safestore™

Annual Report 2023

Safestore Holdings plc

Annual report and financial statements 2023

A year of significant strategic progress

I am pleased that 2023 has been a resilient year of significant strategic and operational progress building on two years of outperformance in which we delivered total like-for-like[8] revenue growth of over 30.3% and Adjusted Diluted EPRA EPS growth of 57.3%.

The Group's industry leading REVPAF[10] grew by 1.9% on a like-for-like[8] basis whilst total Group revenue grew by 5.5% reflecting recently added new stores and the annualisation effect of our acquisition of the Benelux business.

We have made excellent strategic progress during the year having opened, acquired or extended thirteen stores across three countries, adding c. 500,000 sq ft of MLA to the portfolio. In addition, we have grown the development pipeline to a further 1.5 million sq ft across 30 projects which represents 18% of the existing MLA of the business and will contribute £25–30 million upside to EBITDA upon stabilisation. Following our previous successful JV with Carlyle, we partnered again to facilitate the Group's entry into the under-penetrated German market and the integration of our Benelux business, acquired in 2022, is now complete.

Our strong and flexible balance sheet was significantly enhanced by the agreement of an unsecured four-year £400 million multi-currency RCF at the beginning of the year which increases funding capacity, allowing us to continue to consider strategic, value-accretive investments as and when they arise.

Importantly, the underlying fundamentals of the European self storage industry with limited supply, strong barriers to entry and a steadily growing product awareness are as strong as ever. We believe that the Covid-19 period has acted as an accelerator of growth for the still relatively immature self storage industry.

Whilst demand (as measured by enquiry growth) stabilised during the year at a level that is below 2022, we are still seeing enquiry levels that are ahead of the pre-Covid period.

Over the last ten years, Safestore has delivered an industry leading 16% CAGR of its Adjusted Diluted EPRA EPS. During that period, we expanded our geographical reach to six European countries leveraging and improving our platform and central functions while carefully managing investment risk. I'm confident that Safestore will continue to play a leading role in the development of the self storage industry across Europe, delivering significant further value to its stakeholders.

Our industry leading business model remains unchanged and we have substantial EPS growth to deliver, both from filling the 1.9 million sq ft of fully invested, currently unlet space, and from the new sites and expansion of existing sites in our pipeline, across major cities in the UK and continental Europe. Safestore has a proven track record, and as the returns we deliver are significantly ahead of our cost of debt, we look to the future with confidence.

Finally, I would like to thank all our colleagues in the UK, France, Spain, the Netherlands and Belgium for their commitment and loyalty in 2023. We are appreciative of their efforts.

Frederic Vecchioli
Chief Executive Officer

Learn more about our Sustainability from page 44

Learn more about our Corporate Governance from page 78

Contents

Highlights

Financial performance

- Group revenue for the year up 5.5% (up 4.8% in CER[1])
- Like-for-like[8] Group revenue for the year in CER[1] up 1.7%
- Underlying EBITDA[2] up 4.5% in CER[1] which, combined with a reduced gain on investment properties of £93.8 million (FY2022: £381.6 million), resulted in statutory operating profit[9] of £230.4 million (FY2022: £514.5 million)
- Strong cost control with like for like costs increasing 0.3% on a CER basis
- Adjusted Diluted EPRA Earnings per Share[6] up 0.8% at 47.9 pence (FY2022: 47.5 pence)
- 1% increase in the dividend for the year to 30.1 pence (FY2022: 29.8 pence) in line with our progressive policy

Strategic progress

- New stores or acquisitions adding c. 500,000 sq ft of new MLA[4] across thirteen projects in the financial year (five in the UK, six in Spain and two in the Netherlands)
- Total Group development and extension pipeline increased to 30 projects and 1.5 million sq ft representing c. 18% of the existing portfolio providing £25–£30 million of future EBITDA at stabilisation
- Purchases of the freehold interests of two stores in Barcelona and West Birmingham
- Lease extensions completed for four stores in Edinburgh, London- Charlton, London- Slough and Burnley
- Successful integration of Benelux acquisition
- Entry into German market via a new Joint Venture[15] ("JV") with Carlyle which has acquired the seven-store myStorage business with 326,000 sq ft of MLA[4]

Strong and flexible balance sheet

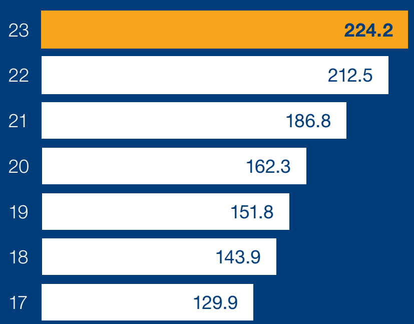
- 9.3% increase in property valuation (including investment properties under construction)
- 4.8% increase in EPRA basic NTA per share to £9.52 (FY2022: £9.08)
- New ESG linked Revolving Credit Facilities ("RCFs") completed in November 2022 with an increased £400 million unsecured multi-currency four-year facility (with two one-year extension options, the first of which has been completed recently).Margins remain at 1.25% in line with previous RCFs and all facilities, including Private Placement Notes, are unsecured
- Approximately £200 million of headroom under the RCF plus £100 million accordion facility
- 73% of debt at fixed interest rates with tenors from 2024 to 2033
- Group loan-to-value ratio ("LTV"[11]) at 25.4%, calculated on net debt (31 October 2022: 23.6%) and interest cover ratio ("ICR"[12]) at 6.7x (31 October 2022: 10.4x)

Key Performance Indicators

Revenue (£'m)

£224.2m

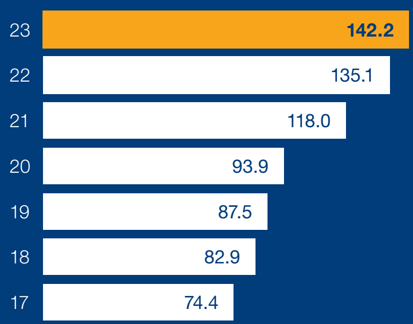
+5.5%



Underlying EBITDA[2] (£'m)

£142.2m

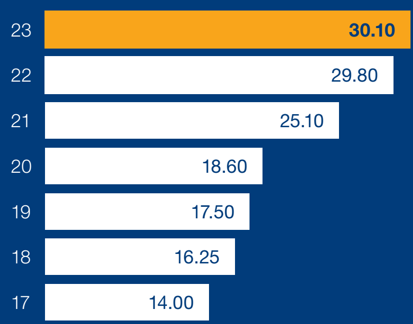
+5.3%



Dividend (pence per share)

30.10p

+1.0%



Financial highlights

Key measures

	Year ended 31 October 2023	Year ended 31 October 2022	Change	Change – CER[1]
Underlying and operating metrics – total				
Revenue (£'m)	**224.2**	212.5	5.5%	4.8%
Underlying EBITDA (£'m)	**142.2**	135.1	5.3%	4.5%
Closing Occupancy (let sq ft – million)	**6.231**	6.317	-1.4%	n/a
Closing Occupancy (% of MLA)	**77.0%**	82.1%	-5.1%	n/a
Maximum Lettable Area (MLA)[4]	**8.09**	7.70	5.1%	n/a
Average Storage Rate (£)	**30.26**	29.25	3.5%	2.7%
Adjusted Diluted EPRA Earnings per Share (pence)	**47.9**	47.5	0.8%	n/a
Free Cash Flow (£'m)	**89.2**	101.4	-12.0%	n/a
EPRA Basic NTA per Share (£)	**952**	908	4.8%	n/a
REVPAF (£)[10]	**27.70**	27.59	0.4%	-0.2%
Underlying and operating metrics – like-for-like[8]				
Revenue (£'m)	**209.9**	205.3	2.2%	1.7%
Underlying EBITDA (£'m)	**136.1**	131.6	3.4%	2.8%
Closing Occupancy (let sq ft – million)	**5.583**	5.793	-3.6%	n/a
Closing Occupancy (% of MLA)	**79.6%**	82.8%	-3.2%	n/a
Average Occupancy (let sq ft – million)	**5.586**	5.779	-3.3%	n/a
Maximum Lettable Area (MLA)[4]	**7.02**	7.00	0.3%	n/a
Average Storage Rate (£)	**31.57**	29.89	5.6%	5.0%
REVPAF (£)[10]	**29.91**	29.34	1.9%	1.4%
Statutory metrics				
Operating profit (£'m)	**230.4**	514.5	-55.2%	n/a
Profit before tax (£'m)	**207.8**	498.8	-58.3%	n/a
Diluted Earnings per Share (pence)	**91.8**	212.4	-56.8%	n/a
Dividends per Share (pence)	**30.1**	29.8	1.0%	n/a
Cash inflow from operating activities (£'m)	**498.0**	109.8	-10.7%	n/a
Basic net assets per share (pence)	**888**	848	4.7%	n/a

Notes to Highlights, Financial highlights, Chairman's statement and 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.

1 CER is Constant Exchange Rate (Euro denominated results for the current period have been retranslated at the exchange rate effective for the comparative period. Euro denominated results for the comparative period are translated at the exchange rates effective in that period. This is performed in order to present the reported results for the current period on a more comparable basis).

2 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 cost charges. Underlying profit before tax is defined as Underlying EBITDA less leasehold rent cost, depreciation charged on property, plant and equipment and net finance charges relating to bank loans and cash.

3 Occupancy excludes offices but includes bulk tenancy. As at 31 October 2023, closing occupancy includes 18,000 sq ft of bulk tenancy (31 October 2022: 24,000 sq ft).

4 MLA is Maximum Lettable Area. At 31 October 2023, Group MLA was c. 8.09 million sq ft (FY2022: c. 7.70 million sq ft).

5 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.

6 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 is 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.

7 Free cash flow is defined as cash flow before investing and financing activities but after leasehold cost payments.

8 Like-for-like adjustments remove the impact of the 2023 acquisition of Apeldoorn, the 2023 openings of Wigan, London-Morden, Ellesmere Port, North Barcelona, South Barcelona, Central Barcelona 3, South Madrid, North Madrid, East Madrid, Nijmegen, and Amersfoort, the 2022 acquisition of the Netherlands and Belgium Joint Venture, the 2022 acquisition of Christchurch, and the 2022 openings of London-Bow and Central Barcelona.

9 Operating profit decreased by £284.1 million to £230.4 million (FY2022: £514.5 million) principally as a result of a decrease in the gain on investment properties of £287.8 million to £93.8 million (FY2022: £381.6 million), as well as an increase of £7.1 million or 5.3% in Underlying EBITDA as a result of stronger trading performance. Profit before income tax in FY2022 additionally included exceptional items of £10.8 million, being other exceptional gains. This included £5.5 million relating to the valuation gain of the 20% equity investment held in the Joint Venture with CERF, when the Group acquired the remaining 80% on 30 March 2022 and £5.1 million relating to the net gain on disposal of the Paris-Nanterre site in November 2021.

10 REVPAF is an alternative performance measure used by the business. REVPAF stands for Revenue per Available Square Foot and is calculated by dividing revenue for the period by weighted average available square feet for the same period.

11 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). At 31 October 2023, the Group LTV ratio was 25.4%, calculated on a net debt basis.

12 ICR is interest cover ratio and is calculated as the ratio of Underlying EBITDA after leasehold costs to net interest payable.

13 EPRA basic NAV was superseded and 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 11 of the Financial Statements.

14 In 2019, Safestore entered a strategic arrangement with Carlyle to enter the Benelux market, with an investment of 20%. This arrangement represented a Joint Venture and has been referred to as such. On 30 March 2022, the Group acquired the remaining 80% of the Joint Venture with CERF. Prior to acquiring the 80%, the Joint Venture with CERF, which represented a 20% investment, was accounted for as an associate using the equity method of accounting, as described in the 'Investment in associates' note to the financial statements.

15 On 1 December 2022, the Group made an initial investment into a new Joint Venture with Carlyle, to enter the German self storage market, of c. €2.2 million for a 10% share. The Group will also earn a fee for providing management services to the Joint Venture.

16 Store Protect has replaced our customer goods insurance programme from 1 November 2023, attracting VAT rather than Insurance Premium Tax ("IPT"). When comparing the first two months of the 2024 financial year, the 2023 comparative included revenue of £0.4 million representing 12% IPT on insurance sales for the two months. For 2024, VAT is not included in the revenue. The overall impact of these changes is neutral at EBITDA. With the LFL revenue figure adjusted to remove the IPT from the prior year, LFL revenue is down 0.6%. Including the IPT in revenue in the prior year would result in a variance of -1.6%.

About us
Who we are, what we do

6 countries

190 stores

753 colleagues

8.09m sq ft Maximum Lettable Area

- 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

Read more on page 82

Our business model

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

Read more on page 17

Our strategy

1. Optimising trading performance of existing portfolio

2. Maintaining a strong and flexible capital structure

3. Selective portfolio management and expansion opportunities

Read more on page 9

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
Benefit local communities

Our environment
Protect the planet from our activities; and manage risks to our business from climate change

Read more on page 44

Our values

Our values, created by our store teams, are the foundation of everything we do

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

See page 53 for more details

Having strong relationships with our key 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 32 to 34

Investment case

How we create value

Safestore has a proven track record in long term value creation. The business model remained resilient during the global financial crisis and the Covid-19 pandemic, with a leading presence in London, Paris, and key markets within the self storage sector. This is underpinned by developing profitable and sustainable spaces that allow individuals, businesses, and local communities to thrive.

1.

Attractive market

- Under-supplied and growing industry
- Significant barriers to entry – constrained supply of attractive locations

2.

Unique portfolio

- European leading platform
- Leading positions in key 'space-constrained' European cities
- Unlet invested space equivalent to around 90 stores including pipeline with further development
- Growth potential in UK/France and further expansion in the Netherlands, Belgium, German, and Spanish markets

3.

People

- A diverse community of well-trained, motivated and engaged colleagues
- Investors in People Platinum accreditation awarded

4.

Strategic benefits of scale

- In-house expertise and scalable marketing technology
- Systems and pricing analytical capacities
- UK Leading National Accounts offering

5.

Strong cash generation

- Scalable platform able to finance development and acquisition opportunities
- Intelligent use of working capital, positive operating cash flow, strong and flexible capital structure, and quality income-generating assets
- Strong dividend growth

6.

Quality of earnings

- Diversified income stream from 90,000 customers
- Existing customers from prior years driving 70% to 80% of revenue
- High margins – low break-even
- Low maintenance CAPEX

Chairman's statement

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

David Hearn
Chairman

The last year has demonstrated Safestore's resilience and significant strategic and operational progress, after two exceptional years over which the Group delivered 57% growth in Earnings per Share. After four years in the role, I continue to be impressed by the dedication and resilience of the store, property development and Head Office teams which have been instrumental in delivering this progress.

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.

Strategic progress

Management's first priority remains to maximise the economic return on our existing store portfolio and its 1.9 million sq ft of fully invested unlet space, building on the significant operational improvements made over the current management team's tenure.

In addition to improving returns from our existing portfolio, the Group has continued to make significant strategic progress in expanding its presence across Europe through a combination of new store openings and acquisitions. The Group has now acquired 47 and opened 31 stores over the last seven years and all are performing in line with or better than their original business cases. Our Spanish business, acquired as a four-store portfolio in 2019, now has eleven open stores and a further five in the pipeline. Our Benelux business which was acquired in 2022 is now fully integrated into the business and has a pipeline of a further five stores. Overall, we have a development property pipeline of an additional 1.5 million sq ft of MLA, which provides significant future opportunity for the business and underpins our continued growth.

Our Joint Venture[15] with Carlyle in Germany provides us an exciting platform to gain exposure to a new attractive geography and I believe that Safestore's highly scalable platform will allow us to take advantage of further opportunities in due course.

The establishment, in November 2022, of a £400 million unsecured multi-currency RCF at attractive margins offers us significantly greater strategic flexibility to support these growth plans.

Financial results

Revenue for the year was £224.2 million, 5.5% ahead of last year (FY2022: £212.5 million), or 4.8% ahead on a constant currency basis. Like-for-like[8] revenue was up 1.7% in constant currency.

The growth in like for like revenue, combined with strong cost control despite the challenging inflationary environment, was particularly encouraging, delivering a further improvement in like for like margins. On a total basis, Underlying EBITDA[2] increased by 5.3% to £142.2 million (FY2022: £135.1 million) and on a constant currency basis by 4.5%.

Statutory operating profit reduced by £284.1 million to £230.4 million in 2023 (FY2022: £514.5 million), reflecting a lower investment property gain in 2023 combined with the increase in Underlying EBITDA[2] and a reduction in the share-based payments charge.

Adjusted Diluted EPRA Earnings per Share[6] grew by 0.8% to 47.9 pence (FY2022: 47.5 pence). Adjusted Diluted EPRA Earnings per Share[6] has grown by 37.2 pence or 348% over the last ten years. Statutory Diluted Earnings per Share decreased to 91.8 pence (FY2022: 212.4 pence) as a result of the reduced gain on valuation of investment properties, offset by an increase in Adjusted Diluted EPRA Earnings per Share[6].

The Group's balance sheet remains robust with a Group LTV[11] ratio of 25.4%, calculated on net debt (FY2022: 23.6%) and an ICR[12] of 6.7x (FY2022: 10.4x) leaving considerable headroom against our banking covenants and internal thresholds. 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.

Finally, this year's results consolidated a sustained period of excellent performance by the Group. Over the last ten years, the management and store teams have delivered a total shareholder return of 607.9%, 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.

ESG

Away from the financial results, I am pleased with the progress the Group has made with its ESG strategy.

Even though Safestore already has one of the lowest environmental impact profiles of any company within the overall property sector, 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 have retained a Silver rating in the 2023 EPRA sustainability awards, an 'A' rating for public disclosures by GRESB, an 'AA' rating for ESG by MSCI and the highest rating of five stars by Support the Goals.

In addition, we have demonstrated our commitment to our ESG agenda by linking the margin on our £400 million bank facility to ESG related KPIs agreed with our lending group. Details of these achievements are covered more fully in the Chief Executive's statement and the sustainability section of our Annual Report.

Board changes

During the year, Ian Krieger, our Senior Independent Director and Audit Committee Chair, has confirmed his intention to step down at the 2024 AGM. I would like to thank Ian for his excellent contribution over the last ten years. Jane Bentall will take over as Chair of the Audit Committee.

I have also been pleased to welcome Avis Darzins to the Board in the period. Avis has over 20 years of senior executive level and management consulting experience in the retail, entertainment and media sectors, specialising in customer experience, strategy and business transformation and I look forward to working with her.

Finally, Andy Jones, our Chief Financial Officer, notified the Board of his intention to retire from his role as Chief Financial Officer and as a Director of the Company. Andy will continue in his role until the transition to his successor is complete and an external search for Andy's replacement is underway. For over ten years, Andy has been instrumental in helping deliver the Company's strategy, significantly expanding its store portfolio and entering four additional geographies. During his career with Safestore, he has overseen a period of sector leading growth and shareholder returns and I'd like to thank Andy for his outstanding contribution and to wish him well for the future.

Dividend

Reflecting the Group's progressive dividend policy, the Board is pleased to recommend a final dividend of 20.2 pence per share (FY2022: 20.4 pence) resulting in a full year dividend up 1% to 30.1 pence per share (FY2022: 29.8 pence).

Over the last ten years, the Group has grown the dividend by 423% or 24.4 pence per share during which period the Group has returned to shareholders a total of 180.1 pence per share. The total dividend for the year is covered 1.59 times by Adjusted EPRA Diluted Earnings (2022: 1.59 times). Shareholders will be asked to approve the dividend at the Company's Annual General Meeting on 13 March 2024 and, if approved, the final dividend will be payable on 9 April 2024 to shareholders on the register at close of business on 7 March 2024.

Summary

In conclusion, the Board remains confident in the future growth prospects for the Group and will continue its progressive dividend policy in 2024 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[6].

David Hearn
Chairman
16 January 2024

Chief Executive's statement

"After two years of outperformance in which the Group delivered significant revenue growth, 2023 has been a resilient year in which significant strategic and operational progress has been made."

Frederic Vecchioli
Chief Executive Officer

The Group has delivered a resilient performance in 2023 and has made significant strategic and operational progress.

In 2023, the Group delivered 0.8% growth in Adjusted Diluted EPRA Earnings per Share, which, if calculated on a like for like basis, grew by 3.3%. Total Group revenue increased by 5.5% (4.8% CER[1]) with the UK up 2.1%, Paris up 3.5%, Spain up 19.4%, the Netherlands up 100% and Belgium up 78.3%. Resilient performances in the UK and Paris were complemented by new store driven growth in Spain and the annualisation of our ownership of the Netherlands and Belgium businesses. On a like-for-like[8] basis in CER[1], Group revenue increased by 1.7% with the UK up 1.2%, Paris up 3.5% and Spain flat. The Group's like for like average storage rate[5] was up 5.0% at CER[1] with average occupancy down 3.3%, whilst like for like[8] closing occupancy decreased by 3.2ppts to 79.6%.

The Group has traded solidly over the year despite strong comparable performances in the record 2021 and 2022 financial years over which c. 25% like for like revenue growth was delivered. Our digital marketing platform has driven good enquiry generation and conversion despite a slightly weaker overall market such that enquiry levels remain ahead of the pre-Covid period.

The like-for-like average storage rate growth drove the UK revenue performance and increased by 5.1% in the year whilst average occupancy declined by 4.1% and closing occupancy was down 3.8ppts at 79.2%.

In Paris, our performance was resilient with like for like[8] revenue growing by 3.5% at CER[1] driven by a like for like growth in average storage rate of 3.9% with like for like average storage occupancy broadly flat. Like for like[8] closing occupancy ended the year at a similar level to the prior year at 81.3% (FY2022: 81.7%). This is the 25th consecutive year of revenue growth in Paris with average growth over the last eight years of approximately 6.2%.

Our Spanish business saw flat like-for-like revenue for the year with an increase in the like for like average storage rate of 7.4% offsetting a decline in average occupancy of 7.4%, which reflects the impact of opening new stores in catchment areas of existing stores increasing overall revenue but impacting like for like occupancy. Ancillary sales were also strong. Spain opened six stores in the year and now has eleven stores open and a pipeline of a further five sites. Total revenue growth was 19.4%.

Our Netherlands and Belgium businesses performed well in their first full financial years as fully owned subsidiaries of the Group. The businesses were not treated as like-for-like in the year but, over the two quarters (Q3 and Q4) for which comparable revenue figures are available, like for like growth would have been 11.0% and 9.7% respectively.

The Group's current pipeline of 30 new developments and store extensions has been replenished over the last year and now constitutes c. 1.5 million sq ft of future MLA (equivalent to 18% of the existing portfolio) with associated outstanding capital expenditure of £128 million. 29 of the 30 projects are in London, Paris, Spain, the Randstad region of the Netherlands and Brussels with just one in the UK outside of London, in the South-East of England.

Group Underlying EBITDA[2] of £142.2 million increased by 4.5% at CER[1] on the prior year. The Group's Underlying EBITDA[2] performance, offset by a 9.6% increase in leasehold cost and a £5.0 million or 45.9% increase in finance costs, resulted in a 0.8% increase in Adjusted Diluted EPRA EPS[6] in the period to 47.9 pence (FY2022: 47.5 pence). The increase in finance costs was driven by higher debt levels to fund the development pipeline and an increase in the marginal cost of borrowing. On a like-for-like basis the increase in Adjusted Diluted EPRA EPS[6] in the period, as mentioned above, would have been 3.3%. Statutory operating profit decreased by 55.2% to £230.4 million (FY2022: £514.5 million) as a result of the gain on investment properties of £93.8 million being lower than the record gain experienced in 2022 of £381.6 million.

Our property portfolio valuation, including investment properties under construction, increased in the year by 9.3%, driven by the underlying performance of the stores, new stores, acquisitions and exchange rate movements. After exchange rate movements, the portfolio valuation increased to £2,789.7 million with the UK portfolio up £118.6 million to a total UK value of £1,934.0 million and the French portfolio increasing by €50.8 million to €676.7 million.

Reflecting the Group's dividend policy, the Board is pleased to recommend a final dividend of 20.2 pence per share (FY2022: 20.4 pence) resulting in a full year dividend up 1.0% to 30.1 pence per share (FY2022: 29.8 pence). Over the last ten years, the Group has grown the annual dividend by 419% or 24.3 pence per share.

Outlook

We remain focused on further optimising the Group's operational performance and continuing to grow in all of our geographies. Our development pipeline represents 18% of our existing MLA and our balance sheet strength and flexibility provide us with the opportunity to consider further selective development and acquisition opportunities in all of our markets.

As disclosed in our 2023 half year results we expect the development pipeline and associated financing to be dilutive to earnings in the 2024 financial year before becoming highly accretive in future years as the stores stabilise. We believe that, on stabilisation, an incremental £25–30 million of EBITDA will be added by the 30 projects in the pipeline.

For the first two months of the 2024 financial year, total Group revenue is broadly flat with like-for-like revenue down 0.6% on the prior year. Regionally, we have seen strong like-for-like growth in the Netherlands and Belgium, solid improvements in Paris and Spain and a modest decline in the UK.

Case study

We have made significant strategic progress during the year having opened, acquired, or extended thirteen stores (five in the UK, six in Spain and two in Netherlands) adding over 500,000 sq ft of MLA to the portfolio.

Our newest store in the Netherlands, MijnSafestore Amersfoort, opened in October bringing the total number of stores in the country to eleven, with a pipeline of a further four sites in the Randstad area. The new-build freehold site located to the east of Amsterdam added 58,000 sq ft over three floors to the Safestore portfolio.

MijnSafestore Amersfoort was built using materials from sustainable sources including recycled steel and concrete. The entire building is gas-free as the store does not use gas for heating. This new store also provides bicycle parking alongside electric vehicle charging points in the car park for customer and colleague use as part of our commitment to responsible construction. In 2024, 30 solar panels will also be installed on the roof of the building to reduce the self-consumption of electricity close to 0 kW.

We continue to leverage our effective and scalable operating platform to increase our expansion plans across both the UK and continental Europe, and we remain on the lookout for new freehold sites.

Further, in the first two months of the 2024 financial year, the Group took limited promotional actions that resulted in year-on-year UK like-for-like occupancy improving from -3.8ppts as at 31 October 2023 to -1.4ppts at 31 December 2023, and similarly from -0.4ppts to +0.3ppts in Paris. The immediate impact on rates is expected to gradually reduce over the next few months, particularly as the Group will annualise the discounting activity that took place later last year in spring.

Whilst we are fully aware of the current macro-economic environment, our business model has proven to be highly resilient with multiple drivers of demand. We believe the Group is strongly positioned to withstand pressures from challenging market conditions.

Our strategy

The Group intends to continue to deliver on its proven strategy of leveraging its well-located asset base, management expertise, infrastructure, scale and balance sheet strength and 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[14] 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 further on page 12.

Optimisation of existing portfolio

With the opening of 31 new stores since August 2016 in addition to the acquisitions of 47 existing trading stores we have established and strengthened our market-leading portfolio in the UK and Paris and have entered the Spanish, Netherlands and Belgium markets.

> "Over the last six months the Group has opened or extended six new stores, added a further five new developments or extensions to the pipeline, extended the leases on three stores, acquired the freeholds of two stores, acquired an existing store in the Netherlands and entered the German market through a new JV with Carlyle."

Frederic Vecchioli
Chief Executive Officer

Capital expenditure

£235m

+13.8%

GHG emissions

-70%

since 2013

Chief Executive's statement continued

Optimisation of existing portfolio continued

We have a high quality, fully invested estate in all geographies and, of our 190 stores as at 31 October 2023, 102 are in London and the South East of England or in Paris, with 60 in the other major UK cities and 28 in Barcelona and the Benelux region. In the UK, we now operate 50 stores within the M25, which represents a higher number of stores than any other competitor.

Our MLA[4] has increased to 8.1 million sq ft at 31 October 2023 (FY2022: 7.7 million sq ft). At the current occupancy level of 77% we have 1.9 million sq ft of fully invested unoccupied space (3.4 million sq ft including the development pipeline), of which 1.2 million sq ft is in our UK stores, 0.2 million sq ft is in Paris and 0.5 million sq ft is in Barcelona and Benelux. In total, unlet space at our existing stores is the equivalent of c. 47 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 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 2023, occupancy of the stores in the portfolio in 2013 that remain in the Group today has increased from 63.1% to 80.7%, i.e. an average of 1.8ppts per year and equivalent to a total of 0.9 million sq ft.

One of the key measures of operational success for a self storage asset is the revenue per available square foot ("REVPAF") and Safestore's priority will remain to maximise its leading REVPAF with a sustainable combination of occupancy and rate. Between the full financial years 2013 and 2023, the Company's REVPAF has maintained industry leading levels increasing 46.5% for the Group, 66.4% for the UK (60.5% for London and the South East; and 84.2% for regional UK) and 32.1% for Paris.

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 half of the UK population either knowing very little or nothing about the product (source: SSA Annual Report 2023). In the UK, many of our new customers are using self storage for the first time and 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 digital capability 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 43% enquiry growth for the Group over the last five years, an annual growth of over 7%. 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 has more new lets per year than any other brand.

Online marketing remains the predominant channel for customer acquisition. Online enquiries made up 89% of all our enquiries in the UK (FY2022: 90%), with 84% in France (FY2022: 85%).

The majority of our online enquiries now originate from a mobile device 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. Group marketing costs for the full year as a percentage of revenue were broadly in line with the previous year at 3.8% (FY2022: 3.6%).

During 2023, the Group demonstrated its ability to integrate newly developed and acquired stores into its marketing platform with successful new openings in the UK (Morden, Wigan, Ellesmere Port), Spain (Barcelona, Madrid) and the Netherlands (Apeldoorn, Amersfoort). We have clearly demonstrated that our marketing platform is transferable into multiple overseas geographies.

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

Training, People and Performance Management

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 trusted in-store advisers is a fundamental part of driving revenue growth and market share.

Safestore has been an Investors in People ("IIP") accredited organisation since 2003 and we passionately believe that our continued success is dependent on our highly motivated and well-trained colleagues. Following the award of a Bronze accreditation in 2015 and a Gold accreditation in 2018, we were delighted to be awarded the "We invest in people" Platinum accreditation in February 2021. This is the highest accolade in the Investors in People scale and positions us as an employer of choice. Shortly after our Platinum accreditation, we were shortlisted for the Platinum Employer of the Year (250+) category in the Investors in People Awards 2021. This further endorses the high standard of our teams and the people development programmes that drive our skill and talent retention.

We are committed to growing and rewarding our people and we tailor our development, reward and recognition programmes to reflect this. 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.

Our online learning portal, combined with the energy and flexibility of our store colleagues, allows us to not only continue to deliver our award-winning development programmes but also to capitalise on the strength of our IT platforms. We have been able to combine our technology communication skills with our tried and tested face-to-face training sessions in a newly created "impact" sales refresher.

We have always aimed to recognise the changing needs and demands of our customers. Combining new, along with tried and tested, solutions and systems, we are further able to support our store colleagues, allowing them to fulfil the needs of our customers over and above that of our competitors. Our flexible contract types and enhanced digital contract completion further enhance our customer offer and experience.

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 we grow our talent through 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. Funded by the Apprenticeship Levy this programme provides the opportunity to complete a Level 3 Management and Leadership apprenticeship, with the additional opportunity to complete an Institute of Leadership and Management ("ILM") qualification. In 2023, of the eleven delegates who successfully completed the programme, ten of them did so with distinction.

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 marketplace.

Further development opportunities are available through our Senior Manager Development programme ("LEAD") focusing on developing our high performing Store Managers. This programme is aimed at preparing candidates for more senior roles within the business in addition to attaining a Level 5 Management and Leadership apprenticeship. The relaunch of our graduate programme, in October 2022, provides an opportunity for newly qualified graduates to build their skill set and experience resulting in a career with Safestore.

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 colleague 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, our Values and Behaviours framework is overlaid on individuals' performance in order to assess performance and development needs on a quarterly basis.

Our "Make the Difference" people forum, launched in 2018, which is a formal workplace advisory panel, 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. We drive change and continuous improvement in responding to the feedback we receive 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" people forum, raising and representing the views of their colleagues; and
- consult with and discuss feedback with management and the leadership team at Safestore.

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 for our colleagues and our customers.

Our customers continue to be at the heart of everything we do, whether it be in store, online or in their communities. Our commitment to our customers mirrors that of our commitment to our colleagues.

Technological developments

After delivering the appropriate technology the Group recently opened its first fully automated, unmanned, satellite self storage centre in Christchurch shortly followed by its second in Eastleigh. Utilising industry leading automated technology, along with in-house created communication and control technologies, customers can securely enter the building and their storage unit from a simple app on their mobile phone. Several additional unmanned satellite stores are currently under various stages of development in the UK.

Our customers also have the option to complete a booking and contract for a self storage unit online for any UK store location. The Group's belief is that its multi-channel sales strategy, utilising full automation, colleague interaction through our store sales teams or our specialist call centre and our National Accounts team, provides each type of customer with the most tailored and easy way to buy self storage at Safestore.

Customer satisfaction

In February 2023, Safestore UK won the Feefo Platinum Trusted Service award for the fourth year running. 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 rating for each of these three providers in the UK is 4.8 out of 5. In France, Une Pièce en Plus uses Trustpilot to obtain independent customer reviews with a "TrustScore" of 4.6 out of 5. In Spain, OMB collects customer feedback via Google reviews and has maintained a score of 4.8 out of 5.

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, or the ability to offer discretionary discounts. The Lowest Price Guarantee and discretionary discount are centrally controlled and activated on a store by store and unit by unit basis.

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 seven 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 2023, based on the current level of borrowings and interest rates, the Group's weighted average cost of debt, after adjusting for capitalised interest costs, was 2.97% (FY2022: 2.23%). The weighted average maturity of the Group's drawn debt is 4.7 years at the current period end and the Group's LTV ratio is 25.4% as at 31 October 2023.

The Group has £528 million of fixed rate US Private Placement Notes which constitute 72% of the total drawn debt. The tenors of the notes are from 2024 to 2033 with €51 million of notes expiring in May 2024.

Strong and flexible capital structure continued

This LTV of 25.4% and the interest cover ratio of 6.7x for the rolling twelve-month period ended 31 October 2023 provides us with significant headroom compared to our banking covenants (LTV of 60% and ICR of 2.4:1). The reduction in ICR[12] reflects the increased interest costs from funding the development pipeline. We had c. £200 million of undrawn bank facilities at 31 October 2023 before taking into consideration the additional £100 million uncommitted accordion facility.

Taking into account the improvements we have made in the performance of the business, 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[11] ratio below 40% which the Board considers to be appropriate for the Group.

November 2022 refinancing

In November 2022, the Group completed the refinancing of its Revolving Credit Facilities ("RCFs") which were due to expire in June 2023.

The previous £250 million Sterling and €70 million Euro secured RCFs have been replaced with a single multi-currency unsecured £400 million facility. In addition, a further £100 million uncommitted accordion facility is incorporated into the facility agreement.

The facility is for a four-year term with two one-year extension options exercisable after the first and second years of the agreement. The first extension has recently been completed.

The Group pays interest at a margin of 1.25% plus SONIA or EURIBOR depending on whether the borrowings are drawn in Sterling or Euros. The margin is at the same level as the previous facility agreements.

Environmental, Social and Governance ("ESG") KPIs have been agreed with the Group's lenders. The margin under the facility is now linked to ESG targets, which could enable a reduction in the margin of up to 5bps to 120bps.

A commitment fee of 35% of the margin is payable on undrawn amounts under the facility. This has reduced from 40% under the previous facility agreements.

Reflecting the Group's improved credit profile, the banking group and existing US Private Placement Noteholders have agreed that all of the Group's previously secured borrowings move to an unsecured basis, thus reducing administrative and legal costs associated with the facilities.

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 their 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 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 to progress in FY2023.

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 response during the pandemic lockdowns and aftermath has had a profound impact on trust in leadership and colleague engagement and motivation.

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 44,000 pieces of paper each month.

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 FY2023, the space occupied by local charities in 184 units across 104 stores was 21,000 sq ft and worth £0.9 million.

Our environment: Safestore is committed to ensuring our buildings are constructed responsibly and that 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 sub-sectors. As a result, operational emissions intensity tends to be far lower. According to a 2023 report by KPMG and EPRA, self storage generates the lowest greenhouse gas emissions intensity (4 kg/m^2 for scope 1 and 2) of all European real estate sub-sectors. Reflecting the considerable progress made on energy mix, efficiency measures and waste reduction to date, Safestore's emissions intensity (3.4 kg/m^2 in 2022) is considerably lower than the self storage sub-sector average. In FY2023, the Group continued to progress with a further 17% decline in absolute market-based emissions despite continued portfolio growth. Emissions intensity has reduced 19% to below 1.0 kgCO_2e/m^2. Per our commitments, our new stores in the UK, Spain and the Netherlands have all achieved a minimum energy performance rating of B. 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 34% 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 the last twelve months. Safestore has been given a Silver rating in the 2023 EPRA Sustainability BPR Awards. The Global ESG Benchmark for Real Assets ("GRESB") has once again awarded Safestore an "A" rating in its 2023 Public Disclosures assessment. MSCI has awarded Safestore its second highest rating of "AA" for ESG in 2023. The Group has also been awarded the highest rating of five stars by "Support the Goals".

Finally, the Group has worked with its banking lenders to agree ESG related KPIs which are linked to the margin payable under its new £400 million facility. Two KPIs have been agreed, which, when achieved, result in a reduction in margin of up to 5bps.

Portfolio management

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

Our property teams 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 31 new stores including seven in London, five in Paris, seven in Barcelona and Madrid, six in major UK cities, four in UK conurbations and two in the Netherlands adding 1,446,000 sq ft of MLA.

In addition, the Group has acquired 47 existing stores through the acquisitions of Space Maker, Alligator, Fort Box, Salus and Your Room in the UK, OhMyBox! in Barcelona, the Lokabox and M3 group from our Benelux JV acquisition and a store in Apeldoorn in the Netherlands. These acquisitions added a further 1,890,000 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 twelve stores across the portfolio adding a net 140,000 sq ft of fully invested space to the estate. All of these stores are performing in line with or ahead of their business plans.

Despite thirteen stores being opened, extended or acquired and c. 500,000 sq ft of new MLA in the period, the Group's current pipeline of new developments and store extensions (see pipeline table) has grown over the last year and now constitutes c. 1,454,000 sq ft of future MLA. The pipeline is equivalent to c. 18% of the existing portfolio. The outstanding capital expenditure of £128 million is expected to be funded from the Group's existing resources. The total capital expenditure on stores opened in the 2022/23 financial year to date as well as the outstanding pipeline is estimated to be c. £251 million. Our industry leading level of REVPAF typically allows us to deliver returns above our cash on cash hurdle of at least 10%. Our current average portfolio Cash on Cash Return is 15%. On a 10% return basis, a further £25–30 million of EBITDA will be generated at stabilisation (c. four years after opening).

Property pipeline

Openings of new stores and extensions in the period:

Open 2023	FH/LH	MLA	Other
Redevelopments and Extensions			
London- Crayford	LH	9,400	Extension
London- Paddington Marble Arch	LH	8,400	Extension
New Developments			
London- Morden	FH	52,000	New build
Madrid- North	FH	53,000	Conversion
Madrid- South	FH	32,000	Conversion
Madrid- East	FH	50,000	Conversion
Barcelona- South	FH	30,600	Conversion
Barcelona- North	FH	42,000	Conversion
Barcelona- Central 3	LH	14,700	Conversion
Netherlands- Amersfoort	FH	58,000	New build
Wigan	FH	42,700	Conversion
Ellesmere Port	FH	55,000	New build
Total MLA		**447,800**	

Open 2023 (post-year end)	**FH/LH**	**MLA**	**Other**
New Developments			
Eastleigh	LH	14,000	Conversion, Satellite

Lease extensions

During the period we completed the extensions of our leases at Edinburgh-Fort Kinnaird, London- Charlton, London- Slough and Burnley stores.

The Edinburgh lease has been extended by a further ten years to 2040.

At London- Charlton we have extended the lease term to 2038. In doing so we have agreed a three-month rent-free period.

In Burnley we have also extended the lease to 2038 with tenant break options every five years.

At London- Slough the lease was re-geared to extend by 15 years; the total lease length at the end of the current financial year is 18 years.

As part of our ongoing asset management programme, we have now extended the leases on 31 stores or 84% 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. 11–13 years.

Freehold purchases

In Barcelona, the Group has been leasing its Valencia store since 2013. During the period, the freehold of the site was acquired for €3.6 million.

In addition, the freehold of our Oldbury store in West Birmingham was acquired for £5.7 million.

Property Pipeline Summary

Our pipeline of c. 1.5 million sq ft represents c. 18% of our existing property portfolio.

Opening 2024	FH/LH	Status*	MLA	Other
Redevelopments and Extensions				
London- Holloway	FH	C, STP	9,500	Extension
Paris- Poissy	FH	C, UC	12,000	Extension
Paris- Pyrenees	LH	C, UC	22,200	Extension
New Developments				
London- Paddington Park West	FH	C, UC	13,000	Conversion, Satellite
London- Lea Bridge	FH	C, UC	80,900	New build
Paris- South Paris	FH	C, UC	55,000	New build
Paris- West 3	FH	C, UC	58,000	New build
Paris- East 1	FH	C, PG	60,000	Conversion
Paris- North West 1	FH	C, PG	54,000	Conversion
Paris- West 4	FH	CE, PG	53,000	New build
Madrid- South West	FH	C, UC	46,800	Conversion
Madrid- South 2	FH	C, UC	68,800	Conversion
Madrid- North East	FH	C, STP	57,000	Conversion
Barcelona- Central 2	LH	C, PG	20,400	Conversion
Randstad- Almere	FH	C, UC	44,500	Conversion
Randstad- Aalsmeer	FH	C, UC	48,400	New build
Randstad- Rotterdam	FH	C, UC	71,000	New build
Opening 2025				
New developments				
London- Woodford	FH	C, PG	68,700	New build
London- Walton	FH	C, PG	20,700	Conversion
London- Watford	FH	CE, PG	46,750	New build
London- Wembley	FH	C, STP	49,000	New build
Paris- West 1	FH	C, PG	56,000	New build
Paris- La Défense	FH	C, UC	44,000	Mixed use facility
Randstad- Amsterdam	FH	CE, PG	61,400	New build
Brussels- Zaventem	FH	CE, PG	47,400	New build
Pamplona	FH	C, PG	64,500	Conversion
Opening Beyond 2025				
New developments				
London- Old Kent Road	FH	C, STP	76,500	New build
London- Bermondsey	FH	C, STP	50,000	New build
London- Romford	FH	C, STP	41,000	New build
Shoreham	FH	CE, PG	54,000	New build
Total Pipeline MLA (let sq ft – million)			**c. 1.454**	
Total Outstanding CAPEX (£'m)			**c. 128.0**	

* C = completed, CE = contracts exchanged, STP = subject to planning, PG = planning granted, UC = under construction.

The pipeline of 1,454,000 sq ft of future MLA includes:

- ten projects with c. 456,000 sq ft of MLA in London (31% of the pipeline);
- one project with c. 54,000 sq ft of MLA in the South East of the UK (4% of the pipeline);
- nine projects with c. 414,000 sq ft of MLA in Paris (29% of the pipeline);
- five projects with c. 258,000 sq ft of MLA in Spain (18% of the pipeline);
- four projects with c. 225,000 sq ft of MLA in the Netherlands (15% of the pipeline); and
- one project in Belgium with c. 47,000 sq ft of MLA (3% of the pipeline).

Since our fourth quarter announcement in November 2023, three sites have had planning granted. Of the 30 projects in the pipeline, only six are now subject to planning.

Acquisitions

Acquisition of Apeldoorn self storage facility in the Netherlands

During the period, the Group completed the acquisition of an existing 58,000 sq ft self storage facility in Apeldoorn in the Netherlands. The store was operating under the Stoor brand and is situated in an easily accessible commercial district on the north side of the city, which has a population of 165,000.

New Joint Venture with Carlyle and investment in myStorage in Germany

In December 2022 Safestore entered the German self storage market via a new Joint Venture with Carlyle, which has acquired the myStorage business.

Safestore has developed a multi-country highly scalable platform with leading marketing and operational expertise in self storage, with a proven track record for developing its platform in new markets.

The acquisition of myStorage represents an excellent opportunity to develop our platform into the attractive German self storage market. The Joint Venture builds upon our previous successful relationship with Carlyle having entered the Benelux market in 2019. Our common intention is to target development and acquisition opportunities through the Joint Venture, providing the opportunity to achieve operational scale and to develop local market knowledge, whilst also retaining the option for Safestore to develop its own wholly owned self storage sites in Germany. We look forward to continuing our working relationship with Carlyle, and to developing a long and mutually beneficial relationship.

The German market is one of Europe's more under-penetrated markets with just 0.21 sq ft of storage space per capita which compares to 0.82 sq ft in the UK, 0.35 sq ft in France, 0.32 sq ft in Spain, 0.50 sq ft in the Netherlands and 0.20 sq ft in Belgium. According to the 2023 FEDESSA report, there are just 530 facilities in Germany and 17.6 million sq ft of lettable space.

myStorage has seven medium to long term leasehold stores and 326,000 sq ft of MLA in Berlin, Heidelburg, Mannheim, Fürth, Nuremburg, Neu-Ulm and Reutlingen.

Safestore's initial investment in the Joint Venture was a c. €2.2 million equity investment for a 10% share of the Joint Venture. Safestore will also earn a fee for providing management services to the Joint Venture. The Group expects to earn an initial return on investment of c. 15% for the first full year before transaction related costs reflecting its share of expected Joint Venture profits and fees for management services.

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, 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. 122 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.

Over the last four years the Group has expanded into further attractive, under-penetrated markets in Spain, the Netherlands and Belgium with a focus on the conurbations of Barcelona, Madrid, the Randstad area and Brussels.

As at 31 October 2023, 97% of our Group revenue, 94% of our stores and 95% of our available capacity are in London, Paris, South East England, major UK cities, Spain, Amsterdam and the Randstad area and Brussels. These major population areas deliver 97% of the Group's store EBITDA from 95% of our MLA, highlighting the attractiveness of being present in these major cities and conurbations. The current pipeline includes 30 further developments in these areas which will increase the number of stores to 95% of our portfolio.

Owned store portfolio by region

	UK	France	Spain	Netherlands	Belgium	Group Total
Number of Stores	133	29	11	11	6	**190**
Let Square Feet (m sq ft)	4.472	1.107	0.135	0.352	0.164	**6.231**
Maximum Lettable Area (m sq ft)	5.730	1.360	0.340	0.440	0.220	**8.090**
Average Let Square Feet per store (k sq ft)	34	38	12	32	27	**33**
Average Store Capacity (k sq ft)	43	47	31	40	37	**43**
Closing Occupancy (%)	78.1%	81.3%	39.5%	80.7%	74.1%	**77.0%**
Average Rate (£ per sq ft)	30.25	36.59	28.82	16.20	18.67	**30.26**
Revenue (£'m)	166.5	43.9	3.8	6.4	3.6	**224.2**
Average Revenue per Store (£'m)	1.25	1.51	0.35	0.58	0.60	**1.18**

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

Owned store portfolio by region continued

We have a strong position in both the UK and Paris markets, operating 133 stores in the UK, 73 of which are in London and the South East, and 29 stores in Paris.

In the UK, 63% 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 50 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.

In Spain the Group has eleven stores open in Barcelona and Madrid with a further five stores in the pipeline in these two cities and in Pamplona in the Basque Country, a region with a dynamic and healthy economy.

In the Benelux Region the Group has eleven stores open in the Netherlands and six in Belgium. The pipeline contains a further four stores in the Netherlands and one in Belgium.

In addition, Safestore has the benefit of a leading national presence in the UK outside of London where the stores are predominantly located in the centre of key metropolitan areas such as Birmingham, Manchester, Liverpool, Bristol, Newcastle, Glasgow and Edinburgh.

Market

The self storage market in the UK, France, Spain, the Netherlands and Belgium remains relatively immature compared to geographies such as the US and Australia. The SSA Annual Survey (May 2023) confirmed that self storage capacity stands at 0.82 sq ft per head of population in the UK. The most recent report relating to Europe (FEDESSA's 2023 report) showed that capacity in France is 0.35 sq ft per capita. Whilst the Paris market density is greater than France, we estimate it to be significantly lower than the UK at around 0.4 sq ft per inhabitant. This compares with closer to 10 sq ft per inhabitant in the US and 2 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. 1,500 currently. In the Paris region, it would require around 2,400 new facilities versus c. 122 currently opened.

In Spain, the Netherlands and Belgium, geographies the Group has recently entered, penetration is similarly low. In Spain capacity is around 0.32 sq ft per head of population and the consumer is serviced by just 585 stores. In the Netherlands penetration is 0.5 sq ft per head of population (320 stores) and in Belgium 0.20 sq ft per head of population (96 stores).

The Group recently entered a JV with Carlyle in Germany. The German market is one of Europe's more under-penetrated markets with just 0.21 sq ft of storage space per capita and, according to the 2023 FEDESSA report, there are just 530 facilities in the country and 17.4 million sq ft of lettable space.

Our interpretation of the most recent 2023 SSA report is that operators remain optimistic about expansion and the future growth of the industry. The level of development estimated for the next three years is similar to that witnessed in recent years and we do not consider this level of new supply growth to be of concern, especially as we believe new supply helps to create increased awareness of what is a relatively immature product on Europe.

We estimate new supply to represent around 2% to 3% of the traditional self storage industry in the UK. These figures represent gross openings and do not consider storage facilities closing or being converted for alternative uses. We estimate that a small proportion of these sites compete with existing Safestore stores.

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, competition from a variety of other uses 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 recent 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 in addition to new supply. In the 2023 report the SSA estimates that 2,231 self storage facilities exist in the UK market including around 739 container-based operations. At the point in time that the 2023 survey was written, Safestore is the industry leader by number of stores with 129 wholly owned sites followed by Big Yellow with 108 stores (including Armadillo), Access with 60 stores, Shurgard with 41 stores, Lok'n Store with 40 stores, Storage King with 38 stores and Ready Steady Store with 27 stores. In aggregate, the top seven leading operators account for around 20% of the UK store portfolio. The remaining c. 1,780 self storage outlets (including 739 container-based operations) are independently owned in small chains or single units. In total there are 1,086 storage brands operating in the UK.

Safestore's French business, UPP, is mainly present in the core wealthier and more 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 currently operates in Barcelona and Madrid. The metropolitan areas of Barcelona and Madrid have combined growing high density populations of twelve million inhabitants and significant barriers to entry.

Our focus in the Netherlands market is on the densely populated Amsterdam and Randstad conurbations. The Netherlands is the second most developed self storage market in Europe (after the UK) but still remains under-penetrated with approximately 320 stores and 0.50 sq ft per capita of storage space.

Belgium is one of the more under-penetrated markets in Europe with just 96 stores and 0.20 sq ft per capita of self storage space. In Belgium our presence is focused on Brussels and the significant urban conurbations of Liege, Charleroi and Nivelles.

Consumer awareness of self storage appears to be increasing but at a relatively slow rate, providing an opportunity for future industry growth. The SSA Survey indicates that approximately half of consumers have low awareness about the service offered by self storage operators or have not heard of self storage at all. Since 2014, this statistic has only fallen 6ppts 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. 66% of respondents were unable to name a self storage business in their local area (64% in 2022). 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. This requirement for a strong online presence was also reiterated by the SSA Survey where 76% of those surveyed (73% in 2022) 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. 30% of respondents (c. 26% in 2022).

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 and 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 8–13% 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 corporates utilising our national coverage to store in multiple locations while maintaining flexibility in their cost base.

Business and Personal Customers

	Group	UK	Paris	Spain	Benelux
Personal customers					
Numbers (% of total)	79%	77%	81%	90%	84%
Square feet occupied (% of total)	61%	58%	64%	84%	76%
Average Length of Stay (months)	20.9	17.5	26.7	23.2	30.9
Business customers					
Numbers (% of total)	21%	23%	19%	10%	16%
Square feet occupied (% of total)	39%	42%	36%	16%	24%
Average Length of Stay (months)	26.7	25.7	28.2	27.0	31.5

Safestore's customer base is resilient and diverse and consists of around 90,000 domestic, business and National Accounts customers across London, Paris, Spain, major UK cities, the Netherlands and Belgium.

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, the implementation of VAT in the UK on self storage in 2012, Brexit and the Covid-19 pandemic, the industry has been exceptionally resilient. In the context of uncertain economic conditions, driven by inflation and the war in Ukraine, 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 presence in major cities 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 62% of customers travelling for less than 15 minutes to their storage facility (2023 SSA Survey), Safestore's national store footprint represents a competitive advantage.

The Group's capital-efficient portfolio of 190 wholly owned stores in the UK, Paris, Spain, the Netherlands and Belgium 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 as well as being comfortable with a range of building types, from new builds to conversions of warehouses and underground car parks.

Currently, around a quarter of our stores in the UK are leaseholds with an average remaining lease length at 31 October 2023 of 12.4 years (FY2022: 12.7 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 that 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 41% of 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 a rent that is indexed to the Indice des Loyers Commerciaux (Commercial Rental Index) published by the state. Taking into account this context, the valuer values the French leaseholds based on an indefinite property tenure, similar to freeholds but at a significantly higher exit cap rate.

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[14] was established with Carlyle, which acquired the M3 Self Storage business in the Netherlands which had six stores in Amsterdam and Haarlem. In June 2020, the Joint Venture[14] added the Lokabox business, a portfolio of six stores in Brussels (two), Liege (two), Charleroi and Nivelles. In December 2020, the Joint Venture[14] acquired the Opslag XL portfolio adding a further three stores in Amsterdam, The Hague and Hilversum and opened a store in Nijmegen in the Netherlands in January 2022. The Amsterdam store has subsequently been closed as planned following lease expiry. After three years of learning about and understanding these markets, the Group acquired the remaining 80% of equity in the Joint Venture[14] owned by Carlyle in March 2022 and subsequently added a further two stores.

In 2019, the Group entered the Spanish market with the acquisition of OhMyBox!. Our Spanish portfolio currently consists of eight stores in Barcelona, and three Madrid stores. We have a further five stores in our development pipeline situated in Madrid, Barcelona and Pamplona. We consider these cities to have attractive characteristics in relation to self storage and intend to continue to seek further expansion opportunities.

In late 2022, Safestore entered the German self storage market via a new Joint Venture[15] with Carlyle, which has acquired the myStorage business. myStorage has seven medium to long term leasehold stores and 326,000 sq ft of MLA in Berlin, Heidelburg, Mannheim, Fürth, Nuremburg, Neu-Ulm and Reutlingen.

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 cash-on-cash returns.

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% (FY2022: 90%) of our enquiries in the UK and 84% (FY2022: 85%) 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 search engines. Safestore has developed and continues to invest in a leading digital marketing platform that has generated 43% enquiry growth over the last five years.

Business Model continued

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. Safestore invites customers to leave a review on a number of review platforms, including Feefo, Google and Trustpilot. Our rating for each of these three providers in the UK is 4.8 out of 5. In France, Une Pièce en Plus uses Trustpilot to obtain independent customer reviews with a "TrustScore" of 4.6 out of 5. In Spain, OMB collects customer feedback via Google reviews and has maintained a score of 4.7 out of 5. 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 26 months. Within our business customer category, our National Accounts business represents around 487,000 sq ft of occupied space (around 8% 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. 90,000 business and domestic customers with an average length of stay of 27 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.

With the establishment of a £400 million unsecured multi-currency Revolving Credit Facility, 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 2023, we had 1.2 million sq ft of unoccupied space in the UK, 0.2 million sq ft in France and 0.5 million sq ft in Spain and Benelux, equivalent to c. 47 full new stores. Our continued 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

Trading Data – Total

Key Measures – Total	Year ended 31 October 2023	Year ended 31 October 2022	Change
Revenue			
UK (£'m)	**166.5**	163.0	2.1%
Paris (€'m)	**50.5**	48.8	3.5%
Spain (€'m)	**4.3**	3.6	19.4%
Netherlands (€'m)	**7.2**	3.6	100.0%
Belgium (€'m)	**4.1**	2.3	78.3%
Underlying EBITDA			
UK (£'m)	**106.2**	103.6	2.5%
Paris (€'m)	**35.0**	33.0	6.1%
Spain (€'m)	**1.2**	1.8	-33.3%
Netherlands (€'m)	**3.6**	1.3	176.9%
Belgium (€'m)	**1.4**	0.9	55.6%
Maximum Lettable Area ("MLA")			
UK (let sq ft – million)	**5.730**	5.620	2.0%
Paris (let sq ft – million)	**1.360**	1.360	0.0%
Spain (let sq ft – million)	**0.340**	0.120	183.3%
Netherlands (let sq ft – million)	**0.440**	0.380	15.8%
Belgium (let sq ft – million)	**0.220**	0.220	0.0%
Closing Occupancy			
UK (let sq ft – million)	**4.473**	4.637	-3.5%
Paris (let sq ft – million)	**1.107**	1.112	-0.4%
Spain (let sq ft – million)	**0.135**	0.095	42.1%
Netherlands (let sq ft – million)	**0.352**	0.298	18.1%
Belgium (let sq ft – million)	**0.164**	0.175	-6.3%
Closing Occupancy (% of MLA)			
UK	**78.1%**	82.6%	-4.5%
Paris	**81.3%**	81.7%	-0.4%
Spain	**39.5%**	78.9%	-39.4%
Netherlands	**80.7%**	78.8%	1.9%
Belgium	**74.1%**	78.8%	-4.7%
Average Rate			
UK (£)	**30.25**	28.79	5.1%
Paris (€)	**42.05**	40.47	3.9%
Spain (€)	**33.12**	34.07	-2.8%
Netherlands (€)	**18.61**	19.18	-3.0%
Belgium (€)	**21.45**	18.79	14.2%
REVPAF			
UK (£)	**29.07**	29.02	0.2%
Paris (€)	**37.10**	35.81	3.6%
Spain (€)	**12.64**	29.78	-57.6%
Netherlands (€)	**16.53**	16.20	2.0%
Belgium (€)	**18.68**	17.43	7.2%

OVERVIEW | STRATEGIC REPORT | CORPORATE GOVERNANCE | FINANCIAL STATEMENTS

Trading Data – Like-For-Like

Key Measures – Like-For-Like	Year ended 31 October 2023	Year ended 31 October 2022	Change
Revenue			
UK (£'m)	**162.8**	160.9	1.2%
Paris (€'m)	**50.5**	48.8	3.5%
Spain (€'m)	**3.6**	3.6	0.0%
Underlying EBITDA			
UK (£'m)	**104.3**	101.9	2.4%
Paris (€'m)	**35.0**	33.0	6.1%
Spain (€'m)	**1.6**	2.0	-20.0%
Underlying EBITDA Margin %			
UK (%)	**64.1%**	63.3%	0.8%
Paris (%)	**69.3%**	67.6%	1.7%
Spain (%)	**44.4%**	55.6%	-11.2%
Closing Occupancy			
UK (let sq ft – million)	**4.392**	4.587	-4.3%
Paris (let sq ft – million)	**1.107**	1.112	-0.4%
Spain (let sq ft – million)	**0.084**	0.093	-9.7%
Closing Occupancy (% of MLA)			
UK	**79.2%**	83.0%	-3.8%
Paris	**81.3%**	81.7%	-0.4%
Spain	**77.9%**	85.9%	-8.0%
Average Occupancy			
UK (let sq ft – million)	**4.396**	4.582	-4.1%
Paris (let sq ft – million)	**1.103**	1.103	–0.0%
Spain (let sq ft – million)	**0.087**	0.094	-7.4%
Average Rate			
UK (£)	**30.31**	28.83	5.1%
Paris (€)	**42.05**	40.47	3.9%
Spain (€)	**36.64**	34.11	7.4%
REVPAF			
UK (£)	**29.35**	29.10	0.9%
Paris (€)	**37.10**	35.81	3.6%
Spain (€)	**33.33**	33.05	0.8%

Details of trading operating KPIs are included in the tables above.

UK

UK revenue was up 2.1% for the year in total and 1.2% on a like-for-like[8] basis.

Demand, measured by enquiry levels, was down on the previous year but ahead of pre-Covid levels.

We believe that our REVPAF[10], a measure of how effectively we yield manage our assets, is the strongest in the industry and materially above some of our competitors. REVPAF[10] grew by 0.9% for the year on a like-for-like[8] basis.

Like-for-like EBITDA[2] grew by 2.4% with EBITDA margins improving by 0.8ppts to 64.1% reflecting strong cost control in the business. Like-for-like costs declined by 1.0% in the year.

Paris

Our Paris business did not experience the same surge in demand that we saw in the UK during the Covid period but continued to grow steadily.

Paris revenue grew 3.5% in total for the year on a total and like-for-like[8] basis. Like-for-like[8] revenue growth in the fourth quarter was 3.2%.

Our REVPAF[10], which we believe is materially ahead of the local competition, grew by a further 3.6% for the year.

Enquiry levels in Paris were marginally down compared to the same period last year but ahead of pre-Covid levels.

Like-for-like EBITDA grew by 6.1% with EBITDA margins improving by 1.7ppts to 64.1% reflecting tight cost control in the business. Like-for-like costs reduced by 2% in the year.

Spain

Since acquiring our Spanish business in 2019 we have opened a further seven stores. We now have eleven open stores and a pipeline of a further five stores in Madrid and Barcelona and one in Pamplona.

Over the year our Spanish business grew revenue by 19.4% and by 44.4% in the fourth quarter. Like-for-like[8] revenue was flat over the year.

In line with our expectations, like-for-like[8] occupancy in Barcelona has initially been diluted by the new Barcelona stores which have opened in close proximity and within the same catchment area as an existing store. Management believes that, given the limited supply in central Barcelona, once the absorption phase has been passed, the stores will generate higher revenue and profits and provide significant long-term value.

Like-for-like EBITDA was broadly flat at store level but declined by €0.4 million after professional fees.

Netherlands

Our Netherlands business, acquired on 30 March 2022, contributed €7.2 million revenue for the year and €3.6 million of EBITDA.

During the year, a new store in Amersfoort has opened and an additional store in Apeldoorn was acquired. We now have eleven stores open in the Netherlands and a pipeline of a further four sites located in the Randstad area.

The Netherlands business is not treated as like-for-like[8] during the 2023 financial year. However, the stores that were in the Group for the whole of the fourth quarter in 2022 delivered 10.7% growth in Q4 2023.

Belgium

Our Belgium business, acquired with our Netherlands business on 30 March 2022, contributed €4.1 million revenue for the year and €1.4 million of EBITDA.

We have six stores open in Belgium and a pipeline of one additional site located in Brussels.

The Belgian business is not treated as like-for-like[8] during the 2023 financial year. However, the stores that were in the Group for the whole of the fourth quarter in 2022 delivered 10.0% growth in Q4 2023.

Frederic Vecchioli
Chief Executive
16 January 2024

Financial review

"EPS[1] has grown by 348% over the last ten years."

Andy Jones
Chief Financial Officer

The table below sets out the Group's underlying results of operations for the year ended 31 October 2023 and the year ended 31 October 2022. 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. Although not superseding IFRS, 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.controllable by management, such as the revaluation of derivatives and investment properties, and the impact of exceptional credits, costs and finance charges.

	2023 £'m	2022 £'m	Movement %
Revenue	**224.2**	212.5	5.5%
Underlying costs	**(82.0)**	(77.5)	5.8%
Share of associate's Underlying EBITDA	**—**	0.1	(100.0%)
Underlying EBITDA	**142.2**	135.1	5.3%
Leasehold costs	**(14.9)**	(13.6)	9.6%
Underlying EBITDA after leasehold costs	**127.3**	121.5	4.8%
Depreciation	**(1.3)**	(1.0)	30.0%
Finance charges	**(15.9)**	(10.9)	45.9%
Share of associate's finance charges	**—**	(0.4)	(100.0%)
Underlying profit before tax	**110.1**	109.2	0.8%
Current tax	**(5.1)**	(5.2)	(1.9%)
Adjusted EPRA earnings	**105.0**	104.0	1.0%
Share-based payments charge	**(3.5)**	(11.2)	(68.8%)
EPRA basic earnings	**101.5**	92.8	9.4%
Average shares in issue (m)	**217.2**	210.9	
Diluted shares (for ADE EPS) (m)	**219.1**	218.9	
Adjusted Diluted EPRA EPS[1] (p)	**47.9**	47.5	0.8%

Note:
1 Adjusted EPRA earnings excludes share-based payment charges and, accordingly, the Underlying EBITDA, Underlying EBITDA after leasehold costs and underlying profit before tax measures have been adjusted 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.

	2023 £'m	2022 £'m
Statutory profit before tax	**207.8**	498.8
Adjusted for:		
– Gain on investment properties and investment property under construction	**(102.6)**	(389.9)
– Change in fair value of derivatives	**1.7**	0.3
– Net exchange loss	**(0.3)**	—
– Share-based payments	**3.5**	11.2
– Exceptional items and other exceptional gains	**—**	(10.7)
– Exceptional finance income	**—**	(0.5)
Underlying profit before tax	**110.1**	109.2

Underlying EBITDA increased by 5.3% to £142.2 million (FY2022: £135.1 million), reflecting a 5.5% increase in revenue and a 5.8% increase to the underlying cost base. This performance reflects the growth in average rate of 3.5% to £30.26 in 2023 from £29.25 in 2022 offset by a reduction in occupancy of 5.1ppts to 77.0% in 2023 from 82.1% in 2022, whilst maintaining control over costs. Like for like revenue grew by 2.2% with the like for like cost base broadly flat compared to 2022.

Leasehold costs increased by 9.6% from £13.6 million to £14.9 million, principally due to the impact of rent reviews across the portfolio in addition to the Netherlands leaseholds now forming part of the Group.

Underlying finance charges increased by 45.9% from £10.9 million to £15.9 million. This principally reflects interest charges which increased from £11.9 million in 2022 to £15.0 million in 2023 driven by higher debt levels and higher rates on borrowing to fund the Group's acquisition and development activity, offset by the gains made on financial instruments of £0.4 million in 2023 (FY2022: £1.3 million).

As a result, we achieved a 0.8% increase in underlying profit before tax of £110.1 million (FY2022: £109.2 million). The main movement in statutory profit before tax in the year is the £287.3 million decrease in the gain on investment and development property to £102.6 million (FY 2022: £389.9 million) partially offset by the reduction in the share-based payment charge of £7.7 million to £3.5 million (FY2022: £11.2 million).

Included within statutory profit before tax in 2022 were other exceptional gains of £10.7 million. £5.5 million related to the valuation gain of Safestore's 20% investment in the Joint Venture formed in 2019 with Carlyle that arose on acquisition of the remaining 80%, with £5.1 million related to the profit on the sale of the Nanterre land in Paris in November 2021.

Given the Group's REIT status in the UK, tax is normally only payable in France, Spain, the Netherlands and Belgium. The underlying tax charge for the year was £5.1 million (FY2022: £5.2 million), calculated by applying the effective underlying tax rate of 22.5% to the respective underlying profits earned by the non-UK businesses.

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 0.8% to 47.9 pence (FY2022: 47.5 pence).

Reconciliation of Underlying EBITDA

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

	2023 £'m	2022 £'m
Statutory operating profit	**230.4**	514.5
Adjusted for:		
– Gain on investment properties	**(93.8)**	(381.6)
– Share of associate's Underlying EBITDA	**–**	0.4
– Depreciation	**1.3**	1.0
– Variable lease payments	**0.8**	0.3
– Share-based payments	**3.5**	11.2
Exceptional items:		
– Costs incurred relating to corporate restructuring and exceptional taxation costs	**–**	0.1
Other exceptional gains:		
– Profit on sale of land	**–**	(5.1)
– Profit on disposal of investment property	**–**	(0.2)
– Net gain on deemed disposal of investment in associate	**–**	(5.5)
Underlying EBITDA	**142.2**	135.1

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, exceptional gains and the share of associate's Underlying EBITDA. The gain on investment properties was £93.8 million, as compared to £381.6 million in 2022 primarily due to the stable performance of the stores over the period, against a period of outperformance in 2021 and 2022. The Group's approach to the valuation of its investment property portfolio at 31 October 2023 is discussed below.

Underlying profit by geographical region

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

	2023					2022				
	UK £'m	**Paris €'m**	**Spain €'m**	**Benelux €'m**	**Total (CER) £'m**	UK £'m	Paris €'m	Spain €'m	Benelux €'m	Total (CER) £'m
Revenue	**166.5**	**50.5**	**4.3**	**11.3**	**222.7**	163.0	48.8	3.6	5.9	212.5
Underlying cost of sales	**(51.1)**	**(12.1)**	**(1.9)**	**(5.0)**	**(67.3)**	(48.2)	(12.2)	(1.2)	(2.5)	(61.7)
Store EBITDA	**115.4**	**38.4**	**2.4**	**6.3**	**155.4**	114.8	36.6	2.4	3.4	150.8
Store EBITDA margin	***69.3%***	***76.0%***	***55.8%***	***55.8%***	***69.8%***	*70.4%*	*75.0%*	*66.7%*	*57.6%*	*71.0%*
LFL store EBITDA margin	***69.3%***	***76.0%***	***75.0%***	***n/a***	***70.7%***	*70.3%*	*75.0%*	*75.0%*	*n/a*	*71.3%*
Underlying administrative expenses	**(9.2)**	**(3.4)**	**(1.2)**	**(1.3)**	**(14.2)**	(11.2)	(3.6)	(0.6)	(1.2)	(15.8)
Underlying EBITDA	**106.2**	**35.0**	**1.2**	**5.0**	**141.2**	103.6	33.0	1.8	2.2	135.0
EBITDA margin	***63.8%***	***69.3%***	***27.9%***	***44.2%***	***63.4%***	*63.6%*	*67.6%*	*50.0%*	*37.3%*	*63.5%*
LFL EBITDA margin	***64.1%***	***69.3%***	***44.4%***	***n/a***	***64.8%***	*63.3%*	*67.6%*	*55.6%*	*n/a*	*64.1%*
Leasehold costs	**(8.6)**	**(6.3)**	**(0.5)**	**(0.3)**	**(14.7)**	(8.0)	(5.9)	(0.5)	(0.1)	(13.6)
Underlying EBITDA after leasehold costs	**97.6**	**28.7**	**0.7**	**4.7**	**126.5**	95.6	27.1	1.3	2.1	121.4
EBITDA after leasehold costs margin	***58.6%***	***56.8%***	***16.3%***	***41.6%***	***56.8%***	*58.7%*	*55.5%*	*36.1%*	*35.6%*	*57.1%*
	UK £'m	**Paris £'m**	**Spain £'m**	**Benelux £'m**	**Total £'m**	UK £'m	Paris £'m	Spain £'m	Benelux £'m	Total £'m
Underlying EBITDA after leasehold costs (CER)	**97.6**	**24.3**	**0.6**	**4.0**	**126.5**	95.6	22.9	1.1	1.8	121.4
Adjustment to actual exchange rate	**–**	**0.6**	**0.1**	**0.1**	**0.8**	—	—	—	—	—
Reported Underlying EBITDA after leasehold costs	**97.6**	**24.9**	**0.7**	**4.1**	**127.3**	95.6	22.9	1.1	1.8	121.4

Note:
CER is Constant Exchange Rate (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 £2.6 million, or 2.5%, to £106.2 million (FY2022: £103.6 million), underpinned by a 2.1% or £3.5 million increase in revenue, which was driven by an increase in average rate of 5.1%, offset by a decrease in average occupancy of 3.3% and an increase of 1.5% in the Underlying cost base, with like for like underlying costs decreasing 0.8%. The UK also reflected steady like for like revenue growth of 1.2%. The Underlying UK EBITDA margin was slightly up at 63.8% compared to 2022 at 63.6% whilst the like for like EBITDA margin saw a 0.8ppt increase to 64.1% from 63.3% in 2022.

In Paris, Underlying EBITDA increased by €2.0 million, or 6.1%, to €35.0 million (FY2022: €33.0 million), reflecting a €1.7 million increase in revenue, arising from a 3.9% increase in the average storage rate coupled with average occupancy remaining constant. The EBITDA after leasehold costs margin in Paris increased from 55.5% in 2022 to 56.8% in 2023, reflecting the control over the underlying cost base of the portfolio, with a reduction in underlying cost of sales of 0.8% and administrative costs of 5.6%, offset by underlying leasehold costs increasing by 6.8%. Underlying EBITDA after leasehold rent in Paris increased by 5.9% to €28.7 million (FY2022: €27.1 million).

In Spain, revenue increased to €4.3 million (FY2022: €3.6 million), arising from the opening of six new stores and a 7.4% increase in like for like average storage rate, offset by a decrease in like for like average occupancy of 7.4%. Underlying EBITDA decreased by €0.6 million to €1.2 million, due to an increase in the underlying cost base and administrative expenses resulting from additional employment costs to support the new stores as well as their dilutive impact whilst they achieve stabilisation.

On 30 March 2022, Safestore acquired the remaining 80% of the equity owned by Carlyle Europe Realty in the Joint Venture formed in 2019. The Joint Venture was set up in 2019 to acquire and develop assets in the Netherlands and Belgium in order to leverage Safestore's operating platform outside our core markets. The contribution to revenue for the period was €11.3 million and €4.7 million EBITDA after leasehold costs. In 2022, the businesses contributed seven months' revenue, which equated to €5.9 million.

The combined results of the UK, Paris, Spain and Benelux delivered a 4.2% increase in Underlying EBITDA after leasehold costs at constant exchange rates at Group level. Adjusting for a favourable exchange impact of £0.8 million, the combined results of the UK, Paris, Spain and Benelux reported an Underlying EBITDA after leasehold costs increase of 4.9% or £5.9 million to £127.3 million (FY2022: £121.4 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).

The split of the Group's revenues by geographical segment is set out below for 2023 and 2022.

		2023	% of total	2022	% of total	% change
UK	£'m	**166.5**	**73%**	163.0	76%	**2.1%**
Paris						
Local currency	€'m	**50.5**		48.8		**3.5%**
Paris in Sterling	£'m	**43.9**	**20%**	41.4	19%	**6.0%**
Spain						
Local currency	€'m	**4.3**		3.6		**19.4%**
Spain in Sterling	£'m	**3.8**	**2%**	3.0	2%	**26.7%**
Benelux						
Local currency	€'m	**11.3**		5.9		**91.5%**
Benelux in Sterling	£'m	**10.0**	**5%**	5.1	3%	**94.1%**
Average exchange rate		**1.149**		1.178		**2.5%**
Total revenue	£'m	**224.2**	**100%**	212.5	100%	**5.5%**

The Group's revenue increased by 5.5% or £11.7 million in the year. The average storage rate per sq ft for the Group was, at £30.26, 3.5% higher than in 2022 (£29.25) offset by occupied space which was 86,000 sq ft lower at 31 October 2023 (6.231 million sq ft) than at 31 October 2022 (6.317 million sq ft).

Adjusting the Group's revenue for the impact of new stores to a like-for-like basis, revenue has increased by 2.2%. Adjusting for the exchange rate impact in the current year, Group like for like revenue at constant exchange rates has increased by 1.7%.

In the UK, revenue grew by £3.5 million or 2.1%, and on a like-for-like basis it increased by 1.2%. Occupancy was 164,000 sq ft lower at 31 October 2023 than at 31 October 2022, at 4.473 million sq ft (FY2022: 4.637 million sq ft). The average storage rate for the year grew 5.1%, from £28.79 in 2022 to £30.25 in 2023. On a like for like basis, the average storage rate in the UK also increased by 5.1% to £30.31 (FY2022: £28.83).

In Paris, revenue grew by €1.7 million or 3.5% and on a like-for-like basis it increased by 3.5% to €50.52 million (FY2022: €48.76 million). This was driven by an increase in the average storage rate of 3.9% to €42.05 for the year (FY2022: €40.47), with average occupancy being flat, with closing occupancy decreasing to 1.107 million sq ft (FY2022: 1.112 million sq ft).

For Spain, revenue was €4.3 million (FY2022: €3.6 million), reflecting the growth in new stores, with like for like revenue being flat at €3.6 million. On a like-for-like basis, average rate increased 6.1% to €36.64 (FY2022: €34.11), with a closing occupancy of 0.084 million sq ft (77.9% on a like-for-like basis).

Our Netherlands and Belgium businesses, acquired on 30 March 2022 from the buyout of the remaining 80% of the equity owned by Carlyle in the Joint Venture formed in 2019, contributed €11.3 million revenue (FY2022: €5.9 million, representing seven months' revenue since acquisition date). Collectively, the businesses saw 43,000 sq ft of occupancy inflows over the year and our Netherlands and Belgium businesses ended the period with a closing occupancy of 78.5% (FY 2022: 78.8%). The average rate for the period was €18.61 and €21.45 for the Netherlands and Belgium respectively (FY2022: €19.18 and €18.79 respectively for the seven-month period).

Financial review continued

Analysis of cost base

Cost of sales

The table below details the key movements in cost of sales between 2022 and 2023.

	2023 £'m	2022 £'m
Statutory cost of sales	**(69.9)**	(63.0)
Adjusted for:		
– Depreciation	**1.3**	1.0
– Variable lease payments	**0.8**	0.3
Underlying cost of sales	**(67.8)**	(61.7)
Underlying cost of sales for FY2022		(61.7)
– New developments cost of sales		2.7
Underlying cost of sales for FY2022 (like-for-like)		(59.0)
– Volume related cost of sales		0.9
– Employee remuneration, recruitment and training		(1.1)
– Facilities and rates		(1.4)
– Enquiry generation		(0.5)
Underlying cost of sales for FY2023 (like-for-like; CER)		(61.1)
– New developments cost of sales		(6.2)
Underlying cost of sales for FY2023 (CER)		(67.3)
– Foreign exchange		(0.5)
Underlying cost of sales for FY2023		(67.8)

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 £6.1 million in the year, from £61.7 million in 2022 to £67.8 million in 2023. On a like-for-like basis and at constant exchange rates, cost of sales increased by £2.1 million or 3.6%, with a £1.4 million increase in facilities and business rates due to business rates reviews, and increases in utilities and store maintenance charges as well as a £1.1 million increase in employee costs offset by a reduction in volume related costs of sales of £0.9 million. The investment in marketing during the year represented 3.8% of revenue (FY2022: 3.6%).

Administrative expenses

The table below reconciles reported administrative expenses to underlying administrative expenses and details the key movements in underlying administrative expenses between 2022 and 2023.

	2023 £'m	2022 £'m
Statutory administrative expenses	**(17.7)**	(27.1)
Adjusted for:		
– Share-based payments	**3.5**	11.2
– Exceptional items	**—**	0.1
Underlying administrative expenses	**(14.2)**	(15.8)
Underlying administrative expenses for FY2022		(15.8)
– New developments administration costs		1.1
Underlying administrative expenses for FY2022 (like-for-like)		(14.7)
– Employee related costs		2.7
– Professional fees and administration costs		(0.4)
Underlying administrative expenses for FY2023 (like-for-like; CER)		(12.4)
– New developments administration costs		(1.8)
Underlying administrative expenses for FY2023 (CER)		(14.2)
– Foreign exchange		—
Underlying administrative expenses for FY2023		(14.2)

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.

Underlying administrative expenses decreased by £1.6 million in the year, from £15.8 million in 2022 to £14.2 million in 2023. Like-for-like administrative expenses at constant exchange rates decreased by £2.3 million. This is the result of a reduction in expected variable employee remuneration and other employee related costs.

Therefore, total underlying costs (cost of sales plus administrative expenses) on a like-for-like basis and at constant exchange rates have remained relatively constant at £73.5 million (FY2022: £73.7 million).

Exceptional items and other exceptional gains

In 2022, included within exceptional items and other exceptional gains of £10.7 million are £5.5 million relating to the valuation gain of Safestore's 20% investment in the Joint Venture and £5.1 million relating to the profit on the sale of the Nanterre land in Paris in November 2021.

In France, the basis on which property taxes have been assessed has been challenged by the tax authority for financial years 2011 onwards. In November 2022 the French Supreme Court delivered a final judgement in respect of litigation for years 2011 to 2013, which resulted in a partial success for the Group. The Group is separately pursuing litigation in respect of years since 2013 and has lodged an appeal with the French administrative tribunal against the issues included in assessments for 2013 onwards on which it was ultimately unsuccessful in the French Supreme Court for the earlier years. A provision is included in the consolidated financial accounts of £2.6 million at 31 October 2023 (31 October 2022: £2.4 million), to reflect the increased uncertainty surrounding the likelihood of a successful outcome. Of the total provided, £0.2 million has been charged in relation to the year ended 31 October 2023 within cost of sales (Underlying EBITDA) (31 October 2022: £0.3 million within cost of sales (Underlying EBITDA) and £1.9 million recorded as an exceptional charge in respect of financial years 2012 to 2020).

It is possible that the French tax authority may appeal the decisions of the French Court of Appeal on which the Group was successful to the French Supreme Court. The maximum potential exposure in relation to these issues at 31 October 2023 is £3.0 million (31 October 2022: £3.0 million). No provision for any further 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 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.

	2023 £'m	2022 £'m
Revaluation of investment properties	**103.5**	394.1
Revaluation of investment properties under construction	**(0.9)**	(4.2)
Fair value re-measurement of lease liabilities add-back	**(8.8)**	(8.3)
Statutory gain on investment properties	**93.8**	381.6

In the current financial year, the UK business contributed £75.8 million to the positive valuation movement, the Paris business contributed £20.5 million and Benelux contributed £7.5 million. Spain showed a flat valuation movement over the period as the stores start to generate income, growing towards stabilised occupancy. 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 the average rate, which has increased by 3.5% to £30.26 in 2023 from £29.25 in 2022, and capitalisation rates and stabilised occupancy which have remained constant at 5.72% and 89.33% respectively.

Operating profit

Operating profit decreased by £284.1 million from £514.5 million in 2022 to £230.4 million in 2023, comprising a £7.1 million increase in Underlying EBITDA, a £287.8 million reduction in the gain on investment properties and investment properties under construction primarily due to the stable performance of the stores over the period, against a period of outperformance in 2021 and 2022, and a reduction in the share-based payments charge of £7.7 million, as well as the one-off other exceptional gains and exceptional items of £10.7 million in 2022.

Net finance costs

Net finance costs include interest payable, interest on lease liabilities, fair value movements on derivatives, exchange gains or losses, unwinding of discounts and exceptional refinancing costs. Net finance costs increased by £6.9 million in 2023 to £22.6 million from £15.7 million in 2022, principally due to the increased interest charges associated with borrowing to fund the Group's acquisition and development activity and the amortisation of debt issuance costs associated with the refinancing of the existing Revolving Credit Facility in November 2022, offset by the gains made on financial instruments.

	2023 £'m	2022 £'m
Net bank interest payable	**(15.1)**	(11.9)
Amortisation of debt issuance costs on bank loans	**(1.3)**	(0.5)
Interest from loan to associates	**—**	0.1
Financial instruments income	**0.4**	1.3
Other interest received	**(0.1)**	0.1
Underlying finance charges	**(15.9)**	(10.9)
Interest on lease liabilities	**(5.3)**	(5.0)
Fair value movement on derivatives	**(1.7)**	(0.3)
Net exchange gains	**0.3**	—
Exceptional finance income	**—**	0.5
Net finance costs	**(22.6)**	(15.7)
Net bank interest payable	**15.1**	11.9
Capitalised interest	**4.4**	1.1
Total interest paid	**19.5**	13.0

Underlying finance charge

The underlying finance charge (net bank interest payable reflecting term loan, swap and USPP interest costs) increased by £5.0 million to £15.9 million, principally reflecting the increased interest charge associated with the Group's additional borrowings in the year, drawn to fund the Group's acquisition and development activity and the amortisation of debt issuance costs associated with the refinancing. 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 lease liabilities and is disclosed because management reviews and monitors performance of the business on this basis.

During the year, the Group capitalised interest of £4.4 million (FY2022: £1.1 million) associated with borrowings to fund the acquisition of properties. Interest is capitalised from the point of acquiring the site until the store opens.

Financial instruments income in the year of £0.4 million (FY2022: £1.3 million) related to the gains made on the expiration of interest rate swaps that matured in June 2023.

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 – GBP drawn	£400.0	£162.0	—	—	1.25%	—	5.19%	6.44%
UK Revolver – EUR drawn		£41.0	—	—	1.25%	—	3.88%	5.13%
UK Revolver – non-utilisation	£197.0	—	—	—	0.50%	—	—	0.50%
US Private Placement 2024	€50.9	£44.6	£44.6	100%	1.59%	—	—	1.59%
US Private Placement 2026	€70.0	£61.1	£61.1	100%	1.26%	—	—	1.26%
US Private Placement 2026	£35.0	£35.0	£35.0	100%	2.59%	—	—	2.59%
US Private Placement 2027	€74.1	£64.6	£64.6	100%	2.00%	—	—	2.00%
US Private Placement 2028	£20.0	£20.0	£20.0	100%	1.96%	—	—	1.96%
US Private Placement 2028	€29.0	£25.3	£25.3	100%	0.93%	—	—	0.93%
US Private Placement 2029	£50.5	£50.5	£50.5	100%	2.92%	—	—	2.92%
US Private Placement 2029	£30.0	£30.0	£30.0	100%	2.69%	—	—	2.69%
US Private Placement 2029	€105.0	£91.6	£91.6	100%	2.45%	—	—	2.45%
US Private Placement 2031	£80.0	£80.0	£80.0	100%	2.39%	—	—	2.39%
US Private Placement 2033	€29.0	£25.3	£25.3	100%	1.42%	—	—	1.42%
Unamortised finance costs	—	(£5.0)	—	—	—	—	—	—
Total	**£927.8**	**£725.8**	**£527.8**	**73%**				**3.58%**
Capitalised interest costs								(£4.4m)
Effective interest rate after capitalised interest costs								2.97%

On 11 November 2022, the Group completed the refinancing of its RCFs which were due to expire in June 2023. The previous £250.0 million Sterling and €70.0 million Euro RCFs were replaced with a single multi-currency £400 million facility. In addition, a further £100 million uncommitted accordion facility is incorporated in the facility agreement. The facility is for a four-year term with two one-year extension options exercisable after the first and second years of the agreement, with the first one-year extension being granted in October 2023.

The margin is at the same level as the previous facility agreements, with the Group paying interest at a margin of 1.25% plus SONIA or EURIBOR depending on whether the borrowings are drawn in Sterling or Euros. This margin is now linked to ESG targets, which where met enable a reduction in the margin of up to 5bps to 120bps.

As at 31 October 2023, £203.0 million of the £400.0 million UK Revolver was drawn as £162.0 million and €47.0 million (£41.0 million). The drawn amounts attract a bank margin of 1.25%, and the Group pays a non-utilisation fee of 0.4375% on the undrawn balance of £197.0 million. The Group had interest rate hedge agreements in place to June 2023, swapping SONIA on £55.0 million at a weighted average effective rate of 0.69%. Upon maturity, the Group recognised a £0.4 million gain.

The 2024, 2026, 2027, 2028, 2029 and 2033 US Private Placement Notes are denominated in Euros and attract fixed interest rates of 1.59% (on €50.9 million), 1.26% (on €70.0 million), 2.00% (on €74.1 million), 0.93% (on €29.0 million), 2.45% (on €105.0 million) and 1.42% (on €29.0 million) respectively. The Euro denominated borrowings provide a natural hedge against the Group's investment in the Paris and Spain businesses.

The 2026 (£35.0 million), 2028 (£20.0 million), 2029 (£50.5 million), 2029 (£30.0 million) and 2031 (£80.0 million) US Private Placement Notes are denominated in Sterling and attract a fixed interest rate of 2.59%, 1.96%, 2.92%, 2.69% and 2.39% respectively.

Predominantly, as a result of the fixed interest loan notes, effectively 73% of the Group's drawn debt is at fixed rates of interest. Overall, the Group has an effective interest rate on its borrowings of 3.58% as at 31 October 2023, compared with 2.41% at the previous year end. After adjusting for capitalised interest costs the Group has an effective interest rate on its borrowings of 2.97%.

Non-underlying finance charge

Interest on lease liabilities was £5.3 million (FY2022: £5.0 million) and reflects part of the leasehold rent 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 rent costs charge increased from £13.6 million in 2022 to £14.9 million in 2023, principally reflecting the increased rent costs across the portfolio in addition to the Netherlands leaseholds now forming part of the Group.

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

Tax

The tax charge for the year is analysed below:

Tax charge	**2023 £'m**	2022 £'m
Underlying current tax	**(5.1)**	(5.2)
Current year – exceptional	**—**	(0.9)
Current tax charge	**(5.1)**	(6.1)
Tax on investment properties movement	**(8.3)**	(29.9)
Deferred tax asset	**5.8**	—
Other	**—**	0.1
Deferred tax charge	**(2.5)**	(29.8)
Net tax charge	**(7.6)**	(35.9)

The net income tax charge for the year is £7.6 million (FY2022: £35.9 million). 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 £5.1 million (FY2022: £5.2 million), calculated by applying the effective overall underlying tax rate of 22.5% to the underlying profits arising earned by the non-UK businesses.

The deferred tax charge relating to Paris, Spain and Benelux was £8.3 million (FY2022: £29.9 million).

A deferred tax asset of £5.8 million (FY2022: £nil) relates to the recognition of carried forward losses in the UK business, recognising the extent to which the Group believes these losses will be utilised in future to reduce income tax liabilities.

In 2022, an exceptional current year tax charge of £0.9 million arose on the disposal of the Nanterre land.

All deferred tax movements are non-underlying.

Earnings per Share

As a result of the movements explained above, profit after tax for 2023 was £202.4 million as compared with £462.9 million in 2022. Basic EPS was 93.1 pence (FY2022: 219.5 pence) and diluted EPS was 92.8 pence (FY2022: 212.4 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 is 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 schemes, Management considers that the real cost to existing shareholders is the dilution that they will experience from the LTIP schemes; 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 FY2023 results, for every 10 cents variance to the average exchange rate of 1.149, there would be an impact of £1.3 million to Adjusted EPRA Earnings.

Adjusted Diluted EPRA EPS for the year was 47.9 pence (FY2022: 47.5 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:

	2023			2022		
	Earnings £'m	**Shares million**	**Pence per share**	Earnings £'m	Shares million	Pence per share
Basic earnings	**200.2**	**217.2**	**92.2**	462.9	210.9	219.5
Adjustments:						
Gain on investment properties	**(93.8)**	**—**	**(43.2)**	(381.6)	—	(180.9)
Exceptional items	**—**	**—**	**—**	0.1	—	—
Other exceptional gains	**—**	**—**	**—**	(10.8)	—	(5.1)
Exceptional finance income	**—**	**—**	**—**	(0.5)	—	(0.2)
Net exchange loss	**(0.3)**	**—**	**0.1**	—	—	—
Change in fair value of derivatives	**1.7**	**—**	**0.8**	0.3	—	0.1
Tax on adjustments/exceptional tax	**1.4**	**—**	**0.6**	29.7	—	14.1
Adjusted	**109.2**	**217.2**	**50.3**	100.1	210.9	47.5
EPRA adjusted:						
Fair value re-measurement of lease liabilities add-back	**(8.8)**	**—**	**(4.1)**	(8.3)	—	(3.9)
Tax on lease liabilities add-back adjustment	**1.1**	**—**	**0.5**	1.0	—	0.5
EPRA basic EPS	**101.5**	**217.2**	**46.7**	92.8	210.9	44.1
Share-based payments charge	**3.5**	**—**	**1.6**	11.2	—	5.3
Dilutive shares	**—**	**1.9**	**(0.4)**	—	8.0	(1.9)
Adjusted Diluted EPRA EPS	**105.0**	**219.1**	**47.9**	104.0	218.9	47.5

Dividends

The Directors are recommending a final dividend of 20.2 pence (FY2022: 20.4 pence) which Shareholders will be asked to approve at the Company's Annual General Meeting on 13 March 2024. If approved by Shareholders, the final dividend will be payable on 9 April 2024 to Shareholders on the register at close of business on 7 March 2024.

Reflective of the Group's improved performance, the Group's full year dividend of 30.1 pence is 1.0% up on the prior year dividend of 29.8 pence. The Property Income Distribution ("PID") element of the full year dividend is 17.62 pence (FY2022: 22.75 pence).

Property valuation and Net Asset Value ("NAV")

Cushman & Wakefield Debenham Tie Leung Limited LLP ("C&W") has valued the Group's property portfolio. As at 31 October 2023, the total value of the Group's property portfolio was £2,681.1 million (excluding investment properties under construction of £108.6 million and net of lease liabilities of £101.2 million). This represents an increase of £223.3 million compared with the £2,457.8 million valuation as at 31 October 2022. A reconciliation of the movement is set out below:

	UK £'m	Paris £'m	Spain £'m	Benelux £'m	Total £'m	Paris €'m	Spain €'m	Benelux €'m
Value at 1 November 2022	1,756.8	538.1	27.3	135.6	2,457.8	625.9	31.9	157.7
Currency translation movement	—	8.0	0.5	1.7	10.2	—	—	—
Additions	32.6	7.3	12.1	15.6	67.6	8.4	13.9	17.9
Reclassifications	7.2	—	30.6	4.2	42.0	—	35.2	4.8
Revaluation	75.8	20.5	(0.3)	7.5	103.5	23.6	(0.4)	8.5
Value at 31 October 2023	**1,872.4**	**573.9**	**70.2**	**164.6**	**2,681.1**	**657.9**	**80.6**	**188.9**

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 the average rate which has increased by 3.5% to £30.26 in 2023 from £29.25 in 2022 with a reduction in occupancy, which is down 5.1ppts to 77.0% in 2023 from 82.1% in 2022. The valuation assumptions for capitalisation rates and stabilised occupancy remained fairly constant, as explained further below.

The exchange rate at 31 October 2023 was €1.146:£1 compared with €1.163:£1 at 31 October 2022. This movement in the foreign exchange rate has resulted in a £10.4 million favourable currency translation movement in the year. This has slightly improved the Group Net Asset Value ("NAV") but had no impact on the loan-to-value ("LTV") covenant as the assets are tested in their functional currency.

The Group's property portfolio valuation excluding investment properties under construction has increased by £223.3 million from the valuation of £2,457.8 million at 31 October 2022. This reflects the gain on valuation of £103.5 million, which is explained above, £109.6 million relating to additions, store refurbishments and reclassifications as well as £10.2 million of favourable foreign exchange movements on the translation of the European portfolios. On a like for like basis the portfolio increased by 6.2%.

The value of the UK investment property portfolio including investment properties under construction has increased by £118.6 million (comprising £115.6 million in investment properties and £3.0 million in investment properties under construction) compared with 31 October 2022. This includes a £74.9 million valuation gain and £43.7 million of capital additions.

In Paris, the value of the property portfolio including investment properties under construction increased by €50.8 million, of which €23.6 million was valuation gain and capital additions were €27.2 million. The net increase in investment properties, when translated into Sterling, amounted to £52.2 million, reflecting the foreign exchange impact described above.

In Spain, the value of the property portfolio including investment properties under construction increased by €28.6 million, of which €29.0 million were additions, with the valuation remaining flat over the period as the stores start to generate income, growing towards stabilised occupancy where we would expect to see the benefits in the future. The net increase in investment properties including investment properties under construction when translated into Sterling amounted to £17.3 million, reflecting the foreign exchange impact described above.

In Benelux, the value of the property portfolio including investment properties under construction was €208.7 million, representing an increase of €44.5 million from 2022. This increase is predominantly made up of €36.0 million of additions as well as a €8.5 million valuation increase.

Our pipeline of future development opportunities remains strong and gives us further confidence in our future growth plans. The pipeline of c. 1.5 million sq ft representing c. 18% of our existing property portfolio is estimated, on stabilisation, to deliver in the range of £25–30 million of incremental EBITDA.

The Group's freehold exit yield for the valuation at 31 October 2023 reduced to 5.72%, from 5.78% at 31 October 2022, and the weighted average annual discount rate for the whole portfolio has increased from 8.48% at 31 October 2022 to 8.54% at 31 October 2023.

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's Best Practices Recommendations guidelines for Net Asset Value ("NAV") metrics are EPRA Net Tangible Assets ("NTA"), EPRA Net Reinstatement Value ("NRV") and EPRA Net Disposal Value ("NDV"). Safestore considers EPRA NTA to be most consistent with the nature of the Group's business.

The EPRA Basic NTA per Share, as reconciled to IFRS net assets per share in note 15 of the financial statements, was 952 pence (FY2022: 908 pence) at 31 October 2023, up 4.7% since 31 October 2022, and the IFRS reported diluted NAV per share was 884 pence (FY2022: 820 pence), reflecting a £153.6 million increase in reported net assets during the year.

Gearing and capital structure

As at 31 October 2023, the Group's borrowings comprised bank borrowing facilities, made up of revolving facilities in the UK as well as US Private Placements.

Net debt (including lease liabilities and cash) stood at £810.3 million at 31 October 2023, an increase of £112.0 million from the 2022 position of £698.3 million, reflecting funding for the continued expansion of the Group portfolio. Total capital (net debt plus equity) increased from £2,491.7 million at 31 October 2022 to £2,745.4 million at 31 October 2023. The net impact is that the gearing ratio has increased from 28.0% to 29.5% in the year.

Management also measures gearing with reference to its loan-to-value ("LTV") ratio defined as net debt (excluding lease liabilities) as a proportion of the valuation of investment properties and investment properties under construction (excluding lease liabilities). At 31 October 2023 the Group LTV ratio was 25.4% as compared to 23.6% at 31 October 2022. 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 2023

As at 31 October 2023, £203.0 million of the £400.0 million Revolver was drawn. Including the US Private Placement debt of €358.0 million (£312.3 million) and £215.5 million, the Group's borrowings totalled £730.8 million (after adjustment for unamortised finance costs).

As at 31 October 2023, the weighted average remaining term for the Group's available borrowing facilities is 4.5 years (FY2022: 4.0 years). If we take into consideration the second one-year extension available under the Revolving Credit Facility, the weighted average remaining term for the Group's available borrowing facilities is 5.0 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 2023 is 6.7x (FY2022: 10.4x).

The LTV covenant is 60% under the current facility. As at 31 October 2023, 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 2023 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 2023 and 2022. 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.

	2023 £'m	2022 £'m
Underlying EBITDA	**142.2**	135.1
Working capital/exceptionals/other	**(13.0)**	(2.7)
Adjusted operating cash inflow	**129.2**	132.4
Interest payments	**(19.6)**	(11.8)
Leasehold rent payments	**(14.9)**	(13.6)
Tax payments	**(5.5)**	(5.6)
Free cash flow (before investing and financing activities)	**89.2**	101.4
Acquisition of subsidiary, net of cash acquired	**—**	(111.5)
Investment in associates	**(2.3)**	(0.8)
Capital expenditure – investment properties	**(119.0)**	(95.2)
Capital expenditure – property, plant and equipment	**(2.9)**	(1.0)
Net proceeds from disposal of land	**—**	—
Net proceeds from disposal of investment properties	**—**	6.4
Proceeds from disposal – property, plant and equipment	**—**	0.2
Net cash flow after investing activities	**(35.0)**	(99.5)
Issue of share capital	**0.2**	0.5
Dividends paid	**(65.9)**	(56.9)
Net drawdown of borrowings	**101.3**	132.1
Debt issuance costs	**(4.9)**	(0.1)
Financial instruments	**0.4**	1.3
Swap termination	**—**	0.5
Net (decrease)/increase in cash	**(3.9)**	(22.1)

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.

	2023 £'m	2022 £'m
Free cash flow (before investing and financing activities)	**89.2**	101.4
Add back: principal payment of lease liabilities	**8.8**	8.4
Net cash flow from operating activities	**98.0**	109.8

	2023 £'m	2022 £'m
From table above:		
Adjusted net cash flow after investing activities	**(35.0)**	(99.5)
Add back: principal payment of lease liabilities	**8.8**	8.4
Net cash flow after investing activities	**(26.2)**	(91.1)
From consolidated cash flow:		
Net cash inflow from operating activities	**98.0**	109.8
Net cash outflow from investing activities	**(124.2)**	(200.9)
Net cash flow after investing activities	**(26.2)**	(91.1)

	2023 £'m	2022 £'m
Adjusted operating cash inflow	**129.2**	132.4
Cash outflow on variable lease payments	**(0.8)**	(0.2)
Cash flow from operations	**128.4**	132.2

Adjusted operating cash flow decreased by £3.2 million in the year. The movement in working capital is primarily associated with settlement of employment related taxes connected with the maturity of the five and three-year share-based payment schemes at the end of 2022 and early 2023 respectively, and other trade receivable and payables timings. These are offset by the £7.1 million increase in Underlying EBITDA.

Free cash flow (before investing and financing activities) decreased by 12.0% to £89.2 million (FY2022: £101.4 million). The free cash flow benefited from the increase in Underlying EBITDA which was offset by interest payments and working capital movements.

Investing activities experienced a net outflow of £124.2 million (FY2022: £200.9 million outflow), which included £123.4 million of capital expenditure on our investment property portfolio. In 2022, the acquisition of the remaining 80% in the Joint Venture as well as the acquisition of the new site at Christchurch resulted in an outflow of £111.5 million. Of the £123.4 million capital expenditure on investment properties, £43.3 million related to the UK, £23.5 million related to France, £25.2 million related to Spain and £31.4 million related to Benelux. Of the £123.4 million, £6.7 million related to maintenance, £95.4 million to new stores and £21.3 million to developments and property, plant and equipment.

Adjusted financing activities generated a net cash inflow of £31.1 million (FY2022: £77.4 million inflow). Dividend payments totalled £65.9 million (FY2022: £56.9 million). The net drawdown of borrowings was £101.3 million (FY2022: £132.1 million), in order to finance the acquisition of development and pipeline stores.

The strategic report, including pages 6 to 77, was approved by a duly authorised Committee of the Board of Directors on 16 January 2024 and signed on its behalf by:

Andy Jones
Chief Financial Officer
16 January 2024

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

Building and maintaining effective dialogue with stakeholders help inform the Board's decision-making process and enable it to create value in the long term. The Board emphasises the importance of continued engagement with our key stakeholders to management. Engagement is led either directly through the Board and its Committees or by management. Not all information is reported directly to the Board, as the Board delegates authority to the CEO and management for certain engagement and receives regular stakeholder updates at Board meetings.

Key stakeholders	How we engage	What they tell us matters to them	Outcomes and highlights from engagement
Our people	We actively foster an open and collaborative environment, whilst prioritising the wellbeing and interest of our colleagues. We engage with our colleagues through a number of mechanisms, including our 'Make the Difference' people forum launched in 2018 which is a formal workforce advisory panel. Directors receive a Health, Safety and Wellbeing report at each Board meeting.	• Cost of living • Health and wellbeing and a safe working environment • Open and honest communication • Training and development opportunities • Diversity and inclusion • Reward and recognition initiatives	The Company was pleased to receive Platinum accreditation from Investors in People. It continued to enhance its colleague benefits and learning and development opportunities. The Safestore Diversity Pay Gap Report was published and we will continue to work together to deliver a truly inclusive environment for our colleagues.
Our customers	We engage with customers and prospects in a creative and consistent way across various communication channels. We receive their feedback through face-to-face communication in store, directly through our Customer Support Centre, and online via our website, email, and social media channels. We invest in customer service training, tools, coaching and evaluation to provide a service that is professional, efficient, and helpful.	• Understanding their needs and using our expertise to find them the right solution • Knowing that their belongings are stored safely and securely • Great customer service • Reliable communications channels • Flexibility	Positive ratings on all relevant customer service rating platforms: • Feefo Platinum Trusted Service award for Safestore UK • Trustpilot 'Excellent' rating achieved in the UK with a Trustpilot 'Great' rating maintained in France • Average Google rating of 4.7 achieved in Spain • In the Netherlands, a high score of 4.9 was achieved on Trustpilot, whilst in Belgium, customer service was rated 4.7 on Feefo
Our shareholders and investors	Safestore recognised the importance of engaging with our investors and shareholders and values the input they have into the long term success of the Company. Our Chairman and SID are accessible to shareholders and engage with our largest institutional shareholders to discuss governance, strategy and other significant matters. Our CEO and CFO regularly engage with all shareholders and provide more insight to the Company's strategic direction and performance.	• Appropriate remuneration structure to drive growth and reward performance, within the confines of best practice • Strong financial performance and returns • Clear strategy and transparency on the Company's performance • Strong leadership and a strong reputation for high standards of business conduct • Progress against our ESG targets	The Board, through delegated authority to its Remuneration Committee, carried out two rounds of extensive consultation and engagement with shareholders representing over 75% of our issued share capital. The results of this constructive two-way feedback with shareholders was a 97.4% approval of the 2023 Remuneration Policy at the Company's General Meeting held in July 2023.

Key stakeholders	How we engage	What they tell us matters to them	Outcomes and highlights from engagement
Our partners	The Executive Team fosters strong relationships with our business partners, including Joint Venture partners, our landlords at our leasehold sites, our contractors and our suppliers of goods and services. Management holds regular meetings with our JV Partners and quarterly meetings with our construction management partner and supplier forums are held bi-annually to facilitate an open exchange of feedback.	• Building strong relationships • Maintaining sustainable business practices • Our current and future financial performance • Our operational excellence • Clear communication, fair engagement and prompt payment • Corporate governance	Following our previous successful JV with Carlyle in the Benelux region, we established a new German JV. Germany is one of Europe's most under-penetrated self storage markets and this is the first stage of growing Safestore's presence there.
Our communities	Location is fundamental to the success of Safestore stores and the Company is committed to making a positive contribution to our local communities. We seek to deliver long term benefits to our local communities and be part of a thriving local economy. Our Sustainable Development Goals and sustainability strategy are developed with our communities at its heart.	• Minimal negative impact and local disruption to the community from our business operations • Creating local employment opportunities, both directly and from our suppliers and customers • Supporting local community projects and charities	We provide fundraising support to existing and new local charity partners; for example, for the eleventh year in a row, Safestore UK teamed up with the WrapUp London campaign to support its annual coat drive to help those in need during the winter of 2022 and during December our Head Office colleagues supported a collection for a local foodbank. We continue to offer subsidised storage space to local communities through our 'charity room in every store' scheme and actively seek out practical and creative solutions by working with and supporting a number of charitable causes.
Our environment	Safestore has a long-standing commitment to provide both a long term sustainable investment and a pleasant and safe environment for our customers, colleagues and other stakeholders.	• We receive feedback from various stakeholders on what environmentally sustainable business practices means to them. • Awareness of the environmental impact of our activities and positive actions to mitigate these. • Reducing our carbon footprint by decreasing absolute emissions, energy usage, water consumption and waste.	• Green electricity used across the Group with certification for the UK, France, the Netherlands, and Spain • 100% diversion from landfill for UK operational waste • 32 UK stores now have gas use removed, reducing overall usage year-on-year by 21% • 7 new plug-in hybrid electric cars have been purchased, replacing petrol vehicles in the UK

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

s172 statement

The Board believes that at all times, the Directors of the Company acted in a way that they considered, 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 had regard to the matters set out in s172(1) (a) to (f) ("s172 Matters"). In accordance with s414CZA of the Companies Act 2006, the below provides examples of principal decisions made during the year and describes how the Directors had regard for the s172 Matters.

Principal decisions and how the Board had regard to the matters outlined in s172 (1) (a) to (f).

Principal decision	Background	Regard for s172 matters
Remuneration Policy	The Committee noted the significant vote against the 2022 Directors' Remuneration Report with 74.66% of the votes in favour of the report. This outcome was expected by the Board given previous shareholder engagement which indicated that some investors who voted against the 2017 Remuneration Policy at its inception had a policy to vote against all future remuneration reports that disclosed the vesting value of the 2017 LTIP awards. A number of those investors which voted against the 2022 Directors' Remuneration Report noted that their vote against did not reflect a vote against either the management or the Board and that they accept fully that the pay-outs reflect the outstanding value creation for all shareholders over the five-year period from 2017 to 2022. With the 2017 LTIPs vested, the Company was required to put forward a suitable Remuneration Policy which took into consideration the views of shareholders, whilst understanding that the motivation and retention of the Executive Directors and the senior management team was considered by shareholders to be a critically important challenge for the Board going forward.	As part of the process undertaken by the Committee when designing the Policy, it carried out an extensive consultation, engaging with the Company's largest shareholders representing over 75% of the issued share capital, as well as investor bodies. The Board, through delegated authority to its Remuneration Committee, collated the feedback received and, from that, understood that some areas of the proposals required further consideration to ensure we are; aligned with shareholders' interests; acting fairly between members; and reflecting their priorities in promoting the success of the company. In particular, there was a desire across our shareholder base for the Company to move to a more conventional remuneration structure over the medium term, particularly with regard to the split between base salary and LTIP to deliver upper quartile total remuneration for exceptional performance. The Board and shareholders share the belief that it is critical to the business to appropriately incentivise and retain a strong management team in order to continue to deliver value for shareholders. The decision was taken to postpone the vote on the Remuneration Policy at the 2023 Annual General Meeting and to undertake further shareholder engagement and consultation on a revised proposal which took into consideration shareholder sentiment to move to a more conventional remuneration structure. In July 2023, the Board gave notice for a General Meeting to seek approval of the revised Remuneration Policy. As a result of the extensive engagement and the Board's ability to not only take on Board shareholder feedback but to act upon it, 97.4% of shareholders voted in favour of the Remuneration Policy at the General Meeting. This could only be achieved through constructive two-way feedback with shareholders and stakeholders.
Entering German market	Safestore has developed a multi-country highly scalable platform with leading marketing and operational expertise in self storage, with a proven track record for developing its platform in new markets. Germany is one of Europe's most under-penetrated self storage markets. In December 2022, Safestore entered the German self storage market via a new Joint Venture with global investment firm Carlyle which acquired the seven-store myStorage business with 326,000 sq ft of MLA. This followed our previous successful JV with Carlyle in the Benelux region, of which Safestore subsequently took full ownership in March 2022.	The Board carefully considered the best interests of the Company, for the benefit of its shareholders, when entering the German market, as it does when entering any new territory. The decision-making process was influenced by the success of the JV with Carlyle in the Benelux region. However, the Board gave due regard to the risk associated with entering a new jurisdiction. Local advisers assisted in guiding management to better understand local legislation, tax and reporting requirements, as well as cultural and social considerations for the region. The Board gave regard to how the transition of myStorage coming under the Safestore Group would impact the existing workforce.
Revolving Credit Facility	On 11 November 2022, the Group completed the refinancing of its Revolving Credit Facilities, which were due to expire in June 2023. These new facilities were integral to Safestore's growth ambitions, providing the Company with the flexibility in financing it needs and providing sufficient capital to draw from to facilitate expansion of the Company's portfolio. Following engagement and consultation with various banks and the syndicate agent, the previous £250.0 million Sterling and €70.0 million Euro RCFs were replaced with a single, unsecured four-year £400 million multi-currency facility, which was extended for a further year to November 2027 in October 2023. In addition, a further £100 million uncommitted accordion facility was established with the lenders and incorporated in the facility agreement.	The Board considered how the new facility would contribute to the long-term success of the Company, in particular its overall impact on financial stability and strategic growth objectives. In assessing the associated risk, the Board sought advice from management and advisers and considered the terms and conditions of the facility, including interest rates, financial covenants, and potential penalties, and what the long term consequences of these could be. As part of its process, the Board appointed Lazard as Financial Adviser, and engaged and consulted with a number of lenders and the syndicate agent to achieve the best terms available for the Group, whilst ensuring appropriate due diligence had taken place and governance processes were in place to mitigate risk and uphold high business standards.

Strategic, operational and emerging 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 and the recently introduced Internal Audit function. 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 could have the future potential 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 2022
Strategic risks 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.	• The strategy development process draws on internal and external analysis of the self storage market, emerging customer trends and a range of other factors. • Continuing focus on yield management with regular review of demand levels and pricing at each individual store. • Continuing focus on building the Safestore brand, acquisitions and development projects. • The portfolio is geographically diversified with performance monitoring covering the personal and business customers by segments. • Detailed and comprehensive sensitivity and scenario modelling taking into consideration variable assumptions. • Monitoring of key data points helping to understand and minimise uncertainty around the economic environment. • Robust cost management.	The Group's strategy is regularly reviewed through the annual planning and budgeting process, and regular reforecasts are prepared during the year. The Group expanded its interests in Europe through a new Joint Venture with Carlyle, where Safestore acquired a 10% share of the entity which acquired the myStorage business. The acquisition of new stores together with new store openings have been fully integrated in the Group's store portfolio. The current macroeconomic pressures arising from both the supply chain issues associated with the rebound in demand post global restrictions and the conflict in Ukraine as well as the cost-of-living increases have caused significant global uncertainty and the impact this will have on economic growth is unclear. Both pressures have led to higher inflation which has had a direct impact on consumer spending that may impact the self storage market. The level of risk is considered similar to the 31 October 2022 assessment.

Risks and risk management continued

Principal risks and uncertainties continued

Risk	Current mitigation activities	Developments since 2022
Finance risk Lack of funding resulting in an inability to meet business plans or satisfy liabilities or a breach of covenants.	• Funding requirements for business plans and the timing for commitments are reviewed regularly as part of the monthly management accounts. • The Group manages liquidity in accordance with Board-approved policies designed to ensure that the Group has adequate funds for its ongoing needs. • The Board regularly monitors financial covenant ratios and headroom. • All of the Group's banking facilities now run to 30 November 2026. The US Private Placement Notes mature between one and ten years.	In the past few years, there have been significant opportunities to invest in new stores, in both the UK and throughout Europe. The Group completed the refinancing of its Revolving Credit Facilities ("RCFs") which were due to expire in June 2023. The previous £250 million Sterling and €70 million Euro RCFs have been replaced with a single multi-currency £400 million facility. In addition, a further £100 million uncommitted accordion facility is incorporated in the facility agreement. The facility is for a four-year term with two one-year extension options exercisable after the first and second years of the agreement, with the first extension recently being completed. The Group's loan-to-value ("LTV") ratio has broadly remained constant during 2023, at c. 25.4% compared to 23.6% at the prior financial year end. Therefore, this risk continues to remain low and broadly unchanged from the 31 October 2022 assessment.
Treasury risk Adverse currency or interest rate movements could see the cost of debt rise, or impact the Sterling value of income flows or investments.	• Guidelines are set for our exposure to fixed and floating interest rates and use of interest rate swaps to manage this risk. • Foreign currency denominated assets are financed by borrowings in the same currency where appropriate. • The Group has entered into FX forwards to reduce the volatility associated with the translation risk of the Euro.	Euro denominated borrowings continue to provide an effective, natural hedge against the Euro denominated net assets of our French and Spanish businesses. Although the Bank of England base rate has increased, with 73% of the Group's debt at fixed rates, the Group's exposure to interest rate shocks is mitigated. Although 73% of the Group's debt is at fixed rates at 31 October 2023, removing much of the volatility of interest rate fluctuations, as we move into 2024 and fund the new store pipeline from incremental drawings on our Revolving Credit Facility, we are likely to see the cost of debt increase. Therefore, this risk has increased from the 31 October 2022 assessment.

Risk	Current mitigation activities	Developments since 2022
Property investment and development risk 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. Corporate transactions may be at risk of competition referral or post-transaction legal or banking formalities. Building cost inflation makes it difficult to estimate accurate cost assumptions when considering new investments and developments.	• Thorough due diligence is conducted and detailed analysis is undertaken prior to Board approval for property investment and development. • Execution of targeted acquisitions and disposals. • The Group's overall exposure to developments is monitored and controlled, with projects phased to avoid over-commitment. • The performance of individual properties is benchmarked against target returns and post-investment reviews are undertaken.	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. 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. We continue to pursue investment and development opportunities, and consider our recent track record to have been successful. With the current economic uncertainty and building cost inflation expected to peak in 2024, this risk is broadly unchanged from the 31 October 2022 assessment.
Valuation risk Value of our properties declining as a result of external market or internal management factors could result in a breach of borrowing covenants. In the absence of relevant transactional evidence, valuations can be inherently subjective leading to a degree of uncertainty.	• Independent valuations are conducted regularly by experienced, independent, professionally qualified valuers. • 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. • Headroom of LTV banking covenants is maintained and reviewed. • Current gearing levels provide sizeable headroom on our portfolio valuation and mitigate the likelihood of covenants being endangered.	The valuation of the Group's portfolio has continued to grow during the year, reflecting valuation gains arising from the increasing profitability of our portfolio, additions to our portfolio through corporate acquisitions and the opening of new development stores. However, the pressures which have led to higher inflation which in turn is having a direct impact on consumer spending may impact the self storage market. Therefore, the key assumptions that underpin the investment property valuation are subject to greater volatility. This has resulted in the level of risk increasing with respect to valuation risk compared to the 31 October 2022 assessment.
Occupancy risk A potential loss of income and increased vacancy due to falling demand, oversupply or customer default, which could also adversely impact the portfolio valuation.	• Personal and business customers cover a wide range of segments, sectors and geographic territories with limited exposure to any single customer. • Dedicated support for enquiry capture. • Weekly monitoring of occupancy levels and close management of stores. • Management of pricing to stimulate demand, when appropriate. • Monitoring of reasons for customers vacating and exit interviews conducted. • Independent feedback facility for customer experience. • 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.	The Covid-19 pandemic resulted in a contraction in economic growth, with the economy recovering over the period since. This coupled with the cost of living crisis has led to higher inflation, resulting in higher interest rates and a level of economic uncertainty. With this economic outlook remaining uncertain, with significant inflationary pressures on the economy, and an associated impact on the cost of living, this may lead to pressure on occupancy in the next year. Growth in our store portfolio diversifies the potential impact of underperformance of an individual store but does not fully mitigate the risk. Therefore, the risk has increased compared with the assessment for the year ended 31 October 2022.

Principal risks continued

Risks and risk management continued

Principal risks and uncertainties continued

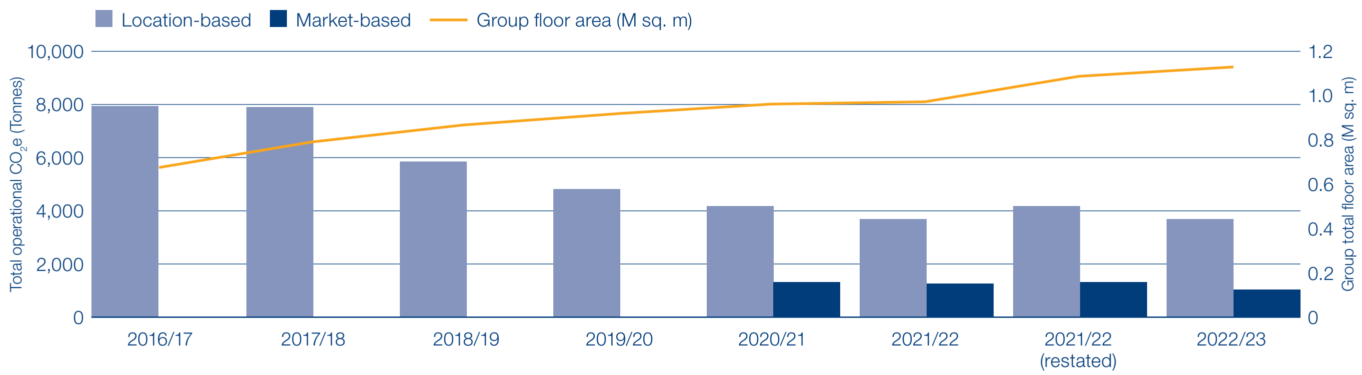
Risk	Current mitigation activities	Developments since 2022
Real estate investment trust ("REIT") risk Failure to comply with the REIT legislation could expose the Group to potential tax penalties or loss of its REIT status.	• Internal monitoring procedures are in place to ensure that the appropriate rules and legislation are complied with and this is formally reported to the Board.	The Group has remained compliant with all REIT legislation throughout the year. There has been no significant change to this risk since the 31 October 2022 assessment.
Catastrophic event 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.	• Business continuity plans are in place and tested. • Back-up systems at offsite locations and remote working capabilities. • Reviews and assessments are undertaken periodically for enhancements to supplement the existing compliant aspects of buildings and processes. • Monitoring and review by the Health and Safety Committee. • Robust operational procedures, including health and safety policies, and a specific focus on fire prevention and safety procedures. • Fire risk assessments in stores. • Periodic security review of all systems supported by external monitoring and penetration testing. • Limited retention of customer data. • Online colleague training modules.	Continuing focus from the Risk Committee, with particular attention to specific issues. The level of risk is considered similar to the 31 October 2022 assessment.
Regulatory compliance risk 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. Changes in tax regimes could impact tax expenditure. 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.	• Monitoring and review by the Risk Committee. • Project-specific steering committees to address the implementation of new regulatory requirements. • Liaison with relevant authorities and trade associations. • Where a store is at risk of compulsory purchase, contingency plans are developed. • Legal and professional advice. • Online training modules.	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. The level of risk is considered similar to the 31 October 2022 assessment.
Marketing risk 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.	• Constant measuring and monitoring of our web presence and ensuring compliance with rules and regulations. • Market leading website. • Use of online techniques to drive brand visibility. • Our pricing strategy monitors and adapts to evolving customer behaviour.	We continue to build functional expertise at Group level in performance marketing, organic and local searches and analytics. The Group marketing forum continues to review performance, market developments and our ongoing improvement plan. We have implemented a new value and quality focused performance marketing strategy. The level of risk is considered similar to the 31 October 2022 assessment.

Risk	Current mitigation activities	Developments since 2022
IT security/GDPR Cyber-attacks and data security breaches are becoming more prominent with a greater level of sophistication of attacks. This has the potential to result in reputational damage, fines or customer compensation, causing a loss of market share and income.	• Constant monitoring by the IT department and consultation with specialist advice firms ensure we have the most up-to-date security available. • Twice yearly formal IT security review at Group Audit Committee. • We minimise the retention of customer and colleague data in accordance with GDPR best practice. • The policies and procedures are under constant review and benchmarked against industry best practice. These policies also include defend, detect and response policies.	During 2022 and continuing into 2023, 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 and the replacement of components such as firewalls to the latest technology and specification. The risk is not considered to have increased for the Group nor is the Group considered to be at a greater risk than the wider industry; however, we consider that digital threats on the whole are increasing. The level of risk is considered similar to the 31 October 2022 assessment.
Brand and reputational risk 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.	• Constant involvement by the retail service team to engage with customers and address their concerns. • Constant training of the store teams to provide a clear and concise communication strategy to customers. • Our understanding of and engagement with all our stakeholders enable early visibility and identification of stakeholder dissatisfaction.	The Retail Service function always engages with customers to resolve any issues or complaints. Our sustainability report on pages 44 to 77 of our Annual Report provides insight into how we engage with our customers and the community. The level of risk is considered similar to the 31 October 2022 assessment.
Geographical expansion The Group has invested in expanding the overseas operations of the business through both subsidiaries and the Joint Ventures with Carlyle over recent years. 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. Integration of smaller acquisitions may be challenging where the infrastructure of the acquired business is not of a level required by the Group.	• Large portfolio of potential new sites, prioritised based on detailed research into areas most likely to be successful. • Strong operational knowledge and experience in integrating new business. • We have well-documented procedures for the integration of new acquisitions and a good track record of recent success.	The level of risk is considered similar to the 31 October 2022 assessment.

Risks and risk management continued

Principal risks and uncertainties continued

Risk	Current mitigation activities	Developments since 2022
Human resource risk Fundamental to the Group's success are our people. As such, due to market competitiveness and cost-of-living increases we are exposed to a risk of colleague turnover, and subsequent loss of key personnel and knowledge.	• The Group has 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. • We continue to consult regularly with our management team and monitor involuntary turnover. We maintain adequate succession for our key talent. • 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. • 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.	The level of risk is considered similar to the 31 October 2022 assessment.
Climate change related risk The Group could be exposed to climate change in the future through the related transition and physical risks. Physical risks could 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.	• 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. • Physical climate risk of new developments is evaluated as part of the investment appraisal process for new developments. • 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. • If we choose to develop a store in a high risk area, we proactively deploy flood mitigation measures. • We are committed to building to a minimum standard of BREEAM "Very Good" on all of our new store developments. • All new store developments are registered with the Considerate Constructors Scheme, which considers the public, the workforce and the environment.	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 and the direct impact on the business. The Group has identified that the exposure and vulnerability will be isolated to specific areas of the business, such as a specific store potentially flooding rather than a multiple store event, and therefore is limited. Further, our Sustainability Committee, with representation from across all levels of the business, continues to assess 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, where the Group has committed to be operationally carbon neutral by 2035, requiring an investment to achieve carbon neutrality of around £3 million. Our investment appraisal process has been updated to consider climate change related risks of new investments and will continue to be evolved as we continue on the TCFD journey. As we start to fully understand the exposure to the Group, as outlined in the TCFD statement, we have a much clearer understanding of the risk. Therefore, the level of risk is considered similar to the 31 October 2022 assessment and will continue to be assessed to determine whether this remains a principal risk throughout the 2023/24 financial year.



Non-financial and sustainability information statement

We 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
Environmental matters		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 59 to 77 of the sustainability report. The Company's approach to environmental matters is overseen by the Company's sustainability leadership team.
Employees	• Code of conduct (page 86) • Equality, diversity and inclusion policy (page 49) • Bullying and harassment policy • Disciplinary and grievance policies • Health and safety manual (page 50)	The pivotal role of our colleagues is reported within the Our People section of the sustainability report on pages 48 to 53 and within the Chief Executive's statement on pages 10 and 11. 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. The Company's approach to pay fairness throughout the Group is set out on pages 103 to 106 of the Directors' remuneration report.
Human rights	• Code of conduct (page 86) • Equality, diversity and inclusion policy (page 49) • Data privacy policies • Anti-slavery statement • Whistleblowing ("Speak Out") policy (page 86) • IT policy	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 monitored as part of our risk management processes, overseen by the Audit Committee.
Social matters		The Company's approach to social matters is set out in Our Community on pages 56 to 58 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. The Company's approach to social matters is overseen by the Company's sustainability leadership team.
Anti-corruption and anti-bribery	• Anti-corruption and bribery statement and policy (page 86) • Gifts, tips and hospitality policy (page 86)	Further commentary for individual policies is set out on the pages detailed in the previous column. These policies are monitored as part of our risk management processes, overseen by the Audit Committee.
Description of principal risks and impact on business activity	• Risk overview (pages 35 to 40 of the strategic report)	The Company's approach to risk management and internal control is set out in the governance report on page 85.
Description of the business model		The Company's market and business model are reported on pages 16 to 18 in the Chief Executive's statement of the strategic report.
Non-financial key performance indicators		Non-financial KPIs are summarised in the Chief Executive's statement and reported in the financial highlights section of page 1, within the trading performance section of the strategic report on pages 18 and 19; as well as in the sustainability report on page 44.

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 Corporate Governance Code requires that the Directors have considered the viability of the Group over an appropriate period of time selected by them, 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 9), our business model (see pages 17 and 18), our risk appetite and our principal risks and uncertainties (see pages 35 to 40 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 outlook 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 recent pandemic and geopolitical pressures. These scenarios are differentiated by the impact of demand and enquiry levels, average rate growth and the level of cost savings, representing the assumption variations, which can be summarised as follows:

- Base scenario - positive year-on-year enquiries and demand growth in all countries;
- Upside scenario - representing stronger revenue growth than the base scenario in the UK and France with some slight cost savings;
- Downside scenario - which assumes a decline in year-on-year enquiries and demand in the UK and France; and
- Stress Test Scenario - representing 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.

In November 2022, the Group completed the refinancing of its Revolving Credit Facilities ("RCFs") which were due to expire in June 2023. The previous £250 million Sterling and €70 million Euro RCFs have been replaced with a single multi-currency £400 million facility, with a four-year term with extension options and an uncommitted accordion facility incorporated in the facility agreement.

The impact of the above 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 continued cost of living and the conflict in Ukraine have resulted in significant pressure on the economic growth for the UK and Europe in 2022–23. These potential implications have been thoroughly considered with respect to the Group's strategy through the annual planning and budgeting process. They 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 2024 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, meet 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.

Compliance with Climate-related Financial Disclosures

We set out in the following section our climate-related financial disclosures consistent with the Task Force on Climate-related Financial Disclosures ("TCFD") recommendations and recommended disclosures. The Group has complied with the requirements of LR 9.8.6(8)R by including climate-related financial disclosures consistent with the TCFD recommendations and recommended disclosures except for the following matters: metrics and targets (b) Scope 3 emissions. For Scope 3 emissions, the Group currently discloses those aspects under its operational control (categories 1, 3, 5 and 6). Upstream emissions associated with building development (category 2) may be material in a given year and, whilst we are unable to quantify them at this stage, we engage with suppliers to ensure they are taking steps to reduce their impact by using recycled content, reducing waste, minimising contractor travel, and using clean energy on site. Downstream emissions are primarily customer journeys to and from our stores (category 9). These emissions will naturally abate as consumer vehicles switch to electric propulsion powered by a clean energy grid.

The Group is not legally required to comply with the reporting requirements of the Companies Act 2006 as amended by the Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022, as the Group did not meet the reporting criteria of this regulation in 2022/23.

TCFD recommendation	Included in FY2023 disclosures?	Reference/comment
Governance		
a) Describe the Board's oversight of climate-related risks and opportunities	Yes	Strategic report page 59 Corporate governance report page 78
b) Describe management's role in assessing and managing climate-related risks and opportunities	Yes	Strategic report page 59
Strategy		
a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term	Yes	Strategic report pages 60 to 64
b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning	Yes	Strategic report pages 60 to 64
c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	Yes	Strategic report pages 60 to 64
Risk management		
a) Describe the organisation's processes for identifying and assessing climate-related risks	Yes	Strategic report page 60
b) Describe the organisation's processes for managing climate-related risks	Yes	Strategic report pages 35, 40 and 60
c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management	Yes	Strategic report pages 35 and 60
Metrics and targets		
a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process	Yes	Strategic report pages 64 to 65
b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas ("GHG") emissions, and the related risks	Yes, partial Scope 3	Strategic report (GHG reporting) pages 70 to 77
c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets	Yes	Strategic report pages 47, 59, 62, 68 and 75

Our commitment to sustainability

"We are proud of our track record in developing profitable and sustainable spaces that allow individuals, businesses and local communities to thrive."

Frederic Vecchioli
Chief Executive Officer

Being a sustainable organisation is important to our business processes and operations. We strive to ensure that our activities reflect our ongoing commitment to customer care, colleague engagement, responsible supply chains, driving stakeholder value, and helping to maintain a sustainable environment for future generations.

The Group continues to contribute to the development of a sustainable society through focused efforts on the four pillars of our sustainability strategy:

- creating a diverse, dynamic, and engaged workplace ('our people');
- commitment to customer care ('our customers');
- developing and maintaining partnerships with local communities and charities ('our community'); and
- mitigating the environmental effects of our activities ('our environment').

Our sustainability focus

As a provider of self storage facilities across Western Europe, and the UK's largest self storage company, we are very aware of the impact we can have in society and on the environment and therefore, by making incremental changes year-on-year, we can ensure that our actions have positive implications for our colleagues, suppliers, and wider society.

We are continuously adapting our business to respond to our customers' changing expectations including improving customer convenience, and offering flexibility for small, medium, and large businesses.

We are proud of the role we continue to play in the lives of our customers as we meet the demand for space from domestic and business customers, and we want to keep pace with their needs and expectations whilst delivering our commercial objectives.

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.

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/.

Sustainability highlights

2023
we published our first diversity pay gap report

4.5+
customer satisfaction rating in all markets

41%
reduction in accidents involving our colleagues

32
gas appliances removed from UK stores

100%
of construction waste diverted away from landfill in the UK

19.4%
reduction in market-based operational GHG intensity

EPRA sBPR SILVER

In recognition of the progress made in our sustainability disclosures, Safestore has been awarded a Silver rating in the 2023 EPRA Sustainability BPR Awards. In addition, the Global ESG Benchmark for Real Assets ("GRESB") has once again awarded Safestore an 'A' rating in its 2023 Public Disclosures assessment and MSCI has awarded Safestore its second highest rating of 'AA' for ESG.

Delivering our sustainability strategy

During the year, the Board continued to focus on delivering the Group's strategy whilst addressing the key environmental, social, and ethical factors facing Safestore.

We continue to do this by:

- ensuring our colleagues are engaged and have the expertise to deliver high quality customer service;
- developing long term relationships with local charities and creating strong ties to the communities where we have a storage centre;
- strengthening partnerships with our suppliers so we can serve our customers better and grow our businesses together going forward;
- managing the resources we use in order to minimise any negative impact on the environment either through our direct operations or through our sourcing activities; and
- maintaining our membership of the Self Storage Association to further industry standards and codes of ethics for the benefit of our customers.

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 82

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
Benefit local communities

Our environment
Protect the planet from our activities; and manage risks to our business from climate change

Read more on page 47

Our values

Our values, created by our store teams, are the foundation of everything we do

We love customers

We lead the way

We have great people

We dare to be different

We get it

Read more on page 53

Alignment to the UN Sustainable Development Goals

As a Group, we continue to align our sustainability priorities with the United Nations Sustainable Development Goals ("SDGs") so that our actions can contribute to a more significant, shared impact. By actively pursuing our business objectives, we are addressing a wide spectrum of societal challenges, which include issues like climate change, fostering decent work and economic growth, and promoting responsible consumption and production.

The SDGs or Global Goals are a call to action for stakeholders worldwide to come together and address the environmental, economic, and social disparities that affect global populations and society.

Achieving these goals necessitates the support and collaboration of governments, businesses, and individuals. As the role that businesses must play becomes apparent, the SDGs are becoming an increasingly important tool for assessing the impact of companies on society.

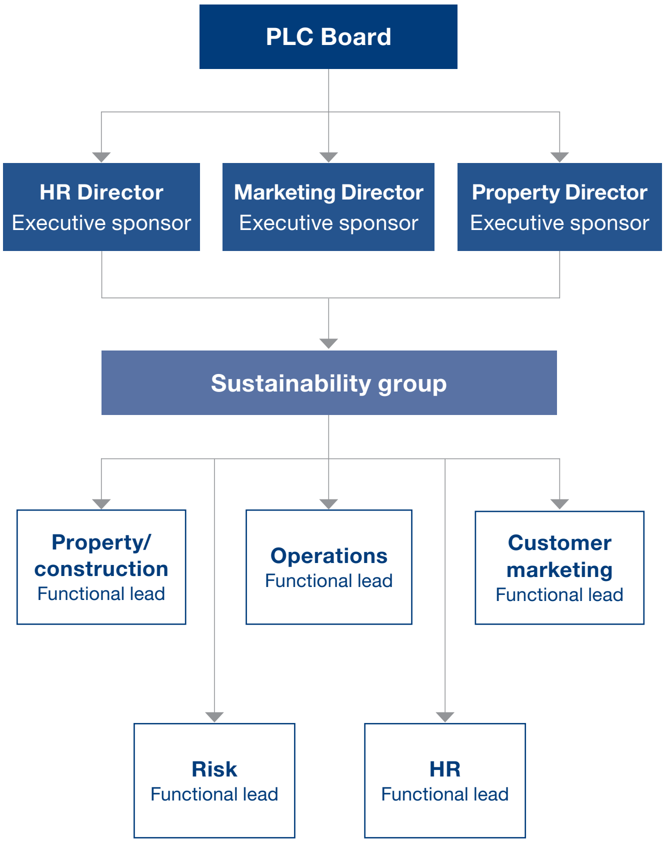
Our stakeholders, including investors, customers, and current or prospective colleagues, are increasingly looking to us to demonstrate our contributions to the SDGs. Safestore is now part of a growing cohort of global organisations committed to advancing the SDGs. We remain focused on directing our efforts towards the priority areas where we can make 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

Sustainability governance

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



Our suppliers

We recognise the pivotal role played by our suppliers in our sustainability journey, and we expect them to act ethically, and share in our commitments to maintain sustainable business practices. We strive to engage and work in partnership with our suppliers in a collaborative effort to align our operations with the United Nations Sustainable Development Goals ("SDGs") in order to achieve our sustainable goals by 2030 (SDG 17: Partnership for the goals).

In 2023, we are proud to have maintained the highest rating of five stars by Support the Goals, a global initiative that rates and recognises businesses that support the United Nations Global Goals. This rating is awarded to businesses which are publicly engaging suppliers in the pursuit of these global objectives.

Given that a significant amount of our environmental impact comes from our third party suppliers, we have dedicated substantial effort to ensure a consistent evaluation of our supply chain with respect to internationally recognised Environmental, Social, and Governance ("ESG") standards. We collaborate with our suppliers and business associates as we work together towards achieving the SDGs most pertinent to our business.

As a Group, our focus remains on:

- creating decent workplaces in our pursuit of establishing equitable and respectful workplaces where our colleagues are treated fairly;
- conducting business ethically and lawfully ensuring that our operations are conducted with integrity; and
- responsible sourcing, consumption, and production practices that align with our sustainability principles. Specifically, we work with our construction partners to ensure the development of our stores has a minimal impact on the environment and our local communities. For more details on our sustainable construction standards and Considerate Constructors Scheme ("CCS") see page 69.

As we are only as strong as our weakest supplier, our intention is to continue to demonstrate our commitment, actions, and progress towards the SDGs, and encourage our suppliers to work towards achieving similar goals as we head towards a more sustainable and inclusive future.

Sustainability targets and KPIs

The table below outlines the targets we set ourselves in each of the four 'pillar' areas. We are pleased to have met the majority of the 2022 targets set in 2019 and our near term focus now shifts to the 2025 targets. In consideration of our plan to achieve operational net zero according to the market-based method for Scope 2, and the acquisition of store portfolios in the Benelux, the 2025 emissions targets have been revised this year.

Sustainability strategy 'pillar'	Sustainable business goals	Corporate business goals	UN Sustainable Development Goals	Performance measures ("KPIs")	Targets 2025	Targets 2028
Our people	A fair place to work	A great place to work	5 GENDER EQUALITY	Median gender pay gap	Below UK median	Below UK median
	A safe working environment		8 DECENT WORK AND ECONOMIC GROWTH	Engagement score	Maintain score >80%	
				Number of reportable injuries (RIDDOR)	Zero	Zero
				Investors in People	Maintain IIP Platinum	Maintain IIP Platinum
Our customers	Deliver a great customer experience Help customers live and grow sustainably	Storage provider of choice	8 DECENT WORK AND ECONOMIC GROWTH	Customer satisfaction score	>4.5	>4.5
Our community	Benefit to local communities	Help local economies thrive	11 SUSTAINABLE CITIES AND COMMUNITIES	Pro bono value of space occupied by local community groups	Opportunity led	Opportunity led
Our environment	Reduce our waste	Achieve optimal operational efficiency	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	% of construction waste diverted from landfill in the UK	100%	100%
				% of UK operations waste to landfill	1%	0%
	Reduce our emissions		13 CLIMATE ACTION	% of renewables in owned store electricity (Group)	100%	100%
				Abs. operational GHG emissions (market based, tonnes CO_2e)	1,014	820
				Operational GHG intensity (market based, kg CO_2e/sq m)	0.93	0.75
				% of new stores achieving EPC B or better (excl. France)	100%	100%

Our people

Target

Engagement score
Maintain score >80%

Performance 2022/23

90%

INVESTORS IN PEOPLE
We invest in people Platinum

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 therefore we have 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 we hold the prestigious Investors in People ("IIP") 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. We see our colleagues as an asset, and we understand that it's our people who truly make 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, Diversity and Inclusion strategies, and People Principles further expand on how we make Safestore a great place to work.

More details about the progress we have made in each section of our wellbeing strategy can be found on pages 50 to 53.

Equality, diversity, and inclusion

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

Our strong wellbeing foundation has enabled us to develop a strategy setting out our approach to further support diversity and inclusion at Safestore.

We are proud of Safestore's diverse workforce; in our 2021 IIP survey, 89% of colleagues agreed that Safestore values and respects individual differences. Our Diversity and Inclusion Strategy is about embedding and continuing the important work we've already done to enable all our colleagues to feel confident to bring their full, unique selves to work.

This year, we were pleased to publish our first ever diversity pay gap report, which includes both ethnicity and gender data. We have chosen to voluntarily report on our ethnicity pay data because we believe this is an important step on our diversity and inclusion journey.

Safestore Diversity and Inclusion Strategy

Purpose

Enable colleagues to feel confident to bring their full, unique selves to work

Colleague journey

- Provide an inclusive onboarding experience so colleagues feel welcome from day one
- Integrate inclusion into culture through our behaviours and policies
- Ensure learning and development opportunities are accessible for all

Colleague data and analytics

- Improve data quality to understand our workforce diversity
- Invest in data development and analytics
- Use diversity data to inform positive action

Positive action

- Target recruitment at under-represented groups
- Introduce targeted colleague support networks and mentoring schemes
- Enable community affinity groups
- Continue awareness-raising activities and communications

Leadership and management

- Equip and educate leaders to encourage and welcome diversity
- Actively remove bias
- Create a safe space for open and inclusive discussion

Colleague journey. This is about ensuring our culture is friendly and welcoming to all. We want people to be themselves at work, and initiatives such as our Values and Behaviours framework, health and wellbeing support from day one, and improving the accessibility of our learning and development opportunities support our culture.

Colleague data and analytics. In 2023 we have continued to collect ethnicity data to better understand the ethnic mix of our workforce. To date, over 86% of UK colleagues have volunteered their ethnicity data. This data indicates that 31% of Safestore colleagues belong to Black, Asian, or ethnic minority groups, compared with 18.3% of people who make up this group in the UK (2021 census data).

We are proud of the ethnic diversity of our colleagues. We want to collect more people data to further understand our diverse communities such as the LGBTQ+ and neurodiverse communities, to inform even more beneficial and tangible action.

Positive action. This is about recruiting from under-represented groups, and building campaigns and opportunities for networks to meet, be listened to and feel supported.

We undertake a number of initiatives to attract, recruit and retain a diverse workforce, such as removing gender bias from our careers website and job descriptions, and delivering unconscious bias training to our recruitment managers.

We have spent time evaluating how we could better support our female colleagues by working with a network of women to gain key insights into their experiences at Safestore. Our awareness-raising activity on our internal communications platform, Yapster, such as our 'Christmas Around the World' and International Women's Day campaigns have generated lots of energy and engagement.

Leadership and management. This is about how we support our leaders to encourage and welcome diversity. For example, our equality, diversity and inclusion e-Learning module is part of the induction for all new colleagues joining Safestore.

We want Safestore to be a safe space for discussion and curiosity to enable colleagues at all levels to continually learn from each other.

Our people continued

Equality, diversity, and inclusion continued

Equality, diversity, and inclusion data

Safestore's gender and ethnicity split is outlined in the table below.

Our gender data is collected primarily for payroll, tax, and pay gap reporting, as part of our colleague onboarding process, where colleagues are required to supply an answer to the question 'What is your gender as stated on your birth certificate?'. The data in the table below is at 31 October 2023. All colleagues across the Group are included.

Our ethnicity data is voluntarily self-reported by colleagues, via our payroll self-service portal. The data in the table shown below is at 31 October 2023. The global landscape for data reporting on ethnicity is complex and, following a review of legal considerations, we only collect ethnicity data for UK colleagues. The section for voluntary completion is entitled 'Ethnic Group' and the options are the self-defined ethnicity ("SDE") codes. Colleagues who have not provided data are not included in our calculations. We report on ethnicity as ethnic minority and white; however, we do consider the data at a more specific level internally.

Further analysis can be found in the 2022 diversity 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 representation at 31 October 2023

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID, and Chair)[1]	Number in executive management	Percentage of executive management	Number of all colleagues (exc. NEDs)	Percentage of all colleagues
Men	5	56%	4	36	73%	493	65%
Women	4	44%	0	13	27%	261	35%

UK ethnicity representation at 31 October 2023[2]

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID, and Chair)	Number in executive management	Percentage of executive management	Number of all colleagues (exc. NEDs)	Percentage of all colleagues
White	8	89%	4	22	92%	319	70%
Ethnic minority	1	11%	0	2	8%	137	30%
Target for 2027	—	—	—	—	18.3%		

Notes:

1 At the time of drafting, the Board had not met the target set out in Listing Rule 9.8.6(9)(a)(ii). With Ian Krieger set to step down as Senior Independent Director at the 2024 Annual General Meeting, we are in the final stages of selecting his replacement for the role and expect to announce our new Senior Independent Director prior to the Annual General Meeting on 13 March 2024. We can confirm this will be one of our existing female non-executive directors and we will therefore meet all of the targets set out in Listing Rule 9.8.6(9)(a).

2 UK only. Where colleagues have voluntarily disclosed this data.

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' collate questions and feedback from their peers across the business and put them to members of the Executive Committee.

Our people forum provides 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.

Our People Champions help us to continue raising awareness through a selection of a broad range of topics for discussion on Yapster, our internal social media platform. The aim is to appreciate our diversity, by recognising and celebrating festivals and events, as well as individuals, and to create a safe space for sharing and discussion. In addition, we use Yapster to highlight local successes and recognition between stores and regions with strong links made to Safestore's alignment to the SDGs.

Health and safety

Safestore promotes a 'Safety First' culture within our business. Nothing is more important to us than the health, safety and wellbeing of our colleagues and customers. We are enthusiastic and uncompromising in our commitment to achieve this safe environment.

We strive to raise the bar and set high standards regardless of country or regional legislation and regulations. In doing so, we aspire to prevent all injuries by reducing the Annual Injury Incident Rate ("AIIR") by creating a zero-incident culture and setting a new goal of zero RIDDOR/Recordable injuries for 2024. Our progress includes:

- continuous engagement with our colleagues in developing practical solutions to improve their own working environment;
- increased focus on colleague health and safety induction training; and
- implementation of the Health and Safety digital platform that supports colleagues and leaders across the Group.

Group health and safety statistics

Injuries

In 2023 we recorded a 16% reduction in customer, contractor, and visitor ("CCV") accidents, and a 41% reduction in accidents involving our colleagues.

RIDDOR*/Recordable injuries**

CCV injuries resulting in RIDDOR include one cut to a finger and two fractures, all requiring customers to attend hospital for further treatment, and another recordable incident-free year for our colleagues.

Construction

We strive to create a safe workplace for all our construction projects across all territories. We are constantly challenging our colleagues and partners to exceed minimum standards. During 2023, the number of reportable incidents on our construction sites was zero.

Colleague health and safety

Summary:

- 41% reduction in accidents involving our colleagues.
- 13 minor injuries were recorded over the past year.
- No recordable accidents/incidents were reported for this period.

Year ended 31 October	2021	2022	**2023**
Number of colleagues	648	751	**753**
Number of minor injuries	19	26	**13**
Number of reportable injuries (RIDDOR*/Recordable**)	1	0	**0**
AIIR*** per 100,000 colleagues	154	0	**0**

Notes:

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

** Recordable = any work-related injury or illness that results in loss of consciousness, days away from work, restricted work, or transfer to another job. Any work-related injury or illness requiring medical treatment beyond first aid (European countries only).

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

Our people continued

Great lifestyle choices

We 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.

- Our health cash plan, provided by Medicash, provides colleagues with everyday reassurance on their health and wellbeing from top to toe, inside and out, from GP appointments to skin health checks and physiotherapy to counselling services. It remains a popular benefit with our colleagues.
- Our Employee Assistance Programme ("EAP") and other external support organisations, such as Mind and Mental Health UK, provide our colleagues with expert guidance and support on everyday matters whenever they need it.
- Medicash's new online support platform, Your Care, gives our colleagues access to 24/7 support and counselling along with personal, emotional and wellbeing tools for a happier and healthier life.
- We continue to work closely with our occupational health provider, including the provision of private counselling for colleagues in crisis requiring additional support.
- Our Cycle to Work scheme remains popular.
- We continue to support new ways of working and this year, we have increased our part-time and flexible working arrangements.

> "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.

> "The overall culture of the organisation very much projects the message that learning and development are valuable."
>
> **Matthew Filbee**
> **IIP Practitioner**

We use innovative methods 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. In 2023, we delivered over 28,000 hours of training.

All learning is evaluated, with skills development and practice gained through on-the-job supervision, regular coaching sessions, module sign-off, observation, and feedback.

Across the Group, colleagues are given extra responsibilities and opportunities to put skills and knowledge into practice.

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

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 latest IIP survey, 88% of respondents stated that they have opportunities to learn at work.

We were also delighted that our Store Manager Development programme, now in its seventh year, had a record number of distinctions, ten of the eleven participants who graduated in 2023. Funded by the Apprenticeship Levy this programme provides the opportunity to complete a Level 3 Management and Leadership apprenticeship, with the additional opportunity to complete an Institute of Leadership and Management ("ILM") qualification.

Financial wellbeing

We understand that the current cost of living crisis is having a significant impact on personal finances. As part of Safestore's wider wellbeing strategy, we are committed to doing what we can to ensure the financial wellbeing of our colleagues.

Following a review of our pension provision, we chose to move our scheme to a new provider, Aviva, and close the Scottish Widows scheme to future contributions. 78% of our colleagues are members of our pension scheme and now benefit from a lower management charge, as well as other fund benefits. 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 2023 Sharesave scheme, and are delighted that 36% of our colleagues now share in our success by being a member of at least one of our Sharesave schemes. This is further evidence of high levels of colleague engagement across the business.

Active leaders and engaged teams

Leadership

Our leaders bring out the best in our colleagues, motivating them to work together to achieve our shared goals and objectives.

We achieve this by keeping colleague-to-manager ratios low, enabling our leaders to invest time in encouraging and engaging our colleagues, forming genuine connections with their teams. This is evidenced by the exceptionally high leadership engagement score of 90%, achieved in our IIP survey.

Our active leaders are energetic and passionate, engaging in honest, open communication to connect with their colleagues. Our coaching culture encourages two-way feedback supporting both personal and professional growth, which is formalised through the setting of clear goals and expectations, reviewed bi-annually.

Keeping our colleagues connected to the business and to each other so that they feel supported has remained a focus and we have introduced new programmes for our new colleagues and line managers, to help to build knowledge and confidence across our teams.

> "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**

Values and behaviours

Our values are authentic, having been created by our colleagues. They are core to the employment life cycle and bring consistency to our culture.

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 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.

Case study

Sean Cosgrove, Commercial Analyst – Graduate, said:

"I joined Safestore as part of the graduate scheme towards the end of 2022, working within the commercial team as an analyst. Since starting here, I have been overwhelmed by the amount of support I have received from both members of my team and from across the business. Even in the short amount of time I have been in the business, I have already assisted in the process of opening several new stores across Europe as well as supporting other key elements of the business. The graduate scheme has allowed me to further improve my skills whilst developing new ones, and I'm excited to see what the future holds for me at Safestore."

We also support ongoing professional development by application of our professional qualifications policy, supporting colleagues to gain formally recognised qualifications in their chosen field. This commitment is maintained by Safestore covering the cost of membership of any relevant professional body such as the Chartered Institute of Personnel and Development or the Association of Chartered Certified Accountants.

Our customers

Target

Maintain 4.5+ customer satisfaction rating in each market

Performance 2022/23

4.8
UK: Google

4.8
UK: Trustpilot

4.7
UK: Feefo

4.6
France: Trustpilot

4.7
Spain: Google

4.8
The Netherlands: Trustpilot

4.7
Belgium: Feefo

4.5
Belgium: Google

Customer engagement

Customer-centric communication

The Group serves a diverse customer base and is committed to providing excellent customer service across the UK and Europe. Our success is rooted in our customer-centric approach, ensuring that we cater to individual preferences and needs through various communication methods, ensuring high standards, investing in colleague training and tools, and promoting sustainability initiatives via social media and blogs.

We recognise that customers have varied communication preferences. We offer email, LiveChat and telephony support through our Customer Support Centre to ensure that customers can reach us conveniently. Our highly trained teams handle enquiries efficiently and professionally.

To connect with customers on their terms, we maintain an active presence on social media platforms. By engaging with our audience through Facebook, Twitter, Instagram, and LinkedIn, we provide real-time support, share updates, and gather feedback.

Delivering exceptional customer service

Our commitment to customer service drives our success and we achieve this by empowering our colleagues to go the extra mile to exceed customer expectations and by maintaining rigorous quality standards throughout our operations. Regular audits, focused coaching, and investment in training and development help to enhance our colleagues' skills to ensure that we consistently deliver high quality services.

Promoting sustainable and green business initiatives

Sustainability is a top priority for the Group as we are committed to reducing our environmental footprint and promoting green initiatives. To communicate our efforts, we use social media and blogs to reach our UK and European audience. We regularly share updates about our sustainability initiatives, such as reducing carbon emissions, waste reduction, and eco-friendly product development. Our blog delves deeper into our green practices, offering insights into our sustainable supply chain, renewable energy usage, and partnerships with eco-friendly organisations. We ensure that our customers are well informed about our green initiatives, and we also highlight tips for customers to live a greener life.

Addressing customer feedback and concerns

In today's highly competitive business landscape, understanding customer needs and expectations is paramount to achieving success. Customer feedback, in the form of reviews and ratings, provides invaluable insights into our products and services. We collect, monitor, and utilise customer reviews as they help us to understand what our customers expect from our products and services, allowing us to align and improve what we offer accordingly. In addition, positive reviews build trust with potential customers. They serve as social proof that others have tested and approved our products and services, which can significantly impact purchase decisions. In contrast, negative reviews pinpoint areas where we can enhance our service, providing us with invaluable insights for continuous improvement and innovation. Customer reviews also enable us to benchmark our performance against competitors. By analysing our strengths and weaknesses relative to others, we can refine our strategies.

In addition to collating Google reviews, we continue to use Feefo, an independent reviews and insight platform, to gather real-time and genuine feedback from our customers. Feefo is renowned for its credibility in the industry. Our stores in the UK receive regular feedback allowing customers to view reviews and ratings. In 2023, Safestore UK achieved a customer service rating of 4.8 with 96% rating their experience as 'Excellent' or 'Good'.

We are proud to have been recognised with the Feefo Platinum Trusted Service award in the UK for the fifth year in a row. This award illustrates our dedication to providing exceptional customer experiences, underlined by the fact that all our reviews are verified as genuine, adding an extra layer of credibility to our feedback collection process.

Our team regularly monitors incoming reviews and ratings from Google and Trustpilot, ensuring timely responses to customer enquiries or concerns. This helps demonstrate our commitment to customer satisfaction by identifying trends, common issues, and opportunities for improvement.

Safestore UK has maintained an average rating of 4.8 on Google and a TrustScore of 4.8 from 1,496 reviews on Trustpilot, a testament to the business continuously incorporating customer feedback into our business processes.

During the year, our French business maintained a TrustScore service rating of 4.6 with 92% of customers rating their service experience as 'Excellent' or 'Great'. Additionally, in Spain, we achieved a 4.7 out of 5 rating for customer feedback collected from Google reviews. In Belgium, our customer service was rated 4.5 on Google and 4.7 on Feefo, whilst we achieved a high score of 4.8 out of 5 on Trustpilot in the Netherlands.

Our colleagues across all markets continue to be recognised for their hard work in delivering a consistently high level of customer service. This recognition boosts morale and reinforces our commitment to making customer satisfaction a top priority as we continue to prioritise the needs and expectations of our valued customers, ensuring our ongoing success in the marketplace.

Empowering customers for sustainable choices

We are committed to enabling our customers to make sustainable choices that have a positive impact on our planet. This is in addition to making a positive social and economic contribution to our communities and reducing the environmental impact of our operations. We aim to provide tools and options that allow our customers to embrace sustainability as part of their self storage journey by:

- using digital contracts now across all markets where customers can conveniently sign their contract via an online link. 82,850 digital contracts this year have meant a total reduction of approximately 742,231 printed pages across the Group – equivalent to over 1,480 reams of paper. In the UK alone, there has been a 23% reduction of printed pages this year versus last (approximately 651,915 pages or over 1,300 reams of paper);
- championing Refill, a scheme available in 122 Safestore stores across the UK providing free tap water to make it easy for the public to refill reusable water bottles instead of buying new plastic ones;
- providing sustainably packaged merchandise and eco-friendly box products in our stores across all markets; and
- installing electric vehicle charging points in store car parks for customer use in an effort to promote eco-friendly mobility.

We believe that encouraging our customers to select greener alternatives is not just an ethical obligation but also a practical necessity for the wellbeing of our planet, society, and future generations. It's a collective effort that requires businesses, individuals, and communities to work together towards a more sustainable world.

Product quality and innovation

Digital contracts

Delivering a great customer experience is at the heart of our business, and today's customers expect more than just a product or service; they demand a seamless and personalised journey that caters to their unique needs and preferences. This year, we launched digital contracts in the UK which offers the opportunity for prospective customers to obtain a storage quote and, within a few minutes, agree a contract to rent their storage space online on their connected device. The resulting contract is then sent by email. We have learnt from and adapted to evolving user behaviour online and we have appropriately identified customer types who are confident to complete the storage rental process entirely online.

App-based storage centres

In addition, the introduction of digital contracts readies the business for automated, app-based stores like our Christchurch and new Eastleigh (opened post-year end) locations, where customers can open storage unit locks with their smartphones, eliminating the need for physical keys or fobs.

The user-friendly app makes access to storage units simple and hassle free and offers multiple benefits to our customers, including:

- granting temporary access to others, such as family members or movers, removing the need to be physically present at the storage centre;
- usage tracking as the app may provide access logs, allowing businesses to monitor who accessed their unit and when;
- enhanced security as smart locks often provide better security features, like real-time alerts and monitoring, reducing the risk of unauthorised access or theft; and
- time savings as there is no need for customers to wait for colleagues to assist with access, making the move-in process quicker and more efficient.

Customer, contractor, and visitor ("CCV") health and safety

We pride ourselves on providing a safe environment for our customers, contractors, and visitors.

Summary:

- 16% reduction in customer, contractor, and visitor accidents.
- 33 injuries were recorded over the past year, three of which were reportable under RIDDOR*.
- 10 minor injuries were recorded to contractors and 23 to customers. No injuries were recorded to visitors.
- Injuries were recorded as 14 minor cuts, 14 bumps and bruises and 2 muscular, mainly relating to customers handling their goods.

Year ended 31 October	2021	2022	2023
Number of stores	161	179	**190**
Customer, contractor, and visitor movements	206,871	242,559	**225,828**
Number of minor injuries	46	38	**30**
Number of reportable injuries (RIDDOR*/Recordable**)	0	1	**3**
RIDDOR per 100,000 CCV movements	0	0.4	**1.3**

Notes:

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

** Recordable = any work-related injury or illness that results in loss of consciousness, days away from work, restricted work, or transfer to another job. Any work-related injury or illness requiring medical treatment beyond first aid (European countries only).

Our community

Target

Provision of subsidised space and additional support to high impact local community groups – opportunity led

Performance 2022/23

20,941 sq ft

provided worth

£919,566

Strengthening local partnerships and community wellbeing

Collaborating for positive change

Our business is committed to engaging in co-operative efforts for constructive transformation within our local community. We believe that by working together with community organisations, residents, and other businesses, we can make a meaningful impact. Whether it's supporting local initiatives, promoting sustainability, or furthering economic growth, we are dedicated to being a force for positive change. Our goal is to create a stronger community where everyone can thrive.

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; and
- creating and sustaining local employment opportunities directly and indirectly through the many small and medium-sized enterprises which use our space.

Supporting community development

We are committed to supporting charities and community initiatives because we understand the importance of championing causes that resonate with our colleagues, customers, and local neighbours. In 132 stores across the UK, we continue to:

- provide fundraising support to existing and new local charity partners;
- offer subsidised storage space to 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; and
- 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 184 units across 104 stores was 20,941 sq ft and worth £919,566 (FY2022: £727,356). Our aspiration is to have at least one subsidised charity room in every store.

By donating subsidised storage space to registered charities, we aim to contribute to the wellbeing and progress of the communities in which we are based. It is our belief that businesses have a responsibility to give back and create a positive impact, and we are dedicated to playing our part in building a better future for all.

Responding to local needs

Our commitment to responding to the needs of local charities and not-for-profit organisations reflects our corporate values and a demonstration of our dedication to making a meaningful difference where it matters most – in our community. We continue to extend financial support to both local and national charities, offering subsidised storage space to facilitate their invaluable work in various areas such as homelessness, mental health, domestic violence, and more.

The provision of subsidised storage space is a tangible way in which we support the essential work of charities within our local community, by reducing their costs and empowering them to operate more efficiently, allocate resources effectively, and, ultimately, focus more on their primary mission of making a positive impact on those they serve.

During December, our Head Office colleagues supported a collection for a local foodbank. By actively participating in such charitable activities, we strengthen our bond as a team and demonstrate our commitment to making a positive impact on the lives of those in need within our local community. We believe that, together, we can make a difference that extends far beyond the walls of our workplace.

Safestore holds a charitable fund with Quartet Community Foundation, dedicated to supporting local organisations that help people in need in Bristol, Bath and North East Somerset, North Somerset and South Gloucestershire. Between April 2022 and March 2023, Quartet awarded over £5 million in grants to over 1,000 local charitable organisations. This year, Safestore's funding has been allocated to its Cost of Living Fund, supporting people in the local community who have been struggling to meet their basic needs. Grants have particularly focused on food and fuel poverty, supporting community food projects, and projects providing advice on dealing with rising energy prices.

HandsOn London

For the eleventh year in a row, Safestore UK teamed up with the WrapUp London campaign to support its annual coat drive to help those in need during the winter of 2022.

More than 20,300 coats were collected during the campaign, which began in early November and ran through December. Coats were distributed to the homeless, refugee families, the elderly, those fleeing domestic violence, and others living in crisis through a network of over 100 London charities and community groups.

Several Safestore UK centres were again used as local drop-off points for ease of access for the public, particularly with the ongoing train strikes at the time. Our colleagues also offered their support by marketing the campaign via social media, contributing their own coats, and donating extra storage space to facilitate the sorting, packing and distribution of the coats.

Since the campaign was launched in 2011, volunteers have collected, sorted, and distributed a total of 212,032 winter coats, which has made a real positive difference in the lives of the city's most vulnerable people.

Over the years, and in partnership with WrapUp London, Human Appeal and Rotary Club International, the campaign has extended outside of London to 21 other collections in major towns and cities across the UK including Glasgow, Manchester, Birmingham, Bath, Bristol, Leicester, and Cardiff.

This year, Safestore's involvement included:

- providing storage space across 20 stores in London, seven stores in Greater Manchester, four in Essex, two in Birmingham, Bristol, and Glasgow, and one each in Bolton, Bury, Cardiff, and Leicester;
- provision of 6,230 sq ft of storage space enabling 1,697 campaign volunteers to spend 5,772 hours sorting and packing up coats for distribution;
- the stores acting as drop-off points beyond the campaign period and receiving numerous donations from other businesses, community organisations and the public; and
- using our internal and external communications platforms to raise awareness of the WrapUp London cause and inspiring our colleagues to get involved locally.

Jon Meech, CEO, HandsOn London, said:

"On behalf of HandsOn London, Human Appeal and Rotary Club International, I want to extend my heartfelt gratitude for Safestore's unwavering support during our coat collection campaign. The generous provision of storage space for the eleventh year in a row has been instrumental in our mission to assist those who find themselves caught in the cost of living crisis, and especially the most vulnerable members of our society, during the harsh winter months.

With the donated storage space and Safestore centres acting as drop-off points, our volunteers were able to efficiently collect, store, sort, and pack the 20,300 coats donated by the public. Safestore's assistance made it possible for us to reach a broader audience and provide essential winter clothing to those who would have otherwise faced immense hardships. We are deeply appreciative of Safestore's commitment to making a positive impact on our community and look forward to continuing this partnership in the future.

Thank you once again for being a vital part of our ongoing work to make a difference in the lives of those who require our support the most."

Our community continued

Strengthening local partnerships and community wellbeing continued

Engaging with stakeholders

We welcome opportunities for constructive engagement and collaborating with others as part of our commitment to making a positive impact which extends beyond our core operations. We seek to align with the values and aspirations of our stakeholders and create lasting and positive change in the communities we serve.

As a Group, we believe that our colleagues are at the heart of our business, and therefore we're keen to create a positive impact together through working with charities in the local area and empowering our teams to be active participants in charitable activities.

We are proud to offer financial support to a range of local charities, ensuring that our customers can trust that their purchases align with their own values. We take our reputation seriously, and we know our shareholders and investors do too. We're committed to doing the right thing, ensuring that our charitable actions are clear, ethical, and conducted with integrity.

Our relationships with our suppliers and partners are about more than just business – they're about collaboration and aligning our shared values, which include our sustainable and charitable work. We're committed to making our collaborations stronger and more meaningful going forward. We're proud to support local causes that matter to our colleagues across the regions all over the UK – and this reflects our continued commitment to making a positive difference in the areas in which we operate.

Engaging with our stakeholders is important as it fosters a co-operative relationship that enhances our overall effectiveness and social impact. It reinforces our credibility and inspires trust and a sense of shared responsibility, leading to a more lasting positive change in society.

Our environment

Target

UK
owned stores powered by 100% renewable electricity

Reduce
UK store waste to landfill by 50% by 2025 vs 2016/17 level

Increase
the diversion of construction waste from landfill to 100%

Reduce
carbon emissions by 20% of 2021 baseline by 2025

Performance 2022/23

100%	completed
100%	completed – we have achieved 100% diversion from landfill for UK operational waste ahead of schedule
100%	completed – we have achieved 100% diversion of UK construction waste from landfill
17%	on track – absolute market-based emissions 17% below 2022 despite portfolio growth; intensity 19% below

2022/23 highlights

Green
electricity used across the Group with certification for the UK, France, the Netherlands, and Spain

100%
diversion from landfill for UK operational waste

32
UK stores now have gas use removed, reducing overall usage year-on-year by 21%

7
new plug-in hybrid electric cars have been purchased, replacing petrol vehicles in the UK

100%
first UK store development with all construction waste diverted from landfill

590
equivalent number of trees saved from being felled by using fully recycled paper

Climate action and emissions reduction

In this section, we explain how we are reducing our impact on the planet through ongoing improvements in construction standards and our store operations. We also include our Task Force on Climate-related Financial Disclosures ("TCFD") statement, through which we seek to understand and manage the potential risks (and opportunities) to our business associated with a changing environment.

Our net zero commitment

We are pleased to share our commitment to become an operationally net zero group by 2035. This commitment covers Scope 1 and 2 emissions and Scope 3 emissions, which relate to ongoing operations (water, waste, electricity, transmission and distribution, and business travel).

Our net zero transition plan is a combination of consumption reduction initiatives as outlined later in this section such as phasing out gas heating in the UK portfolio and ensuring all energy consumed is self-generated (where viable) or purchased from certified renewable sources.

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 aspire to maximise the use of recycled material and minimise waste whilst building to Building Research Establishment Environmental Assessment Methodology ("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.

Task Force on Climate-related Financial Disclosures ("TCFD")

Since 2021, we have been on a journey to implement 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 eleven recommendations of the TCFD in this year's disclosures.

Governance

Our Chief Executive Officer has overall responsibility for climate-related risks and opportunities. Day-to-day management of climate-related issues is carried out by our sustainability group which is co-chaired by three members of the Executive Management Team (see sustainability governance section for organisation structure). The Group meets quarterly and is the forum for determining our sustainability strategy, reviewing performance, identifying emerging sustainability issues, and determining their materiality for reporting and escalation via the Group risk management process.

The Board oversees climate-related risk via the Group risk management process. The Board takes climate issues into consideration during the investment appraisal process, where it scrutinises major investments including acquisition, development, and refurbishment plans which may include climate-related aspects of design. Ongoing risk identification and management are through the relevant functional teams, for example through proposed or actual responses to changes in regulation such as the Minimum Energy Efficiency Standards ("MEES") in the UK.

Our commitment to address climate-related risks is embedded across the Group through a carbon intensity KPI. The performance against this measure is linked to executive remuneration, aiming to incentivise progress against carbon emissions reduction targets. The Board reviews progress on carbon reduction alongside other strategic initiatives annually as part of the annual targets and remuneration cycle.

Our environment continued

Task Force on Climate-related Financial Disclosures ("TCFD") continued

Risk management

The Sustainability Group is responsible for identifying general 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 addition, the Property function is responsible for identifying risks specific to new development projects as part of the investment appraisal process. The Sustainability Group has conducted workshops incorporating inputs from internal and external experts and climate model data to explore the relevance and potential financial impact of the six risk themes identified in the TCFD framework over the short (to 2030), medium (to 2050), and long (beyond 2050) term.

These themes remain under review, particularly the physical risks to the Group portfolio as we expand into new markets, climate models evolve, and governments and municipal authorities develop their own mitigation strategies.

The completed climate-related risk register is reviewed and approved by the Audit Committee during the financial year such that the significance of climate-related risks is considered in relation to risks identified in the standard risk management process. This ensures the management of climate-related risks is integrated into the Group's overall risk management framework. The climate-related register is reviewed annually to incorporate ongoing refinement and quantification of risks and to ensure the register reflects any material changes in the operating environment and business strategy. Once identified, further details related to each key risk and opportunity, such as a quantification of the financial impact, the appropriate strategic response and cost of response and the variance of key risks in relation to climate-related scenarios, are developed where possible. These details help to determine the materiality of each risk and, alongside the impact assessment outlined above, this allows the Group to prioritise resources in managing the most material climate-related impacts, determine the best management response or highlight areas requiring further investigation.

An example of the day-to-day management of risks would be the incorporation of mitigations for high exposure sites into construction designs before submission for planning approval.

Strategy

Our business is exposed to both risk and opportunity from climate change primarily as a consequence of owning and operating real estate assets in the UK and Western Europe. We seek to understand and mitigate the physical and financial risks that could be material to the business. We have considered several climate hazards (wildfire, extreme heat, water stress, coastal flooding, fluvial flooding, drought) and their relevance to the context of our business. Of these, flooding risk was assessed as the only relevant risk for the UK, which accounts for most of the Group property portfolio by value and floor area. These findings can likely be generalised for Northern European markets, which will experience similar physical consequences. Whilst our Spanish assets may experience different physical hazards, they currently represent less than 3% of the Group by asset value and floor area and have therefore not been considered separately.

Climate-related risks and opportunities are assessed over multiple time horizons because we expect that transitional risks are likely to be 'front-loaded' as the international community attempts to meet the goal of keeping warming to 1.5°C or below. Physical risks to our assets are likely to increase over time, particularly if the global economy does not decarbonise at the rate required to keep warming below the target level. Accordingly, we assess climate-related risks and opportunities over the short (to 2028), medium (to 2050), and long (beyond 2050) term. In keeping with the Group's approach to risk management materiality, risks were deemed to be low impact where the potential annual EBITDA impact is estimated to be below £100k and/or balance sheet impact is below £10 million. High impact is where either the potential EBITDA impact is greater than £1 million or a balance sheet (valuation) impact would exceed £25 million (approximately 1% of property valuation). EBITDA consequence of between £150 thousand and £1 million or likely balance sheet impairment between £10 million and £25 million was considered medium impact.

The assessment of the resilience of the business, specifically the asset portfolio, was guided by a range of scenarios published by external agencies, such as the UK Met Office UKCP18, and looked at both physical and transitional risks under two climate warming scenarios: one within 1.5 to 2.0°C (RCP 2.6); and one up to 4.0°C (RCP 8.5).

Risk type	Description	Potential impact	Timeframe	Mitigation/ resilience measures
Physical risks				
Chronic	Physical disruption as a result of longer term shifts in climate patterns (e.g. sustained higher temperatures or rainfall) that may cause sea level rise or chronic heat waves. Intensity of weather (acute risk below) is deemed more significant for the business. Intensity of weather (acute risk below) is deemed more significant for the business.	Low	Medium–long	
Acute	Primarily flooding risks (northern Europe markets) triggered by changes in the frequency of extreme rainfall events (based on mm/day thresholds), which are projected to increase in all warming scenarios, especially in summer and late autumn. Costs that may be incurred for the few stores exposed include mitigation CAPEX, operational disruption, physical repairs, clean-up, insurance premia increases, and reduced customer demand as a result of reputational damage.	Medium	Medium–long	Avoid high risk exposure areas. Where a store is exposed use appropriate mitigation solutions for the context (e.g., enhanced drainage, flood barriers, water pumps) As a last resort, relocate to nearby lower exposure site
Transition risks				
Policy and legal				
Regulation relating to stricter environmental standards	Increased stringency of building and planning requirements in support of national net zero targets. Local authorities will seek to use planning systems to deliver progress against climate goals which will impact on build specification and associated costs. MEES standards also increasing for commercial lettings (office locations only) which will drive upgrade expenditure.	Medium	Short	Engage planning authorities to ensure specifications for new stores are proportionate given intended use Identify existing locations exposed to regulatory changes – relocate or change use (remove offices) if improvements unviable
Climate change litigation	Claims brought by stakeholders (e.g. investors and public interest organisations) perhaps due to failure to mitigate impacts of climate change, failure to adapt, or the insufficiency of disclosure around material financial risks.	Low	Medium	—
Reporting obligations	Additional reporting burden on carbon emissions, including Scope 3.	Low	Short	—
Technology				
Electric vehicles	To deliver net zero targets, electric vehicle use will increase and drive demand for charging point infrastructure for customers and colleagues. May be mandated by some local authorities as part of planning process. This will impact capital budgets for new builds and retrofits. However, this could also be a revenue opportunity in high traffic locations with an appropriate commercial arrangement.	Low	Short	—
Market				
Valuation of properties with lower efficiency rating	Risk of valuation impairment of assets with low efficiency ratings. Only heated areas of storage facilities are rated – these can usually be cost-effectively improved.	Low	Medium	—
Supply chain resilience/ cost of materials	Risk to development costs due to demand versus supply of key materials such as insulation and cost of inputs which may incur carbon premium (steel and cement).	Medium	Short–medium	Seek to convert existing structures where possible/ available. Ensure competitive tendering on major projects
Cost and availability of capital	Risk of downgrading/cost premium as ESG considerations are incorporated into credit ratings and other lender/ investor screening.	Low	Short	—

Our environment continued

Task Force on Climate-related Financial Disclosures ("TCFD") continued

Risk type	Description	Potential impact	Timeframe	Mitigation/ resilience measures
Transition risks continued				
Reputation				
Stakeholder risk	Increasing public awareness of and appetite to tackle climate change could create reputational risk if there is failure to reduce operational and embodied carbon. This could manifest in delays to planning processes.	Low	Short–medium	—
Employee risk	As colleagues become increasingly engaged with climate change issues, perceived failure to make progress on decarbonisation could impact talent recruitment and retention.	Low	Short–medium	—

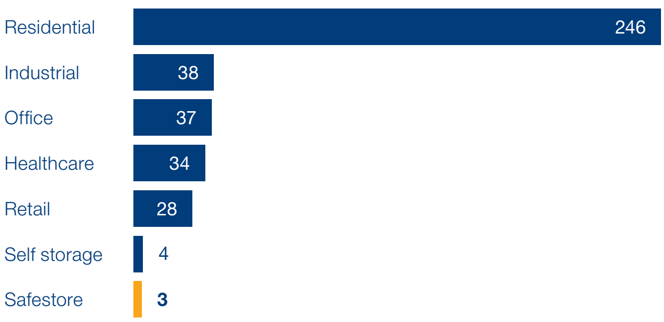
In summary, we expect physical climate-related risks to have some localised impacts on our business. Specifically, the impact of more frequent intense precipitation events is deemed relevant in the medium to long term for a subset of exposed stores. We also expect the transition to a low carbon economy to pose some limited financial risks in the short term as we respond to changes in regulation and incur costs associated with decarbonising our building development and operations. However, there may also be opportunities that arise from the transition, as well as the physical impacts of extreme weather.

Regardless of the scenario, we believe the Group's business model and strategy are likely to be resilient as its assets have overall limited exposure and vulnerability to climate-related risk. Accordingly, there are limited ongoing financial implications beyond the cost of meeting higher building standards and introduction of mitigation measures.

The Group will, therefore, continue to grow its portfolio, assessing each investment for climate risk in addition to financial considerations and making necessary physical and financial allowances for mitigations where appropriate, as it already does today.

The self storage sector is not a significant consumer of energy when compared with other segments of the real estate landscape. According to a 2023 report by KPMG and EPRA[1], self storage generates the lowest greenhouse gas emissions intensity of all European real estate sub-sectors. Reflecting the considerable progress made on efficiency measures and waste reduction to date, Safestore's emissions intensity is considerably lower than the self storage sector average.

GHG intensity (Scope 1 and 2) by REIT sector kg CO_2e/m^2 per year (2022)[1]



Note:
1 KPMG/EPRA: Deep-dive on Non-Financial Performance: Listed Real Estate companies across Europe, November 2023 (based on EPRA sBPR data sets for 101 listed companies).

Nevertheless, as part of our commitment to SDG 13 (Climate action) we have been working towards a previously set near term carbon reduction target to 2025 (see sustainability targets and KPIs).
In addition, we have a commitment to work towards operational 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). This year, we have introduced an interim target for absolute emissions and emissions intensity for the financial year ending 2028 as a milestone on our journey to operational net zero (see sustainability targets and KPIs on page 47).

Physical risks

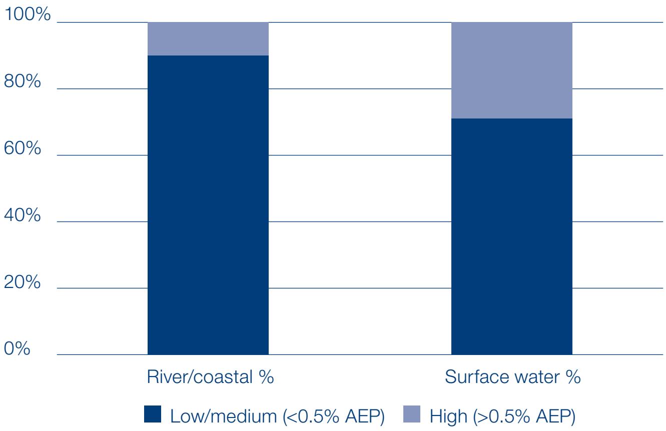
The primary physical risk to our business relates to the increasing likelihood of extreme weather events (particularly intense precipitation and flooding). Based on current data, our insurer's flood assessment at the last renewal indicates that 91% of the Safestore portfolio by floor area (90% by insured value) has little to no exposure to river/coastal flood risk (the chance of a flooding event occurring annually is less than 0.5%). This corresponds to just twelve current locations in the UK with an elevated risk. There is a slightly higher exposure to surface water flood risk – 71% of floor area and value is in stores with less than 0.5% Annual Exceedance Probability.

Accordingly, overall the portfolio has low exposure to acute flooding risk, and whilst the frequency of extreme precipitation events are projected to increase in all warming scenarios, the number of medium and high impact rainfall days (defined by the UK Met Office's National Severe Weather Warning Service as 24-hour precipitation thresholds in mm/day which are designed to be used for identifying prolonged rainfall which may lead to flooding) are still projected to be relatively rare events[1].

Note:

1 Hanlon, H.M., Bernie, D., Carigi, G. et al. Future changes to high impact weather in the UK. Climatic Change 166, 50 (2021). https://doi.org/10.1007/s10584-021-03100-5).

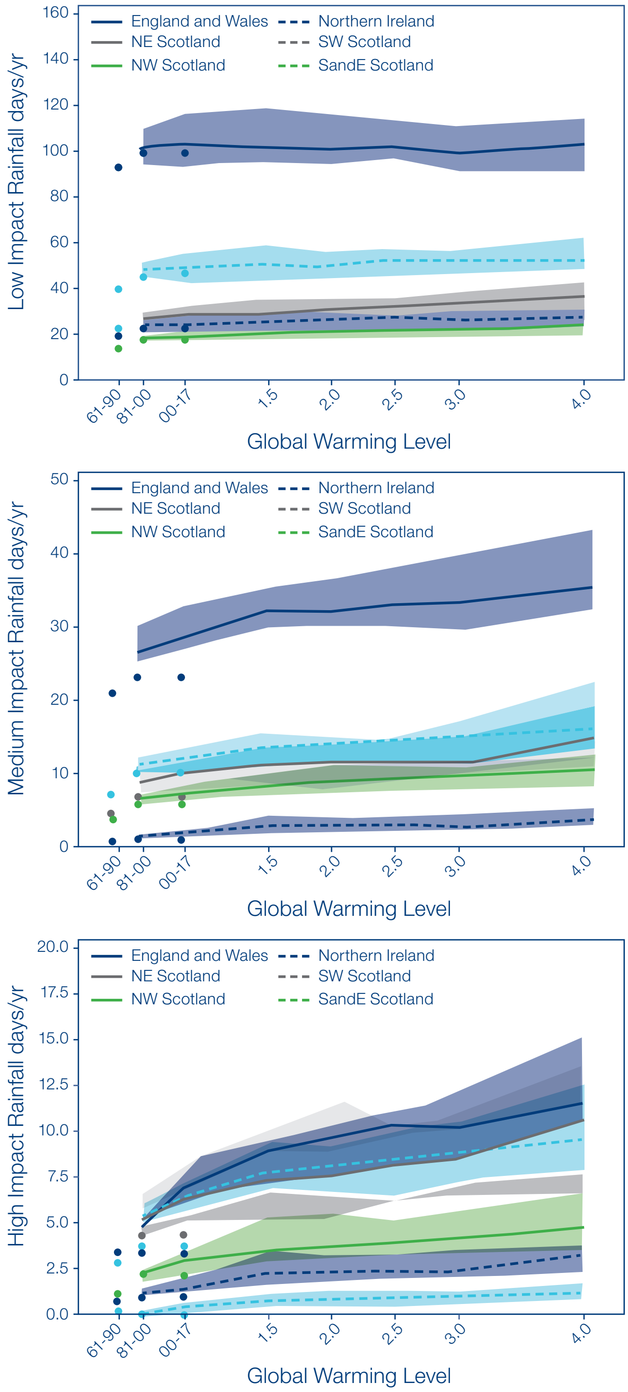
Flood risk of UK portfolio (% of insured value excl. customer goods)



Research using the most recent granular climate models[2] confirms this projection of extreme rainfall events and demonstrates the elevated risks are in the autumn and summer seasons specifically. Spring and winter events are rarely projected to exceed any impact threshold out to 2080, even in the low mitigation (RCP 8.5) scenario. This pattern is expected to be similar across the UK. This research implies that the probability of these extreme events will rise in autumn by 5–10% by 2040 and by 20–40% by 2080. The summer season shows the largest change, especially towards the end of the century, with probability close to 50% higher for a 1-in-200-year event, i.e. despite overall summer drying trends in the future, increases in the intensity of summer rainfall events are projected. It should be noted, however, that projections for rare events have a high degree of uncertainty, especially in the outer years of a projection period.

From prior experience, the main consequences of these intense precipitation events are clean-up, repairs and maintenance costs, and short term impact on asset availability (temporary closures preventing new move-ins). Costs are usually recovered from insurers so over time it is reasonable to expect insurance premia and flood-related excesses will increase if extreme events occur more frequently. There is also the longer term risk of lower occupancies in exposed stores – although customer goods are also insured to their declared value, there is the possibility of a reputational impact. A reasonable assumption for the cost based on prior experience (borne by insurers, direct impact being the impact on cost and availability of insurance) of remediation after an extreme precipitation event is £100k per event, regardless of the warming scenario.

Projections of low, medium, and high impact rainfall days in the UK per year under different warming scenarios[2]



It should be noted that where Safestore invests 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, in fact, experience increased demand from impacted local communities as they seek temporary storage for their belongings. In locations where mitigation becomes unviable, or cost/ availability of insurance becomes prohibitive the Group would seek to relocate to a nearby less exposed site.

Note:

2 Shane O'Neill, Simon F.B. Tett, Kate Donovan. Extreme rainfall risk and climate change impact assessment for Edinburgh World Heritage sites, Weather and Climate Extremes, Volume 38, 2022.

Our environment continued

Task Force on Climate-related Financial Disclosures ("TCFD") continued

Transitional risks

Our primary transition risks are policy and regulatory changes, which may increase building specifications to meet net zero objectives. Local authorities will continue to use planning processes to deliver against their own objectives and policies such as Minimum Energy Efficiency Standards ("MEES") will impact landlords in the residential and commercial sectors. To ensure relevant UK assets meet MEES minimum standards, an estimated capital investment of approximately £650 thousand will be required which will be incorporated into our annual capital expenditure plans. For more details, see page 66. Should any of our facilities with offices be unable to cost-effectively meet MEES standards, we would convert office space into storage area, which does not have this requirement meaning there is minimal risk of lost revenue or 'stranding' of assets.

Requirements for new projects to meet more stringent energy efficiency standards and include features such as solar photovoltaic panels and electric vehicle charging facilities will add to the capital costs of new developments; however, these would represent a small portion (1–2%) of a new development project and would likely be recovered through lower ongoing operating costs over the lifetime of the building. A related market risk of carbon taxes on core building materials such as steel could have a larger impact; however, where possible, Safestore will convert existing structures and is, therefore, less exposed to these increases in cost and embodied carbon.

Our transition plan is a combination of operational improvements, including consumption reduction initiatives such as phasing out of gas heating in the portfolio and ensuring all energy consumed is self-generated (where viable) or purchased from certified renewable sources. New buildings introduced to the portfolio will be developed to high energy efficiency standards. Some residual emissions may require the purchase of carbon offsets from a credible scheme(s). 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.

Opportunities

The transition to a low-carbon economy is likely to present opportunities as well as risks. In general, businesses that build and operate sustainable facilities are well-positioned in a world where both local planning departments and end consumers are making decisions with climate change in mind. In addition, reducing the energy intensity of the business and reliance on gas is financially advantageous, particularly in an era of volatile energy prices. Removing gas-burning appliances from facilities also reduces associated fire and carbon monoxide exposure risk. However, it should be noted that the business is not an intensive user of energy (energy costs were 1.5% of revenue in 2022), unlike other more intensive usage sectors, so the variability of power prices is not considered a significant risk or opportunity. Nevertheless, it is likely that buildings with lower operating costs and carbon emissions intensity will attract a valuation premium and lower cost of funding over the medium to longer term. Assuming PV installations progress, and grid connections are made, and a suitable trading mechanism emerges, sales of excess power generated from rooftop solar installations could become a revenue stream in the medium term in addition to supporting decarbonisation in our communities and the wider economy.

The provision of electric vehicle charging facilities could deliver a customer benefit in the short term whilst also reducing associated Scope 1 (business travel) and Scope 3 (customer travel to/from stores) emissions and provide another ancillary revenue stream.

It should also be noted that well-positioned self storage facilities could be seen as adding 'system resilience' to supply chain disruptions and facilitating recovery post-extreme weather events via temporary storage of business or consumer goods. This would be of more relevance in the longer term as chance of extreme weather events increases.

Metrics and targets

To assess climate risk, we internally record and monitor a range of construction and operational impact metrics such as development cost trends, unit availability (offline units) and damage claims relating to water damage. We also track and disclose the floor risk exposure of the UK property portfolio (see section on physical risks).

In addition, we monitor and report a range of metrics relevant to the property sector per the EPRA sBPR recommendations. Specifically, we disclose:

- energy consumption (gas and electricity) and building energy intensity per unit floor area;
- water use and water use intensity;
- waste generation including the proportion diverted to landfill;
- Scope 1 and 2, and operational Scope 3 greenhouse gas emissions and emissions intensity; and
- Energy performance ratings (EPC or equivalent) of new store developments.

These are disclosed in the following section of this report, on pages 65 to 77. Specifically, Scope 1, 2 and 3 emissions are disclosed in the mandatory greenhouse gas reporting and Streamlined Energy and Carbon Report on pages 70 to 77.

Supplementary data can be found in the Sustainability section of our website, including the basis of reporting and independent limited assurance on selected metrics. Scope 3 emissions which relate to ongoing operations (water, waste, electricity transmission and distribution and business travel) are measured and actively managed. Upstream Scope 3 emissions relating to purchased goods and capital expenditure are not currently reported, but we are actively engaging with our suppliers to ensure these are being considered, for example, through consolidation of deliveries to our stores or the proportion of recycled material used in development projects. Downstream Scope 3 emissions (primarily customer journeys to our stores) are likely to be material; however, we are not currently able to measure or report these. We contend that collecting and reporting this data would not be an appropriate use of time or resources given that emissions will naturally abate over time as the consumer vehicle fleet and electricity grid decarbonise in each of our markets.

Strategy for operational net zero

We will achieve operational net zero by 2035, through:

a) Reducing and optimising what we use

- Completion of lighting efficiency programme (external signage and customer unit lighting)
- Voltage optimisation at selected sites
- Decommissioning of gas appliances
- Installation of building management
- Systems for remote monitoring and power management (business case dependent)

b) Using only zero carbon energy

- Installation of solar photovoltaic on new build stores where viable
- Securing certified green electricity through PPAs and/or 'high quality' tariffs
- Transition of company car fleet to PHEVs* and BEVs* and introducing charging points
- Retrofit of rooftop solar photovoltaic to selected stores (business case dependent)

Total investment of c. £3m spread until 2035

Note:
* PHEV = plug-in hybrid electric vehicles; BEV = battery electric vehicles.

Sustainable operations

Renewable energy

Electricity

We are committed to the use of green electricity. We actively seek to reduce our overall energy usage through efficiency programmes and self-generate our power where practicable.

Across our UK estate, we are supplied by 100% REGO certified renewable energy. This electricity is supplied by multiple renewable sources, including wind farms off East Anglia and Glebe Farm Solar Park[1].

We have solar installations with a total capability of over 150kW[2]. These panels provide self-generated electricity, allowing us to reduce our demand for grid electricity, and as a result, we have seen a reduction in the associated costs.

Like-for-like usage (UK)

	Last year	This year	%change
Electricity (MWh)	11,943	11,412	(4.4)%

The electricity used by our sites in Spain is provided from renewable sources, partially generated from solar panels fitted to our stores. Our upcoming stores will also be equipped with solar panels, further increasing our capability to self-generate green power.

In France, we have certified guarantees of origin from several solar photovoltaic, wind, and hydroelectric sources.

In January 2023, we signed a new green contract in the Netherlands covering all sites, and we are currently working on certified green energy for our sites in Belgium.

Lighting

Over the last five years, we have continued to optimise our UK lighting consumption. Following the installation of motion-sensitive LED lighting throughout communal areas, we are now upgrading the lighting within our larger units. To date, during FY2022/23, we have replaced the lighting in over 400 storage units. We will continue this evolution of LED lighting as customers vacate units.

In France, we have completed the internal LED lighting upgrades and our focus has moved on to all exterior lighting including the replacement of high consumption fluorescent tubes with motion-sensitive LED lighting.

Voltage optimisation

Voltage optimisation is a transformer-based technology which optimises incoming supply from the national grid to match the voltage required by equipment at an organisation's premises. Optimising voltage reduces commercial energy use and costs as well as lowering carbon emissions.

Last year, we installed voltage optimisation at our largest location, the Battersea Park store and Business Centre. The return on investment for Battersea will be calculated after twelve months with a predicted decrease in electricity demand and a more stable supply to the critical infrastructure at the site. We plan to install voltage optimisation at our Liverpool and Bristol Brislington locations.

We continue to monitor advances in technology and any viable solutions for the future to reduce our electricity usage.

Notes:
1 REGO certificate for UK received by Sustainable Energy First ("SEF").
2 Listed maximum capacity of PV cells currently installed at existing sites by contractors.

Our environment continued

Sustainable operations continued

Renewable energy continued

Gas

In 2020, we committed to eliminating gas usage by 2030 from our UK stores; this will be achieved by installing high-output, low-energy electric heaters, which are more efficient than water radiators reducing consumption and demand on electricity.

Like-for-like usage (UK)

	Last year	This year	%change
Gas (MWh)	2,300	1,862	(49)%

As at the end of October 2023, we had eliminated gas usage in 32 stores. We will work towards our 2030 target by removing gas in at least five stores per year according to our net zero plan.

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

- a reduction in the CO_2 output attributed to Safestore;
- lower maintenance costs as electric heating systems are more reliable;
- no requirement for carbon monoxide testing; and
- protection against volatile gas prices.

The gas used in our European stores is for the purposes of heating reception areas and supplying hot water. Wherever possible, we have purchased CO_2-compensated gas contracts to minimise the impact of our gas usage whilst we review the option of removing gas.

Minimum Energy Efficiency Standards ("MEES")

The Energy Efficiency (Private Rented Property) (England and Wales) Regulations 2015 prohibit landlords from letting a property with an EPC rating of below E unless an exemption applies. This is relevant to our UK locations with lettable offices and non self storage space.

The prohibition has applied to new tenancies for residential properties since 1 April 2020 and has applied to commercial properties from 1 April 2018. Since 1 April 2023, landlords cannot continue to let properties that fall below an EPC rating of 'E'. It is currently unlawful for landlords to grant a new tenancy of or continue to let commercial property with an EPC rating of 'F' or 'G'. 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. From April 2027, the Government is proposing to change the minimum standard to a 'C' rating as an interim step followed by a minimum standard of 'B' from 1 April 2030. This has been consulted on but not yet confirmed by legislation.

Safestore identified 38 locations (storage centres which include lettable offices and/or non self storage space) where we would have the requirement to have a MEES energy performance survey conducted.

Since 2021/22, these stores have been surveyed by external independent assessors and the findings are that the majority are already compliant with the Government's proposed 2027 requirements of a 'C' rating. Just seven properties were identified as needing improvements to meet the 2027 standard, and we are confident that this can be achieved with modest capital investment. The readiness of the portfolio for the 2027 standard is a consequence of the work undertaken to date in the form of LED lighting upgrades, window and insulation enhancements, and the recent drive to install high efficiency electric heating.

Merchandise

We are proud to sell Safestore branded merchandise across the UK, Belgium, the Netherlands, and Spain. Our branded boxes are made from 100% recycled materials and are fully recyclable. We continue to offer our 'box for life promise', ensuring the boxes can be recycled in a responsible way.

The use of fully recycled paper across this range, including boxes, has resulted in the equivalent of 590 trees being saved from being felled this year[1].

We are committed to ensuring our merchandise packaging contains no single-use or non-biodegradable plastics.

Working with our supplier we endeavour to minimise the carbon footprint of deliveries with items dispatched from local depots and distribution centres, including one in Venlo, the Netherlands, for European distribution to the Netherlands, Belgium, and Spain.

In France, we have updated our range of products to increase the number of recycled materials, whilst ensuring that items are fully recyclable.

Uniform

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

Note:
1 ECOPAC Corporate Social Responsibility Statement for Sept 2022 to August 2023.

Waste management

Operational waste

In line with our objectives to ensure minimal waste to landfill in the UK, we are pleased to confirm that since May 2022, all of our operational waste in the UK has been diverted from landfill.

Alongside ensuring zero waste to landfill in the UK, we have issued small in-store containers to help our sites segregate waste streams, allowing us to responsibly dispose of all items and increase our recycling.

We actively monitor waste with controls in place to reduce the volume disposed of at our sites. For example, in France and the UK access to containers is restricted to prevent third party access. In Belgium, we are also able to report zero waste to landfill and up to 75% recycling.

We continue to review the scale and impact of operational waste across the Group, and we are working to minimise the footprint of our disposal of operational waste.

Like-for-like landfill waste (UK)

	Last year	This year	% change
Waste (tonnes)	37	0	(100%)

As our new supplier can support us in maximising diversion from landfill, we expect to achieve zero operational waste to landfill from next year in the UK with options for other territories under review.

New store development – construction waste and recycling

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

In the UK, we diverted 100% of our construction waste away from landfill at our new store build in Morden. Across Europe, we aim to meet the target of 98% within the next 24 months.

Across all our new store developments in the UK and across Europe, we are committed to recycling or recovering 100% of all soft and hard plastics. We continue to work with our suppliers to minimise plastic packaging arriving onsite and to cut its usage over the coming years. We aim to remove all such products from our sites by 2030.

Water conservation and management

Water

Our stores consume low volumes of water, and we strive to minimise our consumption wherever possible through the installation of efficiency schemes such as flow rate restrictors, aerators, and push button taps.

Like-for-like usage (UK)

	Last year	This year	% change
Water (cubic meters)	41,570	31,857	(23.4)%

Last year's usage included volumes associated with a significant leak of c.6,429m^3. On a two-year basis versus 2020/21, usage has reduced by approximately 11% which better reflects efficiency initiatives and a return to more 'normal' patterns of water usage post pandemic.

Proactive maintenance and reactive responses also mean that the likelihood and impact of events such as leaks, and associated waste are mitigated wherever possible.

Across many of our UK stores, we partner with Refill, a campaign to promote the use of reusable bottles and containers for drinking water. As a result, Safestore has helped to contribute to saving an estimated 100 million bottles[1] from entering our community waste streams.

Note:

1 100 million single-use bottles are estimated to have been saved from entering our waste stream because of the campaign (https://www.refill.org.uk/about/).

Our environment continued

Sustainable construction and sourcing

Safe, 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 can make a meaningful contribution towards achieving SDG 12 (Responsible consumption and production) and SDG 13 (Climate action).

- All our construction teams in the UK and across Europe follow sustainable construction principles and, wherever practicable, use materials that have recycled content or are from sustainable sources.
- Where feasible, concrete from existing buildings on site is demolished, then crushed on site and re-used in the new development.
- We monitor the waste and energy usage on every site and introduce efficiencies identified into 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 colleagues, our customers, our communities, our investors, and the environment.
- Over 50% of our new store openings in 2023 were conversions of existing buildings.
- From the start of 2024, all our new store developments will have roof-mounted photovoltaic cell systems installed (where structurally/practically feasible), and electric vehicle charging points will be provided in the car park for customer and colleague use.
- All new store developments provide bicycle parking for both our customers and colleagues.

Energy Performance Certificates ("EPC") of new buildings and conversions

Energy Performance Certificates in the UK and their equivalent in European countries set out the energy efficiency of a property using a traffic light system of A–G, with A being the most efficient. Our 2023 target was that 80% of new store developments in the UK and across Europe (excluding France, where certification of self storage buildings is not conducted) would achieve a minimum EPC rating of 'B'. We are pleased to report all ten relevant new developments completed and opened in 2023 achieved this rating, exceeding the set target$^{\Delta}$. For further details of energy ratings of 2023 openings including the basis of reporting and independent limited assurance, see the Sustainability section of our website.

Note:

Δ Deloitte LLP have provided independent limited assurance in accordance with the International Standard for Assurance Engagements 3000 (ISAE 3000) and Assurance Engagements on Greenhouse Gas Statements (ISAE 3410) issued by the International Auditing and Assurance Standards Board ("IAASB") over the selected metrics identified with a Δ. Deloitte's full unqualified assurance opinion, which includes details of the selected metrics assured, can be found in the Sustainability section of the Group website.

Building Research Establishment Environmental Assessment Methodology ("BREEAM") in the UK, Holland and Spain, and Haute Qualité Environnementale ("HQE") in France

BREEAM/HQE certification is a local planning requirement for some of our new stores in the UK and across Europe. The methodology assesses the 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 strive to build to a minimum standard of BREEAM 'Very Good' on all our new store developments across the UK and Holland.

During 2023, both our Morden and Ellesmere Port stores achieved a BREEAM 'Very Good' rating.

Safestore construction 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 2023/24 onwards are:

Best practice – internal/ external expectation	Safestore commitment	Applicability
BREEAM/HQE	Equivalent to 'Very Good'	Across all new build stores
BREEAM/HQE	Very Good	Where part of local planning
Sustainable drainage systems	Included	Across all new build stores
Solar photovoltaic	Roof-mounted photovoltaic	PV cell systems on all new own build developments
Considerate Constructors Scheme (UK only)	Score 40 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 (or equivalent)	Rated B or higher	All new stores

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%	50% but Kingspan targets improvement using recycled bottles by 2030
Particle board (FSC certified) (mezzanine floors)	2%	85%
Brick and block walls	3%–5%	9%–55%
Glazing	2%	Glass 25%, aluminium frames 60%
Hardcore (piling mat)	1%	100%

Considerate Constructors Scheme ("CCS") (UK only)

In the UK, construction sites, companies, and suppliers voluntarily register with the CCS and agree to abide by the Code of Considerate Practice, which is designed to encourage best practice beyond statutory requirements.

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

We register all new UK-built store developments with the CCS setting a target score of 40 points for both the shell construction and fitting out of the facility with our construction management partners.

Our new store in Morden scored an average of 42 out of 45 over the course of its two visits, putting it in the top bracket of scoring. The inspector highlighted all areas of the inspections as 'Excellent', which highlights the exceptional effort and commitment that our construction team makes in raising the standards of our new store developments.

Construction health and safety

Our health and safety record is excellent. Across all markets, we aim to exceed minimum standards. Safestore has a robust health and safety policy, and we have very low incident levels compared with our peers. During 2023, the number of reportable incidents on our construction sites was zero.

Consultation process

As part of any local planning process, we consult widely amongst the community and those most likely to be affected by any development.

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 as per Environmental Reporting Guidelines (March 2019). This report contains our GHG disclosure for the 2022/23 reporting period.

We have 132 stores in the UK, 29 stores in France, 11 stores in the Netherlands, 6 stores in Belgium and 10 stores in Spain. During the 2022/23 reporting period we opened stores in Morden and Wigan (UK). We also opened 6 stores located across Spain.

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 2022/23 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^3), 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, Spain, the Netherlands or Belgium. All primary data used within this report is from 1 September 2022 to 31 August 2023, 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 as per Environmental reporting guidelines 2019 including:

- pro-rata extrapolation from known reliable data;
- average consumption per sq ft of lettable area of the stores where we have reliable data; and
- 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, Spain, the Netherlands, and Belgium, we are reporting all GHG emissions in units of tonnes of CO_2e.

We have used the 2023 GHG conversion factors published annually by the Department for Environment Food & Rural Affairs ("DEFRA") and Department for Energy Security & Net Zero formerly known as Business, Energy, and Industrial Strategy ("BEIS") with the exception of the French, Spanish, Dutch and Belgian CO_2e 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") and Carbon Footprint country specific grid electricity factors both for Location-based and Market-based emission factors.

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 and business travel via train and plane. and business travel via train and plane.

For more details on our basis of reporting for energy and carbon please refer to the Safestore basis of reporting document as published on the Sustainability section of our website.

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 (2018-2023)

Emissions source	Units	2018/19 (Sep–Aug)	2019/20 (Sep–Aug)	2020/21 (Sep–Aug)	2021/22 (Sep–Aug)	**2021/22 (restated)**	**2022/23 (Sep–Aug)**
Natural gas	MWh	4,136	3,572	3,686	2,742	**2,742**	**2,152**
Electricity	MWh	15,372	14,435	13,506	14,755	**14,755**	**14,708**
Purchased water	m^3	55,113	43,372	47,503	53,024	**53,024**	**52,774**
Recycling	tonnes	586	1,448	1,487	1,517	**277***	**233**
Landfill	tonnes	44	58	57	43	**37***	**0**
Energy from Waste	tonnes	1,320	1,124	831	696	**696**	**599**
Business travel (Scope 1)*	miles	396,088	346,076	421,829	469,324	**608,381****	**740,770**
Business travel (Scope 3)** rail, air, employee vehicle	miles	Not reported	Not reported	Not reported	Not reported	**423,570*****	**463,757**

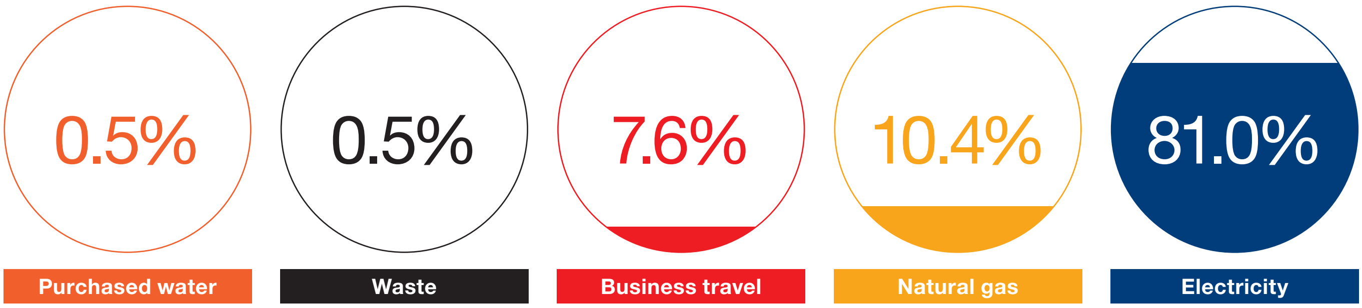
Note:

* 2022/23 and 2021/22 (restated) excludes landfill and recycling waste tonnage from Europe – UK operational waste only.

** 2022/23 and 2021/22 (restated) includes mileage in company-owned or operated vehicles throughout the Group. 2020/21 and earlier years includes mileage in company-owned or operated vehicles in the UK only.

*** Includes business mileage in employee-owned and private hire vehicles in the UK, and via rail and air transport across the Group.

Breakdown of associated GHG emissions by source (2022/23)



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 five additional sites during this period, but some of our stores still consume low volumes of gas for heating in reception and office locations. At the design and construction stage we seek opportunities to design efficient low consuming working environments and are ensuring that all new stores are built and rely just on electricity.

Gas performance Year ended 31 August		2017/18	2018/19	2019/20	2020/21	2021/22	**2022/23**	**% change**
Gas use	MWh	4,358.3	4,136.2	3,572.0	3,685.5	2,742.0	**2,152.0**	**(21.5%)**
Scope 1 emissions	tCO_2e	801.8	760.4	656.8	675.0	500.5	**393.7**	**(21.3%)**

Total gas consumption across all our stores was 2,152 MWh, which is a 21.5% decrease compared with the previous financial year. This decrease is largely a result of the removal of gas appliance from a further five stores and the full year benefit of stores electrified in FY2022.

Electricity performance

We are continuing to identify opportunities to reduce electricity consumption across our stores.

Recognising that our electricity consumption is predominantly derived from our lighting requirements we have continued a portfolio wide LED lighting upgrade programme, across all UK stores.

Electricity performance Year ended 31 August		2017/18	2018/19	2019/20	2020/21	2021/22	**2022/23**	**% change**
Electricity use	MWh	17,416.0	15,373.0	14,435.0	13,506.0	14,755.0	**14,708.0**	**(0.3%)**
Scope 2 emissions (LB)	tCO_2e	4,376.7	3,527.0	3,022.0	2,555.0	2,620.0	**2,803.0**	**7.0%**
Scope 2 emissions (MB)	tCO_2e	Not reported	Not reported	171.0	153.0	178.0	**47.0***	**(73.8%)**
Scope 3 emissions	tCO_2e	371.4	299.0	261.0	228.0	237.0	**260.0**	**9.8%**

Note:
(LB) – Location Based (MB) – Market Based

Total electricity consumption across all Group stores was 14,708 MWh which is a 0.3% decrease in consumption compared to the previous year.

Mandatory greenhouse gas ("GHG") emissions reporting (wholly owned stores only) continued

Electricity performance contined

This saving demonstrates the continued positive impact that lighting installation has had on reducing our consumption. In addition, this demonstrates that we have been able to decrease our overall electricity use whilst adding new stores and converting stores from gas space and water heating appliances to high efficiency electric alternatives. Scope 2 location-based emissions increased by 7.0% compared to the previous year due to the impact of a higher conversion factor for UK electricity generation and the full year inclusion of the Netherlands store portfolio whose electricity consumption is converted at high conversion factors relative to other Group markets. Scope 2 market-based emissions reduced by 73.8% compared to the previous year because our France stores switched to a 100% certified renewable supply agreement.

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 Year ended 31 August		2017/18	2018/19	2019/20	2020/21	2021/22	**2022/23**	**% change**
Water use	m^3	61,655	55,113	43,372	47,503	53,024	**52,774**	**(0.5%)**
Scope 3 emissions	tCO_2e	64.9	58.0	45.6	20.0	22.0	**19.95**	**(10.6%)**

Between September 2022 and August 2023 the total water consumption across all our stores was 52,774 m^3, which is a decrease of 0.5%. compared to the previous financial year.

Waste performance

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

This year we report the waste generated from operations in the UK only. Waste from the European markets is excluded due to the difficulty of separating operational waste from the majority of the waste volume which is customer generated. The prior year has been restated on this same UK-only basis. Data for 2020/21 and earlier years contains a mix of both operational and customer waste in the UK and France, and is therefore not comparable with the past two years.

Waste performance Year ended 31 August		2017/18	2018/19	2019/20	2020/21	2021/22	2021/22 (restated)	**2022/23**	**% change**
Waste – recycling	tonnes	1,211	586	1,448	1,488	1,517	277*	**233**	**(15.9%)**
Waste – Energy from Waste	tonnes	730	1,321	1,124	831	696	696	**599**	**(14.0%)**
Waste – landfill	tonnes	57	44.2	57.7	56.5	46.0	37.0*	**0**	**(100%)**
Scope 3 emissions	tCO_2e	47.2	45.1	81.2	90.0	68.0	38.0*	**17.7**	**(53.4%)**

Note:
* 2022/23 and 2021/22 (restated) excludes recycling and landfill waste tonnage from Europe – UK operational waste only.

In the last twelve months to August 2022, a total of 832 tonnes of waste has been generated in the UK (Recycling, Energy from Waste and Landfill) which is a decrease of 16% 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 landfill waste and ensure that waste will be recycled where possible.

Business travel performance

We report on our business travel, which historically was exclusively mileage in company vehicles in the UK (Scope 1). This year we also report business mileage in company vehicles in France (Scope 1) and mileage in employee-owned vehicles in the UK (Scope 3) as well as travel by air and rail in all countries (Scope 3). The figures for 2021/22 have been restated to ensure comparability.

Business travel performance Year ended 31 August		2018/19	2019/20	2020/21	2021/22	2021/22 (restated)	**2022/23**	**% change**
Business travel*	miles	396,088	346,076	421,829	469,324	608,381*	**740,770**	**21.8%**
Business travel (Scope 1)	MWh	440.7	395.4	484.3	518.0	658.0*	**721.0**	**9.5%**
Business travel (Scope 3)**	MWh	N/A	N/A	N/A	N/A	308.0**	**311**	**0.9%**
Scope 1 emissions*	tCO_2e	108.8	96.4	117.7	124.0	159.0*	**170.0**	**6.8%**
Business travel (PHEV/EV) Scope 2 emissions	tCO_2e	Not reported	Not reported	Not reported	Not reported	Not reported	**6**	
Business travel Scope 3** emissions	tCO_2e	Not reported	Not reported	Not reported	Not reported	107.9**	**122**	**13.2%**

Notes:
* For 2022/23 and 2021/22 (restated) this includes mileage in company-owned or operated vehicles throughout the Group and mileage in employee-owned vehicles in the UK. For 2020/21 this includes mileage in company-owned or operated vehicles in the UK only.

** Scope 3 Business travel emissions includes emissions associated with business mileage in employee-owned and private hire vehicle emissions in the UK, and emissions associated with rail and air travel across the Group.

In our business we travelled 740,770 miles in vehicles in the twelve months to 31 August 2023, resulting in a 21.8% increase compared with the previous year. This reflects increased a return to pre-pandemic levels of business activity as well as the travel associated with a growing portfolio of stores in operation or development. We also saw an increase in emissions associated with air and rail travel due to travel associated with the expanded Group portfolio in Spain, Belgium, and the Netherlands versus last year.

Group GHG performance (mandatory GHG reporting)

We have used the Environmental Reporting Guidelines: Including streamlined energy and carbon reporting guidance[1] and Greenhouse Gas Protocol[2] methodology for compiling this GHG data and, for UK energy consumption and emissions, included the following material GHGs: CO_2, N_2O and CH_4. In accordance with the BEIS reporting guidelines and data[3] conversion factors for Greenhouse Gas emissions, the equivalent reports on our France, Spain, Netherlands, and Belgium properties used the CO_2e factors provided by Carbon footprint[4] emission factors September 2023 edition for Grid Electricity both for Location based and Residual Fuel mix for Market based and Transportation and Distribution losses (T&D Losses). The business travel miles reported includes company owned or operated vehicles throughout the Group and mileage in employee-owned vehicles in the UK. 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
2 https://ghgprotocol.org/
3 https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2023
4 Source: Carbon Footprint September 2023 Emission Factors (https://www.carbonfootprint.com/international_electricity_factors.html)

UK government GHG emission conversion factors for company reporting

Standard set for 2023 (this set covers the greatest proportion of the current GHG reporting year)

Source: BEIS 2023/Carbon Footprint Sep 23

Scope	Emissions source	Unit	Conversion factors
1	Natural gas (gross CV)	kWh	0.18293
1	Business travel (petrol)	miles	0.26379
1	Business travel (diesel)	miles	0.27332
1	Business travel (plug-in hybrid)	miles	0.10601
2	**UK** electricity grid supply	kWh	0.20707
2	**France** electricity grid supply (LB)	kWh	0.05357
2	**Spain** electricity grid supply (LB)	kWh	0.16372
2	**Belgium** electricity grid supply (LB)	kWh	0.12177
2	**The Netherlands** electricity grid supply (LB)	kWh	0.29634
2	**UK** electricity grid supply (MB)	kWh	0.00000
2	**France** electricity grid supply (MB)	kWh	0.05852
2	**Spain** electricity grid supply (MB)	kWh	0.00000
2	**Belgium** electricity grid supply (MB)	kWh	0.14427
2	**The Netherlands** electricity grid supply (MB)	kWh	0.43897
2	Business travel (plug-in hybrid)	miles	0.04152
2	Business travel (fully electric vehicle)	miles	0.08116
3	**UK** electricity transmission and distribution	kWh	0.01792
3	**France** electricity transmission and distribution	kWh	0.00850
3	**Spain** electricity transmission and distribution	kWh	0.01337
3	**Belgium** electricity transmission and distribution	kWh	0.01705
3	**The Netherlands** electricity transmission and distribution	kWh	0.04455
3	Water supply	m^3	0.17700
3	Water treatment	m^3	0.20100
3	Commercial waste – recycling	tonnes	21.28081
3	Commercial waste – Energy from Waste	tonnes	21.28081
3	Commercial waste – landfill	tonnes	520.3347
3	Business travel plane (domestic flights)	Pass-km	0.272577
3	Business travel train (national rail)	Pass-km	0.035463
3	Business travel employee/hire (average diesel)	miles	0.273316

Note:
The conversion factors for electricity (both location based and market based) emission factors were sourced from Carbon Footprint country specific electricity grid GHG Emission Factors, residual mixes and production mix conversion factor. (Note: Defra/BEIS no longer provides overseas electricity generation conversion factors).

Mandatory greenhouse gas ("GHG") emissions reporting (wholly owned stores only) continued

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 the previous year 2021/22 and the current year 2022/23.

UK – GHG emissions (tCO_2e)	Units	2021/22	2021/22 (restated)	**2022/23**
Scope 1	tonnes CO_2e (UK)	557	557	**473**
Scope 2 (LB)	tonnes CO_2e (UK)	2,415	2,415	**2,504**
Scope 2 (MB)	tonnes CO_2e (UK)	0	0	**0**
Scope 3	tonnes CO_2e (UK)	279.8	384*	**371**
Total GHG CO_2e (LB)	**total tonnes CO_2e (UK)**	3,252	3,357	**3,348**
Total GHG CO_2e (MB)	**total tonnes CO_2e (UK)**	837	941	**844**
GHG CO_2e intensity (LB)	tonnes CO_2e/ floor space (UK - thousand sq ft)	0.38	0.39	**0.39**
GHG CO_2e intensity (LB)	tonnes CO_2e / floor space (UK - thousand sq m)	4.08	4.22	**4.15**
GHG CO_2e intensity (MB)	tonnes CO_2e/ floor space (UK - thousand sq ft)	0.10	0.11	**0.10**
GHG CO_2e intensity (MB)	tonnes CO_2e / floor space (UK - thousand sq m)	1.05	1.18	**1.05**

Note:

* 2022/23 and 2021/22 Scope 3 figures includes emissions from business travel via public transport (rail, air) and emissions associated with business mileage in employee-owned vehicles.

Europe – GHG emissions (tCO_2e)	Units	2020/21	2021/22 (restated)*	**2022/23**
Scope 1	tonnes CO_2e (Europe)	68	103*	**91**
Scope 2 (LB)	tonnes CO_2e (Europe)	205	205	**299**
Scope 2 (MB)	tonnes CO_2e (Europe)	178	178	**47**
Scope 3	tonnes CO_2e (Europe)	48	21**	**46**
Total GHG CO_2e (LB)	**total tonnes CO_2e (Europe)**	320	328	**439**
Total GHG CO_2e (MB)	**total tonnes CO_2e (Europe)**	293	301	**187**
GHG CO_2e intensity (LB)	tonnes CO_2e/floor space (Europe - thousand sq ft)	0.10	0.10	**0.13**
GHG CO_2e intensity (LB)	tonnes CO_2e/floor space (Europe - thousand sq m)	1.08	1.08	**1.36**
GHG CO_2e intensity (MB)	tonnes CO_2e/floor space (Europe - thousand sq ft)	0.09	0.11	**0.05**
GHG CO_2e intensity (MB)	tonnes CO_2e/floor space (Europe - thousand sq m)	0.99	0.99	**0.58**

Notes:

* 2022/23 and 2021/22 include emissions associated with business mileage in company-owned or operated vehicles in France within Scope 1.

** 2022/23 and 2021/22 Scope 3 figures excludes emissions associated with waste in European countries and includes emissions from business travel via public transport (rail, air).

UK – underlying energy use (MWh)	Units	2021/22	**2022/23**
Scope 1	MWh (UK)	2,918	**2,470**
Scope 2	MWh (UK)	12,490	**12,093**
Total Scope 1 and 2	**MWh (UK)**	15,408	**14,563**
MWh intensity	MWh/floor space (UK – thousand sq ft)	1.80	**1.68**
MWh intensity	MWh/floor space (UK – thousand sq m)	19.34	**18.05**

Europe – underlying energy use (MWh)	Units	2020/21	2021/22 (restated)	**2022/23**
Scope 1	MWh (Europe)	341	482*	**404**
Scope 2	MWh (Europe)	2,266	2,266	**2,615**
Total Scope 1 and 2	**MWh (Europe)**	2,606	2,747	**3,019**
MWh intensity	MWh/floor space (Europe - thousand sq ft)	0.82	0.84	**0.87**
MWh intensity	MWh/floor space (Europe - thousand sq m)	8.80	9.06	**9.33**

Note:

* Scope 1 restated to include energy associated with business mileage in company-owned or operated vehicles for France.

GHG emissions	Units	2018/19	2019/20	2020/21	2021/22	2021/22 (restated)	**2022/23**	**%change**
Scope 1	tonnes CO_2e (UK, Europe)	869	753	793	625	660*	**564**	**(14.5%)**
Scope 2 (LB)	tonnes CO_2e (UK, Europe)	3,527	3,022	2,555	2,620	2,620	**2,803**	**7.0%**
Scope 2 (MB)	tonnes CO_2e (UK, Europe)	n/a	171	153	178	178	**47**	**(73.8%)**
Scope 3	tonnes CO_2e (UK, Europe)	402	396	324	327	405**	**420**	**3.7%**
Total GHG CO_2e (LB)	**total tonnes CO_2e (UK, Europe)**	4,798	4,171	3,671	3,572	3,685	**3,787**	**2.8%**
Total GHG CO_2e (MB)	**total tonnes CO_2e (UK, Europe)**	n/a	1,320	1,269	1,130	1,243	**1,030**	**(17.1%)**
GHG CO_2e intensity	tonnes CO_2e/floor space (thousand sq ft)	0.50	0.40	0.35	0.30	0.31	**0.31**	**(0.1%)**
GHG CO_2e intensity	tonnes CO_2e/floor space (thousand sq m)	6.60	4.90	3.73	3.27	3.35	**3.35**	**(0.1%)**
GHG CO_2e intensity (MB)	tonnes CO_2e/ floor space (thousand sq ft)			0.12	0.10	0.11	**0.09**	**(19.4%)**
GHG CO_2e intensity (MB)	tonnes CO_2e/ floor space (thousand sq m)			1.29	1.03	1.13	**0.91Δ**	**(19.4%)**

Energy consumed	Units	2021/22	2021/22 (restated)	**2022/23**	**% change**
Scope 1	MWh (UK, Europe)	3,260	3,400*	**2,874**	**(15.5%)**
Scope 2	MWh (UK, Europe)	14,755	14,755	**14,708**	**(0.3%)**
Total Scope 1 and 2	total MWh (UK, Europe)	18,015	18,156	**17,582**	**(3.2%)**
MWh intensity	MWh/floor space (thousand sq ft)	1.53	1.53	**1.44**	**(5.8%)**
MWh intensity	MWh/floor space (thousand sq m)	16.48	16.52	**15.55**	**(5.8%)**

Notes:

* Scope 1 restated to include business mileage in company-owned or operated vehicles in France.

** Scope 3 business travel via rail and air included for all countries under overall Scope 3 emissions; business mileage in employee-owned vehicles included for the UK. Emission associated with waste from European countries excluded.

Δ Deloitte LLP have provided independent limited assurance in accordance with the International Standard for Assurance Engagements 3000 (ISAE 3000) and Assurance Engagements on Greenhouse Gas Statements (ISAE 3410) issued by the International Auditing and Assurance Standards Board ("IAASB") over the selected metrics identified with a Δ. Deloitte's full unqualified assurance opinion, which includes details of the selected metrics assured, can be found in the Sustainability section of the Group website.

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 absolute market-based carbon emissions 17% lower than the previous year despite growth in Group floor space.

In our UK wholly owned stores, 100% of our electricity is from renewable energy sources. We have seen a further 4.4% reduction in usage in UK like-for-like electricity consumption despite replacing some gas heating appliances with electric alternatives in some stores. This is due in large part to the continued rollout of efficient LED lighting with built in motion sensors across all existing and new stores including customer units as they become vacant. We also have the added provision of self-generation, reducing our usage at some sites in addition to the benefits of voltage optimisation at our largest location, Battersea Park.

This year we have also continued our programme of replacement of gas boilers across our estate with more efficient alternative heating sources. During this financial year we replaced gas appliances in five locations with electric heat pump alternatives, further upgrades are scheduled over the coming years.

Procurement of renewable energy

We are actively pursuing renewable energy within our purchasing decisions. 100% of our UK electricity consumption in our wholly owned stores is purchased from Ofgem accredited renewable sources 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 location-based GHG emissions for Scope 1, Scope 2, and Scope 3 for the twelve-month period to 31 August 2023 have increased by 2.8% to 3,787 tonnes CO_2e. Whilst underlying energy use has declined compared to the prior year, the impact of a higher conversion factor for UK electricity generation and the full year inclusion of Netherlands store portfolio whose electricity is converted at a relatively high conversion factor has had the effect of increasing location-based emissions overall. However, the Group is primarily focused on reducing its market-based emissions on its journey to operational net zero by 2035 and has continued to seek certified renewable electricity supply arrangements to this end. Market-based emissions have reduced by 17% (or by 213 tonnes CO_2e) compared to the previous year to 1,023 tonnes of CO_2e despite growth of the Group portfolio. This is due to a combination of initiatives delivered during the year including removal of gas appliances in a number of UK stores, electricity efficiency via lighting improvements and voltage optimisation, and switching to supply of 100% certified renewable electricity in France.

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

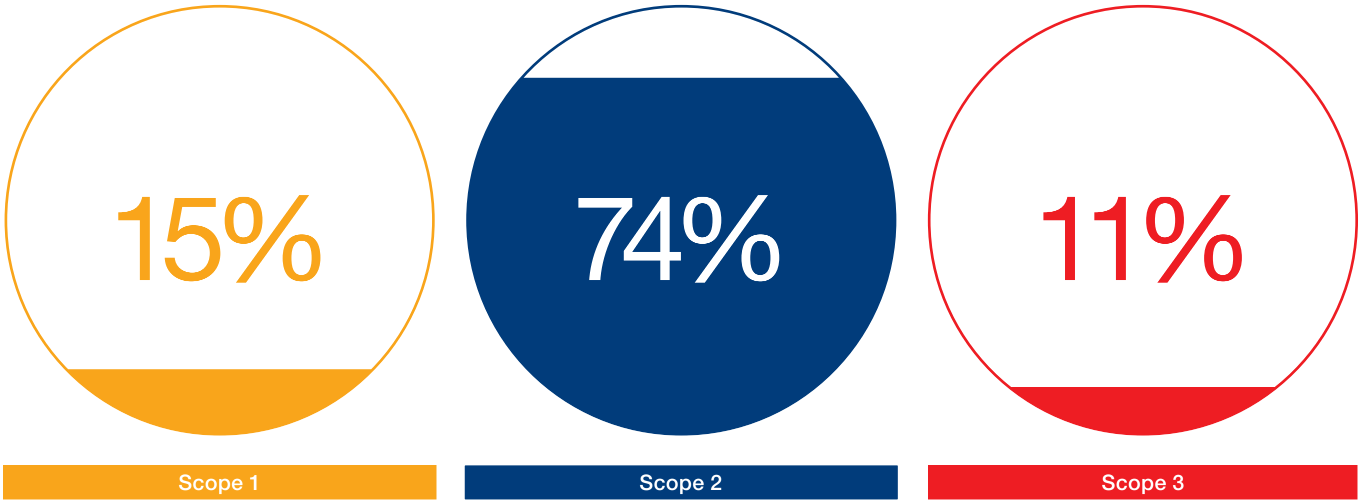
Group GHG performance (mandatory GHG reporting) analysis continued

Breakdown of emissions scopes 2022/23

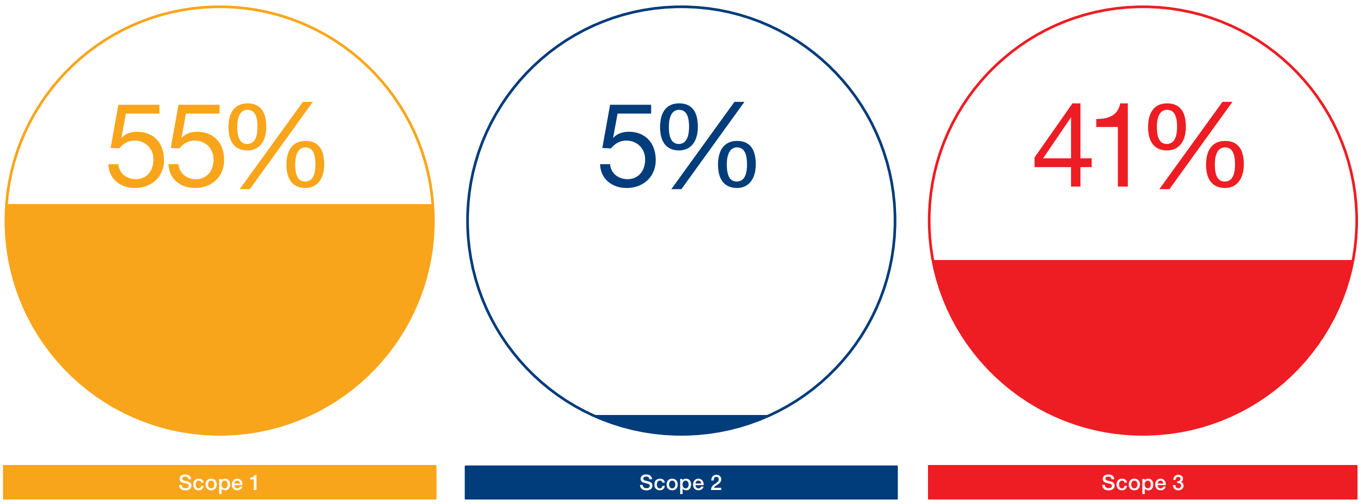
Our overall floor space has increased from 11,763,815 sq ft (2021/22) to 12,167,970 sq ft (2022/23).

Our market-based GHG emissions CO_2e intensity has decreased from 1.13 tonnes CO_2e per 1,000 sq m in 2021/22 (restated) to 0.91 tonnes CO_2e per 1,000 sq m in 2022/23, which is a decrease of 19.4%.

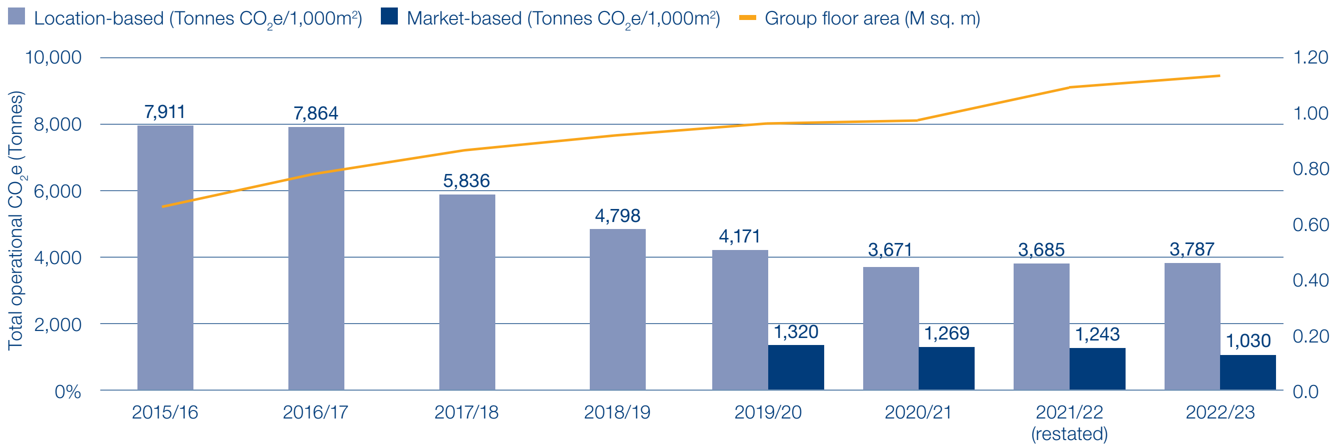
Location-Based



Market-Based



Our GHG emissions and intensity since 2015/2016



	2019/20	2020/21	2021/22 (restated)	2022/23
Market-based emissions intensity (Tonnes CO_2e/1,000 m²)	**1.36**	**1.29**	**1.13**	**0.91**

Sustainable Energy First (formerly "BiU") has collated the data set covering Scope 1–3 emissions for the period 1 September 2022 to 31 August 2023. Sustainable Energy First 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 to corporate governance

"The Board is committed to high standards of corporate governance and decisions are based on what the Board believes is likely to be for the benefit of all stakeholders by promoting and maintaining the long term success of the Company and its reputation."

Dear shareholder

On behalf of the Board, I am pleased to introduce the Company's corporate governance report for the year ended 31 October 2023. The Board is committed to high standards of corporate governance and decisions are based on what the Board believes is likely to be for the benefit of all stakeholders by promoting and maintaining the long term success of the Company and its reputation. This review and the reports of the Nomination, Audit and Remuneration Committees that follow summarise the key matters considered by the Board during the year and how it discharges its responsibilities.

Company purpose, values, strategy and culture

Safestore's purpose is to add stakeholder value by developing profitable and sustainable spaces that allow individuals, businesses, and local communities to thrive. This is achieved through the delivery of our strategy, supported by an effective framework of governance and risk management and by our culture and values.

Safestore has an open and supportive culture. Our colleague and stakeholder engagement has been fundamental to our success and is integral to and aligned with our values and corporate culture. Our colleague and stakeholder engagement arrangements are set out on pages 32 to 34 and in the Sustainability report. Our successful performance is only possible due to the hard work and commitment of our colleagues, who continue to be engaged with our strategy, and aligned with our values and our culture. Our high level of colleague engagement was evidenced by Safestore 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. This award is explained more fully on page 48.

The Board is satisfied that our culture is aligned with the Company's purpose, values and strategy. Our values are summarised on page 53 and our strategy is explained on pages 8 to 19.

Board priorities

As you would expect in 2023, the Board has focused on delivering its strategic priorities, investing in its store portfolio and its people, and refinancing its Revolving Credit Facilities. The Board has continued to enhance its oversight of environmental risks, employee welfare and governance. The Board is committed to implementing the relevant recommendations of the Task Force on Climate-related Financial Disclosures ("TCFD") and reports against its framework. We have made climate-related financial disclosures consistent with the TCFD recommendations and further details are set out on pages 43 and 59 to 64.

A top priority in 2024 will be the search for a new Chief Financial Officer and Executive Director, following the announcement in September 2023 that Andy Jones will be retiring as CFO. The search and selection process to appoint Andy's successor remains ongoing.

Board membership

The Company announced in April 2023 that Ian Krieger had advised the Board that he would not be seeking re-election as a Non-Executive Director at the Company's Annual General Meeting, to be held in March 2024. Ian will therefore be retiring as a Non-Executive Director, as the Chair of the Audit Committee and as the Senior Independent Director following the conclusion of the Company's 2024 Annual General Meeting.

Following ten years as a Non-Executive Director and over nine and eight years as Chair of the Audit Committee and Senior Independent Director respectively, Ian has made an exceptional contribution to the Board and its Committees. On behalf of the Board, I would like to thank Ian for his invaluable guidance, and we wish him well for the future.

In April 2023, we were also pleased to announce that Jane Bentall would become Chair of the Audit Committee upon Ian's retirement. At the time of drafting, the Board had not met the target set out in Listing Rule 9.8.6(9)(a)(ii). With Ian set to step down as Senior Independent Director at the 2024 Annual General Meeting, we are in the final stages of selecting his replacement for the role and except to announce our new Senior Independent Director prior to the Annual General Meeting on 13 March 2024. I can confirm this will be one of our existing female non-executive directors and we will therefore meet all of the targets set out in Listing Rule 9.8.6(9)(a).

Following an extensive search process conducted by search firm Teneo, we were pleased to welcome Avis Darzins to the Board on 1 September 2023 as a Non-Executive Director and as a member of the Audit and Remuneration Committees. Avis brings a wealth of experience both from an in-house operational career and as a consultant, supporting large organisations. Her expertise will be highly valuable to Safestore as the business continues to expand.

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 87.

Equality, Diversity and Inclusion

I am delighted that the Board has met its ethnic and gender diversity targets; at the date of this report, the Board comprises 44% women (FY2022: 38%). However, the pace of change for diversity in the senior leadership team is slower than we would like. The Board is keen to encourage more women at Safestore, at all levels, and our aim is to attract 40% female applicants for every role. In addition, we are working hard on attracting, retaining, and supporting women in our workforce and we know that there is still an under-representation of black, Asian and ethnic minority colleagues in higher paid roles. In 2023 the Board adopted a Board Diversity Policy, covering diversity targets and the board's approach to inclusivity. The Board Diversity Policy is available on the Company's website. For more information on gender and ethnic diversity across the Group, details of the Company's equality, diversity and inclusion policy and the gender and ethnicity balance of senior managers and direct reports, please see page 50.

Board evaluation

Each year, the Board undertakes a formal evaluation of its effectiveness. During 2023, an internally facilitated evaluation of the Board and its Committees was carried out. The evaluation was conducted by the Chairman, and facilitated by the Company Secretary using a detailed questionnaire alongside opportunities for additional comments, which was completed by each Board member. The results arising from the evaluation were discussed by the whole Board. Notwithstanding that the report considered that the Board's performance was strong, a number of actions were identified to further enhance the Board's effectiveness, and further details of these may be found on pages 83 and 84.

2023 Directors' Remuneration Policy

Following an extensive shareholder consultation programme with most of our major shareholders and investor bodies, the Board was delighted to receive 97.4% shareholder support for Safestore's 2023 Directors' Remuneration Policy (the "Policy"), when approved by shareholders at the Company's General Meeting held in July 2023. The new Policy has been designed to operate for three years, and is summarised on pages 99 to 102. I would like to thank our major shareholders on behalf of the Board for their engagement, constructive feedback and support.

Compliance statement

The Company is reporting against the UK Corporate Governance Code 2018 (the "Code"). Throughout the year ended 31 October 2023, and up to the date of this report, the Company has been in compliance with the principles and provisions of the Code. The Code is available on the Financial Reporting Council ("FRC") website at: www.frc.org.uk.

2024 Annual General Meeting ("AGM")

The AGM of the Company will take place at 12 noon on Wednesday 13 March 2024 at Brittanic House, Stirling Way, Borehamwood, Hertfordshire WD6 2BT. All Directors will attend the AGM, which will provide an opportunity for shareholders to hear more about our performance during the year and to ask questions of the Board. We will again invite shareholders to submit their written questions on the business of the 2024 AGM. You will find details of how to submit written questions in advance of the meeting on our investor website at https://www.safestore.co.uk/corporate and in the Notice of the 2024 AGM.

David Hearn
Non-Executive Chairman
16 January 2024

Board of Directors

as at 16 January 2024

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. Until recently David was chair of The a2 Milk Company, a company listed on the New Zealand Stock Exchange and dual listed on the Australian Stock Exchange.

External appointments

David is chair of Tate & Lyle PLC and a director of Lovat Partners, Committed Capital and the architectural firm Robin Partington & Partners.

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

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

None.

Ian Krieger

Senior Independent Director

A

N

R

Commenced role

March 2015 as Senior Independent Director. Ian Krieger will retire as a Non-Executive Director of the Company following the conclusion of the Company's 2024 Annual General Meeting.

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 of Capital & Regional plc and Primary Health Properties plc.

Laure Duhot

Non-Executive Director

R

Commenced role

November 2021 (appointed as Chair of the Remuneration Committee in June 2022)

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. Laure is also a director of Lifestory Group Limited and acts as the independent member on CBRE-IM's UK investment committee.

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. Gert has been a non-executive director, for Wereldhave NV, and Accell Group 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 CEO of Mercy Ships and non-executive director of Sligro Food Group NV, a company listed on Euronext Amsterdam.

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 and a non-executive director of Fnac-Darty SA.

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

Jane Bentall
Non-Executive Director

A
R

Commenced role
May 2022

Skills and experience
Jane Bentall has extensive experience and understanding of operating multi-site, consumer-led businesses. Most recently, Jane was managing director of Haven, the UK holiday parks chain and largest business division of Bourne Leisure. Prior to becoming managing director of Haven, she was the group chief financial officer for twelve years and previously spent six years as operations director. In her career she has also held senior financial roles at the Rank Group.

External appointments
Jane is a director of Oakman Inns plc, and a non-executive director of The Royal Marsden NHS Foundation Trust. Jane is also a director of Resident Hotels Limited, a consultant for Blackstone, and a member of Pilotlight.

Jane is an ACA qualified accountant and a fellow of the Institute of Chartered Accountants.

Avis Darzins
Non-Executive Director

A
R

Commenced role
September 2023

Skills and experience
Avis Darzins has over 20 years of senior executive level and management consulting experience in the retail and entertainment and media sectors, specialising in customer experience strategy and business transformation.

Avis began her career in the retail sector covering domestic and international B2B and B2C sales and buying and category management before specialising in large-scale change programmes. Before joining Sky PLC in 2009 as business transformation director, Avis spent eight years at Accenture, having been promoted to partner in 2004. Avis was a non-executive director of Moss Bros Group plc, until its sale in 2020.

More recently Avis has established her own business consulting company.

External appointments
Avis is a non-executive director for Marshalls plc and Grafton Group plc, and the senior independent trustee/director for the children's charity Barnardo's.

Committee membership

Chair of Committee
A Audit Committee
N Nomination Committee
R Remuneration Committee

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 promoting the long-term sustainable success of the Company and its reputation, for the benefit of its stakeholders.

The Board is responsible for setting:

- the Company's purpose, its values and strategy, and satisfying itself that these are aligned with the overall culture of the Group;
- appropriate performance targets for management and monitoring the business' performance against those targets; and
- the Group's risk appetite and satisfying itself that financial controls and risk management systems are robust, while ensuring the Group is adequately resourced.

The Board also ensures that there is appropriate dialogue with shareholders on strategy and remuneration.

The Board is collectively responsible for promoting the long term success of the Group for the benefit of the Company's stakeholders. It agrees the overall strategy, direction and culture of the Group and has the powers and duties set out in the Companies Act 2006 (the "Act") and the Company's Articles of Association.

The Board delegates certain matters to the Board Committees and delegates the day-to-day operation of the business to the Executive Directors.

The Board's activities during the year and how it discharges its responsibilities can be found on page 84 and 85. The Group's established strategy has evolved to embed sustainability within its purpose. Our strategy is underpinned by our values, as defined on pages 4 and 53, 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 providing constructive challenge to the Executive Directors, assisting in developing proposals on the Group's strategy and monitoring the performance of the Executive Directors against strategic and operational objectives.

The Board has delegated certain responsibilities to its Audit, Remuneration and Nomination Committees. 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. 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 external advice if they feel necessary.

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 Team. 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 to implement the Group's sustainability strategy. Sustainability governance is explained more fully on page 46.

The Board and its independence

At the date of this report, the Board consists of nine Directors, the Chairman, two Executive Directors and six independent Non-Executive Directors, with Ian Krieger appointed as current Senior Independent Director until the 2024 Annual General Meeting. The Chairman 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 80 and 81.

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 is 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 has a similar obligation to be independent for PHP as they do for the Company. The Board does not consider that Laure and Ian's positions as independent Non-Executive Directors of the Company are adversely impacted by their roles on the board of PHP and is satisfied that, notwithstanding these appointments, they are therefore regarded as independent. Ian Krieger will be stepping down from the Board at the 2024 Annual General Meeting, at which point there will be no instances of cross-directorships on the Board.

The Board is 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. Having undertaken a rigorous review of Ian's performance as a Non-Executive Director and having taken into account other relevant factors that might be considered likely to impair, or could appear to impair, independence including as set out in Provision 10 of the Code, the Board considers that Ian has remained independent during the year under review.

In April 2023, the Company announced that Ian had advised his intention to retire as a Non-Executive Director of the Company following the conclusion of the Company's 2024 Annual General Meeting.

Each Non-Executive Director continues to bring independent judgement to the Board's decision-making process. Frederic Vecchioli is also a director of the group of companies that forms the Joint Venture group structure operating in Germany, which includes companies incorporated in Germany and Luxembourg and that are associated companies of the Group; apart from these appointments the Executive Directors do not hold any executive or non-executive directorships in other companies.

Division of responsibilities

The roles of Chairman, 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 Chairman 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 Chairman on all governance issues. The statement of the division of responsibilities between the Chairman, the Chief Executive Officer and the Senior Independent Director is available on the Governance section of the Company's website: www.safestore.com.

Formal workforce advisory panel

Our 'Make the Difference' people forum, launched in 2018, is a formal workforce advisory panel. The Board approved the establishment of the advisory panel to facilitate engagement between colleagues from different areas of the business and provide a two-way feedback process between the Board and our colleagues. The panel has terms of reference that define its purpose and has a mechanism for appointing colleague representatives, known as 'People Champions'. Further information relating to the panel and our 'People Champions' can be found on page 11. The Board receives regular feedback from the panel which has resulted in the Board approving outcomes as detailed in the Sustainability report on page 50 and Directors' remuneration report on pages 96, 102 and 106. The Chief Executive Officer attends panel meetings twice a year to report the views of the Board and to provide regular updates covering the Group's performance and the delivery of our strategy. The Board considers the formal workforce advisory panel to be effective.

Effectiveness

Activities of the Board

The Board scheduled eight meetings during the financial year, with three further Board meetings arranged as required. The Board has held a mix of meetings either in person or by video conference, and held one meeting at the Group's office in Paris.

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 pages 84 and 85.

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 2022/23

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 2023	Number of meetings held during tenure during the year	Number of meetings attended
David Hearn	11	11
Frederic Vecchioli	11	11
Andy Jones	11	11
Ian Krieger	11	11
Gert van de Weerdhof	11	11
Laure Duhot	11	11
Delphine Mousseau	11	11
Jane Bentall*	11	10
Avis Darzins**	1	1

Note:

* Jane Bentall missed a Board meeting due to a family medical emergency.

** On 1 September 2023, Avis Darzins was appointed as an independent Non-Executive Director.

In addition to the scheduled Board meetings, the Standing Committee met on 20 occasions and was granted express delegation by the Board to approve the full year and half year results announcements and ancillary matters, including the Company's new financing arrangements. The Standing Committee also approved routine administrative matters which related to the maturity of the Company's Sharesave schemes, and vesting of the Company's Long Term Incentive Plans, the grant of new options under the 2023 (three-year) Sharesave scheme and the Company's new financing and intercompany funding arrangements. The Disclosure Committee has not met during the year.

2023 Board and Committee evaluation

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 evaluation was completed in 2022.

This year the Board carried out an internal evaluation of its performance, its Committees and individual Directors. The scope was agreed with the Chairman and was facilitated by the Company Secretary. Directors were invited to complete a detailed questionnaire alongside opportunities for additional comments, which was completed by each Board member. The questionnaire 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 Chairman and were collated and shared with the Board. The Chairman discussed the outcome of the evaluation with each Director and shared his findings with the Board.

The anonymity of respondents was ensured throughout the evaluation process in order to promote an open and frank exchange of views.

Effectiveness continued

2023 Board and Committee evaluation continued

Notwithstanding that the report considered that the Board's performance was strong, the evaluation provided constructive feedback and identified opportunities for development and growth. The Board undertook to develop an action plan to address particular areas of interest, with a focus on improving the Board and its Committees, effectiveness and develop efficiencies together with the executive function to enable Directors to prioritise strategic progression and generating shareholder value.

The results of the Board evaluation confirmed that the Board continues to function effectively to a high standard.

The Board members were seen as engaged and committed while the Board's culture remains open, respectful and constructive.

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 Chairman 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 this year, the Chairman's own performance was assessed by the Senior Independent Director after seeking and receiving feedback from each of the other Directors.

A summary of the key matters considered by the Board during the year

Responsibilities	Activities
Strategy	• The development and implementation of the Company's strategy included general updates from the CEO and CFO. • Presentations from members of the management team on strategy implementation in their operations. • Considered selective portfolio management and expansion opportunities, which included the establishment of a new Joint Venture arrangement with Carlyle in Germany, and site acquisitions in the UK, France, Spain and Benelux.
Performance and operational matters	• Reviewed the 2023 performance against budget and updated forecasts for the UK, French, Spanish and Benelux operations. • Reviewed customer performance data. • Maintained a detailed focus on full year earnings guidance. • Approved the 2023 Board budget. • Reviewed and approved the Group's investment appraisal policy. • Received regular operational updates from members of the management team, relating to property, colleagues, marketing, IT, store operations, Company secretarial and legal matters.
Finance and capital	• Reviewed the Group's capital structure and approved the arrangements for the Group's new £400 million unsecured multi-currency Revolving Credit Facility and agreed to extend the facility by a further one year to November 2027. • Monitored the Company's going concern and long term viability statements. • Reviewed cash flow, dividend policy (in line with the UK REIT requirements) and shareholder returns.
People, culture and values	• Received regular updates on colleague wellbeing and HR matters, including updates on colleague engagement and updates from our 'Make the Difference' people forum, our formal workforce advisory panel. • Reviewed and approved the Group's key policies including the Company's Modern Slavery Act Statement, anti-corruption and bribery statement and policy, the whistleblowing ("Speak Out") policy and the health and safety policy statement. • Considered and reviewed the gender pay gap report for 2022. • Reviewed the Company's sustainability strategy, including the Company's commitment to working towards operational carbon neutrality (net zero) by 2035. • Reviewed colleague engagement arrangements.
Governance and risk	• Approved changes to Board composition, and considered Director independence, and succession planning. • Approved an increase in Non-Executive Director fees, in line with overall general increases to all colleagues. • Reviewed reports on governance and legal issues. • Considered the Company's risk appetite in relation to its strategy. • Reviewed the outcome of the Board and its Committees' 2023 Board effectiveness review. • Reviewed the Directors' Conflict of Interests Register. • Monitored and reviewed the Company's Risk management and internal control system. (See Audit Report for more details on effectiveness).
Shareholder and stakeholder engagement	• Discussed feedback from investors' and analysts' meetings following the release of our full year and half year results announcements and interim management statements and meetings with existing and potential shareholders. • Discussed feedback following the Chairman and Chair of the Remuneration Committee's engagement with major shareholders ahead of submitting the Company's 2023 Directors' Remuneration Policy to shareholders for approval at the General Meeting held in July 2023. • Received regular updates from brokers and advisers on the market perception of Safestore. • Received updates from the CEO and CFO on stakeholder engagement in relation to investor and partner engagement.

Responsibilities	Activities
Other	• Approved the Annual Report and Financial Statements and recommended the final dividend in line with the Company's dividend policy for shareholder consideration. • Approved the 2023 half year results announcement and declared the interim dividend in line with the Company's dividend policy. • Approved the interim management statements in November 2022 and February and September 2023 regarding trading updates. • Received and reviewed monthly shareholder analysis reports.

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 a rigorous search for a new Non-Executive Director. The process for identifying and overseeing the appointment of the new Non-Executive Director has been explained in the Nomination Committee report on page 87.

Board development

The Chairman 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, if they feel necessary to carry out their duties as a Director fully. No such independent advice was sought in 2023.

During the year the Company has delivered an induction programme for Avis Darzins 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.

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 121. 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 AGM. The letters of appointment for Non-Executive Directors are in line with the provisions of the Code relating to expected time commitment. At each AGM of the Company, all Directors will stand for re-election in accordance with the Code and the Company's Articles of Association. 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 AGM.

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.

Accountability

Risk management and internal control

A summary of the principal risks and uncertainties within the business is set out on pages 35 to 40.

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 assessments 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.

As reported last year, during the year ended 31 October 2023, the Group employed a Head of Internal Audit in the UK supported by three auditors responsible for reviewing operational and financial controls across the UK, France, Spain, Belgium, the Netherlands and Germany. The internal audit team operates with a mandate to provide assurance that the stores' risk management and control processes operate effectively. The Head of Internal Audit reports to the Chief Financial Officer and the Chair of the Audit Committee. Further details are provided in the Audit Committee report.

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 in and overview of 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 2023 the system of internal control has been appropriate for the Group.

Accountability continued

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 significant 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 strategy has been in place since 2016, which is approved by the Board and reviewed annually by the Audit Committee and is available on the Group's website: www.safestore.com. 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 and investor engagement

We are committed to proactive and constructive engagement with all our shareholders and consider all 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 the investment community. Engagement is maintained through a comprehensive investor relations programme, which includes formal presentations of the full year and half year results, meetings with institutional investors and analysts as required and attendance at investor conferences. The presentation slides used at these meetings are made available on the Company's website and accessible for all shareholders. The Board ensures that our shareholders, investors and investor community have a strong understanding of our strategy, performance and culture.

Demonstrating our commitment to full transparency and engagement with our shareholders during this year the Chairman and Chair of the Remuneration Committee engaged extensively with most of our major shareholders and Investor Bodies in relation to our remuneration strategy and our 2023 Remuneration Policy (the "Policy"). The Board would like to thank shareholders for showing their overwhelming support for our new Policy at our General Meeting held in July 2023.

To ensure all Board members share a good understanding of the views of all our 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 Chairman 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. All shareholders are invited to the Annual General Meeting and can raise any comments they may have throughout the year via our IR inbox, which is published on our website. 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 ask questions of the full Board of Directors, including the Chairs of the Audit, Nomination and Remuneration Committees.

Nomination Committee report

"The Board, on the advice of the Committee, recommends the election or re-election of each Director."

David Hearn
Chair of the Nomination Committee

Meetings held in 2022/23

Members of the Committee during the year ended 31 October 2023	Number of meetings held during tenure during the year	Number of meetings attended
David Hearn (Chair)	4	4
Ian Krieger	4	4
Gert van de Weerdhof	4	4

Membership

The Nomination Committee comprises Non-Executive Directors and is chaired by David Hearn. There were no changes to the Committee's membership during the year. Other Directors and management are invited to attend meetings as appropriate.

Key objectives

To ensure the Board and Executive Team comprise individuals with the appropriate skills, knowledge, experience and diversity, 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, 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.

Activities of the Committee during the year

Appointment of a new Non-Executive Director

During the year the Committee reviewed the Board's size, skill set and diversity and agreed to undertake a search for a new additional Non-Executive Director.

Following a tender process the Committee engaged Teneo to conduct and advise on the executive search for a new Non-Executive Director.

Teneo 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. Teneo has no other connection with the Group or any of the Company's Directors.

The Nomination Committee prepared a job specification and agreed a candidate profile for Teneo to undertake an executive search. A diverse range of candidates with a breadth of experience were considered. An extensive search of the market was conducted to develop a longlist of 13 candidates. The Nomination Committee reviewed the longlist of potential candidates from which a shortlist of six 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. The members of the Committee unanimously recommended Avis Darzins to the Board and the Board approved Avis' appointment as a Non-Executive Director and a member of the Audit and Remuneration Committees with effect from 1 September 2023.

Activities of the Committee during the year continued

Appointment of new Non-Executive Director continued

A significant amount of the Committee's time in 2023 was spent on Board composition; other activities of the Nomination Committee included:

Responsibilities	Activities
Board and Committee composition	• Assessed the diversity, skill set and composition of the existing Board and its Committees. • Oversaw the process for appointing an additional Non-Executive Director.
Succession planning	• Discussed succession planning in respect of both Board members and senior management within the Group.
Board development	• Reviewed the programme for Non-Executive Director development.
Governance	• Reviewed the Group's culture, values and behaviours. • Discussed the remit and role of the Committee and reviewed its terms of reference.

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 Committee below Board level.

Board and Committee performance evaluation

The Committee's performance was reviewed as part of the 2023 internal Board and Committee evaluation process, which is explained on pages 83 and 84. The review found that the Committee functions effectively and should continue to develop succession plans at Board and executive level with due regard for the benefits of diversity.

Directors standing for election and re-election

In accordance with the Company's Articles of Association and the provisions of the Code, Avis will be subject to election and the remaining Directors will stand for re-election, at the Company's 2024 AGM. Following the annual Board performance review and the outcome of performance reviews of individual Directors, I can confirm that each Director subject to either election or re-election:

- continues to operate as an effective member of the Board;
- remains committed to their roles and has sufficient time available to perform their duties; and
- has the skills, knowledge and experience that enable 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 the re-election of each Director. Further information on the Directors, including their skills and experience, can be found in the Directors' biographies on pages 80 and 81.

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

16 January 2024

Audit Committee report

“The Company’s control environment remains robust.”

Ian Krieger
Chair of the Audit Committee

Meetings held in 2022/23

Members of the Committee during the year ended 31 October 2023	Number of meetings held during tenure during the year	Number of meetings attended
Ian Krieger (Chair)	4	4
Gert van de Weerdhof	4	4
Jane Bentall*	4	3
Avis Darzins	1	1

Note:
* Jane Bentall was unable to attend an Audit Committee meeting due to a family medical emergency.

Membership

The Audit Committee comprises solely independent Non-Executive Directors. Avis Darzins was appointed as a member of the Committee on 1 September 2023. The members of the Committee have been selected to provide a 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 2023 Board evaluation, which is explained on pages 83 and 84. The review found that the Committee functions effectively and that issues are dealt with in a thoughtful, clear and rigorous manner.

After nine years as Chair of the Audit Committee, I will be standing down from this role at the Company’s 2024 Annual General Meeting and will be replaced by Jane Bentall.

Key objectives

The provision of effective governance over the appropriateness of the Company’s financial reporting, the performance of both internal audit 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, 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 internal audit 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 Chairman and the Chief Executive Officer;
- the Head of Internal Audit;
- 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.

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:
Financial reporting	• reviewed the Annual Report and Financial Statements and that, taken as a whole, it is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy; • assessed and concluded on the Group's viability statement and the appropriateness of adopting the going concern basis of accounting for the full and half year financial results; • reviewed the significant issues and material judgements which were made in preparing the 2023 half year results and the Annual Report and Financial Statements; • considered and agreed the approach for performing the valuations of investment properties for the Annual Report and Financial Statements and interim results; • challenged the valuers findings and judgements in relation to the property valuation; • 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; • reviewed the principal judgemental accounting matters affecting the Group based on reports from both the Group's management and the external auditor; • 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; and • reviewed and agreed the Company's response to the FRC's request for information in relation to the Company's Annual Report and Financial Statements for the year ended 31 October 2022.
External auditor	• 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; • considered external audit effectiveness and independence; • challenged the auditor's findings and judgements in relation to the property valuation; • approved auditor remuneration; and • 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.
Internal audit arrangements	• reviewed the effectiveness of the Group's internal controls and disclosures made in the Annual Report and Financial Statements; • approved the internal audit plan for 2023 and 2024; and • assessed the effectiveness and independence of the internal audit team.

Governance and risk	• monitored the adequacy and the effectiveness of the Group's ongoing risk management systems and processes, through risk and assurance plans and reports, including:
	  • store assurance audit reports;
	  • internal financial control assessments;
	  • fraud and loss prevention reports; and
	  • operational risk updates, including IT security, health and safety and climate change risk;
	• reviewed the Company's anti-corruption and bribery statement and policy, and whistleblowing ("Speak Out") policy and procedures;
	• monitored the effectiveness of the Company's information security and business continuity arrangements; and
	• reviewed the Company's REIT compliance and tax strategy.

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 Committee paid particular attention to the investment in the German associate with Carlyle ensuring that the correct accounting treatment had been applied and the investment in associate had been correctly recorded using the equity method of accounting.

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 were not significant levels of judgements included in the financial statements, other than for the property valuation as described below.

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 and estimation. 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, and also the considerations made around the macro-economic and inflationary environment, 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 conduct a detailed review of the key assumptions that underpin the investment property valuations and reports their findings to the Committee.

A more detailed explanation of the background, methodology and judgements that are adopted in the valuation of the investment properties is set out in note 13 to the financial statements.

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 and estimates 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.

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 of three years. The Committee's approach in assessing going concern and the viability statement is set out on page 42.

Financial Reporting Council's ("FRC") review of the Company's Annual Report and Financial Statements for the year ended 31 October 2022

The Company received a request for further information from the FRC in relation to its Annual Report and Financial Statements for the year ended 31 October 2022. The Audit Committee reviewed and agreed its response to the FRC. Accordingly, the Company provided further information to the FRC concerning the payment of the 2022 interim dividend and satisfactorily explained the Company's accounting treatment for the settlement of debt following the Group's acquisition of Carlyle's 80% share of the Benelux Joint Venture. Whilst the Company had adequate distributable reserves to cover the 2022 interim dividend, paid on 11 August 2022, the Company agreed to file Company accounts for the half year ended 30 April 2022 at Companies House and to propose resolutions at its 2024 AGM to approve deeds of release between the Company and each of its shareholders and Directors.

The FRC's review provides no assurance that our Annual Report and Financial Statements for the year ended 31 October 2022 are correct in all material respects; the FRC's role is not to verify the information provided but to consider compliance with reporting requirements.

Relationship with, and performance of, the external auditor

Annual auditor assessment

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 requested reports from the external auditor and management on the audit process, quality procedures and the handling of key judgements. In addition the Committee assessed:

- the arrangements for ensuring the external auditor's independence and objectivity;
- the quality of the audit team and their expertise;
- the quality and scope of the audit plan and reporting;
- the quality of the formal audit report to shareholders;
- the robustness and perceptiveness of the auditor in its handling of the key accounting and audit judgements; and
- the content of the external auditor's comments on control improvement recommendations.

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 had shown the requisite commitment in providing its services and has demonstrated depth of knowledge of the Company and the industry, with the necessary robustness, independence and objectivity. The Auditor continues to perform well and provides 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.

Relationship with, and performance of, the external auditor continued

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 carry out non-audit work. 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 £50,000 covering first year engagement of ESG 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 his successor retired following the 2022 audit. Stephen Craig was appointed as the new lead audit partner for the 2023 audit.

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 2023 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 tender

Deloitte was appointed by the Company's shareholders as the Group's statutory auditor in 2014 following a formal tender process. The lead partner for Deloitte was rotated in 2023. As required by the Statutory Auditors and Third Country Auditors Regulations 2016 ("SATCAR"), the Company was required to undertake a formal tender for audit services for its financial year ending 31 October 2024.

At the end of 2023, the Board invited a number of audit firms to participate in a formal tender for the audit and related services of the Group, commencing with the audit for the year ending 31 October 2024. Confirmation of intent to participate was received from KPMG and Deloitte, with other firms declining to participate due to independence and capacity challenges. The Company undertook an RFP to assist the Audit Committee in making its recommendation to the Board. The tender process was led by the Audit Committee with assistance from management. Key personnel were invited to have a series of management meetings with the RFP participants.

Auditors were invited to submit a final proposal and make a presentation to the Audit Committee. The proposals were required to cover the following:

- understanding of the business and industry;
- approach to servicing other geographies;
- understanding of the Company's overseas geographies, and their audit approach;
- strength and experience of their team;
- audit approach;
- quality assurance;
- communication and reporting;
- independence;
- implementation; and
- fees.

The Audit Committee evaluated the proposals carefully against set criteria and received feedback from management meetings.

Appointment or Re-appointment of auditor

At the time of signing of this report, the outcome of the Audit Tender had not been determined. The Audit Committee will make a recommendation to the Board on the outcome of the Tender before the publication of the Notice of Meeting for the Company's Annual General Meeting on Wednesday, 13 March 2024 and the appointment or re-appointment of the Company's Auditor will be put to shareholder vote at the Annual General Meeting.

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 were acceptable in order to achieve the Company's strategic objectives. The Board and Committee were satisfied with the actions being taken by management to remedy and concerns raised by our internal audit function. As a result, the Committee considered that the Board has fulfilled its obligations under the Code. For more information on risk mitigation activities, see the Principal Risks section of the Strategic Report.

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. The Committee is satisfied that the Company's control environment remains robust. The risks and uncertainties facing the Group, and its internal control processes, are considered in the strategic report on pages 35 to 40 and on pages 85 and 86.

Internal audit

The Audit Committee has oversight responsibilities for the new internal audit team, established during the 2023 financial year, which is responsible for reviewing operational and financial controls at head office and store level. The Committee has also reviewed the Group's risk management framework and its linkage to the inaugural internal audit plan.

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
16 January 2024

Directors’ remuneration report

for the year ended 31 October 2023

“The Company has delivered a year of significant strategic progress during 2022/23.”

Laure Duhot
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 2023.

FY2023 has proved to be an extremely busy year for the Committee with a significant majority of our time spent developing our new 2023 Directors’ Remuneration Policy (the “Policy”). I was delighted to see that it was positively received by our shareholders, with 97.4% of the votes in favour and would like to thank all our shareholders and the investor bodies for their constructive feedback provided through an extensive engagement process conducted over the year, and for showing their overwhelming support at our General Meeting (“GM”) held on 12 July 2023. We will continue to consult with shareholders as we normalise our Remuneration Policy over the medium term while ensuring that pay outcomes are closely aligned with corporate performance and the shareholder experience.

The other key activities undertaken by the Committee during the year were as follows:

- proactively responded to the 74.7% votes in favour of the 2022 remuneration report during the consultation noted above, as set out in the Board’s Public Statement dated 29 August 2023;
- considered wider workforce pay policies and practices and feedback from the workforce panel;
- approved the 2023 salary increase for Executive Directors and senior managers alongside the wider workforce salary budget;
- agreed annual bonus targets for 2023 and reviewed and approved the 2023 LTIP grant and the associated performance conditions;
- discussed and approved Executive Director and senior manager remuneration outcomes for 2023 including measuring the performance outcomes of the relative TSR element of the 2020 LTIP award and the EPS element of the 2021 LTIP award;
- reviewed the gender and ethnicity pay gap analysis results and signed off corresponding actions;
- reviewed and approved the Directors’ remuneration report for 2022/23;
- reviewed and approved the retirement package for the CFO following the notification to the Board of Andy Jones’ intention to retire; and
- reviewed the Committee’s terms of reference.

2023 Remuneration Policy

The 2023 Directors’ Remuneration Policy was put to a binding shareholder vote on 12 July 2023 and took effect immediately upon conclusion of the GM. It is intended that the new Directors’ Remuneration Policy will remain in force until the 2026 AGM such that the Remuneration Policy approval reverts to a normal three-year timeline. There are no planned changes to the Policy over the period to which it applies.

The Committee determined that it would be appropriate to reposition the Executive Directors’ total remuneration opportunity, at grant, available for exceptional performance to the upper quartile of FTSE 250 companies on the basis that:

- the management team is highly regarded by investors;
- the team has had an outstanding track record of performance over a decade (consistently in excess of the FTSE 250 upper quartile TSR);
- the achievement of significant expansion resulted in increased complexity with the business now operating across multiple European countries; and
- Safestore has moved into the upper quartile of companies in the FTSE 250 by market capitalisation.

As part of the process undertaken by the Committee when designing the Policy, it carried out an extensive consultation seeking to engage with around 50 of our largest shareholders as well as investor bodies. The Committee collated the feedback received and understood that some areas of the proposals required further consideration to ensure significant levels of shareholder support. In particular, there was a desire across our shareholder base for the Company to move to a more conventional remuneration structure over the medium term, particularly with regard to the split between base salary and LTIP to deliver upper quartile total remuneration for exceptional performance.

Therefore, the Committee pledged to move to a conventional remuneration package over time consisting of a competitive salary, pension contribution rates in line with the wider workforce, and incentives award levels (annual bonus and LTIP), each at levels within the market range for the respective role. The Committee determined that a phased approach in which salary increases are applied, which for the avoidance of doubt may be higher than the average workforce rate, together with reductions in the LTIP opportunity would be the most appropriate way to achieve the desired structure and ensures alignment with shareholder expectations, although it did not entirely rule out a one-off adjustment if the opportunity could arise.

For FY2023, to take into consideration the feedback from many shareholders regarding the particularly difficult economic environment and cost of living crisis, the base salary increase for the Executive Directors was 6%, below the average UK workforce increase of 8.5%. The maximum LTIP opportunity for the CEO and CFO was 480% and 344% of salary respectively, which included a maximum multiplier of 1.6x, and requires upper decile TSR performance in order to vest in full. It is the Committee’s intention that the maximum multiplier will remain at 1.6x for upper decile relative TSR performance, ensuring that the Committee’s guiding principle of upper quartile total remuneration for exceptional performance is maintained throughout the life of the Policy.

Part A: Annual statement continued

2023 Remuneration Policy continued

Our commitment to achieving the goal of a conventional remuneration structure over time is absolute, although it must be recognised that we cannot anticipate the remuneration environment accurately and it may be that our objective is not fully met within this timeframe. It is our intention, however, that sufficient progress has been made such that, in principle, a new Policy put to shareholders in 2026 would reflect a "normalised structure". If circumstances permit, the Committee may also seek to accelerate this process over a shorter time frame as noted above.

On behalf of the Committee, I would like to thank our major shareholders again for both engaging with our remuneration challenges and inputting into the remuneration proposals. We were pleased that a significant majority of our shareholders have shown their support at the 2023 GM. The Committee remains committed to ongoing dialogue with the Company's shareholder base to ensure the views of all stakeholders are considered and that the correct decisions are made for the Company. Full details of the 2023 Remuneration Policy can be found in the Notice of Meeting for the 12 July 2023 GM which is available on the Company's website.

Overview of business performance

As set out in this Annual Report, the Board is pleased with Safestore's solid financial performance. After two years of outperformance in which the Group delivered total like-for-like revenue growth as well as what we believe to be industry leading REVPAF in our key markets, 2023 has been a year of consolidation and strategic progress. Whilst we have seen some softness in the UK's business customer segment, reflective of a weaker macro-economic environment, trading with our domestic customers and the remainder of business customers has been resilient.

During the year our strategic progress has been significant. The Group has opened, acquired, or extended 13 stores (five in the UK, six in Spain and two in the Netherlands) adding over 500,000 sq ft of Maximum Lettable Area ("MLA") to the portfolio. In addition, a pipeline of a further 1.5 million sq ft across 30 projects has been established which represents 18% of the existing MLA of the business. A Joint Venture with Carlyle was established earlier in the year and has facilitated the Group's entry into the under-penetrated German market and the integration of our Benelux business, acquired in 2022, is now complete.

Looking beyond any short term volatility, there remains a significant undersupply of quality self-storage capacity across the UK and Europe. New locations feed awareness which subsequently drives demand. Safestore's industry leading business model remains unchanged and we have significant growth to deliver both from filling the 1.8m sq ft of fully invested, currently unlet space, and from the new sites in our pipeline, across major cities in the UK and continental Europe. Safestore has a proven track record, and the returns we deliver are significantly ahead of our cost of debt, so we look forward to the future with confidence.

This continued performance could not have been possible without our people, whom we pro-actively continue to engage with and develop. This includes significant training, supporting and incentivising all colleagues to perform to the best of their ability. We recognise that it is also critical for our colleagues to feel valued as well as to be paid fairly. We are exceptionally proud that our commitment to colleagues was recognised externally in 2021 by the award of the prestigious Investors in People ("IIP") Platinum accreditation.

The Company continues to increase base salaries for all colleagues and Board Directors. I am pleased to report that an average UK workforce increase of 8.5% was provided to colleagues during 2023, above the level of increase applied to the Executive and Non-Executive Directors' salaries and fees.

2023 performance metrics

The highlights set out above have translated into a solid year for Safestore. Our 2023 performance can be summarised as follows:

- Group revenue up 5.5% to £224.2 million;
- Underlying EBITDA up 5.3% to £142.2 million;
- Adjusted Diluted EPRA Earnings per Share up 0.8% to 47.9 pence resulting in 16.6% p.a. growth over the three years to 31 October 2023;
- proposed total dividend in respect of the year to 31 October 2023 up 1% to 30.1 pence per share;
- property pipeline at 31 October 2023 of 1.5 million sq ft of MLA;
- Group occupancy at 31 October 2023 stood at 77%, down 5.1ppts on 2022, and total occupancy was 6.231 million sq ft, down 1.4% on 2022;
- continued progress made in relation to sustainability including further reductions in our emissions and exceeding our target whereby 100% of construction waste is diverted away from landfill; and
- maintained EPRA Silver award status.

Despite our share price having fallen somewhat recently, £100 invested in Safestore in September 2013, when the current management team took over the business, would be worth £673 as at 31 October 2023, taking account of share price growth and reinvested dividends. This represents outperformance against key competitors and industry benchmarks.

Remuneration outcomes for 2023

Base salary increases

The Committee determined, as part of the implementation of the 2023 Policy, to increase the Executive Directors' salaries by 6% effective from 1 May 2023 (which was below the UK average workforce increase rate of 8.5%) resulting in salaries of £481,853 for the CEO and £343,320 for the CFO.

Pension

Executive Directors' pension contribution rates continue to be aligned with the average workforce rate of 4.1% of salary.

Annual bonus outcome

Targets for the 2023 annual bonus set by the Committee were based two-thirds on adjusted EBITDA (excluding all leasehold rent charges and adjusted for budgeted exchange rates) and one-third on strategic/ operational measures with a maximum opportunity of 150% of salary. The Committee confirms that no performance target has been adjusted in the year for any reason.

Given the tough operating environment and the challenging targets set by the Committee, the Company narrowly failed to meet the adjusted EBITDA (adjusted for budgeted exchange rates) threshold level of performance (£142.1 million versus threshold of £144.8 million). On the basis that the threshold performance level under the EBITDA measure was not achieved, under the Policy, no payout can be made under the strategic/operational measures, such that the Remuneration Committee was not formally required to test achievement under this element for 2023. However, in line with our commitment to provide transparency in relation to the strategic/operational bonus element, we have set out a summary of these measures and their achievement for 2023 in the annual report on remuneration.

On this basis, the formulaic outcome for the 2023 Executive Director bonus is nil. Despite there being nil annual bonus for the year, the Committee acknowledged the management team's excellent performance, particularly in relation to the strategic progress made during the year which will create long-term value for our shareholders. However, the Committee determined that it should not exercise its discretion to adjust the formulaic bonus outturn as it was aligned with the shareholder experience over 2023.

Long Term Incentive Plans

2021 LTIP – EPS and Relative TSR element performance measurement

The performance period of the EPS element of the 2021 LTIP ended on 31 October 2023; EPS performance accounts for two-thirds of the award. On that basis, the Committee measured the Company's EPS growth and Cash on Cash Return in relation to the underpin over the three-year performance period. Adjusted Diluted EPRA EPS increased by 16.6% p.a., significantly ahead of the 8% p.a. growth required for maximum vesting. The average Cash on Cash Return over the same period was 11.9% which also exceeded the 8% underpin target resulting in 100% of the awards being earned under the EPS element of the 2021 LTIP.

The final vesting level for the 2021 LTIP will not be determined by the Committee until the vesting date of 28 January 2024, with the balance of awards subject to the Company's relative TSR performance measured over the three-year period ending on 27 January 2024. As at 31 October 2023, Safestore's TSR growth is between the median and upper quartile of the FTSE 250 excluding the Investment Trusts Index and above the upper quartile of the FTSE 350 Supersector Real Estate Index, which would equate to around 85% vesting under the relative TSR measure.

Therefore, the Committee confirms that based on performance to date, the total 2021 LTIP awards are expected to vest at around 95% of maximum and will consider whether the formulaic outcome is in line with underlying Company performance at the vesting date. The Committee will also review the outcome at the vesting date in the context of the share price at grant to ensure no windfall gains have occurred.

The value of the 2021 LTIP awards expected to vest in January 2024, plus an estimate of the value of dividend equivalents accrued to 31 October 2023, has been included in the single figure of remuneration table for 2023 on the basis that the relative TSR performance period has been substantially completed.

2020 LTIP – Vesting Outcome

As reported in the 2022 remuneration report, the EPS element of the 2020 LTIP representing two-thirds of the awards was earned in full as at 31 October 2022. The balance of the awards was subject to a relative TSR measure with a three-year performance period ending on 17 March 2023. On the basis that Safestore's TSR was significantly in excess of the upper quartile of both the FTSE 250 excluding Investment Trusts Index and FTSE 350 Supersector Real Estate Index peer groups, the formulaic vesting outcome for this element was 100%.

The Committee determined that the formulaic vesting outcome was aligned with the Company's underlying performance on the basis that:

- the Group's profits, as measured by EPS, and its share price had increased to a similar extent over the performance period; and
- the Group's financial success had been achieved in parallel with it receiving several accolades in relation to its colleague initiatives, ESG performance, and consistently outstanding customer feedback scores.

In line with best practice, the Committee also debated whether any windfall gains had been received as a result of the 2020 LTIP vesting and noted that:

- grant price of the award (£6.74) was 54% higher than the grant price of the previous LTIP award (i.e., the 2017 award) and was only 3% below the average share price over the twelve months prior to the grant date;
- had an LTIP grant been awarded in mid-March 2019, the share price at grant would have been around £6. This would mean that the grant price of the 2020 LTIP would have been 13% higher; and
- Safestore significantly outperformed peers in terms of TSR over the performance period.

Taking these factors into consideration, the Committee determined that participants had not benefited from a windfall gain and therefore, in line with formulaic outcome, 100% of the 2020 LTIP awards vested on 18 March 2023. The Executive Directors' awards are also subject to a 2 year post-vesting holding period.

Deferred annual bonus

Restricted shares granted in respect of the annual bonus earned in the year to 31 October 2020 were subject to a holding period of 2 years which ended on 1 November 2022. The number of restricted shares granted to the CEO and CFO was 13,681 and 9,748 respectively.

2023 LTIP grant

In line with the new Policy set out above, the Committee made a grant of LTIP awards to the Executive Directors on 12 July 2023. The Base awards had a face value of 300% and 215% of base salary with a maximum multiplier of 1.6x such that the overall maximum award was 480% and 344% of salary for the CEO and CFO respectively.

The awards will vest after three years subject to the achievement of financial and non-financial performance measures: Adjusted Diluted EPRA EPS growth (65% weighting), aggregate net increase in "MLA" (25% weighting), and ESG targets (EPC ratings of developments and refurbishments at A or B and reduction in greenhouse gas emission intensity with a total of 10% weighting split equally between the 2 measures). The Base awards are combined with a relative TSR multiplier, and an absolute and relative TSR performance modifier. The awards will also be 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. This will include an assessment at vest as to whether any windfall gains have occurred. Full details of the performance conditions attached to the awards can be found in the annual report on remuneration on pages 116 and 117.

Part A: Annual statement continued

Remuneration outcomes for 2023 continued

Non-Executive Directors' fees

The Executive Directors recommended to the Board that Non-Executive Director and Chairman fees should rise by 6% from 1 May 2023 in line with the increase applied to the Executive Directors' salaries, and below the UK average workforce increase rate of 8.5%. As such, Non-Executive Director base fees have increased to £61,141, Committee Chair fees have increased to £11,464, and the Chairman's fee has increased to £233,200.

Wider workforce pay

Safestore's pay principles were reviewed during the year and continue to set out a framework for making decisions on colleagues' pay. Reward packages follow a pay-for-skills model and consist of a combination of fixed and variable elements, including base pay, performance related pay, annual bonus, pension and benefits. 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 many UK colleagues are enrolled in our Sharesave scheme, with 36% participating in our most recent scheme. Participation in the LTIP has also continued to expand with 73 employees across four countries being granted awards during the year.

The Committee receives remuneration information from across the Group regarding annual salary reviews, bonus, gender and ethnicity pay gaps and CEO pay ratios, together with the principles that are applied in relation to broader incentive schemes, 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.

Our approach to colleague engagement through our formal workforce advisory panel is now fully embedded. Our 15 People Champions continue to engage directly with the CEO on a wide range of subjects including remuneration. In addition, the CEO also ran 2 virtual town hall sessions where colleagues had the opportunity to raise questions, discuss business issues and provide feedback. Please see the section on our communication with colleagues for more information.

I am also exceptionally proud that we hold the prestigious Investors in People ("IIP") Platinum accreditation in 2021 and we continue to strive for excellence in this area.

Our 2022 ethnicity pay gap of 7.7% remains above the latest national ethnicity pay gap of 2.3%[1]. This gap tells us that there is still an under-representation of Black, Asian and ethnic minority colleagues in higher paid roles. We know that, at our sales colleague level, our mean ethnicity pay gap is 2.2%. However, many of our colleagues have not yet shared their ethnicity information, which does limit our ability to see the wider picture. Encouraging our colleagues to disclose their ethnicity, and addressing any barriers to them doing so, remains a key focus for us. Our median gender pay gap of 7.9% is significantly below the UK average of 14.9%[2]. We currently have more men than women in senior leadership positions that attract higher levels of pay; this, therefore, contributes to our gender pay gap. We can see that women at Safestore are progressing to more senior levels, as the level of female representation in our upper pay quartiles is up by 3.4ppts this year and has slightly reduced in the lower pay quartile.

We have also published our CEO pay ratio for the fifth time in line with the reporting regulations and the Committee notes that it is significantly lower than in 2021 and 2022, given the 2017 LTIP awards have now fully vested.

Notes:

1 Ethnicity pay gaps: 2019, ONS.gov.uk.

2 Gender pay gap in the UK: 2022, ONS.gov.uk.

2022 Remuneration report voting outcome

The Committee noted the significant vote against the 2022 annual report on remuneration, with 74.66% of the votes in favour of the report. As set out in last year's Directors' Remuneration Report, the Board expected this outcome given previous shareholder engagement which indicated that some investors who voted against the 2017 Remuneration Policy at its inception had a policy to vote against all future remuneration reports that disclosed the vesting value of the 2017 LTIP awards. In addition, a number of these shareholders noted that their vote against the remuneration report did not reflect a vote against either the management or the Board and that they accept fully that the payouts reflect the outstanding value creation for all shareholders over the five-year period from 2017 to 2022.

As set out above, the 2023 Remuneration Policy has received overwhelming levels of support so the Committee is hopeful that its execution will be viewed favourably over the coming years.

Executive Director change

As announced on 28 September 2023, Andy Jones has notified the Board of his intention to retire from the role of Chief Financial Officer and as a Director of the Company. Andy will continue in his role until the transition to his successor is complete, and the Company has commenced an external search for his replacement.

For over ten years, Andy has been instrumental in helping deliver the Company's strategy, significantly expanding its store portfolio and entering 4 additional geographies. Given that Andy will continue in his role until the transition to his successor is complete, the Remuneration Committee determined that it would be appropriate to grant him a 2024 LTIP award to cover this period. In addition, given that Andy is retiring, he will be treated as a good leaver in accordance with Policy and the LTIP rules and, in line with best practice, the Committee determined that his unvested LTIP awards will be pro-rated for time, with performance testing and vesting occurring on their normal dates. Andy will also be eligible for a pro-rated bonus for 2024.

Planned activities for 2024

We set out below the activities which the Committee expects to undertake next year:

- determine the appropriate recruitment and ongoing remuneration package for the new CFO when appointed;
- implement the new Policy as part of the Committee's pledge to move to a conventional remuneration package over time for both the new CFO and CEO;
- continue the normal oversight of the annual remuneration cycle including approving Company-wide salary increases, approving the annual bonus and LTIP performance measures, weightings and targets, measuring performance against the bonus targets and determining the vesting outcomes of the relative TSR element of the 2021 LTIP award and the EPS element of the 2022 LTIP award;
- review of senior manager salaries in the context of Executive Director salaries; and
- review of wider workforce pay policies and practices and feedback from the workforce panel.

Base salary and LTIP award levels for 2024

At the time of writing, the Committee has not determined 2024 salary and LTIP Award levels. It is anticipated that 2024 salary, LTIP award levels and performance targets will be finalised before the publication of the Notice of Meeting for the 2024 AGM. Therefore, to provide shareholders with full disclosure of the remuneration decisions which will be voted upon at the AGM, the Committee will provide details of its decisions in the notes of the 2024 AGM Notice of Meeting. For future years, the Committee will revert to the usual approach of disclosing such details in relation to the implementation of Policy in the annual report.

Summary

Overall, the Company delivered solid performance during 2022/23 and unfortunately narrowly missed its bonus targets. Although disappointing, the Committee believes that the 2023 remuneration outcomes are appropriate and reflective of the shareholder experience.

We will also be asking shareholders to vote in favour of our Directors' remuneration report at the 2024 AGM; I would welcome any feedback or comments on this report 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.

We will continue to engage with shareholders and their representative bodies on remuneration and other governance matters and thank all our shareholders for their continued support on remuneration matters.

Finally, I want to recognise that the Company's performance would not be possible without the excellence demonstrated by our colleagues. 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 16 January 2024 and signed on its behalf by:

Laure Duhot
Chair of the Remuneration Committee
16 January 2024

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 GM held on 12 July 2023 along with a summary of how we intend to implement the Policy in 2024. The implementation of Policy will be in line with that set out in the Notice of Meeting from 12 July 2023. We also summarise the key remuneration outcomes for 2023.

Our full Policy can be found on the Safestore website at www.safestore.co.uk.

Summary of our Directors' Remuneration Policy and planned implementation of Policy for 2024

Element	Key features of Policy approved at 2023 AGM	Implementation for 2024	
Executive Directors		**Frederic Vecchioli**	**Andy Jones**
Base salary	Reflects an individual's responsibilities, experience and role. Salary increases will normally be applied annually over the life of the Policy, which for the avoidance of doubt may be higher than the average workforce rate. This is to rebase fixed pay to a more market-competitive position allowing a corresponding reduction in LTIP award levels to achieve a more 'normalised remuneration structure'.	Base salary of £481,853. (6% increase in May 2023).	Base salary of £343,320. (6% increase in May 2023).
		The increases were below the average for the UK workforce (8.5%). Both salaries remain below both the FTSE 250 and FTSE 350 Supersector Real Estate Index lower quartiles. At the time of writing, the Committee has not determined the level of salary increase to be applied for 2024. However, to provide shareholders with full disclosure of the remuneration decisions which will be voted upon at the AGM, the Committee will set out this information in the notes of the 2024 AGM Notice of Meeting.	
Benefits and pension	All Executive Directors will receive the average employer pension contribution rate received by the workforce (currently 4.1% of salary). Market-competitive benefits package provided. The Committee would expect to be able to provide other benefits where appropriate and to adopt benefits such as relocation expenses, tax equalisation and support in meeting specific costs incurred by Executive Directors to ensure the Company and the individuals comply with their obligations in the reporting of remuneration.	Executive Directors will receive a pension contribution/ cash supplement of 4.1% of salary in line with the average workforce contribution rate. Benefits in line with the Policy.	
Annual bonus	Maximum award equal to 150% of salary per annum. Performance measures are two-thirds financial and one-third non-financial, with a financial underpin ensuring no payout for strategic/operational element if financial performance is below threshold. Payout for threshold performance is 20% of maximum and for target performance is 50% of maximum. Any bonus in excess of 100% of salary will be held in shares (referred to hereinafter as restricted shares) on a net of tax basis, via an agreement with the Executive, until the end of the two-year period following the financial year in which the bonus is earned. For bonus paid in cash, malus applies in the year the bonus is earned and claw-back operates for three years thereafter. For restricted shares, malus applies until the end of the two-year period following the financial year in which the bonus is earned, and claw-back operates for three years thereafter. Dividends are payable on restricted shares. 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. In addition, the Committee has the discretion to adjust targets or performance measures for any exceptional events that may occur during the year.	Maximum opportunity of 150% of salary. The annual bonus for 2024 will be based on two-thirds EBITDA (excludes all leasehold rent charges and non-recurring items) and one-third strategic/operational measures. There will be no pay-out under non-financial measures if threshold performance under the financial measure is not met. The Board deems the annual bonus targets to be commercially sensitive. Full details of the 2024 targets and their achievement will be disclosed retrospectively in the 2024 Directors' Remuneration Report. All other elements of 2024 annual bonus operation will be in line with the Policy.	

Element	Key features of Policy approved at 2023 AGM	Implementation for 2024	
Executive Directors		**Frederic Vecchioli**	**Andy Jones**
LTIP	LTIP award of nil-cost options over shares on an annual basis with a three-year vesting and two-year holding period. Dividend equivalents will be paid on vested shares. The maximum annual Base award will be up to 300% of salary for the CEO and 215% of salary for the CFO/other Executive Directors. The performance measures, weightings and targets for the Base award will be set each year by the Committee based on a combination of financial and non-financial measures. Financial measures will not account for less than 65% of the LTIP opportunity. The vesting schedule will be such that for the financial measures, 20% of awards will vest for threshold performance and 0% of awards will vest for threshold performance for the non-financial measures. Vesting of the Base awards can be increased by up to 1.6x such that the overall maximum award will be up to 480% and 344% of salary for CEO and CFO/other Executive Directors respectively. Total LTIP award levels will be reduced annually during the Policy period. Malus applies up to the vesting date and claw-back applies during the two-year holding period. The Committee will have overriding discretion to change formulaic outcomes of the LTIP awards (both downwards and upwards) if they are out of line with underlying performance of the Company. In addition, the Committee has the discretion to adjust targets or performance measures for any exceptional events that may occur during the year.	As set out within the new Policy, the Committee will determine the appropriate level of LTIP award to grant to the CEO and CFO for 2024 to move to a more conventional remuneration structure, taking into account the salary increase for 2024. At the time of writing, the Committee has not determined the salary increase, and therefore the corresponding 2024 LTIP award levels and associated performance targets. However, to provide shareholders with full disclosure of the remuneration decisions which will be voted upon at the AGM, the Committee will set out this information in the notes of the 2024 AGM Notice of Meeting.	

Part B: Our remuneration at a glance continued

Summary of our Directors' Remuneration Policy and planned implementation of Policy for 2024 continued

Element	Key features of Policy approved at 2023 AGM	Implementation for 2024	
Executive Directors		**Frederic Vecchioli**	**Andy Jones**
LTIP continued			
Shareholding guidelines	In-employment guidelines are 600% and 450% of salary for the CEO and CFO/other Executive Directors respectively. Post-employment guideline is 350% of salary on cessation for two years (or their actual shareholding on cessation if lower than 350% of salary). This excludes shares owned pre-18 March 2020 and awards vesting from the 2017 LTIP.		
Chair and Non-Executive Directors			
Fees	Non-Executive Directors may receive a base fee and additional fees for chairing a Committee or being the Senior Independent Director.	The Chairman's fee: £233,200. Non-Executive base fee: £61,141. Committee Chair and SID fee: £11,464. Non-Executive Director and Chairman fees were increased by 6% from 1 May 2023 in line with the increase applied to the Executive Directors' salaries, and below the UK average workforce increase rate of 8.5.	

Legacy awards
The Company will honour any remuneration related commitments to current and former Executive Directors and Non-Executive Directors (including the exercise of any discretions available in relation to such commitments) where the terms were agreed and/or commitments made in accordance with any previous Remuneration Policy of the Company. Such payments or awards will be set out in the Annual Report on Remuneration in the relevant year. For the avoidance of doubt, it is noted that Executive Directors are eligible to receive payment under any award made prior to the approval and implementation of the new Remuneration Policy set out in this report.

Business performance and incentive outcomes in 2023

KPI	Measured in	2023 performance	2023 incentive outcome
Underlying EBITDA in 2023	Annual bonus	5.3% increase to £142.2 million.	●
Adjusted Diluted EPRA Earnings per Share growth over three years to 31 October 2023	2021 LTIP	58.6%, i.e. 16.6% per annum.	●
TSR growth over three years to 17 March 2023	2020 LTIP	Safestore = 34.2%. Upper quartile of: • FTSE 250 Index excluding Investment Trusts = 21.6%; and • FTSE 350 Supersector Real Estate Index = -7.3%.	●
Optimisation of performance of existing portfolio	Annual bonus	As an Investors in People Platinum accredited organisation, our focus on our colleagues and culture has enabled us to continue to deliver sustainable business performance. The time spent on training across the business was over 28,000 hours. Other highlights include: • Developed a fully online booking and contracting process and commenced testing and iteration. • Developed a Construction Analytics function, delivering improved construction cost control across the Group. • Developed and integrated multiple technologies to enable our first fully unmanned stores. • Expansion of acquisition teams to grow store portfolio.	●
Strong and flexible capital structure	Annual bonus	The Company's strong capital structure continued to allow it to take advantage of opportunities across the Group in order to deliver incremental earnings growth over the longer term. Highlights included: • On 11 November 2022, the Group completed the refinancing of its RCFs which were due to expire in June 2023. The previous £250 million Sterling and €70 million Euro RCFs were replaced with a single, unsecured four-year £400 million multi-currency revolving facility. In addition, a further £100 million uncommitted accordion facility is incorporated in the facility agreement, which increases funding capacity, allowing us to continue to consider strategic, value-accretive investments as and when they arise. The facility is for a four-year term with two one-year extension options exercisable after the first and second years of the agreement. • Group leverage was below the Group's strategic targeted level of an LTV ratio of between 30–40% (25.4% for 2023).	●
Take advantage of selective portfolio management and expansion opportunities	Annual bonus	Joint Venture to enter the German market. Started with 7 leasehold stores but since acquired the freehold of one of the stores and exchanged contracts on 2 further freehold opportunities. Acquired new development opportunities in the UK, Spain and the Netherlands, in addition to opening new stores and completing store extensions in various locations.	●
ESG	Annual bonus	Continued external recognition of ESG achievements and disclosures through the following: • EPRA Sustainability BPR Silver Award • GRESB Public Disclosure A • MSCI ESG 'AA' • Support the Goals – 5*	●

Key:
● Threshold or below ● Threshold to target ● Target to maximum

Part B: Our remuneration at a glance continued

Business performance and incentive outcomes in 2023 continued

This resulted in the following incentive outcomes:

- On the basis that the threshold EBITDA performance level was narrowly missed, there will be no payout under the financial element of the bonus. In line with the Policy, the payout from the strategic/operational element, is also set to nil as the EBITDA threshold financial gateway has not been met.
- Although disappointing, the Committee determined that this formulaic outcome was representative of the shareholder experience over the year and as a result, the 2023 annual bonus payout for the Executive Directors is nil.
- The performance period of the relative TSR element of the 2020 LTIP, which accounts for one-third of the award, ended on 17 March 2023. Safestore's performance being in excess of the upper quartile of both peer groups, combined with satisfying the Cash on Cash Return underpin, resulted in the performance targets under this element being met in full. Therefore, taking account of the EPS element which also fully vested representing two-thirds of the award, the final vesting level for the 2020 LTIP was determined by the Committee to be 100%.
- The Committee believes that the awards that vested in March 2023 for the Executive Directors and their colleagues are commensurate with the corporate success that the Company achieved over the three-year performance period (as set out on pages 94 and 95 of the Remuneration Committee Chair's annual statement and the annual report on remuneration).
- The performance period of the EPS element of the 2021 LTIP ended on 31 October 2023; EPS performance accounts for two-thirds of the award. On that basis, the Committee measured the Company's EPS growth and Cash on Cash Return in relation to the underpin over the three-year performance period. Adjusted Diluted EPRA EPS increased by 16.6% p.a., significantly ahead of the 8% p.a. growth required for maximum vesting. The average Cash on Cash Return over the same period was 11.9% which also exceeded the 8% underpin target. Therefore, the formulaic outcome of this element is that 100% of the awards have been earned.
- The final vesting outcome for the 2021 LTIP will not be determined by the Committee until the vesting date of 28 January 2024, with the balance of awards earned being subject to the Company's relative TSR performance measured over the three-year period ending on 27 January 2024. As at 31 October 2023, Safestore's TSR growth is between the median and upper quartile of the FTSE 250 excluding Investment Trusts and above the upper quartile of the FTSE 350 Supersector Real Estate Index peer groups, which would equate to 85% of maximum vesting. Therefore, the Committee confirms that based on current performance and taking account of the EPS element, it expects the awards to vest at around 95% of maximum and will consider whether the formulaic outcome is in line with underlying Company performance at the vesting date.
- The Committee is comfortable that the Policy operated as intended and that the overall 2023 remuneration earned by the 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.
- The wider workforce pay principles have been reviewed, leading to further increases in salaries and benefits, including an average UK workforce salary increase of 8.5% during the year.
- Continued alignment of Executive Director and general workforce pension contributions.
- Participation in our Sharesave scheme remained well above typical levels at 38%.
- Safestore's 2022 UK median gender pay gap is 7.9% and 2022 median ethnicity pay gap is 7.7%.

Part C: Annual report on remuneration

The 2023 annual report on remuneration contains the details of how the Company's Policy was implemented during the financial year ended 31 October 2023. An advisory resolution to approve this report and the Remuneration Committee Chair's annual statement will be put to shareholders at the 2024 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.

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 £25,445, over £3,771 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.
- Colleagues can join our Sharesave scheme on an annual basis for a fixed three-year term. Membership for our 2023 offering was 36% of the eligible population.
- Under the 2023 LTIP, 73 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 Aviva with a minimum employer contribution rate of 4% of salary.
- Additional benefits include private healthcare cover, healthcare cash plan, discounted gym membership, 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 2 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 12 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.
- 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 5 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, where appropriate.
- 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.
- We are committed to providing an inclusive workplace and encouraging and welcoming diversity with zero tolerance of harassment and discrimination. More detail can be found in our People Principles document online.
- Our strong wellbeing foundation has enabled us to develop a strategy setting out our approach to further support diversity and inclusion at Safestore.

Part C: Annual report on remuneration continued

Pay fairness continued

Development opportunities

- We have built an environment where it's natural for us to give regular, honest feedback and to coach in the moment. We go beyond mandatory training to promote life-enhancing learning where everyone can continually evolve.
- In 2023, we invested over 28,000 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.
- Our Senior Leadership Development programme 'LEAD Academy' supports a Level 5 Management and Leadership apprenticeship.
- Furthermore, our Graduate programme provides an opportunity for newly qualified graduates to build their skill set and experience into a career with Safestore.

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 6 months.
- 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, as well as comparable benchmarking information. The Committee also reviews feedback from the formal workforce advisory panel, in addition to the Investors in People survey, which provides further context in relation to pay and conditions throughout the organisation and supports the Committee in making decisions on future pay outcomes in line with the 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
Clarity Remuneration arrangements should be transparent and promote effective engagement with shareholders and the workforce.	This was addressed through our commitment to full transparency and engagement with our shareholders in relation to the Policy. 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.
Simplicity Remuneration structures should avoid complexity and their rationale and operation should be easy to understand.	Taking on board shareholder feedback, we designed a new LTIP for our 2023 Policy which is well understood by shareholders who inputted on its construct throughout the extensive shareholder consultation process.
Risk 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.	Identified risks have been mitigated as follows: • deferring an element of bonus into shares and requiring a two-year holding period for LTIP share awards helps ensure that the performance related awards are sustainable and thereby discourages short term behaviours; • aligning any reward to the agreed strategy of the Company; • reducing the awards or cancelling them through malus and claw-back provisions if the behaviours giving rise to the awards are inappropriate; and • reducing annual bonus or LTIP awards or cancelling them, if it appears that the criteria on which the awards were based do not reflect the underlying performance of the Company.
Predictability 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.	The Remuneration Policy in the 2023 Notice of General Meeting sets out the potential remuneration available in several performance scenarios. The Committee is comfortable that the discretions available to it as set out in the current Policy are sufficient.
Proportionality 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.	One of the key strengths of the current approach of the Company to remuneration is the direct link between 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 current incentive arrangements.
Alignment to culture Incentive schemes should drive behaviours consistent with Company purpose, values and strategy.	The LTIP rewards long term sustainable performance which is a key tenet of the Company's strategy, purpose and values as set out in our sustainability report on page 44.

Part C: Annual report on remuneration continued

Pay fairness continued

Alignment with Provision 40 of the Corporate Governance Code and Company strategy continued

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:

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

What does success look like?

Optimising the trading performance of existing portfolio	Maintaining a strong and flexible capital structure	Selective portfolio management and expansion opportunities
• First-class digital marketing expertise • Motivated and effective store teams benefiting from improved training and coaching • Central revenue management and cost control	• A capital structure appropriate for our business • Flexibility to take advantage of carefully evaluated development and acquisition opportunities • Successful store openings	• Strong pipeline for future openings • External recognition of ESG efforts

How do we measure progress against our objectives?

Annual bonus Strategic and operational Financial			
	• Independent customer service survey • People engagement survey results • Assessment of online marketing enhancement	• Occupancy management enhancement • Free cash flow • Key capital cover ratios • Increased ability to pay dividends	• Successful store openings on time/budget • Strong pipeline for future openings • Increased portfolio valuation

All feed through to KPI = EBITDA growth

LTIP	
	• Continued successful execution of strategy should lead to shareholder value creation measured over three years by Adjusted EPRA EPS growth, increase in net MLA, progress against our ESG strategy and TSR relative to FTSE 250 and sector peers

Pay relativities

Internal – CEO pay ratio

Our CEO to colleague pay ratios for 2023 are set out in the table below. We also provide the 2019–2022 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 Total pay and benefits: £19,067 Salary: £17,197	55:1 Total pay and benefits: £20,669 Salary: £18,175	37:1 Total pay and benefits: £31,278 Salary: £25,029
2020	Option B (gender pay gap data)	49:1 Total pay and benefits: £22,820 Salary: £18,500	41:1 Total pay and benefits: £27,244 Salary: £24,240	32:1 Total pay and benefits: £34,857 Salary: £30,852
2021	Option A	554:1 Total pay and benefits: £23,502 Salary: £19,540	500:1 Total pay and benefits: £26,019 Salary: £19,540	365:1 Total pay and benefits: £35,686 Salary: £28,829
2022[1]	Option A	349:1 Total pay and benefits: £24,031 Salary: £20,300	312:1 Total pay and benefits: £26,849 Salary: £21,100	227:1 Total pay and benefits: £36,939 Salary: £30,556
2023	Option A	53:1 Total pay and benefits: £24,866 Salary: £22,200	48:1 Total pay and benefits: £27,499 Salary: £22,700	36:1 Total pay and benefits: £37,270 Salary: £34,500

Note:
1 2022 ratios have been updated in line with the restated CEO single figure of remuneration for 2022.

Since 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 updated our methodology to maintain market best practice disclosures.

The CEO remuneration figure is as shown in the Executive Directors' remuneration table on page 110. The remuneration figures for the employee at each quartile were determined as at 31 October 2023. Each colleague's pay and benefits were calculated using each element of employee remuneration, consistent with the CEO, pro-rated to be on a full-time equivalent basis. This therefore included the following elements of pay:

- base salary;
- private medical insurance;
- car/car allowance;
- fuel allowance;
- employer pension contribution;
- annual bonus;
- overtime and extra pay;
- 2021 LTIP (including estimate of relative TSR 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, awards were estimated based on expected outcomes.
- Adjustments were made to achieve full-time equivalent rates.

The Committee notes that the 2023 median ratio is lower than in 2021 and 2022 due to the CEO's single figure of remuneration being significantly lower than in those years. This is because the 2021 LTIP payouts are expected to be significantly lower than those of the 2017 LTIP, given the reduced award levels. The Committee notes that the 75th percentile employee is below the seniority to receive a 2020 or 2021 LTIP award and therefore payouts to c. 70 participants do not get captured within this ratio.

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 composition 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.

Part C: Annual report on remuneration continued

Pay relativities continued

Diversity pay gap reporting

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

Building a diverse and inclusive workplace is a top priority for us. Our already strong wellbeing foundation has enabled us to develop a strategy setting out our approach to further support diversity and inclusion at Safestore. Our new Diversity and Inclusion Strategy is about embedding and continuing the important work we've already done to enable all our colleagues to feel confident to bring their full, unique selves to work.

At Safestore, all colleagues are paid equally for doing the same or similar work. Our bonus schemes are open to all job levels and colleagues at the same level have the same bonus opportunity.

This year we were pleased to publish our first ever Diversity Pay Gap Report, which includes ethnicity and gender data. We have chosen to voluntarily report on our ethnicity pay data, because we believe this is an important step on our diversity and inclusion journey. We know there is still work to do to reduce our pay gaps. Our ethnicity pay gap of 7.7% remains above the latest national ethnicity pay gap of 2.3%[2]. This gap tells us that there is still an under-representation of Black, Asian and ethnic minority colleagues in higher paid roles. However, many of our colleagues have not yet shared their ethnicity information, which does limit our ability to see the wider picture. Encouraging our colleagues to disclose their ethnicity, and addressing any barriers to doing so, remains a key focus for us. Our median gender pay gap of 7.9% is significantly below the UK average of 14.9%[1]. We currently have more men than women in senior leadership positions that attract higher levels of pay; this, therefore, contributes to our gender pay gap. We also know that women are under-represented in some industries from which we recruit, such as property and construction.

Highlights include:

- Our median gender pay gap of 7.9% is significantly below the UK average of 14.9%[1].
- We can see that women at Safestore are progressing to more senior levels, as the level of female representation in our upper pay quartiles is up by 3.4ppts this year and has slightly reduced in the lower pay quartile.
- We know that, at our sales colleague level, our mean ethnicity pay gap is 2.2%[2].

Notes:
1 Gender pay gap in the UK: 2022, ONS.gov.uk.
2 Ethnicity pay gaps: 2019, ONS.gov.uk.

Remuneration justification

The Committee is comfortable that the internal and external pay relativity reference points provide justification that the new Policy is appropriate, as set out in the Chairman's statement.

Communication with colleagues

During the year, we communicated with colleagues and gathered their feedback in a number of ways as set out below:

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 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 2023. In addition, over the past few years feedback from the panel has resulted in the Remuneration Committee and Board approving improved colleague benefits such as enhanced Company sick pay, improved healthcare provision, and more frequent opportunities to participate in all-colleague share schemes.

CEO town hall events: The CEO also ran 2 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.

Colleague survey: Our management team and the workforce advisory panel reviewed the recommendations from our 2021 Investors in People colleague survey, establishing improvements made and agreeing further actions with the aim of maintaining our leadership engagement score of over 90%.

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
2023 AGM vote on annual report on remuneration	140,636,482	74.66	47,726,385	25.34	354,337
2023 GM vote on Remuneration Policy	178,517,273	97.40	4,769,130	2.60	2,815,021

Please refer to the Chairman's statement which sets out the shareholder engagement undertaken by the Committee over the past year in relation to our remuneration strategy. The Committee was delighted to see that the 2023 Remuneration Policy was positively received by our shareholders and would like to thank all our shareholders and the investor bodies for their constructive feedback provided through an extensive engagement process conducted over the year, and for showing their overwhelming support at our General Meeting.

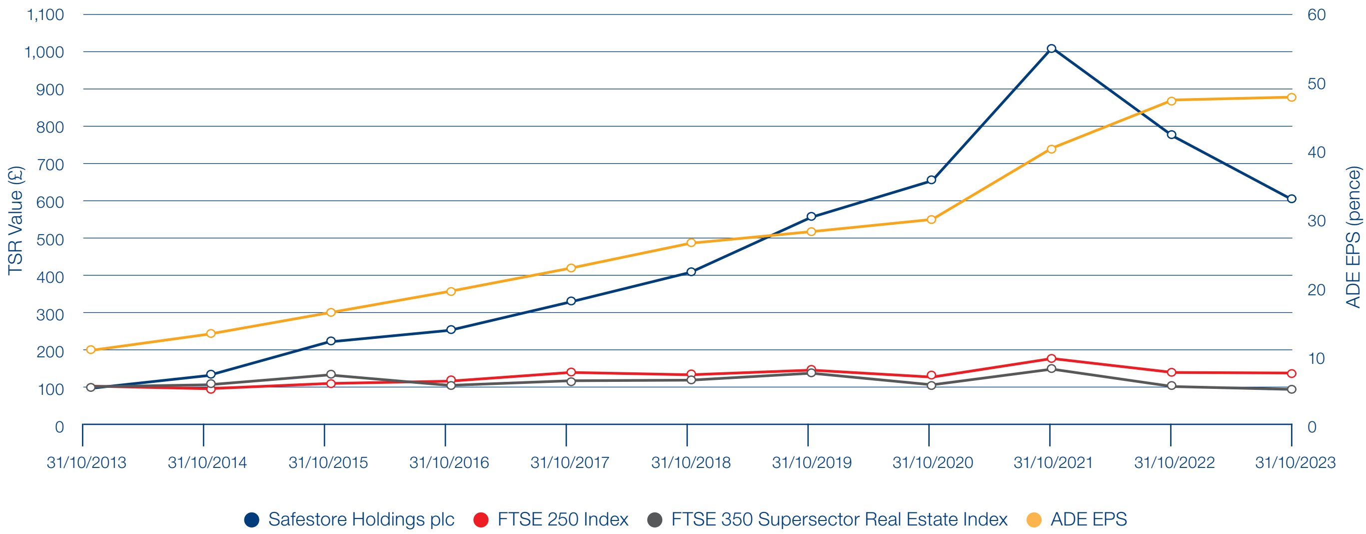
Chief Executive Officer and colleague pay

Total shareholder return and Chief Executive Officer pay over the last ten years

The chart shows the performance of a hypothetical investment of £100 in ordinary shares (as measured by the TSR for the Company) against the FTSE 250 and FTSE 350 Supersector Real Estate Index over a period of ten financial years starting from 31 October 2013 through to 31 October 2023. The FTSE 250 has been selected as an appropriate comparison index due to Safestore's ranking within the FTSE in terms of market capitalisation. The FTSE 350 Supersector Real Estate Index has been selected as an appropriate comparator group as its major sector competitors are constituents of this index.

The chart also shows the increase in Adjusted Diluted EPRA ("ADE") Earnings per Share from 31 October 2013 onwards (see right-hand scale).

Total shareholder return and Adjusted Diluted EPRA ("ADE") Earnings per Share (pence)



The chart also illustrates that 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.

	Oct 2014	Oct 2015	Oct 2016	Oct 2017	Oct 2018	Oct 2019	Oct 2020	Oct 2021	Oct 2022	Oct 2023
Role	F Vecchioli 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	F Vecchioli CEO
Single figure of total remuneration (£'000)	973	1,224	1,481	1,728	1,719	1,134	1,108	13,020	8,385	1,325
Annual bonus payout (% of max)	76%	100%	100%	82%	81%	91%	100%	100%	100%	0%
LTIP earned (% of max)	96%	100%	100%	100%	100%	n/a	n/a	100%	100%	95%[1]

Note:

1 Estimated outcome as at 31 October 2023.

Directors' remuneration report continued

for the year ended 31 October 2023

Part C: Annual report on remuneration continued

Pay relativities continued

Percentage change in Executive Director, Non-Executive Director and colleague remuneration

The table below shows the percentage change in remuneration of the Directors undertaking the roles of Chief Executive Officer, Chief Financial Officer and Non-Executive Directors, together with average pay of the Company's colleagues in the listed entity on a full-time equivalent basis.

	% change from 2022 to 2023			% change from 2021 to 2022			% change from 2020 to 2021			% change from 2019 to 2020		
	Base salary/ fees	Benefits	Annual bonus	Base salary/ fees	Benefits[8]	Annual bonus	Base salary/ fees[1]	Benefits	Annual bonus	Base salary/ fees	Benefits	Annual bonus
F Vecchioli (CEO)	5%	3%	(100)%	4%	(3%)	3%	3%	0%	5%	1%	0%	11%
A Jones (CFO)	5%	5%	(100)%	4%	2%	3%	3%	0%	5%	1%	0%	11%
D Hearn (NE Chair)[2]	12%	n/a	n/a	10%	n/a	n/a	19%	n/a	n/a	n/a	n/a	n/a
I S Krieger (NED)	5%	n/a	n/a	19%	n/a	n/a	22%	n/a	n/a	1%	n/a	n/a
G van de Weerdhof (NED)[3]	5%	n/a	n/a	14%	n/a	n/a	175%	n/a	n/a	n/a	n/a	n/a
L Duhot (NED)[4]	15%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
D Mousseau (NED)[5]	5%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
J Bentall (NED)[6]	127%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
A Darzins[7]	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Colleague pay	8.5%	0%	(100)%	6.9%	0%	8.8%	4.2%	0%	20%	2.3%	0%	19%

Notes:

1 The increases in 2021 to Non-Executive Director fees are a result of the increase to the base fee and 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.

4 L Duhot was appointed as an independent Non-Executive Director on 1 November 2021.

5 D Mousseau was appointed as an independent Non-Executive Director on 1 November 2021.

6 J Bentall was appointed as an independent Non-Executive Director on 18 May 2022 so received a pro-rated fee for 2022.

7 A Darzins was appointed as an independent Non-Executive Director on 1 September 2023 so received a pro-rated fee for 2023.

8 F Vecchioli received dental insurance for two-twelfths of the year only.

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[1]	2023	2022	% change
Colleague costs (£'m)	**30.0**	38.1	(21.3)%[2]
Distributions to shareholders in the form of shareholder dividends and share buybacks (£'m)	**65.9**	56.9	15.8%

Notes:

1 The above figures are taken from notes 10 and 26 to the financial statements.

2 The reduction is due to lower share-based payments and bonus awards in 2023.

Executive Director remuneration for the year ended 31 October 2023

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[1] £'000	Annual bonus[2] £'000	Long term incentives[3,4] £'000	Pension[5] £'000	Other[6] £'000	Total £'000	Total fixed remuneration £'000	Total variable remuneration £'000
F Vecchioli (Chief Executive Officer)	**2023**	**468**	**24**	**0**	**814**	**19**	**0**	**1,325**	**511**	**814**
	2022	448	23	682	7,195	18	19	8,385	489	7,896
A Jones (Chief Financial Officer)	**2023**	**334**	**20**	**0**	**580**	**14**	**0**	**948**	**368**	**580**
	2022	319	19	486	4,860	13	19	5,716	351	5,365

Notes:

1 Taxable benefits comprise a car allowance, private medical and dental insurance.

2 The 2022 annual bonus figures include the portion subject to deferral into restricted shares.

3 The 2023 figure is the outcome of the 2021 LTIP noting that the performance period for the TSR element will end on 27 January 2024, i.e. it has been substantially completed and therefore an estimate of the vesting of this element has been included. The 2021 LTIP outcome has been valued based on the three-month average share price to 31 October 2023 of £7.82 and includes dividend equivalents accrued from the date of grant to 31 October 2023. Please see page 116 for further detail on the amount of the LTIP value attributable to share price appreciation.

4 The 2022 figure is the aggregate of the outcomes under the 2017 LTIP relative TSR element and the 2020 LTIP (which has been restated). The 2017 LTIP relative TSR element is valued as at the vesting date, i.e. based on the closing share price on 29 September 2022 of £7.94, and includes dividend equivalents of £0.9665 per share accrued from the date of grant to the date of vest. The 2020 LTIP is valued as at the vesting date, i.e. based on the closing share price on 18 March 2023 of £9.45, and includes dividend equivalents accrued from the date of grant to the date of vest. Please see page 116 of the 2022 DRR for further detail on the amount of the 2017 LTIP values attributable to share price appreciation.

5 The pension contribution rate is 4.1% of salary in line with the average workforce pension contribution. No Executive Directors participate in a Group defined benefit or final salary pension scheme.

6 The other column refers to maturity of the 2019 (3YR) Sharesave awards. The value for 2022 has been calculated as the gain in excess of the 510 pence exercise price at the maturity date of 1 September 2022.

Annual bonus outcomes for the financial year ended 31 October 2023 (audited)

For 2023, the Executive Directors had a maximum annual bonus opportunity of 150% of salary. For each Executive Director, the 2023 annual bonus measures were weighted two-thirds for adjusted EBITDA (excludes all leasehold rent charges and non-recurring items) and one-third for strategic/operational measures.

Given the tough operating environment and the challenging targets set by the Committee, the Company narrowly failed to meet the adjusted EBITDA threshold level of performance such that there will be no payout under the financial element of the bonus. Under the Policy, on the basis that the threshold performance level under the EBITDA measure was not achieved, no payout can be made under the strategic/operational measures, such that the Remuneration Committee was not formally required to test achievement under this element for 2023. However, in line with our commitment to provide transparency in relation to the strategic/operational bonus element we have set out below a summary of these measures and their achievement for 2023 in addition to details of the targets and actual performance for the EBITDA measure and resulting bonus payment for each Executive Director.

		Performance required			Actual performance		CEO		CFO	
Measure	Weighting	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[1]	Two-thirds	£144.8m	£149.2m	£152.2m	£142.1m	0%	0%	0	0%	0
Strategic/ operational measures	One-third			Objectives based on strategic/operational	See below	0%	0%	0	0%	0
Total bonus achieved in 2023							**0%**	**0**	**0%**	**0**

Note:
1 Adjusted EBITDA excludes all leasehold rent charges and non-recurring items, and is equivalent to the reported EBITDA in the financial statements with European results translated at the budget Euro exchange rate of 1.15.

2023 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 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 2023 as well as the Company's ESG performance.

Objective	Achievement	Outcome
Optimisation of performance of existing portfolio (20% of salary)		
Enhancing people performance through engagement and improved capabilities in order to increase conversion of enquiries into new lets.	As an Investors in People Platinum accredited organisation, our focus on our colleagues and culture has enabled us to continue to deliver sustainable business performance. Highlights included: • continuing to prioritise the health and wellbeing of our colleagues and our customers; • increasing the number of hours spent on training across the business to over 28,000; • recruiting additional key roles to support the business for future growth; and • making 18 internal promotions from 2022 to 2023.	✔✔✔
Enhance website performance to drive new lets and marketing spend in line with budgeted expectations.	Delivered improvements to current website platforms: • onboarded Germany to Safestore Web platform; • developed a fully online booking and contracting process and commenced testing and iteration; • revamped store pages; • tested alternative marketing attribution model; and • identified technology and development partner for next iteration of website platform (FY24).	✔✔✔

✔✔✔ 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.

Part C: Annual report on remuneration continued

2023 annual bonus outcomes: strategic objectives continued

Objective	Achievement	Outcome
Optimisation of performance of existing portfolio (20% of salary) continued		
Leverage Group knowledge, experience and resources to improve productivity and drive efficiencies.	Highlights included: • full pricing model rolled out to all territories including Germany; • three-way contracts rolled out to new geographies after successful development in the UK; • development of a Construction Analytics function, delivering improved construction cost control across the Group; • transitioned IT support for all territories to our internal, centralised and multi-lingual IT support team; • developed and integrated multiple technologies to enable our first fully unmanned stores; and • expansion of acquisition teams to grow store portfolio.	✔✔✔
Strong and flexible capital structure (9% of salary)		
Ensure the financial flexibility exists to deliver selected development and acquisition opportunities whilst maintaining conservative leverage and a progressive dividend policy.	The Company’s strong capital structure continued to allow it to take advantage of opportunities across the Group in order to deliver incremental earnings growth over the longer term. Highlights included: • On 11 November 2022, the Group completed the refinancing of its RCFs which were due to expire in June 2023. The previous £250 million Sterling and €70 million Euro RCFs were replaced with a single, unsecured four-year £400 million multi-currency revolving facility. In addition, a further £100 million uncommitted accordion facility is incorporated in the facility agreement, which increases funding capacity, allowing us to continue to consider strategic, value-accretive investments as and when they arise. The facility is for a four-year term with two one-year extension options exercisable after the first and second years of the agreement. The first extension has recently been completed. • Group leverage was below the Group’s strategic targeted level of an LTV ratio between 30–40% (25.4% for 2023). • The full year dividend for the year ended 31 October 2023 increased by 1% demonstrating a continued progressive dividend policy.	✔✔✔

✔✔✔ 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
Take advantage of selective portfolio management and expansion opportunities (15% of salary)		
Grow store portfolio through development or acquisition by at least 2 stores per year within the Board-approved ROI guidelines. Improve property valuations of the stores in the refurbishment and extension programme by more than the capital investment.	Joint Venture to enter the German market. Started with 7 leasehold stores but since acquired the freehold of one of the stores and exchanged contracts on 2 further freehold opportunities. Acquired new development opportunities in the UK, Spain and the Netherlands, in addition to opening new stores and completing store extensions in various locations. Highlights included: **Redevelopments and extensions:** • London – Crayford • London – Paddington Marble Arch **New developments:** • London – Morden – New build • Wigan – Conversion • Madrid North – Conversion • Madrid South – Conversion • Madrid East – Conversion • Barcelona North – Conversion • Barcelona South – Conversion • Barcelona Central – Conversion • Netherlands Amersfoort – New build • Ellesmere Port – New build Property pipeline summary of c. 1.5 million sq ft representing c. 19% of our existing property portfolio can be found on page 14.	✔✔✔

✔✔✔ 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.

Part C: Annual report on remuneration continued

2023 annual bonus outcomes: strategic objectives continued

Objective	Achievement	Outcome
ESG (6% of salary)		

Improve the Group's ESG activities in order to deliver real value to all our stakeholders by:
• year-on-year carbon footprint reduction; and
• customer satisfaction initiatives.
Align sustainability reporting with appropriate framework(s).
	Continued progress on our commitment to responsible and sustainable business practices.
	Highlights included:
	• delivered year-on-year carbon emissions intensity reduction through efficiency and electrification initiatives versus 2022 including the fully acquired Benelux portfolio;
	• market-based absolute emissions 17% lower year on year (emissions intensity also below 2023 target);
	• gas removed from 32 UK stores on track for our 2030 target to remove gas use entirely;
	• 100% diversion of construction waste from landfill;
	• 100% operational waste diversion;
	• maintained positive ratings on all relevant customer service platforms:
	  • Feefo Platinum Trusted Service award for Safestore UK;
	  • Trustpilot 'Excellent' rating achieved in the UK with a Trustpilot 'Great' rating maintained in France;
	  • average Google rating of 4.7 achieved in Spain; and
	  • in the Netherlands, a high score of 4.9 was achieved on Trustpilot, whilst in Belgium, customer service was rated 4.7 on Feefo; and
	• external recognition of ESG efforts and disclosures: EPRA Sustainability BPR Silver Award, GRESB Public Disclosure A, MSCI ESG 'AA' and Support the Goals – 5*.
	Our strong wellbeing foundation has enabled us to develop a strategy setting out our approach to further support diversity and inclusion at Safestore. Our Diversity and Inclusion Strategy is about embedding and continuing the important work we've already done to enable all our colleagues to feel confident to bring their full, unique selves to work.
		✔✔✔

✔✔✔ 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.

Given that the threshold performance level under the EBITDA measure was not achieved, the formulaic outcome for the 2023 Executive Director bonus is nil. Despite there being nil annual bonus for the year, the Committee acknowledged the management team's excellent performance, particularly in relation to the strategic progress made during the year which will create long term value for our shareholders. However, the Committee determined that it should not exercise its discretion to adjust the formulaic bonus outturn as it was aligned with the shareholder experience over 2023.

LTIP awards included in single figure for the year ended 31 October 2023 (audited)

2021 LTIP – EPS and Relative TSR element performance measurement

For the 2021 LTIP, the Executive Directors were granted an LTIP award equal to a maximum of 200% of salary.

The performance period of the EPS element of the 2021 LTIP ended on 31 October 2023; EPS performance accounts for two-thirds of the award. On that basis, the Committee measured the Company's EPS growth and Cash on Cash Return in relation to the underpin over the three-year performance period. Adjusted Diluted EPRA EPS increased by 16.6% p.a., significantly ahead of the 8% p.a. growth required for maximum vesting. The average Cash on Cash Return over the same period was 11.9% which also exceeded the 8% underpin target resulting in 100% of the awards being earned under the EPS element of the 2021 LTIP.

This is summarised in the table below:

Adjusted Diluted EPRA EPS growth[2]				Cash on Cash Return underpin[3]		
Threshold performance[1] (25% vesting)	Maximum performance (100% vesting)	Actual performance	% of awards earned	Underpin performance required	Actual performance	Overall % of awards earned
5% p.a.	8% p.a.	16.6% p.a.	100%	8%	11.9%	100%

Notes:

1 Vesting between threshold and maximum based on a sliding scale.

2 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).

3 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 final vesting level for the 2021 LTIP will not be determined by the Committee until the vesting date of 28 January 2024, with the balance of awards subject to the Company's relative TSR performance measured over the three-year period ending on 27 January 2024. Half of the TSR element of the awards are measured relative to the FTSE 250 excluding Investment Trusts, and the other half to the FTSE 350 Supersector Real Estate Index, with threshold and maximum vesting for median and upper quartile TSR growth versus the peer groups respectively.

As at 31 October 2023, Safestore's TSR growth is between the median and upper quartile of the FTSE 250 excluding the Investment Trusts Index and above the upper quartile of the FTSE 350 Supersector Real Estate Index, which would equate to around 85% vesting under the relative TSR measure. Therefore, the Committee confirms that, based on performance to date and taking account of the EPS element, it expects the 2021 LTIP awards to vest at around 95% of maximum and will consider whether the formulaic outcome is in line with underlying Company performance at the vesting date.

The value of the 2021 LTIP awards expected to vest on 28 January 2024, plus an estimate of the value of dividend equivalents accrued to 31 October 2023, has been included in the single figure of remuneration table for 2023 on the basis that the relative TSR performance period has been substantially completed. On the assumption that the relative TSR element vests at c. 85% of maximum, the CEO and CFO will earn 96,240 and 68,571 shares respectively which will become exercisable on or after the vesting date of 28 January 2024.

Dividend equivalents will also be awarded on vested shares based on dividends between the grant and vesting date of the award. In line with the reporting regulations, an estimate of the value of dividend equivalents between the grant date and 31 October 2023 has been included in the value of the awards in the single figure of remuneration table as set out on page 110.

Restatement of LTIP awards included in single figure for the year ended 31 October 2022 (audited)

The three-year performance period for the relative TSR element of the 2020 LTIP ended on 17 March 2023; relative TSR accounts for one-third of the award with 50% of the element measured against the constituents of the FTSE 250 Index excluding Investments Trusts and the remaining 50% against the FTSE 350 Supersector Real Estate Index.

Safestore's TSR growth was 34.2% over the three-year performance period to 17 March 2023 and was significantly in excess of the upper quartile of both peer groups (21.6% and -7.3% for the FTSE 250 Index excluding Investment Trusts and FTSE 350 Supersector Real Estate Index respectively), which equates to maximum vesting. Given that the Committee confirmed that the Cash on Cash Return underpin had been satisfied as at 31 October 2022, the performance targets under the relative TSR element of the 2020 LTIP were met in full. This is summarised in the table below:

TSR vs FTSE 250 Index excluding Investment Trusts				TSR vs FTSE 350 Supersector Real Estate Index			
Threshold performance – median TSR (25% vesting)	Maximum performance – upper quartile TSR (100% vesting)	Safestore's TSR performance	% of awards vested	Threshold performance – median TSR (25% vesting)	Maximum performance – upper quartile TSR (100% vesting)	Safestore's TSR performance	% of awards vested
-7.8%	21.6%	34.2%	100%	-17.8%	-7.3%	34.2%	100%

Part C: Annual report on remuneration continued

2023 annual bonus outcomes: strategic objectives continued

LTIP awards included in single figure for the year ended 31 October 2023 (audited) continued

Restatement of LTIP awards included in single figure for the year ended 31 October 2022 (audited) continued

Therefore, in total, 123,489 shares for the CEO and 87,986 shares for the CFO vested under the 2020 LTIP and became exercisable on 18 March 2023. The CEO and CFO also became entitled to 9,658 and 6,881 dividend equivalent shares respectively.

The value of the awards that vested under the 2020 LTIP included in the single figure of remuneration table for the year ended 31 October 2022 has been restated to include the actual dividend equivalents earned during the vesting period, valued at the share price on vesting.

The Committee determined that the formulaic vesting outcome was aligned with the Company's underlying performance on the basis that:

- the Group's profits, as measured by EPS, and its share price had increased to a similar extent over the performance period; and
- the Group's financial success had been achieved in parallel with it receiving several accolades in relation to its colleague initiatives, ESG performance, and consistently outstanding customer feedback scores.

In line with best practice, the Committee also debated whether any windfall gains had been received as a result of the 2020 LTIP vesting and noted that:

- the grant price of the award (£6.74) was 54% higher than the grant price of the previous LTIP award (i.e. the 2017 award) and was only 3% below the average share price over the 12 months prior to the grant date;
- had an LTIP grant been awarded in mid-March 2019, the share price at grant would have been around £6. This would mean that the grant price of the 2020 LTIP would have been 13% higher than this price; and
- Safestore significantly outperformed its peers in terms of TSR over the performance period.

As such, the Committee determined that no overriding discretion will be applied to the 2020 LTIP outcome.

Taking these factors into consideration, the Committee determined that participants had not benefited from a windfall gain and therefore, in line with the formulaic outcome, 100% of the 2020 LTIP awards vested on 18 March 2023. The Executive Directors' awards are also subject to a two-year post-vesting holding period.

	2022 figures (restated)					**2023 figures**				
Name	Number of 2020 LTIP awards granted	Number of 2020 LTIP awards vested	Number of 2020 LTIP dividend equivalent shares	Value of 2020 LTIP awards vested[1]	Value attributable to share price growth[2]	**Number of 2021 LTIP awards granted**	**Number of 2021 LTIP awards estimated to vest**	**Estimated number of 2021 LTIP dividend equivalent shares**	**Value of 2021 LTIP awards estimated to vest[3]**	**Value attributable to share price growth[4]**
F Vecchioli (Chief Executive Officer)	123,489	123,489	9,658	£1,257,573	£334,038	**101,465**	**96,240**	**7,935**	**£814,369**	**£0**
A Jones (Chief Financial Officer)	87,986	87,986	6,881	£896,019	£238,002	**72,294**	**68,571**	**5,654**	**£580,240**	**£0**

Notes:

1 Based on the closing share price on 18 March 2023 of £9.445.

2 Based on growth in share price from date of grant (£6.74 being the closing share price on the dealing day immediately before the date of grant of 18 March 2020) to the closing share price on the date of vest (£9.445 – 18 March 2023).

3 Based on three-month average share price to 31 October 2023 of £7.82.

4 Based on growth in share price from date of grant (£8.285 being the closing share price on the dealing day immediately before the date of grant of 28 January 2021) to three-month average share price to 31 October 2023 (£7.82).

LTIP awards granted in the year ended 31 October 2023 (audited)

The first LTIP award under the new Remuneration Policy was granted on 12 July 2023. In line with the Policy, the CEO and CFO's Base award had a face value of 300% and 215% of base salary respectively with a maximum multiplier of 1.6x such that the overall maximum award was 480% and 344% of salary. 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 12 July 2026, 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 2023 LTIP award (% of base salary)	Share price	Face value of 2023 LTIP award	Face value at minimum vesting[1]	Number of shares granted under nil-cost option[2,3]
F Vecchioli	CEO	£481,853	480%	£8.375	£2,312,890	£300,676	276,166
A Jones	CFO	£343,320	344%	£8.375	£1,181,009	£153,531	141,016

Notes:

1 65% of the award has threshold vesting of 20% of maximum and 35% of the award has threshold vesting of nil.

2 The number of shares granted under the award was calculated using a share price of £8.375, being the closing share price on the dealing day immediately before the date of grant as shown above.

3 Dividend equivalents will be payable on vested shares.

Performance measures and targets:

- **Base award:**
  - 65% Adjusted Diluted EPRA EPS growth:
    - Threshold (20% vesting) = 5% p.a. growth.
    - 65% vesting = 7% p.a. growth.
    - Strong (80% vesting) = 9% p.a. growth.
    - Maximum (100% vesting) = 12% p.a. growth.
    - Straight-line vesting in between performance levels.
  - 25% strategic/operational measures:
    - For 2023, the measure will be the aggregate net increase in Maximum Lettable Area ("MLA") over the three financial years ending 31 October 2025:
      - Threshold net increase (0% vesting).
      - Target net increase (50% vesting).
      - Maximum net increase (100% vesting).
      - Straight-line vesting in between performance levels.
      - Given the Board considers the targets set to be commercially sensitive, they will be disclosed retrospectively.
- 10% ESG measures:
    - There are 2 measures for 2023 with equal weighting:
      - 1. EPC ratings of developments and refurbishments at A or B:
        - Threshold (0% vesting) 95% of developments and refurbishments.
        - Target (50% vesting) 98% of developments and refurbishments.
        - Maximum (100% vesting) 100% of developments and refurbishments.
      - 2. Reduction in greenhouse gas emission intensity:
        - Threshold (0% vesting) reduction to 1.03 kg CO_2/m^2.
        - Target (50% vesting) reduction to 0.93 kg CO_2/m^2.
        - Maximum (100% vesting) reduction to 0.89 kg CO_2/m^2.
    - The Committee has discretion to deal with acquisitions as appropriate. For example, acquisitions could be excluded from the performance assessment, or the target could be reset in line with those published in future annual reports.
- **Multiplier:**
  - If TSR performance is above the upper quartile of the FTSE 250 (excluding Investment Trusts) then the Base award vesting can be increased by up to a maximum of 1.6x for upper decile performance as follows:
    - Below upper quartile: Base award vesting increased by 1x (no increase to Base award).
    - Upper quartile: Base award vesting increased by 1x (no increase to Base award).
    - Upper decile or above: Base award vesting increased by 1.6x.
    - Straight-line increase in multiplier vesting between upper quartile and upper decile relative TSR performance.
- **Performance modifier:**
  - The awards are underpinned by a performance modifier whereby the number of LTIP awards vesting will be reduced by one-third, if Safestore's TSR over the three-year performance period is either below the median TSR of the FTSE 350 Supersector Real Estate Index, or negative.

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 and this will include an assessment of whether any windfall gains have been made.

Note:

1 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.

Part C: Annual report on remuneration continued

Annual bonus – deferred bonus restricted share awards made in the year ended 31 October 2023

In line with the Policy, the bonus awarded in excess of 100% of salary in respect of the year ended 31 October 2022 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 2024. 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 30 January 2023 at market value of £10.079.

Name	Role	Face value of restricted shares	Number of restricted shares[1]
F Vecchioli	CEO	£117,975	11,705
A Jones	CFO	£84,049	8,339

Note:
1 Dividends will be payable.

Operation of Policy

The Committee is comfortable that the Policy operated as intended in terms of Company performance and quantum in 2023 and that the overall remuneration paid to Executive Directors for 2023, 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 ending 31 October 2024

Please see the at a glance section on pages 98 to 100 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		Fees £'000	Other £'000	Total £'000
D Hearn	**2023**	**227**	**–**	**227**
	2022	203	–	203
I S Krieger	**2023**	**82**	**–**	**82**
	2022	78	–	78
G van de Weerdhof	**2023**	**59**	**–**	**59**
	2022	57	–	57
L Duhot[1]	**2023**	**71**	**–**	**71**
	2022	61	–	61
D Mousseau	**2023**	**59**	**–**	**59**
	2022	57	–	57
J Bentall[2]	**2023**	**59**	**–**	**59**
	2022	26	–	26
A Darzins[3]	**2023**	**10**	**–**	**10**
	2022	–	–	–

Notes:
1 L Duhot was appointed Remuneration Committee Chair on 1 June 2022 so received a pro-rated Committee fee for 2022.
2 J Bentall was appointed as an independent Non-Executive Director on 18 May 2022 so received a pro-rated fee for 2022.
3 A Darzins was appointed as an independent Non-Executive Director on 1 September 2023 so received a pro-rated fee for 2023.

Fees to be provided in 2024 to the Non-Executive Directors

The following table sets out the annual fee rates for the Non-Executive Directors from 1 May 2023:

Fee component	2024
Chairman fee	£233,200
Non-Executive Director base fee	£61,141
Additional fee for SID and Committee chairmanship	£11,464

Statement of Directors' shareholding and share interests

Shareholding and other interests at 31 October 2023 (audited)

Directors' share interests are set out below. As per the new 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 600% and 450% of salary for the CEO and CFO/other Directors respectively. The shareholding guidelines take account of beneficially owned shares, restricted shares from bonus deferral and vested but unexercised awards at their net of tax value. The Executive Directors had five years from the approval of this Policy (12 July 2023) to achieve this guideline. As shown in the table below, both Executive Directors meet the in-employment guidelines under the Policy.

A shareholding guideline will continue to apply for two years post-cessation of employment. Executive Directors must retain shares equivalent in value to 350% of salary for two years post-cessation of employment (or their actual shareholding on cessation if lower than 350% of salary). This excludes shares owned pre-18 March 2020 and awards vesting from the 2017 LTIP.

As at 31 October 2023

Director	Number of beneficially owned shares[1]	% of salary held[2]	Shareholding requirement (% of salary)	Shareholding requirement met	Total interests subject to conditions (LTIP nil-cost awards)	Outstanding Sharesave awards	Total interests at 31 October 2023
F Vecchioli	3,293,754	4,672	600	Yes	449,276	2,008	3,745,038
A Jones	1,301,726	2,592	450	Yes	264,357	2,008	1,568,091
D Hearn	15,000	n/a	n/a	n/a	n/a	n/a	15,000
I S Krieger	88,587	n/a	n/a	n/a	n/a	n/a	88,587
G van de Weerdhof	9,081	n/a	n/a	n/a	n/a	n/a	9,081
L Duhot	1,711	n/a	n/a	n/a	n/a	n/a	1,711
D Mousseau	1,460	n/a	n/a	n/a	n/a	n/a	1,460
J Bentall	9,300	n/a	n/a	n/a	n/a	n/a	9,300
A Darzins	Nil	n/a	n/a	n/a	n/a	n/a	Nil

Notes:

1 Beneficial interests include shares held directly or indirectly by connected persons and deferred bonus restricted shares acquired on 4 February 2022 and 30 January 2023.

2 Based on the 31 October 2023 share price of 683.5 pence per share and beneficially owned shares only.

Between 31 October 2023 and 15 January 2024 (being the latest practicable date prior to the publication of this report), there were no other changes to the Directors' interests.

2020 LTIP awards – awards exercised on 24 March 2023

The Executive Directors exercised their 2020 LTIP vested nil-cost options on 24 March 2023 as set out in the table below:

Director	Role	Number of nil-cost options granted	Dividend equivalents	Total number of shares exercised	Retained shares
F Vecchioli	CEO	123,489	9,658	133,147	69,468
A Jones	CFO	87,986	6,881	94,867	49,427

The retained shares are included within the column 'number of beneficially owned shares' in the Directors' shareholding table above.

Part C: Annual report on remuneration continued

Outstanding LTIP awards at 31 October 2023

The following LTIP awards remain outstanding and unvested at 31 October 2023:

Director	Awards granted	Maximum award	Awards vested	Awards lapsed	Maximum outstanding awards[1] at 31 October 2023	Market price at date of vesting (p)	Normal vesting date
F Vecchioli	28/01/2021 LTIP	101,465	—	—	**101,465**	—	28/01/2024
	25/01/2022 LTIP	71,645	—	—	**71,645**	—	25/01/2025
	12/07/2023 LTIP	276,166	—	—	**276,166**	—	12/07/2026
A Jones	28/01/2021 LTIP	72,294	—	—	**72,294**	—	28/01/2024
	25/01/2022 LTIP	51,047	—	—	**51,047**	—	25/01/2025
	12/07/2023 LTIP	141,016	—	—	**141,016**	—	12/07/2026

Note:
1 Figures shown exclude dividend equivalents.

The 2021, 2022 and 2023 LTIP awards are subject to performance measures and a continued service condition over a three-year period. The performance measures and targets for the 2021 LTIP awards are set out on page 100 of the 2021 Annual Report; for the 2022 LTIP awards, these are set out on pages 111 and 112 of the 2022 Annual Report; and for the 2023 LTIP awards, these are set out on pages 116 and 117 of this report.

Consideration of shareholder views

Please see page 108 for details.

Consideration of conditions elsewhere in the Group

Please see page 108 for details.

Considerations by the Committee of matters relating to Directors' remuneration for 2023

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 2022	Independent	Meetings held during tenure during the year	Number of meetings attended
L Duhot (Chair)	Yes	8	8
D Hearn	Yes	8	8
I S Krieger	Yes	8	8
G van de Weerdhof	Yes	8	8
D Mousseau	Yes	8	8
J Bentall	Yes	8	8
A Darzins[1]	Yes	1	1

Note:
1 A Darzins was appointed as an independent Non-Executive Director on 1 September 2023.

Please see page 93 of the Chair's statement for the activities undertaken by the Committee during the year ended 31 October 2023.

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 2023 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. PwC also provided the Company with reward, tax, and consulting advice. 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 and therefore the advice provided was objective and independent.

The total fees paid to PwC in respect of services to the Committee during the year were £167,000. 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	Twelve months
A Jones	29 January 2013	Twelve 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 9 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[1]	3 October 2013	Three months
G van de Weerdhof	1 June 2020	Three months
L Duhot	1 November 2021	Three months
D Mousseau	1 November 2021	Three months
J Bentall	18 May 2022	Three months
A Darzins[2]	1 September 2023	Three months

Notes:

1 I S Krieger is stepping down from the Board at the 2024 AGM and is therefore not seeking re-election as a Non-Executive Director.

2 A Darzins was appointed as an independent Non-Executive Director on 1 September 2023.

Directors' report

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 Brittanic 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 2023. 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 82 to 86;
- strategy and relevant future developments – refer to pages 8 to 19 of the strategic report;
- section 172, including engagement with employees, suppliers, customers and others – refer to pages 32 to 34 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 35 to 40 and in note 20 to the financial statements;
- details of the Group's going concern assessment and viability statement on pages 42 and 138; and
- employee matters and carbon emission disclosures are set out in the Sustainability report on pages 48 to 53 and pages 59 to 77 respectively.

Results for the year and dividends

The results for the year ended 31 October 2023 are set out in the consolidated statement of comprehensive income on page 134 and a review of the Group's results is explained further on pages 1 to 31.

An interim dividend of 9.9 pence (FY2022: 9.40 pence) was paid on 10 August 2023, comprised of a Property Income Distribution ("PID") of 2.47 pence (FY2022: 2.35 pence) and a non-PID dividend of 7.43 pence (FY2022: 7.05 pence). The Directors recommend a final dividend in respect of the year ended 31 October 2023 of 20.20 pence per ordinary share (FY2022: 20.40 pence), of which the PID element will be 15.15 pence (FY2022: 20.40 pence). If authorised at the 2024 AGM, the dividend will be paid on 9 April 2024 with the record date of 8 March 2024.

PIDs are 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. Non-PID dividends are 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 2026. 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 42.

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 35 to 40, and in note 20 to the financial statements.

Disclosures required under Listing Rule 9.8.4R

For the purposes of LR 9.8.4R, the information required to be disclosed by LR 9.8.4R can be found in the following locations within the Annual Report:

		Page
(1)	Amount of interest capitalised	26
(2)	Publication of unaudited financial information	n/a
(4)	Details of long term incentive schemes	165 and 166
(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	165
(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	125
(11)	Provision of services by a controlling shareholder	n/a
(12)	Shareholder waiver of dividends	123
(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).

Corporate governance statement

In compliance with the Financial Conduct Authority's Disclosure Guidance and Transparency Rules, the disclosures required by DTR 7.2.6 are set out in this Directors' report.

Post-balance sheet events

There were no reportable events after the balance sheet date.

Directors

The Directors of the Company who served during the year and to the date of this report were as follows:

Jane Bentall	Non-Executive Director
Avis Darzins	Non-Executive Director (appointed 1 September 2023)
Laure Duhot	Non-Executive Director
David Hearn	Non-Executive Chairman
Andy Jones	Chief Financial Officer
Ian Krieger	Senior Independent Director
Delphine Mousseau	Non-Executive Director
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 80 and 81, 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 115 to 120.

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 85 and 88.

A Director may be removed by the Company in certain circumstances set out in the Articles of Association or by an ordinary 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 Act, is removed from office pursuant to the Articles of Association or becomes prohibited by law from being a Director; (iv) becomes bankrupt or the subject of an interim receiving order or compounds with creditors generally or applies to the court for an interim order under Section 253 of the Insolvency Act 1986 (as amended) in connection with a voluntary arrangement under that act or any analogous event occurs in relation to the Director in another jurisdiction; (v) has been suffering from mental or physical ill health and may remain so for more than three months; (vi) 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 (vii) 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 all Directors retire by rotation each year. 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 13 March 2024 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 2023 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 actual or potential conflicts of interest as and when they arise. The Board confirms that no actual or potential 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 2023, the Company's issued share capital comprised 218,039,419 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 6,111,922 ordinary shares during the year by fully paid issues as follows:

Date	Share scheme	Number of ordinary shares of 1 pence
2 November 2022 to 23 February 2023	Exercise of options under the 2017 (five-year) Sharesave scheme	35,183
9 November 2022 to 19 October 2023	Exercise of options under the 2019 (three-year) Sharesave scheme	15,774
29 December 2022 to 20 April 2023	Early exercise of options under the 2020 (three-year) Sharesave scheme	4,666
10 November 2022 to 27 September 2023	Issue of new share to the Trustee of the Safestore Employee Benefit Trust to satisfy share awards granted by the Company under its 2017 Long Term Incentive Plan	5,625,324
24 March 2023	Issue of new share to the Trustee of the Safestore Employee Benefit Trust to satisfy share awards granted by the Company under its 2020 Long Term Incentive Plan	430,975

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 2023, the Employee Benefit Trust retains 64,363 ordinary shares (FY2022: 359,795) with a nominal value of £643.63 (FY2022: £3,598) to satisfy awards under the Group's share scheme arrangements. This represents less than 0.03% (FY2022: 0.17%) of the total issued share capital of the Company. The Trustee of the Employee Benefit Trust has elected not to receive dividends on its retained ordinary shares.

Purchase of own shares

The Company was granted authority at the 2023 AGM to make market purchases of its own ordinary shares. This authority will expire at the conclusion of the 2024 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 2023 to 15 January 2024.

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. 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 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 2024 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.

Substantial shareholdings

The table below sets out the names of those persons who, insofar as the Company is aware, as at 9 November 2023 (being the nearest date of the Company's internal analysis to 31 October 2023), are interested directly or indirectly in 3% or more of the issued share capital of the Company.

Name of shareholder	Number of ordinary shares	Percentage of issued share capital
BlackRock Inc (Combined)	20,818,518	9.55%
The Capital Group Companies, Inc	13,301,733	6.10%
abrdn plc (Combined)	12,089,357	5.54%
The Vanguard Group, Inc (Combined)	11,219,006	5.14%
Principal Financial Group (Combined)	10,257,696	4.70%
Cohen and Steers (Combined)	9,937,862	4.56%
State Street Global Advisors (Combined)	7,360,404	3.38%

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 2023, the Company received the following notifications in accordance with DTR 5 disclosing changes to voting interests in its issued share capital. The information provided includes the percentage of issued capital as at the date of the notifications.

Name of shareholder	Date of latest notification	Number of ordinary shares	Percentage of issued share capital	Nature of holding (direct/indirect)
The Capital Group Companies, Inc	25 September 2023	10,926,792	5.01%	Indirect
Aggregate of abrdn plc affiliated investment management entities with delegated voting rights on behalf of multiple managed portfolios	21 June 2023	Not advised	Below 5.00%	Indirect
Cohen and Steers, Inc	2 May 2023	10,685,793	4.90%	Indirect

Between 1 November 2023 and 15 January 2024, being a date not more than one month prior to the date of the Company's Notice of Annual General Meeting 2023, the Company did not receive any notification(s) in accordance with DTR 5 disclosing changes to voting interests in its issued share capital.

All interests disclosed to the Company in accordance with DTR 5 that have occurred since 15 January 2024 can be found on the Company's website 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 employment and environmental policies, including the policies regarding the employment of disabled persons and greenhouse gas reporting, is summarised in the sustainability section on pages 44 to 77.

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.

Political donations

The Company made no political donations and incurred no political expenditure during the year (FY2022: £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 ought to have taken in order to make themself 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

The Audit Committee undertook their annual review of the Auditor's independence. The Directors determined that Deloitte LLP remained independent through the course of the year.

The Company began a formal Audit Tender at the end of 2023 for Audit Services, starting with the financial year ending 31 October 2024. At the time of signing of this report, the outcome of the Audit Tender had not been determined. The Audit Committee will make a recommendation to the Board on the outcome of the Tender before the publication of the Notice of Meeting for the Company's Annual General Meeting on Wednesday, 13 March 2024 and the appointment/re-appointment of the Company's Auditor will be put to shareholder vote at the Annual General Meeting.

Annual General Meeting ("AGM")

The AGM will be held at the Company's registered office at Brittanic House, Stirling Way, Borehamwood, Hertfordshire WD6 2BT, on Wednesday, 13 March 2024 at 12.00 noon.

The 2024 AGM will include, as special business, resolutions dealing with authority to issue shares, disapplication of pre-emption rights, authority to purchase the Company's own shares, authority to call a general meeting on not less than 14 days' notice, and Deed of Release 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.

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 or via the Link Group shareholder app, LinkVote+.

This report was approved by the Board for release on 16 January 2024 and signed on its behalf by:

David Orr
Company Secretary
16 January 2024

Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual Report and the Group and parent company financial statements in accordance with applicable law and regulations.

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 United Kingdom-adopted International Accounting Standards. The financial statements also comply with International Financial Reporting Standards ("IFRS") as issued by the IASB. The Directors have chosen to prepare the parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including 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;
- state whether applicable UK-adopted International Accounting Standards have been followed for the Group financial statements and United Kingdom Accounting Standards, comprising FRS 101, have been followed for the Company financial statements, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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 of the financial reporting framework 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 to 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.com. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility statement

The Directors consider that the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

Each of the Directors, whose names and functions are listed in Board of Directors on pages 80 and 81 confirm that, to the best of their knowledge:

- the consolidated financial statements, which have been prepared in accordance with UK-adopted International Accounting Standards, give a true and fair view of the assets, liabilities, financial position and profit of the Group;
- the Company's financial statements, which have been prepared in accordance with United Kingdom Accounting Standards, comprising FRS 101, give a true and fair view of the assets, liabilities and financial position of the Company; and
- the Strategic Report of this report includes a fair review of the development and performance of the business and the position of the Company and the wider Group, together with a description of the principal risks and uncertainties that it faces.

In the case of each Director in office at the date the Directors' report is approved:

- so far as the Director is aware, there is no relevant audit information of which the Company's external auditor is unaware; and
- the Director has taken all the steps 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 external auditor is aware of that information.

This responsibility statement was approved by the Board of Directors on 16 January 2024 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 2023 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with United Kingdom – adopted International Accounting Standards;
- 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 31 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 United Kingdom – adopted International Accounting Standards. 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. The non-audit services provided to the Group and parent company for the year are disclosed in notes 7 and 4 respectively to the financial statements. 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 the 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: Newly identified Increased level of risk Similar level of risk Decreased level of risk
Materiality	The materiality that we used for the Group financial statements was £38.5 million which was determined on the basis of 2% of net assets. For testing of items affecting adjusted EPRA earnings we have applied a lower threshold amounting to £5.0 million, which was determined as 5% of adjusted EPRA earnings.
Scoping	We have identified four components within the Group: United Kingdom ("UK"), France, Spain and Benelux. The Group engagement team ("GET") 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 GET has performed specified procedures in respect of the Spanish and Benelux components.

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:

- obtaining an understanding of the relevant controls relating to the going concern process;
- an assessment of the Group's financing facilities including nature of facilities, repayment terms and covenants;
- testing the mathematical accuracy of, and assessing the sophistication of, the model used to prepare the going concern forecast;
- challenging the range of scenarios, including the base case, 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;
- an assessment of the outcome of the reverse stress testing performed by management; and
- an evaluation of the appropriateness of the going concern disclosures in the financial statements.

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.

5.1. Valuation of investment properties

Key audit matter description	Investment properties are held at a fair value of £2,890.9 million at 31 October 2023 (2022: £2,647.4 million). This is the most quantitatively material balance in the financial statements. Property valuation, which is performed by an external valuer, is by its nature subjective with significant estimation being applied. We consider the key assumptions to comprise stabilised occupancy, capitalisation rate, discount rate and net rental growth. These assumptions drive a cash flow model that is used as the basis of the valuation of each individual property. Additionally, there are specific judgements pertaining to 'immature' stores which were defined as: stores open for five years or less alongside occupancy under 80% and UK assets under leasehold with an unexpired lease term of ten years or less. For key sources of estimation uncertainty disclosures and further details of the Group's valuation method and assumptions, refer to note 2 and 13 of the financial statements. The valuation of investment properties is also discussed in the Audit Committee report on page 91.

Report on the audit of the financial statements continued

5. Key audit matters continued

5.1. Valuation of investment properties continued

How the scope of our audit responded to the key audit matter	We carried out the following audit procedures in response to the identified key audit matter:
	Understanding the properties and relevant controls:
	• We gained an understanding of and tested the key controls relevant to the property valuation process.
	• We met with management to enhance our understanding of the portfolio.
	Data provided to 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 and accuracy.
	External valuation:
	• We assessed the appropriateness of the valuer's scope and evaluated the competence, objectivity and capability of the valuer.
	• We identified individual properties through analysis against the following criteria:
	  • 'immature' stores, defined as stores open for five years or less alongside occupancy under 80%;
	  • 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 estimates by assessing the appropriateness through comparison with the market and our expectation.
	• We met with the valuers and with the involvement of our internal real estate specialists (who are members of the Royal Institution of Chartered Surveyors), we performed an independent assessment of the assumptions that underpin the valuations, based on our internal real estate specialists' 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 also challenged the valuer and management around the impact of climate change on the portfolio valuation, if any.
	• We 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 reconciled the external valuation reports to underlying financial records to test for completeness and accuracy within the Group's financial statements.
	Disclosures
	• We assessed the sufficiency of the Group's valuation disclosures, including the related sensitivities.

Key observations	We consider the assumptions applied in arriving at the fair value of the Group's investment property to be reasonable. The sensitivity disclosures are considered appropriate given the level of estimation involved and the valuations are suitable for inclusion in the financial statements at 31 October 2023.

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:

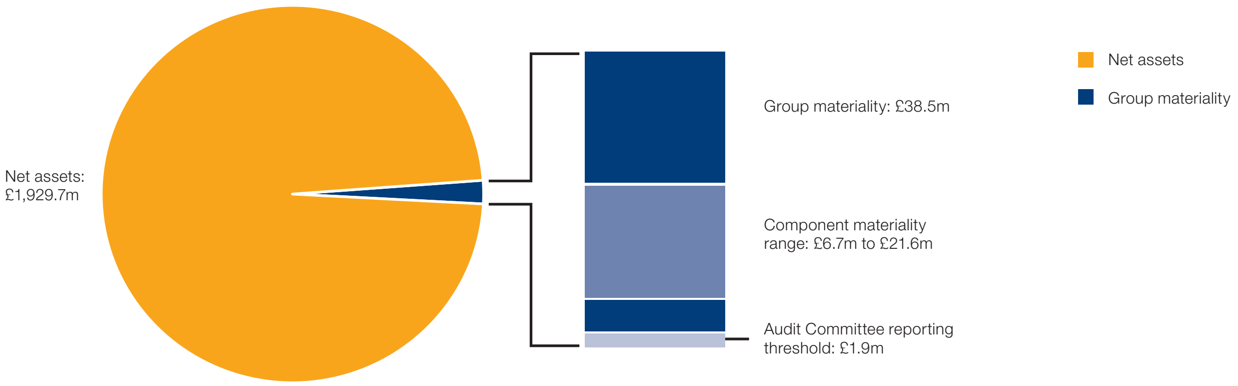
	Group financial statements	Parent company financial statements
Materiality	£38.5 million (2022: £32.1 million).	£7.3 million (2022: £6.2 million).
Basis for determining materiality	2% of net assets (2022: 2% of net assets).	3% of net assets (2022: 3% of net assets).
Rationale for the benchmark applied	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.

Report on the audit of the financial statements continued

6. Our application of materiality continued

6.1. Materiality continued

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 £5.0 million (2022: £6.0 million) for testing of balances impacting that measure, which has been determined as 5% (2022: 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
Performance materiality	70% (2022: 70%) of Group materiality	70% (2022: 70%) of parent company materiality
Basis and rationale for determining performance materiality	In determining performance materiality, we considered the following factors: a. the quality of the control environment and whether we were able to rely on controls; b. the low volume of uncorrected misstatements in the previous audit; and c. turnover of management or key accounting personnel.	

6.3. Error reporting threshold

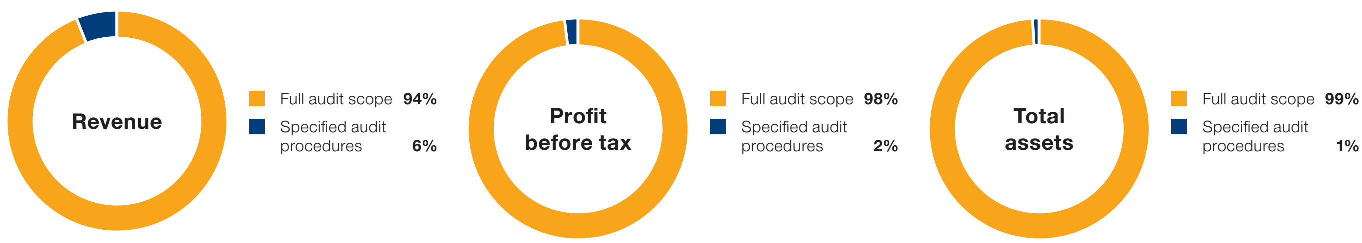
We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £1.9 million (2022: £1.6 million), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

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 four components within the Group: United Kingdom, France, Spain and Benelux 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 audit team has performed specified procedures at Group level in respect of the Spanish and Benelux components.



7.2. Our consideration of the control environment

From our understanding of the Group and after assessing relevant controls, we tested and relied on controls in performing our audit of self storage income.

In addition, 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.

Report on the audit of the financial statements continued

7. An overview of the scope of our audit continued

7.2. Our consideration of the control environment continued

The Group uses the following application systems for the recording and reporting of its financial statements:

- SpaceManager
- Access Dimensions

We involved IT specialists to assess the relevant controls over these systems. Working with our IT specialists, we identified and assessed relevant risks arising from each relevant IT system. We obtained an understanding of the IT environment as part of these risk assessment procedures. We further performed the following procedures:

- determined whether each general IT control, individually or in combination with other controls, was appropriately designed to address the risk;
- obtained sufficient evidence to assess the operating effectiveness of the controls across the full audit period; and
- performed additional procedures where required if there were exceptions to the operation of those controls, including relevant mitigating controls.

From our understanding of the group and after assessing relevant controls, we tested the relevant controls relating to self storage income, however we do not take a controls reliance approach for any substantive testing. Additionally, we 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.

7.3. Our consideration of climate-related risks

We have made enquiries of management to understand the processes in place to assess the potential impact of climate change on the business and the financial statements. Management considers climate change to be a principal risk which particularly impacts the cost of retrofitting stores to improve their sustainability credentials and comply with future regulations. These risks are consistent with those identified through our own risk assessment process.

As part of our identification of key audit matters, we consider there to be a risk in relation to climate change as part of the valuation of investment properties. There is a risk that the valuation does not include the relevant assumptions around climate change, principally capital expenditure required to bring the stores up to a certain environmental standard, to the extent assumed by a third party when determining fair value.

We challenged the valuer and management as to the assumptions included, and considered their reasonableness with the assistance of our internal real estate specialists. We have reviewed the disclosures in the principal risk section and note 2 of the Annual Report and consider that management has appropriately disclosed the current risk that has been identified.

7.4. Working with other auditors

We instructed the French component auditor to perform the audit of the France component and supervised its work through regular communication. As the Group team, we attended a site visit in Paris and met local management. We attended its local audit close meeting with the local management team as well as evaluated the outputs of its work in person and challenged their conclusions as part of our component oversight role.

Our component audit work was executed at levels of materiality applicable to each individual component which were lower than Group materiality, ranging from £6.7 million to £21.6 million (2022: £5.6 million to £17.4 million). In addition, for the lower materiality threshold described above, our component thresholds ranged from £0.9 million to £2.8 million (2022: £1.1 million to £3.4 million).

8. Other information

The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information contained within the Annual Report.

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.

We have nothing to report in this regard.

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.

Report on the audit of the financial statements continued

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. This description forms part of our auditor's report.

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, the Directors and the Audit Committee about their own identification and assessment of the risks of irregularities, including those that are specific to the Group's sector;
- any matters we identified having obtained and reviewed the Group's documentation of its policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether it was aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether it has knowledge of any actual, suspected or alleged fraud;
  - 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 significant component audit teams and relevant internal specialists, including tax, IT, climate and property valuation 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. 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 the 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 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 significant component audit teams, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

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 122;
- 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 42;
- the Directors' statement on fair, balanced and understandable set out on page 126;
- the Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on pages 35 to 40;
- the section of the Annual Report that describes the review of effectiveness of risk management and internal control systems set out on page 83; and
- the section describing the work of the Audit Committee set out on page 90.

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 ended 31 October 2014 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and re-appointments of the firm is ten years, covering the years ended 31 October 2014 to 31 October 2023.

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.

As required by the Financial Conduct Authority ("FCA") Disclosure Guidance and Transparency Rule ("DTR") 4.1.14R, these financial statements form part of the European Single Electronic Format ("ESEF") prepared Annual Financial Report filed on the National Storage Mechanism of the UK FCA in accordance with the ESEF Regulatory Technical Standard ("ESEF RTS"). This auditor's report provides no assurance over whether the Annual Financial Report has been prepared using the single electronic format specified in the ESEF RTS.

Stephen Craig FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
17 January 2024

Consolidated income statement

for the year ended 31 October 2023

	Notes	Group 2023 £'m	Group 2022 £'m
Revenue	3, 4	**224.2**	212.5
Cost of sales		**(69.9)**	(63.0)
Gross profit		**154.3**	149.5
Administrative expenses		**(17.7)**	(27.1)
Share of loss in associate	12	**–**	(0.3)
Underlying EBITDA		**142.2**	135.1
Exceptional items	5	**–**	(0.1)
Share-based payments		**(3.5)**	(11.2)
Depreciation and variable lease payments		**(2.1)**	(1.3)
Share of associate's depreciation, interest and tax		**–**	(0.4)
Operating profit before gains on investment properties and other exceptional gains		**136.6**	122.1
Gain on investment properties	13	**93.8**	381.6
Other exceptional gains	5	**–**	10.8
Operating profit	4, 6	**230.4**	514.5
Finance income	8	**0.8**	2.0
Finance expense	8	**(23.4)**	(17.7)
Profit before income tax		**207.8**	498.8
Income tax charge	9	**(7.6)**	(35.9)
Profit for the year		**200.2**	462.9
Earnings per share for profit attributable to the equity holders			
– basic (pence)	11	**92.2**	219.5
– diluted (pence)	11	**91.8**	212.4

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 138 to 169 are an integral part of these consolidated financial statements.

Consolidated statement of comprehensive income

for the year ended 31 October 2023

	Group 2023 £'m	Group 2022 £'m
Profit for the year	**200.2**	462.9
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss:		
Currency translation differences	**7.1**	8.0
Net investment hedge	**(2.9)**	(4.6)
Other comprehensive income, net of tax	**4.2**	3.4
Total comprehensive income for the year	**204.4**	466.3

Consolidated balance sheet

as at 31 October 2023

	Notes	Group 2023 £'m	2022 £'m
Assets			
Non-current assets			
Investment in associates	12	**4.1**	1.8
External valuation of investment properties, net of lease liabilities		**2,681.1**	2,457.8
Add-back of lease liabilities		**101.2**	95.1
Investment properties under construction		**108.6**	94.5
Total investment properties	13	**2,890.9**	2,647.4
Property, plant and equipment	14	**5.2**	3.4
Deferred tax assets	22	**6.6**	0.8
		2,906.8	2,653.4
Current assets			
Inventories		**0.4**	0.3
Derivative financial instruments	20	**—**	1.7
Trade and other receivables	16	**32.7**	31.2
Amounts due from associates	16	**0.1**	—
Cash and cash equivalents	17	**16.9**	20.9
		50.1	54.1
Total assets		**2,956.9**	2,707.5
Current liabilities			
Bank borrowings	19	**(44.5)**	(101.7)
Trade and other payables	18	**(52.4)**	(62.7)
Current income tax liabilities		**(0.4)**	(0.8)
Lease liabilities	21	**(13.1)**	(13.2)
		(110.4)	(178.4)
Non-current liabilities			
Bank borrowings	19	**(681.3)**	(522.1)
Deferred income tax liabilities	22	**(139.2)**	(129.0)
Lease liabilities	21	**(88.3)**	(82.2)
Provisions	27	**(2.6)**	(2.4)
		(911.4)	(735.7)
Total liabilities		**(1,021.8)**	(914.1)
Net assets		**1,935.1**	1,793.4
Equity			
Ordinary share capital	23	**2.2**	2.1
Share premium		**62.0**	61.8
Translation reserve		**12.7**	8.5
Retained earnings		**1,858.2**	1,721.0
Total equity		**1,935.1**	1,793.4

These financial statements were authorised for issue by the Board of Directors on 16 January 2024 and signed on its behalf by:

A Jones
Chief Financial Officer

F Vecchioli
Chief Executive Officer

Company registration number: 04726380

Consolidated statement of changes in shareholders' equity

for the year ended 31 October 2023

	Group				
	Share capital £'m	Share premium £'m	Translation reserve £'m	Retained earnings £'m	Total £'m
Balance at 1 November 2021	2.1	61.3	5.1	1,306.4	1,374.9
Comprehensive income					
Profit for the year	—	—	—	462.9	462.9
Other comprehensive income					
Currency translation differences	—	—	8.0	—	8.0
Net investment hedge	—	—	(4.6)	—	(4.6)
Total other comprehensive income	—	—	3.4	—	3.4
Total comprehensive income	—	—	3.4	462.9	466.3
Transactions with owners					
Dividends (note 10)	—	—	—	(56.9)	(56.9)
Increase in share capital	—	0.5	—	—	0.5
Employee share options	—	—	—	8.6	8.6
Transactions with owners	—	0.5	—	(48.3)	(47.8)
Balance at 1 November 2022	2.1	61.8	8.5	1,721.0	1,793.4
Comprehensive income					
Profit for the year	—	—	—	200.2	200.2
Other comprehensive income					
Currency translation differences	—	—	7.1	—	7.1
Net investment hedge	—	—	(2.9)	—	(2.9)
Total other comprehensive income	—	—	4.2	—	4.2
Total comprehensive income	—	—	4.2	200.2	204.4
Transactions with owners					
Dividends (note 10)	—	—	—	(65.9)	(65.9)
Increase in share capital and share premium	0.1	0.2	—	—	0.3
Employee share options	—	—	—	2.9	2.9
Transactions with owners	0.1	0.2	—	(63.0)	(62.7)
Balance at 31 October 2023	**2.2**	**62.0**	**12.7**	**1,858.2**	**1,935.1**

The translation reserve balance of £12.7 million (FY2022: £8.5 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 expense of £2.8 million (FY2022: £0.1 million).

Consolidated cash flow statement

for the year ended 31 October 2023

	Notes	Group 2023 £'m	Group 2022 £'m
Cash flows from operating activities			
Cash generated from operations	24	**128.4**	132.2
Interest received		**–**	0.1
Interest paid		**(24.9)**	(16.9)
Tax paid		**(5.5)**	(5.6)
Net cash inflow from operating activities		**98.0**	109.8
Cash flows from investing activities			
Acquisition of subsidiary, net of cash acquired	12	**–**	(111.5)
Investment in associates	12	**(2.3)**	(0.8)
Expenditure on investment properties and development properties		**(119.0)**	(95.2)
Proceeds from disposal of investment properties		**–**	6.4
Proceeds from disposal of land		**–**	1.0
Purchase of property, plant and equipment		**(2.9)**	(1.0)
Proceeds from sale of property, plant and equipment		**–**	0.2
Net cash outflow from investing activities		**(124.2)**	(200.9)
Cash flows from financing activities			
Issue of share capital		**0.2**	0.5
Equity dividends paid	10	**(65.9)**	(56.9)
Proceeds from borrowings		**108.4**	266.1
Repayment of borrowings		**(7.1)**	(134.0)
Exceptional swap termination	8	**–**	0.5
Financial instruments income	8	**0.4**	1.3
Debt issuance costs		**(4.9)**	(0.1)
Principal payment of lease liabilities		**(8.8)**	(8.4)
Net cash inflow from financing activities		**22.3**	69.0
Net decrease in cash and cash equivalents		**(3.9)**	(22.1)
Exchange loss on cash and cash equivalents		**(0.1)**	(0.2)
Cash and cash equivalents at 1 November		**20.9**	43.2
Cash and cash equivalents at 31 October	17, 25	**16.9**	20.9

Notes to the financial statements

for the year ended 31 October 2023

1. General information

Safestore Holdings plc (the "Company") and its subsidiaries (together, the "Group") provide self storage facilities to customers throughout the UK, Paris, Spain, the Netherlands, and Belgium. The Company is a public limited company, which is listed on the London Stock Exchange and incorporated and domiciled in the UK, England and Wales. The Company operates as the ultimate parent company of the Group. The address of its registered office is Brittanic 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 United Kingdom adopted International Financial Reporting Standards ("IFRS") 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

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 2023, 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 three-year outlook approved by the Board. In the context of the current environment, four plausible scenarios were applied to the plan, including a reverse 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 cost of living crisis and the conflict in Ukraine. 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 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. In November 2022, the Group completed the refinancing of its Revolving Credit Facilities ("RCF") which were due to expire in June 2023. The previous £250 million and €70 million revolving credit facilities have been replaced with a single multi-currency unsecured £400 million facility, with a four-year term with two one-year extension options (available headroom £197 million). One tranche of Private Placement notes matures in 2024 and it has been assumed this will be renewed at market rates 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, which are differentiated by the impact of demand and enquiry levels, average rate growth and the level of cost savings, occur, clear mitigating actions are available to ensure that the Group remains liquid and able to meet its liabilities as they fall due. 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 42.

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 2023:

- Amendments to IFRS 3 References to the Conceptual Framework in IFRS Standards
- Amendments to IAS 16 Property, Plant and Equipment – Proceeds before Intended Use
- Amendments to IAS 37 Onerous Contracts – Cost of Fulfilling a Contract
- Annual Improvements to IFRS Standards 2018–2020 Cycle

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 IAS 8 Definition of Accounting Estimate
- Amendments to IAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction
- Amendments to IAS 1 Classification of Liabilities as Current or Non-current
- Amendments to IAS 28 and IFRS 10 Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture

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 four geographical reporting segments, the United Kingdom, Paris in France, Spain, and the Netherlands and Belgium in Benelux.

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

All borrowing costs are recognised in the consolidated income statement in the period in which they are incurred, unless the costs are incurred as part of the development of a qualifying asset, when they will be capitalised. Commencement of capitalisation is the date when the Group incurs expenditure for the qualifying asset, incurs borrowing costs and undertakes activities that are necessary to prepare the assets for their intended use when it is probable that they will result in future economic benefits to the entity and the costs can be measured reliably. In the case of suspension of activities during extended periods, the Group suspends capitalisation. The Group ceases capitalisation of borrowing costs when substantially all of the activities necessary to prepare the asset for use are complete, typically when a store opens.

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 the point of lease modification 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.

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 2023 the Group held finished goods and goods held for resale of £0.4 million (FY2022: £0.3 million). The Group consumed £1.1 million (FY2022: £0.7 million) of inventories during the year. Inventory write downs were £nil for the financial year ended 31 October 2023 (FY2022: £nil). Inventories of £nil (FY2022: £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 at the point of lease modification, 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 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 cost – 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' 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.

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 temporary differences between the balance sheet value and the tax base value, on an undiscounted basis. Deferred tax liabilities are generally recognised for taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available, against which deductible temporary differences can be utilised. 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. Deferred tax is calculated at the tax rates substantively enacted at the balance sheet date that are expected to apply in the period when the liability is settled, or the asset is realised.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to set off current tax assets against current tax liabilities.

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.

Climate change

In preparing the financial statements, the Directors have considered the impact of climate change, particularly in the context of the climate change risks identified in the sustainability section of the strategic report and the Group’s stated target of operational net zero carbon emissions by 2035. These considerations did not have a material impact on the financial reporting judgements and estimates in the current year.
This reflects the conclusion that climate change will have a limited exposure and vulnerability on the Group’s investment property portfolio, the carrying value of non-current assets and the estimates of future profitability used in our assessment of the recoverability of deferred tax assets.

Key sources of estimation uncertainty

The preparation of consolidated financial statements under IFRS requires the Directors 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.

2. Summary of significant accounting policies continued

Key sources of estimation uncertainty continued

The following key source of estimation uncertainty has significant risk of causing a material adjustment, within the next financial year, 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. C&W have considered Safestore's commitment to operational net zero carbon emissions by 2035 and the impacts that this could have on each of the Group's investment properties. A more detailed explanation of the background, methodology and estimates made by management that are adopted in the valuation of the investment properties, as well as detailed sensitivity analysis, is set out in note 13 to the financial statements.

Non-GAAP financial information/Alternative Performance Measures

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/Alternative Performance 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/Alternative Performance 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's Best Practices Recommendations guidelines for Net Asset Value ("NAV") metrics are 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. 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:

	2023 £'m	2022 £'m
Self storage income	187.2	178.0
Insurance income	25.5	23.9
Other non-storage income	11.5	10.6
Total revenue	**224.2**	212.5

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 four operating segments, based on geographical areas, being the United Kingdom, Paris in France, Spain, and the Netherlands and Belgium in Benelux.

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 2023	UK £'m	Paris £'m	Spain £'m	Benelux £'m	Group £'m
Continuing operations					
Revenue	**166.5**	**43.9**	**3.8**	**10.0**	**224.2**
Underlying EBITDA	**106.2**	**30.5**	**1.1**	**4.4**	**142.2**
Share-based payments	**(3.1)**	**(0.3)**	**(0.1)**	**—**	**(3.5)**
Variable lease payments and depreciation	**(1.9)**	**(0.2)**	**—**	**—**	**(2.1)**
Operating profit before gain on investment properties and other exceptional gains	**101.2**	**30.0**	**1.0**	**4.4**	**136.6**
Gain/(loss) on investment properties	**70.9**	**16.3**	**(0.7)**	**7.3**	**93.8**
Operating profit	**172.1**	**46.3**	**0.3**	**11.7**	**230.4**
Net finance expense	**(13.8)**	**(2.2)**	**(1.1)**	**(5.5)**	**(22.6)**
Profit/(loss) before tax	**158.3**	**44.1**	**(0.8)**	**6.2**	**207.8**
Total assets	**2,298.2**	**606.6**	**28.0**	**24.1**	**2,956.9**

Year ended 31 October 2022	UK £'m	Paris £'m	Spain £'m	Benelux £'m	Group £'m
Continuing operations					
Revenue	163.0	41.4	3.0	5.1	212.5
Share of loss in associates	(0.3)	—	—	—	(0.3)
Underlying EBITDA	103.5	28.0	1.5	2.1	135.1
Exceptional items	—	(0.1)	—	—	(0.1)
Share-based payments	(10.2)	(1.0)	—	—	(11.2)
Variable lease payments and depreciation	(1.2)	(0.1)	—	—	(1.3)
Share of associate's depreciation, interest and tax	(0.4)	—	—	—	(0.4)
Operating profit before gain on investment properties and other exceptional gains	91.7	26.8	1.5	2.1	122.1
Gain on investment properties	295.7	78.5	1.3	6.1	381.6
Other exceptional gains	5.7	5.1	—	—	10.8
Operating profit	393.1	110.4	2.8	8.2	514.5
Net finance (expense)/income	(14.4)	(1.6)	(0.1)	0.4	(15.7)
Profit before tax	378.7	108.8	2.7	8.6	498.8
Total assets	2,024.8	581.7	28.2	72.8	2,707.5

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. The segmental results exclude intercompany transactions.

5. Exceptional items and other exceptional gains

	2023 £'m	2022 £'m
Costs relating to corporate transactions and exceptional property taxation	–	(0.1)
Exceptional items	–	(0.1)

	2023 £'m	2022 £'m
Valuation gain on associate buy-out	–	5.5
Gain on disposals of investment properties	–	0.2
Gain on disposal of land	–	5.1
Other exceptional gains	–	10.8

Exceptional items of £nil were incurred in the year (FY2022: £0.1 million relating to fees associated with the Group's corporate restructuring).

In the prior year, the Group sold the Nanterre site to the Joint Venture partner of Nanterre FOCD 92 for a total price of €7.6 million excluding VAT and including demolition cost reimbursement, where the settlement was done partially in cash of £1.0 million (€1.1 million excluding tax), and partially in kind through the delivery of the new building at the end of the operation (estimated at €6.5 million). This resulted in a net gain on disposal of £5.1 million (€5.9 million) included within other exceptional gains in 2022.

In addition, the Group acquired the remaining 80% equity of Safestore Storage Benelux B.V. from its previous Joint Venture partner for €53.6 million (£45.3 million) and became a wholly owned subsidiary (note 12). The original 20% equity investment was effectively de-recognised and re-recognised back at the fair value based on the revised equity value effective at the 30 March 2022 transaction. This resulted in a valuation gain on the associate buy-out of £5.5 million included within other exceptional gains in 2022.

Finally, the Group sold its Birmingham Digbeth store to a third party for £6.5 million and incurred a 1% agent fee on the sale price. The carrying value of this store included within investment properties prior to disposal was £6.2 million, resulting in a gain on disposal of investment properties of £0.2 million included within other exceptional gains in 2022.

6. Operating profit

The following items have been charged/(credited) in arriving at operating profit:

	Notes	2023 £'m	2022 £'m
Staff costs	26	**30.0**	38.1
Inventories: cost of inventories recognised as an expense (included in cost of sales)	2	**1.1**	0.7
Depreciation on property, plant and equipment	14	**1.3**	1.0
Gain on investment properties	13	**(93.8)**	(381.6)
Variable lease payments payable under lease liabilities		**0.8**	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:

	2023 £'m	2022 £'m
Audit services		
Fees payable to the Company's auditor and its associates for the audit of the parent company and consolidated financial statements	**0.4**	0.2
Fees payable to the Company's auditor and its associates for the audit of the Company's subsidiaries pursuant to legislation	–	0.2
Total audit fees	**0.4**	0.4
Fees for other services	**0.1**	0.1
Total	**0.5**	0.5

8. Finance income and costs

	2023 £'m	2022 £'m
Finance income		
Other interest and similar income	**0.1**	0.1
Interest receivable from loan to associates	**—**	0.1
Financial instruments income	**0.4**	1.3
Underlying finance income	**0.5**	1.5
Net exchange gains	**0.3**	—
Exceptional finance income	**—**	0.5
Total finance income	**0.8**	2.0
Finance costs		
Interest payable on bank loans and overdraft	**(15.1)**	(11.9)
Amortisation of debt issuance costs on bank loan	**(1.3)**	(0.5)
Underlying finance charges	**(16.4)**	(12.4)
Interest on lease liabilities	**(5.3)**	(5.0)
Fair value loss of derivatives	**(1.7)**	(0.3)
Net exchange losses	**—**	—
Total finance costs	**(23.4)**	(17.7)
Net finance costs	**(22.6)**	(15.7)

The total change in fair value of derivatives reported within net finance costs for the year is a £1.7 million net loss (FY2022: £0.3 million net loss). Included within finance income is £0.4 million relating to swaps settled in June 2023. In the prior year (FY2022: £1.3 million) received on settlement of two €8.0 million average rate contracts acquired in March 2020 and settled in April 2022 for £0.7 million and October 2022 for £0.6 million respectively.

9. Income tax charge

Analysis of tax charge in the year:

	Note	2023 £'m	2022 £'m
Current tax:			
– current year		**5.1**	6.1
– prior year		**—**	—
		5.1	6.1
Deferred tax:			
– current year		**5.3**	29.8
– prior year		**(2.8)**	—
	22	**2.5**	29.8
Tax charge		**7.6**	35.9

9. Income tax charge continued

Reconciliation of income tax charge

The tax for the period is lower (FY2022: lower) than the standard rate of corporation tax in the UK for the year ended 31 October 2023 of 22.5% (FY2022: 19%). The differences are explained below:

	2023 £'m	2022 £'m
Profit before tax	**207.8**	498.8
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 22.5% (FY2022: 19%)	**46.8**	94.8
Effect of:		
– permanent differences	**(6.3)**	—
– profits from the tax exempt business	**(32.4)**	(71.5)
– deferred tax arising on acquisition of overseas subsidiary	**—**	4.5
– difference from overseas tax rates	**0.9**	8.6
– potential deferred tax assets not recognised	**1.4**	0.4
– utilisation of unrecognised brought forward tax losses	**—**	(0.9)
– prior year adjustment	**(2.8)**	—
Tax charge	**7.6**	35.9

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 increased from 19% to 25% with effect from 1 April 2023. Accordingly, the Group's results for this accounting period are taxed at a blended effective rate of 22.5% (FY2022: 19%).

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

10. Dividends per share

The dividend paid in 2023 was £65.9 million (30.30 pence per share) (FY2022: £56.9 million (27.00 pence per share)). A final dividend in respect of the year ended 31 October 2023 of 20.20 pence (FY2022: 20.40 pence) per share, amounting to a total final dividend of £44.1 million (FY2022: £42.8 million), is to be proposed at the AGM on 13 March 2024. The ex-dividend date will be 7 March 2024 and the record date will be 8 March 2024 with an intended payment date of 9 April 2024. The final dividend has not been included as a liability at 31 October 2023.

The Property Income Distribution ("PID") element of the final dividend is 15.15 pence (FY2022: 20.4 pence), making the PID payable for the year 17.62 pence (FY2022: 22.75 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 2023			Year ended 31 October 2022		
	Earnings £'m	Shares million	Pence per share	Earnings £'m	Shares million	Pence per share
Basic	**200.2**	**217.2**	**92.2**	462.9	210.9	219.5
Dilutive securities	**—**	**0.9**	**(0.4)**	—	7.0	(7.1)
Diluted	**200.2**	**218.1**	**91.8**	462.9	217.9	212.4

11. Earnings per Share continued

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/Alternative Performance Measures, on page 144. 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 2023			Year ended 31 October 2022		
	Earnings £'m	**Shares million**	**Pence per share**	Earnings £'m	Shares million	Pence per share
Basic	**200.2**	**217.2**	**92.2**	462.9	210.9	219.5
Adjustments:						
Gain on investment properties	**(93.8)**	**–**	**(43.2)**	(381.6)	–	(180.9)
Exceptional items	**–**	**–**	**–**	0.1	–	–
Other exceptional gains	**–**	**–**	**–**	(10.8)	–	(5.1)
Exceptional finance income	**–**	**–**	**–**	(0.5)	–	(0.2)
Net exchange gain	**(0.3)**	**–**	**(0.1)**	–	–	–
Change in fair value of derivatives	**1.7**	**–**	**0.8**	0.3	–	0.1
Tax on adjustments	**1.4**	**–**	**0.6**	29.7	–	14.1
Adjusted	**109.2**	**217.2**	**50.3**	100.1	210.9	47.5
EPRA adjusted:						
Fair value re-measurement of lease liabilities add-back	**(8.8)**	**–**	**(4.1)**	(8.3)	–	(3.9)
Tax on lease liabilities add-back adjustment	**1.1**	**–**	**0.5**	1.0	–	0.5
Adjusted EPRA basic EPS	**101.5**	**217.2**	**46.7**	92.8	210.9	44.1
Share-based payments charge	**3.5**		**1.6**	11.2	–	5.3
Dilutive shares	**–**	**1.9**	**(0.4)**	–	8.0	(1.9)
Adjusted Diluted EPRA EPS[1]	**105.0**	**219.1**	**47.9**	104.0	218.9	47.5

Note:

1 Adjusted Diluted EPRA EPS is defined in note 2 under, Non-GAAP financial information/Alternative Performance Measures, on page 144.

Gain on investment properties includes the fair value re-measurement of lease liabilities add-back of £8.8 million (FY2022: £8.3 million) and the related tax thereon of £1.1 million (FY2022: £1.0 million). As an industry standard measure, EPRA earnings is presented. EPRA earnings of £101.5 million (FY2022: £92.8 million) and EPRA Earnings per Share of 46.7 pence (FY2022: 44.1 pence) are calculated after further adjusting for these items.

EPRA adjusted income statement (non-statutory)	**2023 £'m**	2022 £'m	Movement %
Revenue	**224.2**	212.5	5.5%
Underlying operating expenses (excluding depreciation and variable lease payments)	**(82.0)**	(77.5)	5.8%
Share of associate's Underlying EBITDA	**–**	0.1	(100%)
Underlying EBITDA before variable lease payments	**142.2**	135.1	5.3%
Share-based payments charge	**(3.5)**	(11.2)	(68.8%)
Depreciation and variable lease payments	**(2.1)**	(1.3)	61.5%
Operating profit before fair value re-measurement lease liabilities add-back	**136.6**	122.6	11.4%
Fair value re-measurement of lease liabilities add-back	**(8.8)**	(8.3)	6.0%
Operating profit	**127.8**	114.3	11.8%
Net financing costs	**(21.2)**	(15.9)	33.3%
Share of associate's finance charges	**–**	(0.4)	(100%)
Profit before income tax	**106.6**	98.0	8.8%
Income tax	**(5.1)**	(5.2)	(1.9)
Profit for the year ("Adjusted EPRA basic earnings")	**101.5**	92.8	9.4%
Adjusted EPRA basic EPS	**46.7 pence**	44.1 pence	5.9%
Final dividend per share	**20.20 pence**	20.40 pence	(0.98%)

12. Investment in associates

	2023 £'m	2022 £'m
PBC Les Groues SAS	**1.8**	1.8
CERF II German Storage Topco S.a.r.l.	**2.3**	—
	4.1	1.8

Safestore Storage Benelux B.V. (formerly CERF Storage JV B.V.)
Until 30 March 2022, the Group had a 20% interest in Safestore Storage Benelux B.V. ("SSB") (formerly CERF Storage JV B.V.), a company registered and operating in the Netherlands. SSB was accounted for using the equity method of accounting. SSB invests in carefully selected self storage opportunities in Europe. The Group earned a fee for providing management services to SSB. This investment as an associate was considered immaterial relative to the Group's underlying operations. On 30 March 2022, the Group acquired the remaining 80% equity from its previous Joint Venture partner for €53.6 million (£45.3 million) and SSB became a wholly owned subsidiary. Under IFRS 3 this transaction, where properties were acquired through the purchase of a corporate vehicle in the year, has been judged to meet the accounting definition of an asset purchase.

PBC Les Groues SAS
The Group has 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 is developing a new store as part of a wider development programme located in Paris. The development project is managed by its joint venture partners, therefore the Group has no operational liability during this phase. During the current period there has been no material investment in the company (31 October 2022: £0.8m). The investment is considered immaterial relative to the Group's underlying operations. The aggregate carrying value of the Group's interest in PBC was £1.8m (31 October 2022: £1.8m), made up of an investment of £1.8m (31 October 2022: £1.8m). The Group's share of profits from continuing operations for the period was £nil (30 October 2022: £nil). The Group's share of total comprehensive income of associates for the period was £nil (31 October 2022: £nil).

CERF II German Storage Topco S.a.r.l.
On 1 December 2022 the Group acquired a 10.0% interest in CERF II German Storage Topco S.a.r.l. (CERF II), a company registered in Luxembourg for which the Group has board representation. The reporting date of the financial statements for the company is 31 December. CERF II is accounted for using the equity method of accounting. Safestore entered the German Self Storage market via a new investment with Carlyle which acquired the myStorage business. The aggregate carrying value of the Group's interest in CERF II was £2.3m (31 October 2022: £nil), made up of an investment of £2.3m (31 October 2022: £nil). The Group's share of profits from continuing operations for the period was £nil (31 October 2022: £nil). The Group's share of total comprehensive income of associates for the period was £nil (31 October 2022: £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 2022	2,457.8	95.1	94.5	2,647.4
Additions	67.6	17.5	56.4	141.5
Disposals	—	(3.1)	—	(3.1)
Reclassifications	42.0	—	(42.0)	—
Revaluations	103.5	—	(0.9)	102.6
Fair value re-measurement of lease liabilities add-back	—	(8.8)	—	(8.8)
Exchange movements	10.2	0.5	0.6	11.3
At 31 October 2023	**2,681.1**	**101.2**	**108.6**	**2,890.9**

The Group acquired the freehold of the Oldbury property on 22 February 2023 and Valencia property in January 2023. This resulted in the disposal of lease liabilities with a carrying value of £2.2m and £0.9m respectively.

13. Investment properties continued

	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 2021	1,881.8	82.1	67.4	2,031.3
Acquisition of subsidiaries	128.2	0.6	—	128.8
Additions	31.8	20.2	47.4	99.4
Disposals	(6.2)	—	—	(6.2)
Reclassifications	16.5	—	(16.5)	—
Revaluations	394.1	—	(4.2)	389.9
Fair value re-measurement of lease liabilities add-back	—	(8.3)	—	(8.3)
Exchange movements	11.6	0.5	0.4	12.5
At 31 October 2022	2,457.8	95.1	94.5	2,647.4

The gain on investment properties comprises:

	Cost £'m	Revaluation on cost £'m	Valuation £'m
Freehold stores			
At 1 November 2022	892.7	1,142.4	2,035.1
Movement in year	126.1	75.7	201.8
At 31 October 2023	**1,018.8**	**1,218.1**	**2,236.9**
Leasehold stores			
At 1 November 2022	133.7	289.0	422.7
Movement in year	5.5	16.0	21.5
At 31 October 2023	**139.2**	**305.0**	**444.2**
All stores			
At 1 November 2022	1,026.4	1,431.4	2,457.8
Movement in year	131.6	91.7	223.3
At 31 October 2023	**1,158.0**	**1,523.1**	**2,681.1**

	2023 £'m	2022 £'m
Revaluations of investment property and investment property under construction	**102.6**	389.9
Fair value re-measurement of lease liabilities add-back	**(8.8)**	(8.3)
	93.8	381.6

The valuation of £2,681.1 million (FY2022: £2,457.8 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 2023 was £188.5 million (FY2022: £179.3 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.

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 £101.4 million (FY2022: £95.4 million) per note 21 differs to the £101.2 million (FY2022: £95.1 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 2023 (FY2022: £0.3 million) (note 14).

All direct operating expenses arising from investment property that generated rental income as outlined in note 3 were £82.0 million (FY2022: £75.3 million).

13. Investment properties continued

The freehold and leasehold investment properties have been valued as at 31 October 2023 by external valuer, 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.

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, Spain, the Netherlands, and Belgium)

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 2023 averages 89.33% (FY2022: 89.18%). 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 13.44 months (FY2022: 18.51 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 5.92% (FY2022: 6.08%), rising to a stabilised net yield pre-administration expenses of 6.71% (FY2022: 6.74%).
- The weighted average freehold exit yield on UK freeholds is 5.75% (FY2022: 5.74%), on France freeholds is 5.61% (FY2022: 5.96%), on Spain freeholds is 5.50% (FY2022: 5.50%), on the Netherlands freeholds is 5.15% (FY2022: 5.05%) and on Belgium freeholds is 5.00% (FY2022: 5.02%). The weighted average freehold exit yield for all freeholds adopted is 5.72% (FY2022: 5.78%).
- 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 8.59% (FY2022: 8.40%), in the France portfolio is 8.38% (FY2022: 8.58%), in the Spain portfolio is 8.39% (FY2022: 8.29%), in the Netherlands portfolio is 7.74% (FY2022: 7.49%) and in the Belgium portfolio is 7.99% (FY2022: 7.62%). The weighted average annual discount rate adopted (for both freeholds and all leaseholds) is 8.54% (FY2022: 8.49%).
- Purchaser's costs in the range of approximately 3.3% to 6.8% for the UK, 7.5% for Paris, 2.5% for Spain, 7.5% for the Netherlands and 7.5% for Belgium 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), 4.5% (Spain), 7.5% (the Netherlands) and 7.5% (Belgium) are assumed on the notional sales in the tenth year in relation to freehold and long leasehold stores.

13. Investment properties continued

Valuation method and assumptions continued

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 13.2 years (FY2022: 13.0 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 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.

Short leaseholds (the Netherlands)
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.

Short leaseholds (Belgium)
There are no short term leaseholds in Belgium.

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. Where 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 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 having 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), 2.5% (Spain), 7.5% (the Netherlands) and 7.5% (Belgium), 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.

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.

13. Investment properties continued

Valuation method and assumptions continued

Sensitivity of the valuation to assumptions

As noted in 'Key sources of estimation uncertainty' on page 143, 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.

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	129.1	88.1	53.5	(31.9)	(16.22)

14. Property, plant and equipment

	Owner-occupied buildings £'m	Motor vehicles £'m	Fixtures and fittings £'m	IFRS 16 leases £'m	Total £'m
Cost					
At 1 November 2022	1.0	0.9	7.8	0.6	10.3
Additions	0.7	0.6	1.8	—	3.1
Disposals	—	(0.1)	(0.1)	—	(0.2)
At 31 October 2023	**1.7**	**1.4**	**9.5**	**0.6**	**13.2**
Accumulated depreciation					
At 1 November 2022	0.2	0.5	5.9	0.3	6.9
Charge for the year	—	0.2	1.0	0.1	1.3
Disposals	—	(0.1)	(0.1)	—	(0.2)
At 31 October 2023	**0.2**	**0.6**	**6.8**	**0.4**	**8.0**
Net book value					
At 31 October 2023	**1.5**	**0.8**	**2.7**	**0.2**	**5.2**
At 31 October 2022	0.8	0.4	1.9	0.3	3.4

As a result of adopting IFRS 16, the Group initially 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. Due to a lease extension for this asset, this has subsequently been re-measured by an additional £0.2 million. 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
Cost					
At 1 November 2021	0.8	1.0	7.0	0.4	9.2
Additions	0.2	0.2	0.8	0.2	1.4
Disposals	—	(0.3)	—	—	(0.3)
At 31 October 2022	1.0	0.9	7.8	0.6	10.3
Accumulated depreciation					
At 1 November 2021	0.2	0.5	5.1	0.2	6.0
Charge for the year	—	0.1	0.8	0.1	1.0
Disposals	—	(0.1)	—	—	(0.1)
At 31 October 2022	0.2	0.5	5.9	0.3	6.9
Net book value					
At 31 October 2022	0.8	0.4	1.9	0.3	3.4
At 31 October 2021	0.6	0.5	1.9	0.2	3.2

15. Net assets per share

EPRA's Best Practices Recommendations guidelines for Net Asset Value ("NAV") metrics are 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:

	2023		2022	
	£'m	**Diluted pence per share**	£'m	Diluted pence per share
Balance sheet net assets	**1,935.1**	**884**	1,793.4	820
Adjustments to exclude:				
Fair value of derivative financial instruments (net of deferred tax)	**—**		(1.7)	
Deferred tax liabilities on the revaluation of investment properties	**139.2**		129.0	
EPRA NTA	**2,074.3**	**948**	1,920.7	879
Basic net assets per share		**888**		848
EPRA basic NTA per share		**952**		908

The basic and diluted net assets per share have been calculated based on the following number of shares:

	2023 Number	2022 Number
Shares in issue		
At year end	**218,039,419**	211,927,497
Adjustment for Employee Benefit Trust (treasury) shares	**(64,363)**	(359,795)
IFRS/EPRA number of shares (basic)	**217,975,056**	211,567,702
Dilutive effect of Save As You Earn shares	**39,269**	87,562
Dilutive effect of Long Term Incentive Plan shares	**860,328**	6,956,633
IFRS/EPRA number of shares (diluted)	**218,874,653**	218,611,897

Notes to the financial statements continued

for the year ended 31 October 2023

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 899,597 shares (FY2022: 7,044,195 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 £2,074.3 million (FY2022: £1,920.7 million), giving EPRA NTA per share of 948 pence (FY2022: 879 pence). The Directors consider that these alternative measures provide useful information on the performance of the Group.

EPRA adjusted balance sheet (non-statutory)

	2023 £'m	2022 £'m
Assets		
Non-current assets	2,906.8	2,653.4
Current assets	50.1	52.4
Total assets	2,956.9	2,705.8
Liabilities		
Current liabilities	(110.4)	(178.4)
Non-current liabilities	(772.2)	(606.7)
Total liabilities	(882.6)	(785.1)
EPRA adjusted Net Asset Value	2,074.3	1,920.7
EPRA adjusted basic net assets per share	952 pence	908 pence

16. Trade and other receivables

	2023 £'m	2022 £'m
Current		
Trade receivables	21.8	20.6
Less: credit loss allowance	(5.8)	(5.5)
Trade receivables – net	16.0	15.1
Other receivables	10.8	8.9
Amounts due from associates (note 12)	0.1	—
Prepayments	5.9	7.2
	32.8	31.2

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.

16. Trade and other receivables continued

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 (%)	—	6.5%	16.7%	-55.6%	7.5%
Estimated total gross carrying amount at default (£'m)	6.8	3.1	1.2	0.9	12.0
Lifetime ECL (£'m)	—	(0.2)	(0.2)	(0.6)	(1.0)
Net trade receivables as at 31 October 2023	**6.8**	**2.9**	**1.0**	**0.3**	**11.0**

France	Not past due	<28 days	29–60 days	>60 days	Total
Expected credit loss rate (%)	—	7.1%	-20.0%	71.9%	49.0%
Estimated total gross carrying amount at default (£'m)	1.5	1.4	0.5	6.4	9.8
Lifetime ECL (£'m)	—	(0.1)	(0.1)	(4.6)	(4.8)
Net trade receivables as at 31 October 2023	**1.5**	**1.3**	**0.4**	**1.8**	**5.0**

UK	Not past due	<28 days	29–60 days	>60 days	Total
Expected credit loss rate (%)	—	7.1%	25.0%	57.1%	10.1%
Estimated total gross carrying amount at default (£'m)	7.5	2.8	1.2	1.4	12.9
Lifetime ECL (£'m)	—	(0.2)	(0.3)	(0.8)	(1.3)
Net trade receivables as at 31 October 2022	7.5	2.6	0.9	0.6	11.6

France	Not past due	<28 days	29–60 days	>60 days	Total
Expected credit loss rate (%)	—	14.3%	20.0%	85.1%	57.5%
Estimated total gross carrying amount at default (£'m)	1.4	0.7	0.5	4.7	7.3
Lifetime ECL (£'m)	—	(0.1)	(0.1)	(4.0)	(4.2)
Net trade receivables as at 31 October 2022	1.4	0.6	0.4	0.7	3.1

Outstanding trade receivables in Spain, the Netherlands, and Belgium totalled £0.5 million (FY2022: £0.4 million); 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:

	2023 £'m	2022 £'m
Balance at the beginning of the year	**5.5**	4.3
Acquisition of subsidiaries	**—**	0.1
Amounts provided in the year	**2.1**	2.5
Amounts written off as uncollectable	**(1.8)**	(1.4)
Balance at the end of the year	**5.8**	5.5

16. Trade and other receivables continued

The carrying amounts of the Group's trade and other receivables are denominated in the following currencies:

	2023 £'m	2022 £'m
Sterling	**18.7**	19.0
Euros	**14.1**	12.2
	32.8	31.2

Amounts due from associates of £0.1 million (FY2022: £nil) relate to the Joint Venture arrangement (note 12), made up of management fees of £0.1 million (FY2022: £nil). These amounts are considered to be fully recoverable and have not been impaired (FY2022: £nil).

17. Cash and cash equivalents

	2023 £'m	2022 £'m
Cash at bank and in hand	**16.9**	20.9

The carrying amounts of the Group's cash and cash equivalents are denominated in the following currencies:

	2023 £'m	2022 £'m
Sterling	**4.9**	6.4
Euros	**12.0**	14.5
	16.9	20.9

18. Trade and other payables

	2023 £'m	2022 £'m
Current		
Trade payables	**9.4**	8.0
Other taxes and social security payable	**6.3**	6.2
Other payables	**2.9**	4.9
Accruals	**15.0**	24.8
Deferred income	**18.8**	18.8
	52.4	62.7

The carrying amounts of the Group's trade and other payables are denominated in the following currencies:

	2023 £'m	2022 £'m
Sterling	**34.7**	47.4
Euros	**17.7**	15.3
	52.4	62.7

19. Financial liabilities – bank borrowings and notes

	2023 £'m	2022 £'m
Bank loans and notes		
Secured	**—**	625.1
Unsecured	**730.8**	—
Debt issue costs	**(5.0)**	(1.3)
	725.8	623.8

On 11 November 2022, the Group completed the refinancing of its RCFs which were due to expire in June 2023. The previous £250.0 million Sterling and €70.0 million Euro RCFs have been replaced with a single multi-currency £400 million facility. In addition, a further £100 million uncommitted accordion facility is incorporated in the facility agreement. The facility is for a four-year term with two one-year extension options exercisable after the first and second years of the agreement, the first of which was completed in October.

19. Financial liabilities – bank borrowings and secured notes continued

The Group has US Private Placement Notes of €358 million (FY2022: €358 million) which have maturities extending to 2024, 2026, 2027, 2028, 2029 and 2033 and £212.5 million (FY2022: £215.5 million) which have maturities extending to 2026, 2028, 2029 and 2031. The blended cost of interest on the overall debt at 31 October 2023 was 3.58% per annum. Since the year end the Group has successfully refinanced its bank facilities borrowings (note 32). On 11 November 2022, the Group completed the refinancing of its RCF which were due to expire in June 2023. The previous £250.0 million Sterling and €70.0 million Euro RCFs were replaced with a single multi-currency £400 million facility. In addition, a further £100 million uncommitted accordion facility is incorporated in the facility agreement. The facility is for a four-year term with two one-year extension options exercisable after the first and second years of the agreement, with the first one-year extension being granted in October 2023.

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. The Company has in issue €50.9 million (FY2022: €50.9 million) 1.59% Series A Senior Notes due 2024, €70.0 million (FY2022: €70.0 million) 1.26% Series A Notes due 2026, £35.0 million (FY2022: £35.0 million) 2.59% Series B Senior Notes due 2026, €74.1 million (FY2022: €74.1 million) 2.00% Series B Senior Notes due 2027, £20.0 million (FY2022: £20.0 million) 1.96% Series A Notes due 2028, €29.0 million (FY2022: €29.0 million) 0.93% Series B Notes due 2028, £50.5 million (FY2022: £50.5 million) 2.92% Series C Senior Notes due 2029, £30.0 million (FY2022: £30.0 million) 2.69% Series C Senior Notes due 2029, €105.0 million (FY2022: €105.0 million) 2.45% Private Shelf Senior Notes due 2029, £80.0 million (FY2022: £80.0 million) 2.39% Series C Notes due 2031 and €29.0 million (FY2022: €29.0 million) 1.42% Series D Notes due 2033.

The €358.0 million of Euro denominated borrowings provides a natural hedge against the Group's investment in the France, Spain, Netherlands and Belgium businesses, so the Group has applied net investment hedge accounting and the retranslation of these borrowings is recognised directly in the translation reserve.

Bank loans and unsecured notes are stated before unamortised issue costs of £5.0 million (FY2022: £1.3 million).

Bank loans and unsecured notes are repayable as follows:

	Group	
	2023 £'m	2022 £'m
Within one year	**44.5**	101.8
Between one and two years	**—**	43.8
Between two and five years	**409.0**	158.9
After more than five years	**277.3**	320.6
Bank loans and notes	**730.8**	625.1
Unamortised debt issue costs	**(5.0)**	(1.3)
	725.8	623.8

The effective interest rates at the balance sheet date were as follows:

	2023	2022
Bank loans (UK term loan)	**Monthly, quarterly or six monthly SONIA plus 1.25%**	Quarterly or monthly SONIA plus 1.25%
Bank loans (Euro term loan)	**Monthly, quarterly or six monthly EURIBOR plus 1.25%**	Quarterly EURIBOR plus 1.25%
Private Placement Notes (Euros)	**1.80%**	1.80%
Private Placement Notes (Sterling)	**2.55%**	2.55%

Borrowing facilities

The Group has the following undrawn committed borrowing facilities available at 31 October 2023 in respect of which all conditions precedent had been met at that date:

	Floating rate	
	2023 £'m	2022 £'m
Expiring within one year	**—**	208.4
Expiring beyond one year	**297.0**	—
	297.0	208.4

The carrying amounts of the Group's borrowings are denominated in the following currencies:

	2023 £'m	2022 £'m
Sterling	**377.5**	291.5
Euros	**353.3**	333.6
	730.8	625.1

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, bank borrowings, and notes. 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 £2 million (FY2022: £0.5 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, revolving credit facilities and notes. 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.

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 £16.0 million (FY2022: £18.3 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, Spain, the Netherlands and Belgium, 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 €358 million (FY2022: €358 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, Spain, the Netherlands and Belgium 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 £2.9 million (FY2022: £4.6 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 Euros and the future 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 2023, if Sterling had weakened by 10% against the Euro with all other variables held constant, pre-tax profit for the year would have been £0.4 million lower (FY2022: £0.1 million lower). Equity (translation reserve) would have been £22.8 million higher (FY2022: £19.0 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.

20. Financial instruments continued

Financial risk management continued

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 and lease liabilities' 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 2023 and 2022 were as follows:

	2023 £'m	2022 £'m
Total borrowings (excluding derivatives)	827.2	719.2
Less: cash and cash equivalents (note 17)	(16.9)	(20.9)
Net debt	810.3	698.3
Total equity	1,935.1	1,793.4
Total capital	2,745.4	2,491.7
Gearing ratio	29.5%	28.0%

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 25.4% at 31 October 2023 (FY2022: 23.6%).

The Group has complied with all of the covenants on its banking facilities during the year.

Financial instruments

Financial instruments disclosures are set out below:

	2023		2022	
	Asset £'m	Liability £'m	Asset £'m	Liability £'m
Interest rate swaps	—	—	1.2	—
Foreign currency forwards	—	—	0.5	—

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 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:

	2023		2022	
	Book value £'m	Fair value £'m	Book value £'m	Fair value £'m
Bank loans	725.8	789.3	623.8	694.1

20. Financial instruments continued

Financial instruments continued

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:

Assets per the balance sheet	2023 £'m	2022 £'m
Derivative financial instruments – Level 2	—	1.7
Amounts due from associates – Level 2	0.1	—

Liabilities per the balance sheet	2023 £'m	2022 £'m
Derivative financial instruments – Level 2	—	—
Bank loans – Level 2	725.8	694.1

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 2023 were £nil and €nil (FY2022: £55.0 million and €nil). At 31 October 2023, the weighted average fixed interest rates were Sterling nil% as the swaps were expired in June 2023 (FY2022: Sterling at 0.6885%), and floating rates are at quarterly SONIA and the quarterly EURIBOR. The movement in fair value recognised in the income statement was a net loss of £1.2 million (FY2022: net gain of £1.0 million).

Foreign currency forwards not designated as part of a hedging arrangement

As at 31 October 2023, all average rate forward contracts had matured for the Group (FY2022: one tranche totalling €8.5 million). The movement in the fair value recognised in the income statement in the period was a net loss of £0.5 million (FY2022: net loss of £1.3 million). The €8.5 million tranche previously held matured and was settled in April 2023, resulting in a fair value disposal of £0.5 million and a receipt of £0.4 million. This resulted in £0.4 million recognised as finance income and £0.5 million expense as part of the £1.7 million expense recognised in fair value movement of derivatives within finance costs in the income statement.

Financial instruments by category

Assets per the balance sheet	Financial assets at amortised cost £'m	Assets at fair value through profit and loss £'m	Total £'m
Trade receivables and other receivables excluding prepayments	22.5	—	22.5
Derivative financial instruments	—	—	—
Cash and cash equivalents	16.9	—	16.9
At 31 October 2023	**39.4**	**—**	**39.4**

Liabilities per the balance sheet	Other financial liabilities at amortised cost £'m	Liabilities at fair value through profit and loss £'m	Total £'m
Borrowings (excluding lease liabilities)	725.8	—	725.8
Lease liabilities	101.4	—	101.4
Payables and accruals	27.2*	—	27.2
At 31 October 2023	**854.4**	**—**	**854.4**

20. Financial instruments continued

Financial instruments continued

Financial instruments by category continued

Assets per the balance sheet	Financial assets at amortised cost £'m	Assets at fair value through profit and loss £'m	Total £'m
Trade receivables and other receivables excluding prepayments	24.0	—	24.0
Derivative financial instruments	—	1.7	1.7
Cash and cash equivalents	20.9	—	20.9
At 31 October 2022	44.9	1.7	46.6

Liabilities per the balance sheet	Other financial liabilities at amortised cost £'m	Liabilities at fair value through profit and loss £'m	Total £'m
Borrowings (excluding lease liabilities)	623.8	—	623.8
Lease liabilities	95.4	—	95.4
Payables and accruals	37.7*	—	37.7
At 31 October 2022	756.9	—	756.9

Note:

* The financial liabilities exclude other taxes and social security payable in FY2023: £6.3 million (FY2022: £6.2 million) as they do not meet the definition of a financial liability

The interest rate risk profile, after taking account of derivative financial instruments, was as follows:

	2023			2022		
	Floating rate £'m	Fixed rate £'m	Total £'m	Floating rate £'m	Fixed rate £'m	Total £'m
Borrowings	203.0	522.8	725.8	46.8	577.0	623.8

The weighted average interest rate of the fixed rate financial borrowing was 2.10% (FY2022: 2.05%) and the weighted average remaining period for which the rate is fixed was five years (FY2022: five years).

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
2023				
Borrowings	54.6	10.2	436.0	297.0
Derivative financial instruments	—	—	—	—
Lease liabilities	13.8	13.7	36.4	77.0
Payables and accruals	29.4	—	—	—
	97.8	23.9	472.4	374.0

	Less than one year £'m	One to two years £'m	Two to five years £'m	More than five years £'m
2022				
Borrowings	114.7	53.9	187.8	348.3
Derivative financial instruments	1.0	—	—	—
Lease liabilities	13.8	12.9	35.9	74.7
Payables and accruals	43.9	—	—	—
	173.4	66.8	223.7	423.0

21. Lease liabilities

The Group leases certain of its investment properties under lease liabilities. The average remaining lease term is 10.7 years (FY2022: 10.9 years).

	Minimum lease payments		Present value of minimum lease payments	
	2023 £'m	2022 £'m	**2023 £'m**	2022 £'m
Within one year	**13.8**	13.8	**13.1**	13.2
Within two to five years	**50.1**	48.8	**42.0**	40.6
Greater than five years	**77.0**	74.7	**46.3**	41.6
	140.9	137.3	**101.4**	95.4
Less: future finance charges on lease liabilities	**(39.5)**	(41.9)	**—**	—
Present value of lease liabilities	**101.4**	95.4	**101.4**	95.4

	2023 £'m	2022 £'m
Current	**13.1**	13.2
Non-current	**88.3**	82.2
	101.4	95.4

Amounts recognised within the consolidated income statement include interest on lease liabilities of £5.3 million and variable lease payments not included in the measurement of the lease liabilities of £0.8 million. Amounts recognised in the consolidated statement of cash flows include lease liabilities principal payments of £8.8 million and interest on lease liabilities of £5.3 million. The maturity analysis for lease liabilities under contractual undiscounted cash flows is included in note 20.

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	**2023 £'m**	2022 £'m
At 1 November		**128.2**	96.2
Charge to income statement	9	**2.5**	29.8
Exchange differences		**1.9**	2.2
At 31 October		**132.6**	128.2

The movements in deferred tax assets and liabilities (prior to the offsetting of balances within the same jurisdiction where permitted by IAS 12) during the period are shown below.

Deferred tax liability	Revaluation of investment properties £'m	Other timing differences £'m	Total £'m
At 1 November 2021	96.9	0.1	97.0
Charge to income statement	29.9	(0.1)	29.8
Exchange differences	2.2	—	2.2
At 31 October 2022	129.0	—	129.0
At 1 November 2022	129.0	—	129.0
Charge to income statement	8.3	—	8.3
Exchange differences	1.9	—	1.9
At 31 October 2023	**139.2**	**—**	**139.2**

22. Deferred income tax continued

Deferred tax asset	Other timing differences £'m	Tax losses £'m	Total £'m
At 1 November 2021	0.8	—	0.8
Credit to income statement	—	—	—
At 31 October 2022	0.8	—	0.8
At 1 November 2022	0.8	—	0.8
Credit to income statement	—	5.8	5.8
At 31 October 2023	**0.8**	**5.8**	**6.6**

The deferred tax liability due after more than one year is £139.2 million (FY2022: £129.0 million).

As at 31 October 2023, the Group had trading losses of £34.7 million (FY2022: £16.7 million) and capital losses of £36.5 million (FY2022: £36.5 million) in respect of its UK operations.

As at 31 October 2023, the Group had trading losses of £6.6 million (FY2022: £4.6 million) in respect of its Netherlands and Belgium operations.

As at 31 October 2023, the Group had trading losses of £2.3 million (FY 2022: £nil) in respect of its Spanish operations.

All losses can be carried forward indefinitely. A deferred tax asset of £5.8 million has been recognised in respect of these losses in the current period, recognising the extent to which the Group believes these losses will be utilised in the future to reduce income tax liabilities.

23. Called up share capital

	2023 £'m	2022 £'m
Called up, allotted, and fully paid		
218,039,419 (FY2022: 211,927,497) ordinary shares of 1 pence each	**2.2**	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 6,111,922 ordinary shares (FY2022: 1,103,794 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 25 September 2023 (UK three years)
Number of options granted		176,852
Share price at grant date	(pence)	758
Exercise price	(pence)	692
Risk-free rate of interest	(% per annum)	4.32
Expected volatility	(% per annum)	28.0
Expected dividend yield	(% per annum)	4.00
Expected term to exercise	(years)	3.10
Value per option	(pence)	159

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 July 2023		
		(PBT EPS part)	(MLA part)	(ESG part)
Number of options granted		510,469	193,336	78,535
Weighted average share price at grant date	(pence)	864	864	864
Exercise price	(pence)	—	—	—
Weighted average risk-free rate of interest	(% per annum)	5.05%	5.05%	5.05%
Expected volatility	(% per annum)	27.5%	27.5%	27.5%
Weighted average expected term to exercise	(years)	3.00	3.00	3.00
Weighted average value per option	(pence)	5.24	5.24	5.24

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 2022	Granted	Exercised	Lapsed	At 31 October 2023	Exercise price	Expiry date
Safestore Holdings plc Sharesave scheme							
24/10/2017	35,183	—	(35,183)	—	**–**	352.8p	01/05/2023
14/08/2019	16,126	—	(15,774)	—	**352**	510.0p	01/03/2023
26/08/2020	133,500	—	(4,666)	(12,704)	**116,130**	600.0p	01/05/2024
20/08/2021	45,077	—	—	(21,446)	**23,631**	824.0p	01/05/2025
22/08/2022	94,346	—	—	(60,980)	**33,366**	896.0p	01/05/2026
22/08/2023	—	176,852	—	(12,676)	**164,176**	692.0p	01/05/2027
Total	324,232	176,852	(55,623)	(107,806)	**337,655**		
Safestore Long Term Incentive Plan – 2017							
29/09/2017	5,094,214	—	(5,094,214)	—	**–**	0.1p	28/09/2027
09/10/2017	150,000	—	(150,000)	—	**–**	0.0p	28/09/2027
15/06/2018	13,000	—	(13,000)	—	**–**	0.1p	28/09/2027
05/02/2019	81,550	—	(64,050)	—	**17,500**	0.1p	28/09/2027
05/07/2019	—	—	—	—	**–**	0.1p	28/09/2027
23/01/2020	149,129	—	(140,797)	—	**8,332**	0.1p	28/09/2027
Total	5,487,893	—	(5,462,061)	—	**25,832**		
Safestore Long Term Incentive Plan – 2020							
18/03/2020	406,191	—	(363,807)	(6,796)	**35,588**	0.0p	18/03/2023
Total	406,191	—	(363,807)	(6,796)	**35,588**		
Safestore Long Term Incentive Plan – 2021							
28/01/2021	347,422	—	—	—	**347,422**	0.0p	28/01/2024
Total	347,422	—	—	—	**347,422**		
Safestore Long Term Incentive Plan – 2022							
25/01/2022	246,833	—	—	—	**246,833**	0.0p	25/01/2025
29/09/2022	—	4,892	—	—	**4,892**	0.0p	25/01/2025
Total	246,833	4,892	—	—	**251,725**		
Safestore Long Term Incentive Plan – 2023							
12/07/2023	—	785,340	—	—	**785,340**	0.0p	12/02/2026
Total	—	785,340	—	—	**785,340**		

In addition, gross amounts totalling £nil (FY2022: £378,000) in respect of bonuses awarded to Executive Directors for the year ended 31 October 2023 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 2024.

The weighted average exercise price of outstanding options under the Sharesave scheme is 690.0 pence (FY2022: 698.6 pence). The weighted average exercise price of options exercised under the Sharesave scheme was 366.1 pence (FY2022: 400.4 pence).

Own shares

Included within retained earnings are ordinary shares with a nominal value of £644 (FY2022: £3,598) 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:

Cash generated from continuing operations	Notes	2023 £'m	2022 £'m
Profit before income tax		**207.8**	498.8
Gain on investment properties	13	**(93.8)**	(381.6)
Other exceptional gains	5	**—**	(10.8)
Share of loss in associates		**—**	0.3
Depreciation	14	**1.3**	1.0
Net finance expense	8	**22.6**	15.7
Employee share options		**2.9**	8.6
Changes in working capital:			
Decrease in inventories		**—**	0.2
(Increase)/decrease in trade and other receivables		**(1.4)**	0.1
Decrease in trade and other payables		**(11.2)**	(0.4)
Increase in provisions		**0.2**	0.3
Cash generated from continuing operations		**128.4**	132.2

25. Analysis of movement in gross and net debt

	2022 £'m	Cash flows £'m	Non-cash movements £'m	2023 £'m
Bank loans	(623.8)	(96.4)	(5.6)	**(725.8)**
Lease liabilities	(95.4)	8.8	(14.8)	**(101.4)**
Total gross debt (liabilities from financing activities)	(719.2)	(87.6)	(20.4)	**(827.2)**
Cash in hand	20.9	(3.9)	(0.1)	**16.9**
Total net debt	(698.3)	(91.5)	(20.5)	**(810.3)**

	2021 £'m	Cash flows £'m	Non-cash movements £'m	2022 £'m
Bank loans	(484.7)	(132.0)	(7.1)	(623.8)
Lease liabilities	(82.3)	8.4	(21.5)	(95.4)
Total gross debt (liabilities from financing activities)	(567.0)	(123.6)	(28.6)	(719.2)
Cash in hand	43.2	(22.1)	(0.2)	20.9
Total net debt	(523.8)	(145.7)	(28.8)	(698.3)

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 £1.3 million (FY2022: £0.5 million), foreign exchange movements of £4.3 million (FY2022: £6.8 million) and unwinding of discount to lease liabilities of £14.8 million (FY2022: £21.5 million).

26. Employees and Directors

Staff costs (including Directors) for the Group during the year	2023 £'m	2022 £'m
Wages and salaries	**24.2**	25.1
Social security costs	**2.0**	3.8
Other pension costs	**0.9**	0.6
Share-based payments	**2.9**	8.6
	30.0	38.1

During the period ended 31 October 2023, 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.

Average monthly number of people (including Executive Directors) employed	2023 Number	2022 Number
Sales	**619**	604
Administration	**134**	123
	753	727

Key management compensation	2023 £'m	2022 £'m
Wages and salaries	**2.7**	4.4
Social security costs	**0.3**	(0.3)
Post-employment benefits	**0.1**	0.1
Share-based payments	**1.9**	4.5
	5.0	8.7

The key management figures given above include Directors.

Directors	2023 £'m	2022 £'m
Aggregate emoluments	**2.9**	5.7
Company contributions paid to money purchase pension schemes	**—**	—
	2.9	5.7

There were two Directors (FY2022: two) accruing benefits under a money purchase scheme.

27. Provisions

In France, the basis on which property taxes have been assessed has been challenged by the tax authority for financial years 2011 onwards. In November 2022, the French Supreme Court delivered a final judgement in respect of litigation for years 2011 to 2013, which resulted in a partial success for the Group. The Group is separately pursuing litigation in respect of years since 2013 and has lodged an appeal with the French administrative tribunal against the issues included in assessments for 2013 onwards on which it was ultimately unsuccessful in the French Supreme Court for the earlier years. A provision is included in the consolidated financial accounts of £2.6 million at 31 October 2023 (31 October 2022: £2.4 million) to reflect the increased uncertainty surrounding the likelihood of a successful outcome. Of the total provided, £0.2 million has been charged in relation to the year ended 31 October 2023 within cost of sales (Underlying EBITDA) (31 October 2022: £0.2 million within cost of sales (underlying EBITDA) and £1.9 million recorded as an exceptional charge in respect of financial years 2012 to 2020). The litigation is expected to be resolved over the next few years.

It is possible that the French tax authority may appeal the decisions of the French Court of Appeal on which the Group was successful to the French Supreme Court. The maximum potential exposure in relation to these issues at 31 October 2023 is £3.0 million (31 October 2022: £3.0 million). No provision for any further 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 additional liabilities.

28. Contingent liabilities

As part of the Group banking facility, the Company has guaranteed the borrowings totalling £730.8 million (FY2022: £625.1 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 £128 million of capital commitments as at 31 October 2023 (FY2022: £146.0 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 PBC Les Groues SAS

As described in note 12, the Group has a 24.9% interest in PBC Les Groues SAS ("PBC"). During the period, the Group made no transactions with PBC (FY2022: £0.8 million (€0.9 million). The total amount invested is included as part of its non-current investments in associates. The total amount outstanding at 31 October 2023 included within trade and other receivables was £nil (FY2022: £nil).

Transactions with CERF II German Storage Topco S a r l ("CERF II")

As described in note 12, the Group has a 10.0% interest in CERF II German Storage Topco S a r l ("CERF II"). During the period, the Group recharged £0.4 million.

31. Post-balance sheet events

There are no post balance sheet events.

Company balance sheet

as at 31 October 2023

Company registration number: 04726380

	Notes	Company 2023 £'m	2022 £'m
Non-current assets			
Investments in subsidiaries	6	**1.0**	1.0
Deferred tax asset	13	**2.9**	—
Loans to Group undertakings	7	**943.9**	835.7
Total non-current assets		**947.8**	836.7
Current assets			
Trade and other receivables	8	**1.0**	0.2
Cash and cash equivalents		**1.6**	1.2
Total current assets		**2.6**	1.4
Total assets		**950.4**	838.1
Current liabilities	9	**(183.1)**	(108.7)
Total assets less current liabilities		**767.3**	729.4
Non-current liabilities	10	**(524.9)**	(523.3)
Net assets		**242.4**	206.1
Equity			
Called up share capital	11	**2.2**	2.1
Share premium account		**62.0**	61.8
Retained earnings		**178.2**	142.2
Total equity		**242.4**	206.1

The Company's profit for the financial year amounted to £99.0 million (FY2022: £137.8 million profit).

The Company financial statements were approved by the Board of Directors on 16 January 2024 and signed on its behalf by:

A Jones
Chief Financial Officer

F Vecchioli
Chief Executive Officer

Company statement of changes in equity

for the year ended 31 October 2023

	Company			
	Called up share capital £'m	Share premium account £'m	Retained earnings £'m	Total £'m
Balance at 1 November 2021	2.1	61.3	52.7	116.1
Comprehensive income				
Profit for the year	—	—	137.8	137.8
Total comprehensive income	2.1	61.3	190.5	253.9
Transactions with owners				
Dividends	—	—	(56.9)	(56.9)
Increase in share capital	—	0.5	—	0.5
Employee share options	—	—	8.6	8.6
Transactions with owners	—	0.5	(48.3)	(47.8)
Balance at 1 November 2022	2.1	61.8	142.2	206.1
Comprehensive income				
Profit for the year	—	—	99.0	99.0
Total comprehensive income	2.1	61.8	241.2	305.1
Transactions with owners				
Dividends	—	—	(65.9)	(65.9)
Increase in share capital	0.1	0.2	—	0.3
Employee share options	—	—	2.9	2.9
Transactions with owners	0.1	0.2	(63.0)	(62.7)
Balance at 31 October 2023	**2.2**	**62.0**	**178.2**	**242.4**

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 2023

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 United Kingdom – adopted International Financial Reporting Standards ("IFRS") 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 profit for the financial year amounted to £99.0 million (FY2022: £137.8 million profit).

3. Directors' emoluments

The Directors' emoluments are disclosed in note 26 of the Group financial statements.

4. Operating profit

The Company does not have any employees (FY2022: 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 2023 was £17,000 (FY2022: £17,000). There were no non-audit services (FY2022: none) provided by the auditor.

5. Property, plant and equipment

	£'m
Cost	
At 1 November 2022 and at 31 October 2023	0.2
Accumulated depreciation	
At 1 November 2022	0.2
Charge for the year	–
At 31 October 2023	**–**
Net book value	
At 31 October 2023	**–**
At 31 October 2022	–

6. Investments in subsidiaries

	£'m
Cost and net book value	
At 1 November 2022	1.0
At 31 October 2023	**1.0**

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 (represented by 'ordinary shares') 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 Brittanic House, Stirling Way, Borehamwood, Hertfordshire WD6 2BT, except where indicated below by a footnote.

Subsidiary	Country of incorporation	Principal activity
Safestore Investments 2018 Limited[1,11]	England and Wales	Holding company
Safestore Investments Limited[11]	England and Wales	Holding company
Safestore Group Limited	England and Wales	Holding company
Safestore Acquisition Limited[11]	England and Wales	Holding company
Safestore Limited[11]	England and Wales	Provision of self storage
Safestore Properties Limited[11]	England and Wales	Provision of self storage
Spaces Personal Storage Limited[11]	England and Wales	Provision of self storage
Safestore Trading Limited[11]	England and Wales	Non-trading
Mentmore Limited[11]	England and Wales	Holding company
Invest Holding[2,11]	Luxembourg[3]	Holding company
Une Pièce en Plus SAS[11,12]	France[5]	Provision of self storage
OMB Self Storage S.L.U.[11]	Spain[6]	Provision of self storage
Safestore Netherlands B.V.[11]	Netherlands[7]	Holding company
Your Room Self Storage Limited[11]	England and Wales	Provision of self storage
Safestore Storage Benelux B.V.[11]	Netherlands[8]	Holding company
Safestore Storage B.V.[11]	Netherlands[8]	Provision of self storage
M3 Self-Storage B.V.[11]	Netherlands[8]	Provision of self storage
Safestore Storage Properties 1 B.V.[11]	Netherlands[8]	Provision of self storage
Safestore Storage Properties 2 B.V.[11]	Netherlands[8]	Provision of self storage
Safestore Storage Properties 3 B.V.[11]	Netherlands[8]	Provision of self storage
Lokabox SA[11]	Belgium[9]	Provision of self storage
Safestore Europe SAS[10,11]	France[5]	Provision of self storage
Investimmo SAS[10,11]	France[5]	Provision of self storage
Safestore Germany Gmbh[11,13]	Germany	Holding company

Notes:

1 Held directly by the Company.
2 Formerly named Access Storage Holdings (France) S.à r.l.
3 Registered address: 412F, route d'Esch, L-2086 Luxembourg.
4 UK tax resident; registered address prior to liquidation: St Martin's House, Le Bordage, St Peter Port, Guernsey.
5 Registered address: 1, rue François Jacob, 92500 Rueil Malmaison, France.
6 Registered address: Calle Marina 153, 08013 Barcelona, Spain.
7 Registered address: Herikerbergweg 88, 1101CM Amsterdam, 1077ZX Amsterdam, Netherlands.
8 Registered address: Beijnesweg 19, 2031BB Haarlem, Netherlands.
9 Registered address: Chaussée de Bruxelles 151-155, 6040 Charleroi, Belgium.
10 Incorporated in July 2022.
11 These companies are exempt from the requirement to prepare individual audited financial statements in respect of the year ended 31 October 2023 by virtue of Sections 479A and 479C of the Companies Act 2006.
12 Merged under the EU Merger Directive on 31 October 2022 resulting in the cessation of Compagnie de Libre Entreposage France SAS.
13 Incorporated in February 2023.

Notes to the Company financial statements continued

for the year ended 31 October 2023

7. Non-current assets – loans to Group undertakings

	2023 £'m	2022 £'m
Loans to Group undertakings	**943.9**	835.7
	943.9	835.7

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 non-current assets.

Interest is charged to Group undertakings on amounts totalling £524.9 million (FY2022: £523.3 million). The remaining amounts owed by Group undertakings are interest free. The movement in loans to Group undertakings relates to interest charged of £11.1 million (FY2022: £9.9 million) and additional amounts loaned and recharged of £97.1 million (FY2022: £240.0 million).

8. Trade and other receivables

	2023 £'m	2022 £'m
Trade receivables	**–**	–
Other receivables	**1.0**	0.2
	1.0	0.2

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 2023, these amounts due are considered fully recoverable and no provision has been made (FY2022: £nil).

9. Current liabilities

	2023 £'m	2022 £'m
Amounts owed to Group undertakings	**179.8**	98.6
Trade payables	**–**	0.2
Accruals and deferred income	**3.3**	9.9
	183.1	108.7

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.

10. Non-current liabilities

	2023 £'m	2022 £'m
Loan notes	**524.9**	523.3
	524.9	523.3

Of the above, £277.4 million (FY2022: £320.6 million) is due after more than five years.

The Company has in issue €50.9 million (FY2022: €50.9 million) 1.59% Series A Senior Notes due 2024, €70.0 million (FY2022: €70.0 million) 1.26% Series A Notes due 2026, £35.0 million (FY2022: £35.0 million) 2.59% Series B Senior Notes due 2026, €74.1 million (FY2022: €74.1 million) 2.00% Series B Senior Notes due 2027, £20.0 million (FY2022: £20.0 million) 1.96% Series A Notes due 2028, €29.0 million (FY2022: €29.0 million) 0.93% Series B Notes due 2028, £50.5 million (FY2022: £50.5 million) 2.92% Series C Senior Notes due 2029, £30.0 million (FY2022: £30.0 million) 2.69% Series C Senior Notes due 2029, €105.0 million (FY2022: €105.0 million) 2.45% Private Shelf Senior Notes due 2029, £80.0 million (FY2022: £80.0 million) 2.39% Series C Notes due 2031 and €29.0 million (FY2022: €29.0 million) 1.42% Series D Notes due 2033.

11. Called up share capital

	2023 £'m	2022 £'m
Called up, allotted, and fully paid		
218,039,419 (FY2022: 211,927,497) ordinary shares of 1 pence	**2.2**	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.

OVERVIEW STRATEGIC REPORT CORPORATE GOVERNANCE FINANCIAL STATEMENTS

12. Contingent liabilities

For details of contingent liabilities see note 28 in the Group financial statements.

13. Deferred 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.

Deferred tax asset	Other timing differences £'m	Tax losses £'m	Total £'m
At 1 November 2021	—	—	—
Credit to income statement	—	—	—
At 31 October 2022	—	—	—
At 1 November 2022	—	—	—
Credit to income statement	—	2.9	2.9
At 31 October 2023	**—**	**2.9**	**2.9**

The deferred tax asset receivable after more than one year is £2.9 million (FY2022: £nil) and will be utilised by reducing future taxable profit.

As at 31 October 2023, the Company had unutilised trading losses of £11.2 million (FY2022: £nil).

Glossary

Absorption rate	The rate at which rentable space is filled.
Adjusted Diluted EPRA Earnings per Share	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.
Adjusted earnings growth	The increase in adjusted EPS year-on-year.
Adjusted EPS	Adjusted profit after tax divided by the diluted weighted average number of shares in issue during the financial year.
Adjusted profit before tax	The Company's pre-tax EPRA earnings measure with additional Company adjustments.
Average net achieved rent per sq ft	Storage revenue divided by average occupied space over the financial year.
Average rental growth	The growth in average net achieved rent per sq ft year-on-year.
Average storage rate	Revenue generated from self storage revenues divided by the average square footage occupied during the period in question.
BREEAM	An environmental rating assessed under the Building Research Establishment's Environmental Assessment Method.
Cap and collar	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.
Capitalisation rate	The ratio of net operating income to property asset value.
Compound Annual Growth Rate ("CAGR")	The annual rate of return over a specified period of time longer than one year.
CER	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).
Closing net rent per sq ft	Annual storage revenue generated from in-place customers divided by occupied space at the balance sheet date.
Earnings per Share ("EPS")	Profit for the financial year attributable to equity shareholders divided by the average number of shares in issue during the financial year.
EBITDA	Earnings before interest, tax, depreciation and amortisation.
EPRA	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.
EPRA earnings	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.
EPRA Earnings per Share	EPRA earnings divided by the average number of shares in issue during the financial year.
EPRA Net Asset Value ("NAV")	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.
EPRA NAV per share	EPRA NAV divided by the diluted number of shares at the year end.
EPRA Net Tangible Assets ("NTA")	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 and 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.
EPRA NTA per share	EPRA NTA divided by the diluted number of shares held at the year end.
Equity	All capital and reserves of the Group attributable to equity holders of the Company.
Euro Interbank Offered Rate ("EURIBOR")	The average benchmark interest rate at which Eurozone banks offer unsecured short term lending on the inter-bank market.
Exit yield	Represents the capital value of an investment property at the end of the investment term expressed in percentage terms.

Free cash flow	Cash flow before investing and financing activities but after leasehold rent payments.
Gross property assets	The sum of investment property and investment property under construction.
Gross value added	The measure of the value of goods and services produced in an area, industry or sector of an economy.
ICR	ICR is interest cover ratio and is calculated as the ratio of Underlying EBITDA after leasehold rent to underlying finance charges.
Joint Venture	A business arrangement in which two or more parties agree to pool their resources for the purpose of accomplishing a specific task.
Like-for-like occupancy	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.
Like-for-like revenue	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.
Loan to value (“LTV”)	Gross debt (excluding lease liabilities) as a proportion of the valuation of investment properties and investment properties under construction (excluding lease liabilities).
Maximum lettable area (“MLA”)	The total square feet (“sq ft”) available to be fitted out to rent to customers.
Net debt	Total borrowings (including ‘current and non-current borrowings and lease liabilities’ as shown in the consolidated balance sheet) less cash and cash equivalents.
Net initial yield	The forthcoming financial year’s net operating income expressed as a percentage of capital value, after adding notional purchaser’s costs.
Net promoter score (“NPS”)	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.
Net rent per sq ft	Storage revenue generated from in-place customers divided by occupancy.
Occupancy	The space occupied by customers divided by the MLA expressed as a %.
Occupied space	The space occupied by customers in sq ft.
Pipeline	The Group’s development sites.
Property Income Distribution (“PID”)	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.
Real Estate Investment Trust (“REIT”)	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.
Real Estate Transfer Tax (“RETT”)	RETT is levied in respect of the acquisition of the legal and/or beneficial ownership of real estate located in the Netherlands, certain rights concerning such Dutch real estate, and shares in entities that qualify as a real estate entity.
REVPAF	REVPAF is an alternative performance measure used by the business. REVPAF stands for revenue per available square foot (“REVPAF”) and is calculated by dividing revenue for the period by weighted average available square feet for the same period.
Sterling Overnight Index Average (“SONIA”)	The effective overnight interest rate paid by banks for unsecured transactions in the British Sterling market.
Store EBITDA	Store earnings before interest, tax, depreciation and amortisation.
Task Force on Climate-related Financial Disclosures (“TCFD”)	The Financial Stability Board created the TCFD to improve and increase reporting of climate-related financial information.
Total shareholder return (“TSR”)	The growth in value of a shareholding over a specified period, assuming dividends are reinvested to purchase additional units of shares.
Underlying EBITDA	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.
Underlying profit before tax	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)
Gert van de Weerdhof	(Non-Executive Director)
Laure Duhot	(Non-Executive Director)
Delphine Mousseau	(Non-Executive Director)
Jane Bentall	(Non-Executive Director)
Avis Darzins	(Non-Executive Director)

Company Secretary
David Orr

Registered office
Brittanic House
Stirling Way
Borehamwood
Hertfordshire WD6 2BT

Registered company number
04726380

Websites
www.safestore.co.uk
www.safestore.com

Bankers
National Westminster Bank plc
ABN Amro Bank N.V.
Crédit Industriel et Commercial
Bank of China
Citibank N.A.
Banco de Sabadell S.A.

Independent auditor
Deloitte LLP
Statutory Auditor
2 New Street Square
London EC4A 3TR

Legal advisers
Travers Smith LLP
10 Snow Hill
London EC1A 2AL

Eversheds LLP
115 Colmore Row
Birmingham B3 3AL

Brokers and financial advisers
Investec Bank Plc
30 Gresham Street
London EC2V 7QN

Citigroup Global Markets Limited
Citigroup Centre
33 Canada Square
London E14 5LB

Financial PR advisers

Instinctif Partners
65 Gresham Street
London EC2V 7NQ

Shareholder information

Registrar
Link Group
The Registry
10th Floor
Central Square
29 Wellington Street
Leeds LS1 4DL

Telephone: +44 (0)371 664 0300

(Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate).

Lines are open between 9.00am and 5.30pm Monday to Friday, excluding public holidays in England and Wales.

Email: shareholderenquiries@linkgroup.co.uk
Share Portal Enquiries: shareholderenquiries@linkgroup.co.uk
Share Portal: 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.

FSC
www.fsc.org
MIX
Paper from responsible sources
FSC® C001785

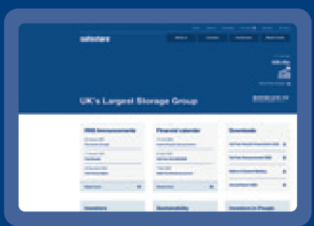
CARBON BALANCED PAPER
WORLD LAND TRUST™
www.carbonbalancedpaper.com
CBP023070

Safestore Holding plc's commitment to environmental issues is reflected in this Annual Report, which has been printed on Magno 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.

Produced by
designportfolio

safestore™

Safestore Holdings plc
Brittanic House
Stirling Way
Borehamwood
Hertfordshire WD6 2BT
Tel: 020 8732 1500
Fax: 020 8732 1510
www.safestore.co.uk
www.safestore.com



Further information and investor updates can be found on our website at **www.safestore.co.uk/corporate**