approach to our training and coaching utilising the best of both remote and face-to-face engagement.

All new recruits to the business benefit from enhanced induction and training tools that have been developed in-house and enable us to quickly identify high potential individuals and increase their speed to competency. They receive individual performance targets within four weeks of joining the business and are placed on the "pay-for-skills" programme that allows accelerated basic pay increases dependent on success in demonstrating specific and defined skills. The key target of our programme remains that close to 100% of our Store Manager appointments are internal hires via our Store Manager Development programme, and we are pleased with our progress to date.

Our internal Store Manager Development programme has been in place since 2016 and is a key part of succession planning for future Store Managers. The fifth intake are well underway on their programme for 2021/22, and along with the necessary skills and attributes they need to become a Safestore Store Manager, delegates have the opportunity to gain a nationally recognised qualification from the Institute of Leadership & Management ("ILM") at Level 3.

Our Store Manager Development programme demonstrates the effectiveness of our learning tools. In a spirit of constant improvement, our content and delivery process is dynamically enhanced through our 360-degree feedback process utilising the learnings from not only the candidates but also from our training Store Managers and senior business leaders. This allows our people to be trained with the knowledge and skills to sell effectively in today's market place. December 2019 also saw the inaugural launch of our Senior Manager Development programme ("LEAD") which focuses on developing our high performing middle managers aimed at preparing them for more senior roles within the business. This programme is built on the foundations of our Store Manager Development programme and includes Level 5 accreditation from the Institute of Leadership & Management upon successful completion. Our LEAD group delegates are already delivering performance-enhancing projects to our wider business and are fast heading towards their graduation day.

Our performance dashboard allows our store and field teams to focus on the key operating metrics of the business providing an appropriate level of management information

to enable swift decision making. Reporting performance down to individual employee level enhances our competitive approach to team and individual performance. We continue to reward our people for their performance with bonuses of up to 50% of basic salary based on their achievements against individual targets for new lets, occupancy and ancillary sales. In addition, a Values and Behaviours framework is overlaid on individuals' performance in order to assess team members' performance and development needs on a quarterly basis.

February 2019 saw the launch of our "Make the Difference" forum when 15 of our colleagues were voted to be the "People Champions" and attend our people's forum. This initiative allows our champions to be the representative voice for each of the twelve regions and Head Office in order to influence change and drive improvement for "Our Business, Our Customers and Our Colleagues".

People Champions:

- consult and collect the views and suggestions of all colleagues that they represent;
- engage in the bi-annual "Make the Difference" forum, raising and representing the views of their colleagues; and
- consult with and discuss feedback with management and the leadership team at Safestore.

2021 saw our people's forum representative positions up for election after they had successfully completed their two-year tenure. After a strongly contested election, our 15 new members were elected and they are already delivering high quality contributions to our business.

Our Values and Behaviours framework concentrates our culture on our customers. Customers continue to be at the heart of everything we do, whether it be in store, online or in their communities. In 2021 we further improved our customer ratings when we were awarded the Feefo Platinum Trusted Service award. Later in the year, we became the only self storage provider in the UK to have a five-star Trustpilot rating. Along with our strong Google ratings, these independent assessments further reflect our ongoing commitment to their satisfaction as the number one storage provider in the UK.

### Central revenue management and cost control

We continue to pursue a balanced approach to revenue management. We aim to optimise revenue by improving the utilisation of the available space in our portfolio at carefully managed rates. Our central pricing team is responsible for the management of our dynamic pricing policy, the implementation of promotional offers and the identification of additional ancillary revenue opportunities. Whilst price lists are managed centrally and are adjusted on a real time basis, the store sales teams have, from time to time, the ability to offer a Lowest Price Guarantee in the event that a local competitor is offering a lower price. The reduction in the level of discount offered over the last five years is linked to store team variable incentives and is monitored closely by the central pricing team.

Average rates are predominantly influenced by:

- the store location and catchment area;
- the volume of enquiries generated online;
- the store team skills at converting these enquiries into new lets at the expected price; and
- the very granular pricing policy and the confidence provided by analytical capabilities and systems that smaller players might lack.

We believe that Safestore has a very strong proposition in each of these areas.

Costs are managed centrally with a lean structure maintained at Head Office. Enhancements to cost control are continually considered and the cost base is challenged on an ongoing basis.

### Strong and flexible capital structure

Since 2014 we have refinanced the business on five occasions, each time optimising our debt structure and improving terms; and believe we have maintained a capital structure that is appropriate for our business and which provides us with the flexibility to take advantage of carefully evaluated development and acquisition opportunities.

At 31 October 2021, based on the current level of borrowings and interest swap rates, the Group's weighted average cost of debt was 2.36% and 68% of our debt facilities are at fixed rate or hedged. The weighted average maturity of the Group's drawn debt is 6.2 years at the current period end and the Group's LTV ratio is 25% as at 31 October 2021.

This LTV and interest cover ratio of 10.5x for the rolling twelve-month period ended 31 October 2021 provides us with significant headroom compared to our banking covenants. We had £252 million of undrawn bank facilities at 31 October 2021 before taking into consideration the additional funding described below.

Taking into account the improvements we have made in the performance of the business and the reduction in underlying finance charges of c. £8.9 million over the last nine years, the Group is capable of generating free cash after dividends sufficient to fund the building of three to four new stores per annum depending on location and availability of land.

The Group evaluates development and acquisition opportunities in a careful and disciplined manner against rigorous investment criteria. Our investment policy requires certain Board-approved hurdle rates to be considered achievable prior to progressing an investment opportunity. In addition, the Group aims to maintain a Group LTV<sup>11</sup> ratio below 40% which the Board considers to be appropriate for the Group.

### New financing

On 7 May 2021, Safestore extended its borrowing facilities with the issuance of the equivalent of £149 million new Sterling and Euro denominated US Private Placement ("USPP") notes with the following coupons and tenors:

- £20 million 7 year notes at a coupon of 1.96% (credit spread of 140 bps)
- €29 million 7 year notes at a coupon of 0.93% (credit spread of 105 bps)
- £80 million 10 year notes at a coupon of 2.39% (credit spread of 150 bps)
- €29 million 12 year notes at a coupon of 1.42% (credit spread of 118 bps)

The funds were received in June 2021 and August 2021 and were used initially to pay down Revolving Credit Facilities ("RCF") thereby providing further capacity for medium term growth.

The USPP notes were issued to a group of existing institutional investors.

In addition, an uncommitted €115 million shelf facility, which can be drawn in Euros or Sterling, was agreed with one existing lender, giving the Group further financing flexibility. The facility would be drawn in the form of Private Placement Notes at a coupon to be agreed at the time of funding.

The existing USPP notes and banking arrangements remain unchanged and are detailed in the Financial Review.

### ESG strategy

#### ESG: Sustainable Self Storage

Our purpose – to add stakeholder value by developing profitable and sustainable spaces that allow individuals, businesses and local communities to thrive – is supported by the 'pillars' of our sustainability strategy: our people, our customers, our community and our environment. In addition, the Group and its stakeholders recognise that its efforts are part of a broader movement and we have therefore aligned our objectives with the UN Sustainable Development Goals ("SDGs"). We reviewed the significance of each goal to our business and the importance of each goal to our stakeholders and assessed our ability to contribute to each goal. Following this materiality exercise, we have chosen to focus our efforts in the areas where we can have a meaningful impact. These are 'Decent work and economic growth' (goal 8), 'Sustainable cities and communities' (goal 11), 'Responsible consumption and production' (goal 12) and 'Climate action' (goal 13).

Sustainability is embedded into day-to-day responsibilities at Safestore and, accordingly, we have opted for a governance structure which reflects this. Two members of the Executive Management team co-chair a cross-functional sustainability group consisting of the functional leads responsible for each area of the business.

In 2018, the Group established medium term targets in each of the 'pillars' towards which the Group continued recent progress in FY2021.

**Our people:** Safestore was awarded the prestigious Investors in People ("IIP") Platinum accreditation and was in the final top ten shortlist for Platinum Employer of the Year (250+) category in The Investors in People Awards 2021. The Group's pandemic response in particular has had a profound impact on trust in leadership and colleague engagement and motivation. This year, more than ever, our people have truly made the difference.

**Our customers:** The Group's brands continue to deliver a high quality experience, from online enquiry to move-in. This is reflected in customer satisfaction scores on independent review platforms (Trustpilot, Feefo, Google) of over 90% in each market. The introduction of digital contracts during the pandemic offers both customer convenience and a reduction in printing, saving an estimated 156,000 pieces of paper each month.

## Chief Executive's statement *continued*

### ESG strategy *continued*

#### ESG: Sustainable Self Storage *continued*

**Our community:** Safestore remains committed to being a responsible business by making a positive contribution within the local communities wherever our stores are based. We continue to do this by developing brownfield sites and actively engaging with local communities when we establish a new store, identifying and implementing greener approaches in the way we build and operate our stores, helping charities and communities to make better use of limited space, and creating and sustaining local employment opportunities directly and indirectly through the many small and medium-sized enterprises which use our space. During the year, the space occupied by local charities in 226 units across 102 stores was 18,266 sq ft and worth £636,945.

**Our environment:** Safestore is committed to ensuring our buildings are constructed responsibly and their ongoing operation has a minimal impact on local communities and the environment. It should be noted that the self storage sector is not a significant consumer of energy when compared with other real estate subsectors. As a result, operational emissions intensity tends to be far lower. According to a recent report by KPMG & EPPRA1, self storage generates the lowest greenhouse gas emissions intensity (5.75 kg/m<sup>2</sup> for scope 1 and 2) of all European real estate subsectors, with emissions per m<sup>2</sup> less than 30% of the European listed real estate average (19.5 kg/m<sup>2</sup>) and notably 21% of the emissions intensity of the residential subsector (27.0 kg/m<sup>2</sup>). Reflecting the considerable progress made on energy mix, efficiency measures and waste reduction to date, Safestore's emissions intensity (3.9 kg/m<sup>2</sup> in 2020) is considerably lower (-32%) than the self storage subsector average. In FY2021, the Group continued to progress with a further 12% decline in absolute emissions despite continued portfolio growth and greater utilisation of stores compared to 2020. Safestore's absolute (location-based) emissions are now 53% below, and emissions intensity 65% below the 2013 baseline level despite significant growth in portfolio floor space. Moving forward, the Group has a commitment to be operationally carbon neutral by 2035 with a medium term target to reduce operational emissions (market based) by 50% compared to the level in FY2021 by 2025. The total investment to achieve carbon neutrality should be around £3 million.

In addition to the IIP award and the customer satisfaction ratings, the Group has received recognition for its sustainability progress and disclosures in FY2021. Safestore has been given a Silver rating in the 2021 EPRA Sustainability BPR awards. The Global ESG Benchmark for Real Assets ("GRESB") has once again awarded Safestore an "A" rating

in its 2020 Public Disclosures assessment. MSCI has awarded Safestore its second-highest rating of "AA" for ESG in 2021. The Group has also been awarded the highest rating of five stars by Support the Goals, recognising Safestore as the third member of the FTSE 250 to achieve this level.

### Portfolio management

Our approach to store development and acquisitions in the UK, Paris and Spain continues to be pragmatic, flexible and focused on the return on capital.

Our property teams in the UK, Paris and Spain continue to seek investment opportunities in new sites to add to the store pipeline. However, investments will only be made if they comply with our disciplined and strict investment criteria. Our preference is to acquire sites that are capable of being fully operational within 18–24 months from completion.

Since 2016, the Group has opened 17 new stores: Chiswick, Wandsworth, Mitcham, Paddington Marble Arch, Carshalton (all in London), Birmingham Central, Birmingham Merry Hill, Birmingham Middleway, Altrincham, Peterborough, Gateshead and Sheffield in the UK, and Emerainville, Combs-la-Ville, Poissy, Pontoise and Magenta in Paris, adding 870,000 sq ft of MLA.

In addition, the Group has acquired 31 existing stores through the acquisitions of Space Maker, Alligator, Fort Box, OhMyBox! in Barcelona and our London Heathrow store. These acquisitions added a further 1,238,000 sq ft of MLA and revenue performance has been enhanced in all cases under the Group's ownership.

We have also completed the extensions and refurbishments of our Acton, Barking, Bedford, Chingford and Longpont (Paris) stores adding a net 65,000 sq ft of fully invested space to the estate. All of these stores are performing in line with or ahead of their business plans.

The Group's current pipeline of new developments and store extensions has grown significantly over the last year and now constitutes c. 732,000 sq ft of future MLA (equivalent to 11.5% of the existing portfolio) with an associated outstanding capital expenditure of £96 million.

### Property pipeline

#### Store openings

In July 2020, the Group completed the acquisition of a freehold 2.17-acre site including an existing warehouse in Birmingham. The site is well located on the southern side of the inner A4540 ring road and the new 58,500 sq ft MLA Birmingham Middleway store opened in April 2021. Our existing nearby store at Digbeth (MLA 44,500 sq ft) closed shortly afterwards and

customers were relocated to the Birmingham Middleway store. In due course, we intend to sell the Digbeth site, which has residential development potential.

In April 2018, we agreed a lease on a site at Magenta in central Paris. We are pleased to confirm that the 50,000 sq ft store opened in late April 2021.

#### Lease extensions and assignments

In the period, we agreed a new 18-year lease on our Hayes store which starts at the expiry of the current lease in June 2027. The new lease is protected under the Landlord and Tenant Act. A six-month rent-free period was granted immediately under the current lease with a further three-month rent-free period when the new lease commences.

As part of our ongoing asset management programme, we have now extended the leases on 23 stores or 64% of our leased store portfolio in the UK since 2012. As a result, since 2012 the remaining lease length of our UK stores has remained at c. 12–13 years.

### Development sites

#### UK

In May 2021, the Group completed the freehold acquisition of a 0.8 acre site with a 108,000 sq ft warehouse to the east of London in a prominent position on the A12 in Bow. The building has existing consent for storage and we only required planning consents for some external modifications to the building. Otherwise the building was suitable for immediate conversion to self storage. The 74,000 sq ft store opened in December 2021.

In April 2021, the Group exchanged contracts on a freehold 1.3 acre site at Lea Bridge in North East London. The acquisition of the site has now been completed and we plan to open a 76,500 sq ft MLA store in 2024 as the leases for existing tenants on the site have up to two years to run. Rental income of approximately £170k per annum is currently received on this site.

In November 2021, the Group completed the acquisition of a 1.2 acre freehold site off Old Kent Road in the London Borough of Southwark in South East London. Subject to planning, we hope to open a c. 76,500 sq ft MLA store in due course. Existing tenants on the site will provide a rental income in the meantime.

In April 2021, the Group exchanged contracts on a freehold site in Woodford in North East London. Subject to contract and planning, we will open a 56,500 sq ft MLA store in 2025.

The Group has also previously acquired two additional sites in London at Morden and Bermondsey. Morden is a freehold 0.9-acre site in an established industrial location.

Planning permission for a 52,000 sq ft self storage facility has now been granted and construction on this site is underway with a view to opening in H2 2022. Bermondsey is a 0.5-acre freehold site with income from existing tenants and is adjacent to our existing leasehold store. Our medium term aim, subject to planning permission, is to extend our existing Bermondsey operations with the addition of a new self storage facility to complement our existing store.

In July 2021, the Group exchanged contracts on a freehold 0.8 acre site in Shoreham, West Sussex. Shoreham is situated between Brighton and Worthing on the south coast of England. Subject to planning, we will open a purpose built 54,000 sq ft MLA store in Q4 of 2022.

In June 2018, Safestore opened its Paddington Marble Arch store. A separate satellite store at Paddington Park West Place, with MLA of 13,000 sq ft, will open during 2023.

#### Paris

Safestore has for many years owned a vacant freehold site in the town of Nanterre on the edge of La Défense, Paris' main business district. The site is valued at €6.85 million in the Investment Property valuation on the Group's Balance Sheet. This area of Paris is undergoing significant development and Safestore has invested a 24.9% stake in a joint venture development company, PBC Les Groupes SAS, which plans to complete a c. 300,000 sq ft development of offices, retail, a school and residential properties subject to planning. The maximum investment for Safestore in the joint venture is €2 million.

In addition, Safestore will contribute its Nanterre site into the project and will receive cash of €1.7 million in addition to an underground storage area and reception within the complex, ready to be fitted out into a 44,000 sq ft self storage facility. Planning for the project has been received and construction has commenced.

It is anticipated that the project will be completed in early 2025 when the self storage facility will open.

In August 2021, the Group exchanged contracts on a freehold site in southern Paris with a significant frontage onto the N104 motorway. The site includes an existing building which will be demolished and replaced by a 55,000 sq ft MLA store. Subject to planning we expect the store to open in the third quarter of 2022.

#### Spain

In December 2019, the Group completed the acquisition of OMB Self Storage which operates three leasehold properties and one freehold property, all very well located in the centre of Barcelona. The four locations (Valencia, Calabria, Glories and Marina) have an MLA totalling 108,000 sq ft. The occupancy of the business at the end of October 2021 was 86.0%.

The Group is continuing its expansion of the business in Barcelona and its entry into the Madrid market with the acquisition of the following sites.

In April 2021, the Group exchanged contracts on a freehold building in a high population density area in northern Madrid. The acquisition has been completed and planning granted and we will convert the existing building into a 48,000 sq ft MLA self storage facility. It is anticipated that the site will open in the fourth quarter of the 2021/22 financial year.

In March 2021, the Group exchanged contracts on a freehold building in southern Madrid. The acquisition has been completed and planning granted and we will convert the existing building into a 29,000 sq ft MLA self storage facility. It is anticipated that the site will open in the fourth quarter of the 2021/22 financial year.

In December 2021, the Group exchanged contracts on a freehold building in a commercial and industrial area of eastern Madrid. Subject to completion and planning permission, we will convert the existing building into a 49,000 sq ft MLA self storage facility. It is anticipated that the site will open in the second quarter of 2023.

In January 2021, the Group exchanged contracts on a freehold building in a densely populated area in central Barcelona. The acquisition has been completed and planning granted and we will convert the existing building into a 13,500 sq ft MLA self storage facility. It is anticipated that the site will open in the third quarter of the 2021/22 financial year.

In August 2021, the Group exchanged contracts on a leasehold site in central Barcelona. The site is a former car dealership which will be converted to a 19,000 sq ft MLA store which, subject to planning, should open in Q4 of 2022.

In April 2021, the Group exchanged contracts on a freehold building in northern Barcelona. Subject to contract and planning, we will convert the existing building into a 36,300 sq ft MLA self storage facility. It is anticipated that the site will open in the first quarter of the 2022/23 financial year.

In June 2021, the Group exchanged contracts on a freehold property in south Barcelona. The site includes an existing industrial building which will be converted into a 30,000 sq ft MLA self storage facility. Planning has been granted and we expect to open the site in the first quarter of the 2022/23 financial year.

The total further cost of the acquisition and construction of the new Spanish sites is anticipated to be c. €32 million and the seven stores will add 225,000 sq ft of additional MLA.

#### Store extensions

In May 2021, the Group exchanged contracts on a leasehold basement car park adjacent to our existing London Paddington Marble Arch store.

The occupancy of the Paddington Marble Arch store at 31 March 2021 was 80%. The extension opened in December 2021, adding 8,500 sq ft of MLA.

In April 2021, we exchanged contracts on the acquisition of a 0.5 acre site adjacent to our existing London Wimbledon store (MLA 58,800 sq ft).

We completed this transaction in December 2021 and work will commence in January 2022. The existing reception area will be relocated to a more prominent and visible roadside location and a further 9,000 sq ft of storage capacity and 1,000 sq ft of offices will be added. The Wimbledon store's peak occupancy, prior to the Covid-19 pandemic, was 92%.

In September 2020 the Group received planning permission to extend its Southend store by 10,100 sq ft. The existing store has an MLA of 49,400 sq ft and was 86% occupied at the end of September 2020. The extension opened in December 2021.

The Group has also received planning permission to extend its Edgware store by a further 22,900 sq ft. The existing store has an MLA of 24,000 sq ft and reached a peak occupancy of 91% prior to extension works commencing. The extension opened in December 2021.

In September 2021 the Group received planning permission to extend its Winchester store by 11,000 sq ft. The existing store has an MLA of 42,000 sq ft and has been more than 90% occupied for the last twelve months. It is anticipated that the extension will be open in the fourth calendar quarter of 2022 and that there will be minimal impact on day-to-day operations of the store during construction.

## Chief Executive's statement *continued*

### Portfolio management *continued*

#### Property pipeline summary

Store	FH/LH	Status	MLA sq ft	Target Opening	Other
London – Lea Bridge	FH	Completed/Subject to planning	76,500	Q1 2025	New build £170k pa of rental income prior to opening
London – Old Kent Road	FH	Completed/Subject to planning	76,500	TBC	New build Rental income receivable prior to opening
London – Woodford	FH	Contracts exchanged/Subject to planning	65,000	Q4 2025	New build
London – Morden	FH	Completed/planning granted	52,000	Q1 2023	New build
London – Bermondsey	FH	Completed/Subject to planning	50,000	Q4 2026	New build
Shoreham	FH	Contracts exchanged/Subject to planning	54,000	Q4 2022	New build
London – Paddington Park West	LH	Completed/planning granted	13,000	Q2 2023	Conversion of basement car park – satellite store to existing Paddington store
London – Wimbledon	FH	Completed/planning granted	9,000 storage 1,000 office	Q2 2022	Extension of existing site
Winchester	FH	Planning granted	11,000	Q4 2022	Extension of existing site
Paris – La Défense	FH	Completed/Subject to planning	44,000	Q2 2025	Facility within mixed use development
Paris – Southern Paris	FH	Contracts exchanged/Subject to planning	55,000	Q3 2022	New build
Northern Madrid	FH	Completed/planning granted	48,000	Q4 2022	Conversion of existing building
Southern Madrid	FH	Completed/planning granted	29,000	Q4 2022	Conversion of existing building
Eastern Madrid	FH	Contracts exchanged/Subject to planning	49,000	Q2 2023	Conversion of existing building
Central Barcelona 1	FH	Completed/planning granted	13,500	Q3 2022	Conversion of existing building
Central Barcelona 2	LH	Contracts exchanged/Subject to planning	19,000	Q4 2022	Conversion of existing building
Northern Barcelona	FH	Contracts exchanged/Subject to planning	36,300	Q1 2023	Conversion of existing building
South Barcelona	FH	Contracts exchanged/planning granted	30,000	Q4 2022	Conversion of existing building
<b>Total Pipeline MLA</b>			<b>c. 732k</b>		
<b>Total Further Capex</b>					<b>c. £96m</b>

## Acquisitions

### Acquisition of Your Room Self Storage, Christchurch<sup>10</sup>

In December 2021, Safestore acquired Your Room Self Storage in Christchurch, Dorset, for £2.45 million. The freehold Christchurch store has an MLA of 14,000 sq ft and the Group anticipates that the initial yield in the first year will be in excess of 6%.

The Group will rebrand the store and has taken over operation of the site with immediate effect. The store will operate as a satellite store to our two existing Bournemouth stores.

### Joint venture<sup>14</sup> with Carlyle – investment in Opslag XL

As announced as part of our 14 January 2021 results announcement, the Group's joint venture with Carlyle acquired the three-store portfolio of Opslag XL in the Netherlands in December 2020. Safestore's equity investment in the joint venture, relating to Opslag XL, was c. €0.9 million funded from the Group's existing resources. Safestore also earns a fee for providing management services to the joint venture. Safestore expects to earn an initial return on investment of 12% before transaction related costs for the first full year reflecting its share of expected joint venture profits and fees for management services.

Opslag XL has three locations in The Hague, Hilversum and Amsterdam. The Hague and Hilversum are freehold; the Amsterdam store is a short leasehold (December 2021). The business had 7,000 sq metres (75,000 sq ft) of MLA and an occupancy of 58%.

In June 2021, the joint venture acquired a freehold site with an existing building in Nijmegen in the Netherlands. Nijmegen has a population of 177,000 and the site is well located on a main road with good visibility and access. Safestore provided 20% of the equity required to acquire and develop the site which will have an MLA of c. 40,000 sq ft.

These acquisitions complement the six stores in Amsterdam and Haarlem in the Netherlands acquired in August 2019 as well as the six stores purchased in 2020 in Brussels, Charleroi and Liège, Belgium. In total, the joint venture will own 16 stores with 57,300 sq metres (614,000 sq ft) of MLA. The Group's further investment in the joint venture has been immediately accretive to Group Earnings per Share from completion and will support the Group's future dividend capacity.

Our joint venture provides an earnings-accretive opportunity to gain detailed operational exposure to new markets while carefully managing the investment risk. The Group's leading digital platform has already delivered substantial marketing benefits both in terms of costs and volume of enquiries. The operational integration has been completed in an efficient manner, leveraging the skills and capacities of our existing Head Office teams in the UK and Paris.

Our local property development team also enables us to further our understanding of local property markets, which will allow the Group to allocate equity investment efficiently with a risk/reward profile similar to that of our historical core markets.

### Portfolio summary

The self storage market has been growing consistently for over 20 years across many European countries but few regions offer the unique characteristics of London and Paris, both of which consist of large, wealthy and densely populated markets. In the London region, the population is 13 million inhabitants with a density of 5,200 inhabitants per square mile in the region, 11,000 per square mile in central London and up to 32,000 per square mile in the densest boroughs.

The population of the Paris urban area is 10.7 million inhabitants with a density of 9,300 inhabitants per square mile in the urban area but 54,000 per square mile in the City of Paris and first belt, where 69% of our French stores are located and which has one of the

highest population densities in the western world. 85% of the Paris region population live in central parts of the city versus the rest of the urban area, which compares with 60% in the London region. There are currently c. 245 storage centres within the M25 as compared to only c. 95 in the Paris urban area.

In addition, barriers to entry in these two important city markets are high, due to land values and limited availability of sites as well as planning regulation. This is the case for Paris and its first belt in particular, which inhibits new development possibilities.

Our combined operations in London and Paris, with 77 stores, contributed £103.5 million of revenue and £75.0 million of store EBITDA for the financial year and offer a unique exposure to the two most attractive European self storage markets.

We have a strong position in both the UK and Paris markets operating 128 stores in the UK, 71 of which are in London and the South East, and 29 stores in Paris.

In the UK, 62% of our revenue is generated by our stores in London and the South East. On average, our stores in London and the South East are smaller than in the rest of the UK but the rental rates achieved are materially higher, enabling these stores to typically achieve similar or better margins than the larger stores. In London we operate 48 stores within the M25, more than any other competitor.

In France, we have a leading position in the heart of the affluent City of Paris market with ten stores branded as Une Pièce en Plus ("UPP") ("A spare room"). Over 60% of the UPP stores are located in a cluster within a five-mile radius of the city centre, which facilitates strong operational and marketing synergies as well as options to differentiate and channel customers to the right store subject to their preference for convenience or price affordability. The Parisian market has attractive socio-demographic characteristics for self storage and we believe that UPP enjoys unique strategic strength in such an attractive market.

## Owned store portfolio by region

	London and South East	Rest of UK	UK Total	Paris	Spain	Group Total
Number of stores	71	57	128	29	4	161
Let square feet (m sq ft)	2.41	2.28	4.69	1.10	0.09	5.88
Maximum lettable area (m sq ft)	2.80	2.69	5.49	1.36	0.11	6.96
Average let square feet per store (k sq ft)	34	40	37	38	23	37
Average store capacity (k sq ft)	39	47	43	47	27	43
Closing occupancy (%)	86.1%	84.7%	85.4%	80.7%	86.0%	84.5%
Average rate (£ per sq ft)	30.85	19.45	25.32	33.78	28.00	26.95
Revenue (£'m)	89.7	54.4	144.1	39.9	2.8	186.8
Average revenue per store (£'m)	1.26	0.95	1.13	1.38	0.70	1.16

### Note

The reported totals have not been adjusted for the impact of rounding.

## Chief Executive's statement *continued*

### Portfolio summary *continued*

Together, as at 31 October 2021, London, the South East and Paris represent 62% of our stores, 69% of our revenues, and 60% of our available capacity.

In addition, Safestore has the benefit of a leading national presence in the UK regions where the stores are predominantly located in the centre of key metropolitan areas such as Birmingham, Manchester, Liverpool, Bristol, Newcastle, Glasgow and Edinburgh. Our 2019 acquisition of OMB in Barcelona represents a platform into the Spanish market where we hope to take advantage of development and acquisition opportunities and have recently announced the acquisition of six development sites in Barcelona and Madrid.

### Market

The Self Storage Association ("SSA") stated in its May 2021 report that in relation to Covid-19, the self storage industry "held up well during the pandemic". Previous downturns have presented opportunities for self storage and the report suggested that increased working from home, online retailing, a potentially greater tendency for home improvements and the government's stamp duty holiday in the UK have complemented the already broad range of demand drivers. The pandemic seems to have once again demonstrated the resilience of the self storage industry.

The self storage market in the UK and France remains relatively immature compared to geographies such as the USA and Australia. The SSA Annual Survey (May 2021) confirmed that self storage capacity stands at 0.74 sq ft per head of population in the UK and 0.25 sq ft per capita in France. Whilst the Paris market density is greater than France, we estimate it to be significantly lower than the UK at around 0.36 sq ft per inhabitant. This compares with 9.44 sq ft per inhabitant in the USA and 1.89 sq ft in Australia. In the UK, in order to reach the US density of supply, it would require the addition of around another 17,000 stores as compared to c. 1,400 currently. In the Paris region, it would require around 2,400 new facilities versus c. 95 currently opened.

While capacity increased significantly between 2007 and 2010 with respondents to the survey opening an average of 32 stores per annum, new additions were limited to an average of 19 stores per annum between 2011 and 2016 (including container storage openings).

The volume of new store openings increased in 2017 and 2018. In 2018, the SSA reported 70 stores as having been opened across the industry in 2017. However, our own analysis of these openings shows that many were container-based operators and only c. 30 of the sites represent self storage sites that are

comparable with Safestore's own portfolio. In the 2019 SSA Survey, it was estimated that c. 40 traditional self storage stores were opened in 2018 (excluding container storage) with less than half competing directly with Safestore. The 2020 and 2021 reports do not give detailed indications of the level of openings in 2019 or 2020 but our own estimates are also that around 40 were opened in each period.

The 40 comparable sites represent around 3% of the traditional self storage industry in the UK. These figures represent gross openings and do not take into account storage facilities closing or being converted for alternative uses. We estimate that only around 25% of these sites compete with existing Safestore stores.

The SSA 2021 Survey also reported that operators' expectations in terms of new store openings and site acquisitions remained relatively consistent with previous years. For 2021, operators are estimating the completion of around 44 developments and around 48 in 2022. Traditionally, operators have opened or acquired far fewer stores than originally estimated. Based on these estimates, and adjusting for historical inaccuracy, we estimate that around 20–25 stores per annum will be developed over the coming years. If that supply is not within a relatively narrow radius of a Safestore store, it does not represent a competitive threat.

New supply in London and Paris is likely to continue to be limited in the short and medium term as a result of planning restrictions and the availability of suitable land.

The supply in the UK market, according to the SSA Survey, remains relatively fragmented despite a number of acquisitions in the sector in the last four years. The SSA's estimates of the scale of the UK industry are finessed each year and changes from one year to the next represent improved data rather than new supply. In the 2021 report the SSA estimates that 1,997 self storage facilities exist in the UK market including around 598 container-based operations. According to the 2021 survey, Safestore is the industry leader by number of stores with 128 wholly owned sites followed by Big Yellow with 102 stores (including Armadillo), Access with 57 stores, Lok'nStore with 37 stores, Shurgard with 34 stores and Storage King with 30 stores. In aggregate, the top six leading operators account for almost 20% of the UK store portfolio. The remaining c. 1,600 self storage outlets (including 598 container-based operations) are independently owned in small chains or single units. In total there are 998 storage brands operating in the UK.

Safestore's French business, UPP, is mainly present in the core more affluent and densely

populated inner Paris and first belt areas, whereas our two main competitors, Shurgard and Homebox, have a greater presence in the outskirts and second belt of Paris.

Our Spanish business operates in Barcelona and has recently announced its future expansion into Madrid. The metropolitan areas of Barcelona and Madrid have combined growing high density populations of 12 million inhabitants and significant barriers to entry for self storage.

Consumer awareness of self storage is increasing but remains relatively low, providing an opportunity for future industry growth. The SSA Survey indicated that 50% (52% in 2020) of consumers either knew nothing about the service offered by self storage operators or had not heard of self storage at all. Since 2014, this statistic has only fallen 12pts from 62%. Therefore, the opportunity to grow awareness, combined with limited new industry supply, makes for an attractive industry backdrop.

Self storage is a brand-blind product. 56% of respondents were unable to name a self storage business in their local area (54% in 2020). The lack of relevance of brand in the process of purchasing a self storage product emphasises the need for operators to have a strong online presence. The requirement for a strong online presence was also reiterated by the SSA Survey where 77% of those surveyed (73% in 2020) confirmed that an internet search would be their chosen means of finding a self storage unit to contact, whilst knowledge of a physical location of a store as reason for enquiry was only c. 25% of respondents (c. 26% in 2020).

There are numerous drivers of self storage growth. Most private and business customers need storage either temporarily or permanently for different reasons at any point in the economic cycle, resulting in a market depth that is, in our view, the reason for its exceptional resilience. The growth of the market is driven both by the fluctuation of economic conditions, which has an impact on the mix of demand, and by growing awareness of the product.

Safestore's domestic customers' need for storage is often driven by life events such as births, marriages, bereavements, divorces or by the housing market including house moves and developments and moves between rental properties. Safestore has estimated that UK owner-occupied housing transactions drive around 10–15% of the Group's new lets.

The Group's business customer base includes a range of businesses from start-up online retailers through to multi-national corporations utilising our national coverage to store in multiple locations while maintaining flexibility in their cost base.



## Business and personal customers

	UK	Paris	Spain
<b>Personal customers</b>			
Numbers (% of total)	76%	83%	88%
Square feet occupied (% of total)	58%	66%	81%
Average length of stay (months)	18.9	28.0	22.9
<b>Business customers</b>			
Numbers (% of total)	24%	17%	12%
Square feet occupied (% of total)	42%	34%	19%
Average length of stay (months)	28.0	31.9	25.1

Safestore's customer base is resilient and diverse and consists of around 80,000 domestic, business and National Accounts customers across London, Paris and the UK regions.

## Business model

The Group operates in a market with relatively low consumer awareness. It is anticipated that this will increase over time as the industry matures. To date, despite the financial crisis in 2007/08 and the implementation of VAT in the UK on self storage in 2012, the industry has been exceptionally resilient. In the context of uncertain economic conditions, driven by the Covid-19 pandemic and Brexit, the industry remains well positioned with limited new supply coming into the self storage market.

With more stores inside London's M25 than any other operator and a strong position in central Paris, Safestore has leading positions in the two most important and demographically favourable markets in Europe. In addition, our regional presence in the UK is unsurpassed and contributes to the success of our industry-leading National Accounts business. In the UK, Safestore is the leading operator by number of wholly owned stores. With 92% of customers travelling less than 30 minutes to their storage facility (2021 SSA Survey) Safestore's national store footprint represents a competitive advantage.

The Group's capital-efficient portfolio of 161 wholly owned stores in the UK, Paris and Barcelona consists of a mix of freehold and leasehold stores. In order to grow the business and secure the best locations for our facilities

we have maintained a flexible approach to leasehold and freehold developments.

Currently, around a third of our stores in the UK are leaseholds with an average remaining lease length at 31 October 2021 of 11.8 years (FY2020: 12.5 years). Although our property valuation for leaseholds is conservatively based on future cash flows until the next contractual lease renewal date, Safestore has a demonstrable track record of successfully re-gearing leases several years before renewal whilst at the same time achieving concessions from landlords.

In England, we benefit from the Landlord and Tenant Act, which protects our rights for renewal except in case of redevelopment. The vast majority of our leasehold stores have building characteristics or locations in retail parks that make current usage either the optimal and best use of the property or the only one authorised by planning. We observe that our landlords, who are property investors, value the quality of Safestore as a tenant and typically prefer to extend the length of the leases that they have in their portfolio, enabling Safestore to maintain favourable terms.

In Paris, where 38% of our stores are leaseholds, our leases typically benefit from the well-enshrined Commercial Lease statute that provides that tenants own the commercial property of the premises and that they are entitled to renew their lease at an indexed rent. Taking into account this context, the valuer values the French leaseholds based on an indefinite property tenure, similar to freeholds.

The Group believes there is an opportunity to leverage its highly scalable marketing and operational expertise in new geographies outside the UK and Paris. During 2019, a joint venture<sup>14</sup> was established with Carlyle, which acquired the M3 Self Storage business in the Netherlands which has six stores in Amsterdam and Haarlem. In June 2020, the joint venture<sup>14</sup> added the Lokabox business in Belgium, a portfolio of six stores in Brussels (2), Liege (2), Charleroi and Nivelles. In December 2020, the joint venture<sup>14</sup> acquired the Opslag XL portfolio in the Netherlands, adding a further three stores in Amsterdam, The Hague and Hilversum. The Group earns a management fee and a share of the profits of the joint venture<sup>14</sup>. The joint venture<sup>14</sup> added a development site at Nijmegen in the Netherlands in June 2021 and it is anticipated that it will investigate further opportunities in due course.

Our experience is that being flexible in its approach has enabled Safestore to operate from properties and in markets that would have been otherwise unavailable and to generate strong returns on capital invested.

Safestore excels in the generation of customer enquiries which are received through a variety of channels including the internet, telephone and "walk-ins". In the early days of the industry, local directories and store visibility were key drivers of enquiries. However, the internet is now by far the dominant channel, accounting for 89% (FY2020: 88%) of our enquiries in the UK and 85% (FY2020: 79%) in France. Telephone enquiries comprise 8% of the total (10% in France) and "walk-ins" amount to only 3% (5% in France). This dynamic is a clear benefit to the leading national operators that possess the budget and the management skills necessary to generate a commanding presence in the major internet search engines. Safestore has developed a leading digital marketing platform that has generated 63% enquiry growth over the last five years. Towards the end of 2015, the Group launched a new dynamic and mobile-friendly UK website, which has achieved its aim of providing the customer with an even clearer, more efficient experience. A similar website was launched in our Paris business at the end of 2016.

Although mostly generated online, our enquiries are predominantly handled directly by the stores and, in the UK, we have a Customer Support Centre ("CSC") which handles customer service issues in addition to enquiries, in particular when the store colleagues are busy handling calls or outside of normal store opening hours.

Our pricing platform provides the store and CSC colleagues with system-generated real-time prices managed by our centrally based yield-management team. Local colleagues have certain levels of discretion to flex the system-generated prices but this is continually monitored.

Customer service standards are high and customer satisfaction feedback is consistently very positive. We have achieved over 96% customer satisfaction, based on "excellent" or "good" ratings as collected by Feefo via our customer website.

The key drivers of sales success are the capacity to generate enquiries in a digital world, the capacity to provide storage locations that are conveniently located close to the customers' requirements and the ability to maintain a consistently high quality, motivated retail team that is able to secure customer sales at an appropriate storage rate, all of which can be better provided by larger, more efficient organisations.

We remain focused on business as well as domestic customers. Our national network means that we are uniquely placed to further grow the business customer market and in particular National Accounts. Business customers in the UK now constitute 42% of our total space let and have an average length of stay of 28 months.

## Chief Executive's statement *continued*

### Business model *continued*

Within our business customer category, our National Accounts business represents around 617k sq ft of occupied space (around 13% of the UK's occupancy). Approximately two-thirds of the space occupied by National Accounts customers is outside London, demonstrating the importance and quality of our well-invested national estate.

The business now has in excess of c. 80,000 business and domestic customers with an average length of stay of 29 months and 21 months respectively.

The cost base of the business is relatively fixed. Each store typically employs three staff. Our Group Head Office comprises business support functions such as Yield-Management, Property, Marketing, HR, IT and Finance.

Since the completion of the rebalancing of our capital structure in early 2014, the subsequent amendment and extension of our banking facilities in summer 2015, the refinancing of all facilities in May 2017 and the issuances of a further £125 million of US Private Placement Notes in 2019 and £150 million in 2021, Safestore has secure financing, a strong balance sheet and significant covenant headroom. This provides the Group with financial flexibility and the ability to grow organically and via carefully selected new development or acquisition opportunities.

At 31 October 2021 we had 0.8 million sq ft of unoccupied space in the UK and 0.3 million sq ft in France, equivalent to c. 27.5 full new stores, not including the 0.8 million sq ft in our development pipeline in the UK, Paris and Spain. Our main focus is on filling the spare capacity in our stores at optimally yield-managed rates. The operational leverage of our business model will ensure that the bulk of the incremental revenue converts to profit given the relatively fixed nature of our cost base.

### Trading performance

#### UK

The UK's revenue performance was outstanding in the year with the business growing total revenue by 18.8% and like-for-like<sup>5</sup> revenue by 16.8%. Performance was strong in both Regional UK as well as London and the South East where like-for-like<sup>5</sup> revenue was up 20.4% and 14.9% respectively.

The UK's fourth quarter performance, in particular, was exceptional with the business growing total revenue by 25.4% and like-for-like revenue by 23.4%. Momentum was strong in the quarter with like-for-like storage rates up 14.8% compared to the prior year as a result of the cumulative effect of pricing actions taken throughout the year as well as reduced discounting. For the full year, like-for-like average rate was up 4.5%.

In a reversion to more normal cyclical trading patterns, the business saw a like-for-like occupancy outflow of 96,000 sq ft in the fourth quarter. In the prior year, reflecting a trading rebound after the Covid-19 lockdowns of Q2 and Q3, the business added 245,000 sq ft of occupancy on a like-for-like basis. Over the year the business added occupancy of 286,000 sq ft on a like-for-like basis (FY2020: 289,000 sq ft). As a result, like-for-like closing occupancy, at 85.4%, increased by 5.0ppts compared to the prior year.

Like-for-like ancillary revenues improved over the period and were up 11.1% for the full year.

Total revenue grew by 18.8% for the full year. This reflected like-for-like growth of 16.8%, the 2020 store openings in Carshalton, Gateshead and Sheffield, the annualisation of the acquisitions of our St John's Wood and Chelsea stores, the 2021 opening of our Birmingham Middleway store and management fees from our Joint Venture with Carlyle. All acquisitions and new store developments are performing in line with or ahead of their business cases.

We remain focused on our cost base. During the year, our UK cost base, on a like-for-like<sup>5</sup> basis, increased by just 2.1% or £1.1 million. Our total reported UK cost base grew by £1.4 million or 2.6% reflecting the cost bases relating to newly and recently opened stores.

As a result, Underlying EBITDA<sup>1</sup> for the UK business was £88.6 million (FY2020: £67.2 million), an increase of £21.4 million or 31.8%. The tight cost control, combined with the exceptional revenue performance, has resulted in a 6.1ppt increase in EBITDA margins from 55.4% to 61.5%.

For the two months to December 2021 trading continued to be strong. Like-for-like occupancy was up 2.6ppts at 82.3% (FY2020: 79.7%) and like-for-like average rate was up 16.7% which resulted in a 20.3% increase in like-for-like revenue.

Operating profit for the UK business was £331.9 million (FY2020: £139.9 million), an increase of £192.0 million or 137.2%, largely driven by the increase in the gain on investment properties of £180.8 million to £260.5 million (FY2020: £79.7 million). Profit before tax was £321.4 million (FY2020: £127.8 million), an increase of £193.6 million or 151.5%.

### UK – an exceptional year

	2021	2020	Change
<b>UK operating performance – total</b>			
Revenue (£'m)	144.1	121.3	18.8%
Underlying EBITDA (£'m) <sup>1</sup>	88.6	67.2	31.8%
Underlying EBITDA (after leasehold costs) (£'m)	80.9	59.6	35.7%
Closing occupancy (let sq ft – million) <sup>2</sup>	4.690	4.325	8.4%
Maximum lettable area (MLA) <sup>3</sup>	5.49	5.44	0.9%
Closing occupancy (% of MLA)	85.4%	79.4%	+6.0ppts
Average storage rate (£) <sup>4</sup>	25.32	24.37	3.9%
<b>UK operating performance – like-for-like<sup>5</sup></b>			
Storage revenue (£'m)	111.7	94.4	18.3%
Ancillary revenues (£'m)	27.1	24.4	11.1%
Revenue (£'m)	138.8	118.8	16.8%
Underlying EBITDA (£'m) <sup>1</sup>	85.4	66.5	28.4%
Closing occupancy (let sq ft – million) <sup>2</sup>	4.501	4.215	6.8%
Closing occupancy (% of MLA)	85.4%	80.4%	+5.0ppts
Average occupancy (let sq ft – million) <sup>2</sup>	4.397	3.882	13.3%
Average storage rate (£) <sup>4</sup>	25.41	24.32	4.5%
<b>UK statutory metrics</b>			
Operating profit (£'m)	331.9	139.9	137.2%
Profit before tax (£'m)	321.4	127.8	151.5%

#### Notes to trading performance

- Underlying EBITDA is defined as Operating Profit before exceptional items, share-based payments, corporate transaction costs, change in fair value of derivatives, gain/loss on investment properties, variable lease payments, depreciation and the share of associate's depreciation, interest and tax. Underlying EBITDA therefore excludes all leasehold rent charges. Underlying profit before tax is defined as Underlying EBITDA less leasehold rent, depreciation charged on property, plant and equipment and net finance charges relating to bank loans and cash.
- Occupancy excludes offices but includes bulk tenancy. As at 31 October 2021, closing occupancy includes 14,000 sq ft of bulk tenancy (31 October 2020: 14,000 sq ft).
- MLA is Maximum Lettable Area. At 31 October 2021, Group MLA was 6.96 million sq ft (FY2020: 6.86 million sq ft).
- Average Storage Rate is calculated as the revenue generated from self storage revenues divided by the average square footage occupied during the period in question.
- Like-for-like adjustments have been made to remove the impact of the 2021 openings in Birmingham Middleway and Magenta in Paris, the 2021 closure of Birmingham South, the 2020 acquisitions of Valencia, Calabria, Glories and Marina in Barcelona, the acquisition of Chelsea and St John's Wood in London, and the 2020 openings of Carshalton, Sheffield and Gateshead.

## Paris

On a like-for-like<sup>5</sup> basis, the business grew revenue by 4.3% for the full year. This was driven by average occupancy growth of 6.1% for the year, offset by an average rate decline of 1.9%. Average rate has been improving over the period and was up 0.5% in the fourth quarter which saw accelerated like-for-like revenue growth of 8.1%.

Like-for-like<sup>5</sup> occupancy increased by 63,000 sq ft for the year (FY2020: increase of 19,000 sq ft) resulting in closing occupancy of 83.6%, up 4.8ppts compared to the prior year.

The average Sterling-Euro exchange rate for the year was 1.1516, 1.4% stronger than the prior year (FY2020: 1.1356). As a result, there was a small foreign exchange impact on the translation of Paris revenues which were up 2.8% for the year in Sterling.

The cost base in Paris was strongly controlled during the year with both like-for-like<sup>5</sup> costs and total costs down compared to the prior year in local currency through savings in enquiry generation and maintenance and utilities. As a result, like-for-like<sup>5</sup> Underlying EBITDA<sup>1</sup> in Paris grew by €3.1 million and Underlying EBITDA<sup>1</sup> grew by €2.9 million to €31.4 million (FY2020: €28.5 million).

For the two months of December 2021 trading has been strong. Like-for-like occupancy was up 1.9ppts at 82.6% (FY2020: 79.6%) and like-for-like average rate was up 1.5%, which resulted in an 8.0% increase in like-for-like revenue.

Operating profit for the Paris business was €90.7 million (FY2020: €80.9 million), an increase of €9.8 million or 12.1%, largely driven by the increase in the gain on investment properties of €11.0 million to €64.5 million (FY2020: €53.5 million). Profit before tax was €88.7 million (FY2020: €78.5 million), an increase of €10.2 million or 13.0%.

### Paris – a strong year with good momentum in the final quarter

	2021	2020	Change
<b>Paris operating performance – total</b>			
Revenue (€'m)	<b>46.0</b>	44.1	4.3%
Underlying EBITDA (€'m) <sup>1</sup>	<b>31.4</b>	28.5	10.2%
Underlying EBITDA (after leasehold costs) (€'m)	<b>25.7</b>	23.2	10.8%
Closing occupancy (let sq ft – million) <sup>2</sup>	<b>1.100</b>	1.034	6.4%
Maximum lettable area (MLA) <sup>3</sup>	<b>1.36</b>	1.31	3.8%
Closing occupancy (% of MLA)	<b>80.7%</b>	78.8%	+1.9ppts
Average storage rate (€) <sup>4</sup>	<b>38.90</b>	39.64	-1.9%
Revenue (£'m)	<b>39.9</b>	38.8	2.8%
<b>Paris operating performance – like-for-like<sup>5</sup></b>			
Storage revenue (€'m)	<b>41.90</b>	40.23	4.2%
Ancillary revenues (€'m)	<b>4.04</b>	3.82	5.8%
Revenue (€'m)	<b>45.94</b>	44.05	4.3%
Underlying EBITDA (€'m) <sup>1</sup>	<b>31.5</b>	28.4	10.9%
Closing occupancy (let sq ft – million) <sup>2</sup>	<b>1.097</b>	1.034	6.1%
Closing occupancy (% of MLA)	<b>83.6%</b>	78.8%	+4.8ppts
Average occupancy (let sq ft – million) <sup>2</sup>	<b>1.077</b>	1.015	6.1%
Average storage rate (€) <sup>4</sup>	<b>38.90</b>	39.64	-1.9%
<b>Paris statutory metrics</b>			
Operating profit (£'m)	<b>78.8</b>	71.2	10.7%
Operating profit (€'m)	<b>90.7</b>	80.9	12.1%
Profit before tax (£'m)	<b>77.0</b>	69.1	11.4%
Profit before tax (€'m)	<b>88.7</b>	78.5	13.0%

#### Notes to trading performance

- Underlying EBITDA is defined as Operating Profit before exceptional items, share-based payments, corporate transaction costs, change in fair value of derivatives, gain/loss on investment properties, variable lease payments, depreciation and the share of associate's depreciation, interest and tax. Underlying EBITDA therefore excludes all leasehold rent charges. Underlying profit before tax is defined as Underlying EBITDA less leasehold rent, depreciation charged on property, plant and equipment and net finance charges relating to bank loans and cash.
- Occupancy excludes offices but includes bulk tenancy. As at 31 October 2021, closing occupancy includes 14,000 sq ft of bulk tenancy (31 October 2020: 14,000 sq ft).
- MLA is Maximum Lettable Area. At 31 October 2021, Group MLA was 6.96 million sq ft (FY2020: 6.86 million sq ft).
- Average Storage Rate is calculated as the revenue generated from self storage revenues divided by the average square footage occupied during the period in question.
- Like-for-like adjustments have been made to remove the impact of the 2021 openings in Birmingham Middleway and Magenta in Paris, the 2021 closure of Birmingham South, the 2020 acquisitions of Valencia, Calabria, Glories and Marina in Barcelona, the acquisition of Chelsea and St John's Wood in London, and the 2020 openings of Carshalton, Sheffield and Gateshead.

## Spain

Our Spanish business, which was acquired in December 2019 and is, therefore, not considered like-for-like, grew revenue by 32.0% in the year to €3.3 million (10 months to October 2020: €2.5 million). A deliberate strategy of improving average rate and ancillary revenues has been pursued in the period. Closing occupancy in sq ft was consequently down 2.1% compared to 2020 whilst average rate in the year-to-date grew by 6.4% to €32.25 (FY2020: €30.32) with ancillary revenues improving strongly. Closing occupancy was 86.0% (FY2020: 90.0%).

Like-for-like revenue for the Spanish business for the two months to December 2021 was up 11.9%.

The business contributed €2.0 million EBITDA before rent in the year and €1.5 million EBITDA after rent.

Operating profit for the Spanish business was €7.3 million (10 months to October 2020: €1.2 million), an increase of €6.1 million largely driven by the increase in the gain on investment properties of €4.8 million to €5.3 million (FY2020: €0.5 million). Profit before tax was €7.1 million (10 months to October 2020: €1.1 million), an increase of €6.0 million.

**Frederic Vecchioli**  
**Chief Executive Officer**  
 12 January 2022

# Our value creation framework

## Who we are, what we do

**Our purpose**

To add stakeholder value by developing profitable and sustainable spaces that allow individuals, businesses and local communities to thrive

Read more on [page 68](#)

**Our business model**

We **acquire, develop** and **operate** sustainable self storage assets in attractive European markets

Read more on [page 15](#)

**Our strategy**

**Optimising trading performance of existing portfolio**    **Maintaining a strong and flexible capital structure**    **Selective portfolio management and expansion opportunities**

Read more on [page 6](#)

**How we ensure sustainability**

**Our people**  
Provide a great place to work

**Our customers**  
Deliver a great customer experience and help customers live and grow sustainably

**Our community**  
Be of benefit to local communities

**Our environment**  
Protect the planet from our activities – reduce waste and carbon emissions

Read more on [page 40](#)

**All of which is guided by our values**

We love customers | We lead the way | We have great people | We dare to be different | We get it

Read more on [page 50](#)

**Taking consideration of the interests of all of our stakeholders**

We have a wide range of stakeholders. What matters to each, how we engage and how decision-making considers their expectations are set out in our Section 172 statement.

Read more on [pages 30 to 32](#)

### Our resources

**Property**

Quality assets in attractive locations – over 160 stores, ~7.0 million sq ft lettable, five Western European markets

Leading positions in key “space-constrained” cities like London, Paris, Amsterdam, Brussels and Barcelona

**Financial capital**

**Balance sheet strength**

Intelligent use of working capital, positive operating cash flow, strong and flexible capital structure, and quality income-generating assets

**Efficiency and flexibility**

Mix of freehold and leasehold allows access to best locations

**People**

A diverse community of well-trained, motivated and engaged colleagues

**Digital platform**

In-house expertise and scalable technology platform to ensure continued efficient customer acquisition and seamless integration of acquired assets

**Data and insight**

Supporting property and marketing investments in addition to revenue management and cost control



## EPS<sup>1</sup> has grown by 279% over the last eight years

Andy Jones  
Chief Financial Officer

### Underlying income statement

The table below sets out the Group's underlying results of operations for the year ended 31 October 2021 and the year ended 31 October 2020. To calculate the underlying performance metrics, adjustments are made for the impact of exceptional items, share-based payments, corporate transaction costs, change in fair value of derivatives, gain or loss on investment properties and the associated tax impacts, as well as exceptional tax items and deferred tax. Management considers this presentation of earnings to be representative of the underlying performance of the business, as it removes the income statement impact of items not fully controllable by management, such as the revaluation of derivatives and investment properties, and the impact of exceptional credits, costs and finance charges.

	2021 £'m	2020 £'m	Movement %
Revenue	186.8	162.3	15.1%
Underlying costs	(69.3)	(68.7)	0.9%
Share of associate's underlying EBITDA	0.5	0.3	66.7%
<b>Underlying EBITDA</b>	<b>118.0</b>	93.9	25.7%
Leasehold costs	(13.0)	(12.8)	1.6%
<b>Underlying EBITDA after leasehold costs</b>	<b>105.0</b>	81.1	29.5%
Depreciation	(1.0)	(0.9)	11.1%
Finance charges	(9.5)	(9.1)	4.4%
Share of associate's finance charges	(0.5)	(0.2)	150.0%
<b>Underlying profit before tax</b>	<b>94.0</b>	70.9	32.6%
Current tax	(5.5)	(5.2)	5.8%
Share of associate's tax	—	(0.1)	—
<b>Adjusted EPRA earnings</b>	<b>88.5</b>	65.6	34.9%
Share-based payments charge	(18.3)	(6.5)	181.5%
<b>EPRA basic earnings</b>	<b>70.2</b>	59.1	18.8%
Average shares in issue (m)	210.8	210.4	
Diluted shares (for ADE EPS) (m)	218.3	217.2	
<b>Adjusted diluted EPRA EPS<sup>1</sup> (pro forma) (p)</b>	<b>40.5</b>	30.2	34.1%

**Note**

<sup>1</sup> Adjusted EPRA earnings excludes share-based payment charges and, accordingly, the Underlying EBITDA, Underlying EBITDA after leasehold rent and Underlying profit before tax measures have been restated to exclude share-based payment charges for consistency.

The table below reconciles statutory profit before tax in the income statement to underlying profit before tax in the previous table.

	2021 £'m	2020 £'m
Statutory profit before tax	404.6	197.9
Adjusted for:		
– Gain on investment properties and investment property under construction	(328.5)	(133.4)
– Change in fair value of derivatives	(2.9)	(0.2)
– Net exchange loss/(gain)	0.6	(0.2)
– Share of associate's tax	—	0.1
– Share-based payments	18.3	6.5
– Exceptional items	1.9	0.2
Underlying profit before tax	94.0	70.9

## Financial review *continued*

### Underlying income statement *continued*

Management considers the above presentation of earnings to be representative of the underlying performance of the business.

Underlying EBITDA increased by 25.7% to £118.0 million (FY2020: £93.9 million), reflecting a 15.1% increase in revenue and a 0.9% increase to the underlying cost base. This performance reflects the strong growth in occupancy, up 5ppts to 84.5% in 2021 from 79.5% in 2020 coupled with an increase in average rate of 1.9% to £26.95 in 2021 from £26.44 in 2020, whilst maintaining control over costs.

Leasehold costs increased by 1.6% from £12.8 million to £13.0 million, principally due to the opening of the Magenta store in Paris coupled with the full year trading of Valencia, Calabria and Marina in Spain acquired in December 2019.

Underlying finance charges increased by 4.4% from £9.1 million to £9.5 million. This reflects increased interest charges from drawdowns in the year to fund the Group's acquisition and development activity, which increased from £9.1 million in 2020 to £9.7 million in 2021, offset by the gains made on financial instruments of £0.3 million in 2021 (FY2020: £0.2 million).

As a result, we achieved a 32.6% increase in underlying profit before tax of £94.0 million (FY2020: £70.9 million). The main additional factor in the increase in statutory profit before tax in the year is the £195.1 million increase in the gain on investment and development property, primarily due to the stronger underlying performance of the stores, as mentioned above, as well as an increase in the stabilised occupancy assumption and a reduction in exit cap rates, offset by an increase in the share-based payment charge of £11.8 million as outlined below.

Given the Group's REIT status in the UK, tax is normally only payable in France and Spain. The underlying tax charge for the year was £5.5 million (FY2020: £5.2 million), calculated by applying the effective underlying tax rate of 24.5% (for France and Spain) to the respective underlying profits earned by the France and Spain businesses.

The Group's share-based payment charge increased by £11.8 million to £18.3 million (FY2020: £6.5 million). This increase arises from one performance measure, Earnings per Share, being measured over a 5 year period from 1 November 2016 to 31 October 2021, where EPS is measured against the Adjusted Diluted EPRA EPS growth over this period against a performance target of 12% per annum. As the performance period has completed, measurement of this performance criteria and associated National Insurance charge, which vests in 2022, can be accurately measured and has been provided for in full, reflecting the strong performance of the business over this period.

As explained in note 2 to the financial statements, management considers that the most representative Earnings per Share ("EPS") measure is Adjusted Diluted EPRA EPS which has increased by 34.1% to 40.5 pence (FY2020: 30.2 pence).

### Reconciliation of Underlying EBITDA

The table below reconciles the operating profit included in the income statement to Underlying EBITDA.

	2021 £'m	2020 £'m
Statutory operating profit	417.0	212.2
Adjusted for:		
– Gain on investment properties	(321.1)	(126.5)
– Share of associate's underlying EBITDA	0.5	0.3
– Depreciation	1.0	0.9
– Variable lease payments	0.4	0.3
– Share-based payments	18.3	6.5
Exceptional items:		
– Exceptional taxation costs	1.9	0.2
Underlying EBITDA	118.0	93.9

The main reconciling items between statutory operating profit and Underlying EBITDA are the gain on investment properties as well as adjustments for depreciation, variable lease payments, share-based payment charges and the share of associate's Underlying EBITDA. The gain on investment properties was £321.1 million, as compared to £126.5 million in 2020 primarily due to the stronger underlying performance of the stores. The Group's approach to the valuation of its investment property portfolio at 31 October 2021 is discussed overleaf.

## Underlying profit by geographical region

The Group is organised and managed in three operating segments based on geographical region. The table below details the underlying profitability of each region.

	2021				2020			
	UK £'m	Paris €'m	Spain €'m	Total (CER) £'m	UK £'m	Paris €'m	Spain €'m	Total (CER) £'m
Revenue	144.1	46.0	3.3	187.5	121.3	44.1	2.5	162.3
Underlying cost of sales	(45.2)	(11.2)	(0.7)	(55.7)	(44.3)	(11.8)	(0.5)	(55.1)
Store EBITDA	98.9	34.8	2.6	131.8	77.0	32.3	2.0	107.2
Store EBITDA margin	68.6%	75.7%	78.8%	70.3%	63.5%	73.2%	80.0%	66.1%
LFL Store EBITDA margin	68.8%	76.0%	n/a	70.5%	63.6%	73.0%	n/a	65.9%
Underlying administrative expenses	(10.3)	(3.4)	(0.6)	(13.8)	(9.8)	(3.8)	(0.5)	(13.6)
Underlying EBITDA	88.6	31.4	2.0	118.0	67.2	28.5	1.5	93.6
EBITDA margin	61.5%	68.3%	60.6%	62.9%	55.4%	64.6%	60.0%	57.7%
LFL EBITDA margin	61.5%	68.6%	n/a	63.1%	56.0%	64.5%	n/a	58.1%
Leasehold costs	(7.7)	(5.7)	(0.5)	(13.1)	(7.6)	(5.3)	(0.5)	(12.8)
Underlying EBITDA after leasehold costs	80.9	25.7	1.5	104.9	59.6	23.2	1.0	80.8
EBITDA after leasehold costs margin	56.1%	55.9%	45.5%	55.9%	49.1%	52.6%	40.0%	49.8%
	UK £'m	Paris £'m	Spain £'m	Total £'m	UK £'m	Paris £'m	Spain £'m	Total £'m
Underlying EBITDA after leasehold costs (CER)	80.9	22.7	1.3	104.9	59.6	20.3	0.9	80.8
Adjustment to actual exchange rate	—	(0.4)	—	(0.4)	—	—	—	—
Reported Underlying EBITDA after leasehold costs	80.9	22.3	1.3	104.5	59.6	20.3	0.9	80.8

### Note

CER is Constant Exchange Rates (Euro denominated results for the current period have been retranslated at the exchange rate effective for the comparative period in order to present the reported results on a more comparable basis).

Underlying EBITDA in the UK increased by £21.4 million, or 31.8%, to £88.6 million (FY2020: £67.2 million), underpinned by an 18.8% or £22.8 million increase in revenue, which was driven by an increase in occupancy levels and rate improvements in the like-for-like portfolio as well as the impact of 2020 store openings in Carshalton, Gateshead and Sheffield, and the 2021 opening of our Birmingham Middleway store. Underlying UK EBITDA after leasehold costs increased by 35.7% to £80.9 million (FY2020: £59.6 million).

In Paris, Underlying EBITDA increased by €2.9 million, or 10.2%, to €31.4 million (FY2020: €28.5 million), primarily driven by a €1.9 million increase in revenue. Underlying EBITDA after leasehold costs in Paris increased by 10.8% to €25.7 million (FY2020: €23.2 million).

In Spain, Underlying EBITDA increased by €0.5 million, from €1.5 million in 2020 to €2.0 million in 2021. This directly translated into an increase in Underlying EBITDA after leasehold costs from €1.0 million in 2020 to €1.5 million in 2021.

The combined results of the UK, Paris and Spain delivered a 29.8% increase in Underlying EBITDA after leasehold costs at constant exchange rates at Group level. Adjusting for an unfavourable exchange impact of £0.4 million, the combined results of the UK, Paris and Spain reported an Underlying EBITDA after leasehold costs increase of 29.3% or £23.7 million to £104.5 million (FY2020: £80.8 million).

## Revenue

Revenue for the Group is primarily derived from the rental of self storage space and the sale of ancillary products such as insurance and merchandise (e.g. packing materials and padlocks) in both the UK and Paris.

The split of the Group's revenues by geographical segment is set out below for 2021 and 2020.

		2021	% of total	2020	% of total	% change
<b>UK</b>	£'m	144.1	77%	121.3	75%	18.8%
<b>Paris</b>						
Local currency	€'m	46.0		44.1		4.3%
Average exchange rate	€:£	1.152		1.136		(1.4%)
Paris in Sterling	£'m	39.9	21%	38.8	24%	2.8%
<b>Spain</b>						
Local currency	€'m	3.3		2.5		32.0%
Average exchange rate	€:£	1.152		1.136		(1.4%)
Spain in Sterling	£'m	2.8	2%	2.2	1%	27.3%
Total revenue	£'m	186.8	100%	162.3	100%	15.1%

## Financial review *continued*

### Revenue *continued*

The Group's revenue increased by 15.1% or £24.5 million in the year. The Group's occupied space was 429,000 sq ft higher at 31 October 2021 (5.883 million sq ft) than at 31 October 2020 (5.454 million sq ft), and the average storage rate per sq ft for the Group was, at £26.95, 1.9% higher than in 2020 (£26.44).

Adjusting the Group's revenue to a like-for-like basis (adjusting for the 2020 store openings in Carshalton, Gateshead and Sheffield; the Spain stores acquired in December 2019; and the 2021 opening of our Birmingham Middleway store), revenue has increased by 13.4%. There was minimal exchange rate movement in the year so Group like-for-like revenue at constant exchange rates has increased by 13.8%.

In the UK, revenue grew by £22.8 million or 18.8%, and on a like-for-like basis it increased by 16.8%. Occupancy was 365,000 sq ft higher at 31 October 2021 than at 31 October 2020, at 4.690 million sq ft (FY2020: 4.325 million sq ft), largely reflecting occupancy increases in the established portfolio. The average storage rate for the year grew 3.9%, from £24.37 in 2020 to £25.32 in 2021. On a like-for-like basis, the average storage rate in the UK also increased by 4.5% to £25.41 (FY2020: £24.32).

In Paris, revenue increased by 4.3% to €45.94 million on a like-for-like basis (FY2020: €44.05 million). This was driven by average occupancy growth of 6.1%, with closing occupancy growing to 1.100 million sq ft (FY2020: 1.034 million sq ft), offset by a slight decrease in the average storage rate of -1.9% to €38.90 for the year (FY2020: €39.64).

For Spain, revenue was €3.3 million, reflecting the growth in average rate of 6.4% to €32.25 (FY2020: €30.32), with a closing occupancy of 0.093 million sq ft (86.0%), in addition to the full twelve months' trading in 2021, with 2020 representing only ten months.

### Analysis of cost base

#### Cost of sales

The table below details the key movements in cost of sales between 2020 and 2021.

	2021 £'m	2020 £'m
Statutory cost of sales	<b>(56.9)</b>	(56.3)
Adjusted for:		
– Depreciation	<b>1.0</b>	0.9
– Variable lease payments	<b>0.4</b>	0.3
Underlying cost of sales	<b>(55.5)</b>	(55.1)
Underlying cost of sales for FY2020		(55.1)
– New developments cost of sales		1.4
Underlying cost of sales for FY2020 (like-for-like)		(53.7)
– Volume related cost of sales		0.3
– Employee remuneration		(1.3)
– Facilities and rates		1.3
– Enquiry generation savings		0.5
Underlying cost of sales for FY2021 (like-for-like; CER)		(52.9)
– New developments cost of sales		(2.8)
Underlying cost of sales for FY2021 (CER)		(55.7)
– Foreign exchange		0.2
Underlying cost of sales for FY2021		(55.5)

In order to arrive at underlying cost of sales, adjustments are made to remove the impact of depreciation, which does not form part of Underlying EBITDA, and variable lease payments, which forms part of our leasehold costs in the presentation of our underlying income statement.

Underlying cost of sales increased by £0.4 million in the year, from £55.1 million in 2020 to £55.5 million in 2021. On a like-for-like basis, cost of sales reduced by £0.8 million or 1.5%, with a £1.3 million reduction from business rates and facilities due to lower than expected historical business rates reviews as well as savings on utilities and store maintenance charges, offset by an increase in employee remuneration of £1.3 million attributed to the stronger store performance. The investment in marketing during the year represented 3.7% of revenue (FY2020: 4.5%).



## Administrative expenses

The table below reconciles reported administrative expenses to underlying administrative expenses and details the key movements in underlying administrative expenses between 2020 and 2021.

	2021 £'m	2020 £'m
Statutory administrative expenses	<b>(34.0)</b>	(20.3)
Adjusted for:		
– Share-based payments	<b>18.3</b>	6.5
– Exceptional items	<b>1.9</b>	0.2
Underlying administrative expenses	<b>(13.8)</b>	(13.6)
Underlying administrative expenses for FY2020		(13.6)
– New developments administration costs		1.3
Underlying administrative expenses for FY2020 (like-for-like)		(12.3)
– Employee remuneration		(1.0)
– Other employee related costs		0.3
– Professional fees and administration costs		(0.2)
Underlying administrative expenses for FY2021 (like-for-like; CER)		(13.2)
– New developments administration costs		(0.6)
Underlying administrative expenses for FY2021 (CER)		(13.8)
– Foreign exchange		–
Underlying administrative expenses for FY2021		(13.8)

In order to arrive at underlying administrative expenses, adjustments are made to remove the impact of exceptional items, share-based payments and other non-underlying items. The increase in share-based payments arises from one performance measure, Earnings per Share, being measured over a 5 year period from 1 November 2016 to 31 October 2021, where EPS is measured against the Adjusted Diluted EPRA EPS growth over this period against a performance target of 12%. As the performance period has completed, measurement of this performance criterion and the associated National Insurance charge, which vests in 2022, can accurately be measured and has been provided for in full, reflecting the strong performance of Safestore over this period.

Underlying administrative expenses increased by £0.2 million in the year, from £13.6 million in 2020 to £13.8 million in 2021. Like-for-like administrative expenses in absolute and constant currencies grew by 7.3% to £13.2 million. This is the result of year-on-year increases in employee remuneration, which are associated with the strong business performance together with increases in underlying professional fees from the prior year.

Total underlying costs (cost of sales plus administrative expenses) on a like-for-like basis have remained constant at £66.1 million (FY2020: £66.0 million).

## Exceptional items

Following tax audits carried out on the Group's operations in Paris, the basis on which property taxes have been previously assessed was challenged by the French Tax Administration ("FTA") for financial years 2011 to 2013 and 2016 to 2020. Similar challenges from the FTA have also been made to other operators within the self storage industry. In March 2021, following the latest phase of litigation, the French Court of Appeal delivered its judgement on the Group's appeal. The ruling represented a partial success for the Group; however, a further appeal has been lodged with the French Supreme Court against those decisions on which the Group's appeal in the Court of Appeal was unsuccessful. A provision has been included in the consolidated financial accounts of £2.1 million at 31 October 2021 (31 October 2020: £nil), to reflect the increased uncertainty surrounding the likelihood of a fully successful outcome. Of the total provided, £1.9 million has been recorded as an exceptional charge in respect of financial years 2012 to 2020 and £0.2 million has been charged in relation to the 31 October 2021 financial year within cost of sales (Underlying EBITDA).

It is possible that the French tax authority may still appeal the decisions of the French Court of Appeal on which the Group was successful to the French Supreme Court. Based on our analysis of the relevant information, the maximum potential exposure in relation to these issues at 30 October 2021 is £2.7 million (31 October 2020: £4.2 million). No provision for any potential exposure has been recorded in the consolidated financial statements since the Group believes it is more likely than not that a successful outcome will be achieved resulting in no eventual additional liabilities.

## Gain on investment properties

The gain on investment properties consists of the revaluation gains and losses with respect to investment properties under IAS 40 and the fair value re-measurement of lease liabilities add-back and other items as detailed below.

	2021 £'m	2020 £'m
Revaluation of investment properties	<b>329.0</b>	137.7
Revaluation of investment properties under construction	<b>(0.5)</b>	(4.3)
Fair value re-measurement of lease liabilities add-back	<b>(7.4)</b>	(6.9)
Statutory gain on investment properties	<b>321.1</b>	126.5

## Financial review *continued*

### Gain on investment properties *continued*

In the current financial year, the UK business contributed £260.5 million to the positive valuation movement and the Paris business contributed £56.0 million with the remaining £4.6 million in Spain. The gain on investment properties principally reflects the continuing progress in the performance of the businesses, which has driven further positive changes in the cash flow metrics that are used to assess the value of the store portfolio which are predominantly based on trading potential, underpinned by average rate, which has increased by 1.9% to £26.95 in 2021 from £26.44 in 2020, and occupancy, which is up 5.0ppts to 84.5% in 2021 from 79.5% in 2020, capitalisation rates and stabilised occupancy.

### Operating profit

Operating profit increased by £204.8 million from £212.2 million in 2020 to £417.0 million in 2021, comprising a £24.1 million increase in Underlying EBITDA, a £194.6 million higher investment property gain primarily due to significant improvement in store performance, offset by the higher share-based payments charge outlined earlier.

### Net finance costs

Net finance costs include interest payable, interest on obligations under lease liabilities, fair value movements on derivatives, exchange gains or losses, unwinding of discounts and exceptional refinancing costs. Net finance costs decreased by £1.9 million in 2021, to £12.4 million from £14.3 million in 2020, principally due to a favourable net fair value movement on derivatives in the year of £2.9 million compared to £0.2 million in 2020.

	2021 £'m	2020 £'m
Net bank interest payable	(9.7)	(9.1)
Amortisation of debt issuance costs on bank loans	(0.4)	(0.3)
Interest from loan to associates	0.1	0.1
Financial instruments income	0.5	0.2
Underlying finance charges	(9.5)	(9.1)
Interest on obligations under lease liabilities	(5.2)	(5.6)
Fair value movement on derivatives	2.9	0.2
Net exchange (losses)/gains	(0.6)	0.2
Net finance costs	(12.4)	(14.3)

### Underlying finance charge

The underlying finance charge (net bank interest payable reflecting term loan, swap and USPP interest costs) increased by £0.4 million to £9.5 million, principally reflecting the Group's additional borrowings in the year drawn to fund the Group's acquisition and development activity. The underlying finance charge represents the finance expense before exceptional items and changes in fair value of derivatives, amortisation of debt issuance costs and interest on obligations under lease liabilities and is disclosed because management reviews and monitors performance of the business on this basis.

Financial instruments income in the year of £0.5 million (FY2020: £0.2 million) related to the gains made on the expiration of average rate forwards which matured in April 2021 and October 2021.

Based on the year-end drawn debt position the effective interest rate is analysed as follows:

	Facility £/€'m	Drawn £'m	Hedged £'m	Hedged %	Bank margin %	Hedged rate %	Floating rate %	Total rate %
UK Revolver	£250.0	£32.0	£32.0	100%	1.25%	0.82%	0.04%	1.60%
UK Revolver- non-utilisation	£218.0	—	—	—	0.50%	—	—	0.50%
Euro Revolver	€70.0	£25.3	£25.3	100%	1.25%	0.17%	(0.56%)	1.42%
Euro Revolver- non-utilisation	€40.0	—	—	—	0.50%	—	—	0.50%
US Private Placement 2024	€50.9	£43.0	£43.0	100%	1.59%	—	—	1.59%
US Private Placement 2027	€74.1	£62.6	£62.6	100%	2.00%	—	—	2.00%
US Private Placement 2029	£50.5	£50.5	£50.5	100%	2.92%	—	—	2.92%
US Private Placement 2026	€70.0	£59.1	£59.1	100%	1.26%	—	—	1.26%
US Private Placement 2026	£35.0	£35.0	£35.0	100%	2.59%	—	—	2.59%
US Private Placement 2029	£30.0	£30.0	£30.0	100%	2.69%	—	—	2.69%
US Private Placement 2028	£20.0	£20.0	£20.0	100%	1.96%	—	—	1.96%
US Private Placement 2028	€29.0	£24.5	£24.5	100%	0.93%	—	—	0.93%
US Private Placement 2031	£80.0	£80.0	£80.0	100%	2.39%	—	—	2.39%
US Private Placement 2033	€29.0	£24.5	£24.5	100%	1.42%	—	—	1.42%
Unamortised finance costs	—	(£1.8)	—	—	—	—	—	—
<b>Total</b>	<b>£738.3</b>	<b>£484.7</b>	<b>£486.5</b>	<b>100%</b>				<b>2.36%</b>

As at 31 October 2021, £32.0 million of the £250 million UK Revolver and €30.0 million (£25.3 million) of the €70 million Euro Revolver were drawn. The drawn amounts attract a bank margin of 1.25%, and the Group pays a non-utilisation fee of 0.50% on the undrawn balances of £218.0 million and €40.0 million.

The Group has £55.3 million of interest rate swaps in place to June 2023, swapping SONIA at a weighted average effective rate of 0.82% and EURIBOR on €30.0 million at an effective rate of 0.17%. These interest rate swaps are in place to hedge the UK Revolver floating SONIA rate and the Euro Revolver floating EURIBOR rate.

The 2024, 2026 and 2027 US Private Placement Notes are denominated in Euros and attract fixed interest rates of 1.59% (on €50.9 million), 2.00% (on €74.1 million) and 1.26% (on €70.0 million) respectively. The Euro denominated borrowings provide a natural hedge against the Group's investment in the Paris and Spain businesses.

The 2029 (£50.5 million), 2026 (£35.0 million) and 2029 (£30.0 million) US Private Placement Notes are denominated in Sterling and attract a fixed interest rate of 2.92%, 2.59% and 2.69% respectively.

On 7 May 2021, Safestore extended its borrowing facilities with the issuance of the equivalent of £149.0 million new Sterling and Euro denominated US Private Placement ("USPP") Notes with the following coupons and tenors:

- £20.0 million 7 year notes at a coupon of 1.96% (credit spread of 140 bps)
- €29.0 million 7 year notes at a coupon of 0.93% (credit spread of 105 bps)
- £80.0 million 10 year notes at a coupon of 2.39% (credit spread of 150 bps)
- €29.0 million 12 year notes at a coupon of 1.42% (credit spread of 118 bps)

The funds were received in June 2021 and August 2021 and were used initially to pay down Revolving Credit Facilities ("RCF") thereby providing further capacity for medium term growth. The USPP notes were issued to a group of existing institutional investors.

In addition, an uncommitted €115.0 million shelf facility, which can be drawn in Euros or Sterling, was agreed with one existing lender, giving the Group further financing flexibility. The facility would be drawn in the form of Private Placement Notes at a coupon to be agreed at the time of funding.

As a result of the hedging arrangements and fixed interest loan notes, effectively 100% of the Group's drawn debt is at fixed rates of interest. Overall, the Group has an effective interest rate on its borrowings of 2.36% at 31 October 2021, compared to 2.13% at the previous year end, reflecting the increased weighting of USPP notes given the lower drawn element of the RCF at year end.

#### Non-underlying finance charge

Interest on obligations under lease liabilities was £5.2 million (FY2020: £5.6 million) and reflects part of the leasehold costs. The balance of the leasehold payment is charged through the gain or loss on investment properties line and variable lease payments in the income statement. Overall, the leasehold costs charge increased from £12.8 million in 2020 to £13.0 million in 2021, principally reflecting the full year of cost for the Spain stores and the opening of the Paris Magenta store.

Net finance costs include a £0.6 million exchange loss (FY2020: £0.2 million gain) arising primarily on retranslation of the Group's Euro denominated borrowings.

A net gain of £2.9 million was recognised on fair valuation of derivatives (FY2020: net gain of £0.2 million). This gain is primarily driven by the movement in the interest rate swaps year on year due to future market expectations around rising inflation.

The Group undertakes net investment hedge accounting for its Euro denominated loan notes.

## Tax

The tax charge for the year is analysed below:

	2021 £'m	2020 £'m
Underlying current tax	(5.5)	(5.2)
Prior year – exceptional	–	2.4
Current tax charge	(5.5)	(2.8)
Tax on investment properties movement	(17.8)	(17.1)
Tax on revaluation of interest rate swaps	(0.1)	–
Other	0.8	–
Deferred tax charge	(17.1)	(17.1)
Net tax charge	(22.6)	(19.9)

The net income tax charge for the year is £22.6 million (FY2020: £19.9 million), which relates solely to the Group's non-UK European businesses. In the UK, the Group is a REIT and benefits from a zero rate of tax on its qualifying earnings. The underlying current tax charge relating to the European businesses amounted to £5.5 million (FY2020: £5.2 million), calculated by applying the effective overall underlying tax rate of 24.5% (for France and Spain) to the underlying profits earned by the France and Spain businesses.

The deferred tax charge relating to Paris and Spain was £17.1 million (FY2020: £17.1 million charge).

## Financial review *continued*

### Tax *continued*

In 2020, an exceptional prior year current tax credit of £2.4 million arose as a result of confirmation of loss claims made in 2015 and 2016 by an overseas subsidiary following the expiry of the statutory limitation period allowed for challenging the utilisation of these losses on 31 December 2019.

All deferred tax movements are non-underlying. The deferred tax impact of the revaluation gain on investment properties was a charge of £17.1 million (FY2020: £17.1 million charge).

### Earnings per Share

As a result of the movements explained above, profit after tax for 2021 was £382.0 million as compared with £178.0 million in 2020. Basic EPS was 181.2 pence (FY2020: 84.6 pence) and diluted EPS was 176.4 pence (FY2020: 84.0 pence).

Adjusted Diluted EPRA EPS is based on the European Public Real Estate Association's definition of earnings and is defined as profit or loss for the period after tax but excluding corporate transaction costs, change in fair value of derivatives, gain/loss on investment properties and the associated tax impacts. The Company then makes further adjustments for the impact of exceptional items, IFRS 2 share-based payment charges, exceptional tax items and deferred tax charges. This adjusted earnings is divided by the diluted number of shares. The IFRS 2 cost is excluded as it is written back to distributable reserves and is a non-cash item (with the exception of the associated National Insurance element). Therefore, neither the Company's ability to distribute nor pay dividends are impacted (with the exception of the associated National Insurance element). The financial statements disclose earnings on a statutory, EPRA and Adjusted Diluted EPRA basis and provide a full reconciliation of the differences in the financial year in which any Long Term Incentive Plan ("LTIP") awards may vest.

Management introduced Adjusted Diluted EPRA EPS as a measure of EPS following the implementation of the Group's LTIP scheme in 2017. Management considers that the real cost to existing shareholders is the dilution that they will experience from the LTIP scheme; therefore, earnings has been adjusted for the IFRS 2 share-based payment charge, and the number of shares used in the EPS calculation has been adjusted for the dilutive effect of the LTIP scheme.

The Group has exposure to the movement in the Euro/Sterling exchange rate. Based on the FY2021 results, for every 10 cents variance to the average exchange rate of 1.1516, there would be an impact of £1.4 million to Adjusted EPRA Earnings.

Adjusted Diluted EPRA EPS for the year was 40.5 pence (FY2020: 30.2 pence), calculated on a pro forma basis, as if the dilutive LTIP shares were in issue throughout both the current and prior years, as follows:

	2021			2020		
	Earnings £'m	Shares million	Pence per share	Earnings £'m	Shares million	Pence per share
<b>Basic earnings</b>	<b>382.0</b>	<b>210.8</b>	<b>181.2</b>	178.0	210.4	84.6
Adjustments:						
Gain on investment properties	(321.1)	—	(152.3)	(126.5)	—	(60.1)
Exceptional items	1.9	—	0.9	0.2	—	0.1
Exceptional finance costs	—	—	—	—	—	—
Net exchange loss/(gain)	0.6	—	0.3	(0.2)	—	(0.1)
Change in fair value of derivatives	(2.9)	—	(1.4)	(0.2)	—	(0.1)
Tax on adjustments/exceptional tax	16.2	—	7.7	13.9	—	6.6
<b>Adjusted</b>	<b>76.7</b>	<b>210.8</b>	<b>36.4</b>	65.2	210.4	31.0
EPRA adjusted:						
Fair value re-measurement of lease liabilities add-back	(7.4)	—	(3.5)	(6.9)	—	(3.3)
Tax on lease liabilities add-back adjustment	0.9	—	0.4	0.8	—	0.4
EPRA basic EPS	70.2	210.8	33.3	59.1	210.4	28.1
Share-based payments charge	18.3	—	8.7	6.5	—	3.1
Dilutive shares	—	7.5	(1.5)	—	6.8	(1.0)
Adjusted diluted EPRA EPS	88.5	218.3	40.5	65.6	217.2	30.2

### Dividends

The Directors are recommending a final dividend of 17.6 pence (FY2020: 12.7 pence) which Shareholders will be asked to approve at the Company's Annual General Meeting on 16 March 2022. If approved by Shareholders, the final dividend will be payable on 7 April 2022 to shareholders on the register at close of business on 4 March 2022.

Reflective of the Group's improved performance, the Group's full year dividend of 25.1 pence is 34.9% up on the prior year dividend of 18.6 pence. The Property Income Distribution ("PID") element of the full year dividend is 25.1 pence (FY2020: 18.6 pence).

## Property valuation and Net Asset Value (“NAV”)

Cushman & Wakefield Debenham Tie Leung Limited LLP (“C&W”) have valued the Group’s property portfolio. As at 31 October 2021, the total value of the Group’s property portfolio was £1,881.8 million (excluding investment properties under construction of £67.4 million and net of lease liabilities of £82.2 million). This represents an increase of £324.3 million compared with the £1,557.5 million valuation as at 31 October 2020. A reconciliation of the movement is set out below:

	UK £'m	Paris £'m	Spain £'m	Total £'m	Paris €'m	Spain €'m
Value as at 1 November 2020	1,135.2	400.8	21.5	1,557.5	445.4	23.9
Currency translation movement	—	(26.5)	(1.4)	(27.9)	—	—
Additions	14.8	4.5	0.2	19.5	5.3	0.2
Reclassifications	1.5	2.2	—	3.7	2.5	—
Revaluation	264.7	59.4	4.9	329.0	68.4	5.7
<b>Value at 31 October 2021</b>	<b>1,416.2</b>	<b>440.4</b>	<b>25.2</b>	<b>1,881.8</b>	<b>521.6</b>	<b>29.8</b>

As described in note 13 of the financial statements, the valuation is based on a discounted cash flow of the net operating income over a ten-year period and a notional sale of the asset at the end of the tenth year. Accordingly, the gain on investment properties principally reflects the continuing progress in the performance of the business and the strong underlying trading of the store, underpinned by average rate, which has increased by 1.9% to £26.95 in 2021 from £26.44 in 2020, and occupancy, which is up 5.0ppts to 84.5% in 2021 from 79.5% in 2020, capitalisation rates and stabilised occupancy, as explained further below.

The exchange rate at 31 October 2021 was €1.18:£1 compared with €1.11:£1 at 31 October 2020. This movement in the foreign exchange rate has resulted in a £27.9 million unfavourable currency translation movement in the year. This has slightly reduced the Group net asset value (“NAV”) but had no impact on the loan-to-value (“LTV”) covenant as the assets in Paris are tested in Euros.

The value of the UK investment property portfolio including investment properties under construction has increased by £327.9 million (comprising of £281.0 million in investment properties and £46.9 million in investment properties under construction) compared with 31 October 2020. This includes a £264.2 million valuation gain and £63.7 million of capital additions.

In Paris, the value of the property portfolio including investment properties under construction increased by €73.7 million, of which €68.4 million was valuation gain and capital additions (including our pipeline store at Paris Magenta) were €5.3 million. The net increase in investment properties when translated into Sterling amounted to £37.3 million, reflecting the foreign exchange impact described above.

In Spain, the value of the property portfolio including investment properties under construction increased by €16.3 million, of which €5.7 million was valuation gain and capital additions were €10.6 million. The net increase in investment properties including investment properties under construction when translated into Sterling amounted to £12.5 million, reflecting the foreign exchange impact described above.

Our pipeline of future development opportunities remains strong and gives us further confidence in our future growth plans, comprising 13 stores or store extensions in the UK, two in France and six in Spain.

The Group’s freehold exit yield for the valuation at 31 October 2021 reduced to 6.03%, from 6.37% at 31 October 2020, and the weighted average annual discount rate for the whole portfolio has reduced from 9.45% at 31 October 2020 to 8.72% at 31 October 2021.

C&W’s valuation report confirms that the properties have been valued individually but that if the portfolio were to be sold as a single lot or in selected groups of properties, the total value could be different. C&W states that in current market conditions it is of the view that there could be a material portfolio premium.

EPRA basic NAV has been superseded and has transitioned to three new measures: EPRA NRV (net reinstatement value); EPRA NTA (net tangible assets) and EPRA NDV (net disposal value) for periods commencing 1 January 2020 or thereafter. Safestore considers EPRA NTA to be most consistent with the nature of the Group’s business.

The EPRA NTA per share, as reconciled to IFRS net assets per share in note 15 of the financial statements, was 679 pence at 31 October 2021, up 28% since 31 October 2020, and the IFRS reported diluted NAV per share was 635 pence (FY2020: 489 pence), reflecting a £339.3 million increase in reported net assets during the year.

## Financial review *continued*

### Gearing and capital structure

The Group's borrowings comprise revolving bank borrowing facilities in the UK and France and US Private Placement.

Net debt (including lease liabilities and cash) stood at £523.8 million at 31 October 2021, an increase of £11.7 million from the 2020 position of £512.1 million, reflecting funding for the continued expansion of the Group portfolio. Total capital (net debt plus equity) increased from £1,547.7 million at 31 October 2020 to £1,898.7 million at 31 October 2021. The net impact is that the gearing ratio has decreased from 33.1% to 27.6% in the year.

Management also measures gearing with reference to its loan-to-value ratio ("LTV") defined as gross debt (excluding lease liabilities) as a proportion of the valuation of investment properties and investment properties under construction (excluding lease liabilities). At 31 October 2021 the Group LTV ratio was 25% as compared to 29% at 31 October 2020. The Board considers the current level of gearing is appropriate for the business to enable the Group to increase returns on equity, maintain financial flexibility and achieve our medium term strategic objectives.

### Borrowings at 31 October 2021

As at 31 October 2021, £32.0 million of the £250.0 million UK Revolver and €30.0 million (£27.0 million) of the €70.0 million Euro Revolver were drawn. Including the US Private Placement debt of €253.0 million (£213.7 million) and £215.5 million, the Group's borrowings totalled £486.5 million (before adjustment for unamortised finance costs).

As at 31 October 2021, the weighted average remaining term for the Group's available borrowing facilities is 4.6 years (FY2020: 4.5 years).

Borrowings under the existing loan facilities are subject to certain financial covenants. The UK bank facilities and the US Private Placement share interest cover and LTV covenants. The interest cover requirement of EBITDA: interest is 2.4:1, where it will remain until the end of the facilities' terms. Interest cover for the year ended 31 October 2021 is 10.5x (FY2020: 9.0x).

The LTV covenant is 60% in both the UK and France, where it will remain until the end of the facilities' terms. As at 31 October 2021, there is significant headroom in both the UK LTV and the French LTV covenant calculations.

The Group is in compliance with its covenants at 31 October 2021 and, based on forecast projections, is expected to be in compliance for a period in excess of twelve months from the date of this report.

### Cash flow

The table below sets out the underlying cash flow of the business in 2021 and 2020. For statutory reporting purposes, leasehold costs cash flows are allocated between finance costs, principal repayments and variable lease payments. However, management considers a presentation of cash flows that reflects leasehold costs as a single line item to be representative of the underlying cash flow performance of the business.

	2021 £'m	2020 £'m
Underlying EBITDA	118.0	93.9
Working capital/exceptionals/other	(2.1)	1.9
<b>Adjusted operating cash inflow</b>	<b>115.9</b>	95.8
Interest payments	(8.0)	(8.9)
Leasehold rent payments	(13.0)	(12.8)
Tax payments	(5.4)	(5.3)
<b>Free cash flow (before investing and financing activities)</b>	<b>89.5</b>	68.8
Acquisition of subsidiary, net of cash acquired	–	(14.3)
Loan to associates	(0.9)	–
Investment in associates	(1.9)	(2.5)
Capital expenditure – investment properties	(62.4)	(59.9)
Capital expenditure – property, plant and equipment	(1.0)	(1.3)
Capital Goods Scheme receipt	–	0.3
Proceeds from disposal – property, plant and equipment	–	0.1
<b>Net cash flow after investing activities</b>	<b>23.3</b>	(8.8)
Issue of share capital	0.7	–
Dividends paid	(42.6)	(37.7)
Net drawdown of borrowings	43.8	33.1
Debt issuance costs	(0.7)	(0.5)
Net hedge breakage costs	–	–
<b>Net increase/(decrease) in cash</b>	<b>24.5</b>	(13.9)

#### Note

Free cash flow is a non-GAAP measure, defined as cash flow before investing and financing activities but after leasehold rent payments.

The first table below reconciles free cash flow (before investing and financing activities) in the table above to net cash inflow from operating activities in the consolidated cash flow statement. The second table below reconciles adjusted net cash flow after investing activities in the table above to the consolidated cash flow statement. The third table below reconciles adjusted operating cash inflow to the cash generated from operations in the consolidated cash flow statement.

	2021 £'m	2020 £'m
<b>Free cash flow (before investing and financing activities)</b>	<b>89.5</b>	68.8
Add back: principal payment of lease liabilities	7.5	6.9
<b>Net cash flow from operating activities</b>	<b>97.0</b>	75.7

	2021 £'m	2020 £'m
From table above:		
Adjusted net cash flow after investing activities	23.3	(8.8)
Add back: principal payment of lease liabilities	7.5	6.9
<b>Net cash flow after investing activities</b>	<b>30.8</b>	(1.9)
From consolidated cash flow:		
Net cash inflow from operating activities	97.0	75.7
Net cash outflow from investing activities	(66.2)	(77.6)
<b>Net cash flow after investing activities</b>	<b>30.8</b>	(1.9)

	2021 £'m	2020 £'m
<b>Adjusted operating cash inflow</b>	<b>115.9</b>	95.8
Cash outflow on variable lease payments	(0.3)	(0.3)
<b>Cash flow from operations</b>	<b>115.6</b>	95.5

Adjusted operating cash flow increased by £20.1 million in the year, principally due to the £24.1 million improvement in Underlying EBITDA.

Working capital, exceptional items and other movements resulted in a net £2.1 million outflow (FY2020: £1.9 million inflow) principally relating to increases in trade receivables offset by trade payables relating to our ongoing portfolio development.

Free cash flow (before investing and financing activities) grew by 30.1% to £89.5 million (FY2020: £68.8 million). The free cash flow benefited from the increase in Underlying EBITDA and the increase in adjusted operating cash flow.

Investing activities experienced a net outflow of £66.2 million (FY2020: £77.6 million outflow), which included £62.4 million of capital expenditure on our investment property portfolio in respect of our new store at Birmingham Middleway; store extensions at Edgware and Southend; and the acquisition of development properties at Park West Place, Bow, Woodford, Lea Bridge and Shoreham as well as several pipeline sites in Spain.

Adjusted financing activities generated a net cash inflow of £1.2 million (FY2020: £5.1 million outflow). Dividend payments totalled £42.6 million (FY2020: £37.7 million). The net drawdown of borrowings was £43.8 million (FY2020: £33.1 million), in order to finance the acquisition of development and pipeline stores.

The strategic report, including pages 5 to 64, was approved by a duly authorised Committee of the Board of Directors on 12 January 2022 and signed on its behalf by:

**Andy Jones**  
Chief Financial Officer  
12 January 2022

## Engaging with our stakeholders and our Section 172(1) statement

# Our purpose: To add stakeholder value by developing profitable and sustainable spaces that allow individuals, businesses and local communities to thrive

This section provides further insight into how we engage with key stakeholders. Building and maintaining effective stakeholder relationships informs how we create value in the long term.

Our formal Section 172(1) statement is set out on page 32.

The principles that underpin Section 172 of the Companies Act 2006 are considered by the Board within its decision-making processes. Our Section 172 statement on page 32, provides examples of investment decisions, taken during this year; how

they align to our strategic priorities and are informed by stakeholder expectations and considerations. The Section 172 principles are part of our culture, are embedded in all that we do and are strengthened by our Board setting the right tone from the top. The Company seeks to act fairly with its stakeholders and maintain its reputation for high standards of business and ethical conduct which contribute to Safestore's success in the long term. This information is incorporated by cross-reference into the governance report on pages 65 to 78.

### Engaging with our stakeholders

Our key stakeholders and a summary of what matters to them is set out below. What matters to them is determined by the Board and by management, and has been informed by feedback received from the engagement process itself and a deep understanding of our operating model. How we engage is led by either the Board or by management. Regular updates received by the Board are set out on page 70.

**Read more about how we engage**

Key stakeholders	What matters	How we engage	
 <p><b>Our people</b></p>	<p>We believe that engaged colleagues, who feel valued by our business, are the foundation of our customer-focused culture. What matters to our people includes:</p> <ul style="list-style-type: none"> <li>Fair pay and reward</li> <li>Health and wellbeing and a safe working environment</li> <li>Colleague engagement</li> <li>Open and honest communication</li> <li>Training and development and providing an opportunity for our colleagues to reach their full potential</li> <li>A diverse and inclusive workplace</li> </ul>	<ul style="list-style-type: none"> <li>Through our "Make the Difference" people forum, our network of People Champions, internal communication channels such as Yapster, and informal meetings, we engage with our people on a wide range of matters and act on the outputs</li> <li>Colleague engagement surveys are undertaken bi-annually, with results shared across the business enabling high levels of consultation. Innovation and ideas for improvement come from all levels of our business</li> <li>Investors in People ("IIP") accreditation assessed every three years and this year Safestore was awarded the prestigious IIP Platinum accreditation</li> <li>Through our wellbeing strategy</li> <li>Through our comprehensive learning and development tools</li> </ul>	 <p>Please see pages 45 to 50, 85, 92 and 93 of our Directors' remuneration report</p>
 <p><b>Our customers</b></p>	<p>We believe in providing great customer service, responding positively to our customers' ever-changing needs, expectations, and behaviours. Our customers are the mainstay of our business and their views are important to us. What matters to our customers includes:</p> <ul style="list-style-type: none"> <li>Provision of safe and secure storage sites</li> <li>Well-located and accessible stores</li> <li>Expertise in providing self storage solutions</li> <li>Flexible contractual arrangements</li> </ul>	<ul style="list-style-type: none"> <li>Through face-to-face communication in store, directly through our Customer Support Centre, and online via our website, email and social media channels, as well as through our LiveChat service</li> <li>Contacting all new customers to understand and meet our customers' requirements and expectations and seek their feedback</li> <li>Seeking customer feedback collected from our website, third party platforms and social media channels</li> </ul>	 <p>Please see pages 50 and 51</p>



## Read more about how we engage

Key stakeholders	What matters	How we engage	
 <p><b>Our shareholders and investors</b> Many of our colleagues are shareholders.</p>	<p>A strong and flexible capital structure is fundamental to our strategy.</p> <p>What matters includes maximising long term value, which means:</p> <ul style="list-style-type: none"> <li>• Sustainable current and future financial performance and returns</li> <li>• A clear strategy and business model</li> <li>• Strong leadership</li> <li>• Maintaining our reputation</li> <li>• Managing and reporting our ESG performance with clear and transparent disclosures</li> </ul>	<ul style="list-style-type: none"> <li>• We maintain dialogue with the investment community through a comprehensive investor relations programme to ensure that our shareholders, investors, including investor bodies, and investor community have a strong understanding of our strategy, performance and culture</li> <li>• Key shareholder publications including the Annual Report, the full year and half year results announcements and interim management statements</li> <li>• Our AGM provides an opportunity to interact with our shareholders</li> <li>• We report against EPRA's latest recommendations, Best Practice Recommendations on Sustainability Reporting, which are aligned to the latest Global Reporting Initiative</li> </ul>	 <p>Please see pages 72 and 93</p>
 <p><b>Our partners</b> We work with a wide range of partners, including our joint venture partner, Carlyle, our landlords at our leasehold sites, our contractors and suppliers of goods and services.</p>	<p>Building strong relationships, and what matters to our partners includes:</p> <ul style="list-style-type: none"> <li>• Our current and future financial performance</li> <li>• Our operational excellence</li> <li>• Stable and long term relationships to ensure sustainable, high quality delivery for the benefit of all stakeholders</li> <li>• Clear communication, fair engagement and prompt payment</li> <li>• Corporate governance</li> </ul>	<ul style="list-style-type: none"> <li>• Quarterly joint venture Board meetings and regular communication with our joint venture partner</li> <li>• Quarterly meetings with our construction management partner</li> <li>• Supplier forums held bi-annually, which facilitate an open exchange of feedback</li> <li>• This year we have worked with our suppliers, using the UN Sustainability Goals as a shared framework for the way we work together</li> </ul>	 <p>Please see pages 13 and 54 to 56</p>
 <p><b>Our communities</b></p>	<p>We strive to support and make a positive social and economic contribution to our communities. What matters to our Communities includes:</p> <ul style="list-style-type: none"> <li>• Minimising the impact of our business operations on our environment and local communities</li> <li>• Minimising any local disruption caused by our business operations</li> <li>• Creating local employment opportunities</li> <li>• Supporting community projects and provide support to local and national charities</li> </ul>	<ul style="list-style-type: none"> <li>• Registering all our new store developments with the Considerate Constructors Scheme, and engaging with our immediate neighbours on all projects</li> <li>• Reporting what we do in our annual Sustainability Report and on our website</li> <li>• Engaging with our local communities through local charitable initiatives and colleague involvement in local fundraising and volunteering initiatives</li> </ul>	 <p>Please see pages 52 and 54</p>
 <p><b>Our environment</b></p>	<p>To protect the planet from our activities, means:</p> <ul style="list-style-type: none"> <li>• Awareness of the environmental impact of our activities</li> <li>• Reducing our CO<sub>2</sub> emissions and energy and water consumption</li> <li>• Reducing waste, in particular plastic waste, and diverting waste from landfill</li> <li>• Sustainable development of new stores</li> </ul>	<ul style="list-style-type: none"> <li>• Developing and implementing various sustainability schemes across our sites</li> <li>• Engaging with our colleagues to increase awareness and education</li> <li>• Aligning our material sustainability issues with the latest Global Reporting Initiative ("GRI") standards</li> <li>• Obtaining BREEAM certification for our new stores</li> <li>• Registering all of our new store developments with the Considerate Constructors Scheme</li> </ul>	 <p>Please see pages 54 and 64</p>

# Engaging with our stakeholders and our Section 172(1) statement

## continued

### Our Section 172(1) statement

The Board has regard to the matters set out in Section 172(1) of the Companies Act 2006 when performing its duties under Section 172 to act in a way it considers, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, and in doing so have regard to a range of matters when making decisions for the long term. Key decisions and matters that are of strategic importance to the Company are appropriately informed by Section 172 factors.

The following provides examples of decisions approved by the Board during the year ended 31 October 2021 and how Section 172 factors have been considered as part of the Board's decision making. The summary seeks to provide further insight into how these decisions align to our purpose and strategic priorities, and our stakeholders' expectations, whilst also demonstrating Safestore's corporate culture to act fairly and maintain its reputation for high standards of business and ethical conduct, to enable the Group to progress towards its purpose and long term success.

Our Strategic priority	Board decision	Our stakeholder expectations and considerations	Read more about our investment decisions
Optimising trading performance of existing portfolio	<p><b>2021 Store refurbishment project</b></p> <p>This refurbishment project aligns to our strategic priorities and our purpose by adding stakeholder value by improving existing space and the sustainability of these sites</p>	<p><b>Our people:</b> The refurbishment improved colleague welfare areas</p> <p><b>Our customers:</b> Improving the external appeal, quality and appearance of the refurbished stores</p> <p><b>Our investors:</b> Maintaining the Company's investment in its property portfolio</p> <p><b>Our partners:</b> Ongoing store refurbishment programme supports stable and long term relationships with our suppliers</p> <p><b>Our communities:</b> Improving the quality and appearance of our UK stores</p> <p><b>Our environment:</b> Eliminating gas usage in eleven of our stores</p>	<p>→ Please see pages 9, 57 and 60</p>
Maintaining a strong and flexible capital structure	<p><b>2021 US Private Placement financing</b></p> <p>The new financing arrangement aligns to our strategic priorities and provides the capital to invest in new sustainable spaces</p>	<p><b>Our people:</b> Providing the property team with secure financing and confidence to pursue the highest yielding assets for the Group. Enabling a pipeline of active sites, providing rewarding development opportunities for our property and operations teams</p> <p><b>Our customers:</b> Allowing the Group to increase the number of stores for our customers, providing well-located accessible stores</p> <p><b>Our investors:</b> Investors have the confidence that the Group manages its debt structure, pursues high yielding assets and minimises financing costs in line with the Group's objectives</p> <p><b>Our partners:</b> Providing our partners with the confidence that Safestore has the financial foundation for long-term growth and partner support</p> <p><b>Our communities:</b> Cost-effective financing enables local communities to directly benefit from a higher number of stores as well as providing Safestore more opportunity to offer charitable space</p> <p><b>Our environment:</b> Financing at a cost effective rate enables for greater progression of investment into store sustainability</p>	<p>→ Please see page 9</p>
Selective portfolio management and expansion opportunities in our existing markets and in attractive new geographies	<p>Examples such as:</p> <p><b>London Bow Gillender Street</b> – freehold purchase</p> <p><b>Nijmegen development in the Netherlands</b> – acquisition and development opportunity with our Joint Venture partner</p> <p>New site acquisitions align to our strategic priorities and our purpose, adding stakeholder value by expanding our property portfolio to provide new profitable and sustainable spaces</p>	<p><b>Our people:</b> Clear Board decision-making enabling colleagues to deliver property developments in line with the Board's approval</p> <p><b>Our customers:</b> Providing well-located and accessible stores</p> <p><b>Our investors:</b> Expect a robust investment appraisal process considering key risks and appropriate environmental and sustainable development considerations</p> <p><b>Our partners:</b> New property developments support stable and long term relationships with our Suppliers and with our Joint Venture partner</p> <p><b>Our communities:</b> The site at London Bow, was a large, old vacant industrial building that has been redeveloped and brought back into use. The site is within an area of high housing growth and will directly benefit the community it serves</p> <p><b>Our environment:</b> Developing sustainable spaces that minimise the impact of our business operations on our environment</p>	<p>→ Please see pages 10 to 13, which include a summary of our property pipeline</p>

## Principal risks

# Risks are considered at every business level and are assessed, discussed and taken into account when deciding upon future strategy, approving transactions and monitoring performance

### Risks and risk management

The Board recognises that effective risk management requires awareness and engagement at all levels of our organisation.

### Risk management process

The Board is responsible for determining the nature of the risks the Group faces, and for ensuring that appropriate mitigating actions are in place to manage them in a manner that enables the Group to achieve its strategic objectives.

Effective risk management requires awareness and engagement at all levels of our organisation. It is for this reason that the risk management process is incorporated into the day-to-day management of our business, as well as being reflected in the Group's core processes and controls. The Board has defined the Group's risk appetite and oversees the risk management strategy and the effectiveness of the Group's internal control framework. Risks are considered at every business level and are assessed,

discussed and taken into account when deciding upon future strategy, approving transactions and monitoring performance.

Strategic risks are identified, assessed and managed by the Board, with support from the Audit Committee, which in turn is supported by the Risk Committee. Strategic risks are reviewed by the Audit Committee to ensure they are valid and that they represent the key risks associated with the current strategic direction of the Group. Operational risks are identified, assessed and managed by the Risk Committee and Executive Team members, and reported to the Board and the Audit Committee. These risks cover all areas of the business, such as finance, operations, investment, development and corporate risks.

The risk management process commences with rigorous risk identification sessions incorporating contributions from functional managers and Executive Team members.

The output is reviewed and discussed by the Risk Committee, supported by members of senior management from across the business. The Board, supported by the Risk Committee, identifies and prioritises the top business risks, with a focus on the identification of key strategic, financial and operational risks. The potential impact and likelihood of the risks occurring are determined, key risk mitigations are identified and the current level of risk is assessed against the Board's risk appetite. These top business risks form the basis for the principal risks and uncertainties detailed in the section below.

### Principal risks and uncertainties

The principal risks and uncertainties described are considered to have the most significant effect on Safestore's strategic objectives.

The key strategic and operational risks are monitored by the Board and are defined as those which could prevent us from achieving our business goals. Our current strategic and operational risks and key mitigating actions are as follows:

Risk	Current mitigation activities	Developments since 2020
<b>Strategic risks</b>		
The Group develops business plans based on a wide range of variables. Incorrect assumptions about the economic environment, the self storage market, or changes in the needs of customers or the activities of customers may adversely affect the returns achieved by the Group, potentially resulting in loss of shareholder value or loss of the Group's status as the UK's largest self storage provider.	<ul style="list-style-type: none"> <li>The strategy development process draws on internal and external analysis of the self storage market, emerging customer trends and a range of other factors.</li> <li>Continuing focus on yield-management with regular review of demand levels and pricing at each individual store.</li> <li>Continuing focus on building the Safestore brand, acquisitions and development projects.</li> <li>The portfolio is geographically diversified with performance monitoring covering the personal and business customers by segments.</li> <li>Detailed and comprehensive sensitivity and scenario modelling taking into consideration variable assumptions.</li> <li>Robust cost management.</li> </ul>	<p>The Group's strategy is regularly reviewed through the annual planning and budgeting process, and regular reforecasts are prepared during the year.</p> <p>The Group expanded the joint venture with Carlyle, which acquired Opslag and Leiwas stores in the Netherlands. The Group continues to earn management fees and a 20% share of the profits of the joint venture.</p> <p>The acquisition of new stores together with new store openings have been fully integrated in the Group's store portfolio.</p> <p>The level of risk is considered similar to the 31 October 2020 assessment.</p>

## Principal risks *continued*

Risk	Current mitigation activities	Developments since 2020
<p><b>Pandemic risk</b></p> <p>The Covid-19 outbreak is an unprecedented global event whose impacts and duration are now more widely understood. While the Group now more clearly understands the impacts of the pandemic on the business, we need to be adaptable in ensuring our business resilience and maintaining our strong performance.</p>	<ul style="list-style-type: none"> <li>• The resilient nature of the Group's businesses, our robust balance sheet, and the market fundamentals that underpin our businesses inherently provide mitigation to the Group from pandemic risk.</li> <li>• Our Group strategic plans and forecasts have provided an additional layer of mitigation through the Covid-19 crisis.</li> <li>• The Group continues to monitor and assess the potential and realised impacts of Covid-19.</li> </ul>	<p>The Covid-19 pandemic has resulted in a significant reduction in the economic growth of the UK and Europe in 2020 and 2021.</p> <p>The implications of Covid-19 have been thoroughly considered with respect to the Group's strategy through the annual planning and budgeting process.</p> <p>Covid-19 will continue to be monitored through regular and periodic reforecasts and scenario analysis during 2022.</p> <p>The level of risk is considered similar to the 31 October 2020 assessment.</p>
<p><b>Finance risk</b></p> <p>Lack of funding resulting in inability to meet business plans, satisfy liabilities or a breach of covenants.</p>	<ul style="list-style-type: none"> <li>• Funding requirements for business plans and the timing for commitments are reviewed regularly as part of the monthly management accounts.</li> <li>• The Group manages liquidity in accordance with Board-approved policies designed to ensure that the Group has adequate funds for its ongoing needs.</li> <li>• The Board regularly monitors financial covenant ratios and headroom.</li> <li>• All of the Group's banking facilities now run to 30 June 2023. The US Private Placement Notes mature in five, seven, eight and ten years.</li> <li>• New US Private Placement Notes secured during the year with maturity ranging from seven years (2028) to twelve years (2033).</li> </ul>	<p>In October 2019, the Group issued a further £125 million of Sterling and Euro loan notes, maturing in seven and ten years.</p> <p>The Group's loan-to-value ratio ("LTV") has broadly remained constant during the year, decreasing 4ppts from 29% to 25%, with increased debt due to development and acquisition activity being partially offset by the valuation increase in the store portfolio.</p> <p>Since the end of 2020, there have been significant opportunities to invest in new stores, in both the UK and throughout Europe, and as a result the Group has secured additional US Private Placement Note funding for £150 million with a further uncommitted shelf debt facility of c. £80 million.</p> <p>Therefore, this risk continues to remain low and broadly unchanged from the 31 October 2020 assessment.</p>
<p><b>Treasury risk</b></p> <p>Adverse currency or interest rate movements could see the cost of debt rise, or impact the Sterling value of income flows or investments.</p>	<ul style="list-style-type: none"> <li>• Guidelines are set for our exposure to fixed and floating interest rates and use of interest rate swaps to manage this risk.</li> <li>• Foreign currency denominated assets are financed by borrowings in the same currency where appropriate.</li> <li>• The Group has entered into FX forwards to reduce the volatility associated with the translation risk of the Euro.</li> </ul>	<p>Euro denominated borrowings continue to provide an effective, natural hedge against the Euro denominated net assets of our French and Spanish businesses.</p> <p>We have managed the transition from LIBOR to SONIA effectively.</p> <p>This risk remains low. Mitigation of future rate increases is provided by our interest rate swaps and fixed interest borrowings, so the risk of adverse interest rate fluctuations remains broadly unchanged since the prior year.</p>
<p><b>Property investment and development risk</b></p> <p>Acquisition and development of properties that fail to meet performance expectations, overexposure to developments within a short timeframe or the inability to find and open new stores may have an adverse impact on the portfolio valuation, resulting in loss of shareholder value.</p> <p>Corporate transactions may be at risk of competition referral or post-transaction legal or banking formalities.</p>	<ul style="list-style-type: none"> <li>• Thorough due diligence is conducted and detailed analysis is undertaken prior to Board approval for property investment and development.</li> <li>• Execution of targeted acquisitions and disposals.</li> <li>• The Group's overall exposure to developments is monitored and controlled, with projects phased to avoid over-commitment.</li> <li>• The performance of individual properties is benchmarked against target returns and post-investment reviews are undertaken.</li> </ul>	<p>Projects are not pursued when they fail to meet our rigorous investment criteria, and post-investment reviews indicate that sound and appropriate investment decisions have been made.</p> <p>The capital requirements of development projects undertaken during the year have been carefully forecasted and monitored, and we continue to maintain significant capacity within our financing arrangements.</p> <p>We continue to pursue investment and development opportunities, and consider our recent track record to have been successful. Therefore, the Board considers that there has been no significant change to this risk since the 31 October 2020 assessment.</p>

Risk	Current mitigation activities	Developments since 2020
<p><b>Valuation risk</b></p> <p>Value of our properties declining as a result of external market or internal management factors could result in a breach of borrowing covenants.</p> <p>In the absence of relevant transactional evidence, valuations can be inherently subjective leading to a degree of uncertainty.</p>	<ul style="list-style-type: none"> <li>Independent valuations are conducted regularly by experienced, independent, professionally qualified valuers.</li> <li>A diversified portfolio which is let to a large number of customers helps to mitigate any negative impact arising from changing conditions in the financial and property markets.</li> <li>Headroom of LTV banking covenants is maintained and reviewed.</li> <li>Current gearing levels provide sizeable headroom on our portfolio valuation and mitigate the likelihood of covenants being endangered.</li> </ul>	<p>The valuation of the Group's portfolio has continued to grow during the year, reflecting both valuation gains arising from the increasing profitability of our portfolio and additions to our portfolio through corporate acquisitions and the opening of new development stores.</p> <p>The level of risk is considered similar to the 31 October 2020 assessment.</p>
<p><b>Occupancy risk</b></p> <p>A potential loss of income and increased vacancy due to falling demand, oversupply or customer default, which could also adversely impact the portfolio valuation.</p>	<ul style="list-style-type: none"> <li>Personal and business customers cover a wide range of segments, sectors and geographic territories with limited exposure to any single customer.</li> <li>Dedicated support for enquiry capture.</li> <li>Weekly monitoring of occupancy levels and close management of stores.</li> <li>Management of pricing to stimulate demand, when appropriate.</li> <li>Monitoring of reasons for customers vacating and exit interviews conducted.</li> <li>Independent feedback facility for customer experience.</li> <li>The like-for-like occupancy rate across the portfolio has continued to grow partly due to flexibility offered on deals by in-house marketing and the Customer Support Centre.</li> </ul>	<p>Covid-19 has resulted in a contraction in economic growth. However, recent like-for-like occupancy trends have been strong and the newly opened stores are performing well.</p> <p>Growth in our store portfolio diversifies the potential impact of underperformance of an individual store.</p> <p>The risk continues to remain low and consistent with the assessment for the year ended 31 October 2020.</p>
<p><b>Real estate investment trust ("REIT") risk</b></p> <p>Failure to comply with the REIT legislation could expose the Group to potential tax penalties or loss of its REIT status.</p>	<ul style="list-style-type: none"> <li>Internal monitoring procedures are in place to ensure that the appropriate rules and legislation are complied with and this is formally reported to the Board.</li> </ul>	<p>The Group has remained compliant with all REIT legislation throughout the year.</p> <p>There has been no significant change to this risk since the 31 October 2020 assessment.</p> <p>In addition, we have also reviewed the recent amendments to the UK REIT rules, taking effect from 1 April 2022, which do not affect this assessment.</p>
<p><b>Catastrophic event</b></p> <p>A major catastrophic event could mean that the Group is unable to carry out its business for a sustained period or health and safety issues put customers, staff or property at risk. These may result in reputational damage, injury or property damage, or customer compensation, causing a loss of market share and/or income.</p>	<ul style="list-style-type: none"> <li>Business continuity plans are in place and tested.</li> <li>Back-up systems at offsite locations and remote working capabilities.</li> <li>Reviews and assessments are undertaken periodically for enhancements to supplement the existing compliant aspects of buildings and processes.</li> <li>Monitoring and review by the Health and Safety Committee.</li> <li>Robust operational procedures, including health and safety policies, and a specific focus on fire prevention and safety procedures.</li> <li>Fire risk assessments in stores.</li> <li>Periodic security review of all systems supported by external monitoring and penetration testing.</li> <li>Limited retention of customer data.</li> <li>Online colleague training modules.</li> </ul>	<p>Continuing focus from the Risk Committee, with particular attention to specific issues.</p> <p>The level of risk is considered similar to the 31 October 2020 assessment.</p>

## Principal risks *continued*

Risk	Current mitigation activities	Developments since 2020
<b>Regulatory compliance risk</b>		
<p>The regulatory landscape for UK listed companies is constantly developing and becoming more demanding, with new reporting and compliance requirements arising frequently. Non-compliance with these regulations can lead to penalties, fines or reputational damage.</p> <p>Changes in tax regimes could impact tax expenditure.</p> <p>The Group is also subject to the risk of compulsory purchases of property, which could result in a loss of income and impact the portfolio valuation.</p>	<ul style="list-style-type: none"> <li>Monitoring and review by the Risk Committee.</li> <li>Project-specific steering committees to address the implementation of new regulatory requirements.</li> <li>Liaison with relevant authorities and trade associations.</li> <li>Where a store is at risk of compulsory purchase, contingency plans are developed.</li> <li>Legal and professional advice.</li> <li>Online training modules.</li> </ul>	<p>The framework of tax controls has been reviewed during the year, ensuring key tax risks are in line with the Group's obligations. All regulatory compliance risks have been monitored during the year.</p> <p>The level of risk is considered similar to the 31 October 2020 assessment.</p>
<b>Marketing risk</b>		
<p>Our marketing strategy is critical to the success of the business. This includes maintaining web leadership and our relationship with Google. A lack of effective strategy would result in loss of income and market share and adversely impact the portfolio valuation.</p>	<ul style="list-style-type: none"> <li>Constant measuring and monitoring of our web presence and ensuring compliance with rules and regulations.</li> <li>Market-leading website.</li> <li>Use of online techniques to drive brand visibility.</li> <li>Our pricing strategy monitors and adapts to evolving customer behaviour.</li> </ul>	<p>We continue to build functional expertise at Group level in performance marketing, organic and local searches and analytics.</p> <p>The Group marketing forum continues to review performance, market developments and our ongoing improvement plan.</p> <p>We have implemented a new value and quality focused performance marketing strategy.</p> <p>The level of risk is considered similar to the 31 October 2020 assessment.</p>
<b>IT security/GDPR</b>		
<p>Cyber-attacks and data security breaches are becoming more prominent with greater sophistication of attacks. This has the potential to result in reputational damage, fines or customer compensation, causing a loss of market share and income.</p>	<ul style="list-style-type: none"> <li>Constant monitoring by the IT department and consultation with specialist advice firms ensure we have the most up-to-date security available.</li> <li>Twice yearly formal IT security review at Group Audit Committee.</li> <li>We minimise the retention of customer and colleague data in accordance with GDPR best practice.</li> <li>The policies and procedures are under constant review and benchmarked against industry best practice. These policies also include defend, detect and response policies.</li> </ul>	<p>During the year the Group continued to invest in digital security. Some of the changes include more frequent penetration testing of internet facing systems, adding components such as anti-ransomware as well as the replacement of components such as firewalls to the latest technology and specification.</p> <p>The risk is not considered to have increased for the Group nor is the Group considered to be at greater risk than the wider industry; however, we consider that digital threats on the whole are increasing.</p> <p>The level of risk is considered similar to the 31 October 2020 assessment.</p>
<b>Brand and Reputational risk</b>		
<p>Our reputation, with Safestore's growth and the increased awareness of self storage, including increased demand driving higher prices, may potentially attract greater social media attention and scrutiny.</p>	<ul style="list-style-type: none"> <li>Constant involvement by the Retail Service team to engage with customers and address their concerns.</li> <li>Constant training of the store teams to provide a clear and concise communication strategy to customers.</li> <li>Our understanding of and engagement with all our stakeholders enables early visibility of dissatisfaction.</li> </ul>	<p>The Retail Service function always engages with customers to resolve any issues or complaints.</p> <p>Pages 50 to 54 of our sustainability report provide insight into how we engage with our customers and the community.</p> <p>The level of risk is considered similar to the 31 October 2020 assessment.</p>
<b>Geographical expansion</b>		
<p>The Group has invested in expanding the overseas operations of the business through both subsidiaries and the Joint Venture with Carlyle over the last two years.</p> <p>Suitable new sites may become more difficult to find, with new sites failing to achieve the required occupancy and therefore deliver the required sales and profitability within an acceptable timeframe.</p> <p>Integration of smaller acquisitions may be challenging where the infrastructure of the acquired business is not of a level required by Group.</p>	<ul style="list-style-type: none"> <li>Large portfolio of potential new sites, prioritised based on detailed research into areas most likely to be successful.</li> <li>Strong operational knowledge and experience in integrating new business.</li> <li>We have well documented procedures for the integration of new acquisitions and a good track record of recent success.</li> </ul>	<p>The level of risk is considered similar to the 31 October 2020 assessment.</p>

Risk	Current mitigation activities	Developments since 2020
<p><b>Human Resource Risk</b></p> <p>Fundamental to the Group's success are our people. As such, due to market competitiveness, we are exposed to a risk of colleague turnover, and subsequent loss of key personnel and knowledge.</p>	<ul style="list-style-type: none"> <li>The Group embarked upon its five-year strategic plan in 2017 and during this period has had an efficient, high performing and stable management team in place. Our retention strategy aims to ensure we achieve long term engagement, through a combination of motivating factors.</li> <li>We continue to consult regularly with our management team and monitor involuntary turnover. We maintain adequate succession for our key talent.</li> <li>The Board and Remuneration Committee regularly review colleague feedback provided through surveys, our workforce advisory panel and CEO town hall events. These mechanisms enable colleagues to raise questions, discuss wider business issues and provide feedback on subjects including wider workforce remuneration.</li> <li>In early 2021, Safestore received the Investors in People Platinum Accreditation. This demonstrates that our colleagues are happy, healthy, safe and engaged in supporting Safestore to deliver sustainable business performance.</li> </ul>	<p>The level of risk is considered to have increased slightly from the 31 October 2020 assessment.</p>
<p><b>Climate change related risk</b></p> <p>The Group is exposed to climate change related transition and physical risks. Physical risks may affect the Group's stores and may result in higher maintenance, repair and insurance costs. Failing to transition to a low carbon economy may cause an increase in taxation, decrease in access to loan facilities and reputational damage.</p>	<ul style="list-style-type: none"> <li>The good working order of our stores is of critical importance to our business model with our standing commitment to provide long term sustainable real estate investment.</li> <li>Physical climate risk of new developments is evaluated as part of the investment appraisal process for new developments.</li> <li>We have a proactive maintenance programme in place with a regular programme of store inspection with our maintenance teams following sustainable principles and, wherever practicable, using materials that have recycled content or are from sustainable sources.</li> <li>If we choose to develop a store in a high risk area, we usually proactively deploy flood mitigation measures.</li> <li>We are committed to build to a minimum standard of BREEAM 'Very Good' on all of our new store developments.</li> <li>All new store developments are registered with the Considerate Constructors Scheme, which considers the public, the workforce and the environment.</li> </ul>	<p>As part of our journey to enhance our disclosures along the recommendations of the TCFD, the Group is continuing to develop its understanding of its exposure and vulnerability to climate change risk.</p> <p>Our Sustainability Committee, with representation from across all levels of the business, is considering the impact of climate change related risks and is working with the Board and its suppliers to develop an ambitious plan to reduce carbon emissions.</p> <p>Our investment appraisal process has been updated to consider climate change related risks of new investments.</p> <p>The level of risk is considered similar to the 31 October 2020 assessment.</p>
<p><b>Consequences of the UK's decision to leave the EU ("Brexit")</b></p> <p>The uncertainty associated with the UK's future relationship with the EU has significantly reduced. As the Group does not directly rely on imports or exports, the Group is largely protected from the near term impact of the UK's exit from the EU. Nonetheless, changes associated with further regulation will be closely monitored and assessed.</p>	<ul style="list-style-type: none"> <li>Economic uncertainty is not a new risk for the Group, but Brexit increased the likelihood of previously recognised risks, and is addressed under the finance risk, treasury risk and valuation risk categories above.</li> <li>Self storage is a localised industry, with a broad and diversified customer base, so demand has shown no initial adverse impact post Brexit and is unlikely to be significantly impacted in the future.</li> <li>The Group's workforce in the UK includes a low proportion of employees whose right to work in the UK may be impacted by potential Brexit-related legislation changes.</li> </ul>	<p>As the Group had only limited exposure to the direct risks that arose due to Brexit, the level of this risk is considered to have significantly reduced since the 31 October 2020 assessment.</p>

## Principal risks *continued*

### Non-financial information statement

We aim to comply with the non-financial reporting requirements contained in Sections 414CA and 414CB of the Companies Act 2006. The below table, and information it refers to, is intended to help stakeholders understand our position on key non-financial matters.

Reporting requirement	Some of our relevant policies	Where to read more about our policies
<b>Environmental matters</b>		<p>The Company's sustainability strategy has as one of its four pillars to mitigate the environmental effects of its activities, to reduce its carbon footprint, improve recycling, reduce reliance on packaging, minimise waste and improve efficiencies on finite natural resources in all parts of the Company's operations. How the Company seeks to implement its sustainability strategy is set out in Our Environment on pages 54 to 64 of the sustainability report.</p> <p>The Company's approach to environmental matters is overseen by the Company's sustainability leadership team.</p>
<b>Employees</b>	<p>Code of conduct (page 72)</p> <p>Equality, diversity and inclusion policy (page 50)</p> <p>Bullying and harassment policy</p> <p>Disciplinary and grievance policies</p> <p>Health and safety manual (page 47)</p>	<p>The pivotal role of our colleagues is reported within the Our People section of the sustainability report on pages 45 to 50 and within the Chief Executive's statement on pages 7 and 8.</p> <p>Further commentary for individual policies is set out on the pages as detailed in the previous column and/or on the Company's website. These policies are made available to all colleagues within the Company's Colleague Handbook, an internal document available to all colleagues on the Company's intranet.</p> <p>The Company's approach to pay fairness throughout the Group is set out on pages 88 to 90 of the Directors' remuneration report.</p>
<b>Human rights</b>	<p>Code of conduct (page 72)</p> <p>Equality, diversity and inclusion policy (page 50)</p> <p>Data privacy policies</p> <p>Anti-slavery statement</p> <p>Whistleblowing ("Speak Out") policy (page 72)</p> <p>IT policy</p>	<p>Further commentary for individual policies is set out on the pages as detailed in the previous column and/or on the Company's website.</p> <p>These policies are monitored as part of our risk management processes, overseen by the Audit Committee.</p>
<b>Social matters</b>		<p>The Company's approach to social matters is set out in Our Community on pages 52 to 54 of the sustainability report. The Company's approach to social matters is set out in the Company's Colleague Handbook and Operations Manual, which are internal documents available to all colleagues on the Company's intranet.</p> <p>The Company's approach to social matters is overseen by the Company's sustainability leadership team.</p>
<b>Anti-corruption and anti-bribery</b>	<p>Anti-corruption and bribery statement and policy (page 72)</p> <p>Gifts, tips and hospitality policy (page 72)</p>	<p>Further commentary for individual policies is set out on the pages detailed in the previous column.</p> <p>These policies are monitored as part of our risk management processes, overseen by the Audit Committee.</p>
<b>Description of principal risks and impact on business activity</b>	Risk overview (pages 33 to 37 of the strategic report)	The Company's approach to risk management and internal control is set out in the governance report on pages 71 and 72.
<b>Description of the business model</b>		The Company's market and business model are reported on pages 14 to 16 in the Chief Executive's review of the strategic report.
<b>Non-financial key performance indicators</b>		KPIs are summarised in the Chief Executive's statement and reported in the financial highlights section of page 2 and within the trading performance section of the strategic report on pages 16 and 17.

Certain Group policies and internal standards and guidelines are not published externally, but are available to all colleagues on the Company's intranet and publicly within the Governance section of the Company's website.



# Viability statement

The UK Corporate Governance Code requires us to issue a “viability statement” declaring whether we believe Safestore can continue to operate and meet its liabilities, taking into account its current position and principal risks. The overriding aim is to encourage Directors to focus on the longer term and be more actively involved in risk management and internal controls. In assessing viability, the Board considered a number of key factors, including our strategy (see page 6), our business model (see pages 15 and 16), our risk appetite and our principal risks and uncertainties (see pages 33 to 37 of the strategic report).

The Board is required to assess the Company’s viability over a period greater than twelve months, and in keeping with the way that the Board views the development of our business over the long term a period of three years is considered appropriate, and is consistent with the timeframes incorporated into the Group’s strategic planning cycle, with the review considering the Group’s cash flows, dividend cover, REIT compliance, financial covenants and other key financial performance metrics over the period. Our assessment of viability therefore continues to align with this three-year outlook.

In assessing viability, the Directors considered the position presented in the budget and three-year plan recently approved by the Board. In the context of the current environment, four plausible sensitivities were applied to the plan, including a stress test scenario. These were based on the potential financial impact of the Group’s principal risks and uncertainties and

the specific risks associated with the continued Covid-19 pandemic. These scenarios are differentiated by the impact of demand and enquiry levels, average rate growth and the level of cost savings. A test sensitivity was also performed where we have carried out a reverse stress test to model what would be required to breach ICR and LTV covenants which indicated highly improbable changes would be needed before any issues were to arise.

During the year, Safestore was successful in extending its borrowing facilities, with the issuance of the equivalent of £149 million new Sterling and Euro denominated US Private Placement (“USPP”) Notes. The current revolving credit facilities of £250 million and €70 million mature in June 2023. In assessing viability sensitivities, it has been assumed that RCF refinancing will be available on similar terms to those negotiated in 2019, maturing in 2023. In making this viability statement, with the current strength of underlying performance of the business and its balance sheet, the Directors are of the view that it is reasonable to expect the refinancing of the RCF to be available on similar terms.

The impact of these scenarios and sensitivities has been reviewed against the Group’s projected cash flow position and financial covenants over the three-year viability period. Should any of these scenarios occur, clear mitigating actions are available to ensure that the Group remains liquid and financially viable.

Such mitigating actions available include, but are not limited to, reducing planned capital and marketing spend, pay and recruitment measures, making technology and operating expenditure cuts and utilisation of available headroom on existing debt facilities.

Further, the Covid-19 pandemic resulted in a significant reduction in the economic growth of the UK and Europe in 2020. The continued potential implications of Covid-19 have been thoroughly considered with respect to the Group’s strategy through the annual planning and budgeting process. Covid-19 will continue to be monitored through regular and periodic reforecasts and scenario analysis over the next twelve months and align with the three-year outlook of this review during the 2022 financial year.

The Audit Committee reviews the output of the viability assessment in advance of final evaluation by the Board. The Directors have also satisfied themselves that they have the evidence necessary to support the statement in terms of the effectiveness of the internal control environment in place to mitigate risk.

Having reviewed the current performance, forecasts, debt servicing requirements, total facilities and risks, the Board has a reasonable expectation that the Group has adequate resources to continue in operation, meets its liabilities as they fall due, retain sufficient available cash across all three years of the assessment period and not breach any covenant under the debt facilities. The Board therefore has a reasonable expectation that the Group will remain commercially viable over the three-year period of assessment.

# Sustainability

## Safe Sustainable Storage

### Our business

We acquire, develop and operate real estate assets in European markets to enable a wide range of customers to store their goods in safe and secure locations. We also provide customers with a range of ancillary services including insurance, office space and a range of packaging materials.



**5**  
countries



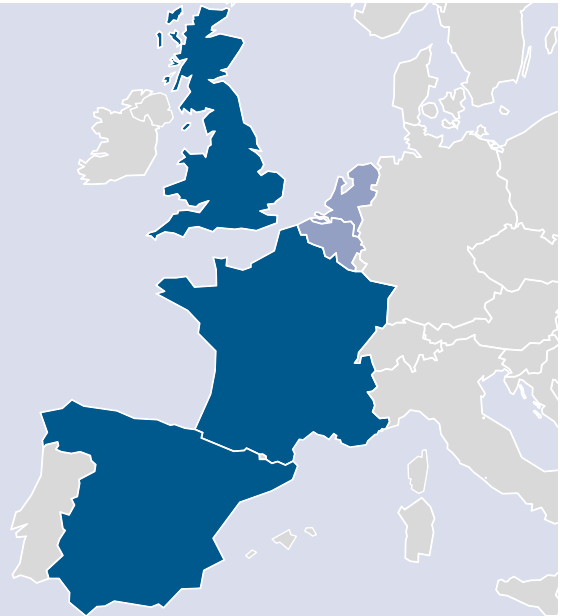
**161**  
stores



**648**  
colleagues



**7.0m**  
sq ft maximum  
lettable area



Safestore holds an equity stake in, and provides management services to, a joint venture formed with The Carlyle Group which acquired M3 Self Storage (the Netherlands) in August 2019 (since rebranded MjinSafestore) and Lokabox (Belgium) in June 2020.

■ Wholly owned business

■ Managed on behalf of joint venture

### Our purpose

To add stakeholder value by developing profitable and sustainable spaces that allow individuals, businesses and local communities to thrive.

#### Our people

Provide a great place to work

#### Our customers

Deliver a great customer experience and help customers live and grow sustainably

#### Our community

Benefit local communities

#### Our environment

Protect the planet from our activities – reduce waste and carbon emissions

### Our values

Our values, created by our store teams, are the foundation of everything we do (see page 50 for more details).



**We love customers**



**We lead the way**



**We have great people**



**We dare to be different**



**We get it**

## Our sustainability strategy

Our material sustainability issues, as identified by internal and external stakeholder engagement (with colleagues, investors, customers and partners), fall within four areas, which we call the 'pillars' of our sustainability strategy: our people, our customers, our community and our environment. Although these pillars do not fundamentally change, we periodically review our activities to ensure we are focusing clearly on material areas and are aligned with not only our corporate goals but also the principles of the UN Global Compact. We track progress against medium term targets set in 2019 using appropriate key performance indicators ("KPIs").

We report in accordance with the European Public Real Estate Association's ("EPRA's") latest recommendations: EPRA Sustainability Best Practices Recommendations ("sBPR"), third version September 2017. These recommendations are also aligned with the latest Global Reporting Initiative ("GRI") standards. We report sustainability indicators for the subset of 28 EPRA sBPR performance measures that are relevant to our business.

Once finalised, these indicators and supplemental information can be downloaded from the relevant section of our website: [www.safestore.co.uk/corporate/investors/report-and-presentations/](http://www.safestore.co.uk/corporate/investors/report-and-presentations/). In recognition of the strides made in our sustainability disclosures, Safestore has been given a Silver rating in the 2021 EPRA Sustainability BPR awards.

In addition, the Global ESG Benchmark for Real Assets ("GRESB") has once again awarded Safestore an 'A' rating in its 2020 Public Disclosures assessment. Finally, MSCI has awarded Safestore its second-highest rating of 'AA' for ESG in 2021, which is a significant improvement from 'BBB' in 2020.



## Sustainability governance

Sustainability is embedded into day-to-day responsibilities at Safestore and, accordingly, we have opted for a governance structure which reflects this. Two members of the Executive Management team co-chair a cross-functional sustainability group consisting of the functional leads responsible for each area of the business. This group reports on its activities directly to the Board.



## Alignment to the UN Sustainable Development Goals

In September 2015, the United Nations Member States adopted 17 Sustainable Development Goals ("SDGs") to provide a blueprint for peace and prosperity to be achieved by 2030. The SDGs or Global Goals are an urgent call to action for stakeholders in all countries to unite and address the environmental, economic and social imbalances that affect the world's population and society.

These goals can only be achieved with the support of governments, businesses and individuals and, as the role businesses must play becomes clearer, the goals have developed into an increasingly important tool for assessing the impact of companies on society more comprehensively.

Our various stakeholders increasingly expect to see how we are contributing to the SDGs, specifically current/future colleagues, our customers and particularly investors.

We have taken the opportunity to align our material sustainability issues with a global movement where governments, businesses and individuals contribute to the ambition of achieving prosperity for everyone, whilst protecting our planet for future generations. Safestore has now joined a growing number of global organisations which are committed to supporting the SDGs.

We reviewed the significance of each goal to our business and the importance of each goal to our stakeholders, and assessed our ability to contribute to each goal. Following this materiality exercise, we have chosen to focus the bulk of our efforts in the priority areas where we can have a meaningful impact. These are:



- Goal 8: Decent work and economic growth
- Goal 11: Sustainable cities and communities
- Goal 12: Responsible consumption and production
- Goal 13: Climate action

We will also seek to progress towards specific aspects of the other SDGs where relevant to our business.

## Sustainability *continued*

### Our suppliers

Our suppliers play an important role in our business, and we expect them to act ethically, and share in our commitments to maintain sustainable business practices.

We aspire to have a positive impact on the development of the world through co-operation and strengthened relationships with our suppliers, using the SDGs as a shared framework for defining the way we work together going forward. As a result of this, Safestore has worked towards SDG 17 (Partnership for the Goals), which refers to the need for collaboration in pursuit of all the goals by the year 2030.

This year, Safestore was commended by Support the Goals, a global initiative that rates and recognises businesses that support the United Nations' Global Goals. Its key aims are to raise awareness of the goals amongst businesses, and promote a structured approach to planning, target setting and reporting in relation to the goals.

We are proud to have been awarded the highest rating of five stars by Support the Goals, recognising Safestore as the third member of the FTSE 250 to achieve this. This rating is awarded to businesses which are publicly engaging suppliers in their efforts towards reaching the Global Goals.

Like most businesses, a significant amount of our environmental impact comes from our supply chain. We recognise that we need to take steps to co-ordinate, collaborate and convene with our suppliers and business partners as we work together towards achieving the SDGs most relevant to our business. Therefore, we engaged TBL Services, which helps organisations operate more sustainably, in our bid to involve our suppliers in our strategy setting, communications and reporting.

Working with our suppliers and business partners, our focus remains on:

- creating decent workplaces which treat people fairly and with respect;
- conducting business lawfully and with integrity; and
- responsible sourcing, consumption and production.

We believe that individually we can have a positive impact but with partnerships we can do even better. Our intention is to continue to demonstrate plans, commitments, actions and progress towards the SDGs, and encourage our suppliers to work towards achieving similar goals.



### Task Force on Climate-related Financial Disclosures (“TCFD”)

We are committed to implementing the relevant recommendations of the TCFD, providing our stakeholders and investors with insight into the key climate-related risks and opportunities that are relevant to our business, and how these are identified and managed. We report against the majority of the eleven recommendations of the TCFD in this year's disclosures, in advance of the requirement becoming mandatory next year. Of the recommendations, we believe we are largely ready to meet the recommended disclosure requirements in the Governance, Risk Management and Metrics & Targets sections. Like many other organisations, we are evaluating how best to meet the recommendations in the Strategy section, specifically scenario analysis.

### Governance and risk management

Ongoing oversight of climate-related issues is carried out by our sustainability group and is co-chaired by two members of the Executive Management team (see sustainability governance section). The Group meets quarterly and is the forum for determining our sustainability strategy and reviewing performance. This includes identification of climate-related risks that are managed by the Board via our corporate risk management process (see the Audit Committee report for details of our approach to risk management).

In particular, the Board primarily manages climate-related risk through the established investment appraisal process where it scrutinises proposed acquisition, development and refurbishment plans which may include climate-related aspects of design. Ongoing risk identification and management are through day-to-day management, for example through proposed or actual response to changes in regulation such as Minimum Energy Efficiency Standards (“MEES”).

Our commitment to address climate-related risks is embedded across the business, through a carbon reduction KPI. The performance against this KPI is linked to executive remuneration, aiming to incentivise progress against carbon emissions reduction targets.

### Strategy

Our business is exposed to both risk and opportunity from climate change primarily as a result of owning and operating property assets. The nature and level of risk is dependent on government, business and society's response in the short and long term. In the event of a strong response to climate change in the short term up to 2030, our business will be affected positively and negatively by the transition.

With a limited global response to climate change, our business will be affected in the long term, beyond 2030, by physical effects such as extreme weather and higher temperatures.

Accordingly, our analysis focuses on both transitional risks, up to 2030, and physical risks beyond 2030.

### Transitional risks and opportunities

Our primary transition risk is regulatory changes relating to MEES and, more broadly, the investment required to become an operationally carbon neutral business. This will inevitably increase operating and compliance costs. An increase in capital investment may be required to ensure Group assets meet minimum standards.

In the event that specific assets cannot be cost-effectively improved, there may be a downward pressure on valuation due to shifting market demand. The corollary of this is that assets well above minimum standard may attract premium valuations.

To ensure readiness with MEES, we identified UK locations with offices that would fall under the new regulations. We have begun the process of conducting energy efficiency assessments on these locations. At 31 October 2021, 50 UK stores now have an Energy Performance Certificate (“EPC”) rating (33 in 2020) representing 41% of UK floor area. In total, 40% of the Group portfolio by floor area is now certified (26% in 2020) with 80% of this area in buildings with an EPC rating of C or higher.

We estimate that the roadmap to operational net zero will require a total investment of c. £3 million to 2035, with investments in later years subject to detailed business case evaluation.

## Physical risks

The physical risks to our business relate to the increasing likelihood of extreme weather events and their consequences, including impact on asset availability (local shutdowns) and higher maintenance, capex and insurance costs.

In relation to the UK property portfolio (~80% of Group floor area and store count), the primary physical risk is flooding related. Based on current data, our insurer's flood assessment at the last renewal indicates that 88% of the Safestore portfolio (by store count and floor area) is located in zones rated as low, negligible or moderate flood risk based on the "UK flood maximum" criteria. This increases to 95% on the "UK flood average" basis. Where Safestore does invest in property in higher risk areas, risk mitigation measures are usually proactively deployed. As such, even in extreme weather scenarios the majority of the UK portfolio is not likely to be impacted from an ongoing operation, insurance risk premium or valuation basis. Mitigation measures (where deployed) should minimise disruption at higher risk sites and these locations may experience increased demand from impacted local communities as they seek temporary storage for their belongings. In summary, we believe that, overall, Safestore has low exposure and vulnerability to physical climate change risk.

## Metrics and targets

The self storage sector is not a significant consumer of energy when compared with other segments of the real estate landscape.

As a result, operational emissions intensity tends to be far lower versus other real estate sectors. According to a recent report by KPMG and EPRA<sup>1</sup>, self storage generates the lowest greenhouse gas emissions intensity (5.75 kg/m<sup>2</sup> for Scope 1 and 2) of all European real estate subsectors, with emissions per m<sup>2</sup> less than 30% of the European listed real estate average (19.5 kg/m<sup>2</sup>), and notably 21% of the emissions intensity of the residential subsector (27.0 kg/m<sup>2</sup>). Reflecting the considerable progress made on efficiency measures and waste reduction to date, Safestore's emissions intensity (3.9 kg/m<sup>2</sup>) is considerably lower (-32%) than the self storage subsector average.

Nevertheless, as part of our commitment to SDG 13 (Climate action) we are working towards a previously set near term carbon reduction target to 2022 (see sustainability targets and KPIs). In addition, this year we are introducing a commitment to work towards operational carbon neutrality (net zero) by 2035. This commitment covers Scope 1 and 2 emissions plus Scope 3 emissions which relate to ongoing operations (water, waste, electricity transmission and distribution and business travel). We aim to achieve this through a combination of consumption reduction initiatives such as phasing out of gas heating in the UK portfolio and ensuring all energy consumed is self-generated (where viable) or purchased from certified renewable sources. Some residual emissions may require the purchase of carbon offsets from a credible scheme(s).

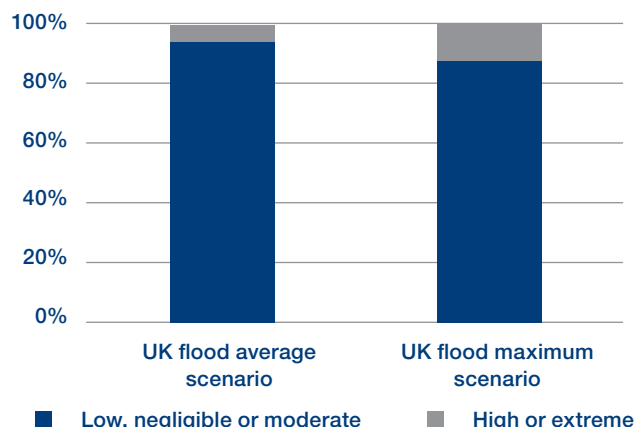
We report and analyse our absolute and like-for-like energy consumption and greenhouse gas ("GHG") emissions in line with the EPRA sBPR recommendations. These are disclosed in the Our Environment section of this report (pages 54 to 64). Supplementary data can be found on our corporate website, [www.safestore.co.uk/corporate](http://www.safestore.co.uk/corporate).

Through a range of energy efficiency initiatives and a switch to 100% renewable electricity, we are on track to reduce our absolute carbon emissions vs 2013 baseline by 50% by 2022. This progress in absolute emissions reduction is despite a c. 35% increase in portfolio floor space. As a result, emissions intensity is currently 65% below 2013 levels which is ahead of the 2022 target of 58% below the 2013 baseline.

### Note

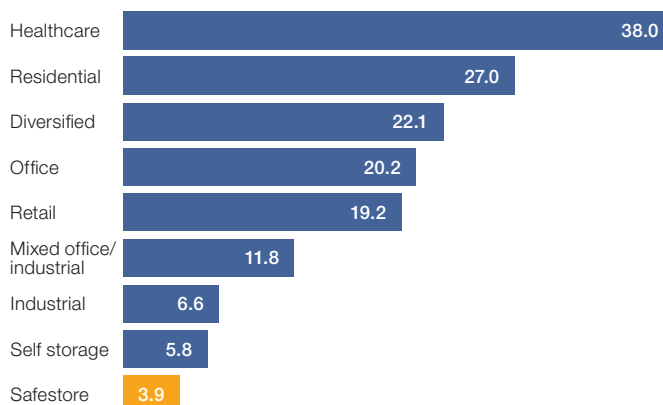
<sup>1</sup> KPMG/EPRA: Overview of real estate companies' environmental performance, October 2021 (based on EPRA sBPR data sets for 88 listed companies).

Flood risk of UK portfolio (% of floor area by exposure level)



**“We believe that, overall, Safestore has low exposure and vulnerability to physical climate change risk.”**

GHG intensity (Scope 1 and 2) by REIT sector kg CO<sub>2</sub>e/m<sup>2</sup> per year (2020)<sup>1</sup>





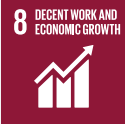







**“This year we are introducing a commitment to work towards operational carbon neutrality (net zero) by 2035.”**

# Sustainability *continued*

## Sustainability targets and KPIs

The table below outlines the targets we set ourselves in each of the four ‘pillar’ areas. Our near term focus is on achieving the 2022 targets set in 2018 before we turn our attention to the new targets set for 2025. The emissions targets for 2025 are a milestone on our journey to operational net zero roadmap by 2035.

Sustainability strategy “pillar”	Sustainable business goals	Corporate business goals	UN Sustainable Development Goals	Performance measures (KPIs)	Targets	
					2022	2025
 Our people	The fairest places to work	A great place to work		Percentage of females applying for roles at Safestore	40%	42%
	A safe working environment				Engagement score	Maintain score >80%
			Number of reportable injuries (RIDDOR)		Zero	Zero
			Investors in People		n/a	Maintain IIP Platinum
 Our customers	Deliver a great customer experience	Storage provider of choice		Customer satisfaction score	>90%	>90%
	Help customers live and grow sustainably					
 Our community	Benefit to local communities	Help local economies thrive		Pro bono value of space occupied by local community groups	Opportunity led	
 Our environment	Reduce our waste	Achieve optimal operational efficiency		% construction waste diverted from landfill in the UK	98%	99%
				% operations waste to landfill	1.75%	1%
	Reduce our emissions			% of renewables in owned store electricity (Group)	100%	100%
				Abs. operational GHG emissions (tonnes CO <sub>2</sub> e)	3,917 (LB)	3,400 (LB) 600 (MB)
				Operational GHG emissions, MB vs 2021	(25%)	(50%)
				Operational GHG intensity (kg CO <sub>2</sub> e/sq m <sup>2</sup> )	4.5 (LB)	3.5 (LB) 0.7 (MB)
				Total emissions vs 2013 baseline – LB	(50%)	(55%)
				Emissions intensity vs 2013 – LB	(58%)	(67%)



**INVESTORS IN PEOPLE®**  
We invest in people Platinum

**Our people**

We know our people as individuals, and show respect for each other, enabling everyone to have a voice so that they can bring their full, unique selves to work.

Our leaders are role models who build high trust. We recognise that great people management takes time and have therefore kept colleague to manager ratios low to enable our leaders to invest their time in our people.

We have built an environment where it's natural for us to give regular, honest feedback and to coach in the moment. And formally, we go beyond mandatory training to promote life-enhancing learning where everyone can continually evolve.

We are exceptionally proud that, this year, we were awarded the prestigious Investors in People ("IIP") Platinum accreditation.

Target	Performance 2020/21
Engagement score	90%

We also made the final top ten shortlist for the Platinum Employer of the Year (250+) category in The Investors in People Awards 2021. This is reflective of the fact that our philosophy during the pandemic has been to put people before profit, which has increased trust in our leaders and their agile response to the emerging situation. This year, more than ever, our people have truly made the difference.

We endeavour to operate employment practices that support SDG 3 (Good health and wellbeing), SDG 8 (Decent work and economic growth) and SDG 10 (Reduced inequalities) through building, improving and maintaining safe and secure working environments and advocating a diverse and inclusive workforce, free from harassment and victimisation. Our Wellbeing Strategy and People Principles documents further expand on how we seek to achieve this.



# Sustainability *continued*



## Positive environment

### Colleague engagement

We believe that engaged colleagues, who feel valued by our business, are the foundation of our customer-focused culture.

Our 'Make the Difference' people forum, launched in 2018, is a formal workforce advisory panel, which enables frequent opportunities for us to hear and respond to our colleagues.

Our network of 15 'People Champions' collect questions and feedback from their peers across the business and put them to members of the Executive Committee.



**“Colleagues are working on changes coming out of the forum. Like the lone working policy, that was us (sic) working on a project together and delivering it. It’s not top down.”\***

Our people forum provides for a listening culture, enabling high levels of consultation. Innovation and ideas now come from every level.

We drive change and continuous improvement in responding to the feedback we receive, via our internal communication channels and back through our network of People Champions.

Supported by our People Champions, we were delighted that our recent Investors in People survey achieved a 93% response rate, which allows us to be confident that everyone’s voice was heard.

One of the key points from our IIP assessment is that we should keep working on community investment and sustainability so our colleagues can more clearly see, participate in and appreciate the social purpose of Safestore. This will really benefit pride and engagement levels.

We have added a sustainability section to our online monthly newsletter, 'Safestore News', to promote global and national initiatives to our colleagues, and we use our internal mobile communications platform, Yapster, to highlight local successes and recognition between stores and regions with strong links made to Safestore’s alignment to the SDGs.

\* Colleague feedback through Safestore’s 2021 IIP survey.

### Covid-19

Our response to the pandemic has always been and continues to be a commitment to the safety and care of our colleagues and customers, which we take very seriously. Some key actions we have taken to ensure we are continuing to work safely during the ongoing pandemic are:

#### Our people

- Covid-19 action group has met 52 times since the start of the pandemic
- Invested over £200,000 in funding for Covid-19 related absence since the start of the pandemic
- Paid out £400,000 in colleague recognition bonuses
- Installation of protective screens and signage/floor tape and provision of PPE to every site, including masks, visors and gloves
- Reduced access to our Head Office building during the lockdown periods and introduced a hybrid working approach where possible

#### Our customers

- Able to continue offering customer service via the Customer Service Centre (“CSC”) (phones), website, social media and LiveChat
- Provision of financial support in the form of deferred payments and rental reductions for those in genuine need
- Comprehensive safety, health and hygiene measures in store to reassure our customers of our high quality standards

#### Our communities

- Provision of financial support to various local and national charities and not-for-profit organisations by offering free and discounted storage space across the UK
- Donation of cardboard boxes to aid initiatives set up to collect goods to help those in crisis

#### Our environment

- Our construction management partners are following the government guidelines and also those of the Construction Leadership Council
- Social distancing across construction sites to reduce the number of people working in any one area
- Mandatory face coverings where social distancing is not possible
- Additional hand washing and sanitising facilities across all sites
- Limiting of people in communal areas
- Additional signage across all facilities including entrance and exit procedures
- Covid-19 risk assessments conducted for every site to ensure appropriate measures are in place for a Covid-19 secure workplace
- All of our sites continue to operate according to our 'Policy on safe working during the Covid-19 pandemic', informed by the results of the Covid-19 risk assessments



**“There are real gains on all of the indicators and individual themes compared to the survey conducted three years ago, and the response rate of 93% is excellent.”**

Matthew Filbee, IIP Practitioner

### Positive environment *continued*

#### Health and safety

Safestore strives to meet and, wherever possible, exceed best practice through:

- regular and robust health and safety checks across our portfolio
- regular independent audits of sites, performed by our external health and safety consultants on a rolling programme, to ensure that procedures are followed and that appropriate standards are maintained
- ensuring all colleagues understand their responsibility for health and safety at Safestore. If a site is highlighted as falling below our health and safety standards, colleagues onsite are urgently required to make improvements
- comprehensive compulsory health and safety training programmes for all colleagues
- regular Health and Safety Committee meetings to review issues, processes, policy and actions. The Health and Safety Committee minutes are shared with both our Risk and Audit Committees
- accident reports to identify, prevent and mitigate against potential risks managed using our online incident reporting systems. All reports are reviewed by the Health and Safety Committee to consider what preventative measures can be implemented

There were no fatal injuries, notices or prosecutions during the year ended 31 October 2021 in any part of Safestore operations.

#### Group health and safety statistics

##### Customer, contractor and visitor (“CCV”) health and safety

Summary:

- 46 minor injuries were recorded over the past year, none of which were reportable under RIDDOR\*.
- 2 minor injuries were recorded to contractors and 44 to customers. No injuries were recorded to visitors.
- Injuries were recorded as 33 minor cuts, 10 bumps and bruises and 3 strains mainly relating to customers handling their goods.

Year ended 31 October	2019	2020	2021
Number of stores	150	155	<b>161</b>
Customer, contractor and visitor movements	143,651	120,995	<b>206,871</b>
Number of minor injuries	26	36	<b>46</b>
Number of reportable injuries (RIDDOR)	0	0	<b>0</b>
RIDDOR per 100,000 CCV movements	0.0	0.0	<b>0.0</b>

#### Colleague health and safety

Summary:

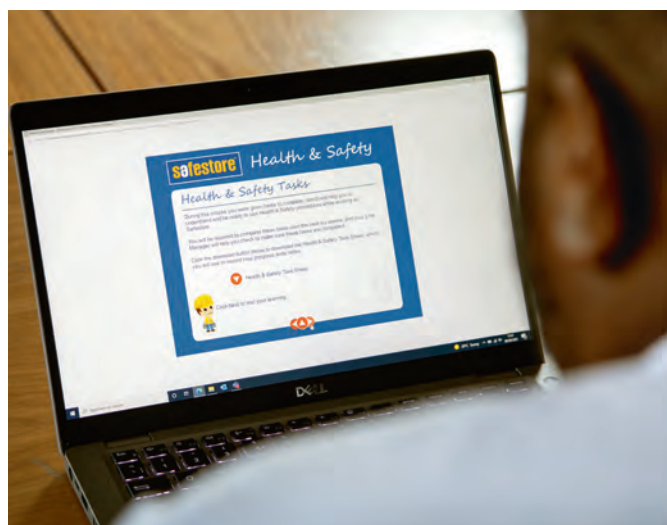
- 19 minor injuries were recorded over the past year.
- 1 accident/incident was reportable under RIDDOR\*.

Year ended 31 October	2019	2020	2021
Number of colleagues	650	658	<b>648</b>
Number of minor injuries	24	21	<b>19</b>
Number of reportable injuries (RIDDOR)	0	2	<b>1</b>
AIIR** per 100,000 colleagues	0	303	<b>154</b>

#### Notes

\* RIDDOR = Reporting of Injuries, Diseases and Dangerous Occurrences.

\*\* Annual injury incident rate = the number of reportable injuries ÷ average number of colleagues (x100,000).



# Sustainability *continued*



## Great lifestyle choices

This year, we have continued to focus on offering simple, practical wellbeing initiatives, to support our colleagues to lead healthier and happier lives. We recognise that it is more important than ever for our colleagues to take care of themselves and their loved ones during the Covid-19 pandemic.

- We have introduced the mental health app ‘Thrive’, available to all colleagues. Thrive supports our colleagues to positively manage their mental health and build resilience.
- We have further promoted our Employee Assistance Programme (“EAP”) and other external support organisations such as Mind and Mental Health UK, providing our colleagues with expert guidance and support on everyday matters whenever they need it.
- We continue to work closely with our occupational health provider including provision of private counselling for colleagues in crisis requiring immediate support.
- We have increased the voucher limit on our popular Cycle to Work scheme.
- In addition to our ‘My Wellbeing’ webpage (our internal wellbeing resource hub), we have also communicated a number of wellbeing events and offers using our internal platform, Yapster. We believe good wellbeing communications promote and embed our positive and supportive working environment.

**“Health and wellbeing initiatives are being given more attention and people are positive about the commitment to wellbeing.”**

Matthew Filbee, IIP Practitioner



## Personal growth and education

### Learning and development

At Safestore, we have a strong focus on learning and development for all our colleagues, with a genuine commitment to building a culture of developing talent. In 2021, we delivered over 21,000 hours of training.

In the UK, both our Sales Consultant and Store Manager development programmes continue to grow and upskill our colleagues. Everyone has the opportunity to discuss and agree their learning and development pathways with their line manager, and this is executed effectively. In our recent IIP survey, 88% of respondents stated that they have opportunities to learn at work.



**“The overall culture of the organisation very much projects the message that learning and development is valuable.”**

Matthew Filbee, IIP Practitioner

We use innovative new ways of learning as well as traditional routes, with lots of support from our managers at all levels. The survey revealed that 93% of respondents knew how Safestore invests in learning and development.

All learning is evaluated, with skills development and practice gained through on-the-job supervision, regular coaching sessions, module sign-off, observation, feedback and overall evaluation of how effective a programme of learning has been.

There are plenty of opportunities to put skills and knowledge into practice, with colleagues being given extra responsibilities to enable this to happen.

Our leaders understand the importance of succession planning. Talent management is sophisticated and transparent, with performance management channelled through our Values and Behaviours framework, in order to identify and support high potential individuals.



## Personal growth and education *continued*

### Financial wellbeing

We recognise that colleagues' overall household income could have been impacted by the Covid-19 pandemic. We acted promptly to offer colleagues a number of financial wellbeing initiatives:

- partnered with HSBC to deliver a series of live financial wellbeing webinars which covered a range of significant life stages/events, for example first time buyer, home mover and retirement. The aim was to educate and support colleagues to make the most of their money
- support in money management including helpful ideas such as taking a payment holiday from Sharesave, our Save As You Earn ("SAYE") scheme
- enhanced Company sick pay ("CSP") in order to alleviate the financial burden. We guaranteed that any Covid-19 related sickness was paid in full, including test and trace self-isolation cases
- full pay to any colleagues instructed to shield, regardless of whether they were able to work from home
- applied an annual pay increase to all eligible colleagues

Our workplace pension is provided by Scottish Widows, one of the UK's leading workplace pension providers. We are pleased to offer eligible colleagues the opportunity to make their pension contributions through a salary sacrifice arrangement, recognised as the most tax-efficient way of making pension contributions.

In August, we opened entry into our 2021 Sharesave scheme, and are delighted that 50% of our colleagues now share in our success by being a member of at least one of our Sharesave schemes.



## Active leaders and engaged teams

### Leadership

Our leaders are role models who build high trust. We recognise that great people management takes time and have therefore kept colleague to manager ratios low to enable our leaders to invest their time in our people.

We have built an environment where it's natural for us to give regular, honest feedback and to coach in the moment.

We are exceptionally proud that, this year, we were awarded the prestigious Investors in People ("IIP") Platinum accreditation. This is reflective of the fact that our philosophy during the pandemic has been to put people before profit. This has had a profound impact on trust in leadership, and in the IIP survey we achieved our highest ever leadership engagement score of 90%.

During the Covid-19 pandemic, our leaders have acted swiftly to provide extraordinary levels of communication via regular emails, newsletters, the intranet, and weekly telephone and video conferences.

**“Many people said how much they love working at Safestore and the pride in the service delivered came across loud and clear. Everyone described a friendly, supportive place to work.”**

Matthew Filbee, IIP Practitioner








# Sustainability *continued*

## Active leaders and engaged teams *continued*

### Values and behaviours

Our values are authentic, having been created by our people. They are core to the employment life cycle and bring consistency to our culture. Our leaders have high values alignment enabling us to make the right decisions and maintain morale at all times, but this has especially been proven during the pandemic.

We are empowered to do the right thing, not necessarily the easiest. This enables us to feel comfortable challenging behaviours that are not in line with our values.

-  **We love customers** – we deliver much more than storage; we provide solutions that exceed our customers’ expectations and we expect our people to show appreciation of our customers and their businesses.
-  **We lead the way** – we want people who talk with pride about Safestore, set themselves high standards and demonstrate passion for what they do.
-  **We have great people** – everyone has a key role to play within Safestore and we need people who show respect for everyone, no matter their position. Our people drive their own performance and are keen to learn from others.
-  **We dare to be different** – we want people that adapt to change and are willing to try new things. Part of daring to be different involves actively seeking feedback in order to develop new and existing skills.
-  **We get it** – we want people to be clear on our vision and goals and, in turn, know what part they play in achieving them. “We get it” is also about communicating in a clear, open and honest way to enable sound decision-making.

### Equality, diversity and inclusion

We are committed to providing an inclusive workplace, encouraging and welcoming diversity with a zero tolerance of harassment and discrimination. More detail can be found in our People Principles document (online in the Governance section).

Our ‘Leading Through Inclusion and Diversity’ programme continues to support our leaders to recognise and celebrate diversity and to lead our diverse teams to success. This year’s workshop was ‘Male Allyship – Men Supporting Women’, delivered to our operational leaders by an external expert.

### UK ethnicity facts and figures

We are proud of Safestore’s diverse workforce. To date, over half of our UK colleagues have volunteered their ethnicity data. This early data indicates that 27% of Safestore colleagues belong to a Black, Asian, Mixed or Other ethnic group, compared with 13% of people who make up this group in the UK (2011 Census data).

In 2022, we are committed to collecting more people data to support our understanding of our workforce diversity in order to inform beneficial and tangible action. This will help to further improve inclusion, enabling all colleagues to confidently bring their true selves to work.

Advocating a diverse and inclusive workforce is also a key part of our wellbeing strategy. In our IIP survey, 89% of colleagues agreed that Safestore values and respects individual differences.

### Gender equality

The ratio of male to female colleagues at Safestore is outlined in the table below. Further analysis of our gender pay gap can be found in the 2020 gender pay gap report on our website. The report also sets out a range of actions we are taking to help close the gap.

#### Group gender split at 31 October 2021

	Male	Female
Board Directors (as at 1 November 2021)	5	3
Executive Committee and direct reports	36	9
All colleagues (excl. NEDs)	425	223

## Our customers

Target	Performance 2020/21
Maintain 90%+ satisfaction scores in each market	<p><b>UK: 96% Feefo/ 95% Trustpilot</b></p> <p><b>France: 92% Trustpilot</b></p> <p><b>Spain: 96% Google</b></p>

### Listening to and engaging with our customers

As a Group, we believe in providing a great customer service, and responding positively to our customers’ ever-changing needs, expectations and behaviours. Our customers are the mainstay of our business and their views on our service delivery and products are important to us.

We serve many customers across the UK and Europe through face-to-face communication in store, directly through our Customer Support Centre, and online via our website, email and social media channels, as well as through our LiveChat service. By offering these different channels, our customers are able to get in touch with us through their preferred mode of communication.

We are always keen to hear from our customers in order to maintain the high standards of service that we pride ourselves on. We continue to invest in customer service training, tools, coaching and evaluation in order to provide a service that is professional, efficient and helpful.

Our aim is to exceed our customers’ expectations from initial enquiry through to move-in, and this is evident through the way our colleagues handle customer enquiries, claims and issues. For this reason, we continue to collect, monitor, review and respond to customer feedback collected on our website, third party platforms and social media, to gauge customer satisfaction, to raise service standards, and to manage our reputation online.

As customers continue to engage with us through multiple channels, we work hard to communicate with them in a creative and consistent way. We see our social media channels on Facebook, Twitter, Instagram and LinkedIn as a ‘shop window’ to our brand that can help to reach new audiences, both in the UK and Europe. These channels are also helpful to gauge customer feedback and public sentiment, and therefore we regularly monitor them, responding to any comments and enquiries. We frequently post content to our social media channels such as tips and advice for homeowners and businesses, profiles of charity organisations we support, recruitment opportunities within the Group and links to our blog pages as well as regular Facebook advertising across the Group.

## Our customers *continued*

### Delivering a great customer experience

Our core business is to provide well-located, accessible, safe and secure storage sites operated by colleagues who are experts in the self storage business. We work hard to make each touchpoint our customers have with us as stress-free as possible.

Some ways in which we do this include:

- the use of a SafePay link giving customers the ability to pay by direct debit or to pay invoices online which is available across the UK
- accepting deliveries on our customers' behalf where delivery drivers are able to take items direct to store saving indirectly on customer mileage
- offering our customers three types of contracts giving them the opportunity to choose the one which best suits their needs depending on their length of stay or need for flexibility

### Helping our customers to live and grow sustainably

We also remain focused on delivering against our sustainability agenda by encouraging our customers to make more sustainable choices. This is in addition to making a positive social and economic contribution to our communities, and reducing the environmental impact of our operations. We want to support our customers with products and solutions that help improve their lives such as:

- digital contracts, offering both customer convenience and a reduction in printing, saving 156,000 pieces of paper each month
- Refill, a scheme available in 113 Safestore stores across the UK offering free tap water to make it easy for the general public to refill reusable water bottles instead of buying new plastic ones
- cardboard disposal for some customers

### Customer reviews

We have retained Feefo, an independent reviews and insight platform, to collect real-time and 100% genuine feedback from our customers. Our stores in the UK receive regular feedback allowing customers to view reviews and ratings. In 2021, Safestore achieved a customer service rating of 96% based on UK customers who rated their experience as 'Excellent' or 'Good'.

Safestore UK also won the Feefo Platinum Trusted Service award for the second year running – an award that is given to businesses that have achieved Gold standard for three consecutive years. This independent mark of excellence recognises businesses for delivering exceptional experiences, as rated by real customers. It is a highly valued award and as all reviews are verified as genuine, the accreditation is a true reflection of Safestore's commitment to delivering the best service possible.

In addition to using Feefo, our customers are able to leave reviews on a number of other platforms, including our social media channels, Google and Trustpilot. As a result, wherever customers look for trust and reputational signals about Safestore, they will see an impartial view of our excellent customer satisfaction.

Trustpilot is a well-recognised and authoritative third party review platform and this year, Safestore achieved a TrustScore of 4.8 out of 5 in the UK, illustrating our experience in delivering a high level of customer service. We are pleased to see our customer satisfaction rating for the year has increased slightly to 95% from 2,125 reviews.

One Pièce en Plus also continues to use Trustpilot to obtain independent customer reviews. In 2021, 459 reviews were collected with 92% of customers rating their service experience as 'Excellent' or 'Great' which resulted in a TrustScore of 4.6 out of 5. Additionally, in Spain, OhMyBox! achieved a 4.8 out of 5 rating for customer feedback collected from Google Reviews.

We are pleased that our colleagues in store and in the Customer Support Centre have made such fantastic progress this year with the service they have offered our customers in often challenging circumstances, and to have this recognised is a great achievement and a demonstration of their hard work and commitment to the Safestore Group.

### A multilingual digital offering

As part of our long-standing commitment to provide a great customer experience, and high rates of customer satisfaction, we have made great strides in developing our global digital offering.

To support our growth in European marketing, we have invested significantly in our digital platform, enhancing its scalability and accessibility. Users can have a high quality experience and engage with the Safestore brand in English, French, Dutch and Spanish. Whilst giving the Safestore Group greater growth opportunities, our multilingual website means that we are accessible to a wider audience.

We are aware that the majority of web users across Europe would prefer not to browse websites in English. Therefore, our customer-centric website platform now offers localised helpful content including video, relevant local imagery, storage sizes using the preferred metric system for better comprehension and finally storage quotations available in the native currency – which all help to build trust, brand recognition and credibility with our customers.

Nearly two-thirds of the web audience now prefer to view storage information on our web platform using a mobile device, so we have focused our efforts in refining the mobile experience to offer an intuitive journey from first page to storage quote or online reservation. Subsequently, the Safestore Group websites are faster to load and there is a decrease in the percentage of users who leave the website without performing any on-page action. Online visitors are viewing more web pages and spending more time on average browsing the site. We acknowledge that user experience in a digital world helps to build trust, brand recognition and credibility as a storage provider with our customers.

We have adapted and localised our overall strategy to improve our customers' experience with the Safestore brands. As the first touchpoint for the majority of our customers, the multilingual digital platform is the face of our business, and we believe it is a key differentiator and competitive advantage as we continue our growth story.



# Sustainability *continued*

## Our community

Target	Performance 2020/21
Provision of free/discounted space and additional support to high impact local community groups	<b>18,266 sq ft provided worth £636,945</b>

Safestore remains committed to being a responsible business in making a positive contribution within the local communities wherever our stores are based. We are keen to deliver long term benefits to society and the local economy with a focus on working towards SDG 11 (Sustainable cities and communities). Moreover, we are committed to being a brand that our current and prospective colleagues are proud to work for as well as one that our customers can trust.

We continue to do this by:

- developing brownfield sites
- actively engaging with local communities when we establish a new store
- identifying and implementing greener approaches in the way we build and operate our stores
- helping charities and communities to make better use of limited space
- creating and sustaining local employment opportunities directly and indirectly through the many small and medium-sized enterprises which use our space

We aim to create long-standing relationships with charities and organisations that drive positive change within our local communities. We know that we can build trust by operating responsibly and partnering with local and national charities which means that we can support causes that are important to our colleagues, customers and communities. This enables us to address issues such as rising homelessness, enhancing social mobility and creating opportunities for people living and working in the local area.

With 127 stores across the UK we continue to:

- provide fundraising support to existing and new local charity partners
- offer free or discounted storage space for charities within our local communities through our ‘charity room in every store’ scheme
- actively seek out practical and creative solutions by working with and supporting a number of charitable causes
- leverage social media and our blog platform to promote our charity partners and raise awareness of their cause

During the year, the space occupied by local charities in 226 units across 102 stores was 18,266 sq ft and worth £636,945 (FY2020: £451,508). Our aspiration is to have at least one charity room in every store.

We regularly monitor the free and discounted space occupied by charities, ensuring that the partnerships are running smoothly. In addition, we encourage our colleagues to maintain relationships with the charities we support and we continually review the scheme to ensure that it is beneficial for all involved.

## HandsOn London

The 2020 WrapUp London campaign was a little different than usual. Normally characterised by large tube station and office collections, this year’s tenth anniversary campaign was held in the midst of the Covid-19 lockdown restrictions.

Several Safestore UK centres were used as local drop-off points for the public and these were supported by over 90 collections undertaken by WrapUp volunteers in their local communities. Having these local collection centres meant that people could still donate safely during essential journeys and within Covid-19 guidelines.

In November 2020, we provided storage space at several stores across the UK to facilitate the quarantining, sorting, storage and distribution of 26,373 coats to over 100 charities, community groups and projects including homeless shelters, refugees, vulnerable women and children’s centres.

The campaign continues to expand nationwide, and Safestore UK is pleased to have been able to partner with WrapUp London and Human Appeal to run the coat collection for a fifth year in Manchester and a fourth year in the cities of Birmingham and Glasgow, as well as in Bath and Leicester.

Safestore’s involvement included:

- providing storage space across 15 stores in London, six stores in Greater Manchester and one each in Birmingham, Glasgow, Leicester and Bath
- provision of 5,044 sq ft of storage space enabling 737 campaign volunteers to spend over 3,814.5 hours sorting and packing up coats for distribution whilst maintaining social distancing
- the stores acting as drop-off points beyond the campaign period and receiving numerous donations from other businesses, community organisations and the general public
- using our internal and external communications platforms to raise awareness of the WrapUp London cause and inspiring our colleagues to get involved locally





### Our community *continued*

**HandsOn London** *continued*

**Jon Meech, CEO, HandsOn London, said:**

*"The Covid-19 pandemic affected all of us in different ways, but for the most vulnerable in our society, the impact has been almost unimaginable. Lockdowns, furlough and failing businesses have put many people into crisis. Homelessness and the number of people forced onto the streets increased, and the demand for warm coats during the winter was the highest we had ever experienced.*

*Despite the lockdown periods, the WrapUp coat collection is something that many people have come to depend on. Things were very different this year due to the restrictions on movement during the campaign; however, 15 Safestore centres acted as local drop-off points meaning people did not have to travel far, or into the cities, to donate a coat.*

*We have worked together with Safestore on the WrapUp campaign for the last nine years and they have supported us each year by providing vital storage space for our annual coat collection. And as we celebrated ten years of WrapUp coat collections, it has been absolutely wonderful to see the willingness of the public, businesses and local organisations across the UK to come together during the pandemic to help people experiencing hardship."*

#### Local charity support

Making a difference to the communities within which we operate, through partnerships with charities and not-for-profit organisations, is an integral part of our sustainability strategy. These partnerships are a source of pride for our store colleagues and drive ongoing engagement with our purpose. In order to achieve this, we provide financial support to local and national charities, and encourage our colleagues to get involved in fundraising and volunteering.

We believe it is important for our colleagues to recognise how our activities can have an impact on those around us. Volunteering and fundraising opportunities can inspire and encourage them to get involved and provide hands-on help where it matters.

In addition to our fundraising and voluntary activities, we continue to support individuals and local charities with free and discounted storage space through our 'charity room in every store' scheme.

The provision of this storage space has helped our charity partners provide immediate support to people facing challenges in our local communities. These include charities supporting the homeless, families struggling with food poverty and organisations offering mental health services. We are continuing to work collaboratively with our teams locally as we support our charity partners in helping the communities in the areas within which we operate.



**Jordan Goucher, Fundraising Manager, Victim Support, said:**

*"We are incredibly grateful to Safestore for their long-standing support of people affected by crime. We are thrilled to have had their backing for over ten years now.*

*Their donated storage space has been especially valuable for us throughout the Covid-19 pandemic. Due to social distancing measures, our access to multi-agency office space has been limited; therefore, we have had to move an increasing amount of our stock into storage.*

*Even before the pandemic, we relied on the space provided by Safestore as a safe and secure place to store our equipment at no extra cost.*

*By reducing our costs, Safestore enables us to direct more funds to our services for people struggling with the consequences of crime, allowing us to empower them in their coping and recovery."*



Alongside donating or discounting storage space, Safestore often takes part in a number of events each year in order to raise money or awareness for charitable causes; for example, we donated many cardboard boxes for various charitable causes such as City Hearts and The Suit Works.

Safestore holds a charitable fund with Quartet Community Foundation, dedicated to supporting local people in need and the charities they rely on. Between April 2020 and March 2021, Quartet awarded over £5.2 million in grants to more than 930 charitable organisations.

Together, these funded projects supported over 590,000 people in Bristol, Bath and North East Somerset, North Somerset and South Gloucestershire. This included those self-isolating or shielding, hungry families and people needing mental health support due to the pressures of the pandemic. Many of these people are often marginalised from mainstream support and opportunities or live in the most deprived areas.

# Sustainability *continued*

## Our community *continued*

### Local charity support *continued*

This year, we were awarded the prestigious Investors in People (“IIP”) Platinum accreditation and in celebration of this, Safestore donated £10,000 to FareShare. This donation helped FareShare get the equivalent of 40,000 meals in food to people who are struggling to afford or access a decent meal. The funding has an impact nationwide, allowing FareShare to reach local charities and community groups with more good-to-eat surplus, from school breakfast clubs, community cafés and food banks to women’s refuges and homeless shelters.



**Alyson Walsh, Commercial Director, FareShare, said:**

*“We are very grateful for Safestore’s support. Their generous £10k donation during the pandemic has made it possible for FareShare to get the equivalent of 40,000 meals to some of the most vulnerable members of our society. As we tentatively head out of lockdown, demand for food remains high and delivering more meals will play a valuable part in preventing hunger and ensuring that we do not leave our struggling communities behind.”*


### Construction and the community

We strive to minimise any negative impact of our business operations on our local communities as well as on our environment. We register all our new store developments with the Considerate Constructors Scheme, and we engage with our immediate neighbours on all projects by sending out regular newsletters about what we are doing or if we have any noisy work planned that may create a nuisance.

When we tender for various construction projects, we give local companies the opportunity to bid. Currently we average at 25% of local companies bidding, though this is now at 50% with some of the packages for our upcoming store in Morden as suppliers for steelwork and cladding are based in the local area.

With the Covid-19 restrictions over the last 18 months, we have not been able to engage with the local community as much as we would have liked but we plan to do more activities to benefit them during 2022.

## Our environment

Target	Performance 2020/21
UK owned stores powered by 100% renewable electricity	 <b>Complete – 100% like-for-like</b>
Reduce UK store waste to landfill by 50% by 2025 vs 2016/17 level	<b>On track – 1.7% of total waste sent to landfill from UK like-for-like stores (2.9% in 2016/17)</b>
Reduce carbon emissions by 50% of 2012/13 baseline by 2022 (2018 store portfolio)	<b>On track – total emissions 47% below baseline despite portfolio growth, intensity 60% below</b>

### Safestore’s net zero commitment

This commitment covers Scope 1 and 2 emissions plus Scope 3 emissions, which relate to ongoing operations (water, waste, electricity, transmission and distribution, and business travel). We aim to achieve this through a combination of consumption reduction initiatives as outlined later in this section such as phasing out of gas heating in the UK portfolio, and ensuring all energy consumed is self-generated (where viable) or purchased from certified renewable sources.

**“We are pleased to share our commitment to become an operationally carbon neutral (net zero) Group by 2035.”**

We also intend to work with our construction partners to understand the baseline of embodied carbon in our new developments and explore ways of reducing this where viable. Our sustainable construction standards (see below) already seek to maximise the use of recycled material and minimise waste whilst building to BREEAM ‘very good’ standards. Based on research by the London Energy Transformation Initiative (“LETI”) redevelopment projects have an embodied carbon footprint of approximately 50% of new build developments. As such, the Group’s flexible model is likely to generate less embodied carbon than operators which develop new build structures exclusively.

### Sustainable construction

Safestore is committed to ensuring our buildings are constructed responsibly and their ongoing operation has a minimal impact on local communities and the environment. This is how we believe our business can make a meaningful contribution towards achieving SDG 12 (Responsible consumption and production) and SDG 13 (Climate action).

Our construction team follows sustainable construction principles and, wherever practicable, we use materials that have recycled content or are from sustainable sources.

We monitor the amount of waste and energy usage on every site and introduce efficiencies identified to future building projects.

We design our stores to provide a safe, secure home for our customers’ possessions and we build them with consideration given to our people, our customers, our communities, our investors and the environment.



## Our environment *continued*

### Standards in construction

#### Building Research Establishment Environmental Assessment Methodology ("BREEAM")

BREEAM certification is a local planning requirement for some of our new stores. The methodology assesses impact and opportunity for enhancing the environmental aspects of design and construction.

The certification includes a review of new store energy, sustainable building materials, water efficiency, waste recycling and ecology.

The review also includes social aspects of the building life including resource management, health, wellbeing, modes of transport and pollution reduction.

Regardless of whether a site is BREEAM certified, we are committed to build to a minimum standard of BREEAM 'Very Good' on all of our new store developments.

### Considerate Constructors Scheme

Construction sites, companies and suppliers voluntarily register with the Considerate Constructors Scheme ("CCS") and agree to abide by the Code of Considerate Practice, designed to encourage best practice beyond statutory requirements.

The scheme's purview is any area of construction activity that may have a direct or indirect impact on the image of the industry as a whole. The main areas of concern fall into three categories: the general public, the workforce and the environment.

We register all of our new store developments with the CCS setting a target score of 36 points for both the shell construction and fitting out of the facility with our construction management partners.

Our 2020/21 new store, in Birmingham Middleway, scored 39 and was awarded a "performance beyond compliance" certificate which highlights the exceptional effort and commitment that our construction team makes in raising standards of our new store developments.

### Safestore standards

We have a long-standing commitment to providing both a long term sustainable investment and a pleasant and safe environment for our customers and colleagues.

Our stores are built or converted to achieve similarly high standards; however, the configuration of an individual store may vary.

Safestore commitments from 2019/20 onwards are:

Best practice – internal/ external expectation	Safestore commitment	Applicability
BREEAM	Equivalent to 'Very Good'	Across all new build stores
BREEAM	Very Good/Excellent	Where part of local planning
Sustainable drainage systems	Included	Across all new build stores
Solar photovoltaic	Roof-mounted photovoltaic	Where part of local planning
Considerate Constructors Scheme	Score 36 or higher	All new stores
Ecology	Protect existing and improve biodiversity	Across all new build stores
Energy	Efficient LED lighting with built-in motion sensors	Across all existing and new stores
Security	Operate safe and secure facility	Across all existing and new stores
Energy Performance Certificate	Rated C or higher	All new stores

## 2020/21 highlights



We have eliminated gas use in eleven of our UK stores.



Our renewable energy supply for electricity is at 100% in UK owned stores.



Our electricity usage like-for-like has decreased by 9% in the UK and by 6% in France.



Emissions per sq ft have been reduced by 13%.



Our water usage has been reduced by 16.8% in the UK and by 6% in France.

# Sustainability *continued*

## Our environment *continued*

### Construction material: recycled content

Typically, the construction of one of our stores may include the following:

Building material	% of build cost	% recycled content
Steel (main frame)	4%–5%	Minimum 56%
Concrete	3%–4%	29%–37%
Cladding (walls and roof)	7%–9%	3% but Kingspan target improvement using recycled bottles by 2030
Particle board (mezzanine floors)	2%	85%
Brick and block walls	3%–5%	9%–55%
Glazing	2%	Glass 25%, aluminium frames 60%
Hardcore (piling mat)	1%	100%

### Waste and recycling – construction

We carefully monitor our new store construction waste and ensure we separate waste for recycling where possible.

We are currently diverting 98% of all of our construction waste away from landfill. We aim to increase this to 99% by 2025.

Across our new store projects this year, we recycled or recovered 100% of all soft and hard plastics. We continue to work with our suppliers to minimise plastic packaging arriving on site. We remain committed to ensuring that all plastics are sent for recycling.

We are still working on reducing the use of single-use non-recyclable plastics at our construction sites in the form of material packaging. We continue to work with our partners and suppliers to cut its usage over the coming years and aim to remove all such products from our sites by 2030.

### Health and safety

Our health and safety record is excellent. We register all of our new store schemes with the CCS and we are constantly challenging our teams to exceed minimum standards. Safestore has a robust health and safety policy and we have very low incident levels compared with our peers. This year, the number of reportable incidents on our construction sites was zero.

### Consultation process

We build our stores with our key stakeholders in mind. As part of the town planning process, we consult widely amongst the community and those most likely to be affected by any development.

### Merchandise

Safestore is proud that our sourced merchandise packaging no longer contains single-use or non-biodegradable plastics. These changes have prevented a further 1.88 tonnes of plastic being sent to landfill or general waste this year.

The benefits of our merchandise packaging are:

- Boxes are made from 100% recycled card and are 100% recyclable, which has saved the equivalent of 615 trees this year. We continue to uphold our ‘box for life promise’.
- Bubble wrap is oxi-biodegradable and 100% recyclable. It is treated with raw materials which do not contain heavy metals.
- Outer packaging for any of our products does not use single-use plastic.

We continue to work closely with our suppliers to help minimise our carbon footprint by reducing delivery mileage with products delivered from local depots.

### Uniform

Our uniform supplier processes are accredited by the International Register of Certificated Auditors (“IRCA”) which audit and inspect their factories. In addition, their processes are compliant with the Ethical Trading Initiative (“ETI”).

### Electricity

In 116 of our UK wholly owned stores, 100% of our electricity is from certified renewable energy sources. This equates to a 5,218 tonne CO<sub>2</sub> reduction in our overall carbon footprint since 2018. We are delighted to say that we are now contracted to the supply of renewable energy until 2023 and committed to continuing thereafter.



Hook Valley Solar Farm



Kype Muir Wind Farm

The electricity for our UK owned portfolio is supplied by multiple renewable sources. The two largest contributors are Hook Valley Solar Farm in Somerset which produces 15.3 MW per annum and Kype Muir Wind Farm in Scotland which produces 104 MW per annum.

We have seen a 9% reduction in usage in the UK like-for-like (116 of 116 sites), and a reduction of 6% in usage in France like-for-like (26 of 26 sites) partially due to the installation of LED lighting.

## Our environment *continued*

### Electricity *continued*

#### Like-for-like usage (UK)

	Last year	This year	% change
Electricity (MWh)	12,158	11,063	(9%)

#### Like-for-like usage (France)

	Last year	This year	% change
Electricity (MWh)	1,879	1,766	(6%)

Safestore is proud to show a continued year-on-year reduction demonstrating our commitment as set out in our SDG sustainability targets.

We continue to monitor advances in technology and any viable solutions for the future.

#### Energy Savings Opportunity Scheme (“ESOS”) Phase 2

Safestore UK remains 100% compliant following the ESOS assessment in 2019 and is working towards completing Phase 3 due in 2023.

#### Reducing the need for gas within Safestore

Within Safestore UK, heating accounts for nearly 28% of our total energy consumption, predominantly in the provision of heating and hot water for colleagues and customers. In 2021, we took the decision to phase out the use of gas in the UK stores through the installation of high output low energy electric heaters and conventional water heaters.

The smart electric heaters we install have a number of benefits, including open window awareness, up to six times the surface area of inefficient water radiators, and adaptive starting, with timed steady starts reducing consumption and demand on electricity.

As at the end of October 2021, we have eliminated gas in eleven stores, which is just under a quarter of our UK gas-using estate.

The benefits of removing gas from our stores are wide ranging and include:

- a reduction in the CO<sub>2</sub> output attributed to Safestore
- lower maintenance costs as electric heating systems are more reliable
- no carbon monoxide testing needed
- protection against the potential increases in the cost of non-gas heating equipment linked to the upcoming ban on gas boilers in new homes in 2025

#### Minimum Energy Efficiency Standards (“MEES”)

Since 1 April 2018, landlords granting new tenancies of energy-inefficient properties could be liable to hefty fines – up to £150,000 per occasion for commercial property landlords.

The Energy Efficiency (Private Rented Property) (England and Wales) Regulations 2015 (MEES) prohibit landlords from letting a property with an Energy Performance Certificate (“EPC”) rating of below E unless an exemption applies. This only applies to our locations with lettable offices.

Since 1 April 2018, the prohibition has applied to the grant of new tenancies. From 1 April 2020, the prohibition applies for residential properties, and from 1 April 2023, for commercial properties. This will be extended to landlords continuing to let properties that fall below the required EPC rating. It is now unlawful for landlords to grant a new tenancy of commercial property with an EPC rating of ‘F’ or ‘G’ (the two lowest grades of energy efficiency). This applies to both new leases and renewals (unless an exemption applies and the landlord has registered that exemption). MEES does not apply to lettings of six months or less, or to lettings of 99 years or more.

Safestore has identified 46 of its UK locations (stores which include lettable offices) where we would have the requirement to have a MEES energy performance survey conducted.

During 2020/21, 25 stores which had the above requirement were examined by external independent assessors and the average rating across those stores was 49B, well above the minimum threshold.

#### Gas

Gas is used in just 38% of our UK stores. We do not install gas in new build facilities and have removed gas usage in eleven UK stores in this period.

#### Like-for-like usage (UK)

	Last year	This year	% change
Gas (MWh)	3,508	3,649	4.0%

#### Like-for-like usage (France)

	Last year	This year	% change
Gas (MWh)	64	36	(43.8%)

There was an increase in gas consumption of 4% for UK like-for-like (116 of 116 sites), which can be attributed to customers returning to use their offices following the Covid-19 restrictions, and a decrease of 43.8% for France like-for-like (26 of 26 sites).

#### Water

Our water consumption volume is low, and we strive to further minimise it wherever possible through the installation of efficiency schemes.

There was a decrease in water consumption of 16.8% for UK like-for-like (116 of 116 sites) and a decrease of 6% for France like-for-like (26 of 26 sites).

#### Like-for-like usage (UK)

	Last year	Restated last year*	This year	% change
Water (cubic metres)	37,661	43,241	35,963	(16.8%)

#### Note

\* Actual data has since become available where estimates were used previously.

#### Like-for-like usage (France)

	Last year	This year	% change
Water (cubic metres)	4,773	4,486	(6.0%)

#### Waste

Working with our waste business partner enables us to have better control over the processing and destination of our waste. An increase of 17.8% from the previous year was observed for UK waste going into landfill for 2021.

#### Landfill (UK)

	Last year	This year	% change
Waste (tonnes)	43.0	50.7	17.8%

Not all of our waste business partners disposal sites have the ability to divert waste to ‘Energy from Waste’ although this capability is increasing. Due to Covid-19 restrictions this year, our waste business partner in certain areas had to combine collections and the reduced separation of waste streams may have impacted the figures.

# Sustainability *continued*

## Our environment *continued*

### Battersea Park



This year we made changes to our Battersea Park store swapping our general waste (“GW”) skip on site for a dry mixed recycling (“DMR”) skip. We highlighted the changes to our customers and have had positive feedback and great customer support. We took the data from six months before and after, and reduced the GW by 28% (22 tonnes) in this store.

Once again we supported the ‘Plastic Free July’ campaign in order to raise and maintain colleague awareness of plastic pollution in support of SDG 14 (Life below water).

### Mandatory greenhouse gas (“GHG”) emissions reporting (wholly owned stores only)

This report was undertaken in accordance with the mandatory greenhouse gas (“GHG”) emissions reporting requirements outlined under the Companies Act 2006 (Strategic Report and Directors’ Report) Regulations 2013 (the ‘2013 Regulations’) and the Companies (Directors’ Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 (the ‘2018 Regulations’). This requires Safestore Holdings plc (“Safestore”) to produce a Streamlined Energy and Carbon Report. This report contains our GHG disclosure for the 2020/21 reporting period.

We have 125 stores in the UK, 28 stores in France and 4 stores in Spain. During the 2020/21 reporting period we opened new stores in Birmingham Middleway and Paris Magenta; we also closed Birmingham Digbeth. This report contains the following environmental data for all our stores which were operational at the beginning of the financial year: GHG emissions, electricity consumption, electricity transmission and distribution, gas consumption, water consumption, waste generation and business travel.

### Methodology

#### Scope of analysis and data collection

Over 2020/21 we have collected primary data for all of our stores, including: building size (sq ft), electricity consumption (MWh), electricity transmission and distribution (“T&D”) (MWh losses), gas consumption (MWh), water consumption (m<sup>3</sup>), waste generation (tonnes by waste disposal method) and business travel (mileage). We do not have any refrigerant leakage to report for any of our stores in the UK, France or Spain. All primary data used within this report is from 1 September 2020 to 31 August 2021, covering the same reporting period as last year. Where electricity, gas or water consumption data is not available or incomplete, we have estimated consumption based on a combination of pro-rata methods including:

- pro-rata extrapolation from known reliable data
- average consumption per sq ft of lettable area of the stores where we have reliable data
- direct comparison using a corresponding period

#### KPI selection and calculation

For the purposes of this report stationary energy use (electricity and gas consumption), water consumption, waste generation and business travel have been selected as the most appropriate key performance indicators (“KPIs”) for the Group. To ensure consistency in our reporting, particularly where there are differences between the UK, France and Spain, we are reporting all GHG emissions in units of CO<sub>2</sub>e. We have used the 2020 GHG conversion factors published annually by the Department for Environment, Food and Rural Affairs (“Defra”) and Business, Energy and Industrial Strategy (“BEIS”) with the exception of the French and Spanish CO<sub>2</sub>e conversion factors associated with electricity consumption and T&D, which are no longer published by BEIS. These were sourced from the International Energy Agency (“IEA”).

#### GHG emissions scope

The Greenhouse Gas Protocol (the “GHG Protocol”) differentiates between direct and indirect emissions using a classification system across three different scopes:

- **Scope 1 emissions:** includes direct emissions from sources which Safestore owns or controls. This includes direct emissions from fuel combustion and industrial processes.
- **Scope 2 emissions:** covers indirect emissions relating solely to the generation of purchased electricity that is consumed by the owned or controlled equipment or operations of Safestore.
- **Scope 3 emissions:** covers other indirect emissions including third party-provided business travel.

#### GHG emissions – scopes included in this report

- **Scope 1 emissions:** we are reporting our gas consumption and business mileage.
- **Scope 2 emissions:** we are reporting our electricity consumption.
- **Scope 3 emissions:** we are reporting our electricity transmission and distribution, waste generation and water consumption.

## Mandatory greenhouse gas (“GHG”) emissions reporting (wholly owned stores only) *continued*

### Group environmental performance

We recognise the importance of taking a proactive, strategic approach to environmental management and we aim to ensure that good environmental practices are applied throughout our stores, and that those working for or on behalf of Safestore are aware of the need to act responsibly and sustainably. Our most significant environmental impacts arise from the construction of new stores and the operational energy consumption of our existing stores.

Safestore is committed to the protection of the environment, the prevention of pollution and continually improving its environmental performance. We will comply with all relevant legislation and strive to exceed legal requirements where possible in order to avoid or minimise any potential environmental impacts.

The following table displays our total Group performance for electricity, gas and water consumption, waste generation (recycling, landfill, Energy from Waste) and business travel against the previous years.

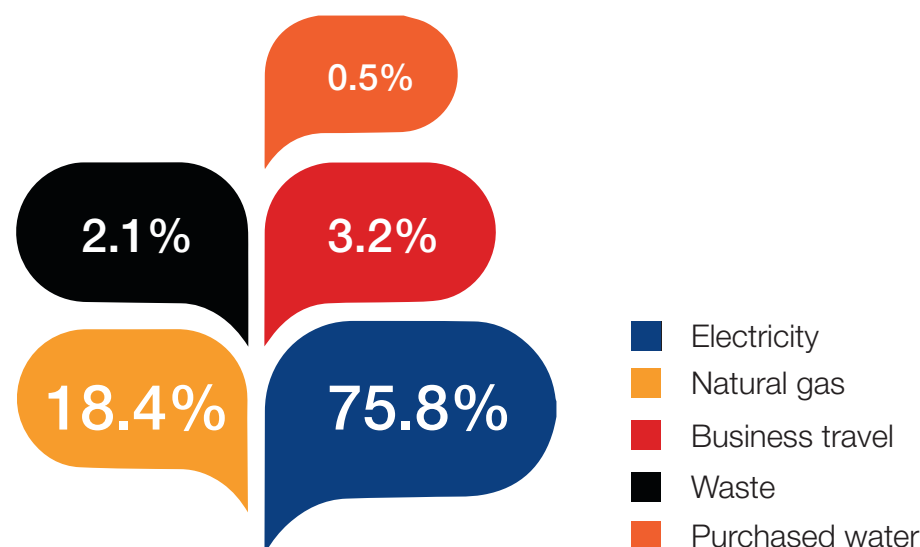
### Breakdown of consumption by source (2016–2021)

Emissions source	Units	2016/17 (Sep–Aug)	2017/18 (Sep–Aug)	2018/19 (Sep–Aug)	Reported 2019/20 (Sep–Aug)	Restated 2019/20 (Sep–Aug)	2020/21 (Sep–Aug)
Natural gas	MWh	2,349	4,358	4,136	3,572	3,572	<b>3,686</b>
Electricity	MWh	22,005	17,416	15,372	14,435	14,435	<b>13,506</b>
Purchased water	m <sup>3</sup>	45,129	61,655	55,113	43,372	51,125*	<b>47,503</b>
Recycling	tonnes	787	1,211	586	1,448	1,448	<b>1,487</b>
Landfill	tonnes	49	57	44	58	58	<b>57</b>
Energy from waste	tonnes	721	730	1,320	1,124	1,124	<b>831</b>
Business travel	miles	602,240	628,822	396,088	346,076	346,076	<b>421,829</b>

#### Note

\* Restated figure for 2019/20. Actual data has since become available where estimates were used previously.

### Breakdown of associated GHG emissions by source (2020/21)



# Sustainability *continued*

## Mandatory greenhouse gas (“GHG”) emissions reporting (wholly owned stores only) *continued*

### Group environmental performance – analysis

We have analysed the year-on-year change in our performance and provided commentary on our Group environmental performance, as below:

#### Gas performance

We are continually seeking opportunities to reduce energy consumption to the lowest practicable levels appropriate with the operational needs of the business and to satisfy the needs of our customers. We are phasing out the use of gas in our stores wherever possible and have removed it from eleven sites during this period, but some of our stores still consume low volumes of gas for heating in reception and office locations.

We seek opportunities to design efficient, low consuming working environments, ensuring that all new stores are built to rely solely on electricity.

Gas performance		2015/16	2016/17	2017/18	2018/19	2019/20	2020/21*	% change
Year ended 31 August								
<b>Gas use</b>	MWh	1,887.9	2,349.3	4,358.3	4,136.2	3,572.0	<b>3,685.5</b>	<b>3.2%</b>
<b>Scope 1 emissions</b>	tCO <sub>2</sub> e	347.0	434.0	801.8	760.4	656.8	<b>675.0</b>	<b>2.8%</b>

#### Note

\* 0.1% of the 2021 consumption data has been estimated for stores where consumption data was incomplete.

Total gas consumption across all our stores was 3,686 MWh, which is a 3.2% increase compared with the previous financial year.

This increase can be attributed to the easing of Covid-19 restrictions with customers returning to use their offices. Out of the 29 stores that had an increase in gas usage in 2021, 22 (76%) of these stores have offices.

#### Electricity performance

We are continuing to identify opportunities to reduce electricity consumption across our stores. To support this, we have installed smart meters across 92% of our UK stores to enable us to accurately monitor our electricity consumption and identify further opportunities to improve energy efficiency.

Recognising that our electricity consumption is predominantly due to our lighting requirements, we have completed a portfolio-wide LED lighting upgrade programme, across all UK stores.

Electricity performance		2015/16	2016/17	2017/18	2018/19	2019/20	2020/21*	% change
Year ended 31 August								
<b>Electricity use</b>	MWh	19,165.2	22,005.2	17,416.0	15,373.0	14,435.0	<b>13,506.0</b>	<b>(6.4%)</b>
<b>Scope 2 emissions (LB)</b>	tCO <sub>2</sub> e	6,707.7	6,563.3	4,376.7	3,527.0	3,022.0	<b>2,555.0</b>	<b>(15.5%)</b>
<b>Scope 2 emissions (MB)</b>	tCO <sub>2</sub> e	n/a	n/a	n/a	n/a	171.0	<b>153.0</b>	<b>(10.3%)</b>
<b>Scope 3 emissions</b>	tCO <sub>2</sub> e	604.0	613.6	371.4	299.0	261.0	<b>228.0</b>	<b>(12.8%)</b>

#### Notes

(LB) – location based. (MB) – market based.

\* 2% of the 2021 consumption data has been estimated for stores where consumption data was incomplete.

Total electricity consumption across all of our stores was 13,506 MWh which is a 6.4% year-on-year reduction in consumption.

This saving demonstrates the continued impact lighting upgrades have had on reducing our consumption, despite growth in the store portfolio.

#### Water performance

Our stores consume very low volumes of water, and we strive to minimise our consumption of water wherever possible through the installation of efficiency schemes.

Water performance		2016/17	2017/18	2018/19	Reported 2019/20	Restated 2019/20	2020/21*	% change
Year ended 31 August								
<b>Water use</b>	m <sup>3</sup>	45,129	61,655	55,113	43,372	51,125**	<b>47,503</b>	<b>(7.1%)</b>
<b>Scope 3 emissions</b>	tCO <sub>2</sub> e	47.5	64.9	58.0	45.6	53.8**	<b>20.0</b>	<b>(62.8%)</b>

#### Notes

\* 3% of the 2021 consumption data has been estimated for stores where consumption data was unavailable or incomplete. The figures for 2020/21 now include data for Spain.

\*\* Restated figures for 2019/20. Actual data has since become available where estimates were used previously.

Between September 2020 and August 2021, the total water consumption across all of our stores was 47,503m<sup>3</sup>, which is a decrease of 7.1% compared to the previous financial year.

The large decrease in emissions of 62.8% is due to significant change in the UK conversion factor from 2020 to 2021.

For water supply, the 2020 conversion factor was 0.344 kg CO<sub>2</sub>e; for 2021 this figure is 0.15 kg CO<sub>2</sub>e.

For water treatment, the 2020 conversion factor was 0.708 kg CO<sub>2</sub>e; for 2021 this figure is 0.272 kg CO<sub>2</sub>e.

## Mandatory greenhouse gas (“GHG”) emissions reporting (wholly owned stores only) *continued*

### Waste performance

We produce a relatively small amount of waste and are seeking opportunities to reduce or avoid the use of natural resources and minimise waste production, by promoting recycling where possible. We continue to improve waste segregation and are enhancing recycling facilities to divert waste from landfill.

Waste performance		2015/16	2016/17	2017/18	2018/19	2019/20	2020/21*	% change
Year ended 31 August								
<b>Waste – recycling</b>	tonnes	756.7	787.7	1,211.2	585.6	1,447.9	<b>1,487.5</b>	<b>2.7%</b>
<b>Waste – EfW</b>	tonnes	419.2	721.6	730.0	1,320.5	1,124.1	<b>831.1</b>	<b>(26.1%)</b>
<b>Waste – landfill</b>	tonnes	56.0	49.2	57.3	44.2	57.7	<b>56.5</b>	<b>(2.0%)</b>
<b>Scope 3 emissions</b>	tCO <sub>2</sub> e	35.8	37.8	47.2	45.1	81.2	<b>75.8</b>	<b>(6.7%)</b>

#### Note

\* The figures for 2020/21 Waste – landfill include data for Spain.

In the twelve months to August 2021, a total of 2,375 tonnes of waste was generated (recycling, Energy from Waste and landfill) which was a decrease of 9.7% compared with the previous year. We continue to work on a Waste Efficiency Programme across our portfolio to ensure that we have the correct facilities on site to enable our stores to minimise diversion to landfill, recycling waste where possible.

### Business travel performance

We report on our business mileage in both Company-owned and personal vehicles. We continue to promote public transport and car sharing where possible, notwithstanding the Covid-19 pandemic.

Business travel performance		2015/16	2016/17	2017/18	2018/19	2019/20	2020/21*	% change
Year ended 31 August								
<b>Business travel</b>	miles	612,588	602,240	628,822	396,088	346,076	<b>421,829</b>	<b>22.0%</b>
<b>Business travel</b>	MWh	n/a	n/a	n/a	440.7	395.4	<b>484.3</b>	<b>22.5%</b>
<b>Scope 1 emissions</b>	tCO <sub>2</sub> e	176.1	168.5	175.6	108.8	96.4	<b>117.7</b>	<b>22.1%</b>

#### Note

\* The figures for 2020/21 include data for Spain.

We travelled 421,829 business miles in the twelve months to 31 August 2021, resulting in a 22% increase compared with the previous year. The primary reason for this is due to increased travel following the relaxation of Covid-19 restrictions on travel during this period.

### Group GHG performance (mandatory GHG reporting)

We have used the Environmental Reporting Guidelines, including Streamlined Energy and Carbon Reporting guidance<sup>1</sup> and Greenhouse Gas Protocol<sup>2</sup> methodology, for compiling this GHG data and, for UK energy consumption and emissions, included the following material GHGs: CO<sub>2</sub>, N<sub>2</sub>O and CH<sub>4</sub>. In accordance with the BEIS reporting guidelines and data conversion factors for GHG emissions, the equivalent reports on our French and Spanish properties used the CO<sub>2</sub>e factors provided by the International Energy Agency (“IEA”)<sup>3</sup> for emissions associated with electricity consumption and T&D. Our GHG emissions for 2020/21 covered 100% of floor space. Business mileage covers the UK and Spanish vehicle fleets, both directly controlled and owner-driven vehicles (Company mileage only). No data associated with business travel has been provided for France. We used the following GHG emission conversion factors.

#### Notes

1 [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/850130/Env-reporting-guidance\\_inc\\_SECR\\_31March.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/850130/Env-reporting-guidance_inc_SECR_31March.pdf)

2 <https://ghgprotocol.org/>

3 Source: IEA (2019) Emission Factors ([https://www.iea.org/t\\_c/termsandconditions/](https://www.iea.org/t_c/termsandconditions/))

# Sustainability *continued*

## Mandatory greenhouse gas (“GHG”) emissions reporting (wholly owned stores only) *continued*

### UK government GHG emission conversion factors for company reporting

Standard set for 2021 (this set covers the greatest proportion of the current GHG reporting year)

Scope	Emissions source	Unit	Conversion factors
1	Natural gas (gross CV)	kWh	0.18316
1	Business travel (petrol)	miles	0.28053
1	Business travel (diesel)	miles	0.27108
1	Business travel (unknown)	miles	0.27596
2	UK electricity grid supply	kWh	0.21233
2	France electricity grid supply	kWh	0.4860
2	Spain electricity grid supply	kWh	0.25370
3	UK electricity transmission and distribution	kWh losses	0.01879
3	France electricity transmission and distribution	kWh losses	0.0048
3	Spain electricity transmission and distribution	kWh losses	0.0273
3	Water supply	m <sup>3</sup>	0.1490
3	Water treatment	m <sup>3</sup>	0.27200
3	Commercial waste – recycling	tonnes	21.29357
3	Commercial waste – Energy from Waste	tonnes	21.29357
3	Commercial waste – landfill	tonnes	467.046

#### Note

The data for France has been produced using the Association of Issuing Bodies (“AIB”), European Residual Mixes 2018 and production mix conversion factors. (Note: Defra no longer provides overseas electricity generation conversion factors. The conversion factors are obtained directly from the IEA).

### Streamlined Energy and Carbon Report (“SECR”) summary

In accordance with the Companies Act 2006 (Strategic Report and Directors’ Report) Regulations 2013 (the ‘2013 Regulations’) and the Companies (Directors’ Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 (the ‘2018 Regulations’) we have reported our Streamlined Energy and Carbon Report disclosure for 2020/21.

UK – GHG emissions (tCO <sub>2</sub> e)	Units	2019/20	2020/21
<b>Scope 1</b>	tonnes CO <sub>2</sub> e (UK)	741	<b>786</b>
<b>Scope 2 (LB)</b>	tonnes CO <sub>2</sub> e (UK)	2,915	<b>2,437</b>
<b>Scope 2 (MB)</b>	tonnes CO <sub>2</sub> e (UK)	47	<b>12</b>
<b>Scope 3</b>	tonnes CO <sub>2</sub> e (UK)	357*	<b>281</b>
<b>Total GHG CO<sub>2</sub>e (LB)</b>	<b>total tonnes CO<sub>2</sub>e (UK)</b>	4,012*	<b>3,504</b>
<b>Total GHG CO<sub>2</sub>e (MB)</b>	<b>total tonnes CO<sub>2</sub>e (UK)</b>	1,144*	<b>1,079</b>
GHG CO <sub>2</sub> e intensity (LB)	kg CO <sub>2</sub> e/floor space (UK – sq ft)	0.5	<b>0.4</b>
GHG CO <sub>2</sub> e intensity (LB)	kg CO <sub>2</sub> e/floor space (UK – sq m)	5.2	<b>4.5</b>
France and Spain – GHG emissions (tCO <sub>2</sub> e)	Units	2019/20	2020/21
<b>Scope 1</b>	tonnes CO <sub>2</sub> e (France and Spain)	12	<b>7</b>
<b>Scope 2 (LB)</b>	tonnes CO <sub>2</sub> e (France and Spain)	107	<b>118</b>
<b>Scope 2 (MB)</b>	tonnes CO <sub>2</sub> e (France and Spain)	125	<b>141</b>
<b>Scope 3</b>	tonnes CO <sub>2</sub> e (France and Spain)	39	<b>42</b>
<b>Total GHG CO<sub>2</sub>e (LB)</b>	<b>total tonnes CO<sub>2</sub>e (France and Spain)</b>	159	<b>167</b>
<b>Total GHG CO<sub>2</sub>e (MB)</b>	<b>total tonnes CO<sub>2</sub>e (France and Spain)</b>	176	<b>190</b>
GHG CO <sub>2</sub> e intensity (LB)	kg CO <sub>2</sub> e/floor space (France and Spain – sq ft)	0.1	<b>0.1</b>
GHG CO <sub>2</sub> e intensity (LB)	kg CO <sub>2</sub> e/floor space (France and Spain – sq m)	0.8	<b>0.8</b>

#### Note

\* Restated figures for 2019/20. Actual data has since become available where estimates were used previously.



## Mandatory greenhouse gas (“GHG”) emissions reporting (wholly owned stores only) *continued*

### Streamlined Energy and Carbon Report (“SECR”) summary *continued*

UK – underlying energy use (MWh)	Units	2019/20	2020/21
<b>Scope 1</b>	MWh (UK)	3,901	<b>4,133</b>
<b>Scope 2</b>	MWh (UK)	12,504	<b>11,476</b>
<b>Total Scope 1 and 2</b>	<b>MWh (UK)</b>	16,405	<b>15,609</b>
MWh intensity	MWh/floor space (UK – thousand sq ft)	2.0	<b>1.9</b>
MWh intensity	MWh/floor space (UK – thousand sq m)	21.2	<b>20.0</b>

France and Spain – underlying energy use (MWh)	Units	2019/20	2020/21
<b>Scope 1</b>	MWh (France and Spain)	66	<b>37</b>
<b>Scope 2</b>	MWh (France and Spain)	1,931	<b>2,030</b>
<b>Total Scope 1 and 2</b>	<b>MWh (France and Spain)</b>	1,997	<b>2,067</b>
MWh intensity	MWh/floor space (France and Spain – thousand sq ft)	0.9	<b>0.9</b>
MWh intensity	MWh/floor space (France and Spain – thousand sq m)	10.1	<b>10.1</b>

GHG emissions	Units	2016/17	2017/18	2018/19	Reported 2019/20	Restated 2019/20	2020/21	% change
<b>Scope 1</b>	tonnes CO <sub>2</sub> e (UK, France and Spain)	602	977	869	753	753	<b>793</b>	<b>5.3%</b>
<b>Scope 2 (LB)</b>	tonnes CO <sub>2</sub> e (UK, France and Spain)	6,563	4,376	3,527	3,022	3,022	<b>2,555</b>	<b>(15.5%)</b>
<b>Scope 2 (MB)</b>	tonnes CO <sub>2</sub> e (UK, France and Spain)	n/a	n/a	n/a	171	171	<b>153</b>	<b>(10.3%)</b>
<b>Scope 3</b>	tonnes CO <sub>2</sub> e (UK, France and Spain)	699	483	402	388	396*	<b>323</b>	<b>(18.4%)</b>
Total GHG CO <sub>2</sub> e (LB)	total tonnes CO <sub>2</sub> e (UK, France and Spain)	7,864	5,836	4,798	4,164	4,171*	<b>3,671</b>	<b>(12.0%)</b>
Total GHG CO <sub>2</sub> e (MB)	total tonnes CO <sub>2</sub> e (UK, France and Spain)	n/a	n/a	n/a	1,313	1,320*	<b>1,269</b>	<b>(3.8%)</b>
GHG CO <sub>2</sub> e intensity	kg CO <sub>2</sub> e/floor space (sq ft)	0.91	0.61	0.48	0.40	0.40	<b>0.35</b>	<b>(13.0%)</b>
GHG CO <sub>2</sub> e intensity	kg CO <sub>2</sub> e/floor space (sq m)	9.8	6.6	5.2	4.3	4.3	<b>3.7</b>	<b>(13.0%)</b>

Energy consumed	Units	2018/19	2019/20	2020/21	% change
Scope 1	MWh (UK, France and Spain)	4,577	3,967	<b>4,170</b>	<b>5.1%</b>
Scope 2	MWh (UK, France and Spain)	15,373	14,435	<b>13,506</b>	<b>(6.4%)</b>
<b>Total kWh</b>	<b>Total MWh (UK, France and Spain)</b>	19,950	18,402	<b>17,676</b>	<b>(4.0%)</b>
MWh intensity	MWh/floor space (thousand sq ft)	2.0	1.8	<b>1.7</b>	<b>(5.3%)</b>
MWh intensity	MWh/floor space (thousand sq m)	21.5	19.0	<b>18.0</b>	<b>(5.3%)</b>

#### Note

\* Restated figures for 2019/20. Actual data has since become available where estimates were used previously.

### Energy efficiency narrative

Through a range of energy efficiency initiatives and a switch to 100% renewable electricity we have reduced our absolute energy use, with carbon emissions vs 2013 baseline reduced by 53%.

We have now been using renewable energy for three years. In 116 of our UK wholly owned stores, 100% of our electricity is from renewable energy sources. The electricity for our UK owned portfolio is supplied by multiple renewable sources. The two largest contributors are Hook Valley Solar Farm in Somerset, which produces 15.3 MW per annum, and Kype Muir Wind Farm in Scotland, which produces 104 MW per annum.

We have seen a 9% reduction in usage in the UK like-for-like, largely due to the installation of efficient LED lighting with built-in motion sensors across all existing and new stores. This project began in 2018 and since then, Safestore has installed 27,000 LED lights across UK stores; the project was completed during 2019 and continues to contribute to the reduction of energy use across our UK store portfolio. This luminaire has been adopted as the default fitting in all our new builds, extensions and renovations across the Group.

During this financial year we replaced gas boilers in eleven stores with a high efficiency electric alternative; further upgrades are scheduled over the coming years.

## Sustainability *continued*

### Mandatory greenhouse gas (“GHG”) emissions reporting (wholly owned stores only) *continued*

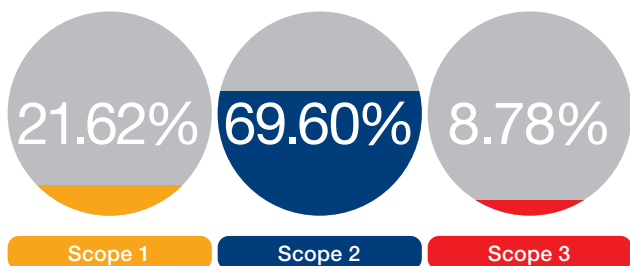
#### Procurement of renewable energy

We are actively pursuing renewable energy within our purchasing decisions. During 2020/21, 99% of our global electricity (125 stores across the UK) or 100% of our UK electricity consumption in our 116 wholly owned stores (100% like-for-like) was purchased from accredited renewable sources and is covered with associated renewable energy certificates. The energy sources that we use include onshore wind farms and solar fields. Our objective here is to help meet our sustainability goals and to reduce our market-based GHG emissions.

#### Group GHG performance (mandatory GHG reporting) analysis

Total GHG emissions for Scope 1, Scope 2 and Scope 3 for the twelve-month period to 31 August 2021 have decreased by 12% (or 500 tonnes CO<sub>2</sub>e) to 3,671 tonnes CO<sub>2</sub>e. Of the total GHG emissions, Scope 1 accounts for 22%, Scope 2 accounts for 70% and Scope 3 accounts for 9%.

#### Breakdown of emissions scopes 2020/21

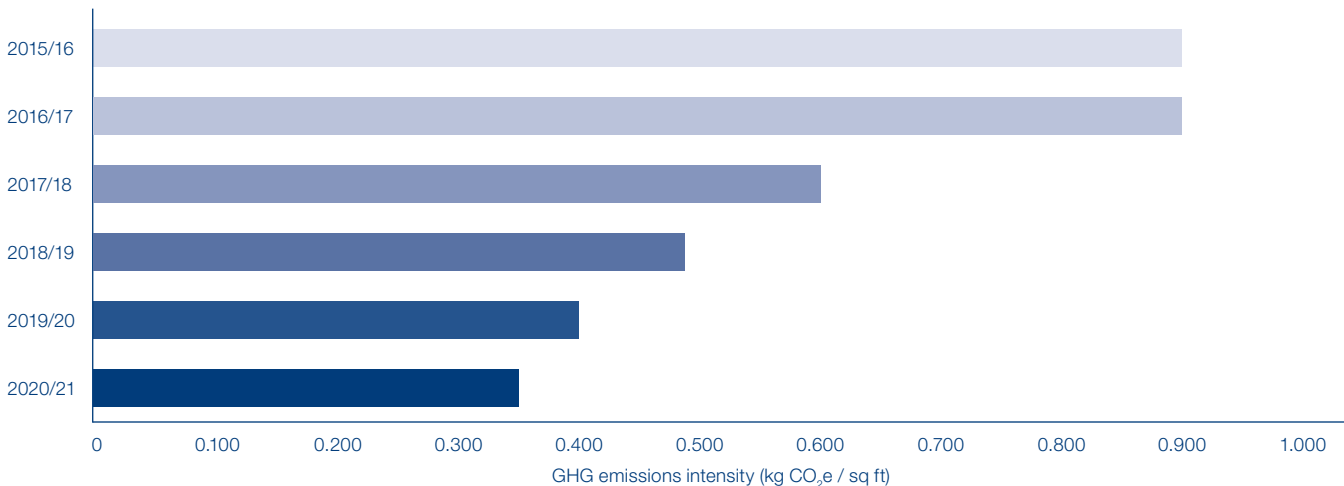


Our overall floor space has increased from 10,008,172 sq ft (2018/19) to 10,597,241 sq ft (2020/21).

The reduction in our GHG emissions, particularly Scope 2 emissions (purchased electricity), is also partially attributed to rebasing of the GHG conversion factors. The rebasing of GHG conversion factors has seen the GHG emissions conversion factor for electricity reduced by 8.8%. This reflects changes to the UK’s energy mix during 2020/21 which saw a further reduction in the use of coal-powered electricity generation and increases in the generation of gas and renewables.

Our GHG emissions CO<sub>2</sub>e intensity has decreased from 0.4 kg CO<sub>2</sub>e per sq ft in 2019/20 to 0.35 kg CO<sub>2</sub>e per sq ft in 2020/21, which is a decrease of 13%.

#### Our GHG emissions in kg CO<sub>2</sub>e per sq ft floor area since 2015



British Independent Utilities (“BiU”) has collated the data set covering Scope 1–3 emissions for the period 1 September 2020 to 31 August 2021. BiU has direct visibility of the raw data used to calculate ~94% of the total global Scope 1–3 emissions and as such can provide confirmation on the completeness and accuracy of these emissions as well as around the emissions factors applied, their relevance and source; reference to these has been provided within this report. Where estimations have been made these have been noted within this report and efforts continue to be made to improve the quality of the data used within our annual energy and emissions report.

## Introduction

# The Board recognises the importance of, and is committed to, high standards of corporate governance

**The Board is consistently challenging processes, plans and actions in order to promote continuous and sustained improvement across the business.**

### Dear shareholder

I am pleased to present the Company's corporate governance report for 2021. The Company is reporting against the principles of the UK Corporate Governance Code 2018 (the "Code"). The Board recognises the importance of, and is committed to, high standards of corporate governance and the Board is consistently challenging processes, plans and actions in order to promote continuous and sustained improvement across the business.

During the year the Company has taken steps to align existing Executive Director pension contributions with that of the workforce, as reported on pages 81 and 103. Since this alignment was actioned with effect from 1 June 2021 and up to the date of this report, the Company has been in compliance with the provisions of the Code. The Code is available on the website of the Financial Reporting Council ("FRC") at [www.frc.org.uk](http://www.frc.org.uk).

### Board activities

This year the Board has continued to focus on delivering its strategy. The Group has delivered an exceptional performance, and expanded the business, despite the continuing challenges presented by Covid-19. Our strategy is explained on pages 6 to 9. As always our stakeholder engagement and this year, more than ever, our colleague engagement have been fundamental to our success. We were delighted when, earlier this year, Safestore was awarded the prestigious Investors in People Platinum accreditation. This award is explained more fully on page 45. Our colleague and stakeholder engagement is integral to our corporate culture and our colleague and stakeholder engagement arrangements are set out pages 45 to 50 and 30 to 32 respectively.

We are also very pleased to report on the continuing external recognition we have received during the year for our sustainability reporting as highlighted on pages 10 and 41. We continue to keep under review the evolution of our sustainability strategy and are pleased to be introducing a commitment to work towards operational carbon neutrality (net zero) by 2035, which is explained on pages 42 to 43 and 54.

### Board changes

On 31 October 2021, both Joanne Kenrick and Bill Oliver stepped down from the Board. On behalf of the entire Board, I would like to thank Joanne and Bill for their substantial contribution over many years to the success of Safestore. During their time on the Board, the business has expanded on all fronts, geographic footprint, square footage, revenues and margins, and both Joanne and Bill have made a significant contribution to this success. We wish them both well in all their future endeavours.

I have been delighted to welcome Laure Duhot and Delphine Mousseau to the Board as Non-Executive Directors. Laure and Delphine bring a wealth of international expertise to the Board, having served in executive and non-executive positions in listed companies. Their experience will be valuable as the Board continues to deliver the continued expansion strategy, especially in Continental Europe. Laure and Delphine joined the Board on 1 November 2021. We continue to appoint only the most appropriate candidates to the Board and our recruitment process in selecting and appointing Board members is explained in more detail in the Nomination Committee report on page 73. As at 1 November 2021 the Company has met the Hampton-Alexander recommendations on board diversity.

### New Articles of Association

Subject to shareholder approval, the Company is proposing to adopt updated Articles of Association, principally in order to reflect developments in law and practice. The Company's current Articles of Association were first adopted in 2010 and then updated by special resolution with effect from 20 March 2013. Page 9 of the Notice of our 2022 Annual General Meeting explains the changes we are proposing to adopt.

### 2022 Annual General Meeting ("AGM")

We hope and expect to welcome our shareholders to the 2022 AGM in person. The AGM will be held on Wednesday 16 March 2022 at 12.00 noon at Brittanica House, Stirling Way, Borehamwood, Hertfordshire WD6 2BT. However, the Company will continue to closely monitor the impact of Covid-19, including any latest government guidance and restrictions, and how this may affect the arrangements for the meeting.

As we appreciate some shareholders may prefer to listen to the AGM remotely rather than attend in person, we will broadcast the meeting using teleconference facilities. The Board is keen to maintain engagement with shareholders and we are again inviting shareholders to submit written questions on the business of the 2022 AGM. You will find details of the conference facility and how to submit written questions on our investor website at <https://www.safestore.co.uk/corporate> and in the Notice of the 2022 AGM.

### David Hearn

**Non-Executive Chairman**  
12 January 2022

## Board of Directors as at 12 January 2022



**David Hearn**  
Non-Executive Chairman

N R

### Commenced role

1 January 2020 (appointed to the Board and as a member of the Remuneration Committee on 1 December 2019 and appointed as Nomination Committee Chair on 1 January 2020)

### Skills and experience

David Hearn is an experienced chair and brings a wealth of international board and senior executive experience in public companies, having previously been CEO of leading consumer goods businesses Goodman Fielder in Australasia, United Biscuits in Europe and Asia, Cordiant Plc in the US and the UK and also international private equity and advisory firm Committed Capital.

### External appointments

David is currently chair of The a2 Milk Company and a director of Lovat Partners, Committed Capital and the architectural firm Robin Partington & Partners.

### Other listed directorships

The a2 Milk Company is listed on the New Zealand Stock Exchange and dual listed on the Australian Stock Exchange.



**Frederic Vecchioli**  
Chief Executive Officer

### Commenced role

September 2013

### Skills and experience

Frederic Vecchioli founded our French business in 1998 and has overseen its growth to 29 stores in Paris operating under the "Une Pièce en Plus" brand. He joined the Group as President and Head of French Operations following the Mentmore acquisition in 2004. Frederic was appointed to the Board in March 2011 and became Chief Executive Officer of the Group in September 2013.

### External appointments and other listed directorships

None.



**Andy Jones**  
Chief Financial Officer

### Commenced role

May 2013

### Skills and experience

Andy Jones joined the Group in May 2013 as Chief Financial Officer. Andy's previous role was director of group finance at Worldpay Limited, prior to which he held the positions of director of finance and investor relations at TUI Travel PLC and chief financial officer at Virgin Entertainment Group in the US. Andy began his career at Ernst & Young, where he qualified as a chartered accountant in 1992. Andy is a graduate of the University of Birmingham.

### External appointments and other listed directorships

None.



**Ian Krieger**  
Senior Independent Director

A N R

### Commenced role

March 2015 as Senior Independent Director

### Skills and experience

Ian Krieger joined the Board in October 2013 as a Non-Executive Director and was appointed Chair of the Audit Committee in April 2014 and Senior Independent Director in March 2015. Ian is a chartered accountant and was a senior partner and vice-chair at Deloitte until his retirement in 2012. Ian brings a wealth of recent financial experience to the Board as well as his experience as senior independent director and audit committee chair for two other UK-listed companies in the property sector.

### External appointments

Ian is a non-executive director, senior independent director and audit committee chair of Capital & Regional plc and Primary Health Properties plc.

### Other listed directorships

Capital & Regional plc and Primary Health Properties plc.

### Committee membership

Chair of Committee

A Audit Committee

N Nomination Committee

R Remuneration Committee



**Claire Balmforth**  
Non-Executive Director

R N

**Commenced role**  
August 2016

#### Skills and experience

Previously Claire Balmforth was group HR director of the Priory Group and, at Carpetright plc, she served as group human resources director from 2006 and as operations director UK from 2011. She also served as its people and customer director. She began her career in Selfridges, and has worked in many retail businesses including Tesco and Boots and has experience in the B2B sector with RAC plc. Claire has extensive operational experience and significant knowledge of leadership and human resources, including employee engagement.

#### External appointments

Claire is a non-executive director and remuneration committee chair for Trifast plc and FRP Advisory Group plc. She is also a member of the British Heart Foundation retail committee and remuneration committee.

#### Other listed directorships

Trifast plc and FRP Advisory Group plc.



**Gert van de Weerdhof**  
Non-Executive Director

A R N

**Commenced role**  
June 2020

#### Skills and experience

During his extensive and varied career, Gert van de Weerdhof has held a number of senior executive positions including as CEO of GrandVision Europe BV before progressing to become chief retail officer for Esprit Holdings Ltd and latterly as CEO of RFS Holland Holdings BV and its subsidiary Wehkamp BV. Until recently he was also a non-executive director, vice-chair and chair of the remuneration and nomination committees for Wereldhave NV and chair of CTAC NV. Gert brings a wealth of international expertise to the Board having held roles across multi-site retail, e-commerce, consumer goods and real estate.

#### External appointments

Gert is currently non-executive director and vice-chair of Accell Group NV and non-executive director of Sligro Food Group NV. In June 2021 Gert was appointed as interim CEO of MercyShips.

#### Other listed directorships

Accell Group NV and Sligro Food Group NV are listed on Euronext Amsterdam.



**Laure Duhot**  
Non-Executive Director

A

**Commenced role**  
November 2021

#### Skills and experience

Laure Duhot brings over 30 years of senior executive level experience in the investment banking and property sectors, specialising in alternative real estate assets, and has been a non-executive director at a number of funds and property companies.

Laure started her career in the investment banking sector and has developed a focus on the property sector. She has held senior roles at Lehman Brothers, Macquarie Capital Partners, Sunrise Senior Living Inc., Pradera Limited and Grainger plc and latterly was head of investment and capital markets – Europe at Lendlease.

#### External appointments

Laure is currently a non-executive director of Primary Health Properties plc and NB Global Monthly Income Fund Limited, a premium-listed Guernsey registered fund. Formerly Laure was a non-executive director of InLand Homes plc and MedicX Fund, which merged with Primary Health Properties plc in March 2019.

#### Other listed directorships

Primary Health Properties plc and NB Global Monthly Income Fund Limited, a premium-listed Guernsey registered fund.



**Delphine Mousseau**  
Non-Executive Director

R

**Commenced role**  
November 2021

#### Skills and experience

Delphine Mousseau brings over 25 years of senior executive level and consultancy experience in e-commerce and customer engagement across Europe, specialising in retail.

Delphine began her career as a project manager at the Boston Consulting Group before moving on to join Plantes-et-Jardins.com where she became head of operations. Between 2007 and 2011, she was director of e-commerce for Europe at Tommy Hilfiger and then became an independent consultant, primarily for the former Primondo Specialty Group which was Carlyle owned. Latterly Delphine was a VP markets at Zalando.

#### External appointments

Based in Germany, Delphine is currently non-executive director at Fnac-Darty SA and Aramis Group SAS, both listed on Euronext Paris, and a member of the Holland & Barrett UK Board and chair of the Refurbed Board in Austria.

#### Other listed directorships

Fnac-Darty SA and Aramis Group SAS, both listed on Euronext Paris.

## Corporate governance

# Our purpose: To add stakeholder value by developing profitable and sustainable spaces that allow individuals, businesses and local communities to thrive

### Leadership

#### The role of the Board

The Board is collectively responsible for the Company's long term success as defined by its purpose.

The Group's proven strategy to deliver its purpose remains unchanged. Our strategy is underpinned by our values, as defined on pages 18 and 40, our behaviours and our governance structure which shape our culture, and remain central to the way we conduct our business. The culture of the business is a key part of our success.

The Non-Executive Directors are responsible for challenging the Group's strategy and monitoring the performance of Executive Directors against strategic and operational objectives.

The Board is supported by an Audit, Remuneration and Nomination Committee. Each Board Committee has defined terms of reference, which can be found online within the Governance section of the Company's website: [www.safestore.com](http://www.safestore.com). The activities of each Board Committee are set out in separate sections of this report. The Audit Committee is, in turn, supported by the Risk Committee, which is a management committee, chaired by the Chief Financial Officer.

The Board also has an established Standing Committee and a Disclosure Committee, which are sub-committees of the Board and meet as required. The Standing Committee has delegated authority to approve routine matters such as matters relating to the operation of the Company's share scheme arrangements, and any other matters, which may be expressly delegated to it by the Board from time to time. The Disclosure Committee has delegated responsibility for overseeing the disclosure of information by the Company to meet its obligations under the Market Abuse Regulation.

All Committees and all Directors have the authority to seek information from any Group colleague and to obtain professional advice.

Implementation of agreed plans, budgets and projects in pursuit of the Group's strategy and the actual operation of the Group's system of internal control and risk management are delegated to the Executive Directors, who are supported by an Executive Committee. This includes implementing Group strategy to optimise the trading performance of the existing store portfolio, to monitor financial performance and maintain a strong and flexible capital structure, to identify selective portfolio and expansion opportunities, to develop our colleagues and implement the Group's sustainability strategy. Sustainability governance is explained more fully on page 41.

#### The Board and its independence

At the date of this report, the Board consists of eight Directors, the Chairman, two Executive Directors and five independent Non-Executive Directors, with Ian Krieger appointed as the Senior Independent Director. The Chair was considered to be independent on appointment. The skills and experience of each of the Directors, along with the dates they commenced their role, are set out on pages 66 and 67.

Both on an individual and collective basis, the Directors have the skills, understanding, experience and expertise necessary to ensure the effective leadership of the Group. At least half of the Board, excluding the Chair, are independent. The Board monitors the independence of its Non-Executive Directors. The Board is aware of the other commitments of its Directors and is satisfied that these neither conflict with their duties, nor impact their independence or time commitment as Non-Executive Directors of the Company.

The Board was mindful that the Code lists that where non-executive directors hold cross-directorships or have significant links with other directors through involvement in other companies or bodies, this is likely to impair, or could appear to impair, a non-executive director's independence. Accordingly when assessing the independence of Laure Duhot and Ian Krieger, it was noted that both Laure and Ian serve as independent non-executive directors of Primary Health Properties plc ("PHP"), a UK listed company. They are not involved in executive duties for PHP and each have a similar obligation to be independent for PHP as they do for the Company. The Board does not consider that Laure's and Ian's positions as independent Non-Executive Directors of the Company are adversely impacted by their roles on the board of PHP and was satisfied that, notwithstanding these appointments, they are to be regarded as independent.

The Board was also mindful that non-executive director tenure that exceeds nine years is also listed by the Code as a circumstance that is likely to impair, or could appear to impair, a non-executive director's independence. Ian Krieger was appointed to the Board in October 2013. The Board has agreed to extend Ian's tenure until the 2023 AGM, when it is anticipated Ian will step down as a Non-Executive Director. Ian has an in-depth knowledge of the Company and the property sector and has continually made exceptional contributions to the Board and its Committees since his appointment. The Board considered that it was in the best interests of the Company to extend Ian's tenure, particularly following the recent changes in Board composition. The Board believes that it will benefit from Ian's continued membership of the Board and its Committees not only because of his experience and skill set but also the continuity and corporate knowledge his presence will bring. Although Ian's tenure will exceed nine years in October 2022, the Board continues to regard him as independent.

Each Non-Executive Director continues to bring independent judgement to the Board's decision-making process. Frederic Vecchioli is also a director of CERF Storage JV B.V., a company incorporated in the Netherlands and an associated company of the Group; apart from this appointment the Executive Directors do not hold any executive or non-executive directorships in other companies.

## Key roles and responsibilities

The roles of Chair, Chief Executive Officer and Senior Independent Director are separate and clearly defined, with the division of responsibilities set out in writing and agreed by the Board. The Chair is responsible for the management of the Board and for aspects of external relations, while the Chief Executive Officer has overall responsibility for the management of the Group's businesses and implementation of the strategy approved by the Board. The Senior Independent Director is also responsible for supporting the Chair on all governance issues. The statement of the division of responsibilities between the Chair, the Chief Executive Officer and the Senior Independent Director is available on the Governance section of the Company's website: [www.safestore.com](http://www.safestore.com).

## Effectiveness

### Activities of the Board

The Board scheduled nine meetings during the financial year, which would normally include an extended strategy review. Additional Board meetings are held as and when required and this year an additional meeting was held ahead of the release of the Company's Q2 Interim Management Statement in May 2021. Throughout this financial year the Board has held its meetings by video conference and whilst strategy has been discussed at each Board meeting, the extended strategy review was not held this year, due to the ongoing UK government guidance and restrictions in response to the Covid-19 pandemic.

The Board has a formal schedule of matters specifically reserved for its decision, which includes (amongst other things) various strategic, financial, operational and governance responsibilities. A summary of the key activities of the Board during the year, in accordance with the formal schedule of reserved matters, can be found on page 70.

The services of the Company Secretary are available to all members of the Board. Board minutes are circulated to all Board members. There is also regular informal contact between Executive and Non-Executive Directors to deal with important matters that arise between scheduled Board meetings. A separate meeting for Non-Executive Directors is held at least once in every year.

Appropriate directors' and officers' insurance cover is arranged by the Group through its insurance brokers and is reviewed annually.

### Board meetings held in 2020/21

Attendance of the individual Directors of the Board at meetings that they were eligible to attend during the financial year is shown in the table below:

Director who served during the year ended 31 October 2021	No. of meetings held during tenure during the year	Number of meetings attended
David Hearn	10	10
Frederic Vecchioli	10	10
Andy Jones	10	10
Ian Krieger	10	10
Joanne Kenrick*	10	9
Claire Balmforth	10	10
Bill Oliver*	10	10
Gert van de Weerdhof	10	10

#### Note

\* On 31 October 2021, Joanne Kenrick and Bill Oliver stepped down from the Board. On 1 November 2021, Laure Duhot and Delphine Mousseau were appointed as independent Non-Executive Directors.

In addition to the scheduled Board meetings, the Standing Committee met on 18 occasions and was granted express delegation by the Board and approved year-end and interim and half year results announcements and associated matters and final form agreements for the Group's additional US Private Placement arrangements. The Standing Committee also approved routine administrative matters which related to the maturity of the Company's 2017 (three-year) Sharesave scheme, the grant of new options under the 2021 (three-year) Sharesave scheme and intercompany funding arrangements. The Disclosure Committee has not met during the year as matters relating to price sensitive information have been considered by the Board.

Throughout the 2021 financial year, the Board has held its meetings using video conference facilities, to comply with the UK government's guidance and restrictions in response to the Covid-19 pandemic.

### Board effectiveness review 2021

The Board recognises that it continually needs to monitor and improve its performance. This is achieved through annual Board effectiveness reviews, full induction of new Board members and ongoing Board development activities.

Each year the Board conducts an effectiveness review and every three years the review is carried out externally. An external effectiveness review was conducted in 2019. This year the Board carried out an internal evaluation of its performance, its Committees and individual Directors.

The scope of this year's Board and Committee evaluation process was agreed with the Chair and undertaken by the Company Secretary. Directors were invited to complete a detailed questionnaire that covered a number of key areas including strategy, succession planning, Board size, composition and balance of skills, risk management and the relationship between the Board and management. The responses were considered by the Chair and were collated and shared with the Board. The Chair discussed the outcome of the evaluation with each Director and shared his findings with the Board.

The anonymity of respondents was ensured in order to promote an open and frank exchange of views. The key findings arising from the review were reviewed by the Board and recommendations were made to:

- the Nomination Committee to continue to develop succession plans below Board level;
- keep under review the training and development needs of the Board; and
- make time available within the Board calendar for Board training on matters of interest to the Board and relevant to the Company.

The Directors concluded that the Board and its Committees operate effectively.

The content for any subsequent effectiveness reviews will be designed to build upon insights gained in the previous exercise to ensure that the recommendations agreed in the review have been implemented and that year-on-year progress is measured.

The Chair reviewed the performance of the Chief Executive Officer and the Non-Executive Directors. The Chief Executive Officer reviewed the performance of the Chief Financial Officer and the Chair's own performance was assessed by the Senior Independent Director after seeking and receiving feedback from each of the other Directors.

## Corporate governance *continued*

### Effectiveness *continued*

#### A summary of the key activities of the Board during the year

Responsibilities	Activities
<b>Strategy</b>	<p>The development and implementation of the Company's strategy has included:</p> <ul style="list-style-type: none"> <li>• General updates from the CEO and CFO.</li> <li>• Presentations from members of the management team on strategy implementation in their operations.</li> <li>• Considering selective portfolio management and expansion opportunities, which included approving the expansion of the Group's joint venture operation into Belgium and the new Nijmegen development in the Netherlands, the expansion of our Spanish operation, site acquisitions in the UK and France and the acquisition of Your Room Self Storage Limited.</li> <li>• Approving the 2021 store refurbishment programme.</li> </ul>
<b>Performance and operational matters</b>	<ul style="list-style-type: none"> <li>• Reviewed the 2021 performance against budget and updated forecasts for the UK, French and Spanish operations and for the joint venture operation in the Netherlands and Belgium.</li> <li>• Maintained a detailed focus on full year earnings guidance.</li> <li>• Approved the 2022 Board budget.</li> <li>• Reviewed and approved the Group's investment appraisal policy.</li> <li>• Received regular operational updates from members of the management team, relating to property, colleagues, marketing, IT, store operations, company secretarial and legal matters.</li> </ul>
<b>Finance and capital</b>	<ul style="list-style-type: none"> <li>• Reviewed the Group's capital structure and approved the Group's additional US Private Placement funding arrangements and the transition from LIBOR to SONIA lending rates.</li> <li>• Monitored the Company's going concern and long term viability statements.</li> <li>• Reviewed cash flow, Dividend Policy (in line with the UK REIT requirements) and shareholder returns.</li> </ul>
<b>People, culture and values</b>	<ul style="list-style-type: none"> <li>• Received regular updates on colleague wellbeing and HR matters, including updates from the "Make the Difference" people forum.</li> <li>• Reviewed the scope of the survey conducted by Investors in People and the outcome of the survey which led to the Company being awarded the Investors in People Platinum accreditation.</li> <li>• Reviewed and approved the Group's key policies including the Company's Modern Slavery Act Statement, anti-corruption and bribery (statement and policy), whistleblowing ("Speak Out") policy and the health and safety policy statement.</li> <li>• Considered and reviewed the gender pay gap report for 2020.</li> <li>• Reviewed and approved the Company's sustainability strategy, including the Company's commitment to work towards operational carbon neutrality (net zero) by 2035.</li> <li>• Reviewed colleague engagement arrangements.</li> </ul>
<b>Governance and risk</b>	<ul style="list-style-type: none"> <li>• Approved changes to Board composition and met the Hampton-Alexander recommendations on board diversity.</li> <li>• Approved an increase in Non-Executive Director fees.</li> <li>• Reviewed reports on governance and legal issues.</li> <li>• Considered the Company's risk appetite in relation to its strategy.</li> <li>• Reviewed the outcome of the Board and its Committees' effectiveness review.</li> <li>• Reviewed the Directors' Conflict of Interests Register.</li> </ul>
<b>Shareholder engagement</b>	<ul style="list-style-type: none"> <li>• Discussed feedback from investors' and analysts' meetings following the release of our annual and half year results announcements and interim management statements and meetings with existing and potential shareholders.</li> <li>• Received regular updates from brokers and advisers on the market perception of Safestore.</li> <li>• Reviewed stakeholder engagement arrangements.</li> </ul>
<b>Other</b>	<ul style="list-style-type: none"> <li>• Approved the Annual Report and Financial Statements and the recommendation for the final dividend in line with the Company's dividend policy for shareholder consideration.</li> <li>• Approved the 2021 half year results announcement and declared the interim dividend in line with the Company's dividend policy.</li> <li>• Received and reviewed monthly shareholder analysis reports.</li> </ul>



## Board development

The Chair is responsible for ensuring that all Non-Executive Directors receive ongoing training and development. Our Non-Executive Directors are conscious of the need to keep themselves properly briefed and informed about current issues. Specific and tailored updates are provided at Board meetings and to members of the Audit Committee and have included presentations from the Company's advisers.

There is a procedure to enable Directors to take independent legal and/or financial advice at the Company's expense, managed by the Company Secretary. No such independent advice was sought in 2021.

During the year the Company has delivered an induction programme for Gert van de Weerdhof, and is in the process of delivering an induction programme for Laure Duhot and Delphine Mousseau which has been led by the Chief Executive Officer. The induction programme has been prepared to ensure that it provides a comprehensive introduction to the Group as a whole.

## Board appointments

Each decision to appoint further Directors to the Board is taken by the entire Board in a formal meeting based on a recommendation from the Nomination Committee. The Nomination Committee consults with financial and legal advisers and uses the services of external recruitment specialists. New members of the Board are provided with initial and ongoing training appropriate to individual needs in respect of their role and duties as Directors of a listed company.

During the year the Nomination Committee engaged in an extensive and rigorous search for a new Non-Executive Director, which led to two new Non-Executive Directors being appointed. The process for identifying and overseeing the appointment of the new Non-Executive Directors has been explained in the Nomination Committee report on page 73.

## Non-Executive Director fees

Following a detailed benchmarking process and to support the recruitment and retention of Non-Executive Directors the Executive Directors recommended to the Board that Non-Executive fees should be increased. The fee increases are set out in the Directors' remuneration report on page 82. No Director was involved in any decision as to their own remuneration.

## Appointment terms and elections of Directors

All Directors have service agreements or letters of appointment and the details of their terms are set out in the Directors' remuneration report on page 104. The service agreements of the Executive Directors and letters of appointment of the Non-Executive Directors are available for inspection at the Company's registered office during normal business hours, including the 15 minutes immediately prior to the Annual General Meeting. The letters of appointment for Non-Executive Directors are in line with the provisions of the Code relating to expected time commitment.

At each Annual General Meeting of the Company, all Directors will stand for re-election in accordance with the Code. The Company's Articles of Association require that a Director appointed during the preceding year should be subject to election at the Company's next Annual General Meeting.

## Directors' conflicts of interest

The Company's Articles of Association give the Directors the power to consider and, if appropriate, authorise conflict situations where a Director's declared interest may conflict or does conflict with the interests of the Company.

Procedures are in place at every meeting for individual Directors to report and record any potential or actual conflicts which arise. The register of reported conflicts is reviewed by the Board at least annually.

The Board has complied with these procedures during the year.

## Diversity

The Company has an equality, diversity and inclusion policy, which includes the Company's policy on diversity and the Board's diversity policy. Details of the Company's equality, diversity and inclusion policy are provided on page 50.

The Board understands the importance of having a diverse membership on its Board and across the Group. The gender balance for the Group is set out on page 50. The Board recognises that a diverse Board, with an appropriate balance through a diverse mix of experience, background, skills and deep knowledge and insight, is a key driver of an effective Board. The Chair leads the Safestore Board diversity agenda, which aims to continuously improve diversity generally, including gender balance, which ultimately leads to better Board debate and decisions. The Board's diversity policy seeks to ensure that diversity in its broadest sense, including gender diversity, continues to remain a significant feature of the Board.

Last year, the Nomination Committee committed to reviewing the Board's size, skill set and diversity and set a target to comply with the Hampton-Alexander recommendations on board diversity by the time the Company held its AGM in 2022. Following a rigorous search and selection process, as at the date of this report, the Board comprises 38% women (FY2020: 25%).

The Board must continue to provide strong leadership at Safestore and therefore continues to appoint only the most appropriate candidates to the Board. When undertaking a candidate search, the Board expects to receive a long list of diverse candidates. Following the appointment of two new Non-Executive Directors, the Board has met the Hampton-Alexander recommendations on gender diversity.

The Board is also mindful of the Investment Association's guidelines in relation to the gender balance for the Executive Committee and its direct reports. The gender balance for this cohort of colleagues is set out on page 50. This cohort of colleagues is fundamental to our success and high retention within our senior team suggests that the gender balance within this group is likely to remain static.

## Accountability

### Risk management and internal control

A summary of the principal risks and uncertainties within the business is set out on pages 33 to 37.

The Board retains overall responsibility for setting Safestore's risk appetite and establishing, monitoring and maintaining the Group's risk management and internal control systems. These systems are designed to enable the Board to be confident that such risks are mitigated or controlled as far as possible, although no system can eliminate risk entirely.

The Board has established a number of ongoing processes to identify, evaluate and manage the strategic, financial, operating and compliance risks faced by the Group and for determining the appropriate course of action to manage and mitigate those risks. The Board delegates the monitoring of these internal control and risk management processes to the Audit Committee. These measures have been in place throughout the year and up to the date of this report.

The Risk Committee supports the Group's risk management strategy and undertakes regular reviews of the formal risk assessment and reports regularly to the Audit Committee of the Board. The Risk Committee is chaired by the Chief Financial Officer and comprises representatives from the operations, finance, human resources and property functions. Risk management remains an ongoing programme within the Group and is formally considered at operational meetings as well as at meetings of the Board.

## Corporate governance *continued*

### Accountability *continued*

#### Risk management and internal control *continued*

The Group currently employs a risk manager in the UK supported by two store auditors responsible for reviewing operational and financial control at store level in the UK and for the joint venture. The store assurance team operates with a mandate to provide assurance that the stores' risk management and control processes are operating effectively and to the expected and required standard. The Group also employs an Audit Manager in France who is responsible for arranging a combination of external safety audits and internal audits for measuring and developing quality, process and safety. The UK Risk Manager reports to the Chief Financial Officer; the French Risk Manager reports to the President of the French business. Further details are provided on pages 33 and in the Audit Committee report on page 78.

During the financial year, the Board has directly, and through delegated authority to the Audit and Risk Committees, overseen and reviewed the performance and evolution of risk management activities and practices and internal control systems within the Group. Through both its ongoing involvement and overview in risk management and internal control activities, the Board is satisfied that there have been no significant failings or weaknesses identified and the Directors believe that during 2021 the system of internal control has been appropriate for the Group.

#### Budgetary process

A comprehensive budgeting process is in place, with an annual budget prepared and validated at a country and functional level. The budget is subject to consideration and approval by the Board. The Directors are provided with relevant and timely information required to monitor financial performance.

#### Investment appraisal (including acquisitions)

Budgetary approval and defined authorisation levels regulate capital expenditure. Acquisition activity is subject to internal guidelines governing investment appraisal criteria, financial targets, negotiation, execution and post-acquisition management.

#### Company ethics and whistleblowing

The Company is committed to the highest standards of integrity and honesty and expects all colleagues to maintain the same standards in everything they do at work. The Company recognises that effective and honest communication is essential to maintain its business values and to ensure that any instances of malpractice are detected and dealt with.

The Company has a number of policies available online for its colleagues. These include a code of conduct, an anti-bribery and corruption policy, a receipt of gifts and corporate hospitality policy and a whistleblowing ("Speak Out") policy. The anti-bribery and corruption policy reinforces the Group's commitment to countering bribery, tax evasion and corruption as it seeks to comply with the Bribery Act 2010 and the Criminal Finances Act 2017.

The Speak Out policy has procedures for disclosing malpractice and, together with the code of conduct, is intended to act as a deterrent to fraud or other corruption or serious malpractice. It is also intended to protect the Group's business and reputation.

No whistleblowing issues were reported during the year.

The Board considers the payment of taxes as a responsibility that brings positive socio-economic impacts through its presence and employment creation in the countries it operates in. A Group tax policy has been in place since 2016, which is approved by the Board and reviewed annually by the Audit Committee. It is the Group's policy to pay the right amount of tax wherever it does business, based on a fair and sound application of local tax laws to the economic substance of its business transactions. Safestore does not use artificial tax avoidance schemes or tax havens to reduce the Group's tax liabilities.

### Investor relations and shareholder engagement

We are committed to proactive and constructive engagement with shareholders and consider shareholders' views as part of the Board's decision-making process. The Group places a great deal of importance on communication with its shareholders and maintains a dialogue with them through an investor relations programme. This includes formal presentations of the full year and half year results and meetings with institutional investors and analysts as required.

To ensure all Board members share a good understanding of the views of major shareholders, the Board receives regular updates on the views of our shareholders and receives summaries of institutional investor comments following meetings on the full year and half year results.

In the event that shareholders have any concerns, which the normal channels of communication through the Chief Executive Officer or Chief Financial Officer have failed to resolve or for which such contact is inappropriate, our Chair or Senior Independent Director are available to address such concerns. Both make themselves available when requested for meetings with shareholders on issues relating to the Company's governance and strategy.

The Board considers the Annual Report and Financial Statements, the AGM and its website to be the primary vehicles for communication with private investors. Resolutions at the Company's AGM are proposed on each substantially separate issue and the Company indicates the level of proxy voting lodged in respect of each resolution. The AGM gives all shareholders who are able to attend (especially private shareholders) the opportunity to hear about the general development of the business. It also provides an opportunity for shareholders to ask questions of the full Board of Directors, including the Chairs of the Audit, Nomination and Remuneration Committees.



## The Board, on the advice of the Committee, recommends the re-election of each Director

**David Hearn**  
Chair of the Nomination Committee

### Meetings held in 2020/21

Members of the Committee during the year ended 31 October 2021	No. of meetings held during tenure during the year	Number of meetings attended
David Hearn (Chair)	4	4
Ian Krieger	4	4
Joanne Kenrick	4	3

### Membership

The Nomination Committee comprises Non-Executive Directors and is chaired by David Hearn. Joanne Kenrick stepped down from the Committee on 31 October 2021 and Claire Balmforth and Gert van de Weerdhof were appointed as members of the Committee on 15 December 2021. Other Directors and management are invited to attend meetings as appropriate.

### Key objectives

To ensure the Board and executive leadership comprises individuals with the necessary skills, knowledge and experience and to ensure that the Board is effective in discharging its responsibilities.

### Responsibilities

The Board has approved terms of reference for the Nomination Committee which are available on the Governance pages of the Group's website, [www.safestore.com](http://www.safestore.com), within "Governance Documents". These provide the framework for the Committee's work in the year and can be summarised as:

- assessing the composition of the Board and making recommendations on appointments to the Board and senior executive succession planning; and
- overseeing the performance evaluation of the Board, its Committees and individual Directors.

### How the Committee operates

The Nomination Committee met as necessary and each meeting had full attendance, apart from the meeting held in September 2021, which Joanne Kenrick was unable to attend.

### Activities of the Committee during the year

#### Appointment of new Non-Executive Directors

Last year's Nomination Committee report reported the Committee's commitment to review the Board's size, skill set and diversity. The Board's stated intention was to target compliance with the Hampton-Alexander recommendations on board diversity by the time the Company holds its AGM in 2022.

During this year, the Committee has focused its attention on conducting an extensive and rigorous search for a new additional Non-Executive Director.

Following the successful executive search for Gert van de Weerdhof in 2020, the Committee decided to re-engage Russell Reynolds Associates to facilitate and advise on the executive search for a new Non-Executive Director.

Russell Reynolds Associates has signed up to the voluntary code of conduct on gender diversity and best practice, and is accredited under the enhanced code of conduct for executive search firms, which specifically acknowledges those firms with a strong track record in and promotion of gender diversity in FTSE 350 companies. Russell Reynolds Associates has no other connection with the Group.

The Nomination Committee prepared a job specification and agreed a candidate profile for Russell Reynolds Associates to undertake a search. A diverse range of candidates with a breadth of experience and international market exposure were considered. An extensive search of the market was conducted to develop a long list of twelve female candidates. The Nomination Committee reviewed the long list of interested candidates from which a shortlist of four candidates was drawn up for further review and discussion by the Committee. The Committee reviewed the respective skills and experience of the shortlisted candidates and their fit with the Board's candidate profile. Two excellent candidates emerged from this process and the members of the Committee unanimously recommended both Laure Duhot and Delphine Mousseau to the Board. The Board approved Laure and Delphine's appointments as Non-Executive Directors with effect from 1 November 2021.

## Nomination Committee report *continued*

### Activities of the Committee during the year *continued*

#### Committee composition

The Committee further recommended to the Board that:

- Laure be appointed as a member of the Audit Committee;
- Delphine be appointed as a member of the Remuneration Committee; and
- Claire Balmforth and Gert van de Weerdhof be appointed as members of the Nomination Committee.

The Board approved the above appointments on 15 December 2021.

A significant amount of the Committee's time in 2021 was spent on Board composition; other activities of the Nomination Committee included:

Responsibilities	Activities
<b>Board and Committee composition</b>	<ul style="list-style-type: none"> <li>• Assessed the diversity, skill set and composition of the existing Board and its Committees, informed by the output of the Board and Committee evaluation process.</li> <li>• Oversaw the process for appointing two additional Non-Executive Directors.</li> <li>• Considered Committee composition and recommended new appointments to each Committee.</li> <li>• Considered the performance of the Chief Executive Officer and the Chief Financial Officer.</li> </ul>
<b>Succession planning</b>	<ul style="list-style-type: none"> <li>• Discussed succession planning both in respect of Board members and senior management within the Group.</li> </ul>
<b>Board development</b>	<ul style="list-style-type: none"> <li>• Reviewed the programme for Non-Executive Director development.</li> </ul>
<b>Governance</b>	<ul style="list-style-type: none"> <li>• Reviewed the Group's culture, values and behaviours.</li> <li>• Discussed the remit and role of the Committee and reviewed its terms of reference.</li> </ul>

### Succession planning

It is a key responsibility of the Committee to advise the Board on succession planning. The Committee ensures that future changes in the Board's membership are anticipated and properly managed and that, in the event of unforeseen changes, management and oversight of the Group's business and long term strategy will not be disrupted. The Committee also addresses continuity in, and development of, the Executive Team below Board level.

### Diversity

The Company's diversity policy recognises the benefit and value of diversity across the Group. We are committed to the creation of an inclusive culture where our colleagues reflect the diverse communities we serve and where each person is given the opportunity to contribute and use their talents and abilities, experiences and skills to participate in developing sustainable commercial opportunities. The Board recognises that a diverse Board, with an appropriate balance through a diverse mix of experience, backgrounds, skills and deep knowledge and insight, is a key driver of an effective Board. The Chair leads the Safestore Board diversity agenda with the aim of continuously improving diversity generally, including, but not limited to, the gender balance, which ultimately leads to better Board debate and decision. The Board's diversity policy seeks to ensure that diversity in its broadest sense, including gender diversity, continues to remain a significant feature of the Board.

The Board has met the Hampton-Alexander recommendations on gender diversity.

### Board and Committee performance evaluation

The Committee's performance was reviewed as part of the 2021 internally facilitated Board and Committee evaluation process, which is explained on page 69. The review found that the Committee functions effectively and should continue to develop succession plans below Board level.

### Directors standing for election and re-election

Following Laure and Delphine's appointment, and in accordance with the Company's Articles of Association, Laure and Delphine will be subject to election at the Company's 2022 AGM. The remaining Directors will stand for re-election at the 2022 AGM. Following the annual Board performance review and the outcome of performance reviews of individual Directors, the Chair considers:

- that each Director subject to either election or re-election continues to operate as an effective member of the Board; and
- that each Director subject to either election or re-election has the skills, knowledge and experience that enables them to discharge their duties properly and contribute to the effective operation of the Board.

The Board, on the advice of the Committee, recommends the election or re-election of each Director. The skills and experience of each Director are available on pages 66 and 67.

I will be available at the Annual General Meeting to answer any questions on the work of the Nomination Committee.

**David Hearn**

**Chair of the Nomination Committee**

12 January 2022



## The Company's control environment remained robust during the continued challenges created by Covid-19

**Ian Krieger**  
Chair of the Audit Committee

### Meetings held in 2020/21

Members of the Committee during the year ended 31 October 2021	No. of meetings held during tenure during the year	Number of meetings attended
Ian Krieger (Chair)	4	4
Joanne Kenrick	4	3
Bill Oliver	4	4
Gert van de Weerdhof	4	4

### Membership

The Audit Committee comprises solely independent Non-Executive Directors. Joanne Kenrick and Bill Oliver stepped down from the Committee on 31 October 2021 and Laure Duhot joined the Committee on 15 December 2021. The members of the Committee have been selected to provide the wide range of financial and commercial expertise necessary to fulfil the Committee's duties and responsibilities and I am the Committee's designated financial expert for the purposes of the Code.

In order to ensure that the Committee continues to have experience and knowledge relevant to the sector in which the Company operates, all of the Non-Executive Directors receive regular updates on business, regulatory, financial reporting and accounting matters. The Committee's performance was reviewed as part of the 2021 internally facilitated Board evaluation, which is explained on page 69. The review found that the Committee functions effectively and that issues are dealt with in a thoughtful, clear and rigorous manner.

### Key objectives

The provision of effective governance over the appropriateness of the Company's financial reporting, the performance of both the store assurance arrangements and the external auditor and oversight over the Company's system of internal control.

### Responsibilities

The Board has approved terms of reference for the Audit Committee, which are available on the Governance pages of the Group's website, [www.safestore.com](http://www.safestore.com), within "Governance Documents". These provide the framework for the Committee's work in the year and can be summarised as providing oversight of the:

- appropriateness of the Company's external financial reporting;
- relationship with, and performance of, the external auditor;
- Group's store assurance arrangements and the risk management framework; and
- Group's internal control framework.

### How the Committee operates

The Audit Committee met four times during the year, and has an agenda linked to the events in the Group's financial calendar. In addition to the Committee members, the following individuals attend by invitation:

- the Chief Financial Officer and the Group Financial Controller;
- the Chair and the Chief Executive Officer;
- other senior managers, as appropriate, including those responsible for IT security and risk management;
- the audit partner, directors and senior managers from Deloitte; and
- the valuation team from the Company's property valuers, Cushman & Wakefield.

This year, during two Audit Committee meetings, the Committee met separately with Deloitte without any other member of management being present.

## Audit Committee report *continued*

### Main activities of the Committee during the year

A summary of the Audit Committee's main activities during the year included the following items:

Responsibilities	The Audit Committee has:
<b>Financial reporting</b>	<ul style="list-style-type: none"> <li>• reviewed the Annual Report and Financial Statements and that, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy;</li> <li>• assessed and concluded on the Group's viability statement and the appropriateness of adopting the going concern basis of accounting for the annual and half year financial results;</li> <li>• reviewed the significant issues and material judgements which were made in preparing the 2021 half year results and the Annual Report and Financial Statements;</li> <li>• considered and agreed the approach for performing the valuations of investment properties for the Annual Report and Financial Statements and interim results;</li> <li>• reviewed the integrity of the financial statements and announcements relating to the financial performance and governance of the Group at year end and half year;</li> <li>• reviewed the principal judgemental accounting matters affecting the Group based on reports from both the Group's management and the external auditor;</li> <li>• challenged the technical provisions relating to the accounting for share-based payments under IFRS 2; including disclosure and narrative and considered the significance of the increased share-based payments charge on this year's financial statements; and</li> <li>• considered alternative performance measures, not defined under IFRS or "non-GAAP" measures, ensuring consistency with how management measures and judges the Group's financial performance.</li> </ul>
<b>External auditor</b>	<ul style="list-style-type: none"> <li>• reviewed and approved the audit plan with the external auditor, and that it was appropriate for the Group, including in respect of scope and materiality and aligned to the key risks of the business;</li> <li>• considered external audit effectiveness, independence and re-appointment;</li> <li>• approved auditor remuneration; and</li> <li>• considered the requirement to tender for audit services, in line with the Statutory Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Responsibilities) Order 2014.</li> </ul>
<b>Internal audit arrangements</b>	<ul style="list-style-type: none"> <li>• reviewed the effectiveness of the Group's internal controls and disclosures made in the Annual Report and Financial Statements;</li> <li>• challenged the effectiveness of the Group's store audit arrangements; and</li> <li>• assessed the effectiveness and independence of the store assurance team and considered whether there was a need for the Company to establish an internal audit function.</li> </ul>
<b>Governance and risk</b>	<ul style="list-style-type: none"> <li>• monitored the adequacy and the effectiveness of the Group's ongoing risk management systems and processes, through risk and assurance plans and reports, including:               <ul style="list-style-type: none"> <li>• store assurance audit reports;</li> <li>• internal financial control assessments;</li> <li>• fraud and loss prevention reports; and</li> <li>• operational risk updates, including IT security, health and safety, customer goods insurance and customer complaints;</li> </ul> </li> <li>• reviewed the Company's anti-corruption and bribery (statement and policy) and whistleblowing ("Speak Out") policy and procedures;</li> <li>• monitored the effectiveness of the Company's information security and business continuity arrangements; and</li> <li>• reviewed the Company's REIT compliance and tax strategy.</li> </ul>

### Appropriateness of the Company's external financial reporting

#### Financial reporting and significant financial judgements

The Committee assessed whether suitable accounting policies had been adopted and whether management had made appropriate estimates and judgements. The Committee reviewed accounting papers prepared by management which provided details on the main financial reporting judgements.

The Audit Committee reviewed the assumptions associated with the accounting for share-based payments to ensure that they were accurately measured and disclosed appropriately in the Annual Report and Financial Statements in accordance with IFRS 2 "Share-based Payments", with particular focus on the assessment of the performance conditions under which the share-based payments vest.

The Committee also reviewed reports by the external auditor on the full year and half year results which highlighted any issues with respect to the work undertaken on the year-end audit and half year review.

The Committee paid particular attention to matters it considered important by virtue of their impact on the Group's results and remuneration, and particularly those which involved a high level of complexity, judgement or estimation by management.

The Committee has concluded that there are not significant levels of judgements included in the financial statements, other than for the property valuation as described opposite.

### Property valuations

The key area of judgement that the Committee considered in reviewing the financial statements was the valuation of the investment property portfolio. Whilst this is conducted by independent external valuers, it is one of the key components of the financial results and is inherently complex and subject to a high degree of judgement. As well as detailed management procedures and reviews of the process, the Committee met the Group's valuers to discuss the valuations, review the key judgements and discuss whether there were any significant disagreements with management. This year the Committee reviewed and challenged the valuers on the cap rates, rental growth assumptions and stabilised occupancy levels, in order to agree the appropriateness of the assumptions adopted. The Committee also challenged the valuers and satisfied itself on their independence, their quality control processes (including peer partner review) and qualifications to carry out the valuations. Management also has processes in place to review the external valuations. In addition, the external auditor uses valuation experts to review the valuations and reports their findings to the Committee.

### Financial statements

The Committee considered and was satisfied with management's presentation of the financial statements.

Management confirmed to the Committee that it was not aware of any material misstatements and the auditor confirmed that it had found no material misstatements during the course of its work.

The Committee is satisfied that the judgements made by management are reasonable and that appropriate disclosures have been included in the financial results. After reviewing the reports from management and following its discussions with the valuers and auditor, the Committee is satisfied that the financial statements appropriately address the critical judgements and key estimates, both in respect of the amounts reported and the disclosures. The Committee is also satisfied that the processes used for determining the value of the assets and liabilities have been appropriately reviewed and challenged and are sufficiently robust.

### Fair, balanced and understandable assessment

At the request of the Board, the Committee also considered whether the Annual Report and Financial Statements was fair, balanced and understandable and whether it provided the necessary information for shareholders to assess the Company's performance, business model and strategy. This year, the Committee also discussed the impact of the increased share-based payment charge and its impact on the fair, balanced and understandable assessment.

The Committee has advised the Board that in its view, taken as a whole, the Annual Report and Financial Statements is fair, balanced and understandable. In reaching this conclusion, the Committee considered the overall review and confirmation process around the Annual Report and Financial Statements, going concern and viability.

The Committee was provided with, and commented on, a draft copy of the Annual Report and Financial Statements. In carrying out the above processes, key considerations included ensuring that there was consistency between the financial results and the narrative provided in the front half of the Annual Report. The Committee is satisfied that alternative performance measures, not defined under IFRS or "non-GAAP" measures, are consistent with how management measures and judges the Group's financial performance.

### Going concern and viability statement

The Committee has reviewed the Group's assessment of viability over a period greater than twelve months. The Committee's approach in assessing the viability statement is set out on page 39.

## Relationship with, and performance of, the external auditor

### Effectiveness of the external auditor

During the year, the Committee conducted a review of the effectiveness of the external audit process and the audit quality.

In considering the effectiveness of the external audit, the Committee considered the quality and scope of the audit plan and reporting, the quality of the audit staff and their expertise and the auditor's independence and objectivity. The Committee also sought the views of key members of the finance team, senior management and Directors on the audit process and the quality and experience of the audit partner engaged in the audit. Their feedback confirmed that the auditor continues to perform well and provide an appropriate level of challenge to management.

It is standard practice for the external auditor to meet privately with the Audit Committee, without any member of management or the Executive Directors being present, at least once a year.

### External auditor objectivity, independence and non-audit work

The Audit Committee's terms of reference set out that it is responsible for the formal policy on the award of non-audit work to the auditor. The Committee has formalised procedures for the approval of non-audit services which stipulate the services for which the auditor will not be used. The policy also stipulates projects where the auditor may be used subject to certain conditions and pre-approval requirements. In order to preserve auditor objectivity and independence, the external auditor is not asked to provide consulting or advisory services unless this is in the best interests of the Company. A report of all audit and non-audit fees payable to the external auditor is provided to the Committee at each meeting, including both actual fees for the year to date and a forecast for the full year, analysed by project and into pre-defined categories. In the current financial year, Deloitte LLP provided non-audit services, amounting to £3,000 and covering covenant compliance work, for the Company's lenders. It was determined that the nature of the work would not impact auditor objectivity and independence given the safeguards in place.

It is the Committee's policy to ensure that there is audit partner rotation every five years to safeguard the external auditor's independence and objectivity. Deloitte was appointed as external auditor to conduct the audit for the 2014 financial year. The first lead audit partner retired following the 2017 audit and Darren Longley was appointed as the new lead audit partner with effect from 1 May 2018 and has completed his fourth year in office.

The auditor is asked on an annual basis to articulate the steps that it has taken to ensure objectivity and independence, including where the auditor provides non-audit services. As part of the 2021 audit, Deloitte confirmed that it was independent within the meaning of applicable regulatory and professional requirements. Taking this into account and having considered the steps taken by Deloitte to preserve its independence, the Committee concluded that Deloitte's independence had not been compromised notwithstanding the level of non-audit fees incurred during the year.

## Audit Committee report *continued*

### Relationship with, and performance of, the external auditor *continued*

#### Audit tendering

Deloitte was appointed by shareholders as the Group's statutory auditor in 2014 following a formal tender process. There are no contractual obligations that restrict the choice of external auditor. It is a requirement of the Statutory Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Responsibilities) Order 2014 (the "Order"):

- to formally tender for audit services every ten years;
- to rotate the partner every five years; and
- if a competitive tender process has not been completed for five consecutive financial years, that the Company states when it intends to complete such a tender process.

The Order became effective for financial years beginning on or after 1 January 2015 and applies to the Company with effect from the financial year ended 31 October 2016. To comply with the Order the Company intends to conduct a formal tender process for audit services during the financial year ending 2024. The Committee considers this timing to be in the best interests of the Company, as it allows for a new lead audit partner to be appointed (in accordance with the Order) and conduct a full year audit ahead of the formal audit tender process.

### Review by the Financial Reporting Council's ("FRC") Audit Quality Review team

The FRC's Audit Quality Review ("AQR") team monitors the quality of audit work of certain UK audit firms through annual inspections of a sample of audits and related procedures at individual audit firms. During the year, the FRC's AQR team reviewed Deloitte's audit of the Group's financial statements for the year ended 31 October 2020 as part of its annual inspection of audit firms. The Audit Committee received and reviewed the final report from the AQR team which indicated that there were no significant areas of concern.

As part of their review, the Committee considered the findings of the review undertaken by the FRC's AQR team of Deloitte's audit of the Group financial statements for the year ended 31 October 2020, which the AQR team had selected as part of their annual inspection of audit firms. The Committee discussed these findings with Deloitte. The Committee confirmed that no significant issues were raised that would have a bearing on Deloitte's appointment.

#### Re-appointment of auditor

In reviewing the effectiveness, independence, objectivity and expertise of the external auditor, and after considering the findings of the review undertaken by the FRC's AQR team (as noted above), the Audit Committee has concluded that overall Deloitte has carried out the audit effectively and efficiently and recommended to the Board that the auditor be proposed for re-appointment as external auditor for 2022.

Resolutions to re-appoint Deloitte as auditor and to authorise the Directors to agree its remuneration will be put to shareholders at the Annual General Meeting that will take place on Wednesday 16 March 2022.

### Group's risk management and internal control framework

The Board, as a whole, including the Audit Committee members, considered whether the nature and extent of Safestore's risk management framework and risk profile was acceptable in order to achieve the Company's strategic objectives. As a result, the Committee considered that the Board has fulfilled its obligations under the Code.

Safestore's internal controls, along with its design and operating effectiveness, remain a key priority for the Group and are subject to ongoing monitoring by the Audit Committee through reports received from management, along with those from the external auditor. The Committee, together with management, has continued to maintain its comprehensive review of the controls across the business to ensure that the controls remained effective given the changes in operating environment during the Covid-19 pandemic. The Committee is satisfied that the Company's control environment remains robust despite the ongoing challenges created by Covid-19. The risks and uncertainties facing the Group, and its internal control processes are considered in the strategic report on pages 33 and 39 and on pages 71 and 72.

#### Internal audit

The Audit Committee has oversight responsibilities for the store assurance team, which is responsible for reviewing operational and financial controls at store level. Currently, the Group does not have a separate internal audit function and the Board, at least annually, reviews the requirement for establishing one. During the period the Committee reviewed an analysis of how the key risks in the business are mitigated by existing controls as well as by the store assurance team. The Committee concluded that whilst a formal internal audit function was not necessary, as the Group's geographical presence expands, an additional internal audit resource should be recruited. The search for a suitable candidate is underway.

I will be available at the Annual General Meeting to answer any questions on the work of the Audit Committee.

### Ian Krieger

#### Chair of the Audit Committee

12 January 2022



# Directors' remuneration report

for the year ended 31 October 2021



## The Company has performed exceptionally and continued to deliver significant shareholder value during 2020/21

**Claire Balmforth**  
Chair of the Remuneration Committee

### Part A: annual statement

#### Dear shareholder

On behalf of the Remuneration Committee (the "Committee"), I am pleased to provide an overview of our work in relation to both Director and wider workforce remuneration for the year ended 31 October 2021. Following this year's AGM, both I and the other members of the Committee were encouraged to see that the remuneration report was positively received by our shareholders, with 96.6% of the votes in favour. I would like to thank all our shareholders for their overwhelming support on remuneration matters.

#### Responding to the challenging environment

As set out in this Annual Report, the Board is proud of Safestore's achievements this year, with the business performing exceptionally well despite the continued challenges from the ongoing pandemic. We achieved a record set of financial results, significantly ahead of budget, and continue with our progressive dividend policy. We have also made good strategic progress in the year through continuing to focus on the significant upside from filling the 1.1 million sq ft of fully invested currently unlet space in our UK, France and Spain markets as well as the 0.8 million of additional pipeline capacity. Our joint venture with Carlyle, operating in Belgium and the Netherlands, continues to perform in line with its business plan. The inherent resilience of the business model has allowed us to respond to the economic uncertainty without having to access the UK government's Covid-19 related support funds and schemes in 2021 or 2020.

Over the past year, our priority has continued to be the health and wellbeing of our customers and colleagues. We are exceptionally proud that our commitment to colleagues has been recognised externally during the year by the award of the prestigious Investors in People ("IIP") Platinum accreditation.

We have continued to operate our stores in all geographies in line with government guidance on social distancing measures and provided personal protective equipment to colleagues working in stores. We are fortunate to be able to provide stability and security of pay for our workforce throughout this difficult period and are pleased to say that we have continued to pay all colleagues in full, regardless of hours worked during lockdown, and especially those who had to shield for medical reasons. We have not had to furlough any of our colleagues or make any redundancies as a result of Covid-19.

The Company continues to increase base salaries for all colleagues (including Board Directors), and I am pleased to report that an average increase of 4.2% was provided to colleagues during 2021, well ahead of inflation at that time. In addition, to show our appreciation for the commitment and resilience of all our colleagues, we paid a one-off recognition award.

#### Committee activities in 2021

Clearly, a significant amount of the Committee's time in 2021 was spent continuing to assess the impact of Covid-19. In addition, we also did the following:

- approved the alignment of the Executive Director pension contribution rate with the wider workforce (further details below);
- considered wider workforce pay policies and practices and feedback from the workforce panel;
- approved the salary increase for Executive Directors and senior managers alongside the wider workforce salary budget;
- agreed annual bonus targets for 2021;
- reviewed and approved the 2021 LTIP grant and the associated performance conditions;
- discussed and approved Executive Director and senior manager remuneration outcomes for 2021 including measuring the performance of the EPS element of the 2017 LTIP award;
- reviewed the gender pay gap analysis results and signed off actions;
- reviewed and approved the Directors' remuneration report for 2020/21; and
- reviewed the Committee's terms of reference.

#### Planned activities for 2022

We set out below the activities which the Committee expects to undertake next year:

- our normal oversight of the annual remuneration cycle including approving Company-wide salary increases, approving the annual bonus and LTIP targets for 2022, measuring performance against the bonus targets and determining the vesting outcomes of the relative TSR element of the 2017 LTIP award and the EPS element of the 2020 LTIP award;
- review of Executive Director and senior manager salaries;
- review of wider workforce pay policies and practices and feedback from the workforce panel; and
- review of the Directors' Remuneration Policy to enable the Committee to design a new Policy, engage with investors and present it for approval by shareholders at the 2023 AGM.

# Directors' remuneration report *continued*

for the year ended 31 October 2021

## Part A: annual statement *continued*

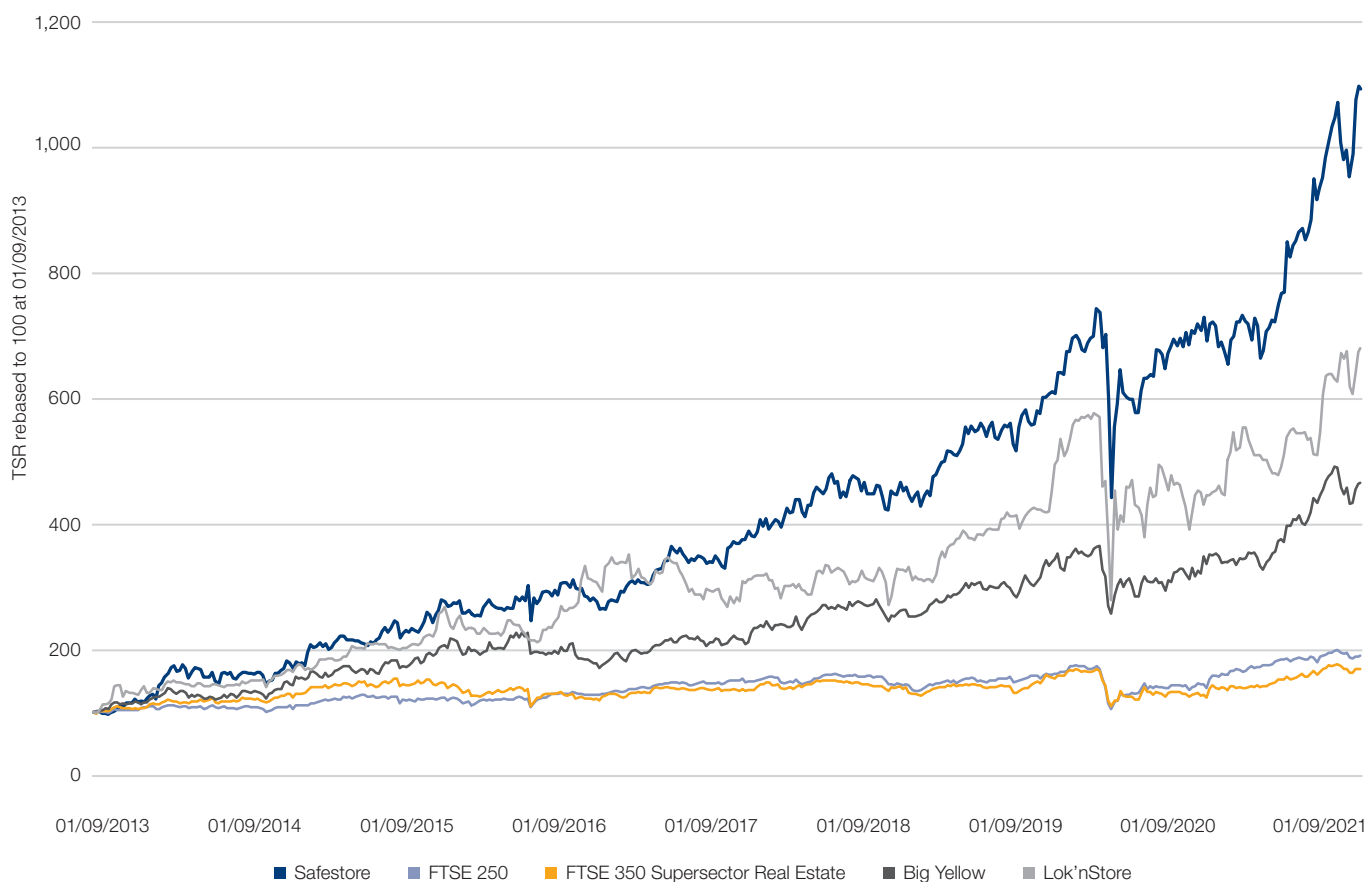
### Remuneration outcome for 2021

#### How we have performed in 2021

It has been an exceptionally strong year for Safestore and we are proud of everything the Executive Team has achieved, not least the very significant value created for shareholders during the period. In the context of a global pandemic, we exceeded both our own and investor expectations and this is reflected in our 2021 performance outcomes. Highlights for 2021 performance include:

- Group revenue up 15.1% to £187.0 million;
- underlying EBITDA up 25.7% to £118.0 million;
- Adjusted Diluted EPRA Earnings per Share up 34.1% to a record 40.5 pence resulting in 105% growth over the five years to 31 October 2021;
- TSR growth of 53% over 2021 and £840 million of value created for shareholders through the increase in the Company's market capitalisation;
- expansion of the property pipeline to over 800,000 sq ft of MLA through securing a combination of freehold and leasehold sites;
- Group occupancy at 31 October 2021 stood at 84.5%, up 5.0ppts on 2020, and total occupancy was 5.883 million sq ft, up 7.9% on 2020;
- significant progress on the Company's joint venture with Carlyle in the Netherlands and Belgium;
- significant strides made in relation to sustainability including successfully removing gas from a number of gas-consuming sites and exceeding our target of 97.5% diversion of construction waste away from landfill; and
- awarded the prestigious Investors in People ("IIP") Platinum accreditation and made the final top ten shortlist for the Platinum Employer of the Year (250+) category in The IIP Awards 2021.

The results for 2021 are a continuation of the strong performance of the business since 2013, when the current team took over the management of Safestore. £100 invested in Safestore in September 2013 would be worth about £1,100 as at 31 October 2021, taking account of share price growth and reinvested dividends, and represents significant outperformance against key competitors and industry benchmarks as shown below.



#### Base salary increases

After several years of below wider workforce increases, the Committee determined, as part of the annual pay review, to increase the Executive Directors' salaries by 5% from 1 May 2021 resulting in salaries of £441,338 and £314,453 for the CEO and CFO respectively. This increase was slightly above that of the average for the general workforce (4.2%). The Executive Directors' salary increase was in line with Policy, of providing higher increases for experienced individuals who have a proven track record of strong performance and who are paid significantly below market rates.

Following the increase, the Committee is aware that the base salary levels of the Executive Directors remain significantly below the FTSE 250 median of £580,000 for CEOs and £389,000 for CFOs.

## Pension alignment

In line with our commitment in the 2020 Annual Report, the Committee reviewed the alignment of the Executive Directors' pension contribution rates with the wider workforce. I am pleased to report the Committee approved a reduction in the Executive Directors' pension contribution rate from 10% of salary to the average workforce rate of 4.1% of salary. In addition, with the agreement of the Executive Directors the reduction was implemented on 1 May 2021.

## Annual bonus outcome

Targets for the 2021 annual bonus set by the Committee were based on adjusted EBITDA (two-thirds) and strategic/operational measures (one-third) with a maximum opportunity of 150% of salary. The Committee confirms that no performance target has been adjusted in the year because of the pandemic or any other reason.

Notwithstanding the challenging targets and the tough operating environment, the adjusted EBITDA measure was achieved in full as the adjusted EBITDA (adjusted for budgeted exchange rates) of £118.0 million significantly exceeded the maximum EBITDA target of £98.8 million.

The Committee also assessed that 100% of maximum for the strategic/operational measures would pay out reflecting the strong strategic progress made during 2021 (full details of this assessment are set out on pages 96 to 98).

In total, the overall bonus payout was 100% of maximum and 150% of salary for both Executive Directors, versus a maximum opportunity of 150% of base salary. In line with Policy, 100% of salary will be paid in cash and 50% of salary will be deferred into shares.

In determining the payouts under the annual bonus plan for the Executive Directors, the Committee has been mindful not only of the formulaic outcome against the targets set, but also of the underlying performance of the business. Specifically, the Committee took account of the following factors:

- The Company achieved an outstanding set of financial results with substantial year-on-year growth in all its financial KPIs.
- The financial results were reflected in strong growth in the share price, particularly in the second half of the year which led to TSR growth of 53% over 2021 and £840 million of value created for shareholders through the increase in the Company's market capitalisation.
- The Company paid its final dividend for 2020 to shareholders. The full year dividend for the year ended 31 October 2021 increased by 34.9% from 18.6 pence to 25.1 pence.
- The Company-wide bonus pool has increased by 20% including the one-off colleague recognition bonus, reflecting the exceptional work of all our colleagues.
- The Company has not taken advantage of any UK government support schemes or loans during the pandemic and no redundancies have been made because of Covid-19 with all colleagues paid in full for Covid-19 related absence.

On this basis, the Committee felt comfortable that the formulaic bonus outcome reflected the individual Executive Director and Company performance and, as a result, the Committee determined that no overriding discretion will be applied to the bonus outcome as corporate performance was exceptional.

## Long Term Incentive Plans

### 2017 LTIP – EPS element performance measurement

The performance period of the EPS element of the 2017 LTIP ended on 31 October 2021; EPS performance accounts for two-thirds of the award. On that basis, the Committee measured the Company's EPS over the five-year performance period ending on 31 October 2021 and also measured the Cash on Cash Return in relation to the LTIP underpin. The final vesting level for the 2017 LTIP will not be determined by the Committee until the vesting date of 29 September 2022 and will also take account of the relative TSR element which accounts for the final one-third of the award.

As set out above, Adjusted Diluted EPRA EPS increased by 105% over the five-year performance period to 31 October 2021 equivalent to 15.4% p.a., significantly ahead of the 12% p.a. growth required for maximum performance. The average Cash on Cash Return over the same period was 11.6% which also exceeded the 8% underpin target resulting in 100% of the awards being earned under the EPS element of the 2017 LTIP.

The purpose of the introduction of the 2017 LTIP was to focus 56 colleagues to drive sustainable growth over a five-year period. The Committee believes that the awards earned by the Executive Directors and their colleagues, which will vest in September 2022, are commensurate with the corporate success of the Company achieved over this period as follows:

- EPS growth has flowed through to shareholder returns such that over the five years since the start of the EPS performance period on 1 November 2016 the Company's market capitalisation has increased by £1.79 billion, with £172.1 million of dividend payments made.
- The successful execution of strategy has created a unique business model that combines advanced digital marketing and pricing analytics, a well-located portfolio with extensive pipeline, and a focus on store team sales skills.
- The management team has successfully built a larger and more diversified business, expanding operations into Spain, the Netherlands and Belgium and ensuring that all parts of the Company are run in a sustainable manner.
- Financial success has been achieved in parallel with the Company receiving several accolades in relation to its colleague initiatives and consistently outstanding customer feedback scores.

On this basis the CEO and CFO have earned 1,333,333 and 893,333 shares respectively which will become exercisable on or after the vesting date of 29 September 2022. The Executive Directors will also become entitled to dividend equivalents on these shares when they vest in September 2022 based on the value of dividends accrued between the grant and vesting dates of the award. The value of these awards, plus an estimate of the value of dividend equivalents accrued to 31 October 2021, has been included in the single figure of remuneration table in line with the relevant regulations. I am also delighted that 56 colleagues who participated in the 2017 LTIP will benefit from the awards in line with their exceptional performance.

As mentioned above, the balance of the 2017 LTIP awards depends on the Company's relative TSR performance measured over the five-year period ending on 28 September 2022 and will be reported in our 2022 remuneration report. As at 31 October 2021, Safestore's TSR growth is significantly in excess of the upper quartile of both the FTSE 250 (excluding Investment Trusts) and FTSE 350 Supersector Real Estate Index peer groups which would equate to maximum performance.

## Directors' remuneration report *continued*

for the year ended 31 October 2021

### Part A: annual statement *continued*

#### Remuneration outcome for 2021 *continued*

##### Annual bonus deferred shares

Deferred bonus award nil-cost options granted in respect of annual bonus earned in the year to 31 October 2018 under our previous remuneration policy vested on 1 November 2020. This amounted to 17,191 nil-cost options for the CEO and 12,248 nil-cost options for the CFO, including dividend equivalents.

##### 2021 LTIP grant

The Committee made a grant of nil-cost option awards under the 2020 LTIP on 28 January 2021. In line with Policy the awards had a face value of 200% of base salary, vesting over three years subject to Adjusted Diluted EPRA Earnings per Share growth (two-thirds of the weighting) and relative TSR (one-third of the weighting) performance criteria, together with a Cash on Cash Return underpin. The awards were also subject to a two-year post-vesting holding period. The Committee will have overriding discretion to change the formulaic outcome (both downwards and upwards) if it is out of line with the underlying performance of the Company.

Full details of the performance conditions attached to the awards can be found in the annual report on remuneration on pages 99 and 100.

##### Non-Executive Directors' fees

The Executive Directors recommended to the Board that Non-Executive fees should rise with base fees increasing to £56,000 and Committee Chair fees increasing to £10,500. The increases are being made following external feedback that the current level of fees did not support the recruitment and retention of Non-Executive Directors with the necessary experience to advise and assist with establishing and monitoring the Group's strategic objectives. In addition, in line with market practice, from 1 May 2021 the Company paid a Senior Independent Director fee of £10,500, whilst the Chairman fee was increased by 2% to £185,436. Fee levels remain below the median of the FTSE 250.

##### Implementation of the Policy for 2022

On the basis that the Committee feels that the approved Policy remains fit for purpose, and has overwhelming shareholder support, it is not intended that there will be any deviation from it during 2022. The Committee is comfortable that the Policy, and its overarching remuneration principles, remains relevant for Safestore taking account of the challenges faced by the business and the wider economy. In particular, the Committee tested that the Policy continues to meet the six factors set out in Provision 40 of the UK Corporate Governance Code (see pages 89 and 90 for details). Implementation details for 2022 are set out as follows:

##### Base salary

Base salary for the CEO and CFO for 2020/21 was reviewed in May 2021. As explained above, a 5% increase was awarded such that base salary is £441,338 for the CEO and £314,453 for the CFO. The next review will take place in May 2022.

##### Pension

As set out above Executive Directors will receive the average workforce rate of 4.1% of salary.

##### Annual bonus

The CEO and CFO will be eligible to participate in the annual bonus scheme with a maximum opportunity of 150% of salary. Performance will be assessed against financial (two-thirds of the weighting) and strategic/operational (one-third of the weighting) measures with a financial underpin ensuring no payout for the strategic/operational element if financial performance is below threshold. The measures will continue to support the Group's proven strategy to further increase earnings by optimising the trading performance of the existing portfolio, maintaining a strong and flexible capital structure, and taking advantage of selective portfolio management and expansion opportunities. See the strategic report on pages 6 to 17 for further information. The specific targets and their achievement, where not deemed commercially sensitive, will be disclosed in the 2022 annual report on remuneration.

Any bonus in excess of 100% of salary will be held in shares on a net of tax basis, via an agreement with the Executive, until the end of two years following the financial year in which the bonus is earned, with malus applying for this period and claw-back for three years thereafter.

##### LTIP

The structure and performance measures of the awards remain unchanged from 2021. In particular, the Committee is comfortable that vesting under the LTIP will be achieved through the continued successful execution of the Company's strategy leading to Adjusted EPRA EPS growth and strong TSR performance relative to FTSE 250 and sector peers.

The Committee notes the EPS performance targets will be 5% p.a. growth for threshold vesting increasing on a straight-line basis to 8% p.a. growth for full vesting. The Committee determined that the EPS targets should remain the same as those used in 2021 taking account of internal and external forecasts and the wider economic environment. The Committee will have overriding discretion to change the formulaic outcome (both downwards and upwards) if it is out of line with the underlying performance of the Company.

Please see the "at a glance" section on pages 84 to 87 for further details on the process the Committee follows to determine performance targets.

The CEO and CFO will receive LTIP awards of 200% of base salary.

### Wider workforce pay

Safestore's pay principles set out a framework for making decisions on colleagues' pay. Reward packages consist of a combination of fixed and variable elements, including base pay, a pay-for-skills model, performance related pay, bonus and pension. In the UK, we also operate an annual all-colleague share plan to foster the culture of ownership, reflecting our remuneration principles by rewarding colleagues for the successful execution of strategy over a multi-year horizon. We are delighted that 50% of UK colleagues are enrolled in our Sharesave plan.

The Committee receives remuneration information from across the Group regarding annual salary reviews, bonus, gender pay gap and CEO pay ratios, together with the principles that are applied in relation to broader incentive schemes operated, and how these align with culture. We recognise that it is critical for our colleagues to feel valued as well as to be paid fairly.

I am pleased that we have continued to invest in our reward offering for the wider workforce through a higher average workforce salary increase with targeted above market increases for selected roles and the one-off recognition award for store colleagues.

I am also exceptionally proud that we were awarded the prestigious Investors in People ("IIP") Platinum accreditation this year. Colleague feedback on all matters of reward is provided as part of this survey, which showed improved scores in all areas of the reward indicator.

Our approach to colleague engagement through our formal workforce advisory panel is now fully embedded. Our 15 People Champions have continued to engage directly with the CEO on a wide range of subjects including remuneration. The key themes from this engagement resulted in continued support for colleague welfare and Company sick pay for all Covid-19 related absence during 2021. In addition, the CEO also ran two virtual town hall sessions where colleagues had the opportunity to raise questions, discuss business issues and provide feedback. As a result of the aforementioned Sharesave plan, a significant portion of colleagues are shareholders meaning that they are also able to express their views in the same way as other shareholders. Please see the section on our communication with colleagues for more information.

Our 2020 median gender pay gap of 8.1% remains significantly below the UK average\* (15.5%), but we know we still have work to do. Our colleague engagement levels show that people enjoy working at Safestore, but high retention, particularly in more senior roles, means the pace of change is slower than we would like. We would like to see more women at Safestore; our aim is to attract 40% female applicants by 2022, and we are working hard on attracting, retaining and supporting women in our workforce. However, in the short term, this does negatively impact our gender pay gap and therefore we know we must combine this with working hard to support the development of all women at Safestore.

We have also published our CEO pay ratio for the third time in line with the reporting regulations. Given the guidance by several shareholders that option A is preferred, we have updated our methodology to maintain market best practice disclosures. The Committee acknowledges that the ratio has increased significantly in 2021, given that the value of the 2017 LTIP EPS element is included this year compared to 2019 and 2020 when no long term incentives were earned.

#### Note

\* ONS Gender Pay Gap in the UK 2020.

### Summary

Overall, the Company has performed exceptionally and continued to deliver significant shareholder value during 2020/21. The Committee believes that the 2021 remuneration outcomes are appropriate and reflective of the business performance and the wider economic and social context.

We will be asking shareholders to vote in favour of our Directors' remuneration report at our 2022 AGM; I would welcome any feedback or comments on this report or our remuneration principles and Policy in general and look forward to receiving any written questions ahead of our AGM. You will find details of the conference facility and how to submit written questions on our website at [www.safestore.co.uk/corporate](http://www.safestore.co.uk/corporate).

Finally, I want to recognise that the Company's performance would not be possible without the resilience and flexibility shown by our colleagues during these unprecedented times. Colleagues have been working extremely hard to make these results possible, with many continuing to work in our stores, supporting our customers to enable them to maintain their key supply chains throughout the pandemic. To all colleagues – thank you for your hard work and commitment to making Safestore the strong business it remains today.

Approved by the Board on 12 January 2022 and signed on its behalf by:

**Claire Balmforth**

**Chair of the Remuneration Committee**

12 January 2022

## Directors' remuneration report *continued*

for the year ended 31 October 2021

### Part B: Our remuneration at a glance

Ahead of the annual report on remuneration, we have summarised below the key elements of our current Policy approved at the AGM held on 18 March 2020 and how we intend to implement it in 2022 in line with the Remuneration Committee Chair's annual statement on pages 79 to 83. We also summarise the key remuneration outcomes for 2021.

Our full Policy can be found on the Safestore website at [www.safestore.co.uk](http://www.safestore.co.uk).

### Summary of our Directors' Remuneration Policy and implementation of the Policy for 2022

Element	Key features of Policy	Implementation for 2022	
Executive Directors		Frederic Vecchioli	Andy Jones
<b>Base salary</b>	<p>Reflects an individual's responsibilities, experience and role.</p> <p>It is anticipated that salary increases will generally be in line with the colleague population.</p> <p>In certain circumstances the Committee has discretion to make appropriate adjustments to salary levels. Such circumstances could include where an Executive Director is paid significantly below the market rate or there is a change in role or responsibilities.</p>	<p>Base salary of £441,338. (5% increase in May 2021.)</p> <p>The increases were slightly above the average for the general workforce (4.2%). Both salaries remain below the FTSE 250 lower quartile.</p>	<p>Base salary of £314,453. (5% increase in May 2021.)</p> <p>The increases were slightly above the average for the general workforce (4.2%). Both salaries remain below the FTSE 250 lower quartile.</p>
<b>Benefits and pension</b>	<p>Maximum contribution to pension scheme or cash in lieu is equal to 10% of salary.</p> <p>New hires will receive the pension contribution received by the majority of the workforce (the average employer contribution rate is currently 4.1% of salary).</p> <p>Market-competitive benefits package provided.</p>	<p>Current Executive Directors will receive a pension cash supplement of 4.1% of salary in line with the average workforce contribution level.</p> <p>Benefits in line with Policy.</p>	
<b>Annual bonus</b>	<p>Maximum award equal to 150% of salary per annum.</p> <p>Performance measures are two-thirds financial and one-third strategic/operational, with a financial underpin ensuring no payout for strategic/operational element if financial performance is below threshold.</p> <p>Payout for threshold performance is 20% of maximum and for target performance is 50% of maximum.</p> <p>Any bonus in excess of 100% of salary will be held in shares on a net of tax basis (referred to hereinafter as restricted shares). The restricted shares will be held by the Executive Directors by agreement and are subject to a two-year holding period that expires on the second anniversary of the end of the financial year in which the bonus was earned. Malus provisions apply during the holding period and claw-back provisions apply for three years thereafter.</p> <p>Dividend equivalents are payable on restricted shares.</p> <p>The Committee will continue to have overriding discretion to change formulaic outcomes (both downwards and upwards) if they are out of line with underlying performance of the Company.</p>	<p>No change to maximum opportunity of 150% of salary.</p> <p>Performance measures, deferral, their weighting and the payout curve will be as described in the column to the left.</p> <p>Specific targets and their achievement, where not deemed commercially sensitive, will be disclosed in the 2022 annual report on remuneration.</p>	
<b>LTIP</b>	<p>Annual award of nil-cost options of up to 200% of salary.</p> <p>Vesting period of three years followed by a holding period of two years, via an agreement with the Executive (during which any vested and exercised awards cannot be sold except for tax purposes on exercise).</p> <p>Two-thirds of award subject to Adjusted Diluted EPRA Earnings per Share growth and one-third subject to relative TSR balanced equally against the FTSE 250 (excluding Investment Trusts) and the FTSE 350 Supersector Real Estate Index. 8% p.a. Cash on Cash Return underpin.</p> <p>25% vesting for threshold performance increasing on a straight line to 100% for maximum performance.</p> <p>Dividend equivalents are payable on vested shares.</p> <p>The Committee will have overriding discretion to change formulaic outcomes (both downwards and upwards) if they are out of line with underlying performance of the Company.</p>	<p>200% of salary for both Executives under the 2020 LTIP.</p> <p>Performance measures, their weighting and the associated vesting schedule will be as described in the column to the left.</p> <p>Threshold performance (25% vesting) for the relative TSR elements will equate to median performance amongst each peer group with maximum performance (100% vesting) equal to upper quartile.</p> <p>The EPS targets will be 5% p.a. growth for threshold vesting increasing on a straight-line basis to 8% p.a. growth for 100% vesting.</p>	

Element	Key features of Policy	Implementation for 2022
<b>Executive Directors</b>		
		<b>Frederic Vecchioli</b> <b>Andy Jones</b>
<b>Shareholding guidelines</b>	<p>Executive Directors are expected to meet the guidelines by 29 September 2022 (the vesting date of the 2017 LTIP) or five years after joining, if later.</p> <p>Deferred and vested but unexercised awards on a net of tax basis and beneficially owned and restricted shares would count towards the shareholding guidelines.</p> <p>These guidelines will continue to apply for two years post cessation of employment. For the avoidance of doubt shares beneficially owned at the date of adoption (18 March 2020) of the current Policy and the 2017 LTIP award will be exempt from this post cessation of employment guideline but all share-based awards granted under the current Policy approved by shareholders at the 2020 AGM would be captured.</p>	350% of salary for the CEO and CFO.
<b>Non-Executive Directors</b>		
<b>Fees</b>	Non-Executive Directors may receive a base fee and additional fees for chairing a Committee or being the Senior Independent Director.	<p>The Chairman's fee: £185,436.</p> <p>Non-Executive base fee: £56,000.</p> <p>Committee Chair and SID fee: £10,500.</p> <p>Non-Executive Director fees were increased above the general workforce increase in May 2021. The increases were made following external feedback that the current level of fees did not support the recruitment and retention of Non-Executive Directors with the necessary experience to advise and assist with establishing and monitoring the Group's strategic objectives.</p> <p>In addition, in line with market practice, from 1 May 2021 the Company will pay a Senior Independent Director fee of £10,500.</p> <p>The Chairman fee was increased by 2% to £185,436.</p> <p>Fee levels remain below the median of the FTSE 250.</p>

Executive Directors are eligible to receive payment under any award made prior to the approval and implementation of the Policy summarised in this report including under the existing 2017 LTIP. For the avoidance of doubt, it is noted that the Company will honour any commitments entered into that have been disclosed previously to shareholders.

In setting the performance targets for the incentive arrangements, the Committee follows the process as set out below:

#### **Arrangement**    **Process for setting performance targets**

Annual bonus	The performance targets are determined annually by the appropriate line manager and calibrated by the Committee considering the Company's business plan, market conditions and external forecasts.
LTIP	<p>EPS targets: The performance targets are determined annually taking account of the business plan, external forecasts and the economic environment.</p> <p>Relative TSR targets: These are defined in full in the Policy, so no process required.</p>

The Committee is satisfied that the Remuneration Policy is in the best interests of shareholders and does not promote excessive risk taking.

## Directors' remuneration report *continued*

for the year ended 31 October 2021

### Part B: Our remuneration at a glance *continued*

#### Business performance and incentive outcomes in 2021

KPI	Measured in	2021 performance	2021 incentive outcome
Underlying EBITDA growth in 2021	Annual bonus	25.7%.	●
Adjusted Diluted EPRA Earnings per Share growth over five years to 31 October 2021	LTIP	105%, i.e. 15.4% per annum.	●
TSR growth over five years to 31 October 2021	LTIP	283%.	The TSR element of the 2017 LTIP will be tested on 28 September 2022. (Based on performance to 31 October 2021, Safestore is above upper quartile for both comparator groups.)
Optimisation of performance of existing portfolio	Annual bonus	Despite the ongoing challenges presented by the pandemic, our continued focus on our colleagues and culture has enabled us to continue to deliver exceptional sustainable business performance. Our commitment to colleagues is evidenced by being awarded the prestigious Investors in People ("IIP") Platinum accreditation and making the final top ten shortlist for the Platinum Employer of the Year (250+) category in The IIP Awards 2021.  Despite Covid-19 lockdowns, enquiry growth was captured in all territories at lower cost per enquiry and, ultimately, lower cost per new let as a result of extensive training and innovation.	●
Strong and flexible capital structure	Annual bonus	The Company's strong capital structure allowed it to continue to take advantage of opportunities across the Group and with its joint venture partner in order to deliver incremental earnings growth over the longer term.  The Group's free cash flow increased to £89.5 million and the Group's leverage was just below the targeted level at an LTV ratio of 25% for 2021.  The Company successfully extended borrowing facilities with the issuance of the equivalent of £150 million new Sterling and Euro denominated US Private Placement Notes providing further capacity for medium term growth with a further agreement for an uncommitted €115 million shelf facility.	●
Take advantage of selective portfolio	Annual bonus	Continued progress of the Company's joint venture with Carlyle in the Netherlands.  Acquired new development opportunities in the UK and Spain, in addition to opening new stores and completing store extensions in various locations.	●
ESG	Annual bonus	External recognition of ESG achievements and disclosures through the following: <ul style="list-style-type: none"> <li>• EPRA Sustainability BPR Silver Award</li> <li>• GRESB Public Disclosure A</li> <li>• MSCI ESG "AA"</li> <li>• Support the Goals – 5*</li> </ul>	●

**Key:** ● Threshold or below ● Threshold to target ● Target to maximum



This resulted in the following incentive outcomes:

- The annual bonus is assessed against adjusted EBITDA performance (two-thirds of the weighting) and strategic/operational measures (one-third of the weighting). Based on the formulaic outcome, 100% of maximum was achieved in relation to the EBITDA measure and 100% of maximum for the strategic/operational element, noting that the EBITDA threshold financial gateway had been met.
- The Committee determined that the annual bonus formulaic outcome was representative of overall performance; as a result, the 2021 annual bonus payout for the Executive Directors was 100% of maximum. The factors considered by the Committee are set out on pages 80 to 82 of the Remuneration Committee Chair's annual statement and the annual report on remuneration.
- In line with the approved Directors' Remuneration Policy, any bonus payment above 100% of salary will be held in shares for two years on a net of tax basis.
- The performance period of the EPS element of the 2017 LTIP ended on 31 October 2021; EPS performance accounts for two-thirds of the award. On that basis, the Committee measured the Company's EPS over the five-year performance period ending on 31 October 2021 and Cash on Cash Return in relation to the LTIP underpin. Based on performance, 100% of the EPS element has been earned and will vest in full on 29 September 2022.
- The Committee believes that the LTIP awards earned by the Executive Directors and their colleagues are commensurate with the corporate success of the Company achieved over the five-year performance period (as set out on pages 80 and 81 of the Remuneration Committee Chair's annual statement and the annual report on remuneration).
- The Committee is comfortable that the current Policy operated as intended and that the overall 2021 remuneration paid to Executive Directors was appropriate.

### Remuneration in the wider context

Context to our Executive Director remuneration in light of wider workforce considerations:

- The wider workforce predominantly has access to competitive bonus arrangements, can participate in all-colleague share plans and/or recognition schemes and is eligible to be auto-enrolled into the Safestore Group Personal Pension Plan.
- Average workforce salary increases of 4.2% well above inflation at that time.
- Alignment of Executive Director and general workforce pension contributions from May 2021.
- The Company-wide bonus pool has increased by 20%, including a one-off colleague recognition bonus of £500, reflecting the exceptional work of all our colleagues.
- Participation in our SAYE remained well above typical levels at 50%.
- Continued to provide stability and security to our colleagues by investing over £200,000 throughout the pandemic period in paying for Covid-19 related absence.
- Safestore's 2020 UK median gender pay gap of 8.1%.

## Directors' remuneration report *continued*

for the year ended 31 October 2021

### Part C: Annual report on remuneration

The 2021 annual report on remuneration contains the details of how the Company's Policy was implemented during the financial year ended 31 October 2021. An advisory resolution to approve this report and the Remuneration Committee Chair's annual statement will be put to shareholders at the 2022 AGM.

#### Pay fairness

To attract and retain the highest calibre individuals, we aspire to become the employer of choice within our sector, maintaining a competitive reward package that balances fairness to the colleague with the responsible use of shareholders' funds.

#### The colleague value proposition

We review our pay principles, which set out a framework for making decisions on colleagues' pay, annually. The aim is to:

- support the recruitment and retention of high quality colleagues;
- enable us to recognise and reward colleagues appropriately for their contribution;
- help to ensure that decisions on pay are managed in a fair, just and transparent way; and
- create a direct alignment between Company culture and our reward strategy.

As part of our commitment to fairness, we have set out further information about our colleague offering. The various factors which make up our colleague value proposition are set out below:

#### Pay and benefits

- We pay all our colleagues above the over-23 National Living Wage rate, regardless of their age. The average annual salary for our store sales colleagues is £22,822, over £4,280 above the current National Living Wage for an over-23 year old on a 40-hour contract.
- All our sales colleagues are eligible for our performance-based monthly bonus scheme and can earn up to 50% of their monthly salary. Our Head Office colleagues are eligible to receive a discretionary annual bonus, which is calculated against business targets and objectives.
- For 2021, bonus payouts were increased for all roles commensurate with Company performance.
- Colleagues can join our Sharesave scheme on an annual basis for a fixed three-year term. Membership across all the current schemes is 50%.
- Under the 2021 LTIP 64 key colleagues were invited to participate allowing them to share in the success of the Company. The performance conditions for below Board-level colleagues are the same as those for the Executive Directors.
- All eligible colleagues are auto-enrolled into the Safestore Group Personal Pension Plan provided through Scottish Widows with a minimum employer contribution rate of 4% of salary.
- Additional benefits include private healthcare cover, life insurance from day one of employment, paid holiday allocation and a Cycle to Work scheme.
- Our family friendly policy means we offer new mothers twelve weeks' full pay and new fathers two weeks' full pay, as well as sending new parents a beautiful gift when their child is born.

#### Working environment

- Our leadership teams have created an environment where our managers and leaders are provided with the skills, tools and, crucially, time to dedicate to their teams. This has been achieved through maintaining good colleague–manager ratios; for example, no Regional Manager oversees more than twelve stores.
- Our "Make the Difference" people forum, launched in 2018, is a formal workforce advisory panel which enables frequent opportunities for us to hear and respond to our colleague voice. We drive change and continuous improvement in responding to the feedback we receive, via our internal communications channels and through our network of People Champions. During the Covid-19 lockdown periods, our People Champions, supported by our HR team, conducted welfare calls to over 200 colleagues, to obtain a "temperature check" on how they were coping with the changes and to obtain feedback and ideas about our new Covid-19 secure workplace.
- We have a comprehensive Colleague Assistance Programme where our teams can find guidance on coping strategies. They can speak to a professional who is ready to support and guide them through any concerns they have; in addition, for those who need it, they can access up to five counselling sessions.
- We support a healthy work–life balance through offering a Company sick pay scheme and encouraging all team members to take their rest breaks. We welcome and consider all requests for flexible working and at-home working. At-home working has increased significantly since the Covid-19 pandemic and we have further enabled this through digital developments.
- Sustainability is embedded into day-to-day responsibilities at Safestore and our people are at the heart of this. We strive to ensure that every colleague at Safestore feels like a valued member of our friendly and supportive team. We achieve this through building, improving and maintaining safe and secure working environments and advocating a diverse and inclusive workforce, free from harassment and victimisation. Our People Principles set out our commitments in relation to respecting the rights of our people.
- The Covid-19 pandemic has had an extraordinary impact on all of us. In order to continue to manage risk, we have had to anticipate new health and safety challenges and respond with pace to ensure a healthy and safe environment for our colleagues, customers, suppliers and contractors. This has involved commitment from all levels of the organisation as well as daily decision making on how to respond to a constantly changing and uncertain situation.

### Development opportunities

- In 2021 we invested over 21,000 hours into developing our people. From online learning modules to face-to-face sales training, every one of our colleagues can take part in structured learning.
- We offer health and safety training including first aid, forklift and fire safety.
- Our Store Manager Development programmes offer the opportunity to gain a nationally recognised qualification from either the Institute of Leadership & Management (“ILM”) or the Chartered Management Institute (“CMI”) utilising the Apprenticeship Levy.

### Recognition

- We recognise great performance and behaviours through our annual appraisal process.
- Our values, created by our store teams, are at the heart of everything the organisation does.
- The values are accompanied by a set of behaviours and everyone is assessed against these every six months.
- To show our appreciation for the commitment and resilience of our colleagues during Covid-19, we have awarded a colleague recognition bonus of £500 in 2021.
- Our annual pay review/bonus schemes are based on individual performance ratings.
- We also reward our sales consultants for completion of training modules through a pay-for-skills approach.

### Informing the Committee on the wider workforce

To build the Remuneration Committee’s understanding of reward arrangements applicable to the wider workforce, the Committee is provided with data on the remuneration structure for management level tiers below the Executive Directors and pay outcomes for these roles. The Committee has been provided with feedback from the formal workforce advisory panel, in addition to the Investors in People survey, which provides further context for the Committee in making decisions on future pay outcomes in line with Policy. The Committee uses this information to ensure consistency and fairness of approach throughout the Company in relation to remuneration.

### Alignment with Provision 40 of the Corporate Governance Code and Company strategy

The table below sets out how the current Policy addresses the factors in Provision 40 of the Corporate Governance Code, the objective of which is to ensure that the remuneration arrangements operated by the Company are aligned to all stakeholder interests including those of shareholders.

Factor	How this was addressed in the Remuneration Policy
<b>Clarity</b> <i>Remuneration arrangements should be transparent and promote effective engagement with shareholders and the workforce.</i>	<p>In line with our commitment to full transparency and engagement with our shareholders in relation to the Policy.</p> <p>The Company engages directly with the broader colleague population on their remuneration through a variety of methods including the workforce advisory panel and town hall events led by the CEO.</p>
<b>Simplicity</b> <i>Remuneration structures should avoid complexity and their rationale and operation should be easy to understand.</i>	<p>Taking on board shareholder feedback, we reverted to a traditional LTIP construct in 2020, which is well understood by shareholders and participants alike.</p>
<b>Risk</b> <i>Remuneration arrangements should ensure reputational and other risks from excessive rewards, and behavioural risks that can arise from target-based incentive plans, are identified and mitigated.</i>	<p>Identified risks have been mitigated as follows:</p> <ul style="list-style-type: none"> <li>• deferring an element of bonus into shares and a two-year holding period for the LTIP helps ensure that the performance earning awards were sustainable and thereby discourages short term behaviours;</li> <li>• aligning any reward to the agreed strategy of the Company;</li> <li>• reducing the awards or cancelling them if the behaviours giving rise to the awards are inappropriate through malus and claw-back; and</li> <li>• reducing annual bonus or LTIP awards (made under the current Policy) or cancelling them, if it appears that the criteria on which the awards were based do not reflect the underlying performance of the Company.</li> </ul>
<b>Predictability</b> <i>The range of possible values of rewards to individual Directors and any other limits or discretions should be identified and explained at the time of approving the Policy.</i>	<p>The Committee undertook external benchmarking of the current Policy (see page 92) which determined that the new packages would pay out below median of the FTSE 250 companies on a reasonable range of performance outcomes.</p> <p>The Remuneration Policy in the 2019 DRR sets out the potential remuneration available in several performance scenarios.</p> <p>The Committee is comfortable that the discretions available to it set out in the current Policy are sufficient.</p>

# Directors' remuneration report *continued*

for the year ended 31 October 2021

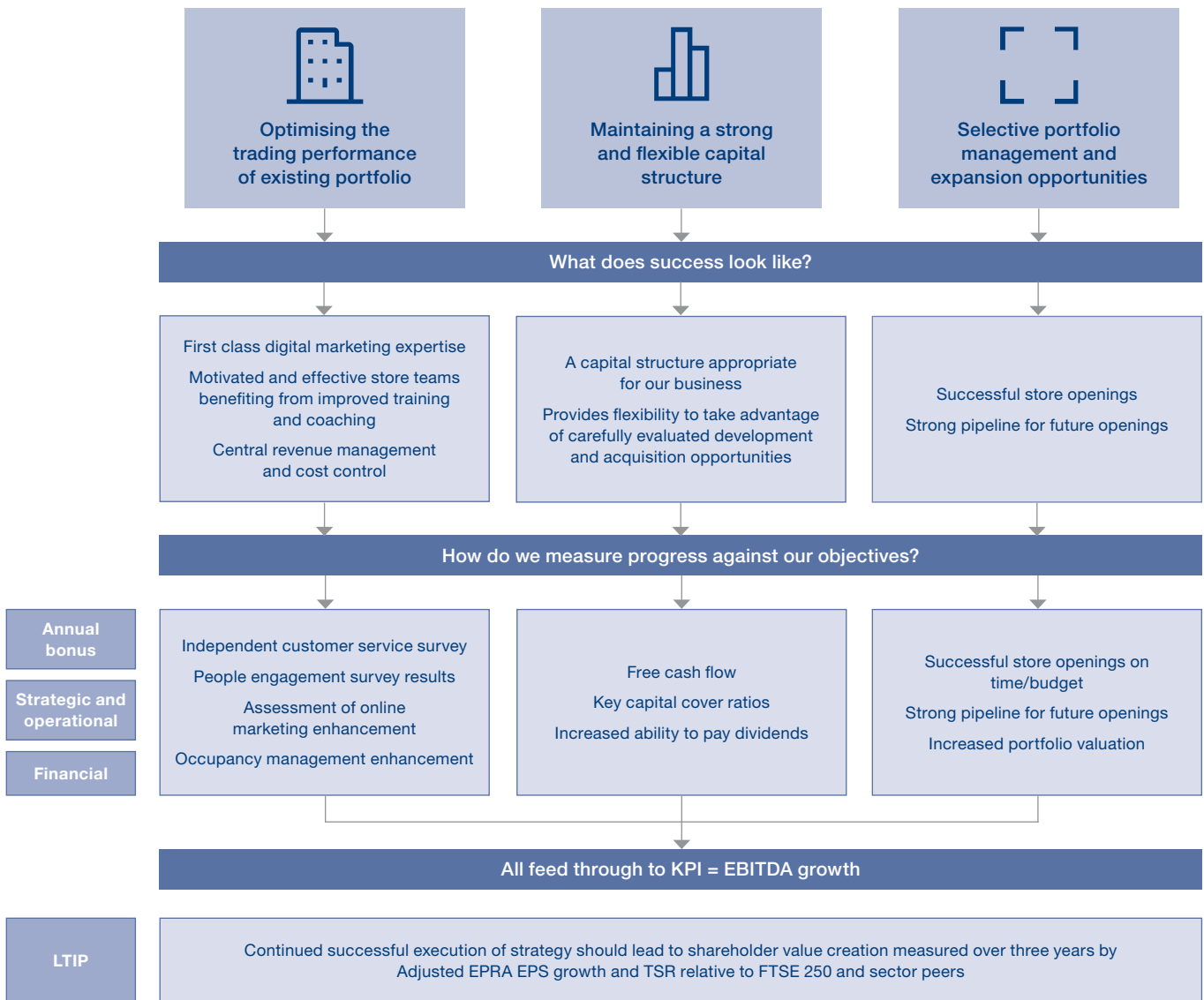
## Part C: Annual report on remuneration *continued*

### Pay fairness *continued*

#### Alignment with Provision 40 of the Corporate Governance Code and Company strategy *continued*

Factor	How this was addressed in the Remuneration Policy
<b>Proportionality</b> <i>The link between individual awards, the delivery of strategy and the long term performance of the Company should be clear. Outcomes should not reward poor performance.</i>	One of the key strengths of the current approach of the Company to remuneration is the direct link between the returns strategy and the value received by Executive Directors.  Please see the schematic below which sets out in detail the link between Company strategy and the performance measures in the incentive arrangements.
<b>Alignment to culture</b> <i>Incentive schemes should drive behaviours consistent with Company purpose, values and strategy.</i>	The 2020 LTIP rewards long term sustainable performance.  This focus on long term sustainable value is a key tenet of the Company's strategy and its purpose and values are set out in our sustainability report on page 40.

In line with the proportionality factor from Provision 40 of the Corporate Governance Code set out above, the Committee designed the incentive arrangements such that they were closely aligned with Company strategy as set out in the schematic below:



## Pay relativities

### Internal – CEO pay ratio

Our CEO to colleague pay ratios for 2021 are set out in the table below. We also provide the 2019 and 2020 data for comparison purposes.

Financial year	Method used	25th percentile pay ratio	50th percentile pay ratio	75th percentile pay ratio
2019	Option B (gender pay gap data)	60:1	55:1	37:1
		Total pay and benefits: £19,067	Total pay and benefits: £20,669	Total pay and benefits: £31,278
		Salary: £17,197	Salary: £18,175	Salary: £25,029
2020	Option B (gender pay gap data)	49:1	41:1	32:1
		Total pay and benefits: £22,820	Total pay and benefits: £27,244	Total pay and benefits: £34,857
		Salary: £18,500	Salary: £24,240	Salary: £30,852
2021	Option A	726:1	656:1	478:1
		Total pay and benefits: £23,502	Total pay and benefits: £26,019	Total pay and benefits: £35,686
		Salary: £19,540	Salary: £19,540	Salary: £28,829

For 2021, the Company has chosen methodology option A for the calculation, which takes into consideration the full-time equivalent basis of all UK employees and provides a representative result of employee pay conditions across the Company. In 2019 and 2020 the Company used methodology option B. However, given the guidance by several shareholders that option A is preferred, we have updated our methodology to maintain market best practice disclosures.

The CEO remuneration figure is as shown in the single total figure for Executive Directors' remuneration table on page 95. The remuneration figures for the employee at each quartile were determined as at 31 October 2021. Each employee's pay and benefits were calculated using each element of employee remuneration, consistent with the CEO, on a full-time equivalent basis. This therefore included the following elements of pay:

- base salary;
- private medical insurance;
- car/car allowance;
- employer pension contribution;
- annual bonus;
- overtime and extra pay;
- 2017 LTIP EPS element; and
- Sharesave.

No components of pay have been omitted. The following estimates and adjustments were made:

- For new joiners, salary and benefits were annualised, and bonus was calculated based on average payout for the relevant store.
- For colleagues on the annual bonus scheme, which pays out in January 2022, awards were estimated based on expected outcomes.
- Adjustments were made to achieve full-time equivalent rates.

As our Sales Consultants represent around 50% of our workforce, the 50th percentile employee may vary annually between a Sales Consultant and a Store Manager. This year, the 50th percentile employee was a Sales Consultant, compared with 2020 when the 50th percentile employee was a Store Manager, and as a result the 50th percentile total pay and benefits is around 5% lower.

The Committee recognises that there has been a significant increase in the 50th percentile ratio this year. This is as a result of the CEO's single figure of remuneration increasing due to the inclusion of the value of the 2017 LTIP's EPS element, whereas in 2019 and 2020 no long term incentives completed their performance period and were therefore not included in the comparative figures. The Committee is also aware that the 75th percentile employee is below the seniority to receive a 2017 LTIP award.

The Committee noted that if the 2017 LTIP EPS element were excluded from the 2021 analysis, then the pay ratios would be broadly similar to 2020.

The above analysis demonstrates that the ratio is driven by the different structure of our CEO's pay versus that of our colleagues, as well as the make-up of our workforce. This ratio varies between businesses even in the same sector. What is important from our perspective is that this ratio is influenced only by the differences in structure, and not by divergence in fixed pay between the CEO and the wider workforce.

The Committee considers the 50th percentile pay ratio to be consistent with pay and progression policies for UK colleagues.

## Directors' remuneration report *continued*

for the year ended 31 October 2021

### Part C: Annual report on remuneration *continued*

#### Pay relativities *continued*

##### Internal – gender pay gap reporting and diversity

We are committed to providing an inclusive workplace, encouraging and welcoming diversity with zero tolerance of harassment and discrimination. We promote equality of opportunity in all our employment practices, policies and procedures. No colleague or potential colleague will receive less favourable treatment due to a protected characteristic.

Whilst our 2020 median gender pay gap at 8.1% remains significantly lower than the 2020 UK average\* (15.5%), we know we still have work to do. Our colleague engagement levels show that people enjoy working at Safestore, but high retention, particularly in more senior roles, means the pace of change is slower than we would like. We would still like to see more women at Safestore, and we are working hard on attracting, retaining and supporting women in our workforce. However, in the short term, this does negatively impact our gender pay gap and therefore we know we must combine this with working hard to support the development of all women at Safestore.

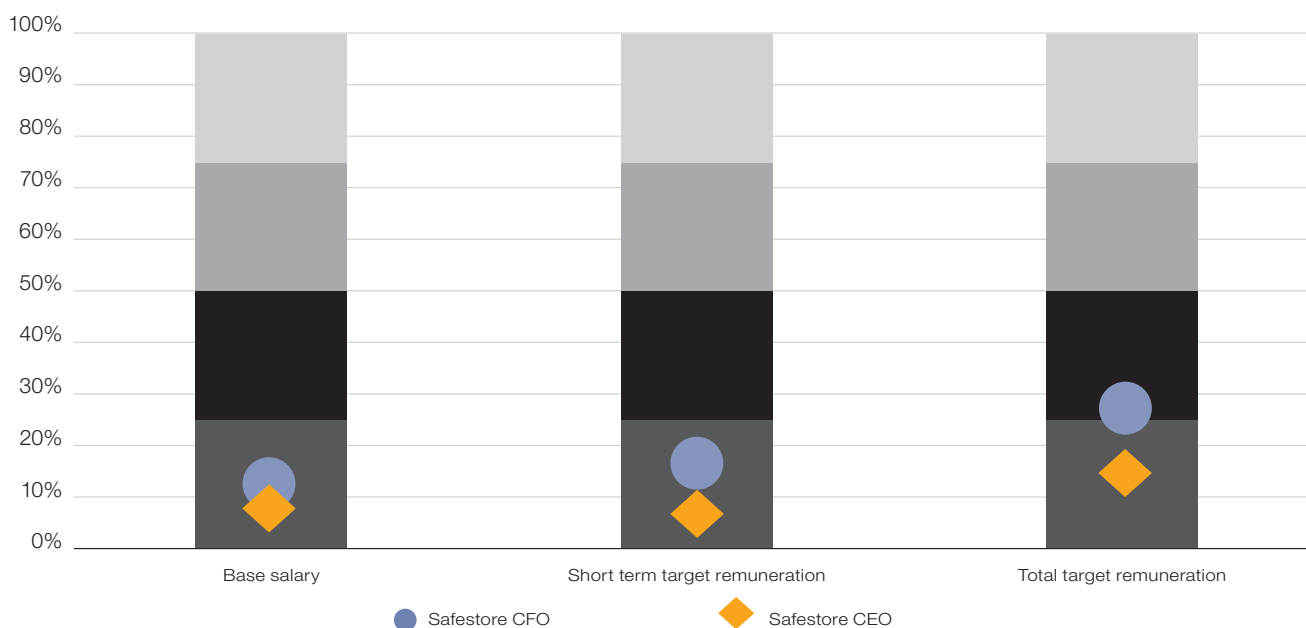
We are pleased that, in line with our strategy, we have increased the number of women within Safestore, by a factor of 12%. We have also seen a positive shift from the lower-mid quartile into the upper-mid quartile. However, the vast majority of women have joined us in the lower quartile. Combined with zero movement in the upper quartile, this has resulted in the negative impact on our gender pay gap. Our hope is that, with more women joining Safestore, we can offer the support and opportunity required to develop more women into our senior roles.

##### Note

\* ONS Gender Pay Gap in the UK: 2020.

##### External – Executive Director benchmarking

The following chart shows the relative position of salary, short term target remuneration (salary plus on-target annual bonus and pension contributions) and total target remuneration (short term target remuneration plus expected value of LTIP) for our current Executive Directors' remuneration policy compared to the FTSE 250. For example, 25% would represent lower quartile positioning against the FTSE 250.



The chart demonstrates that the remuneration levels under the current Policy are at a relatively conservative level when compared to companies of a similar size and scale in the FTSE 250. It should be noted that the chart excludes the impact of the 2017 LTIP awards.

##### Remuneration justification

The Committee is comfortable that the internal and external pay relativity reference points set out above provide justification that the implementation of the Policy for 2022 is entirely appropriate.

The Committee believes that the 2017 LTIP awards earned by the Executive Directors and their colleagues in 2021, which will vest in September 2022, are commensurate with the corporate success of the Company achieved over this period.

##### Communication with colleagues

During the year we communicated with colleagues and gathered their feedback in a number of ways as set out below:

**Colleague survey:** The results from our Investors in People colleague survey provide the data and subject matter which are then discussed by management and the workforce advisory panel (see below). In 2021, we achieved a leadership engagement score of over 90%.

**Workforce Advisory Panel:** As set out in the Committee Chair's statement, in 2018 the Company established a formal workforce advisory panel to facilitate engagement with colleagues. The formal workforce advisory panel has now been successfully embedded in the business. Our 15 People Champions have continued to engage directly with the CEO across a wide range of subjects including remuneration. Appropriate feedback from these sessions was presented to the Remuneration Committee, which the Committee considered when determining the remuneration levels for Executive Directors in 2021. In addition, over the past few years feedback from the panel has resulted in the Remuneration Committee and Board approving colleague benefits such as enhanced Company sick pay, improved healthcare provision, and more frequent all-colleague share scheme opportunity.

**CEO town hall events:** The CEO also ran two virtual town hall sessions where colleagues had the opportunity to raise questions, discuss business issues, and provide feedback on subjects including remuneration. As part of these events, colleagues were engaged on how the Executive Directors' remuneration policy aligned with the wider Company pay policy.

### Communication with shareholders

The table below shows the results of the latest shareholder votes on the Directors' remuneration report and Policy resolutions:

	Votes for	%	Votes against	%	Votes withheld
2020 AGM vote on Remuneration Policy	167,676,057	97.89	3,615,427	2.11	87,100
2021 AGM vote on annual report on remuneration	158,436,298	96.58	5,615,966	3.42	19,095

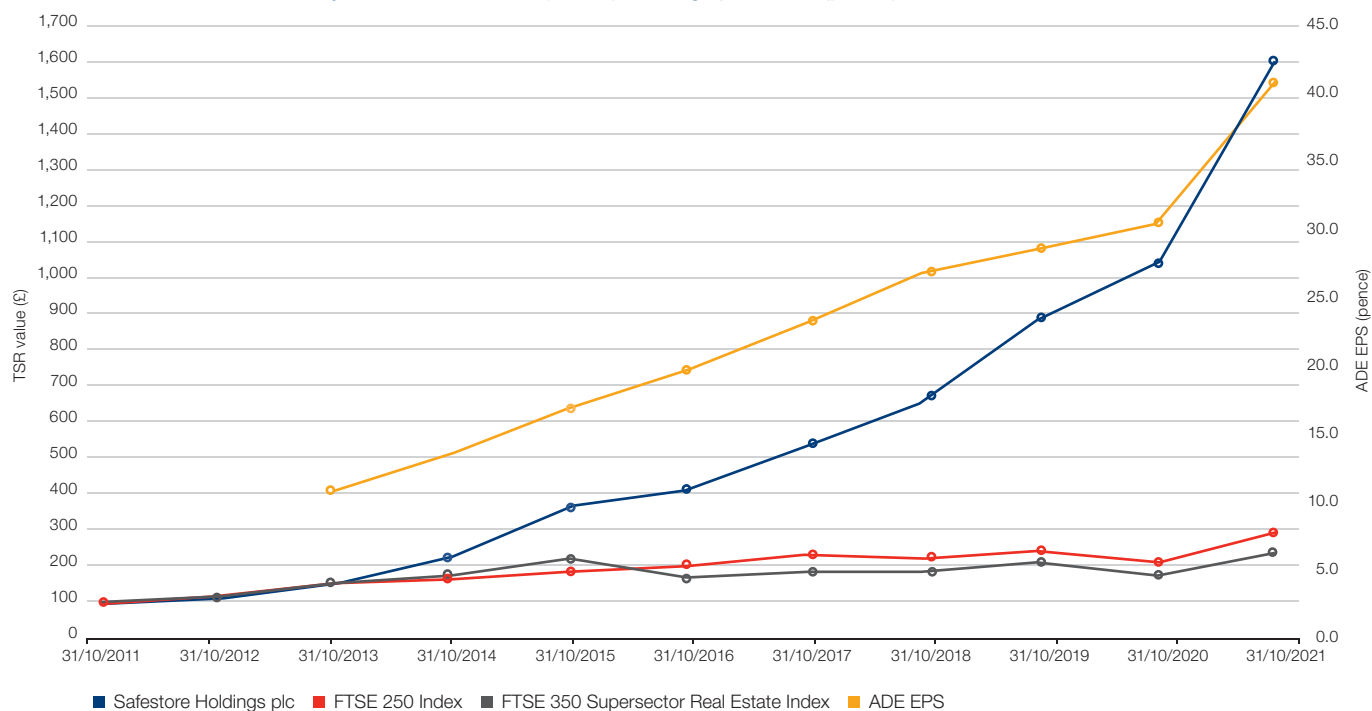
Following this year's AGM, the Committee was encouraged to see that the implementation of our Policy was positively received by shareholders, with 96.6% of the votes in favour of the remuneration report. In formulating the Policy approved at the 2020 AGM, the Committee ensured that all decisions were consistent with what it heard during its extensive shareholder engagement in 2018 and investor body pay guidelines at that time. In addition, prior to the 2020 AGM, the Committee reached out to the Company's largest 20 shareholders and the investor bodies setting out the new Policy and its rationale. The Committee received constructive feedback from a number of shareholders and representative bodies. It considered each piece of feedback but ultimately determined to keep the original proposals unchanged. Given the Company is only part-way through its current Policy, the Committee did not feel it necessary to engage with shareholders on pay over the past twelve months. The Committee will keep this under review.

### Chief Executive Officer and colleague pay

#### Total shareholder return and Chief Executive Officer pay over the last ten years

The graph below shows the value of £100 invested in Safestore Holdings plc over the past ten years compared with the value of £100 invested in the FTSE 250 and the FTSE 350 Supersector Real Estate Index. These comparators have been chosen on the basis that they are the markets within which Safestore operates and against which it benchmarks performance. The chart is rebased to 31 October 2011. The chart also shows the increase in Adjusted Diluted EPRA ("ADE") Earnings per Share from 31 October 2013 onwards as this figure was not calculated by the Company before that date (see right-hand scale).

#### Total shareholder return and Adjusted Diluted EPRA ("ADE") Earnings per Share (pence)



The chart illustrates the sustained EPS growth has resulted in significant TSR outperformance which is reflected in the bonus payouts and vesting of the long term incentive awards over several years.

## Directors' remuneration report *continued*

for the year ended 31 October 2021

### Part C: Annual report on remuneration *continued*

#### Pay relativities *continued*

##### Total shareholder return and Adjusted Diluted EPRA ("ADE") Earnings per Share (pence) *continued*

Role	Oct 2012	Oct 2013	Oct 2013	Oct 2014	Oct 2015	Oct 2016	Oct 2017	Oct 2018	Oct 2019	Oct 2020	Oct 2021
	P D Gowers CEO	P D Gowers <sup>1</sup> CEO	F Vecchioli <sup>2</sup> CEO	F Vecchioli CEO	F Vecchioli CEO	F Vecchioli CEO	F Vecchioli CEO	F Vecchioli CEO	F Vecchioli CEO	F Vecchioli CEO	F Vecchioli CEO
Single figure of total remuneration (£'000)	390	910	359	973	1,224	1,481	1,728	1,719	1,134	1,108	17,064
Annual bonus payout (% of max)	—	70%	70%	76%	100%	100%	82%	81%	91%	100%	100%
LTIP earned (% of max)	—	—	—	96%	100%	100%	100%	100%	n/a	n/a	100%

#### Notes

1 Stepped down as Chief Executive Officer on 4 September 2013 and left the Company on 31 October 2013.

2 Appointed as Chief Executive Officer on 4 September 2013.

#### Percentage change in Executive and Non-Executive Director remuneration

The table below shows the percentage change in remuneration of the Directors undertaking the role of Chief Executive Officer, Chief Financial Officer and Non-Executive Directors, and average pay of the Company's colleagues in the listed entity on a full-time equivalent basis.

	% change from 2020 to 2021			% change from 2019 to 2020		
	Base salary/fees <sup>1</sup>	Benefits	Annual bonus	Base salary/fees	Benefits	Annual bonus
F Vecchioli (CEO)	3%	0%	5%	1%	0%	11%
A Jones (CFO)	3%	0%	5%	1%	0%	11%
D Hearn (NE Chair) <sup>2</sup>	19%	n/a	n/a	n/a	n/a	n/a
I S Krieger (NED)	22%	n/a	n/a	1%	n/a	n/a
J L Kenrick (NED)	15%	n/a	n/a	1%	n/a	n/a
C Balmforth (NED)	12%	n/a	n/a	1%	n/a	n/a
B Oliver (NED)	15%	n/a	n/a	1%	n/a	n/a
G van de Weerdhof (NED) <sup>3</sup>	175%	n/a	n/a	n/a	n/a	n/a
Colleague pay	4.2%	0%	20%	2.3%	0%	19%

#### Notes

1 The increases to Non-Executive Director fees are a result of the increase to the base fee, Committee chairmanship fees and the Company starting to pay a Senior Independent Director fee of £10,500. All increases were effective 1 May 2021.

2 The Chairman was appointed on 1 December 2019 so received a pro-rated fee for 2020.

3 G van de Weerdhof was appointed on 1 June 2020 so received a pro-rated fee for 2020.

Laure Duhot and Delphine Mousseau not included as appointed Non-Executive Directors on 1 November 2021.

#### Relative importance of spend on pay

The table below sets out the overall spend on pay for all colleagues compared with the returns distributed to shareholders.

Significant distributions	2021	2020	% change
Colleague costs (£'m)	43.8	31.7	38.2%
Distributions to shareholders (£'m)	42.6	37.7	13.0%

#### Note

The above figures are taken from notes 10 and 26 to the financial statements.



## Executive Director remuneration for the year ended 31 October 2021

### Single figure remuneration table (audited)

The remuneration of Executive Directors showing the breakdown between components with comparative figures for the prior financial year is shown below.

		Base salary £'000	Taxable benefits <sup>1</sup> £'000	Annual bonus <sup>2</sup> £'000	Long term incentives <sup>3</sup> £'000	Pension <sup>4</sup> £'000	Other £'000	Total fixed remuneration £'000	Total variable remuneration £'000	Total £'000
F Vecchioli (Chief Executive Officer)	<b>2021</b>	<b>431</b>	<b>24</b>	<b>662</b>	<b>15,919</b>	<b>28</b>	<b>—</b>	<b>483</b>	<b>16,581</b>	<b>17,064</b>
	2020	417	24	630	—	37	—	478	630	1,108
A Jones (Chief Financial Officer)	<b>2021</b>	<b>307</b>	<b>19</b>	<b>472</b>	<b>10,666</b>	<b>20</b>	<b>—</b>	<b>346</b>	<b>11,138</b>	<b>11,484</b>
	2020	297	19	449	—	26	—	342	449	791

#### Notes

- Taxable benefits comprise a car allowance, private medical and dental insurance.
- The 2020 and 2021 annual bonus figures include the portion subject to deferral.
- The 2021 figure is the 2017 LTIP EPS element valued based on the three-month average share price to 31 October 2021 of £11.243 and includes dividend equivalents of £0.6965 per share accrued from the date of grant to 31 October 2021. Please see page 99 for further detail on the amount of the LTIP values attributable to share price appreciation.
- Until 30 April 2021, the Executive Directors were provided pension payments in the form of a cash allowance of 10% of salary reduced by the associated employer's National Insurance contribution. From 1 May 2021, the pension cash allowance was reduced to 4.1% of salary in line with the average workforce pension contribution.

### Annual bonus outcomes for the financial year ended 31 October 2021 (audited)

For 2021, the Executive Directors had a maximum annual bonus opportunity of 150% of salary. For each Executive Director, the 2021 annual bonus determination measures were weighted two-thirds for adjusted EBITDA and one-third for strategic/operational measures. The achievement of the strategic/operational measures was assessed by the Remuneration Committee as the financial gateway of outperforming the threshold adjusted EBITDA target was met. The table below provides information on the targets for each measure, actual performance and resulting bonus payment for each Executive Director:

Measure	Weighting	Performance required			Actual performance		CEO		CFO	
		Threshold (20% payout)	On target (50% payout)	Maximum (100% payout)	Actual	% of element payable	Achievement as % salary	Bonus value £'000	Achievement as % salary	Bonus value £'000
Adjusted EBITDA before non-recurring items <sup>1</sup>	Two-thirds	£94.0m	£96.9m	£98.8m	£118.0m	100.0%	100.0%	441	100.0%	314
Strategic/operational measures	One-third	Objectives based on strategic/operational			See below	100.0%	50.0%	221	50.0%	157
<b>Total bonus achieved in 2021</b>							<b>150.0%</b>	<b>662</b>	<b>150.0%</b>	<b>472</b>

#### Note

- Adjusted EBITDA before non-recurring items is equivalent to the reported EBITDA in the financial statements with French results translated at the budget rate of 1.15.

# Directors' remuneration report *continued*

for the year ended 31 October 2021

## Part C: Annual report on remuneration *continued*

### 2021 annual bonus outcomes: strategic objectives

The Group's proven strategy remains unchanged. We believe that the Group has a well-located asset base, management expertise, infrastructure, scale and balance sheet strength to exploit the current healthy industry dynamics. As we look forward, we consider that the Group has the potential to further increase its EPS by: optimising the trading performance of the existing portfolio; maintaining a strong and flexible capital structure; and taking advantage of selective portfolio management and expansion opportunities. Therefore, the Executive Directors' strategic/operational objectives reflect the Company's priorities in these areas for 2021.

In line with our commitment to fully transparent disclosure of remuneration outcomes, the Executive Directors' strategic/operational objectives and their achievement are fully disclosed in detail below. The maximum opportunity under this element of the annual bonus is 50% of salary.

Objective	Achievement	Outcome	Committee assessment
<b>Optimisation of performance of existing portfolio (20% of salary)</b>			
Enhancing people performance through engagement and improved capabilities in order to increase conversion of enquiries into new lets.	<p>Despite the ongoing challenges presented by the pandemic, our continued focus on our colleagues and culture has enabled us to continue to deliver sustainable business performance.</p> <p>Highlights included:</p> <ul style="list-style-type: none"> <li>Delivered over 21,000 hours of training, coaching and development.</li> <li>During Covid-19, we have accelerated the digitalisation of our business, improving our resilience and demonstrating that we are well placed to handle ongoing change. We achieved our highest ever leadership engagement score of 90%.</li> <li>We are exceptionally proud that, this year, we were awarded the prestigious Investors in People ("IIP") Platinum accreditation.</li> <li>We made the final top ten shortlist for the Platinum Employer of the Year (250+) category in The Investors in People Awards 2021.</li> <li>15 internal promotions from 2020 to 2021.</li> </ul>	✓✓✓	The Committee assessed that the achievements of the year were exceptional given the operational challenges and warranted full payout for this element.  (20% out of 20% of salary).
Enhance search visibility and website performance to drive new lets and marketing spend in line with budgeted expectations.	<ul style="list-style-type: none"> <li>Technical improvements to website platforms to meet updated Google expectations on user experience and speed.</li> <li>Further evolution of paid marketing strategy driving UK growth and efficiency.</li> <li>Despite Covid-19 lockdowns, enquiry growth was captured in all territories at lower cost per enquiry and, ultimately, lower cost per new let.</li> </ul>	✓✓✓	
Leverage Group knowledge, experience and resources to improve productivity and drive efficiencies.	<ul style="list-style-type: none"> <li>Successfully deployed our Group telephony solution to Spain, Belgium, the Netherlands and France on schedule.</li> <li>Further enhanced systems and processes to improve our cyber resiliency, efficiency and effectiveness.</li> <li>Completion of migration of European markets to Global Platform with OMB in Spain on-boarding in Q2.</li> <li>Non-UK markets saw significant improvements in marketing efficiency within Safestore control.</li> </ul>	✓✓✓	

✓✓✓ indicates that the objective was exceeded, ✓✓ indicates that it was met, ✓ indicates that it was partially achieved and ✗ shows that the objective was not achieved.

Objective	Achievement	Outcome	Committee assessment
<b>Strong and flexible capital structure (12% of salary)</b>			
Ensure the financial flexibility exists to deliver selected development and acquisition opportunities whilst maintaining conservative leverage and a progressive dividend policy.	<p>The Company's strong capital structure allowed it to continue to take advantage of opportunities across the Group and with its joint venture partner in order to deliver incremental earnings growth over the longer term.</p> <p>Highlights included:</p> <ul style="list-style-type: none"> <li>• The Group's free cash flow (before investing and financing activities) increased from £68.8 million to £89.5 million for the year ended 31 October 2021.</li> <li>• The Company successfully extended its borrowing facilities with the issuance of the equivalent of £150 million new Sterling and Euro denominated US Private Placement Notes providing further capacity for medium term growth with a further agreement for an uncommitted €115 million shelf facility, which can be drawn in Euros or Sterling ensuring financing flexibility.</li> <li>• Group leverage was just below the Group's strategic targeted level of an LTV ratio between 30–40% (25% for 2021).</li> <li>• The full year dividend for the year ended 31 October 2021 increased by 34.9% demonstrating a continued progressive dividend policy.</li> </ul>	✓✓✓	<p>The Committee noted that the free cash flow target has been exceeded and that Group LTV was well below the bottom of the targeted range as at 31 October 2021 which enabled the Company to pay an above target dividend of 17.6 pence and warranted full payout for this element.</p> <p>(12% out of 12% of salary).</p>
<b>Take advantage of selective portfolio management and expansion opportunities (12% of salary)</b>			
<p>Grow store portfolio through development or acquisition by at least two stores per year within the Board approved ROI guidelines.</p> <p>Improve property valuations of the stores in the refurbishment and extension programme by more than the capital investment.</p>	<p>Continued progress of the Company's joint venture with Carlyle in the Netherlands. Acquired new development opportunities in the UK and Spain, in addition to opening new stores and completing store extensions in various locations.</p> <p>Highlights included:</p> <ul style="list-style-type: none"> <li>• Birmingham Middleway: store opened in the UK.</li> <li>• London Bow: acquired property and obtained planning permission.</li> <li>• London Lea Bridge: acquired site.</li> <li>• London Woodford: exchanged contracts to acquire a site subject to planning.</li> <li>• Shoreham: exchanged contracts to acquire a site subject to planning.</li> <li>• Old Kent Road: acquired a site for a future new store.</li> <li>• Edgware and Southend: successfully completed store extensions.</li> <li>• Winchester: obtained planning to extend our store.</li> <li>• Paddington Marble Arch: exchanged contracts and obtained planning permission for an extension to our store.</li> <li>• Wimbledon: exchanged contracts to acquire adjacent land subject to planning to extend our store.</li> </ul>	✓✓✓	<p>Overall, the Committee determined that targets were significantly exceeded, given the operational challenges, and recognised the revenue generated from both refurbished and acquired businesses was above target.</p> <p>(12% out of 12% of salary).</p>

✓✓✓ indicates that the objective was exceeded, ✓✓ indicates that it was met, ✓ indicates that it was partially achieved and ✗ shows that the objective was not achieved.

## Directors' remuneration report *continued*

for the year ended 31 October 2021

### Part C: Annual report on remuneration *continued*

#### 2021 annual bonus outcomes: strategic objectives *continued*

Objective	Achievement	Outcome	Committee assessment
<b>ESG (6% of salary)</b>			
<p>Improve the Group's ESG activities in order to deliver real value to all our stakeholders by:</p> <ul style="list-style-type: none"> <li>• YOY carbon footprint reduction; and</li> <li>• customer satisfaction initiatives.</li> </ul> <p>Align sustainability reporting with appropriate framework(s).</p>	<p>Substantial uplift in our commitment to responsible and sustainable business practices.</p> <p>Highlights included:</p> <ul style="list-style-type: none"> <li>• Reduction in total carbon emissions and emissions intensity (per unit area) primarily driven by a decrease in electricity usage vs 2020.</li> <li>• Maintained positive ratings on all relevant customer service platforms: <ul style="list-style-type: none"> <li>• Feefo Platinum Trusted Service award for Safestore UK; and</li> <li>• Trustpilot "Excellent" rating achieved in the UK and France and average Google rating of 4.8 achieved in Spain.</li> </ul> </li> <li>• 98% diversion of construction waste from landfill.</li> <li>• External recognition of ESG efforts and disclosures: EPRA Sustainability BPR Silver Award, GRESB Public Disclosure A, MSCI ESG "AA" and Support the Goals – 5*.</li> <li>• Advocating a diverse and inclusive workforce is a key part of our wellbeing strategy. In our IIP survey, 89% of colleagues agreed that Safestore values and respects individual differences.</li> </ul>	✓✓✓	<p>Given the continued efforts across the Company and the external recognition with regard to sustainability activities, the Committee determined that this warranted full payout. (6% out of 6% of salary).</p>
<b>Overall strategic/operational objective performance</b>		<b>50% of salary (out of 50% of salary).</b>	

✓✓✓ indicates that the objective was exceeded, ✓✓ indicates that it was met, ✓ indicates that it was partially achieved and ✗ shows that the objective was not achieved.

The Committee assessed that 50% of base salary (or 100% of maximum) of the strategic/operational objectives had been achieved for 2021.

Therefore, the formulaic outcome for the 2021 Executive Director overall bonus was 150% of base salary (100% of maximum). The Committee considered not only the achievement against the pre-determined objectives set out above, but also the wider Company performance to ensure that any achievement was representative of overall performance. The Remuneration Committee took account of the following:

- The Company achieved an exceptional set of financial results with substantial year-on-year growth in all its financial KPIs.
- The financial results were reflected in strong growth in the share price, particularly in the second half of the year which led to TSR growth of 53% over 2021 and £840 million of value created for shareholders through the increase in the Company's market capitalisation.
- The Company paid its final dividend for 2020 to shareholders. The full year dividend for the year ended 31 October 2021 increased by 34.9% from 18.6 pence to 25.1 pence. The Company-wide bonus pool has increased by 20.4% including the colleague recognition bonus, reflecting the exceptional work of all our colleagues.
- The Company has not taken advantage of any UK government support schemes or loans during the pandemic and no redundancies have been made because of Covid-19 with all colleagues paid in full for Covid-19 related absence.

On the basis of the above, the Committee is comfortable that an overall bonus payout of 100% of maximum is reasonable. As a result, the Committee did not apply any overriding discretion. The 2021 bonuses for Executive Directors will be 150% of salary and will be paid 100% of salary in cash, with the remainder of 50% of salary held in shares on a net of tax basis, via an agreement with the Executive, until 1 November 2023 with malus applying for this period and claw-back for three years thereafter.

### LTIP awards included in single figure for the year ended 31 October 2021 (audited)

The performance period for the EPS element of the 2017 LTIP ended on 31 October 2021, which accounts for two-thirds of the award. Therefore, the Committee measured the Company's EPS growth over the five-year performance period and also measured the Cash on Cash Return in relation to the LTIP underpin. Adjusted Diluted EPRA EPS increased by 105% over the performance period equivalent to 15.4% p.a., significantly ahead of the 12% p.a. growth required for maximum performance. The average Cash on Cash Return over the same period was 11.6% which also exceeded the 8% underpin target resulting in 100% of the awards being earned under the EPS element of the 2017 LTIP. This is summarised in the table below:

Adjusted diluted EPRA EPS growth <sup>1</sup>				Cash on cash return underpin <sup>2</sup>		
Threshold performance <sup>3</sup> (10% vesting)	Maximum performance (100% vesting)	Actual performance	% of awards earned	Underpin performance required	Actual performance	Overall % of awards earned
6% p.a.	12% p.a.	15.4% p.a.	100%	8%	11.6%	100%

#### Notes

- Adjusted Diluted EPRA Earnings per Share is based on the European Public Real Estate Association's definition of earnings and is defined as profit or loss for the period after tax but excluding corporate transaction costs, change in fair value of derivatives, gain/loss on investment properties and the associated tax impacts. The Company then makes further adjustments for the impact of exceptional items, IFRS 2 share-based payment charges, exceptional tax items and deferred tax charges. This adjusted earnings is divided by the diluted number of shares. The IFRS 2 cost is excluded as it is written back to distributable reserves and is a non-cash item (with the exception of the associated National Insurance element). Therefore, neither the Company's ability to distribute nor pay dividends are impacted (with the exception of the associated National Insurance element). The 2021 financial statements disclose earnings on a statutory, EPRA and Adjusted Diluted EPRA basis and provide a full reconciliation of the differences.
- Cash on Cash Return p.a. is the average Cash on Cash Return over the performance period, where Cash on Cash Return is Underlying EBITDA after leasehold rent divided by original cost of investments calculated for each financial year in the performance period.
- The vesting under the EPS growth measure increases on a straight-line basis from 6% p.a. to 12% p.a. However, in 2018 the Committee determined there would be zero vesting if growth achieved was between 6% p.a. and 7% p.a. for the Executive Directors only.

The Committee believes that the awards earned by the Executive Directors and 56 colleagues, which will vest in September 2022, are commensurate with the corporate success of the Company achieved over this period as follows:

- EPS growth has flowed through to shareholder returns such that over the five years since the start of the EPS performance period on 1 November 2016 the Company's market capitalisation has increased by £1.79 billion, with £172.1 million of dividend payments made.
- The successful execution of strategy has created a unique business model that combines advanced digital marketing and pricing analytics, a well-located portfolio with extensive pipeline, and a focus on store team sales skills.
- The management team has successfully built a larger and more diversified business, expanding operations into Spain, the Netherlands and Belgium and ensuring that all parts of the Company are run in a sustainable manner.
- Financial success has been achieved in parallel with the Company receiving several accolades in relation to its colleague initiatives, ESG performance, and consistently outstanding customer feedback scores.

On this basis the CEO and CFO have earned 1,333,333 and 893,333 shares respectively which will become exercisable on or after the vesting date of 29 September 2022. Dividend equivalents will also be awarded on vested shares; however, their value is yet to be determined as it will be based on dividends accrued between the grant and vesting date of the award. In line with the reporting regulations, the value of dividend equivalents accrued between the grant date and 31 October 2021 has been included in the value of the awards in the single figure of remuneration table as set out below:

Name	Number of 2017 LTIP awards granted	Number of 2017 LTIP awards granted subject to EPS growth measure	Number of 2017 LTIP awards earned	Value of 2017 LTIP awards earned <sup>1</sup>	Value attributable to share price growth <sup>2</sup>
F Vecchioli (Chief Executive Officer)	2,000,000	1,333,333	1,333,333	£15,919,329	£9,168,000
A Jones (Chief Financial Officer)	1,340,000	893,333	893,333	£10,665,949	£6,142,560

#### Notes

- Based on three-month average share price to 31 October 2021 of £11.243 and includes dividend equivalents of £0.6965 per share accrued from the date of grant to 31 October 2021.
- Based on growth in share price from date of grant (£4.367 – 29 September 2017) to three-month average share price to 31 October 2021 (£11.243).

The balance of the 2017 LTIP awards depends on the Company's relative TSR performance measured over the five-year period ending on 28 September 2022 and will be reported in our 2022 remuneration report. As at 31 October 2021, Safestore's TSR growth is significantly in excess of the upper quartile of both the FTSE 250 (excluding Investment Trusts) and FTSE 350 Supersector Real Estate Index peer groups which would equate to maximum performance.

# Directors' remuneration report *continued*

for the year ended 31 October 2021

## Part C: Annual report on remuneration *continued*

### 2021 annual bonus outcomes: strategic objectives *continued*

#### LTIP awards included in single figure for the year ended 31 October 2020 (audited)

None, as no long term incentive awards completed their performance period during the 2020 financial year.

#### LTIP awards granted in the year ended 31 October 2021 (audited)

The second LTIP award under the current Remuneration Policy was granted on 28 January 2021. In line with Policy the awards had a face value of 200% of base salary and no consideration was paid for the grant which was structured as a nil-cost option. The normal vesting date of the LTIP awards will be 28 January 2024, being the third anniversary of the award date. Once vested, the LTIP award will normally be exercisable until the day before the tenth anniversary of the award date and is subject to a two-year holding period commencing on vesting.

Name	Role	Base salary at date of grant	Face value of 2021 LTIP award (% of base salary)	Face value of 2021 LTIP award	Face value at minimum vesting of 25%	Number of shares granted under nil-cost option*
F Vecchioli	CEO	£420,322	200%	£840,644	£210,161	101,465
A Jones	CFO	£299,479	200%	£598,958	£149,740	72,294

#### Note

\* Dividend equivalents will be payable on vested shares.

The number of shares granted under the award was calculated using a share price of 828.5 pence, being the closing share price on the dealing day immediately before the date of grant.

The LTIP awards will vest based on the satisfaction of the following performance conditions which are each measured over three-year periods:

- two-thirds based on Adjusted Diluted EPRA Earnings per Share growth: 5% p.a. growth (threshold) and 8% p.a. growth (maximum);
- one-sixth based on relative TSR against the FTSE 250 excluding investment trusts: median performance (threshold) and upper quartile performance (maximum); and
- one-sixth based on relative TSR against the FTSE 350 Supersector Real Estate Index: median performance (threshold) and upper quartile performance (maximum).

25% of the relevant element of the award will vest for threshold performance, with straight-line vesting in between to full vesting for the achievement of maximum performance. In addition, no award will vest unless a minimum level of Cash on Cash Return ("CoCR"<sup>3</sup>) of 8% p.a. has been met. The Committee will have overriding discretion to change formulaic outcomes (both downwards and upwards) if they are out of line with underlying performance of the Company. Full details of the performance conditions attached to the awards can be found in the table below.

Measure	Performance period	Performance target	Vesting <sup>1</sup> (% of award)
Adjusted diluted EPRA earnings per share <sup>2</sup> growth (two-thirds weighting)	Three financial years ending 31 October 2023	Less than 5% p.a. growth	0%
		Threshold: 5% p.a. growth	25%
		Maximum: 8% p.a. growth	100%
Relative TSR vs FTSE 250 (excluding Investment Trusts) (one-sixth weighting)	Three years from grant date ending 27 January 2024	Below median TSR	0%
		Threshold: Median TSR	25%
		Maximum: Upper quartile TSR	100%
Relative TSR vs FTSE 350 Supersector Real Estate Index (one-sixth weighting)	Three years from grant date ending 27 January 2024	Below median TSR	0%
		Threshold: Median TSR	25%
		Maximum: Upper quartile TSR	100%

#### Notes

- Vesting between the threshold and maximum based on a sliding scale.
- Adjusted Diluted EPRA Earnings per Share is based on the European Public Real Estate Association's definition of earnings and is defined as profit or loss for the period after tax but excluding corporate transaction costs, change in fair value of derivatives, gain/loss on investment properties and the associated tax impacts. The Company then makes further adjustments for the impact of exceptional items, IFRS 2 share-based payment charges, exceptional tax items and deferred tax charges. This adjusted earnings is divided by the diluted number of shares. The IFRS 2 cost is excluded as it is written back to distributable reserves and is a non-cash item (with the exception of the associated National Insurance element). Therefore, neither the Company's ability to distribute nor pay dividends are impacted (with the exception of the associated National Insurance element). The financial statements will disclose earnings on a statutory, EPRA and Adjusted Diluted EPRA basis and will provide a full reconciliation of the differences in the financial year in which any LTIP awards may vest.
- Cash on Cash Return p.a. is the average Cash on Cash Return over the performance period, where Cash on Cash Return is Underlying EBITDA after leasehold rent divided by original cost of investments calculated for each financial year in the performance period.

### Annual bonus – deferred bonus awards made in the year ended 31 October 2021

In line with Policy, the bonus awarded in excess of 100% of salary in respect of the year ended 31 October 2020 is held in shares by the Executive Directors on a net of tax basis (referred to as restricted shares). The restricted shares are subject to a two-year holding period that expires on 1 November 2022. Malus provisions apply during the holding period and claw-back provisions apply for three years thereafter. The restricted shares were acquired by the Executive Directors on 4 February 2021 at market value (£8.0846).

Name	Role	Face value of restricted shares	Number of restricted shares*
F Vecchioli	CEO	£110,605	13,681
A Jones	CFO	£78,809	9,748

#### Note

\* Dividend equivalents will be payable.

### Operation of Policy

The Committee is comfortable that the current Policy operated as intended in 2021 and that the overall remuneration paid to Executive Directors for 2021, as set out above, was appropriate.

### Payments to past Directors or for loss of office (audited)

During the year there were no payments to past Directors or for loss of office.

### Implementation of the Remuneration Policy for the year ended 31 October 2022

Please see the at a glance section on pages 84 to 87 of this report for details.

## Non-Executive Directors

### Single figure remuneration table (audited)

The remuneration of Non-Executive Directors showing the breakdown between components, together with comparative figures for the prior year, is shown below.

Director <sup>3</sup>		Fees £'000	Other £'000	Total £'000
D Hearn <sup>1</sup>	<b>2021</b>	<b>184</b>	<b>—</b>	<b>184</b>
	2020	154	—	154
I S Krieger	<b>2021</b>	<b>66</b>	<b>—</b>	<b>66</b>
	2020	54	—	54
J L Kenrick	<b>2021</b>	<b>50</b>	<b>—</b>	<b>50</b>
	2020	43	—	43
C Balmforth	<b>2021</b>	<b>60</b>	<b>—</b>	<b>60</b>
	2020	54	—	54
B Oliver	<b>2021</b>	<b>50</b>	<b>—</b>	<b>50</b>
	2020	43	—	43
G van de Weerdhof <sup>2</sup>	<b>2021</b>	<b>50</b>	<b>—</b>	<b>50</b>
	2020	18	—	18

#### Notes

1 David Hearn was appointed as Non-Executive Director from 1 December 2019 and as Non-Executive Chairman on 1 January 2020.

2 Gert van de Weerdhof was appointed as a Non-Executive Director from 1 June 2020.

3 Laure Duhot and Delphine Mousseau not included as appointed Non-Executive Directors on 1 November 2021.

### Fees to be provided in 2022 to the Non-Executive Directors

The following table sets out the annual fee rates for the Non-Executive Directors:

Fee component	2022
Chairman fee	£185,436
Non-Executive Director base fee	£56,000
Additional fee for SID and Committee chairmanship	£10,500

## Directors' remuneration report *continued*

for the year ended 31 October 2021

### Part C: Annual report on remuneration *continued*

#### Statement of Directors' shareholding and share interests

##### Shareholding and other interests at 31 October 2021 (audited)

Directors' share interests are set out below. As per the Remuneration Policy, in order that the Executive Directors' interests are aligned with those of shareholders, Executive Directors are encouraged to build up and maintain a personal shareholding equal to 350% of salary. The shareholding guidelines take account of beneficially owned shares, restricted shares, deferred shares at their net of tax value and vested but unexercised awards at their net of tax value. The Executive Directors have five years from the grant of the 2017 LTIP award (29 September 2022) to achieve this guideline. As shown in the table below, both Executive Directors meet the in-employment guidelines under the Policy.

The shareholding guidelines for Executive Directors will continue to apply for two years post cessation of employment. For the avoidance of doubt shares beneficially owned at the date of adoption of the current Policy (18 March 2020) and the 2017 LTIP award will be exempt from this guideline but share-based awards granted under the Policy approved by shareholders at the 2020 AGM are captured.

##### As at 31 October 2021

Director <sup>3</sup>	Number of beneficially owned shares <sup>1</sup>	% of salary held <sup>2</sup>	Total interests subject to conditions (LTIP nil-cost awards)	Total interests subject to continued service conditions only (2019 deferred bonus nil-cost option award)	Outstanding 2019 Sharesave awards	Total interests at 31 October 2021
F Vecchioli	1,950,049	5,311	2,224,954	22,276	3,529	4,200,808
A Jones	443,608	1,696	1,500,280	15,872	3,529	1,963,289
D Hearn	15,000	n/a	n/a	n/a	n/a	15,000
I S Krieger	60,000	n/a	n/a	n/a	n/a	60,000
B Oliver	10,000	n/a	n/a	n/a	n/a	10,000
J L Kenrick	Nil	n/a	n/a	n/a	n/a	Nil
C Balmforth	Nil	n/a	n/a	n/a	n/a	Nil
G van de Weerdhof	Nil	n/a	n/a	n/a	n/a	Nil

##### Notes

- Beneficial interests include shares held directly or indirectly by connected persons and restricted shares acquired on 4 February 2021.
- Based on the 31 October 2021 share price of 1,202 pence per share and beneficially owned shares only.
- Laure Duhot and Delphine Mousseau not included as appointed Non-Executive Directors on 1 November 2021.

Between 31 October 2021 and 12 January 2022 (being the latest practicable date prior to the publication of this report), the Executive Directors called upon deferred shares awarded to them in relation to the deferral of part of their annual bonus earned in the financial year ended 31 October 2019. This increased beneficially owned shares by 12,158 for Frederic Vecchioli and 8,663 for Andy Jones. There were no other changes to the Directors' interests between 31 October 2021 and 12 January 2022.

##### Annual bonus – deferred bonus awards called during the year ended 31 October 2021

In the year ended 31 October 2021, the Executive Directors were entitled to call upon the deferred shares awarded to them in relation to the deferred element of their annual bonus earned in the financial year ended 31 October 2018. These awards were granted on 5 February 2019 and in line with the previous Policy vested on 1 November 2020 subject to continued employment.

Director	Role	Number of nil-cost options granted	Dividend equivalents	Total number of shares called
F Vecchioli	CEO	16,483	708	17,191
A Jones	CFO	11,744	504	12,248

The Remuneration Committee determined the dividend equivalent share entitlement as the number of shares equal in value to the net dividends of 34.55 pence that had been declared on the nil-cost options from the date of grant to the date of vesting by the Executive Directors, divided by the closing share price on the date of vesting, being 803.5 pence on 1 November 2020.



### Outstanding LTIP awards at 31 October 2021

The following LTIP awards remain outstanding at 31 October 2021:

Director	Awards granted	Maximum award	Awards vested	Awards lapsed	Maximum outstanding awards <sup>1</sup> at 31 October 2021	Market price at date of vesting (p)	Normal vesting date
F Vecchioli	29/09/2017 LTIP	2,000,000	—	—	<b>2,000,000</b>	—	29/09/2022
	18/03/2020 LTIP	123,489	—	—	<b>123,489</b>	—	18/03/2023
	28/01/2021 LTIP	101,465	—	—	<b>101,465</b>	—	28/01/2024
A Jones	29/09/2017 LTIP	1,340,000	—	—	<b>1,340,000</b>	—	29/09/2022
	18/03/2020 LTIP	87,986	—	—	<b>87,986</b>	—	18/03/2023
	28/01/2021 LTIP	72,294	—	—	<b>72,294</b>	—	28/01/2024

#### Note

<sup>1</sup> These exclude dividend equivalents. Dividend equivalents are included in the 2017 LTIP plan limit of 2 million shares per participant such that if the total of the original LTIP awards which vest, and any dividend equivalent shares payable exceeds 2 million shares then a proportion of the dividend equivalent would need to be paid in cash.

The 2017 LTIP awards are subject to performance measures and a continued service condition over a five-year period, and the 2020 and 2021 awards are subject to performance measures and a continued service condition over a three-year period. The performance measures and targets for the 2017 LTIP awards are set out on pages 60 and 61 of the 2018 Annual Report, for the 2020 LTIP awards are set out on page 90 of the 2020 Annual Report and for the 2021 LTIP awards are set out on page 100 of this report.

### Consideration of shareholder views

Please see page 93 for details.

### Consideration of conditions elsewhere in the Group

Please see pages 92 and 93 for details.

### Considerations by the Committee of matters relating to Directors' remuneration for 2021

The Committee is responsible for recommending to the Board the remuneration policy for Executive Directors and senior management and for setting the remuneration packages for each Executive Director. The Committee also has oversight of the remuneration policy for all colleagues. The written terms of reference of the Committee are available on the Company's website and from the Company on request.

Members of the Committee in the year to 31 October 2021	Independent	Meetings held during tenure during the year	Number of meetings attended
C Balmforth (Chair)	Yes	7	7
D Hearn	Yes	7	7
I S Krieger	Yes	7	7
J L Kenrick	Yes	7	6
B Oliver	Yes	7	7
G van de Weerdhof	Yes	7	7

Clearly, a significant amount of the Committee's time in 2021 was spent continuing to assess the impact of Covid-19. In addition, we also did the following:

- approved the alignment of the Executive Director pension contribution rate with the wider workforce;
- considered wider workforce pay policies and practices and feedback from the workforce panel;
- approved the salary increase for Executive Directors and senior managers alongside the wider workforce salary budget;
- agreed annual bonus targets for 2021;
- reviewed and approved the 2021 LTIP grant and the associated performance conditions;
- discussed and approved Executive Director and senior manager remuneration outcomes for 2021 including measuring the performance of the EPS element of the 2017 LTIP award;
- reviewed the gender pay gap analysis results and signed off actions;
- reviewed and approved the Directors' remuneration report for 2020/21; and
- reviewed the Committee's terms of reference.

## Directors' remuneration report *continued*

for the year ended 31 October 2021

### Part C: Annual report on remuneration *continued*

#### Considerations by the Committee of matters relating to Directors' remuneration for 2021 *continued*

None of the Committee members have any personal financial interest (other than as shareholders) in the decisions made by the Committee, conflicts of interest arising from cross-directorships or day-to-day involvement in running the business.

The Chief Executive Officer, the Chief Financial Officer, the HR Director and the Company Secretary may attend meetings at the invitation of the Committee but are not present when their own remuneration outcomes are being discussed. The HR Director acts as the secretary to the Committee.

The Committee received external advice in 2021 from PricewaterhouseCoopers LLP ("PwC") in connection with remuneration matters including the provision of general guidance on market and best practice. PwC was appointed by the Committee after a competitive tender process in August 2016. PwC is considered by the Committee to be objective and independent. PwC is a member of the Remuneration Consultants Group and, as such, voluntarily operates under the code of conduct in relation to executive remuneration consulting in the UK. The Committee reviewed the nature of all the services provided during the year by PwC and was satisfied that no conflict of interest exists or existed in the provision of these services.

The total fees paid to PwC in respect of services to the Committee during the year were £84,300. Fees were determined based on the scope and nature of the projects undertaken for the Committee.

#### Executive Director service contracts

The service agreements of the Executive Directors are not fixed term and are terminable by either the Company or the Director on the following basis:

Director	Date of current service contract	Notice period
F Vecchioli	3 September 2013	12 months
A Jones	29 January 2013	12 months

#### Non-Executive Director letters of appointment

The Non-Executive Directors were appointed for an initial three-year term and their appointment continues subject to annual re-election at the Company's AGM up to a maximum term of nine years.

The table below sets out the dates that each Non-Executive Director was first appointed and the notice period by which their appointment may be terminated early by either party:

Director	Date of appointment	Notice period by Company or Director
D Hearn	1 December 2019	Three months
I S Krieger	3 October 2013	Three months
J L Kenrick (resigned 31/10/2021) <sup>1</sup>	8 October 2014	Three months
C Balmforth	1 August 2016	Three months
B Oliver (resigned 31/10/2021) <sup>1</sup>	1 November 2016	Three months
G van de Weerdhof	1 June 2020	Three months
L Duhot <sup>2</sup>	1 November 2021	Three months
D Mousseau <sup>2</sup>	1 November 2021	Three months

#### Notes

<sup>1</sup> Joanne Kenrick and Bill Oliver resigned as Non-Executive Directors of the Company with effect from 31 October 2021.

<sup>2</sup> Laure Duhot and Delphine Mousseau were appointed as independent Non-Executive Directors with effect from 1 November 2021.

Safestore Holdings plc is a public limited liability company incorporated under the laws of England and Wales with the registered number 04726380. It has a premium listing on the London Stock Exchange Main Market for listed securities (LON:SAFE) and is a constituent member of the FTSE 250 Index. The Company is a real estate investment trust ("REIT"). It is expected that the Company, which has no branches, will continue to operate as the holding company of the Group. The address of the registered office is Brittanica House, Stirling Way, Borehamwood, Hertfordshire WD6 2BT.

The principal activity of the Group is to provide storage solutions and related goods and services to commercial and domestic customers. The principal activity of the Company is that of a holding company.

The Directors present their report and the audited consolidated financial statements for the year ended 31 October 2021. References to Safestore, "the Group", "the Company", "we" or "our" are to Safestore Holdings plc, and its subsidiary companies where appropriate.

## Disclosures incorporated by reference

The following disclosures required to be included in the Directors' report have been incorporated by way of reference to other sections of this report and should be read in conjunction with this report:

- corporate governance report on pages 65 to 104;
- strategy and relevant future developments – refer to pages 5 to 17 of the strategic report;
- financial risk management, policies and objectives of the Group, along with any details of exposure to any liability and cash flow risk, are set out on pages 33 to 37 and in note 20 to the financial statements;
- details of the Group's going concern assessment and viability statement on pages 39 and 121; and
- employee matters and carbon emission disclosures are set out in the sustainability report on pages 45 to 50 and pages 54 to 64 respectively.

## Results for the year and dividends

The results for the year ended 31 October 2021 are set out in the consolidated statement of comprehensive income on page 117 and a review of the Group's results is explained further on pages 1 to 29.

An interim dividend of 7.50 pence (FY2020: 5.90 pence) was paid on 13 August 2021 and this included a Property Income Distribution ("PID") of 7.50 pence (FY2020: 5.90 pence). The Directors recommend a final dividend in respect of the year ended 31 October 2021 of 17.60 pence per ordinary share (FY2020: 12.70 pence). The PID element of the final dividend will be 17.60 pence (FY2020: 12.70 pence). If authorised at the 2022 AGM, the dividend will be paid on 7 April 2022 to members on the register at close of business on 4 March 2022.

The PID will be paid after the deduction of withholding tax at the basic rate (currently 20%). However, certain categories of shareholder may be entitled to receive payment of a gross PID if they are UK resident companies, UK public bodies, UK pension funds and managers of ISAs, PEPs and child trust funds. Information, together with the relevant forms which must be completed and submitted to the Company's Registrar, for shareholders who are eligible to receive gross PIDs is available in the Investor Relations section of the Company's website at [www.safestore.com](http://www.safestore.com). The ordinary dividend is not subject to withholding tax.

## Going concern and viability statement

After making enquiries, the Directors of Safestore are confident that, on the basis of current financial projections and facilities available and after considering sensitivities, and stress testing, the Group has sufficient resources for its operational needs and to enable the Group to remain in compliance with the financial covenants in its bank facilities for the foreseeable future, a period of not less than twelve months. The Directors have assessed Safestore's viability over a three-year period to 31 October 2024.

This is based on modelling over a three-year period, which gives greater certainty over the forecasting assumptions used. The viability statement is set out on page 39.

## Financial instruments

The financial risk management objectives and policies of the Group, along with any details of exposure to any liability and cash flow risk, are set out on pages 33 to 37 and in note 20 to the financial statements.

## Disclosures required under Listing Rule 9.8.4R

For the purposes of LR 9.8.4C, the information required to be disclosed by LR 9.8.4R can be found in the following locations within the Annual Report:

Information required under LR 9.8.4R	Page
(1) Amount of interest capitalised and tax relief	n/a
(2) Publication of unaudited financial information	n/a
(4) Details of long term incentive schemes	147 and 148
(5) Waiver of emoluments by a Director	n/a
(6) Waiver of future emoluments by a Director	n/a
(7) Non-pre-emptive issues of equity for cash	147
(8) Item (7) in relation to major subsidiary undertakings	n/a
(9) Parent company participation in a placing by a listed subsidiary	n/a
(10) Contracts of significance	106
(11) Provision of services by a controlling shareholder	n/a
(12) Shareholder waiver of dividends	n/a
(13) Shareholder waiver of future dividends	n/a
(14) Agreements with controlling shareholders	n/a

All the information referenced above is incorporated by reference into the Directors' report.

## Management report

The strategic report and the Directors' report collectively comprise the "management report" for the purposes of the Financial Conduct Authority's Disclosure Guidance and Transparency Rules (DTR 4.1.5R).

## Post-balance sheet events

In November 2021, the Group committed to sell the Nanterre site to the joint venture partner of Nanterre FOCD 92. Further details relating to this transaction is explained on page 11 and note 32 of the financial statements.

In December 2021, the Group completed the acquisition of Your Room Self Storage Limited, which includes a freehold store located in Christchurch, Dorset. Further details relating to this transaction is explained on page 13.

## Directors' report *continued*

### Directors

The Directors of the Company who served during the year and to the date of this report were as follows:

Claire Balmforth	Non-Executive Director
Laure Duhot	Non-Executive Director (appointed 1 November 2021)
David Hearn	Non-Executive Chairman
Andy Jones	Chief Financial Officer
Joanne Kenrick	Non-Executive Director (stepped down 31 October 2021)
Ian Krieger	Senior Independent Director
Delphine Mousseau	Non-Executive Director (appointed 1 November 2021)
Bill Oliver	Non-Executive Director (stepped down 31 October 2021)
Frederic Vecchioli	Chief Executive Officer
Gert van de Weerdhof	Non-Executive Director

The skills and experience of the serving Directors are set out on pages 66 and 67, and their interests in the ordinary share capital of the Company and details of options granted to Executive Directors under the Group's share schemes are set out in the Directors' remuneration report on pages 101 and 102.

### Appointment and removal of Directors

The Company's rules governing the appointment and removal of Directors are contained in its Articles of Association. Changes to the Articles of Association are only permitted in accordance with legislation and must be approved by a special resolution of shareholders. The Company's Articles of Association provide that a Director may be appointed by an ordinary resolution of the shareholders or by the existing Directors, either to fill a vacancy or as an additional Director. Further information on the Company's internal procedures for the appointment of Directors is given in the corporate governance section on pages 71 and 73.

A Director may be removed by the Company in certain circumstances set out in the Articles of Association or by a special resolution of the Company's shareholders.

### Vacation of office

The office of a Director shall be vacated if (amongst other circumstances) a Director: (i) resigns; (ii) has been appointed for a fixed term and the term expires; (iii) ceases to be a Director by virtue of the Companies Acts, is removed from office pursuant to the Articles of Association or becomes prohibited by law from being a Director; (iv) becomes bankrupt; (v) has been suffering from mental or physical ill health and may remain so for more than three months; (vi) by reason of that person's mental health, a court order makes an order which wholly or partly prevents that person from personally exercising any powers or rights which that person would otherwise have; (vii) both a Director and his or her alternate Director (if any) are absent, without the permission of the Board from meetings of the Board for six consecutive months and the Board resolves that his or her office is vacated; or (viii) is removed from office by notice addressed to the Director at their last-known address and signed by all co-Directors.

### Directors' powers

The Board, which is responsible for the management of the business, may exercise all the powers of the Company subject to the provisions of relevant legislation, the Company's Articles of Association and directions given by special resolution of the Company. The powers of the Directors set out in the Articles of Association include those in relation to the issue and buyback of shares.

### Annual re-election of Directors

The Company's Articles of Association require that one-third of Directors retire by rotation each year and that each Director must retire at intervals of not more than three years. In accordance with the Company's Articles of Association and with the Code, all Directors will retire at the Annual General Meeting ("AGM") to be held on Wednesday 16 March 2022 and will offer themselves for re-election.

### Directors' indemnities

The Company maintains directors' and officers' liability insurance which provides appropriate cover for legal action brought against its Directors. The Company has also granted indemnities to each of its Directors to the extent permitted by law. The Directors also have (and during the year ended 31 October 2021 had) the benefit of the qualifying third party indemnity provision contained in the Company's Articles of Association, which provides a limited indemnity in respect of liabilities incurred as a Director or other officer of the Company.

### Directors' interests in contracts and conflicts of interest

No member of the Board had a material interest in any contract of significance with the Company, or any of its subsidiaries, at any time during the year. Directors are required to notify the Company of any conflict or potential conflict of interest.

The Company's policy is that Directors notify the Chairman and the Company Secretary of all new outside interests and conflicts of interest as and when they arise. The Board confirms that no conflicts have been identified or notified to the Company during the year and, accordingly, the Board has not authorised any conflicts of interest as permitted by the Company's Articles of Association.

### Share capital

At 31 October 2021, the Company's issued share capital comprised 210,823,703 ordinary shares of 1 pence each. The rights and obligations attached to the Company's ordinary shares are set out in its Articles of Association and note 11 of the Company's financial statements. Details of movements in the share capital during the year are provided in note 23 of the financial statements. The issued share capital has been increased by 212,496 ordinary shares during the year by fully paid issues as follows:

		Number of ordinary shares of 1 pence
November 2020 to May 2021	Exercise of options under the 2017 (three-year) Sharesave scheme	212,496

No person holds securities in the Company carrying special rights with regard to control of the Company.

### Own shares – Employee Benefit Trust

At 31 October 2021, the Employee Benefit Trust retains 41,259 ordinary shares (FY2020: 32,698) with a nominal value of £413 (FY2020: £327) in satisfaction of awards under the Group's share scheme arrangements. This represents less than 0.02% (FY2020: 0.02%) of the total issued share capital of the Company.

## Purchase of own shares

The Company was granted authority at the 2021 AGM to make market purchases of its own ordinary shares. This authority will expire at the conclusion of the 2022 AGM and a resolution will be proposed to seek further authority. No ordinary shares were purchased under this authority during the year or in the period from 1 November 2021 to 12 January 2022.

## Restrictions on transfers of shares and/or voting rights

The Company is not aware of any agreements between shareholders that may result in restrictions on the transfer of securities and/or voting rights and apart from the matters described below, there are no restrictions on the transfer of the Company's ordinary shares and/or voting rights:

- Certain restrictions on transfers of shares may from time to time be imposed by laws and regulations (such as the Market Abuse Regulation). The Company's Securities Dealing Code provides that all Directors and employees are required to seek the Company's approval to deal in its shares.
- Some share-based employee incentive plans include restrictions on the transfer of shares, while the shares are subject to the plan concerned.
- The Directors' Remuneration Policy provides that annual bonus awards in excess of 100% of salary be deferred into shares ("Deferred Bonus Award"); the annual bonus plan rules include restrictions on the transfer of such shares, while the shares are subject to the plan concerned.
- The transferor of a share is deemed to remain the holder until the transferee's name is entered in the register of shareholders. The Board can refuse to register any transfer of any share which is not a fully paid share. The Company does not currently have any partly paid shares.
- Unless the Directors determine otherwise, members are not entitled to vote personally or by proxy at a shareholders' meeting, or to exercise any other member's right in relation to shareholders' meetings, in respect of any share for which any call or other sum payable to the Company remains unpaid.
- Unless the Directors determine otherwise, no transfer of shares shall be registered and members are not entitled to vote personally or by proxy at a shareholders' meeting, or to exercise any other member's right in relation to shareholders' meetings if the member fails to provide the Company with the required information concerning interests in those shares within the prescribed period after being served with a notice under Section 793 of the Companies Act 2006.
- The shareholding guidelines set out in the Directors' Remuneration Policy on page 85 provide that Executive Directors are expected to build up their shareholding over a five-year period. Executive Directors would be expected to retain any shares vesting (post-tax) under in-flight awards until they have acquired the necessary shares to meet their shareholding requirements.

Details of deadlines in respect of voting for the 2021 AGM are contained in the Notice of Meeting that has been circulated to shareholders and can be viewed on the Company's website at [www.safestore.com](http://www.safestore.com).

## Substantial shareholdings

The table below sets out the names of those persons who, insofar as the Company is aware, as at 10 November 2021 (being the nearest date of the Company's internal analysis to 31 October 2021), are interested directly or indirectly in 3% or more of the issued share capital of the Company.

Name of shareholder	Number of ordinary shares as at 31.10.21	Percentage of issued share capital
Aberdeen Standard Investments*	13,905,237	6.60%
BlackRock Investment Management (London)	8,530,402	4.05%
Vanguard Group (Philadelphia)	7,857,965	3.73%
BlackRock Investment Management (San Francisco)	7,109,556	3.37%
Legal & General Investment Management	6,660,019	3.16%

### Note

\* Aggregate of Standard Life Aberdeen plc affiliated investment management entities with delegated voting rights on behalf of multiple managed portfolios.

Information provided to the Company pursuant to Rule 5 of the Disclosure Guidance and Transparency Rules ("DTR") is published on a Regulatory Information Service and on the Company's website.

During the current financial year and as at 31 October 2021, the Company has received no notifications in accordance with DTR 5 disclosing changes to voting interests in its issued share capital.

No further notifications have been received since 31 October 2021 and 12 January 2022, being the latest practicable date prior to the publication of this report.

All interests disclosed to the Company in accordance with the Disclosure Guidance and Transparency Rules (DTR 5) that have occurred since 12 January 2022 can be found on the Company's website at [www.safestore.com](http://www.safestore.com).

## Significant agreements and change of control

The Group's bank facilities agreement and US Private Placement Note agreements contain provisions entitling the counterparty to terminate the contractual agreements in the event of a change of control of the Group. The rules governing the Group's share scheme arrangements also contain provisions relating to the vesting and exercising of options in the event of a change of control of the Group.

There are no agreements between the Company and its Directors or employees providing for compensation for loss of office or employment (whether through resignation, purported redundancy or otherwise) that occurs because of a takeover bid.

## Employment and environmental matters

Information in respect of the Group's environmental and employment policies, including the policies regarding the employment of disabled persons and greenhouse gas reporting, is summarised in the sustainability section on pages 40 to 64.

## Amendment of the Articles of Association

The Company's Articles of Association may only be amended by special resolution at a general meeting of the shareholders.

## Directors' report *continued*

### Political donations

The Company made no political donations and incurred no political expenditure during the year (FY2020: £nil). It remains the Company's policy not to make political donations or to incur political expenditure; however, the application of the relevant provisions of the Companies Act is potentially very broad in nature and, as with last year, the Board is seeking shareholder authority to ensure that the Company does not inadvertently breach these provisions as a result of the breadth of its business activities. It is not the policy of the Company or its subsidiaries to make political donations.

### Disclosure of information to auditor

Each of the persons who is a Director at the date of approval of this report confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- each Director has taken all the steps a Director might reasonably expect that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

### Independent auditor

Deloitte LLP has indicated its willingness to continue in office and the Audit Committee has recommended resolutions at the 2022 AGM to re-appoint Deloitte LLP as the Company's auditor and to authorise the Audit Committee to agree the auditor's remuneration.

In order to comply with the requirements of the Statutory Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Responsibilities) Order 2014 (the "Order"), the Company intends to conduct a formal tender process for audit services during the financial year ending 2024. The Committee considers this timing to be in the best interests of the Company, as it allows for a new lead audit partner to be appointed (in accordance with the Order) and conduct a full year audit ahead of the formal audit tender process.

### Annual General Meeting ("AGM")

The AGM will be held at the Company's registered office at Brittanica House, Stirling Way, Borehamwood, Hertfordshire WD6 2BT, on Wednesday 16 March 2022 at 12.00 noon and will also be broadcast using teleconference facilities.

The 2022 AGM will include, as special business, resolutions dealing with adopting new Articles of Association, authority to issue shares, disapplication of pre-emption rights, authority to purchase the Company's own shares, and authority to call a general meeting on not less than 14 days' notice. The Notice of AGM sets out details of the business to be considered at the AGM and contains explanatory notes on such business. This has been dispatched to shareholders and can be found on the Company's website at [www.safestore.com](http://www.safestore.com).

Shareholders are encouraged to use their vote at this year's AGM by casting their votes online by using our electronic proxy appointment service offered by the Company's Registrar, Link Group, at [www.signalshares.com](http://www.signalshares.com).

This report was approved by the Board for release on 12 January 2022 and signed on its behalf by:

**Helen Bramall**  
**Company Secretary**  
 12 January 2022

# Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual Report and Financial Statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare such financial statements for each financial year. Under that law the Directors are required to prepare the Group financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union and Article 4 of the IAS Regulation and have also chosen to prepare the parent company financial statements in accordance with Financial Reporting Standard 101 "Reduced Disclosure Framework". Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the parent company and of the profit or loss of the Group for that period.

In preparing the parent company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether Financial Reporting Standard 101 "Reduced Disclosure Framework" has been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

In preparing the Group financial statements, International Accounting Standard 1 requires that Directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Group's ability to continue as a going concern.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the parent company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website at [www.safestore.co.uk](http://www.safestore.co.uk). Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## Directors' responsibility statement

We confirm that, to the best of our knowledge:

- the financial statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group and the undertakings included in the consolidation taken as a whole;
- the strategic report includes a fair review of the development and performance of the business and the position of the Group and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and
- the Annual Report and Financial Statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

This responsibility statement was approved by the Board of Directors on 12 January 2022 and is signed on its behalf by:

**Frederic Vecchioli**  
Chief Executive Officer

**Andy Jones**  
Chief Financial Officer

# Independent auditor's report

to the members of Safestore Holdings plc

## Report on the audit of the financial statements

### 1. Opinion

In our opinion:

- the financial statements of Safestore Holdings plc (the "parent company") and its subsidiaries (the "Group") give a true and fair view of the state of the Group's and of the parent company's affairs as at 31 October 2021 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards ("IFRSs") as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated income statement;
- the consolidated statement of comprehensive income;
- the consolidated and parent company balance sheets;
- the consolidated and parent company statements of changes in equity;
- the consolidated cash flow statement; and
- the Group related notes 1 to 32 and parent company related notes 1 to 13.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and international accounting standards in conformity with the requirements of the Companies Act 2006 and IFRSs as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

### 2. Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.


We are independent of the Group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's ("FRC's") Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We confirm that we have not provided any non-audit services prohibited by the FRC's Ethical Standard to the Group or the parent company.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### 3. Summary of our audit approach

**Key audit matters** The key audit matter that we identified in the current year was the valuation of investment properties, which is consistent with the key audit matter identified in the prior year.

Within this report, the key audit matter is identified as follows:

 Similar level of risk

**Materiality** The materiality that we used for the Group financial statements was £27.4 million which was determined as 2% of net assets. For testing items affecting profit before tax we have applied a lower threshold amounting to £4.0 million which was determined as 5% of profit before income tax, adjusted for investment property and derivative fair value movements.

**Scoping** We have identified three components within the Group: United Kingdom ("UK"), France and Spain operations. The Group audit team has performed a full scope audit of the UK component and a French component audit team has performed a full scope audit of the French component. In addition, the Group team has performed analytical procedures at the Group level in respect of the Spanish component and associate entity.

**Significant changes in our approach** There have been no significant changes in our approach in the current year.



## Report on the audit of the financial statements *continued*

### 4. Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the Directors' assessment of the Group's and parent company's ability to continue to adopt the going concern basis of accounting included:

- an assessment of the Group's financing facilities including nature of facilities, repayment terms and covenants;
- a challenge of the range of scenarios modelled by management through our understanding of sector performance and sentiment and historical forecasting accuracy of management;
- an assessment of the level of headroom arising in each scenario; and
- an assessment of the sophistication of the model used to prepare the forecasts and testing of clerical accuracy of those forecasts.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In relation to the reporting on how the Group has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

### 5. Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

# Independent auditor's report *continued*

to the members of Safestore Holdings plc

## Report on the audit of the financial statements *continued*

### 5. Key audit matters *continued*

#### 5.1. Valuation of investment properties

##### **Key audit matter description**

Investment properties are held at a fair value of £2,031.3 million at 31 October 2021 (FY2020: £1,648.4 million). This is the most quantitatively material balance in the financial statements.

Property valuation, which is performed by an independent valuer, is by its nature subjective with significant judgements applied. The key judgements about individual properties are stabilised occupancy, capitalisation rate, discount rate and net rent growth. These judgements drive a cash flow model that is used as the basis of the valuation of each individual property. Additionally, there are specific key judgements pertaining to "immature" stores which were defined as stores open for five years or less and UK assets under leasehold with an unexpired lease term of ten years or less.

For further details of the Group's valuation method and assumptions, refer to notes 2 and 13 of the financial statements. The valuation of investment properties is also discussed in the Audit Committee report on page 77.

##### **How the scope of our audit responded to the key audit matter**

In response to the risk of valuation of investment properties, we performed the following audit procedures:

We met with the third party valuer, assessed the appropriateness of the valuer's scope and evaluated the competence, objectivity and capability of the valuer.

We obtained the source data provided by management to the valuer (e.g. historical revenue, occupancy, average rental rates and lettable area on a store by store basis) and tested a sample of the source data for completeness, accuracy and integrity.

We identified individual properties through analysis against the following criteria:

- "immature" stores, defined as stores open for five years or less;
- UK leasehold stores with a term of ten years or less; and
- properties which display characteristics of audit interest through analysis of key assumptions, namely stabilised occupancy, capitalisation rate, discount rate and net rent growth.

We investigated the properties identified and challenged the key judgements by assessing the appropriateness through comparison with the market and our expectation.

With the involvement of our internal real estate specialists (who are members of the Royal Institution of Chartered Surveyors or RICS), we performed an independent assessment of the assumptions that underpin the valuations, based on their knowledge of the self storage industry and wider real estate market.

We evaluated whether the Group's valuation methodology remains appropriate and assessed whether indicative rents and yields achieved in recent comparable transactions were consistent with the assumptions used in the Group's valuations.

We have tested the accuracy and integrity of key elements of the valuer's model. We also recalculated the valuation for a sample of property assets, obtained contradictory evidence where available and performed a "stand-back" review to assess the sufficiency of audit evidence.

We assessed the associated financial statement disclosures.

##### **Key observations**

We found the assumptions adopted by the Group in the valuation were reasonable and the methodology applied was appropriate in all material aspects.

## Report on the audit of the financial statements *continued*

### 6. Our application of materiality

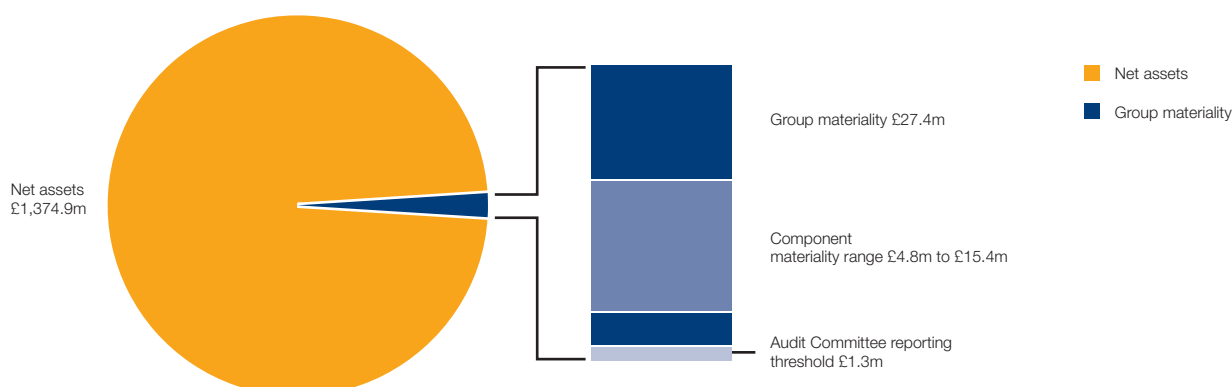
#### 6.1. Materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	Parent company financial statements
<b>Materiality</b>	£27.4 million (FY2020: £19.1 million).	£5.1 million (FY2020: £4.9 million).
<b>Basis for determining materiality</b>	2% of net assets (FY2020: 2% of net assets).	Parent company materiality represents 3% of net assets (FY2020: 3% of net assets).
<b>Rationale for the benchmark applied</b>	We considered net assets to be a critical financial performance measure for the Group on the basis that it is a key metric used by management, investors, analysts and lenders.	We considered net assets to be a critical financial performance measure for the Company on the basis that it is a key metric used by management, investors, analysts and lenders.

In addition to net assets, we also consider profit before income tax, adjusted for investment property and derivative fair value movements, to be a critical financial performance measure for the Group, which aligns closely with EPRA earnings. We applied a lower threshold of £4.0 million (FY2020: £3.1 million) for testing of balances impacting that measure, which has been determined as 5% (FY2020: 5%) of profit before income tax adjusted for investment property and derivative fair value movements.



#### 6.2. Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole.

	Group financial statements	Parent company financial statements
<b>Performance materiality</b>	70% (FY2020: 70%) of Group materiality.	70% (FY2020: 70%) of parent company materiality.
<b>Basis and rationale for determining performance materiality</b>	In determining performance materiality, we considered the following factors: <ul style="list-style-type: none"> <li>a. the quality of the control environment and whether we were able to rely on controls;</li> <li>b. the low volume of uncorrected misstatements in the previous audit;</li> <li>c. turnover of management or key accounting personnel; and</li> <li>d. prior period adjustments.</li> </ul>	

#### 6.3. Error reporting threshold

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £1.3 million (FY2020: £1.0 million), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

# Independent auditor's report *continued*

to the members of Safestore Holdings plc

## Report on the audit of the financial statements *continued*

### 7. An overview of the scope of our audit

#### 7.1. Identification and scoping of components

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including Group-wide controls, and assessing the risks of material misstatement at the Group level.

We have determined that there are three components within the Group: United Kingdom, France and Spain operations. The Group audit team has performed a full scope audit of the UK component and a French component audit team has performed a full scope audit of the French component. In addition, the Group team has performed analytical procedures at Group level in respect of the Spanish component and the associate entity.

We instructed the French component auditors to perform the audit of the France component and supervised their work through regular communication. The Covid-19 related travel restrictions continued to prevent the Group team from meeting with the component team in person; however, frequent and regular communication was maintained and the Group team attended the planning and closing meetings remotely. We have reviewed the outputs of the work performed by them during their audit and challenged their conclusions.

Our component audit work was executed at levels of materiality applicable to each individual component which were lower than Group materiality, ranging from £4.8 million to £15.4 million (FY2020: £3.3 million to £11.3 million). In addition, for the lower threshold described above, our component thresholds ranged from £0.7 million to £2.2 million (FY2020: £0.5 million to £1.6 million).

#### 7.2. Our consideration of the control environment

We have obtained an understanding of the relevant controls such as those relating to the financial reporting cycle, and those in relation to our key audit matter. Together with our IT specialists we tested certain controls over the financial reporting systems.

We have decided not to rely on controls as the control environment is predominantly manual in nature.

### 8. Other information

The other information comprises the information included in the Annual Report, other than the financial statements. We have nothing to report and our auditor's report thereon. The Directors are responsible for the other information contained within the Annual Report in this regard. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

### 9. Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the parent company or to cease operations, or have no realistic alternative but to do so.

### 10. Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

## Report on the audit of the financial statements *continued*

### 11. Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

#### 11.1. Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance including the design of the Group's remuneration policies, key drivers for Directors' remuneration, bonus levels and performance targets;
- results of our enquiries of management, internal audit and the Audit Committee about their own identification and assessment of the risks of irregularities;
- any matters we identified having obtained and reviewed the Group's documentation of their policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
  - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations; and
- the matters discussed among the audit engagement team including the significant component audit team and relevant internal specialists, including tax, real estate valuer, IT and industry specialists regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the assumptions used in the valuation of investment properties as they are subject to management bias. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory framework that the Group operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act, Listing Rules and tax legislation.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the Group's ability to operate or to avoid a material penalty.

#### 11.2. Audit response to risks identified

As a result of performing the above, we identified the valuation of investment properties as a key audit matter related to the potential risk of fraud. The key audit matters section of our report explains the matter in more detail and also describes the specific procedures we performed in response to that key audit matter.

In addition to the above, our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management, the Audit Committee and external legal counsel concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with HMRC; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists and the significant component audit team, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

# Independent auditor's report *continued*

to the members of Safestore Holdings plc

## Report on other legal and regulatory requirements

### 12. Opinions on other matters prescribed by the Companies Act 2006

In our opinion the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Group and the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the Directors' report.

### 13. Corporate governance statement

The Listing Rules require us to review the Directors' statement in relation to going concern, longer term viability and that part of the corporate governance statement relating to the Group's compliance with the provisions of the UK Corporate Governance Code specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- the Directors' statement with regard to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 105;
- the Directors' explanation as to its assessment of the Group's prospects, the period this assessment covers and why the period is appropriate set out on page 39;
- the Directors' statement on fair, balanced and understandable set out on page 109;
- the Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on pages 33 to 37;
- the section of the Annual Report that describes the review of effectiveness of risk management and internal control systems set out on page 69; and
- the section describing the work of the Audit Committee set out on page 76.

### 14. Matters on which we are required to report by exception

#### 14.1. Adequacy of explanations received and accounting records

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

#### 14.2. Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of Directors' remuneration have not been made or the part of the Directors' remuneration report to be audited is not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

### 15. Other matters which we are required to address

#### 15.1. Auditor tenure

Following the recommendation of the Audit Committee, we were appointed by the shareholders on 12 October 2014 to audit the financial statements for the year ending 31 October 2014 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and re-appointments of the firm is eight years, covering the years ending 31 October 2014 to 31 October 2021.

#### 15.2. Consistency of the audit report with the additional report to the Audit Committee

Our audit opinion is consistent with the additional report to the Audit Committee we are required to provide in accordance with ISAs (UK).

### 16. Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Darren Longley FCA (Senior Statutory Auditor)**

For and on behalf of Deloitte LLP

Statutory Auditor

London, United Kingdom

12 January 2022

# Consolidated income statement

for the year ended 31 October 2021

	Notes	Group	
		2021 £'m	2020 £'m
<b>Revenue</b>	3, 4	<b>186.8</b>	162.3
Cost of sales		<b>(56.9)</b>	(56.3)
Gross profit		<b>129.9</b>	106.0
Administrative expenses		<b>(34.0)</b>	(20.3)
Share of profit in associate	12	—	—
Underlying EBITDA		<b>118.0</b>	93.9
Exceptional items	5	<b>(1.9)</b>	(0.2)
Share-based payments		<b>(18.3)</b>	(6.5)
Depreciation and variable lease payments		<b>(1.4)</b>	(1.2)
Share of associate's depreciation, interest and tax		<b>(0.5)</b>	(0.3)
<b>Operating profit before gains on investment properties</b>		<b>95.9</b>	85.7
Gain on investment properties	13	<b>321.1</b>	126.5
<b>Operating profit</b>	4, 6	<b>417.0</b>	212.2
Finance income	8	<b>0.6</b>	0.5
Finance expense	8	<b>(13.0)</b>	(14.8)
<b>Profit before income tax</b>		<b>404.6</b>	197.9
Income tax charge	9	<b>(22.6)</b>	(19.9)
Profit for the year		<b>382.0</b>	178.0
<b>Earnings per share for profit attributable to the equity holders</b>			
– basic (pence)	11	<b>181.2</b>	84.6
– diluted (pence)	11	<b>176.4</b>	84.0

The financial results for both years relate to continuing operations.

Underlying EBITDA is an Alternative Performance Measure and is defined as operating profit before exceptional items, share-based payments, corporate transaction costs, gain/loss on investment properties, depreciation and variable lease payments and the share of associate's depreciation, interest and tax.

The notes on pages 121 to 151 are an integral part of these consolidated financial statements.

# Consolidated statement of comprehensive income

for the year ended 31 October 2021

	Group	
	2021 £'m	2020 £'m
<b>Profit for the year</b>	<b>382.0</b>	178.0
<b>Other comprehensive (expense)/income</b>		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Currency translation differences	<b>(20.3)</b>	12.1
Net investment hedge	<b>10.9</b>	(7.4)
<b>Other comprehensive (expense)/income, net of tax</b>	<b>(9.4)</b>	4.7
<b>Total comprehensive income for the year</b>	<b>372.6</b>	182.7

# Consolidated balance sheet

as at 31 October 2021

	Notes	Group	
		2021 £'m	2020 £'m
<b>Assets</b>			
<b>Non-current assets</b>			
Investment in associates	12	7.2	5.3
External valuation of investment properties, net of lease liabilities		1,881.8	1,557.5
Add-back of lease liabilities		82.1	76.9
Investment properties under construction		67.4	14.0
Total investment properties	13	2,031.3	1,648.4
Property, plant and equipment	14	3.2	3.2
Derivative financial instruments	20	0.9	0.5
Deferred income tax assets	22	0.8	0.2
		2,043.4	1,657.6
<b>Current assets</b>			
Inventories		0.5	0.3
Derivative financial instruments	20	1.3	0.4
Trade and other receivables	16	28.9	23.2
Cash and cash equivalents	17	43.2	19.6
		73.9	43.5
<b>Total assets</b>		<b>2,117.3</b>	<b>1,701.1</b>
<b>Current liabilities</b>			
Financial liabilities			
– derivative financial instruments	20	(0.2)	–
Trade and other payables	18	(75.8)	(47.2)
Current income tax liabilities		(0.3)	(0.2)
Obligations under lease liabilities	21	(12.3)	(12.3)
		(88.6)	(59.7)
<b>Non-current liabilities</b>			
Financial liabilities			
– bank borrowings	19	(484.7)	(454.5)
– derivative financial instruments	20	–	(1.4)
Deferred income tax liabilities	22	(97.0)	(85.0)
Obligations under lease liabilities	21	(70.0)	(64.9)
Provisions	27	(2.1)	–
		(653.8)	(605.8)
<b>Total liabilities</b>		<b>(742.4)</b>	<b>(665.5)</b>
<b>Net assets</b>		<b>1,374.9</b>	<b>1,035.6</b>
<b>Equity</b>			
Ordinary shares	23	2.1	2.1
Share premium		61.3	60.6
Translation reserve		5.1	14.5
Retained earnings		1,306.4	958.4
<b>Total equity</b>		<b>1,374.9</b>	<b>1,035.6</b>

These financial statements were authorised for issue by the Board of Directors on 12 January 2022 and signed on its behalf by:

**A Jones**                      **F Vecchioli**  
 Chief Financial Officer      Chief Executive Officer

Company registration number: 04726380



# Consolidated statement of changes in shareholders' equity

for the year ended 31 October 2021

	Group				
	Share capital £'m	Share premium £'m	Translation reserve £'m	Retained earnings £'m	Total £'m
<b>Balance at 1 November 2019</b>	2.1	60.6	9.8	813.4	885.9
<b>Comprehensive income</b>					
Profit for the year	—	—	—	178.0	178.0
<b>Other comprehensive income/(expense)</b>					
Currency translation differences	—	—	12.1	—	12.1
Net investment hedge	—	—	(7.4)	—	(7.4)
Total other comprehensive income	—	—	4.7	—	4.7
<b>Total comprehensive income</b>	—	—	4.7	178.0	182.7
<b>Transactions with owners</b>					
Dividends (note 10)	—	—	—	(37.7)	(37.7)
Increase in share capital	—	—	—	—	—
Employee share options	—	—	—	4.7	4.7
<b>Transactions with owners</b>	—	—	—	(33.0)	(33.0)
<b>Balance at 1 November 2020</b>	2.1	60.6	14.5	958.4	1,035.6
<b>Comprehensive income</b>					
Profit for the year	—	—	—	382.0	382.0
<b>Other comprehensive (expense)/income</b>					
Currency translation differences	—	—	(20.3)	—	(20.3)
Net investment hedge	—	—	10.9	—	10.9
Total other comprehensive expense	—	—	(9.4)	—	(9.4)
<b>Total comprehensive (expense)/income</b>	—	—	(9.4)	382.0	372.6
<b>Transactions with owners</b>					
Dividends (note 10)	—	—	—	(42.6)	(42.6)
Increase in share capital	—	0.7	—	—	0.7
Employee share options	—	—	—	8.6	8.6
<b>Transactions with owners</b>	—	0.7	—	(34.0)	(33.3)
<b>Balance at 31 October 2021</b>	<b>2.1</b>	<b>61.3</b>	<b>5.1</b>	<b>1,306.4</b>	<b>1,374.9</b>

The translation reserve balance of £5.1 million (FY2020: £14.5 million) comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations and the impact of the net investment hedge. The cumulative impact of the net investment hedge included within this reserve is a net income of £4.7 million (FY2020: net expense of £6.2 million).

# Consolidated cash flow statement

for the year ended 31 October 2021

	Notes	Group	
		2021 £'m	2020 £'m
<b>Cash flows from operating activities</b>			
Cash generated from operations	24	<b>115.6</b>	95.5
Interest received		<b>0.9</b>	0.2
Interest paid		<b>(14.1)</b>	(14.7)
Tax paid		<b>(5.4)</b>	(5.3)
Net cash inflow from operating activities		<b>97.0</b>	75.7
<b>Cash flows from investing activities</b>			
Acquisition of subsidiary, net of cash acquired		—	(14.3)
Investment in associates		<b>(1.9)</b>	(2.5)
Loans to associates		<b>(0.9)</b>	—
Expenditure on investment properties and development properties		<b>(62.4)</b>	(59.9)
Proceeds in respect of Capital Goods Scheme		—	0.3
Purchase of property, plant and equipment		<b>(1.0)</b>	(1.3)
Proceeds from sale of property, plant and equipment		—	0.1
Net cash outflow from investing activities		<b>(66.2)</b>	(77.6)
<b>Cash flows from financing activities</b>			
Issue of share capital		<b>0.7</b>	—
Equity dividends paid	10	<b>(42.6)</b>	(37.7)
Proceeds from borrowings		<b>196.8</b>	57.5
Repayment of borrowings		<b>(153.0)</b>	(24.4)
Debt issuance costs		<b>(0.7)</b>	(0.5)
Principal payment of lease liabilities		<b>(7.5)</b>	(6.9)
Net cash outflow from financing activities		<b>(6.3)</b>	(12.0)
<b>Net increase/(decrease) in cash and cash equivalents</b>			
Exchange (loss)/gain on cash and cash equivalents		<b>(0.9)</b>	0.3
Cash and cash equivalents at 1 November		<b>19.6</b>	33.2
<b>Cash and cash equivalents at 31 October</b>	17, 25	<b>43.2</b>	19.6

# Notes to the financial statements

for the year ended 31 October 2021

## 1. General information

Safestore Holdings plc (the "Company") and its subsidiaries (together, the "Group") provide self storage facilities to customers throughout the UK, Paris and Spain. The Company is a public limited company, which is listed on the London Stock Exchange and incorporated and domiciled in the UK. The address of its registered office is Brittanica House, Stirling Way, Borehamwood, Hertfordshire WD6 2BT.

## 2. Summary of significant accounting policies

The principal accounting policies of the Group are set out below. These policies have been consistently applied to each of the years presented, unless otherwise stated.

### Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union and International Financial Reporting Interpretations Committee ("IFRIC") interpretations. They also comply with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

The Group consolidated financial statements are presented in Sterling and are rounded to the nearest £0.1 million, unless otherwise stated. They are prepared on a going concern basis under the historical cost convention as modified by the revaluation of investment properties and the fair value of derivative financial instruments.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual amounts may differ from those estimates.

### Going concern and viability statement

The Directors are satisfied that the Group has sufficient resources to continue in operation for the foreseeable future, a period of not less than twelve months from the date of this report. Accordingly, they continue to adopt the going concern basis in preparing this consolidated financial information.

In assessing the Group's going concern position as at 31 October 2021, the Directors have considered a number of factors, including the current balance sheet position, the principal and emerging risks which could impact the performance of the Group and the Group's strategic and financial plan. Consideration has been given to compliance with borrowing covenants along with the uncertainty inherent in future financial forecasts. The Directors considered the most recent five-year forecast approved by the Board. In the context of the current environment, four plausible scenarios were applied to the plan, including a stress test scenario. These were based on the potential financial impact of the Group's principal risks and uncertainties and the specific risks associated with the continued Covid-19 pandemic. These scenarios are differentiated by the impact of demand and enquiry levels, average rate growth and the level of cost savings. A scenario was also performed where we have carried out a reverse stress test to model what would be required to breach ICR and LTV covenants which indicated highly improbable changes would be needed before any issues were to arise. With the current revolving credit facilities of £250 million and €70 million maturing in June 2023, in assessing the scenarios, with the current strength of underlying performance of the business and its balance sheet, the Directors are of the view that it is reasonable to expect the refinancing of the Revolving Credit Facility to be available on similar terms. The impact of these scenarios has been reviewed against the Group's projected cash flow position and financial covenants over a three-year period. Should any of these scenarios occur, clear mitigating actions are available to ensure that the Group remains liquid and financially viable. The financial position of the Group, including details of its financing and capital structure, is set out in the financial review section of this report. Further details of the Group's viability statement are set out on page 39.

### Standards, amendments to standards and interpretations issued and applied

The following new or revised accounting standards or IFRIC interpretations are applicable for the first time in the year ended 31 October 2021:

- Amendments to References to Conceptual Framework in IFRS Standards
- Amendments to IFRS 3 Definition of a Business
- Amendments to IAS 1 and IAS 8 Definition of Material
- Amendments to IFRS 9, IAS 39 and IFRS 7 Interest Rate Benchmark Reform
- Amendment to IFRS 16 Covid-19 – Related Rent Concessions

The adoption of the standards and interpretations has not significantly impacted these financial statements and any changes to our accounting policies as a result of their adoption have been reflected in this note.

### New and revised IFRSs in issue but not yet effective

At the date of authorisation of these financial statements, a number of new standards and amendments to standards and interpretations have been issued but are not yet effective for the current accounting period. The Directors do not expect these standards to have a material impact on the financial statements of the Group or Company.

- IFRS 17 "Insurance Contracts"
- Amendments to IAS 1 and IFRS Practice Statement 2 Disclosure of Accounting Policy
- Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- Amendments to IAS 8 Definition of Accounting Estimate
- Amendments to IAS 1 Classification of Liabilities as Current or Non-current

## Notes to the financial statements *continued*

for the year ended 31 October 2021

### 2. Summary of significant accounting policies *continued*

#### Basis of consolidation and business combinations

The consolidated financial statements incorporate the financial statements of the Company and all its subsidiary undertakings made up to 31 October each year. Subsidiaries are entities controlled by the Company. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group.

All intra-group transactions, balances and unrealised gains on transactions are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the assets transferred.

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group. The consideration transferred for the acquisition is measured as the fair value of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity instruments issued by the Group. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the date of acquisition. Any excess of the cost of an acquisition over the fair value of the Group's share of net identifiable assets including intangible assets of the acquired entity at the date of acquisition is recognised as goodwill. Any discount received is credited to the income statement in the year of acquisition as negative goodwill on acquisition of subsidiary. Costs attributable to an acquisition are expensed in the consolidated income statement under the heading "administrative expenses".

#### Investment in associates

An associate is an entity over which the Group is in a position to exercise significant influence, but not control or joint control, through participation in the financial and operating policy decisions of the investee. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting except when classified as held for sale. Investments in associates are carried in the balance sheet at cost as adjusted by post-acquisition changes in the Group's share of the net assets of the associate, less any impairment in the value of individual investments. Losses of an associate in excess of the Group's interest in that associate (which includes any long term interests that, in substance, form part of the Group's net investment in the associate) are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate. Where necessary, adjustments are made to the financial statements of associates to bring the accounting policies used into line with those used by the Group. Where a Group company transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate. Losses may provide evidence of an impairment of the asset transferred, in which case appropriate provision is made for impairment.

#### Segmental reporting

IFRS 8 "Operating Segments" ("IFRS 8") requires operating segments to be identified based upon the Group's internal reporting to the chief operating decision maker ("CODM") to make decisions about resources to be allocated to segments and to assess their performance. The CODM is the person or group that allocates resources to and assesses the performance of the operating segments of an entity. The Group has determined that its CODM are the Executive Directors.

An operating segment is a component of an entity:

- (a) that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity);
- (b) whose operating results are regularly reviewed by the entity's CODM to make decisions about resources to be allocated to the segment and assess its performance; and
- (c) for which discrete financial information is available.

The Group's net assets, revenue and profit before tax are attributable to one principal activity, the provision of self storage, in three geographical reporting segments, the United Kingdom, Paris in France and Barcelona in Spain.

Segment results, assets and liabilities include items directly attributable to segments as well as those that can be allocated on a reasonable basis.

#### Revenue recognition

Revenue represents amounts derived from the provision of self storage services (rental space, customer goods insurance and consumables) which fall within the Group's activities provided in the normal course of business, net of discounts, VAT (where applicable) and other sales related taxes.

Rental income is recognised over the period for which the space is occupied by the customer on a time apportionment basis. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due. Insurance income is recognised over the period for which the space is occupied by the customer on a time apportionment basis.

The Group has put in place insurance arrangements whereby the Group purchases block policies from third party insurers that customers can access, for which it pays annual premiums at the beginning of the insurance year. The Group allows customers to benefit from the policies and charges a fee for the level of cover that the customer needs. The block policies purchased and the income earned from charging customers are independent transactions. Although Safestore is involved in the initial handling of any customers' insurance claims, these are passed on to the third party insurance providers, who are responsible for all insurance payments. The Group is not exposed to insurance risk.

## 2. Summary of significant accounting policies *continued*

### Revenue recognition *continued*

The Group bears the inventory risk and pricing risk associated with these contracts and as such the Group acts as principal in the provision of the access to insurance services for its customers who elect to access that insurance, and therefore revenue from insurance premiums is reported on a gross basis. The portion of insurance premiums receivable from customers on occupied space that relates to unexpired risks at the balance sheet date is reported as unearned premium liability in other payables.

Income for the sale of assets and consumables is recognised when the significant risks and rewards have been transferred to the buyer. For property sales this is generally at the point of completion. Where any aspect of consideration is conditional then the revenue associated with that conditional item is deferred. Income earned on the sales of consumable items is recognised at the point of sale.

Income from insurance claims is recognised when it is virtually certain of being received.

### Foreign currency translation

#### Functional and presentation currency

The individual financial statements for each company are measured using the currency of the primary economic environment in which it operates (its functional currency). For the purposes of the consolidated financial statements, the results and financial position of the Group are expressed in Sterling, which is the presentational currency of the Group.

#### Transactions and balances

Foreign currency transactions are translated into the functional currency at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Gains and losses arising on retranslation are included in the income statement for the period, except for exchange differences arising on non-monetary assets and liabilities where the changes in fair value are recognised directly in equity.

On consolidation, the assets and liabilities of the Group's overseas operations are translated into the Group's presentational currency at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising are classified as equity and are recognised as a separate component of equity, within the translation reserve. Such translation differences are recognised as income or expense in the period in which the operation is disposed of.

#### Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are included within the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in the income statement in the period in which they are incurred.

#### Investment properties and investment properties under construction

Investment properties are those properties owned by the Group that are held to earn rental income, or for capital growth, or both. Investment properties and investment properties under construction are initially measured at cost, including related transaction and borrowing costs. After initial recognition, investment properties and investment properties under construction are held at fair value based on a market valuation by professionally qualified external valuers at each balance sheet date.

The fair value of investment properties and investment properties under construction reflects, among other things, rental income from current leases and assumptions about rental income from future leases in light of current market conditions. The fair value also reflects, on a similar basis, any cash outflows that could be expected in respect of the property. Some of these outflows are recognised as a liability, including lease liabilities in respect of leasehold land and buildings classified as investment properties; others, including variable lease payments not based on an index or rate, are not recognised in the balance sheet.

In accordance with IAS 40, investment property held as a leasehold is stated gross of the recognised lease liability. Leasehold properties are classified as investment properties and included in the balance sheet at fair value. The obligation to the lessor for the leasehold is included in the balance sheet at the present value of the minimum lease payments. The minimum lease payment valuation is re-measured at each balance sheet date and the value of the Group's right-of-use assets is adjusted accordingly over the lease term. Gains or losses arising on changes in the fair values of investment properties and investment properties under construction at the balance sheet date are recognised in the income statement in the period in which they arise.

Gains or losses on sale of investment properties are calculated as the difference between the consideration received and fair value estimated at the previous balance sheet date.

If an investment property or part of an investment property becomes owner-occupied, it is reclassified as property, plant and equipment, and its fair value at the date of reclassification becomes its cost for accounting purposes.

#### Property, plant and equipment

Property, plant and equipment not classified as investment properties or investment properties under construction are stated at historical cost less accumulated depreciation and any accumulated impairment loss. Historical cost comprises the purchase price and costs directly incurred in bringing the asset into use.

Assets' residual values and useful lives are reviewed and, if appropriate, adjusted at each balance sheet date. If the carrying amount of an asset is greater than the recoverable amount then the carrying amount is written down immediately to the recoverable amount.

## Notes to the financial statements *continued*

for the year ended 31 October 2021

### 2. Summary of significant accounting policies *continued*

#### Property, plant and equipment *continued*

Depreciation is charged so as to write off the cost of an asset less estimated residual value of each asset over its expected useful life using the straight-line method. The principal rates are as follows:

Owner-occupied freehold buildings	2% per annum
Motor vehicles	20–25% per annum
Computer hardware and software	15–33% per annum
Fixtures, fittings, signs and partitioning	10–15% per annum

The gain or loss arising on the retirement or disposal of an asset is determined as the difference between the net sales proceeds and the carrying amount of the asset and is recognised in the income statement on disposal.

#### Impairment of tangible assets (excluding investment property)

At each balance sheet date, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is deemed to be the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

A reversal of an impairment loss is recognised as income immediately.

#### Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises all costs of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less directly associated costs. Provision is made for slow-moving or obsolete stock, calculated on the basis of sales trends observed in the year.

As at 31 October 2021 the Group held finished goods and goods held for resale of £0.5 million (FY2020: £0.3 million). The Group consumed £1.0 million (FY2020: £0.9 million) of inventories during the year. Inventory write downs were £0.1 million for the financial year ended 31 October 2021 (FY2020: £0.1 million). Inventories of £nil (FY2020: £nil) are carried at fair value less costs to sell.

#### Leases

A right-of-use asset and corresponding lease liability are recognised at commencement of the lease. The lease liability is measured at the present value of the lease payments, discounted at the rate implicit in the lease, or if that cannot be readily determined, at the lessee's incremental borrowing rate specific to the term, country, currency and start date of the lease. Lease payments include: fixed payments; variable lease payments dependent on an index or rate, initially measured using the index or rate at commencement; the exercise price under a purchase option if the Group is reasonably certain to exercise; penalties for early termination if the lease term reflects the Group exercising a break option; and payments in an optional renewal period if the Group is reasonably certain to exercise an extension option or not exercise a break option.

The lease liability is subsequently measured at amortised cost using the effective interest rate method. It is re-measured annually, with a corresponding adjustment to the right-of-use asset, when there is a change in future lease payments resulting from a rent review, change in an index or rate such as inflation, or change in the Group's assessment of whether it is reasonably certain to exercise a purchase, extension or break option.

The corresponding asset is initially measured at cost, comprising: the initial lease liability; any lease payments already made less any lease incentives received; initial direct costs; and any dilapidation or restoration costs. The Group has two categories of assets in respect of leases: those in respect of short leases related to its leasehold properties, classified as investment property, and an occupational lease for its Head Office in France, classified as a right-of-use asset under IFRS 16. The right-of-use assets classified as investment property are subsequently measured at fair value, gross of the lease liability. The right-of-use asset in respect of its occupational leases is classified as property, plant and equipment and is subsequently depreciated over the length of the lease.

Leases of low value assets and short term leases of twelve months or less are expensed to the Group consolidated income statement.

Variable lease payments, being the difference between the rent review accruals that will become payable but not yet finalised and the minimum lease payments of the lease liability on current actual rent paid, are charged as expenses in the years in which they are payable.

Finance charges are charged directly against income, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs.

## 2. Summary of significant accounting policies *continued*

### Financial instruments

#### (a) Financial assets

Financial assets are classified as financial assets at fair value through profit or loss (“FVTPL”) or at amortised cost as appropriate. The Group determines the classification of its assets at initial recognition.

Financial assets are de-recognised only when the contractual right to the cash flows from the financial asset expires or the Group transfers substantially all risks and rewards of ownership.

A financial asset is measured at amortised cost if it meets both of the following conditions:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortised cost as described above are measured through FVTPL. This includes all derivative financial assets.

Financial assets at FVTPL – these assets are subsequently measured at fair value. Net gains and losses, including any interest, are recognised in profit or loss.

Financial assets at amortised costs – these assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses (expected losses). Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on de-recognition is recognised in profit or loss.

The Group has the following classes of financial assets:

- **Trade and other receivables** – trade receivables are initially recognised at transaction price. Other receivables are initially recognised at fair value. Subsequently, these assets are measured at amortised cost using the effective interest method, less provision for expected credit losses.
- **Cash and cash equivalents** – cash and cash equivalents represent only liquid assets with original maturity of 90 days or less. Bank overdrafts that cannot be offset against other cash balances are shown within borrowings in current liabilities on the balance sheet. Cash and cash equivalents are also classified as amortised cost. They are subsequently measured at amortised cost. Cash and cash equivalents include cash in hand, deposits at call with banks and other short term highly liquid investments with original maturities of three months or less.

#### (b) Impairment of financial assets

The Group applies the IFRS 9 simplified approach to measuring expected credit losses (“ECLs”) which uses a lifetime expected loss allowance on trade receivables. The expected credit losses are estimated using a provisions matrix based upon the Group’s historical credit loss experience and geographic business unit, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current and forecast direction of conditions at the reporting date, including time value of money where appropriate.

Loss allowances for other receivables are initially measured at an amount equal to twelve months’ expected credit losses (“ECLs”) and subsequently it is assessed whether the credit risk has increased significantly since initial recognition. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company’s historical experience and informed credit assessment and including forward-looking information. If the credit risk increased significantly, the loss allowance is then measured using the lifetime ECL. The Group considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Group in full.

#### (c) Financial liabilities

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held for trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on de-recognition is also recognised in profit or loss.

The Group has the following classes of financial liabilities:

- **Trade and other payables** – trade and other payables are initially recognised at fair value. Subsequently they are measured at amortised cost using the effective interest rate method.
- **Borrowings** – interest-bearing bank loans and overdrafts are initially recognised at fair value, net of directly attributable transaction costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis in the income statement using the effective interest method and are included within the carrying amount of the instrument to the extent that they are not settled in the period in which they arise. Where fees are payable in relation to raising debt the costs are disclosed in the cash flow statement within financing activities.

Where existing borrowings are replaced by others from the same lenders on substantially different terms, or the terms of existing borrowings are substantially modified, such an exchange or modification is treated as a de-recognition of the original borrowings and the recognition of new borrowings, and the difference in the respective carrying amounts, including issuance costs, is recognised in the income statement. Otherwise, issuance costs incurred on refinancing are offset against the carrying value of borrowings.

# Notes to the financial statements *continued*

for the year ended 31 October 2021

## 2. Summary of significant accounting policies *continued*

### Financial instruments *continued*

#### (d) Derivative financial instruments

The Group uses derivative financial instruments such as interest rate swaps, cross-currency swaps and foreign exchange swaps, to hedge risks associated with fluctuations on borrowings and foreign operations transactions. Such derivatives are initially recognised and measured at fair value on the date a derivative contract is entered into and subsequently re-measured at fair value at each reporting date. The gain or loss on re-measurement is taken to finance expense in the income statement. Interest costs for the period relating to derivative financial instruments, which economically hedge borrowings, are recognised within interest payable on bank loans and overdrafts. Other fair value movements on derivative financial instruments are recognised within fair value movement of derivatives. Designation as part of an effective hedge relationship occurs at inception of a hedge relationship. Currently, the Group does not have any cash flow hedges or fair value hedges.

The borrowings denominated in foreign currency are used to hedge net assets. The effective part of any gain or loss on borrowings that are designated as a hedge of a net investment in a foreign operation is recognised in other comprehensive income and presented in the translation reserve in equity, and is subsequently recognised in the Group income statement as part of the profit or loss on disposal of the net investment. The ineffective portion of the gain or loss is recognised immediately within trading profit in the Group income statement.

#### Taxation including deferred tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates for that period that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is provided on items that may become taxable at a later date, on the difference between the balance sheet value and the tax base value, on an undiscounted basis. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

#### Employee benefit costs

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due. Payments made to state-managed retirement benefit schemes are dealt with as payments to defined contribution schemes where the Group's obligations under the schemes are equivalent to those arising in a defined contribution retirement benefit scheme.

#### Share capital

Ordinary shares are classified as equity.

Costs directly attributable to the issue of new ordinary shares are shown in equity as a deduction, net of tax, from the proceeds.

#### Share-based payments

Share-based incentives are provided to employees under the Group's Long Term Incentive Plan and employee Sharesave schemes. The Group recognises a compensation cost in respect of these schemes that is based on the fair value of the awards, measured using Black-Scholes or Monte Carlo valuation methodologies. For equity-settled schemes, the fair value is determined at the date of grant and is not subsequently re-measured unless the conditions on which the award was granted are modified. For cash-settled schemes, the fair value is determined at the date of grant and is re-measured at each balance sheet date until the liability is settled. Generally, the compensation cost is recognised on a straight-line basis over the vesting period. Adjustments are made to reflect expected and actual forfeitures during the vesting period due to the failure to satisfy service conditions or non-market performance conditions.

#### Critical accounting judgements and key sources of estimation uncertainty

The preparation of consolidated financial statements under IFRS requires management to make judgements, estimates and assumptions that may affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual outcomes may therefore differ from these judgements, estimates and assumptions.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

#### Key sources of estimation uncertainty

The following key estimate has significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the consolidated financial statements:

#### Estimate of fair value of investment properties and investment properties under construction

The Group values its investment properties using a discounted cash flow methodology which is based on projections of net operating income. Principal assumptions and management's underlying estimation of the fair value of those relate to: stabilised occupancy levels; expected future growth in storage rental income and operating costs; maintenance requirements; capitalisation rate; and discount rates. There are inter-relationships between the valuation inputs and they are primarily determined by market conditions. The effect of an increase in more than one input could be to magnify the impact on the valuation. However, the impact on the valuation could be offset by the inter-relationship of two inputs moving in opposite directions, e.g. an increase in rent may be offset by a decrease in occupancy, resulting in minimal net impact on the valuation. For immature stores, these underlying estimates hold a higher risk of uncertainty, due to the unproven nature of its cash flows. A more detailed explanation of the background, methodology and judgements made by management that are adopted in the valuation of the investment properties is set out in note 13 to the financial statements.



## 2. Summary of significant accounting policies *continued*

### Critical accounting judgements and key sources of estimation uncertainty *continued*

#### Key sources of estimation uncertainty *continued*

##### Judgement of business combinations

The Directors assess whether the acquisition of property through the purchase of a corporate vehicle should be accounted for as an asset purchase or a business combination. Where the acquired vehicle is an integrated set of activities and assets that is capable of being conducted and managed to provide a return to investors, the transaction is accounted for as a business combination. Where this is not the case the transaction is treated as an asset purchase. The Directors assess when the risks and rewards associated with an acquisition or disposal have transferred. There have been no property acquisitions through the purchase of corporate vehicles in the period, so any judgement surrounding the accounting treatment between business combinations or an asset purchase was not applicable.

##### Non-GAAP financial information

The Directors have identified certain measures that they believe will assist the understanding of the performance of the business. The measures are not defined under IFRS and they may not be directly comparable with other companies' adjusted measures. The non-GAAP measures are not intended to be a substitute for, or superior to, any IFRS measures of performance but they have been included as the Directors consider them to be important comparables and key measures used within the business for assessing performance. The following are the key non-GAAP measures identified by the Group:

- The Group defines exceptional items to be those that warrant, by virtue of their nature, size or frequency, separate disclosure on the face of the income statement where, in the opinion of the Directors, this enhances the understanding of the Group's financial performance.
- Underlying EBITDA is an Alternative Performance Measure and is defined as operating profit before exceptional items, share-based payments, corporate transaction costs, gain/loss on investment properties, depreciation and variable lease payments and the share of associate's depreciation, interest and tax. Management considers this presentation to be representative of the underlying performance of the business, as it removes the income statement impact of items not fully controllable by management, such as the revaluation of derivatives and investment properties, and the impact of exceptional credits, costs and finance charges. A reconciliation of statutory operating profit to Underlying EBITDA can be found in the financial review on page 20.
- Adjusted Diluted EPRA Earnings per Share is based on the European Public Real Estate Association's definition of earnings and is defined as profit or loss for the period after tax but excluding corporate transaction costs, change in fair value of derivatives, gain/loss on investment properties and the associated tax impacts. The Company then makes further company-specific adjustments for the impact of exceptional items, net exchange gains/losses recognised in net finance costs, exceptional tax items, and deferred and current tax in respect of these adjustments. The Company also adjusts for IFRS 2 share-based payment charges. This adjusted earnings is divided by the diluted number of shares. The IFRS 2 cost is excluded as it is written back to distributable reserves and is a non-cash item (with the exception of the associated National Insurance element). Therefore, neither the Company's ability to distribute nor pay dividends are impacted (with the exception of the associated National Insurance element). The financial statements disclose earnings on a statutory, EPRA and Adjusted Diluted EPRA basis and will provide a full reconciliation of the differences in the financial year in which any LTIP awards may vest. A reconciliation of statutory basic Earnings per Share to Adjusted Diluted EPRA Earnings per Share can be found in note 11.
- EPRA basic net assets per share is an EPRA measure. EPRA basic NAV has been superseded and has transitioned to three new measures: EPRA Net Reinstatement Value ("NRV"), EPRA Net Tangible Assets ("NTA") and EPRA Net Disposal Value ("NDV") for periods commencing 1 January 2020 or thereafter. Safestore considers EPRA NTA to be the most consistent with the nature of the Group's business. The basis of calculation, including a reconciliation to reported net assets, is set out in note 15.
- Like-for-like figures are presented to aid in the comparability of the underlying business as they exclude the impact on results of purchased, sold, opened or closed stores.
- Constant exchange rate ("CER") figures are provided in order to present results on a more comparable basis, removing foreign exchange movements.

## 3. Revenue

Analysis of the Group's operating revenue can be found below:

	2021 £'m	2020 £'m
Self storage income	154.3	132.2
Insurance income	22.3	19.4
Other non-storage income	10.2	10.7
<b>Total revenue</b>	<b>186.8</b>	162.3

## 4. Segmental analysis

The segmental information presented has been prepared in accordance with the requirements of IFRS 8. The Group's revenue, profit before income tax and net assets are attributable to one activity: the provision of self storage accommodation and related services. This is based on the Group's management and internal reporting structure.

Safestore is organised and managed in three operating segments, based on geographical areas, being the United Kingdom, Paris in France and Barcelona in Spain.

## Notes to the financial statements *continued*

for the year ended 31 October 2021

### 4. Segmental analysis *continued*

The chief operating decision maker, being the Executive Directors, identified in accordance with the requirements of IFRS 8, assesses the performance of the operating segments on the basis of Underlying EBITDA, which is defined as operating profit before exceptional items, share-based payments, corporate transaction costs, gain/loss on investment properties, depreciation and variable lease payments, and the share of associate's depreciation, interest and tax.

The operating profits and assets include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Year ended 31 October 2021	UK £'m	Paris £'m	Spain £'m	Group £'m
<b>Continuing operations</b>				
Revenue	144.1	39.9	2.8	186.8
Share of profit in associates	—	—	—	—
Underlying EBITDA	89.1	27.2	1.7	118.0
Exceptional items	—	(1.9)	—	(1.9)
Share-based payments	(16.1)	(2.2)	—	(18.3)
Variable lease payments and depreciation	(1.1)	(0.3)	—	(1.4)
Share of associate's depreciation, interest and tax	(0.5)	—	—	(0.5)
<b>Operating profit before gain on investment properties</b>	<b>71.4</b>	<b>22.8</b>	<b>1.7</b>	<b>95.9</b>
Gain on investment properties	260.5	56.0	4.6	321.1
<b>Operating profit</b>	<b>331.9</b>	<b>78.8</b>	<b>6.3</b>	<b>417.0</b>
Net finance expense	(10.5)	(1.8)	(0.1)	(12.4)
<b>Profit before tax</b>	<b>321.4</b>	<b>77.0</b>	<b>6.2</b>	<b>404.6</b>
<b>Total assets</b>	<b>1,617.9</b>	<b>474.1</b>	<b>25.3</b>	<b>2,117.3</b>

Year ended 31 October 2020	UK £'m	Paris £'m	Spain £'m	Group £'m
<b>Continuing operations</b>				
Revenue	121.3	38.8	2.2	162.3
Share of profit in associates	—	—	—	—
Underlying EBITDA	67.5	25.0	1.4	93.9
Exceptional items	(0.3)	0.1	—	(0.2)
Share-based payments	(5.8)	(0.7)	—	(6.5)
Variable lease payments and depreciation	(0.9)	(0.3)	—	(1.2)
Share of associate's depreciation, interest and tax	(0.3)	—	—	(0.3)
<b>Operating profit before gain on investment properties</b>	<b>60.2</b>	<b>24.1</b>	<b>1.4</b>	<b>85.7</b>
Gain on investment properties	79.7	47.1	(0.3)	126.5
<b>Operating profit</b>	<b>139.9</b>	<b>71.2</b>	<b>1.1</b>	<b>212.2</b>
Net finance expense	(12.1)	(2.1)	(0.1)	(14.3)
<b>Profit before tax</b>	<b>127.8</b>	<b>69.1</b>	<b>1.0</b>	<b>197.9</b>
<b>Total assets</b>	<b>1,244.4</b>	<b>435.9</b>	<b>20.8</b>	<b>1,701.1</b>

Inter-segment transactions are entered into under the normal commercial terms and conditions that would also be available to unrelated third parties. There is no material impact from inter-segment transactions on the Group's results.

### 5. Exceptional items

	2021 £'m	2020 £'m
Costs relating to corporate transactions and exceptional property taxation	(1.9)	(0.3)
Other exceptional items	—	0.1
<b>Net exceptional cost</b>	<b>(1.9)</b>	<b>(0.2)</b>

A net exceptional cost of £1.9 million (FY2020: £0.2 million) was incurred in the year, in relation to a provision for potential liabilities in respect of the French commercial tax audit of financial years 2012 to 2020 as described further in note 27 (FY2020: £0.3 million relating to fees associated with the Group's acquisitions in the year and exceptional legal and employment related costs less £0.1 million compensation received from a landlord in respect of water damage in France).

## 6. Operating profit

The following items have been charged/(credited) in arriving at operating profit:

	Notes	2021 £'m	2020 £'m
Staff costs	26	43.8	31.7
Inventories: cost of inventories recognised as an expense (included in cost of sales)	2	1.0	0.9
Depreciation on property, plant and equipment	14	1.0	0.9
Gain on investment properties	13	(321.1)	(126.5)
Variable lease payments payable under lease liabilities		0.4	0.3

## 7. Fees paid to auditor

During the year, the Group (including its overseas subsidiaries) obtained the following services from the Company's auditor at costs detailed below:

	2021 £'m	2020 £'m
<b>Audit services</b>		
Fees payable to the Company's auditor and its associates for the audit of the parent company and consolidated financial statements	0.3	0.2
Fees payable to the Company's auditor and its associates for the audit of the Company's subsidiaries pursuant to legislation	0.1	0.2
<b>Total audit fees</b>	0.4	0.4
<b>Fees for other services</b>	—	—
<b>Total</b>	0.4	0.4

## 8. Finance income and costs

	2021 £'m	2020 £'m
<b>Finance income</b>		
Interest receivable from loan to associates	0.1	0.1
Financial instruments income	0.5	0.2
Underlying finance income	0.6	0.3
Net exchange gains	—	0.2
<b>Total finance income</b>	0.6	0.5
<b>Finance costs</b>		
Interest payable on bank loans and overdraft	(9.7)	(9.1)
Amortisation of debt issuance costs on bank loan	(0.4)	(0.3)
Underlying finance charges	(10.1)	(9.4)
Interest on obligations under lease liabilities	(5.2)	(5.6)
Fair value gain of derivatives	2.9	0.2
Net exchange losses	(0.6)	—
<b>Total finance costs</b>	(13.0)	(14.8)
<b>Net finance costs</b>	(12.4)	(14.3)

Included within interest payable of £9.7 million (FY2020: £9.1 million) is £0.6 million (FY2020: £0.3 million) of interest relating to derivative financial instruments that are economically hedging the Group's borrowings. The total change in fair value of derivatives reported within net finance costs for the year is a £2.9 million net gain (FY2020: £0.2 million net gain). Included within finance income is £0.9 million, received on settlement of the €7.0 million and €7.5 million average rate forward contract acquired in March 2020 and settled in April 2021 and October 2021 respectively less the £0.4 million fair value of these forward contracts held at 31 October 2020.

## Notes to the financial statements *continued*

for the year ended 31 October 2021

### 9. Income tax charge

Analysis of tax charge in the year:

	Note	2021 £'m	2020 £'m
Current tax:			
– current year		5.5	5.2
– prior year		–	(2.4)
		5.5	2.8
Deferred tax:			
– current year		17.1	17.1
– prior year		–	–
	22	17.1	17.1
<b>Tax charge</b>		<b>22.6</b>	19.9

### Reconciliation of income tax charge

The tax for the period is lower (FY2020: lower) than the standard effective rate of corporation tax in the UK for the year ended 31 October 2021 of 19.0% (FY2020: 19.0%). The differences are explained below:

	2021 £'m	2020 £'m
Profit before tax	404.6	197.9
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.0% (FY2020: 19.0%)	76.9	37.6
Effect of:		
– permanent differences	3.6	0.3
– profits from the tax exempt business	(63.5)	(24.2)
– deferred tax arising on acquisition of overseas subsidiary	–	3.0
– difference from overseas tax rates	6.4	5.6
– prior year adjustments – exceptional	–	(2.4)
– utilisation of unrecognised brought forward tax losses	(0.8)	–
<b>Tax charge</b>	<b>22.6</b>	19.9

The Group is a UK real estate investment trust (“REIT”). As a result, the Group is exempt from UK corporation tax on the profits and gains from its qualifying property rental business in the UK, providing it meets certain conditions. Non-qualifying profits and gains of the Group remain subject to corporation tax as normal. The Group monitors its compliance with the REIT conditions. There have been no breaches of the conditions to date.

The main rate of corporation tax in the UK is 19%. Accordingly, the Group’s results for this accounting period are taxed at an effective rate of 19% (FY2020: 19%). Following the Finance Bill 2021, the main rate of corporation tax will increase from 19% to 25% from 1 April 2023. There will be no deferred taxation impact in respect of this change in taxation rates.

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

An exceptional prior year current tax credit of £2.4 million arose during the prior year as a result of the confirmation of loss claims made in 2015 and 2016 by an overseas subsidiary following the expiry of the statutory limitation period allowed for challenging the utilisation of these losses on 31 December 2019 as described in note 27.

### 10. Dividends per share

The dividend paid in 2021 was £42.6 million (20.20 pence per share) (FY2020: £37.7 million (17.90 pence per share)). A final dividend in respect of the year ended 31 October 2021 of 17.60 pence (FY2020: 12.70 pence) per share, amounting to a total final dividend of £37.0 million (FY2020: £26.7 million), is to be proposed at the AGM on 16 March 2022. The ex-dividend date will be 3 March 2022 and the record date will be 4 March 2022 with an intended payment date of 7 April 2022. The final dividend has not been included as a liability at 31 October 2021.

The Property Income Distribution (“PID”) element of the final dividend is 17.60 pence (FY2020: 12.70 pence), making the PID payable for the year 25.10 pence (FY2020: 18.60 pence) per share.

## 11. Earnings per Share

Basic Earnings per Share ("EPS") is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year excluding ordinary shares held as treasury shares. Diluted EPS is calculated by adjusting the weighted average number of ordinary shares to assume conversion of all dilutive potential shares. The Company has one category of dilutive potential ordinary shares: share options. For the share options, a calculation is performed to determine the number of shares that could have been acquired at fair value (determined as the average annual market price of the Company's shares) based on the monetary value of the subscription rights attached to the outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

	Year ended 31 October 2021			Year ended 31 October 2020		
	Earnings £'m	Shares million	Pence per share	Earnings £'m	Shares million	Pence per share
Basic	<b>382.0</b>	<b>210.8</b>	<b>181.2</b>	178.0	210.4	84.6
Dilutive securities	—	<b>5.8</b>	<b>(4.8)</b>	—	1.4	(0.6)
Diluted	<b>382.0</b>	<b>216.6</b>	<b>176.4</b>	178.0	211.8	84.0

### Adjusted Earnings per Share

Explanations related to the adjusted earnings measures adopted by the Group are set out in note 2 under the heading Non-GAAP financial information on page 127. Adjusted EPS represents profit after tax adjusted for the valuation movement on investment properties, exceptional items, change in fair value of derivatives, exchange gains/losses, unwinding of the discount on the CGS receivable and the associated tax thereon. The Directors consider that these alternative measures provide useful information on the performance of the Group.

EPRA earnings and Earnings per Share before non-recurring items, movements on revaluations of investment properties and changes in the fair value of derivatives have been disclosed to give a clearer understanding of the Group's underlying trading performance.

	Year ended 31 October 2021			Year ended 31 October 2020		
	Earnings £'m	Shares million	Pence per share	Earnings £'m	Shares million	Pence per share
Basic	<b>382.0</b>	<b>210.8</b>	<b>181.2</b>	178.0	210.4	84.6
Adjustments:						
Gain on investment properties	<b>(321.1)</b>	—	<b>(152.3)</b>	(126.5)	—	(60.1)
Exceptional items	<b>1.9</b>	—	<b>0.9</b>	0.2	—	0.1
Net exchange loss/(gain)	<b>0.6</b>	—	<b>0.3</b>	(0.2)	—	(0.1)
Change in fair value of derivatives	<b>(2.9)</b>	—	<b>(1.4)</b>	(0.2)	—	(0.1)
Tax on adjustments	<b>16.2</b>	—	<b>7.7</b>	13.9	—	6.6
Adjusted	<b>76.7</b>	<b>210.8</b>	<b>36.4</b>	65.2	210.4	31.0
EPRA adjusted:						
Fair value re-measurement of lease liabilities add-back	<b>(7.4)</b>	—	<b>(3.5)</b>	(6.9)	—	(3.3)
Tax on lease liabilities add-back adjustment	<b>0.9</b>	—	<b>0.4</b>	0.8	—	0.4
Adjusted EPRA basic EPS	<b>70.2</b>	<b>210.8</b>	<b>33.3</b>	59.1	210.4	28.1
Share-based payments charge	<b>18.3</b>	—	<b>8.7</b>	6.5	—	3.1
Dilutive shares	—	<b>7.5</b>	<b>(1.5)</b>	—	6.8	(1.0)
Adjusted Diluted EPRA EPS <sup>1</sup>	<b>88.5</b>	<b>218.3</b>	<b>40.5</b>	65.6	217.2	30.2

#### Note

<sup>1</sup> Adjusted Diluted EPRA EPS is defined in note 2 under Non-GAAP financial information on page 127.

# Notes to the financial statements *continued*

for the year ended 31 October 2021

## 11. Earnings per Share *continued*

### Adjusted Earnings per Share *continued*

Gain on investment properties includes the fair value re-measurement of lease liabilities add-back of £7.4 million (FY2020: £6.9 million) and the related tax thereon of £1.0 million (FY2020: £0.8 million). As an industry standard measure, EPRA earnings is presented. EPRA earnings of £70.2 million (FY2020: £59.1 million) and EPRA Earnings per Share of 33.3 pence (FY2020: 28.1 pence) are calculated after further adjusting for these items.

EPRA adjusted income statement (non-statutory)	2021 £'m	2020 £'m	Movement %
<b>Revenue</b>	<b>186.8</b>	162.3	15.1
Underlying operating expenses (excluding depreciation and variable lease payments)	(69.3)	(68.7)	0.9
Share of associate's underlying EBITDA	0.5	0.3	66.7
<b>Underlying EBITDA before variable lease payments</b>	<b>118.0</b>	93.9	25.7
Share-based payments charge	(18.3)	(6.5)	181.5
Depreciation and variable lease payments	(1.4)	(1.2)	16.7
<b>Operating profit before fair value re-measurement lease liabilities add-back</b>	<b>98.3</b>	86.2	14.0
Fair value re-measurement of lease liabilities add-back	(7.4)	(6.9)	7.2
<b>Operating profit</b>	<b>90.9</b>	79.3	14.6
Net financing costs	(14.7)	(14.7)	0.0
Share of associate's finance charges	(0.5)	(0.2)	150.0
<b>Profit before income tax</b>	<b>75.7</b>	64.4	17.5
Income tax	(5.5)	(5.2)	5.8
Share of associate's tax	—	(0.1)	—
<b>Profit for the year ("Adjusted EPRA basic earnings")</b>	<b>70.2</b>	59.1	18.8
<b>Adjusted EPRA basic EPS</b>	<b>33.3 pence</b>	28.1 pence	18.5
<b>Final dividend per share</b>	<b>17.60 pence</b>	12.70 pence	38.6

## 12. Investment in associates

	2021 £'m	2020 £'m
CERF Storage JV B.V.	6.2	5.3
PBC Les Groues SAS	1.0	—
	<b>7.2</b>	5.3

### CERF Storage JV B.V.

The Group acquired a 20% interest in CERF Storage JV B.V. ("CERF"), a company registered and operating in the Netherlands. CERF is accounted for using the equity method of accounting. CERF invests in carefully selected self storage opportunities in Europe. The Group will earn a fee for providing management services to CERF. This investment is considered immaterial relative to the Group's underlying operations.

The aggregate carrying value of the Group's interest in the associate was £8.9 million (FY2020: £7.3 million), made up of an investment of £6.2 million (FY2020: £5.3 million), a loan to the associate including interest accrued of £2.7 million (FY2020: £1.9 million) and other receivables of £nil (FY2020: £0.1 million) (note 30). The Group's share of profits from continuing operations for the period was £nil (FY2020: £nil). The Group's share of total comprehensive income of associates in the year was £nil (FY2020: £nil).

### PBC Les Groues SAS

During the period the Group acquired a 24.9% interest in PBC Les Groues SAS ("PBC"), a company registered and operating in France. PBC is accounted for using the equity method of accounting. PBC is the parent company of Nanterre FOCD 92, a company also registered and operating in France, which will be developing a new store as part of a wider development programme located in Paris. The development project will be managed by its joint venture partners; therefore, the Group will have no operational liability during this phase. During the period the Group has invested £1.0 million (€1.2 million) into this investment. The investment is considered immaterial relative to the Group's underlying operations.

The aggregate carrying value of the Group's interest in PBC was £1.0 million (FY2020: £nil), made up of an investment of £1.0 million (FY2020: £nil) (note 30). The Group's share of profits from continuing operations for the period was £nil (FY2020: £nil). The Group's share of total comprehensive income of associates for the period was £nil (FY2020: £nil). The Group's share of total comprehensive income of associates in the year was £nil (FY2020: £nil).

### 13. Investment properties

	External valuation of investment properties, net of lease liabilities £'m	Add-back of lease liabilities £'m	Investment property under construction £'m	Total investment properties £'m
At 1 November 2020	1,557.5	76.9	14.0	1,648.4
Additions	19.5	14.1	57.9	91.5
Reclassifications	3.7	—	(3.7)	—
Revaluations	329.0	—	(0.5)	328.5
Fair value re-measurement of lease liabilities add-back	—	(7.4)	—	(7.4)
Exchange movements	(27.9)	(1.5)	(0.3)	(29.7)
<b>At 31 October 2021</b>	<b>1,881.8</b>	<b>82.1</b>	<b>67.4</b>	<b>2,031.3</b>

	External valuation of investment properties, net of lease liabilities £'m	Add-back of lease liabilities £'m	Investment property under construction £'m	Total investment properties £'m
At 1 November 2019	1,331.8	63.5	13.9	1,409.2
IFRS 16 day one transition adjustment	—	9.4	—	9.4
Additions	42.2	3.9	14.5	60.6
Acquisition of subsidiary	14.6	10.0	—	24.6
Disposals	—	—	—	—
Reclassifications/purchase of freehold	14.5	(4.4)	(10.1)	—
Revaluations	137.7	—	(4.3)	133.4
Fair value re-measurement of lease liabilities add-back	—	(6.9)	—	(6.9)
Exchange movements	16.7	1.4	—	18.1
<b>At 31 October 2020</b>	<b>1,557.5</b>	<b>76.9</b>	<b>14.0</b>	<b>1,648.4</b>

The gain on investment properties comprises:

	2021 £'m	2020 £'m
Revaluations of investment property and investment property under construction	328.5	133.4
Fair value re-measurement of lease liabilities add-back	(7.4)	(6.9)
	<b>321.1</b>	126.5

	Cost £'m	Revaluation on cost £'m	Valuation £'m
<b>Freehold stores</b>			
At 1 November 2020	630.2	618.2	1,248.4
Movement in year	54.6	228.6	283.2
<b>At 31 October 2021</b>	<b>684.8</b>	<b>846.8</b>	<b>1,531.6</b>
<b>Leasehold stores</b>			
At 1 November 2020	122.9	186.2	309.1
Movement in year	4.7	36.4	41.1
<b>At 31 October 2021</b>	<b>127.6</b>	<b>222.6</b>	<b>350.2</b>
<b>All stores</b>			
At 1 November 2020	753.1	804.4	1,557.5
Movement in year	59.3	265.0	324.3
<b>At 31 October 2021</b>	<b>812.4</b>	<b>1,069.4</b>	<b>1,881.8</b>

The valuation of £1,881.8 million (FY2020: £1,557.5 million) excludes £0.6 million in respect of owner-occupied property, which is included within property, plant and equipment. Rental income earned from investment properties for the year ended 31 October 2021 was £155.5 million (FY2020: £135.2 million).

The Group has classified the investment property and investment property under construction, held at fair value, within Level 3 of the fair value hierarchy. There were no transfers to or from Level 3 during the year.

## Notes to the financial statements *continued*

for the year ended 31 October 2021

### 13. Investment properties *continued*

As described in note 2 summary of significant accounting policies, where the valuation obtained for investment property is net of all payments to be made, it is necessary to add back the lease liability to arrive at the carrying amount of investment property at fair value. The lease liability of £82.3 million (FY2020: £77.2 million) per note 21 differs to the £82.1 million (FY2020: £76.9 million) disclosed above as a result of accounting for the French Head Office lease under IFRS 16. This lease is included as part of property, plant and equipment, and has a net book value of £0.2 million as at 31 October 2021 (FY2020: £0.3 million) (note 14).

All direct operating expenses (excluding depreciation) arising from investment property that generated rental income as outlined in note 3 were £68.5 million (FY2020: £67.9 million).

The freehold and leasehold investment properties have been valued as at 31 October 2021 by external valuers, Cushman & Wakefield Debenham Tie Leung Limited ("C&W"). The valuation has been carried out in accordance with the current edition of the RICS Valuation – Global Standards, which incorporates the International Valuation Standards and the RICS Valuation UK National Supplement (the "RICS Red Book"). The valuation of each of the investment properties has been prepared on the basis of fair value as a fully equipped operational entity, having regard to trading potential. Two non-trading properties were valued on the basis of fair value. The valuation has been provided for accounts purposes and, as such, is a Regulated Purpose Valuation as defined in the RICS Red Book. In compliance with the disclosure requirements of the RICS Red Book, C&W has confirmed that:

- the member of the RICS who has been the signatory to the valuations provided to the Group for the same purposes as this valuation has done so since April 2020. The valuations have been reviewed by an internal investment committee comprising two valuation partners and an investment partner, all unconnected with the assignment;
- C&W has been carrying out regular valuations for the same purpose as this valuation on behalf of the Group since October 2006;
- C&W does not provide other significant professional or agency services to the Group;
- in relation to the preceding financial year of C&W, the proportion of total fees payable by the Group to the total fee income of the firm is less than 5%; and
- the fee payable to C&W is a fixed amount per property and is not contingent on the appraised value.

#### Market uncertainty

C&W's valuation report comments on valuation uncertainty resulting from low liquidity in the market for self storage property. C&W believes that this is due to a lack of supply of good quality stock rather than a weakness of demand for the same. Very few property transactions have taken place and most activity that has occurred in this sector has been corporate. Due to this lack of comparable market information in the self storage sector, C&W has had to exercise more than the usual degree of judgement in arriving at its opinion of value.

#### Portfolio premium

C&W's valuation report confirms that the properties have been valued individually but that if the portfolio was to be sold as a single lot or in selected groups of properties, the total value could be different. C&W states that in current market conditions it is of the view that there could be a material portfolio premium.

#### Valuation method and assumptions

The valuation of the operational self storage facilities has been prepared having regard to trading potential. Cash flow projections have been prepared for all of the properties reflecting estimated absorption, revenue growth and expense inflation. A discounted cash flow method of valuation based on these cash flow projections has been used by C&W to arrive at its opinion of fair value for these properties.

C&W has adopted different approaches for the valuation of the leasehold and freehold assets as follows:

#### Freehold and long leasehold (UK, Paris and Spain)

The valuation is based on a discounted cash flow of the net operating income over a ten-year period and a notional sale of the asset at the end of the tenth year.

Assumptions:

- Net operating income is based on projected revenue received less projected operating costs together with a central administration charge of 6% of the estimated annual revenue, subject to a cap and collar. The initial net operating income is calculated by estimating the net operating income in the first twelve months following the valuation date.
- The net operating income in future years is calculated assuming either straight-line absorption from day one actual occupancy or variable absorption over years one to four of the cash flow period, to an estimated stabilised/mature occupancy level. In the valuation the assumed stabilised occupancy level for the trading stores (both freeholds and all leaseholds) open at 31 October 2021 averages 89.10% (FY2020: 87.09%). The projected revenues and costs have been adjusted for estimated cost inflation and revenue growth. The average time assumed for stores to trade at their maturity levels is 18.27 months (FY2020: 23.79 months).
- The capitalisation rates applied to existing and future net cash flows have been estimated by reference to underlying yields for industrial and retail warehouse property, yields for other trading property types such as purpose-built student housing and hotels, bank base rates, ten-year money rates, inflation and the available evidence of transactions in the sector. The valuation included in the accounts assumes rental growth in future periods. If an assumption of no rental growth is applied to the external valuation, the net initial yield pre-administration expenses for mature stores (i.e. excluding those stores categorised as "developing") is 6.73% (FY2020: 6.60%), rising to a stabilised net yield pre-administration expenses of 6.90% (FY2020: 7.41%).
- The weighted average freehold exit yield on UK freeholds is 6.07% (FY2020: 6.40%), on France freeholds is 5.88% (FY2020: 6.27%) and on Spain freeholds is 5.38% (FY2020: 5.62%). The weighted average freehold exit yield for all freeholds adopted is 6.03% (FY2020: 6.37%).



### 13. Investment properties *continued*

#### Valuation method and assumptions *continued*

##### Freehold and long leasehold (UK, Paris and Spain) *continued*

- The future net cash flow projections (including revenue growth and cost inflation) have been discounted at a rate that reflects the risk associated with each asset. The weighted average annual discount rate adopted (for both freeholds and leaseholds) in the UK portfolio is 8.62% (FY2020: 9.44%), in the France portfolio is 8.98% (FY2020: 9.51%) and in the Spain portfolio is 7.87% (FY2020: 8.12%). The weighted average annual discount rate adopted (for both freeholds and all leaseholds) is 8.72% (FY2020: 9.46%).
- Purchaser's costs in the range of approximately 3.3% to 6.8% for the UK, 7.5% for Paris and 2.5% for Spain have been assumed initially, reflecting the progressive SDLT rates brought into force in March 2016 in the UK, and sales plus purchaser's costs totalling approximately 5.3% to 8.8% (UK), 9.5% (Paris) and 4.5% (Spain) are assumed on the notional sales in the tenth year in relation to freehold and long leasehold stores.

##### Short leaseholds (UK)

The same methodology has been used as for freeholds, except that no sale of the assets in the tenth year is assumed but the discounted cash flow is extended to the expiry of the lease. The average unexpired term of the Group's UK short term leasehold properties is 12.2 years (FY2020: 12.0 years). The average unexpired term excludes the commercial leases in France and Spain.

##### Short leaseholds (Paris)

In relation to the commercial leases in Paris, C&W has valued the cash flow projections in perpetuity due to the security of tenure arrangements in that market and the potential compensation arrangements in the event of the landlord wishing to take possession. The valuation treatment is therefore the same as for the freehold properties. The capitalisation rates on these stores reflect the risk of the landlord terminating the lease arrangements.

##### Short leaseholds (Spain)

In relation to the two commercial leases in Spain, C&W has valued the cash flow projections in perpetuity due to the nature of the lease agreements which allows the tenant to renew the lease year on year into perpetuity. The valuation treatment is therefore the same as for the freehold properties. The capitalisation rates on these stores reflect the risk of the rolling lease arrangements.

In relation to one other short leasehold in Spain, the lease allows for a five-year automatic extension beyond the initial lease expiry date subject to neither party serving notice stating it does not wish to do so. This allows the landlord to terminate the lease at the original expiry date if it so wishes. The same methodology has been used as for freeholds, except that no sale of the asset in the tenth year is assumed but the discounted cash flow is extended to the expiry of the lease.

##### Investment properties under construction

C&W has valued the stores in development adopting the same methodology as set out above but on the basis of the cash flow projection expected for the store at opening and allowing for the outstanding costs to take each store from its current state to completion and full fit out, except several recently acquired stores which have been valued at acquisition costs. C&W has allowed for carry costs and construction contingency, as appropriate.

##### Immature stores: value uncertainty

C&W has assessed the value of each property individually. However, three of the stores in the portfolio are relatively immature and have low initial cash flow. C&W has endeavoured to reflect the nature of the cash flow profile for these properties in its valuation, and the higher associated risks relating to the as yet unproven future cash flow, by adjustment to the capitalisation rates and discount rates adopted. However, immature low cash flow stores of this nature are rarely, if ever, traded individually in the market, unless as part of a distressed sale or similar situation, although, there is more evidence of such stores being traded as part of a group or portfolio transaction.

C&W considers there to be market uncertainty in the self storage sector due to the lack of comparable market transactions and information. The degree of uncertainty relating to the three immature stores is greater than in relation to the balance of the properties due to there being even less market evidence than might be available for more mature properties and portfolios.

C&W states that, in practice, if an actual sale of the properties was to be contemplated then any immature low cash flow stores would normally be presented to the market for sale lotted or grouped with other more mature assets owned by the same entity, in order to alleviate the issue of negative or low short term cash flow. This approach would enhance the marketability of the group of assets and assist in achieving the best price available in the market by diluting the cash flow risk.

C&W has not adjusted its opinion of fair value to reflect such a grouping of the immature assets with other properties in the portfolio and all stores have been valued individually. However, C&W highlights the matter to alert the Group to the manner in which the properties might be grouped or lotted in order to maximise their attractiveness to the marketplace.

C&W considers this approach to be a valuation assumption but not a special assumption, the latter being an assumption that assumes facts that differ from the actual facts existing at the valuation date and which, if not adopted, could produce a material difference in value.

##### Valuation assumption for purchaser's costs

The Group's investment property assets have been valued for the purposes of the financial statements after adjusting for notional purchaser's costs in the range of approximately 3.3% to 6.8% (UK), 7.5% (Paris) and 2.5% (Spain), as if they were sold directly as property assets. The valuation is an asset valuation which is strongly linked to the operating performance of the business. They would have to be sold with the benefit of operational contracts, employment contracts and customer contracts, which would be difficult to achieve except in a corporate structure.

## Notes to the financial statements *continued*

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### 13. Investment properties *continued*

#### Valuation method and assumptions *continued*

#### Valuation assumption for purchaser's costs *continued*

This approach follows the logic of the valuation methodology in that the valuation is based on a capitalisation of the net operating income after allowing a deduction for operational cost and an allowance for central administration costs. A sale in a corporate structure would result in a reduction in the assumed stamp duty land tax but an increase in other transaction costs reflecting additional due diligence resulting in a reduced notional purchaser's cost of c. 2.75% of gross value. All the significant sized transactions that have been concluded in the UK in recent years were completed in a corporate structure. The Group therefore instructed C&W to prepare additional valuation advice on the basis of purchaser's cost of 2.75% of gross value which is used for internal management purposes.

#### Sensitivity of the valuation to assumptions

As noted in "Key sources of estimation uncertainty" on page 126, self storage valuations are complex, derived from data which is not widely publicly available and involves a degree of judgement. All other factors being equal, higher net operating income would lead to an increase in the valuation of a store and an increase in the capitalisation rate or discount rate would result in a lower valuation, and vice versa. Higher assumptions for stabilised occupancy, absorption rate, rental rate and other revenue, and a lower assumption for operating costs, would result in an increase in projected net operating income, and thus an increase in valuation.

There are inter-relationships between the valuation inputs, and they are primarily determined by market conditions. The effect of an increase in more than one input could be to magnify the impact on the valuation. However, the impact on the valuation could be offset by the inter-relationship of two inputs moving in opposite directions, e.g. an increase in rent may be offset by a decrease in occupancy, resulting in no net impact on the valuation.

As noted in "Key sources of estimation uncertainty", self storage valuations are complex, derived from data which is not widely available and involve a degree of judgement. For these reasons we have classified the valuation of our property portfolio as Level 3 as defined by IFRS 13. Inputs to the valuation, some of which are "unobservable" as defined by IFRS 13, include capitalisation yields, stable occupancy rates, and time to stabilised occupancy. The existence of an increase of more than one unobservable input would augment the impact on the valuation. The impact on the valuation would be mitigated by the inter-relationship between unobservable inputs moving in opposite directions. For example, an increase in stable occupancy may be offset by an increase in yield, resulting in no net impact on the valuation. A sensitivity analysis showing the impact on valuations of changes in capitalisation rates and stable occupancy is shown below:

	Impact of change in capitalisation rates £'m		Impact of a change in stabilised occupancy assumption £'m		Impact of a delay in stabilised occupancy assumption £'m
	25 bps decrease	25 bps increase	1% increase	1% decrease	24-month delay
	Reported Group	40.1	(36.4)	29.3	(29.0)

### 14. Property, plant and equipment

	Owner-occupied buildings £'m	Motor vehicles £'m	Fixtures and fittings £'m	IFRS 16 leases £'m	Total £'m
<b>Cost</b>					
At 1 November 2020	0.8	0.9	6.2	0.4	8.3
Additions	—	0.2	0.8	—	1.0
Disposals	—	(0.1)	—	—	(0.1)
<b>At 31 October 2021</b>	<b>0.8</b>	<b>1.0</b>	<b>7.0</b>	<b>0.4</b>	<b>9.2</b>
<b>Accumulated depreciation</b>					
At 1 November 2020	0.2	0.4	4.4	0.1	5.1
Charge for the year	—	0.2	0.7	0.1	1.0
Disposals	—	(0.1)	—	—	(0.1)
<b>At 31 October 2021</b>	<b>0.2</b>	<b>0.5</b>	<b>5.1</b>	<b>0.2</b>	<b>6.0</b>
<b>Net book value</b>					
<b>At 31 October 2021</b>	<b>0.6</b>	<b>0.5</b>	<b>1.9</b>	<b>0.2</b>	<b>3.2</b>
At 31 October 2020	0.6	0.5	1.8	0.3	3.2

As described in note 2, as a result of adopting IFRS 16, the Group recognised a right-of-use asset of £0.4 million in property, plant and equipment and a lease liability of £0.4 million at the transition date of 1 November 2019. The additional depreciation charge for the right-of-use asset recognised during the year was £0.1 million. The reduction in the lease liability in respect of principal repayments and interest was £0.1 million.

## 14. Property, plant and equipment *continued*

	Owner-occupied buildings £'m	Motor vehicles £'m	Fixtures and fittings £'m	IFRS 16 leases £'m	Total £'m
<b>Cost</b>					
At 1 November 2019	0.8	0.7	5.3	—	6.8
Accounting policy change	—	—	—	0.4	0.4
Additions	—	0.4	0.9	—	1.3
Disposals	—	(0.2)	—	—	(0.2)
<b>At 31 October 2020</b>	<b>0.8</b>	<b>0.9</b>	<b>6.2</b>	<b>0.4</b>	<b>8.3</b>
<b>Accumulated depreciation</b>					
At 1 November 2019	0.2	0.4	3.8	—	4.4
Charge for the year	—	0.2	0.6	0.1	0.9
Disposals	—	(0.2)	—	—	(0.2)
<b>At 31 October 2020</b>	<b>0.2</b>	<b>0.4</b>	<b>4.4</b>	<b>0.1</b>	<b>5.1</b>
<b>Net book value</b>					
<b>At 31 October 2020</b>	<b>0.6</b>	<b>0.5</b>	<b>1.8</b>	<b>0.3</b>	<b>3.2</b>
At 31 October 2019	0.6	0.3	1.5	—	2.4

## 15. Net assets per share

In October 2019, EPRA issued new Best Practices Recommendations guidelines for Net Asset Value (“NAV”) metrics; these recommendations are effective for accounting periods starting on 1 January 2020 and thereafter and have been adopted by the Group this year.

EPRA have introduced three new NAV metrics: EPRA Net Tangible Assets (“NTA”), EPRA Net Reinstatement Value (“NRV”) and EPRA Net Disposal Value (“NDV”).

EPRA NTA is considered to be the most relevant measure for the Group’s business which provides sustainable long term progressive returns and is now the primary measure of net assets, replacing the previously reported EPRA NAV metric. EPRA NTA assumes that entities buy and sell assets, thereby crystallising certain levels of unavoidable deferred tax. Due to the Group’s REIT status, deferred tax is only provided at each balance sheet date on properties outside the REIT regime. As a result, deferred taxes are excluded from EPRA NTA for properties within the REIT regime. For properties outside of the REIT regime, deferred tax is included to the extent that it is expected to crystallise, based on the Group’s track record and tax structuring.

There are no reconciling items between EPRA NTA and the previously reported EPRA NAV metric. EPRA NTA is shown in the table below:

	2021		2020	
	£'m	Diluted pence per share	£'m	Diluted pence per share
Balance sheet net assets	1,374.9	635	1,035.6	489
Adjustments to exclude:				
Fair value of derivative financial instruments (net of deferred tax)	(2.0)		0.4	
Deferred tax liabilities on the revaluation of investment properties	96.9		84.8	
<b>EPRA NTA</b>	<b>1,469.8</b>	<b>679</b>	1,120.8	529
<b>Basic net assets per share</b>		<b>652</b>		492
<b>EPRA basic NTA per share</b>		<b>697</b>		532

The basic and diluted net assets per share have been calculated based on the following number of shares:

	2021 Number	2020 Number
<b>Shares in issue</b>		
At year end	210,823,703	210,611,207
Adjustment for Employee Benefit Trust (treasury) shares	(41,259)	(32,698)
<b>IFRS/EPRA number of shares (basic)</b>	<b>210,782,444</b>	210,578,509
Dilutive effect of Save As You Earn shares	109,100	163,432
Dilutive effect of Long Term Incentive Plan shares	5,706,061	1,237,331
<b>IFRS/EPRA number of shares (diluted)</b>	<b>216,597,605</b>	211,979,272

## Notes to the financial statements *continued*

for the year ended 31 October 2021

### 15. Net assets per share *continued*

Basic net assets per share is shareholders' funds divided by the number of shares at the year end. Diluted net assets per share is shareholders' funds divided by the number of shares at the year end, adjusted for dilutive share options of 5,815,161 shares (FY2020: 1,400,763 shares). EPRA diluted net assets per share excludes deferred tax liabilities arising on the revaluation of investment properties. The EPRA NAV, which further excludes fair value adjustments for debt and related derivatives net of deferred tax, was £1,469.8 million (FY2020: £1,120.8 million), giving EPRA NTA per share of 679 pence (FY2020: 529 pence). The Directors consider that these alternative measures provide useful information on the performance of the Group.

#### EPRA adjusted balance sheet (non-statutory)

	2021 £'m	2020 £'m
<b>Assets</b>		
Non-current assets	2,042.5	1,657.1
Current assets	72.6	43.1
<b>Total assets</b>	<b>2,115.1</b>	1,700.2
<b>Liabilities</b>		
Current liabilities	(88.4)	(59.7)
Non-current liabilities	(557.0)	(519.7)
<b>Total liabilities</b>	<b>(645.4)</b>	(579.4)
<b>EPRA adjusted Net Asset Value</b>	<b>1,469.7</b>	1,120.8
<b>EPRA adjusted basic net assets per share</b>	<b>697 pence</b>	532 pence

### 16. Trade and other receivables

	2021 £'m	2020 £'m
<b>Current</b>		
Trade receivables	17.8	16.1
Less: credit loss allowance/provision for impairment of receivables	(4.3)	(3.8)
Trade receivables – net	13.5	12.3
Other receivables	7.4	2.7
Amounts due from associates (note 30)	2.7	2.0
Prepayments	5.3	6.2
	<b>28.9</b>	23.2

The creation and release of credit loss allowances have been included in cost of sales in the income statement.

The Group always measures the loss allowance for the trade receivables at an amount equal to lifetime expected credit loss. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtor and an analysis of the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. The Group provides in full against all receivables due over six months past due because historical experience has indicated that these receivables are generally not recoverable.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

The Group writes off a trade receivable when there is information indicating that the debtors are in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings.

The following table details the risk profile of trade receivables based on the Group's provision matrix:

UK	Not past due	<28 days	29–60 days	>60 days	Total
Expected credit loss rate (%)	0.0%	4.0%	16.7%	100.0%	8.5%
Estimated total gross carrying amount at default (£'m)	7.4	2.5	1.2	0.7	11.8
Lifetime ECL (£'m)	—	(0.1)	(0.2)	(0.7)	(1.0)
<b>Net trade receivables as at 31 October 2021</b>	<b>7.4</b>	<b>2.4</b>	<b>1.0</b>	<b>—</b>	<b>10.8</b>
France	Not past due	<28 days	29–60 days	>60 days	Total
Expected credit loss rate (%)	0.0%	0.0%	50.0%	94.1%	55.0%
Estimated total gross carrying amount at default (£'m)	2.0	0.4	0.2	3.4	6.0
Lifetime ECL (£'m)	—	—	(0.1)	(3.2)	(3.3)
<b>Net trade receivables as at 31 October 2021</b>	<b>2.0</b>	<b>0.4</b>	<b>0.1</b>	<b>0.2</b>	<b>2.7</b>

## 16. Trade and other receivables *continued*

UK	Not past due	<28 days	29–60 days	>60 days	Total
Expected credit loss rate (%)	0.0%	5.9%	11.1%	50.0%	7.9%
Estimated total gross carrying amount at default (£'m)	6.3	1.7	0.9	1.2	10.1
Lifetime ECL (£'m)	—	(0.1)	(0.1)	(0.6)	(0.8)
Net trade receivables as at 31 October 2020	6.3	1.6	0.8	0.6	9.3

France	Not past due	<28 days	29–60 days	>60 days	Total
Expected credit loss rate (%)	0.0%	25.0%	50.0%	90.3%	50.0%
Estimated total gross carrying amount at default (£'m)	2.3	0.4	0.2	3.1	6.0
Lifetime ECL (£'m)	—	(0.1)	(0.1)	(2.8)	(3.0)
Net trade receivables as at 31 October 2020	2.3	0.3	0.1	0.3	3.0

Outstanding trade receivables in Spain were £nil (FY2020: £nil); therefore, the risk profile for this geography has been excluded.

The difference between expected credit loss rates in the UK and France is largely due to the differing processes for collecting overdue debt, with legal proceedings in France typically taking significantly longer than in the UK.

The above balances are short term (including other receivables) and therefore the difference between the book value and the fair value is not significant. Consequently, these have not been discounted.

Movement in the credit loss allowance:

	2021 £'m	2020 £'m
Balance at the beginning of the year	3.8	2.9
Amounts provided in the year	1.6	1.7
Amounts written off as uncollectable	(1.1)	(0.8)
Balance at the end of the year	4.3	3.8

The carrying amounts of the Group's trade and other receivables are denominated in the following currencies:

	2021 £'m	2020 £'m
Sterling	16.3	15.3
Euros	12.6	7.9
	28.9	23.2

Other receivables include amounts in relation to VAT recoverable on qualifying expenditure in respect of the Capital Goods Scheme. As at 31 October 2021 the Group had a total discounted other receivable of £nil (FY2020: £0.2 million). This is split £nil as non-current assets and £nil as current assets (FY2020: £nil and £0.2 million respectively). Amounts due from associates of £2.7 million (FY2020: £2.0 million) relate to the joint venture arrangement (note 12), made up of a loan and accrued interest to the associate of £2.7 million (FY2020: £1.9 million) and a trading balance of £nil (FY2020: £0.1 million). These amounts are considered to be fully recoverable and have not been impaired (FY2020: £nil).

## 17. Cash and cash equivalents

	2021 £'m	2020 £'m
Cash at bank and in hand	43.2	19.6

The carrying amounts of the Group's cash and cash equivalents are denominated in the following currencies:

	2021 £'m	2020 £'m
Sterling	22.7	10.3
Euros	20.5	9.3
	43.2	19.6

## Notes to the financial statements *continued*

for the year ended 31 October 2021

### 18. Trade and other payables

	2021 £'m	2020 £'m
<b>Current</b>		
Trade payables	22.7	8.0
Other taxes and social security payable	5.4	3.4
Other payables	6.5	3.4
Accruals	23.6	16.7
Deferred income	17.6	15.7
	<b>75.8</b>	47.2

Included within trade and other payables is £15.4 million in relation to the acquisition of a freehold development site in Old Kent Road, London (note 32).

The carrying amounts of the Group's trade and other payables are denominated in the following currencies:

	2021 £'m	2020 £'m
Sterling	61.6	34.1
Euros	14.2	13.1
	<b>75.8</b>	47.2

### 19. Financial liabilities – bank borrowings and secured notes

	2021 £'m	2020 £'m
Non-current		
<b>Bank loans and secured notes</b>		
Secured	486.5	456.0
Debt issue costs	(1.8)	(1.5)
	<b>484.7</b>	454.5

The Group's borrowings consist of bank facilities of £250 million and €70 million maturing in June 2023. On 7 May 2021, the Group extended its borrowing facilities with the issuance of new Sterling and Euro denominated US Private Placement Notes to a group of existing institutional investors. In June 2021 additional US Private Placement Notes were issued of £20 million and €29 million maturing in 2028. In August 2021 additional US Private Placement Notes were issued of £80 million and €29 million, maturing in 2031 and 2033 respectively. The Group now has US Private Placement Notes of €253 million (FY2020: €195 million) which have maturities extending to 2024, 2026, 2027, 2028 and 2033 and £215.5 million (FY2020: £115.5 million) which have maturities extending to 2026, 2028, 2029 and 2031. The blended cost of interest on the overall debt at 31 October 2020 was 2.36% per annum.

For accounting periods starting from 1 January 2020 the benchmark Interbank Offered Rates ("IBORs"), such as LIBOR, have been replaced by new official benchmark rates, known as alternative risk free rates ("RFR"). The RFR that has been introduced applicable to the Group is the Standard Overnight Index Average ("SONIA").

The bank facilities attract a margin over SONIA/EURIBOR. The margin ratchets between 1.25% and 2.50%, by reference to the Group's performance against its interest cover covenant. Approximately 50% of the drawn bank facilities have been hedged at an effective rate of 0.8152% (SONIA) or 0.1656% (EURIBOR).

The Company has in issue €50.9 million (FY2020: €50.9 million) 1.59% Series A Senior Secured Notes due 2024, €70.0 million (FY2020: €70.0 million) 1.26% Series A Secured Notes due 2026, £35.0 million (FY2020: £35.0 million) 2.59% Series B Senior Secured Notes due 2026, €74.1 million (FY2020: €74.1 million) 2.00% Series B Senior Secured Notes due 2027, £20.0 million (FY2020: £nil) 1.96% Series A Secured Notes due 2028, €29 million (FY2020: €nil) 0.93% Series B Secured Notes due 2028, £50.5 million (FY2020: £50.5 million) 2.92% Series C Senior Secured Notes due 2029, £30.0 million (FY2020: £30.0 million) 2.69% Series C Senior Secured Notes due 2029, £80.0 million (FY2020: £nil) 2.39% Series C Secured Notes due 2031 and €29.0 million (FY2020: €nil) 1.42% Series D Secured Notes due 2033. The €253.0 million of Euro denominated borrowings provides a natural hedge against the Group's investment in the France and Spain businesses, so the Group has applied net investment hedge accounting and the retranslation of these borrowings is recognised directly in the translation reserve.

The bank loans and overdrafts are secured by a fixed charge over the Group's investment property portfolio. As part of the Group's interest rate management strategy, the Group has entered into several interest rate swap contracts, details of which are shown in note 20.

Bank loans and secured notes are stated before unamortised issue costs of £1.8 million (FY2020: £1.5 million).

## 19. Financial liabilities – bank borrowings and secured notes *continued*

Bank loans and secured notes are repayable as follows:

	Group	
	2021 £'m	2020 £'m
Between one and two years	57.3	—
Between two and five years	137.1	210.8
After more than five years	292.1	245.2
Bank loans and secured notes	486.5	456.0
Unamortised debt issue costs	(1.8)	(1.5)
	484.7	454.5

The effective interest rates at the balance sheet date were as follows:

	2021	2020
Bank loans (UK term loan)	Quarterly or monthly SONIA plus 1.25%	Quarterly or monthly LIBOR plus 1.25%
Bank loans (Euro term loan)	Quarterly EURIBOR plus 1.25%	Quarterly EURIBOR plus 1.25%
Private Placement Notes (Euros)	Weighted average rate of 1.52%	Weighted average rate of 1.63%
Private Placement Notes (Sterling)	Weighted average rate of 2.55%	Weighted average rate of 2.76%

### Borrowing facilities

The Group has the following undrawn committed borrowing facilities available at 31 October in respect of which all conditions precedent had been met at that date:

	Floating rate	
	2021 £'m	2020 £'m
Expiring beyond one year	251.8	148.0

As described above the Group's bank facilities mature in June 2023.

The carrying amounts of the Group's borrowings are denominated in the following currencies:

	2021 £'m	2020 £'m
Sterling	247.5	253.5
Euros	239.0	202.5
	486.5	456.0

## 20. Financial instruments

### Financial risk management

Financial risk management is an integral part of the way the Group is managed. In the course of its business, the Group is exposed primarily to foreign exchange risk, interest rate risk, liquidity risk and credit risk. The overall aim of the Group's financial risk management policies is to minimise potential adverse effects on financial performance and net asset values ("NAV"). The Group manages the financial risks within policies and operating parameters approved by the Board of Directors and does not enter into speculative transactions. Treasury activities are managed centrally under a framework of policies and procedures approved and monitored by the Board. These objectives are to protect the assets of the Group and to identify and then manage financial risk. In applying these policies, the Group will utilise derivative instruments, but only for risk management purposes.

The principal financial risks facing the Group are described below.

### Interest rate risk

The Group finances its operations through a mixture of retained profits, issued share capital and bank borrowings. The Group borrows in Sterling and Euros at floating rates and, where necessary, uses interest rate swaps to convert these to fixed rates to generate the preferred interest rate profile and to manage its exposure to interest rate fluctuations. A 1ppt change in interest rates would have a £nil (FY2020: £0.8 million) impact on net interest. This sensitivity impact has been prepared by determining average floating interest rates and flexing these against average floating rate deposits and borrowings by major currency area over the course of the year.

### Liquidity risk

The Group's policy on liquidity risk is to ensure that sufficient cash is available to fund ongoing operations without the need to carry significant net debt over the medium term. The Group's principal borrowing facilities are provided by a group of core relationship banks in the form of term loans and overdrafts. The quantum of committed borrowing facilities available to the Group is reviewed regularly and is designed to exceed forecast peak gross debt levels. Further details of the Group's borrowing facilities, including the repayment profile of existing borrowings and the amount of undrawn committed borrowing facilities, are set out in note 19.

# Notes to the financial statements *continued*

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## 20. Financial instruments *continued*

### Financial risk management *continued*

#### Credit risk

Credit risk arises on financial instruments such as trade and other receivables and short term bank deposits. Policies and procedures exist to ensure that customers have an appropriate credit history and account customers are given credit limits that are monitored. Short term bank deposits are executed only with A-rated or above authorised counterparties based on ratings issued by the major rating agencies. Counterparty exposure positions are monitored regularly so that credit exposures to any one counterparty are within predetermined limits. Overall, the Group considers that it is not exposed to a significant amount of credit risk. The amount of trade receivables outstanding at the year end does not represent the maximum exposure to operational credit risk due to the normal patterns of supply and payment over the course of a year. Based on management information collected as at month ends the maximum level of net trade receivables at any one point during the year was £14.6 million (FY2020: £14.6 million).

#### Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk in respect of the Euro. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

The Group has investments in foreign operations in France and Spain, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the Group's foreign operations is managed primarily through borrowings denominated in the relevant foreign currencies.

The Group holds Euro denominated loan notes totalling €253 million and as such is exposed to foreign exchange risk on these notes. The foreign exchange risk relating to the notes provides a natural hedge against the Euro denominated assets of its operations in France and Spain and were 100% effective. As a result, the Group applies net investment hedging in respect of these loan notes and the change in fair value during the year of £10.9 million was recognised in other comprehensive income.

The Group holds average rate forward contracts to mainly hedge against the investment exposure of subsidiaries denominated in currencies other than Pounds Sterling and the future foreign currency earnings generated by these foreign subsidiaries. The hedge rate of these forwards was 1.0751 and they mature in six tranches bi-annually commencing from October 2020 as detailed further within this note.

At 31 October 2021, if Sterling had weakened by 10% against the Euro with all other variables held constant, pre-tax profit for the year would have been £1.0 million higher (FY2020: £0.1 million higher). Equity (translation reserve) would have been £13.8 million higher (FY2020: £14.5 million higher), arising primarily on translation of Euro denominated net assets held by subsidiary companies with a Euro functional currency less the Euro denominated loan notes.

The Group is not exposed to significant transaction foreign exchange risk as purchases are invoiced in either Sterling or Euros.

#### Capital risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. Being a REIT, the Group is required to distribute as a dividend a minimum of 90% of its property rental income to shareholders. This is factored into the Group's capital risk management.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including "current and non-current borrowings" as shown in the consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as equity as shown in the consolidated balance sheet plus net debt.

The gearing ratios at 31 October 2021 and 2020 were as follows:

	2021 £'m	2020 £'m
Total borrowings (excluding derivatives)	567.0	531.7
Less: cash and cash equivalents (note 17)	(43.2)	(19.6)
Net debt	523.8	512.1
Total equity	1,374.9	1,035.7
Total capital	1,898.7	1,547.8
Gearing ratio	28%	33%

The Group considers that a loan-to-value ("LTV") ratio, defined as gross debt (excluding lease liabilities) as a proportion of the valuation of investment properties and investment properties under construction (excluding lease liabilities), below 40% represents an appropriate medium term capital structure objective. The Group's LTV ratio was 25% at 31 October 2021 (FY2020: 29%).

The Group has complied with all of the covenants on its banking facilities during the year.



## 20. Financial instruments *continued*

### Financial instruments

Financial instruments disclosures are set out below:

	2021		2020	
	Asset £'m	Liability £'m	Asset £'m	Liability £'m
Interest rate swaps	0.3	(0.2)	—	(1.4)
Foreign currency forwards	1.9	—	0.9	—

The fair value of financial instruments that are not traded in an active market, such as over the counter derivatives, is determined using valuation techniques. The Group obtains such valuations from counterparties which use a variety of assumptions based on market conditions existing at each balance sheet date.

The fair values of all financial instruments are equal to their book value, with the exception of bank loans, which are set out below. The fair value of secured loan notes is determined using a discounted cash flow, while the fair value of bank loans drawn from the Group's bank facilities equates to book value. The carrying value less impairment provision of trade receivables, other receivables and the carrying value of trade payables and other payables approximates to their fair value.

The fair value of bank loans is calculated as:

	2021		2020	
	Book value £'m	Fair value £'m	Book value £'m	Fair value £'m
Bank loans	484.7	543.9	454.5	495.3

### Fair value hierarchy

IFRS 13 requires fair value measurements to be recognised using a fair value hierarchy that reflects the significance of the inputs used in the measurements, according to the following levels:

Level 1 – unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 – inputs for the asset or liability that are not based on observable market data.

The table below shows the level in the fair value hierarchy into which fair value measurements have been categorised:

	2021 £'m	2020 £'m
<b>Assets per the balance sheet</b>		
Derivative financial instruments – Level 2	2.2	0.9
Amounts due from associates – Level 2	2.7	2.0
<b>Liabilities per the balance sheet</b>		
Derivative financial instruments – Level 2	0.2	1.4
Bank loans – Level 2	543.9	495.3

There were no transfers between Level 1, 2 and 3 fair value measurements during the current or prior year.

Over the life of the Group's derivative financial instruments, the cumulative fair value gain/loss on those instruments will be £nil as it is the Group's intention to hold them to maturity.

### Interest rate swaps not designated as part of a hedging arrangement

The notional principal amounts of the outstanding interest rate swap contracts at 31 October 2021 were £55 million and €30 million (FY2020: £55 million and €30 million). At 31 October 2021 the weighted average fixed interest rates were Sterling at 0.8152% and Euro at 0.1656% (FY2020: Sterling at 0.8152% and Euro at 0.1656%), and floating rates are at quarterly SONIA and quarterly EURIBOR. The £55.0 million SONIA swaps and the EURIBOR swaps expire in June 2022, whilst a further £55.0 million SONIA forward-starting swaps become effective in June 2022 and expire in June 2023 and have a fixed interest rate of 0.6885%. The movement in fair value recognised in the income statement was a net gain of £1.5 million (FY2020: £0.8 million net loss).

### Foreign currency forwards not designated as part of a hedging arrangement

As at 31 October 2021, the Group has three tranches of average rate forward contracts for a notional amount totalling €24.5 million at a rate of €1.0751 to the Pound (FY2020: five tranches totalling €39.0 million). The Group will receive the Sterling equivalent at this average exchange rate and pay the Sterling equivalent of the average monthly spot rates on the Euro notional amounts, which have maturity dates as follows: €8.0 million maturing 29 April 2022, €8.0 million maturing 31 October 2022 and €8.5 million maturing 28 April 2023. The movement in the fair value recognised in the income statement in the period was a gain of £1.4 million. The €7.0 million tranche previously held matured and was settled in April 2021, resulting in a fair value disposal of £0.2 million and a receipt of £0.3 million. The €7.5 million tranche previously held matured and was settled in October 2021, resulting in a fair value disposal of £0.2 million and a receipt of £0.6 million. This resulted in a net gain of £0.5 million recognised as finance income in the profit and loss.

## Notes to the financial statements *continued*

for the year ended 31 October 2021

### 20. Financial instruments *continued*

#### Financial instruments *continued*

#### Financial instruments by category

	Financial assets at amortised cost £'m	Assets at fair value through profit and loss £'m	Total £'m
<b>Assets per the balance sheet</b>			
Trade receivables and other receivables excluding prepayments	20.9	—	20.9
Amounts due from associates	2.7	—	2.7
Derivative financial instruments	—	2.2	2.2
Cash and cash equivalents	43.2	—	43.2
<b>At 31 October 2021</b>	<b>66.8</b>	<b>2.2</b>	<b>69.0</b>

	Other financial liabilities at amortised cost £'m	Liabilities at fair value through profit and loss £'m	Total £'m
<b>Liabilities per the balance sheet</b>			
Borrowings (excluding obligations under lease liabilities)	484.7	—	484.7
Obligations under lease liabilities	82.3	—	82.3
Derivative financial instruments	—	0.2	0.2
Payables and accruals	58.2	—	58.2
<b>At 31 October 2021</b>	<b>625.2</b>	<b>0.2</b>	<b>625.4</b>

	Financial assets at amortised cost £'m	Assets at fair value through profit and loss £'m	Total £'m
<b>Assets per the balance sheet</b>			
Trade receivables and other receivables excluding prepayments	15.0	—	15.0
Amounts due from associates	2.0	—	2.0
Derivative financial instruments	—	0.9	0.9
Cash and cash equivalents	19.6	—	19.6
<b>At 31 October 2020</b>	<b>36.6</b>	<b>0.9</b>	<b>37.5</b>

	Other financial liabilities at amortised cost £'m	Liabilities at fair value through profit and loss £'m	Total £'m
<b>Liabilities per the balance sheet</b>			
Borrowings (excluding obligations under lease liabilities)	454.5	—	454.5
Obligations under lease liabilities	77.2	—	77.2
Derivative financial instruments	—	1.4	1.4
Payables and accruals	31.5	—	31.5
<b>At 31 October 2020</b>	<b>563.2</b>	<b>1.4</b>	<b>564.6</b>

The interest rate risk profile, after taking account of derivative financial instruments, was as follows:

	2021			2020		
	Floating rate £'m	Fixed rate £'m	Total £'m	Floating rate £'m	Fixed rate £'m	Total £'m
Borrowings	—	484.7	484.7	81.5	373.0	454.5

The weighted average interest rate of the fixed rate financial borrowing was 2.01% (FY2020: 2.03%) and the weighted average remaining period for which the rate is fixed was six years (FY2020: six years).

## 20. Financial instruments *continued*

### Financial instruments *continued*

#### Maturity analysis

The table below analyses the Group's financial liabilities and non-settled derivative financial instruments into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity dates. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than one year £'m	One to two years £'m	Two to five years £'m	More than five years £'m
<b>2021</b>				
Borrowings	10.6	67.4	162.1	313.4
Derivative financial instruments	0.3	0.3	—	—
Obligations under lease liabilities	12.9	11.5	30.9	58.8
Payables and accruals	58.2	—	—	—
	<b>82.0</b>	<b>79.2</b>	<b>193.0</b>	<b>372.2</b>
	Less than one year £'m	One to two years £'m	Two to five years £'m	More than five years £'m
<b>2020</b>				
Borrowings	8.8	8.8	230.1	258.6
Derivative financial instruments	0.4	0.4	0.3	—
Obligations under lease liabilities	12.8	12.6	31.1	57.9
Payables and accruals	31.5	—	—	—
	53.5	21.8	261.5	316.5

## 21. Obligations under lease liabilities

The Group leases certain of its investment properties under lease liabilities. The average remaining lease term is 10.3 years (FY2020: 10.5 years).

	Minimum lease payments		Present value of minimum lease payments	
	2021 £'m	2020 £'m	2021 £'m	2020 £'m
Within one year	12.9	12.8	12.3	12.3
Within two to five years	42.4	43.7	35.3	35.6
Greater than five years	58.8	57.9	34.7	29.3
	<b>114.1</b>	114.4	<b>82.3</b>	77.2
Less: future finance charges on lease liabilities	<b>(31.8)</b>	(37.2)	—	—
Present value of lease liabilities	<b>82.3</b>	77.2	<b>82.3</b>	77.2
			2021 £'m	2020 £'m
Current			12.3	12.3
Non-current			70.0	64.9
			<b>82.3</b>	77.2

Amounts recognised within the consolidated income statement include interest on lease liabilities of £5.2 million and variable lease payments not included in the measurement of the lease liabilities of £0.4 million. Amounts recognised in the consolidated statement of cash flows include lease liabilities principal payments of £6.9 million and interest on lease liabilities of £5.2 million. The maturity analysis for obligations under lease liabilities under contractual undiscounted cash flows is included in note 20.

## Notes to the financial statements *continued*

for the year ended 31 October 2021

### 22. Deferred income tax

Deferred tax is calculated in full on temporary differences under the liability method using tax rates enacted in each respective jurisdiction corresponding to when they are expected to reverse. The movement on the deferred tax account was as shown below.

	Note	2021 £'m	2020 £'m
At 1 November		<b>84.8</b>	64.4
Charge to income statement	9	<b>17.1</b>	17.1
Exchange differences		<b>(5.7)</b>	3.3
<b>At 31 October</b>		<b>96.2</b>	84.8

The movements in deferred tax assets and liabilities (prior to the offsetting of balances within the same jurisdiction as permitted by IAS 12) during the period are shown below.

	Revaluation of investment properties £'m	Other timing differences £'m	Total £'m
<b>Deferred tax liability</b>			
At 1 November 2019	64.4	0.3	64.7
Charge/(credit) to income statement	17.1	(0.1)	17.0
Exchange differences	3.3	—	3.3
At 31 October 2020	84.8	0.2	85.0
At 1 November 2020	84.8	0.2	85.0
Charge/(credit) to income statement	17.8	(0.1)	17.7
Exchange differences	(5.7)	—	(5.7)
<b>At 31 October 2021</b>	<b>96.9</b>	<b>0.1</b>	<b>97.0</b>

	Other timing differences £'m	Interest swap £'m	Total £'m
<b>Deferred tax asset</b>			
At 1 November 2019	0.2	0.1	0.3
Charge to income statement	(0.1)	—	(0.1)
At 31 October 2020	0.1	0.1	0.2
At 1 November 2020	0.1	0.1	0.2
Credit/(charge) to income statement	0.7	(0.1)	0.6
<b>At 31 October 2021</b>	<b>0.8</b>	<b>—</b>	<b>0.8</b>

The deferred tax liability due after more than one year is £97.0 million (FY2020: £85.0 million).

As at 31 October 2021, the Group had trading losses of £21.8 million (FY2020: £25.2 million) and capital losses of £39.4 million (FY2020: £39.4 million) in respect of its UK operations. All losses can be carried forward indefinitely. No deferred tax asset has been recognised in respect of these losses.

## 23. Called up share capital

	2021 £'m	2020 £'m
<b>Called up, allotted and fully paid</b>		
210,823,703 (FY2020: 210,611,207) ordinary shares of 1 pence each	<b>2.1</b>	2.1

### Ordinary shares

The holders of the ordinary shares shall be entitled to one vote for each ordinary share.

During the year the Company issued 212,496 ordinary shares (FY2020: 190,783 ordinary shares).

### Safestore Holdings plc Sharesave scheme

The Sharesave awards are a savings related award accruing over a three-year period. There are no performance conditions attached to the awards; as such, the sole condition for vesting is continued service. The fair value of the Sharesave options granted during the year was assessed by an independent actuary using a Black-Scholes model based on the assumptions set out in the table below:

		Grant date 20 August 2021 (UK three years)
Number of options granted		64,234
Share price at grant date	(pence)	1,139
Exercise price	(pence)	824
Risk-free rate of interest	(% per annum)	0.16
Expected volatility	(% per annum)	28.9
Expected dividend yield	(% per annum)	1.77
Expected term to exercise	(years)	3.20
Value per option	(pence)	348

### Safestore Long Term Incentive Plan

The fair values of the awards granted in the accounting period were assessed by an independent actuary using a Monte Carlo model based on the assumptions set out in the table below. In determining an appropriate assumption for expected future volatility, the historical volatility of the share price of Safestore Holdings plc has been considered along with the historical volatility of comparator companies.

		Grant date January 2021	
		(PBT-EPS part)	(TSR part)
Number of options granted		231,614	115,808
Weighted average share price at grant date	(pence)	808	808
Exercise price	(pence)	—	—
Weighted average risk-free rate of interest	(% per annum)	n/a	(0.09)
Expected volatility	(% per annum)	n/a	29.5
Weighted average expected term to exercise	(years)	3.00	3.00
Weighted average value per option	(pence)	805	465

## Notes to the financial statements *continued*

for the year ended 31 October 2021

### 23. Called up share capital *continued*

#### Safestore Long Term Incentive Plan *continued*

Details of the awards outstanding under all of the Group's share schemes are set out below:

Date of grant	At 31 October 2020	Granted	Exercised	Lapsed	At 31 October 2021	Exercise price	Expiry date
<b>Safestore Holdings plc</b>							
<b>Sharesave scheme</b>							
24/10/2017	212,496	—	(212,496)	—	—	352.8p	01/05/2021
24/10/2017	40,285	—	—	—	<b>40,285</b>	352.8p	01/05/2023
14/08/2019	128,929	—	—	(6,417)	<b>122,512</b>	510.0p	01/03/2023
26/08/2020	167,850	—	—	(18,036)	<b>149,814</b>	600.0p	01/05/2024
20/08/2021	—	64,234	—	(2,181)	<b>62,053</b>	824.0p	01/05/2025
<b>Total</b>	<b>549,560</b>	<b>64,234</b>	<b>(212,496)</b>	<b>(26,634)</b>	<b>374,664</b>		
<b>Safestore Long Term Incentive Plan – 2017</b>							
29/09/2017	5,685,000	—	—	(20,000)	<b>5,665,000</b>	0.0p	28/09/2027
09/10/2017	150,000	—	—	—	<b>150,000</b>	0.0p	28/09/2027
15/06/2018	33,000	—	—	—	<b>33,000</b>	0.0p	28/09/2027
05/02/2019	85,000	—	—	—	<b>85,000</b>	0.0p	28/09/2027
05/07/2019	12,000	—	—	—	<b>12,000</b>	0.0p	28/09/2027
23/01/2020	195,000	—	—	—	<b>195,000</b>	0.0p	28/09/2027
<b>Total</b>	<b>6,160,000</b>	<b>—</b>	<b>—</b>	<b>(20,000)</b>	<b>6,140,000</b>		
<b>Safestore Long Term Incentive Plan – 2020</b>							
18/03/2020	406,846	—	—	(655)	<b>406,191</b>	0.0p	18/03/2023
<b>Total</b>	<b>406,846</b>	<b>—</b>	<b>—</b>	<b>(655)</b>	<b>406,191</b>		
<b>Safestore Long Term Incentive Plan – 2021</b>							
28/01/2021	—	347,422	—	—	<b>347,422</b>	0.0p	28/01/2024
<b>Total</b>	<b>—</b>	<b>347,422</b>	<b>—</b>	<b>—</b>	<b>347,422</b>		

In addition, gross amounts totalling £378,000 (FY2020: £360,000) in respect of bonuses awarded to Executive Directors for the year ended 31 October 2021 will be deferred into shares which will vest at the end of two years following the financial year in which the bonus is earned. The grant date is the last day of the financial year in which the performance stage is assessed. The share entitlement is expected to be determined in January 2022.

The weighted average exercise price of outstanding options under the Sharesave scheme is 581.1 pence (FY2020: 465 pence). The weighted average exercise price of options exercised under the Sharesave scheme was 352.8 pence. No shares were exercised under the Sharesave scheme during 2020.

#### Own shares

Included within retained earnings are ordinary shares with a nominal value of £413 (FY2020: £327) that represent shares held by the Safestore Employee Benefit Trust in satisfaction of awards under the Group's Long Term Incentive Plan and which remain unvested.

## 24. Cash flow from operating activities

Reconciliation of operating profit to net cash inflow from operating activities:

	Notes	2021 £'m	2020 £'m
<b>Cash generated from continuing operations</b>			
Profit before income tax		404.6	197.9
Gain on investment properties	13	(321.1)	(126.5)
Share of profit in associates		—	—
Depreciation	14	1.0	0.9
Net finance expense	8	12.4	14.3
Employee share options		8.6	4.7
Changes in working capital:			
Increase in inventories		(0.2)	—
Increase in trade and other receivables		(5.4)	(0.1)
Increase in trade and other payables		13.6	4.3
Increase in provisions		2.1	—
<b>Cash generated from continuing operations</b>		<b>115.6</b>	95.5

## 25. Analysis of movement in gross and net debt

	2020 £'m	Cash flows £'m	Non-cash movements £'m	2021 £'m
Bank loans	(454.5)	(43.1)	12.9	(484.7)
Lease liabilities	(77.2)	7.5	(12.6)	(82.3)
<b>Total gross debt (liabilities from financing activities)</b>	(531.7)	(35.6)	0.3	(567.0)
Cash in hand	19.6	24.5	(0.9)	43.2
<b>Total net debt</b>	(512.1)	(11.1)	(0.6)	(523.8)

The table above details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated cash flow statement as cash flows from financing activities.

The cash flows from bank loans make up the net amount of proceeds from borrowings, repayment of borrowings and debt issuance costs.

Non-cash movements relate to the amortisation of debt issue costs of £0.4 million (FY2020: £0.3 million), foreign exchange movements of £12.4 million (FY2020: £8.3 million) and unwinding of discount to lease liabilities of £12.6 million (FY2020: £20.6 million (including IFRS 16 transition adjustments)).

## 26. Employees and Directors

<b>Staff costs (including Directors) for the Group during the year</b>	2021 £'m	2020 £'m
Wages and salaries	23.3	21.5
Social security costs	11.3	4.9
Other pension costs	0.6	0.6
Share-based payments	8.6	4.7
	<b>43.8</b>	31.7

During the period ended 31 October 2021 the Company's equity-settled share-based payment arrangements comprised the Safestore Holdings plc Sharesave scheme and the Safestore Long Term Incentive Plans. The number of awards made under each scheme is detailed in note 23. No options have been modified since grant under any of the schemes, other than the modification in respect of the LTIP awards for Executive Directors described in note 23.

<b>Average monthly number of people (including Executive Directors) employed</b>	2021 Number	2020 Number
Sales	557	563
Administration	93	89
	<b>650</b>	652

## Notes to the financial statements *continued*

for the year ended 31 October 2021

### 26. Employees and Directors *continued*

Key management compensation	2021 £'m	2020 £'m
Wages and salaries	4.2	3.9
Social security costs	2.6	2.0
Post-employment benefits	0.1	0.1
Share-based payments	5.2	3.3
	12.1	9.3

The key management figures given above include Directors.

Directors	2021 £'m	2020 £'m
Aggregate emoluments	8.3	5.9
Company contributions paid to money purchase pension schemes	—	0.1
	8.3	6.0

There were two Directors (FY2020: two) accruing benefits under a money purchase scheme.

### 27. Provisions

Following tax audits carried out on the Group's operations in Paris, the basis on which property taxes have been previously assessed was challenged by the French Tax Administration ("FTA") for financial years 2012 to 2013 and 2016 to 2020. Similar challenges from the FTA have also been made to other operators within the self storage industry. In March 2021, following the latest phase of litigation, the French Court of Appeal delivered its judgement on the Group's appeal. The ruling represented a partial success for the Group; however, a further appeal has been lodged with the French Supreme Court against those decisions on which the Group's appeal in the Court of Appeal was unsuccessful. A provision has been included in the consolidated financial accounts of £2.1 million at 31 October 2021 (FY2020: £nil) to reflect the increased uncertainty surrounding the likelihood of a fully successful outcome. Of the total provided, £1.9 million has been recorded as an exceptional charge in respect of financial years 2012 to 2020 and £0.2 million has been charged in relation to twelve months to 31 October 2021 within cost of sales (Underlying EBITDA).

It is possible that the French tax authority may still appeal the decisions of the French Court of Appeal on which the Group was successful to the French Supreme Court. Based on our analysis of the relevant information, the maximum potential exposure in relation to these issues at 31 October 2021 is £2.7 million (FY2020: £4.2 million). No provision for any potential exposure has been recorded in the consolidated financial statements since the Group believes it is more likely than not that a successful outcome will be achieved resulting in no eventual additional liabilities.

Bank guarantees to cover any potential additional tax assessment are currently being put in place, of which guarantees totalling £1.3 million have been put in place as at 31 October 2021 (FY2020: £0.6 million).

### 28. Contingent liabilities

As part of the Group banking facility, the Company has guaranteed the borrowings totalling £486.5 million (FY2020: £456.0 million) of fellow Group undertakings by way of a charge over all of its property and assets. There are similar cross-guarantees provided by the Group companies in respect of any bank borrowings which the Company may draw under a Group facility agreement. The financial liability associated with this guarantee is considered remote and therefore no provision has been recorded.

The Group also has a contingent liability in respect of property taxation in the French subsidiary as disclosed in note 27.

### 29. Capital commitments

The Group had £98.6 million of capital commitments as at 31 October 2021 (FY2020: £15.3 million).



### 30. Related party transactions

The Group's shares are widely held. Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

#### Transactions with CERF Storage JV B.V.

As described in note 12, the Group has a 20% interest in CERF Storage JV B.V. ("CERF") and entered into transactions with CERF. During the year, the Group invested a further £1.8 million into CERF, which was used to acquire two additional stores and one development site for the portfolio, located in the Netherlands. £0.9 million is included as part of its non-current investments in associates.

During the year the Group recharged £nil (FY2020: £0.2 million) to CERF for operational costs paid on behalf of CERF and was repaid £0.2 million (FY2020: £0.3 million) of cumulative outstanding balances during the year. Unpaid interest of £0.1 million (FY2020: £0.1 million) was accrued and charged during the year on the €2.2 million (£2.1 million) principal loan note outstanding (FY2020: €2.0 million (£1.8 million)). The total amount outstanding at 31 October 2021 included within current trade and other receivables was £2.7 million (FY2020: £2.0 million). Management fees charged and settled during the year amounted to £1.0 million (FY2020: £0.3 million).

#### Transactions with PBC Les Groupes SAS

As described in note 12, the Group has a 24.9% interest in PBC Les Groupes SAS ("PBC"). During the period, the Group made an initial investment of £1.0 million (€1.2 million) into PBC to fund the development of a new store in France. This amount is included as part of its non-current investments in associates.

### 31. Parent company

Safestore Holdings plc is a limited liability company incorporated in England and Wales and domiciled in the UK. It operates as the ultimate parent company of the Safestore Holdings plc Group.

### 32. Post balance sheet events

On 10 November 2021, the Group committed to sell the Nanterre site to the joint venture partner of Nanterre FOCD 92 (note 12) for a total price of €6.9 million excluding VAT, where the settlement is done partially in cash (€1.1 million), received on 18 November 2021, and partially in kind through the delivery of the new building at the end of the operation (estimated at €5.8 million).

On 7 December 2021, the Group completed the acquisition of Your Room Self Storage Limited, which includes a freehold store located in Christchurch, Dorset, for £2.6 million.

# Company balance sheet

as at 31 October 2021

	Notes	Company	
		2021 £'m	Restated 2020 £'m
<b>Fixed assets</b>			
Tangible assets	5	—	—
Investments in subsidiaries	6	1.0	1.0
Loans to Group undertakings	7	585.8	496.6
<b>Total fixed assets</b>		<b>586.8</b>	497.6
<b>Current assets</b>			
Debtors: amounts falling due within one year	8	0.6	0.1
Cash at bank and in hand		—	0.2
<b>Total current assets</b>		<b>0.6</b>	0.3
<b>Total assets</b>		<b>587.4</b>	497.9
Creditors: amounts falling due within one year	9	(42.2)	(43.2)
<b>Total assets less current liabilities</b>		<b>545.2</b>	454.7
Creditors: amounts falling due after more than one year	10	(429.1)	(291.0)
<b>Net assets</b>		<b>116.1</b>	163.7
<b>Capital and reserves</b>			
Called up share capital	11	2.1	2.1
Share premium account		61.3	60.6
Profit and loss account		52.7	101.0
<b>Total shareholders' funds</b>		<b>116.1</b>	163.7

The Company's loss for the financial year amounted to £14.3 million (FY2020: £5.4 million loss).

Details of the restatement are provided in note 13.

The Company financial statements were approved by the Board of Directors on 12 January 2022 and signed on its behalf by:

**A Jones**                      **F Vecchioli**  
 Chief Financial Officer      Chief Executive Officer

Company registration number: 4726380

# Company statement of changes in equity

for the year ended 31 October 2021

	Company			
	Share capital £'m	Share premium £'m	Retained earnings £'m	Total £'m
<b>Balance at 1 November 2019</b>	2.1	60.6	139.4	202.1
<b>Comprehensive income</b>				
Loss for the year	—	—	(5.4)	(5.4)
<b>Total comprehensive income</b>	2.1	60.6	134.0	196.7
<b>Transactions with owners</b>				
Dividends	—	—	(37.7)	(37.7)
Increase in share capital	—	—	—	—
Employee share options	—	—	4.7	4.7
<b>Transactions with owners</b>	—	—	(33.0)	(33.0)
<b>Balance at 1 November 2020</b>	2.1	60.6	101.0	163.7
<b>Comprehensive income</b>				
Loss for the year	—	—	(14.3)	(14.3)
<b>Total comprehensive income</b>	2.1	60.6	86.7	149.4
<b>Transactions with owners</b>				
Dividends	—	—	(42.6)	(42.6)
Increase in share capital	—	0.7	—	0.7
Employee share options	—	—	8.6	8.6
<b>Transactions with owners</b>	—	0.7	(34.0)	(33.3)
<b>Balance at 31 October 2021</b>	<b>2.1</b>	<b>61.3</b>	<b>52.7</b>	<b>116.1</b>

For details of the dividend paid in the year see note 10 in the Group financial statements.

# Notes to the Company financial statements

for the year ended 31 October 2021

## 1. Accounting policies and basis of preparation

The Company financial statements are prepared in accordance with Financial Reporting Standard 101 "Reduced Disclosure Framework" ("FRS 101"). In preparing these financial statements the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards ("IFRS") as adopted by the European Union, but makes amendments where necessary in order to comply with the Companies Act 2006 and sets out below where advantage of the FRS 101 disclosure exemptions has been taken.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- a cash flow statement and related notes;
- comparative period reconciliations for tangible fixed assets;
- disclosures in respect of transactions with wholly owned subsidiaries;
- disclosures in respect of capital management;
- the effects of new but not yet effective IFRSs;
- IFRS 2 "Share-based Payment" in respect of Group-settled share-based payments; and
- certain disclosures required by IFRS 13 "Fair Value Measurement" and the disclosures required by IFRS 7 "Financial Instruments: Disclosures".

The above disclosure exemptions are permitted because equivalent disclosures are included in the Group consolidated financial statements.

The financial statements are prepared on a going concern basis under the historical cost convention. The Company's principal accounting policies are the same as those applied in the Group financial statements, except as described below:

### Investments

Investments held as fixed assets are stated at cost less provision for impairment in value.

## 2. Results of parent company

As permitted by Section 408 of the Companies Act 2006, the Company has elected not to present its own profit and loss account as part of these financial statements. The Company's loss for the financial year amounted to £14.3 million (FY2020: £5.4 million loss).

## 3. Directors' emoluments

The Directors' emoluments are disclosed in note 26 of the Annual Report and Financial Statements of the Group.

## 4. Operating profit

The Company does not have any employees (FY2020: none). Details of the Company's share-based payments are set out in note 23 to the Group financial statements.

Auditor's remuneration for the year ended 31 October 2021 was £16,000 (FY2020: £13,000). There were no non-audit services (FY2020: none) provided by the auditor.

## 5. Tangible assets – fixtures and fittings

	£'m
<b>Cost</b>	
At 1 November 2020 and at 31 October 2021	0.2
<b>Accumulated depreciation</b>	
At 1 November 2020	0.2
Charge for the year	—
<b>At 31 October 2021</b>	<b>0.2</b>
<b>Net book value</b>	
<b>At 31 October 2021</b>	<b>—</b>
At 31 October 2020	—

## 6. Investments in subsidiaries

	£'m
<b>Cost and net book value</b>	
At 1 November 2020	1.0
<b>At 31 October 2021</b>	<b>1.0</b>

Investments in subsidiaries are stated at cost. A list of interests in subsidiary undertakings is given below. The Directors believe that the carrying value of the investments is supported by their underlying net assets.

### Interests in subsidiary undertakings

The entities listed below are subsidiaries of the Company or the Group. The Group percentage of equity capital and voting rights is 100% for all subsidiaries listed. The results of all of the subsidiaries have been consolidated within these financial statements. The registered address of each subsidiary is Brittanica House, Stirling Way, Borehamwood, Hertfordshire WD6 2BT, except where indicated below by a footnote.

Subsidiary	Country of incorporation	Principal activity
Safestore Investments 2018 Limited <sup>1</sup>	England and Wales	Holding company
Safestore Investments Limited	England and Wales	Holding company
Safestore Group Limited	England and Wales	Holding company
Safestore Acquisition Limited	England and Wales	Holding company
Safestore Limited	England and Wales	Provision of self storage
Safestore Properties Limited	England and Wales	Provision of self storage
Spaces Personal Storage Limited	England and Wales	Provision of self storage
Safestore Trading Limited	England and Wales	Non-trading
Mentmore Limited	England and Wales	Holding company
Access Storage Holdings (France) S.à r.l.	Luxembourg <sup>2</sup>	Holding company
Une Pièce en Plus SAS	France <sup>5</sup>	Provision of self storage
Compagnie de Libre Entreposage France SAS	France <sup>5</sup>	Holding company
Assay Services Limited	Guernsey <sup>4</sup>	Insurance services
OMB Self Storage S.L.U.	Spain <sup>6</sup>	Provision of self storage
Safestore Netherlands B.V.	Netherlands <sup>7</sup>	Holding company
Alligator Self Storage Limited <sup>8</sup>	Scotland <sup>3</sup>	Provision of self storage
Alligator Storage Birmingham Limited <sup>8</sup>	Scotland <sup>3</sup>	Provision of self storage
Alligator Storage Bolton Limited <sup>8</sup>	Scotland <sup>3</sup>	Provision of self storage
Alligator Storage Centres Limited <sup>8</sup>	Scotland <sup>3</sup>	Provision of self storage
Alligator Storage Limited <sup>8</sup>	England and Wales	Provision of self storage
Alligator Storage Wednesbury Limited <sup>8</sup>	Scotland <sup>3</sup>	Provision of self storage
Salus Services Limited <sup>8</sup>	England and Wales	Provision of self storage
Storage UK SPV1 Limited <sup>8</sup>	England and Wales	Provision of self storage
Storage UK SPV2 Limited <sup>8</sup>	England and Wales	Provision of self storage
Stork Self Storage (Holdings) Limited <sup>8</sup>	England and Wales	Holding company
Stork Self Storage (UK) Limited <sup>8</sup>	England and Wales	Provision of self storage
Walnut Tree Self Storage Limited <sup>9</sup>	England and Wales	Provision of self storage
Fort Box Self Storage Limited <sup>9</sup>	England and Wales	Provision of self storage
Fort Box Limited <sup>9</sup>	England and Wales	Non-trading
USIFB Storage Company Limited <sup>9</sup>	England and Wales	Provision of self storage

### Notes

- Held directly by the Company.
- Registered address: 412F, route d'Esch, L-2086 Luxembourg.
- Registered address: 9 Safestore Centre, 9 Canal Street, Glasgow G4 0AD.
- UK tax resident; registered address: St Martin's House, Le Bordage, St Peter Port, Guernsey.
- Registered address: 1, rue François Jacob, 92500 Rueil Malmaison, France.
- Registered address: Calle Marina 153, 08013 Barcelona, Spain.
- Registered address: Herikerbergweg 88, 1101CM Amsterdam, 1077ZX Amsterdam, Netherlands.
- Companies liquidated in March 2021.
- Companies that are being liquidated.

# Notes to the Company financial statements *continued*

for the year ended 31 October 2021

## 7. Fixed assets – loans to Group undertakings

	2021 £'m	Restated 2020 £'m
Loans to Group undertakings	585.8	496.6
<b>Fixed assets – loans to Group undertakings</b>	<b>585.8</b>	496.6

Amounts owed by Group undertakings are unsecured and repayable on demand; however, the Directors consider it unlikely that repayment will arise in the short term and in practice amounts owed by Group undertakings are used to meet the capital requirements of the borrower with no realistic repayment in the near future. It is for this reason that the amounts are classified as fixed assets (note 13).

Interest is charged to Group undertakings on amounts totalling £429.1 million (FY2020: £291.0 million). The remaining amounts owed by Group undertakings are interest free. The movement in loans to Group undertakings relates to interest charged of £6.7 million (FY2020: £6.0 million) and additional amounts loaned and recharged of £82.5 million (FY2020: £0.8 million).

## 8. Debtors

	2021 £'m	Restated 2020 £'m
Trade receivables	0.5	—
Other receivables	0.1	0.1
Debtors due within one year	0.6	0.1

Trade and other receivables due within one year were tested for impairment in line with the Group as described in note 2. As at 31 October 2021 these amounts due are considered fully recoverable and no provision has been made (FY2020: £nil). See note 13 for further details regarding the restatement of the FY2020 balance.

## 9. Creditors: amounts falling due within one year

	2021 £'m	Restated 2020 £'m
Amounts owed to Group undertakings	30.8	36.8
Trade payables	0.1	0.1
Accruals and deferred income	11.3	6.3
Creditors due within one year	42.2	43.2

Amounts owed to Group undertakings are unsecured, interest free and repayable on demand. The Directors have received assurance that repayment of amounts owed to Group undertakings will not arise in the short term. See note 13 for further details regarding the restatement of the FY2020 balance.

## 10. Creditors: amounts falling due after more than one year

	2021 £'m	Restated 2020 £'m
Secured loan notes	429.1	291.0
Creditors due after more than one year	429.1	291.0

Of the above, £292.1 million (FY2020: £245.2 million) is due after more than five years.

€50.9 million (FY2020: €50.9 million) 1.59% Series A Senior Secured Notes due 2024, €70.0 million (FY2020: €70.0 million) 1.26% Series A Secured Notes due 2026, £35.0 million (FY2020: £35.0 million) 2.59% Series B Senior Secured Notes due 2026, €74.1 million (FY2020: €74.1 million) 2.00% Series B Senior Secured Notes due 2027, £20.0 million (FY2020: £nil) 1.96% Series A Secured Notes due 2028, €29.0 million (FY2020: €nil) 0.93% Series B Secured Notes due 2028, £50.5 million (FY2020: £50.5 million) 2.92% Series C Senior Secured Notes due 2029, £30.0 million (FY2020: £30.0 million) 2.69% Series C Senior Secured Notes due 2029, £80.0 million (FY2020: £nil) 2.39% Series C Secured Notes due 2031 and €29.0 million (FY2020: €nil) 1.42% Series D Secured Notes due 2033. See note 13 for further details regarding the restatement of the FY2020 balance.

## 11. Called up share capital

	2021 £'m	2020 £'m
<b>Called up, allotted and fully paid</b>		
210,823,703 (FY2020: 210,611,207) ordinary shares of 1 pence	<b>2.1</b>	2.1

### Ordinary shares

The holders of the ordinary shares shall be entitled to one vote for each ordinary share.

For details of share options see note 23 in the Group financial statements.

## 12. Contingent liabilities

For details of contingent liabilities see note 28 in the Group financial statements.

## 13. Prior year adjustment

Reclassification of assets – The Company has previously treated amounts owed by Group undertakings which are repayable on demand, as debtors due after more than one year; however, these amounts should have been classified as fixed assets as defined in Schedule 10 to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, as they are used to meet the capital requirements of the borrower with no realistic repayment expected in the near future. Such loans are, in effect, investments intended for use on a continuing basis in the lender company's activities and should therefore be classified as fixed assets.

This reclassification therefore resulted in the restatement of the balance as at 31 October 2020 of £496.6 million, for amounts owed by Group undertakings from debtors due after more than one year to fixed assets as loans to Group undertakings, with no impact to gross or net assets previously disclosed. There has been no impact to opening reserves or prior profit/(loss) for the periods.

Reclassification of liabilities – The Company has previously treated amounts owed to Group undertakings which are repayable on demand, as creditors due after more than one year; however, these amounts should have been classified as creditors due within one year. Per Schedule 10 to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, liabilities where the Company does not have the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period, should be classified as current liabilities.

This reclassification therefore resulted in the restatement of the balance as at 31 October 2020 of £36.8 million, for amounts owed to Group undertakings from creditors due after more than one year to creditors due within one year, with no impact to gross or net assets previously disclosed. There has been no impact to opening reserves or prior profit/(loss) for the periods.

## Glossary

<b>Absorption rate</b>	The rate at which rentable space is filled.
<b>Adjusted Diluted EPRA Earnings per Share</b>	Based on the European Public Real Estate Association's definition of Earnings and is defined as profit or loss for the period after tax but excluding corporate transaction costs, change in fair value of derivatives, gain/loss on investment properties and the associated tax impacts. The Company then makes further adjustments for the impact of exceptional items, net exchange gains/losses recognised in net finance costs, exceptional tax items, and deferred and current tax in respect of these adjustments. The Company also adjusts for IFRS 2 share-based payment charges.
<b>Adjusted earnings growth</b>	The increase in adjusted EPS year-on-year.
<b>Adjusted EPS</b>	Adjusted profit after tax divided by the diluted weighted average number of shares in issue during the financial year.
<b>Adjusted profit before tax</b>	The Company's pre-tax EPRA earnings measure with additional Company adjustments.
<b>Average net achieved rent per sq ft</b>	Storage revenue divided by average occupied space over the financial year.
<b>Average rental growth</b>	The growth in average net achieved rent per sq ft year-on-year.
<b>Average storage rate</b>	Revenue generated from self storage revenues divided by the average square footage occupied during the period in question.
<b>BREEAM</b>	An environmental rating assessed under the Building Research Establishment's Environmental Assessment Method.
<b>Cap and collar</b>	Term used in connection with interest rates. A cap is an upper limit or maximum interest rate that will apply, while a collar is the minimum interest rate.
<b>Capitalisation rate</b>	The ratio of net operating income to property asset value.
<b>CER</b>	Constant Exchange Rates (Euro denominated results for the current period have been retranslated at the exchange rate effective for the comparative period, in order to present the reported results on a more comparable basis).
<b>Closing net rent per sq ft</b>	Annual storage revenue generated from in-place customers divided by occupied space at the balance sheet date.
<b>Earnings per Share ("EPS")</b>	Profit for the financial year attributable to equity shareholders divided by the average number of shares in issue during the financial year.
<b>EBITDA</b>	Earnings before interest, tax, depreciation and amortisation.
<b>EPRA</b>	The European Public Real Estate Association, a real estate industry body. This organisation has issued Best Practices Recommendations with the intention of improving the transparency, comparability and relevance of the published results of listed real estate companies in Europe.
<b>EPRA earnings</b>	The IFRS profit after taxation attributable to shareholders of the Company excluding investment property revaluations, gains/losses on investment property disposals and changes in the fair value of financial instruments.
<b>EPRA Earnings per Share</b>	EPRA earnings divided by the average number of shares in issue during the financial year.
<b>EPRA Net Asset Value ("NAV")</b>	IFRS net assets excluding the mark-to-market on interest rate derivatives effective cash flow and deferred taxation on property valuations where it arises. It is adjusted for the dilutive impact of share options.
<b>EPRA NAV per share</b>	EPRA NAV divided by the diluted number of shares at the year end.
<b>EPRA Net Tangible Assets ("NTA")</b>	A proportionally consolidated measure, representing the IFRS net assets excluding the mark-to-market on derivatives and related debt adjustments, the mark-to-market on the convertible bonds, the carrying value of intangibles as well as deferred taxation on property and derivative valuations. It includes the valuation surplus on trading properties and is adjusted for the dilutive impact of share options.
<b>EPRA NTA per share</b>	EPRA NTA divided by the diluted number of shares held at the year end.
<b>Equity</b>	All capital and reserves of the Group attributable to equity holders of the Company.
<b>Euro Interbank Offered Rate ("EURIBOR")</b>	The average benchmark interest rate at which Eurozone banks offer unsecured short term lending on the inter-bank market.
<b>Exit yield</b>	Represents the capital value of an investment property at the end of the investment term expressed in percentage terms.
<b>Free cash flow</b>	Cash flow before investing and financing activities but after leasehold rent payments.
<b>Gross property assets</b>	The sum of investment property and investment property under construction.



<b>Gross value added</b>	The measure of the value of goods and services produced in an area, industry or sector of an economy.
<b>ICR</b>	ICR is interest cover ratio, and is calculated as the ratio of Underlying EBITDA after leasehold rent to underlying finance charges.
<b>Joint venture</b>	A business arrangement in which two or more parties agree to pool their resources for the purpose of accomplishing a specific task.
<b>London Interbank Offer Rate (“LIBOR”)</b>	The benchmark interest rate at which major global banks lend to one another.
<b>Like-for-like occupancy</b>	Excludes the closing occupancy of new stores acquired, opened and closed in the current financial year in both the current financial year and comparative figures.
<b>Like-for-like revenue</b>	Excludes the impact of new stores acquired, opened and closed in the current or preceding financial year in both the current year and comparative figures.
<b>Loan to value (“LTV”)</b>	Gross debt (excluding lease liabilities) as a proportion of the valuation of investment properties and investment properties under construction (excluding lease liabilities).
<b>Maximum lettable area (“MLA”)</b>	The total square feet (“sq ft”) available to be fitted out to rent to customers.
<b>Net debt</b>	Total borrowings (including “current and non-current borrowings” as shown in the consolidated balance sheet) less cash and cash equivalents.
<b>Net initial yield</b>	The forthcoming financial year’s net operating income expressed as a percentage of capital value, after adding notional purchaser’s costs.
<b>Net promoter score (“NPS”)</b>	An index ranging from -100 to 100 that measures the willingness of customers to recommend a company’s products or services to others. The Company measures NPS based on surveys sent to all of its move-ins and move-outs.
<b>Net rent per sq ft</b>	Storage revenue generated from in-place customers divided by occupancy.
<b>Occupancy</b>	The space occupied by customers divided by the MLA expressed as a %.
<b>Occupied space</b>	The space occupied by customers in sq ft.
<b>Pipeline</b>	The Group’s development sites.
<b>Property Income Distribution (“PID”)</b>	A dividend, generally subject to withholding tax, that a UK REIT is required to pay from its tax exempt property rental business and which is taxable for UK-resident shareholders at their marginal tax rate.
<b>Real Estate Investment Trust (“REIT”)</b>	A tax regime which in the UK exempts participants from corporation tax both on UK rental income and gains arising on UK investment property sales, subject to certain conditions.
<b>Sterling Overnight Index Average (“SONIA”)</b>	The effective overnight interest rate paid by banks for unsecured transactions in the British Sterling market.
<b>Store EBITDA</b>	Store earnings before interest, tax, depreciation and amortisation.
<b>Total shareholder return (“TSR”)</b>	The growth in value of a shareholding over a specified period, assuming dividends are reinvested to purchase additional units of shares.
<b>Underlying EBITDA</b>	Operating profit before exceptional items, share-based payments, corporate transaction costs, gain/loss on investment properties, depreciation and variable lease payments and the share of associate’s depreciation, interest and tax. Underlying EBITDA therefore excludes all leasehold rent charges.
<b>Underlying profit before tax</b>	Underlying EBITDA less leasehold rent, depreciation charged on property, plant and equipment and net finance charges relating to bank loans and cash.

## Directors and advisers

### Directors

David Hearn	(Non-Executive Chairman)
Frederic Vecchioli	(Chief Executive Officer)
Andy Jones	(Chief Financial Officer)
Ian Krieger	(Non-Executive Director)
Joanne Kenrick (Resigned 31 October 2021)	(Non-Executive Director)
Claire Balmforth	(Non-Executive Director)
Bill Oliver (Resigned 31 October 2021)	(Non-Executive Director)
Gert van de Weerdhof	(Non-Executive Director)
Laure Duhot (Appointed 1 November 2021)	(Non-Executive Director)
Delphine Mousseau (Appointed 1 November 2021)	(Non-Executive Director)

### Company Secretary

Helen Bramall

### Registered office

Brittanic House  
Stirling Way  
Borehamwood  
Hertfordshire WD6 2BT

### Registered company number

4726380

### Websites

[www.safestore.co.uk](http://www.safestore.co.uk)  
[www.safestore.com](http://www.safestore.com)

### Bankers

National Westminster Bank  
HSBC Bank  
Lloyds Bank  
ABN Amro Bank  
Crédit Industriel et Commercial

### Independent auditor

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Statutory Auditor  
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1 Little New Street  
London EC4A 3TR

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London EC1A 2AL

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London EC2V 7QP

**Citigroup Global Markets Limited**  
Citigroup Centre  
33 Canada Square  
London E14 5LB

### Financial PR advisers

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London EC2V 7NQ

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Share Portal: [www.signalshares.com](http://www.signalshares.com)

Through the website of our Registrar, Link Group, shareholders are able to manage their shareholding by registering for the Share Portal, a free, secure, online access to their shareholding.

### Please visit our investor relations website

For all the latest news and updates at [www.safestore.com](http://www.safestore.com).



Safestore Holding plc's commitment to environmental issues is reflected in this Annual Report, which has been printed on Galerie Satin, an FSC® certified material. This document was printed by Park Communications using its environmental print technology, which minimises the impact of printing on the environment, with 99% of dry waste diverted from landfill. Both the printer and the paper mill are registered to ISO 14001.

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Further information and investor updates can be found on our website at [www.safestore.co.uk/corporate](http://www.safestore.co.uk/corporate)