SAFESTORE HOLDINGS PLC (the Company)

Directors' Remuneration Policy

APPROVED BY SHAREHOLDERS AT THE COMPANY'S ANNUAL GENERAL MEETING ON 18 MARCH 2020

The Directors' Remuneration Policy will be put to a binding vote at the AGM held on 18 March 2020 and will take effect from the date of the meeting. In designing the remuneration policy for Directors, the pay and conditions of other colleagues are considered, and the overarching company pay principles thoroughly considered. The Committee agreed the following design principles in formulating the new policy:

- The need to "re-engage" our major shareholders from remuneration and governance perspectives through the introduction of a remuneration policy and incentive structure, which is aligned to market practice.
- Executives and senior management should continue to participate in competitive short and long term incentives, which support the business strategy.
- The Policy should encompass all elements of the revised 2018 UK Corporate Governance Code and the respective investor body implementation guidance.
- The Policy should align with wider company pay policy and practice.

The Committee is satisfied that the Directors' Remuneration Policy set out below is in the best interests of Shareholders and does not promote excessive risk-taking. In line with the 2018 UK Corporate Governance Code, the Committee has discretion to adjust the formulaic annual bonus and future LTIP award vesting outcomes to ensure alignment of pay with performance, i.e. to ensure the final outcome is a fair and true reflection of underlying business performance. Any adjustments will be disclosed in the relevant Annual Report on Remuneration.

Executive Directors' remuneration policy

Element and strategic link		Changes to policy and rationale
Basic salary		
To provide competitive fixed remuneration that will attract and retain appropriate talent. Reflects an individual's responsibilities, experience and role.	**Operation** Normally reviewed annually. Salaries are paid monthly. When determining the salary of an Executive, the Committee takes into consideration: — the individual Director's experience and responsibilities; — the performance of the individual Director; — the performance of the Group; and — pay and conditions throughout the Group. Levels of base salary are reviewed periodically against companies of a comparable size in both the Real Estate sector and the FTSE 250. **Maximum** There is no prescribed maximum annual basic salary increase. When reviewing Executive salaries, consideration will always be given to the approach to employee pay across the Group and the general performance of the Group. Therefore, salary increases for Executives will not normally exceed the general employee increase. However, larger increases or above median salaries may be necessary, for example (but without limitation); where there has been a material increase in the scope and/or scale of the Executive's responsibility in the role; where an Executive is extremely experienced and has a long track record of proven performance and current pay levels are significantly below the market. In such circumstances, salary increases may need to be higher than the general workforce. Where such changes do occur, they will be fully disclosed and explained. Individuals who are recruited or promoted to the Board may, on occasion, have their salaries set below the targeted policy level until they become established in their role. In such cases subsequent increases in salary may be higher than the general rises for colleagues until the target positioning is achieved. Current salary levels are set out in the Annual Report on Remuneration. **Performance targets and recovery provisions** A broad assessment of individual and business performance is used as part of the salary review. No recovery provisions apply.	No substantive change. Inclusion of market standard provisions in relation to recruitment or promotions.

Directors' remuneration report *continued*

for the year ended 31 October 2019

Directors' Remuneration Policy *continued*

Executive Directors' remuneration policy *continued*

Element and strategic link		Changes to policy and rationale
Benefits		
To provide competitive benefits and to attract and retain high calibre colleagues.	**Operation** Reviewed periodically to ensure benefits remain market competitive. Currently includes car allowance and life, private medical and dental insurance. Other benefits may be provided where appropriate. Directors' indemnities and directors and officers insurance during and following employment. Other benefits may be provided where appropriate. **Maximum** Benefit values vary year on year depending on premiums and the maximum potential value is the cost of the provision of these benefits. **Performance targets and recovery provisions** No performance or recovery provisions applicable.	No change.
Pension		
To provide a competitive Company contribution that enables effective retirement planning.	**Operation** Pensions are provided by way of a contribution to a defined contribution arrangement and/or cash salary supplement. Where a cash supplement is paid this is reduced by the associated Employer's National Insurance Contribution. **Maximum** For existing Executive Directors, the maximum contribution is up to 10% of salary. New Executive Directors will receive the pension contribution received by the majority of the workforce (the average employer contribution rate is currently 4.2% of salary). **Performance targets and recovery provisions** No performance or recovery provisions applicable.	In line with the provisions of the New Code, new Executive Directors' will join at the same contribution level as received by the majority of the workforce.
Annual bonus		
Incentivises the achievement of a combination of financial and non-financial performance targets in line with corporate strategy over the one-year operating cycle.	**Operation** Award made annually based on the achievement of a combination of financial and non-financial performance measures. Annual bonus of up to 100% of salary paid in cash. Any bonus in excess of 100% of salary will be held in shares on a net of tax basis, via an agreement with the Executive, until the end of two years following the financial year in which the bonus is earned. Dividend equivalents are payable on deferred shares. **Maximum** Maximum bonus opportunity is 150% of salary. Threshold performance will result in a bonus of 20% of maximum. Target performance will result in a bonus of 50% of maximum. **Performance targets and recovery provisions** Performance measures and targets will be set by the Committee annually. 2/3 of the maximum opportunity or 100% of salary will be subject to EBITDA targets. 1/3 of the maximum opportunity or 50% of salary will be subject to strategic/operational measures. There will be no pay-out under strategic/operational measures if threshold EBITDA performance is not met. The Committee retains overriding discretion to change formulaic outcome (both downwards and upwards) if it is out of line with underlying performance of the Company. In addition, the Committee has the discretion to adjust targets or performance conditions for any exceptional events that may occur during the year. For cash bonus, malus applies in the year the bonus is earned and clawback for three years thereafter. For deferred shares, malus applies until the end of two years following the financial year in which the bonus is earned and clawback for three years thereafter.	No structural change as remains in line with investor guidelines. The reduction in payout at target is in line with commitments provided by the Committee to review this considering last year's ISS guidance. The reduction in threshold payout ensures that the payout curve remains appropriately balanced.

Element and strategic link		Changes to policy and rationale
Long Term Incentive Plan		
Incentivises Executive Directors to execute the long term business plan and deliver long term sustainable value for shareholders.	**Operation** Annual awards of nil-cost options. Vesting period of three years followed by holding period of two years, via an agreement with the Executive (during which any vested and exercised awards cannot be sold except for tax purposes on exercise). 25% vesting for threshold performance increasing on a straight line to 100% for maximum performance. Dividend equivalents are payable on vested shares. Malus (up to vesting date) and clawback during the holding period operate. **Maximum** Maximum annual award of 200% of salary. **Performance targets and recovery provisions** Awards vest based on performance against stretching targets, measured over a three-year performance period. The performance measures and weightings are as follows: — Adjusted Diluted EPRA EPS growth (2/3 weighting); — relative TSR versus FTSE 250 (1/6 weighting); and — relative TSR versus FTSE Real Estate Index (1/6 weighting). In addition, no award will vest unless a minimum level of cash on cash return (“CoCR”) of 8% p.a. has been achieved. The Committee will have overriding discretion to change formulaic outcomes of future LTIP awards (both downwards and upwards) if it is out of line with underlying performance of the Company.	Return to traditional structure in line with feedback from shareholders. No change to performance measures. The discretionary aspect is aligned to the New Code.
All-colleague Sharesave scheme		
Encourages long term shareholding in the Company by all colleagues.	**Operation** Under the terms of the Sharesave scheme all colleagues can apply for three or five-year options to acquire the Company’s shares priced at a discount of up to 20%. **Maximum** £500 per month or HMRC limits as applicable from time to time. **Performance targets and recovery provisions** No performance or recovery provisions applicable.	No change.
Shareholding guidelines		
To ensure that Executive Directors’ interests are aligned with those of shareholders over a longer time horizon.	**Operation** Executive Directors are required to build up their shareholding. Executive Directors are expected to meet the guidelines by 27 September 2022 (the vesting date of the 2017 LTIP) or five years after joining if later. Beneficially owned shares and deferred/vested but unexercised awards valued on a net of tax basis will count towards the guidelines. These guidelines will continue to apply for two years post cessation of employment. For the avoidance of doubt, shares beneficially owned at the date of adoption of the policy and the 2017 LTIP Award will be exempt from this post cessation of employment guideline but all future share-based awards granted under the policy approved by shareholders at the 2020 AGM would be captured. **Maximum** 350% of salary for Executive Directors to be built up by 27 September 2022 (the vesting date of the 2017 LTIP) or five years after joining if later. **Performance targets and recovery provisions** No performance or recovery provisions applicable.	The shareholding guidelines are equal to the total annual incentive opportunity.

Directors' remuneration report *continued*

for the year ended 31 October 2019

Directors' Remuneration Policy *continued*

Executive Directors' remuneration policy *continued*

Discretion within the Directors' remuneration policy

The Committee has discretion in several areas of policy as set out in this report. In particular, the Committee will have overriding discretion to change formulaic outcomes (both downwards and upwards) if it is out of line with underlying performance of the Company. The Committee may also exercise operational and administrative discretions under relevant plan rules approved by shareholders.

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 this new Remuneration Policy set out in this report including under the existing 2017 LTIP, which will vest in 2022.

Full details of the 2017 LTIP awards can be found on page 54 of the 2018 Annual Report and Accounts.

Performance measures and targets

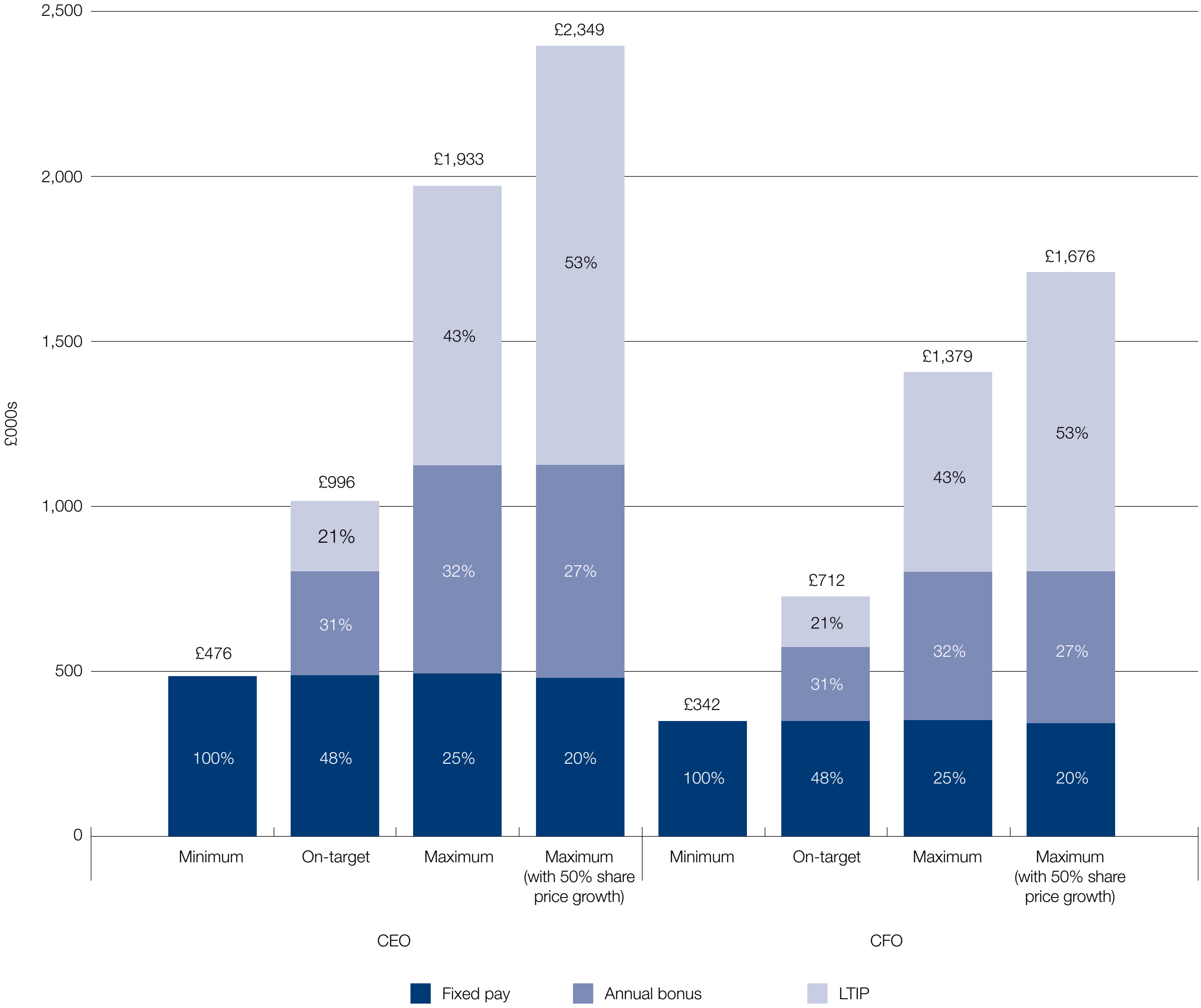
The table below sets out the rationale for performance measures chosen in respect of the annual bonus and LTIP.

Performance measures	Rationale	How targets are set
Annual bonus		
— EBITDA growth (2/3); and — strategic/operational measures (1/3);	The combined use of financial, strategic and operational measures provides a holistic assessment of corporate performance and allows for the Company to focus annually on targets that work towards the delivery of the financial measures under the LTIP.	The performance targets are determined annually by the appropriate line manager and calibrated by the Committee considering the Company's business plan, market conditions and internal and external forecasts.
LTIP		
— Adjusted Diluted EPRA EPS growth (2/3 weighting); — relative TSR vs FTSE 250 (1/6 weighting); and — relative TSR vs FTSE Real Estate Index (1/6 weighting).	EPS is considered to be the most appropriate measure for aligning the interests of the Executive Directors with those of shareholders and is also an established measure of Safestore's long term sustainable profitability. Relative TSR performance measured against two peer groups (FTSE 250 and FTSE Real Estate Index) provides a balanced approach, recognising returns to shareholders against the broader market, whilst also ensuring performance is competitive against other real estate companies.	Targets will be calibrated to reflect the Committee's assessment of an appropriate performance range, The EPS targets for the 2020 award will be appropriately stretching. They will be set post AGM and disclosed to shareholders on grant and will take into account the indicative outturn of the 2017 LTIP Award, the current business plan and the economic environment at the time. In relation to the relative TSR component of the LTIP, 50% of vesting will be determined against the performance of the FTSE 250 companies and 50% against the FTSE 350 Real Estate companies. Threshold performance (25% vesting) will equate to median performance amongst each peer group with maximum performance (100% vesting) equal to upper quartile. There will be an additional performance underpin based on a cash on cash return.

The Committee believes disclosing precise targets for the annual bonus in advance would not be in shareholders' interests. Except in circumstances where elements remain commercially sensitive, actual targets, performance achieved, and awards made will be published at the end of the performance periods, so shareholders can fully assess the basis for any payouts.

Pay-for-performance: scenario analysis

The following charts provide an estimate of the potential future reward opportunities for the Executive Directors, and the potential split between the different elements of pay under four different performance scenarios: “Minimum”, “On-target”, “Maximum” and Maximum with LTIP share price growth of 50% over three years. Potential reward opportunities are based on the proposed remuneration policy as set out above.



Assumptions used in determining the level of payout under given scenarios are as follows:

Element	Minimum	On-Target	Maximum	Maximum with LTIP share price growth of 50% over three years
Fixed elements	Base salary at 1 November 2019. Pension of 10% of salary to be paid in cash, after deducting employer’s National Insurance costs. Estimated benefits (car allowance, private medical insurance and life assurance).			
Annual bonus	Nil	50% of maximum	100% of maximum	100% of maximum
LTIP	Nil	25% vesting	100% vesting	100% vesting with 50% share price growth

Note

1 Dividend equivalents have not been added to the deferred share bonus and LTIP share awards.

2 No Sharesave awards included.

Directors' remuneration report *continued*

for the year ended 31 October 2019

Directors' Remuneration Policy *continued*

Approach to recruitment and promotions

The Committee's approach to recruitment remuneration is to pay no more than is necessary to attract candidates of the appropriate calibre and experience needed for the role. The remuneration package for any new recruit would be assessed following the same principles as for the Executive Directors and would be set in accordance with the terms of the Company's prevailing approved remuneration policy at the time of appointment and take into account the skills and experience of the individual, the market rate for a candidate of that experience and the importance of securing the relevant individual.

— Salary levels will take into account the individual's experience, market data for the relevant role, internal relativities and their current base salary. Where an individual is recruited at below market norms, they may be realigned over time, subject to performance in the role.

— Benefits and pension will be in accordance with the remuneration policy i.e. the pension contribution will be set at the same level as the majority of the workforce.

— Annual bonus will operate in line with the remuneration policy with the maximum opportunity set at 150% of salary.

— LTIP will operate in line with the remuneration policy with the maximum opportunity set at 200% of salary.

The maximum variable remuneration will be the total of the annual bonus opportunity and grant of nil-cost options under the LTIP.

Where an existing colleague is promoted to the Board, the policy set out above will apply from the date of promotion but there would be no retrospective application of the policy in relation to subsisting incentive awards or remuneration arrangements. Accordingly, prevailing elements of the remuneration package for an existing colleague would be honoured and form part of the ongoing remuneration of the colleague. These would be disclosed to shareholders in the following year's Annual Report on Remuneration.

The Committee does not have an automatic policy to buy out subsisting incentives granted by an Executive's previous employer and which would be forfeited on cessation. Should, however, the Committee determine that it is appropriate to do so, the Committee may consider buying out incentive awards which an individual would forfeit upon leaving their current employer, although any compensation would, where possible, be consistent with respect to currency (i.e. cash for cash, equity for equity), vesting periods (i.e. there would be no acceleration of payments), expected values and the use of performance targets. The Committee may then grant up to the same expected values where possible under the Company's incentive plans, subject to the annual limits under these plans. It does, however, retain the discretion to provide the expected value under specific arrangements in relation to the recruitment of the individual.

In instances where the new Executive is relocated from one work location to another, the Company will provide compensation to reflect the cost of relocation for the Executive in cases where they are expected to spend significant time away from their home location in accordance with its normal relocation package for colleagues. The level of the relocation package will be assessed on a case-by-case basis but may take into consideration any cost of living differences, housing allowance and schooling in accordance with the Company's normal relocation package for colleagues.

If appropriate, the Committee may agree on recruitment of a new Executive with a notice period more than twelve months, but to reduce this to twelve months over a specified period.

Service contracts for Executive Directors

The service agreements of the Executive Directors are not fixed term and are terminable by either the Company or the Director on the following bases:

Director	Date of current service contract	Notice period
F Vecchioli	3 September 2013	Twelve months
A Jones	29 January 2013	Twelve months

When setting notice periods, the Committee has regard to market practice and corporate governance best practice. All service contracts are available for viewing at the Company's registered office and at the AGM.

Fees for external non-executive directorships

The Board allows Executive Directors to accept appropriate outside commercial non-Executive Director appointments provided the aggregate commitment is compatible with their duties as Executive Directors. The Executive Directors concerned may retain fees paid for these services, which will be subject to approval by the Board. The Executive Directors hold no external directorships.

Payment for loss of office

When determining any loss of office payment for a departing Director the Committee will always seek to minimise cost to the Company whilst complying with the contractual terms and seeking to reflect the circumstances in place at the time. The Committee reserves the right to make additional payments where such payments are made in good faith in discharge of an existing legal obligation (or by way of damages for breach of such an obligation), or by way of settlement or compromise of any claim arising in connection with the termination of an Executive Director's office or employment. The Committee also reserves the rights to agree ancillary payments such as Executive Director's fees.

Regarding salary, benefits and pension, there will be no compensation for normal resignation or in the event of termination by the Company due to gross misconduct. In other circumstances, Executive Directors will be entitled to receive notice pay or payment in lieu of notice. A summary of the main contractual terms in relation to annual bonus and 2020 LTIP are set out below:

Scenario	Timing or calculation of vesting/payment	Committee's discretion
Annual bonus		
Good leaver – A "good leaver" is defined as a participant ceases to be in employment by reason of death, ill health, injury, disability, redundancy, retirement, the Company employing the participant ceases to be a member of the Group, the participant's employing business being sold out of the Group or at the Committee's discretion.	**Performance year of cessation** Bonus will normally be pro-rated for service provided in year and the achievement of performance targets measured at the end of the year. Bonus delivered in cash at the end of the performance year and shares deferred (if above 100% of salary) in line with Policy. **Deferred shares** The deferral period on deferred shares will continue to apply until the normal end date and be subject to malus/clawback.	The Remuneration Committee has the following elements of discretion: — to determine whether an executive is a good leaver in line with the provision on the left-hand side; — to determine that a bonus may be paid at the date of cessation; and — to determine that any deferred shares deferral period cease to apply.
Bad leaver – Anyone who is not a good leaver will be a "bad leaver".	**Performance year of cessation** There will be no bonus for the year in which they leave. **Deferred shares** The deferral period on deferred shares will continue to apply until the normal end date and be subject to malus/clawback.	
Change of control	**Performance year of cessation** The bonus will be determined by the Committee at its discretion by reference to the time elapsed from the start of the performance year to the change of control date and the performance levels achieved as at that date. **Deferred shares** The deferral period applying to any deferred bonus shares will cease immediately prior to a change of control.	The Committee has the discretion to determine, in exceptional circumstances, whether to pro-rate for time served as a colleague during the year of cessation.
LTIP		
Good leaver – A "good leaver" is defined as a participant ceases to be in employment by reason of death, ill health, injury, disability, redundancy, retirement, the Company employing the participant ceases to be a member of the Group, the participant's employing business being sold out of the Group or at the Committee's discretion.	Unvested awards will vest on the normal vesting date subject to (i) the extent any applicable performance targets have been satisfied at the end of the normal performance period and (ii) prorating to reflect the period between grant and cessation of employment as a proportion of the vesting period that has elapsed.	The Remuneration Committee has the following elements of discretion: — to determine whether an executive is a good leaver in line with the provision on the left-hand side; — to determine that the end of the performance period is the date of cessation; and — to determine whether to pro-rate the number of awards for the time elapsed since grant.
Bad leaver – Anyone who is not a good leaver will be a "bad leaver.	Bad leavers will forfeit all unvested awards.	
Change of control	The Committee will determine the level of vesting taking into account: (i) the extent that any applicable performance targets have been satisfied at that time; (ii) the bid consideration received; and (iii) the portion of the vesting period that has then elapsed. In the event of an internal corporate reorganisation, the Committee may decide to replace unvested awards with equivalent new awards over shares in the acquiring company.	The Committee has the discretion to determine, in exceptional circumstances, whether to pro-rate the award for time served as a colleague.

Malus and clawback policies

Incentive	Policy
Annual bonus – cash	Malus applies in the year the bonus is earned and clawback for three years thereafter.
Annual bonus – deferred shares	Malus applies until the end of two years following the financial year in which the bonus is earned and clawback for three years thereafter.
LTIP	Malus applies up to vesting and clawback during the two-year holding period.

Directors' remuneration report *continued*

for the year ended 31 October 2019

Part D: Directors' Remuneration Policy *continued*

Malus and clawback policies *continued*

The circumstances in which malus and clawback could apply are as follows:

- discovery of a material misstatement resulting in an adjustment in the audited consolidated accounts of the Company or the audited accounts of any Group Member; and/or
- the assessment of any performance condition or target in respect of a payment was based on error, or inaccurate or misleading information; and/or
- the discovery that any information used to determine the payment was based on error, or inaccurate or misleading information; and/or
- action or conduct of a participant which, in the reasonable opinion of the Committee, amounts to colleague misbehaviour, fraud or gross misconduct; and/or
- actions that result in a failure of risk management and/or corporate failure; and/or
- events or behaviour of a participant have led to the censure of a Group Member by a regulatory authority or have had a significant detrimental impact on the reputation of any Group Member provided that the Committee is satisfied that the relevant participant was responsible for the censure or reputational damage and that the censure or reputational damage is attributable to them.

Non-Executive Directors and letters of appointment

The Board as a whole is responsible for setting the remuneration of the Non-Executive Directors, other than the Chairman whose remuneration is determined by the Committee and recommended to the Board.

The table below sets out the key elements of the policy for Non-Executive Directors.

Strategic link	Operation	Maximum	Performance targets and recovery provisions
To provide compensation that attracts high calibre individuals and reflects their experience and knowledge.	Non-Executive Directors may receive a base fee and additional fees for the role of Senior Independent Director or Chairmanship of a Committee. Fees are reviewed annually with any changes generally effective from 1 May. Non-Executive Directors also receive reimbursement of reasonable expenses (and any tax thereon) incurred undertaking their duties and/or Company business. Non-Executive Directors do not receive any variable remuneration element or pension contribution but may receive benefits if determined appropriate to the role.	Any increases in fees will be determined based on time commitment and take into consideration level of responsibility and fees paid in other companies of comparable size and complexity. Where made, any increase in Non-Executive Director fees will generally be in line with the increase awarded to the wider workforce; however, the increase may be higher to reflect any changes to time commitments or responsibilities.	No performance or recovery provisions applicable.

Letters of appointment

The Group's policy is to appoint Non-Executive Directors to the Board with a breadth of skills and experience that is relevant to the Group's business. Appointments are made by the Board upon the recommendations and advice from the Nomination Committee.

The Non-Executive Directors do not have service contracts but are appointed under letters of appointment. David Hearn was appointed for an initial three year term and is subject to election at the 2020 AGM and annual re-election thereafter at the Company's AGM. The remaining Non-Executive Directors were appointed for an initial three-year term and their appointment continues subject to annual re-election at the Company's AGM up to a maximum term of nine years.

The table below sets out the dates that each Non-Executive Director was first appointed and the notice period by which their appointment may be terminated early by either party.

Director	Date of appointment	Notice period by Company and Director
Alan Lewis	30 June 2009	Three months
David Hearn	1 December 2019	Three months
Ian Krieger	3 October 2013	Three months
Joanne Kenrick	8 October 2014	Three months
Claire Balmforth	1 August 2016	Three months
Bill Oliver	1 November 2016	Three months

No compensation is payable in the event of early termination apart from the notice period. All letters of appointment are available for viewing at the Company's registered office and at the AGM.

Summary

Finally, throughout this report we have provided a detailed account of the changes to our remuneration policy we have made. As a Committee we feel that we have listened to shareholder concerns where possible and taken action to address them. The Committee looks forward to your support of our remuneration policy and Annual Report on Remuneration at the upcoming 2020 AGM.