17 January 2024

Safestore Holdings plc
("Safestore", "the Company" or "the Group")

Results for the year ended 31 October 2023

A year of significant strategic progress

Key measures

Key Measures - Total	Year ended 31 October 2023	Year ended 31 October 2022	Change	Change CER[1]
Group				
Revenue (£'m)	224.2	212.5	5.5%	4.8%
Underlying EBITDA[2] (£'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 EPS[6] (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[13] (pence)	952	908	4.8%	n/a
REVPAF (£)[10]	27.70	27.59	0.4%	-0.2%
Key Measures - Like-For-Like[8]	**Year ended 31 October 2023**	**Year ended 31 October 2022**	**Change**	**Change CER[1]**
Group				
Revenue (£'m)	209.9	205.3	2.2%	1.7%
Underlying EBITDA[2] (£'m)	136.1	131.7	3.3%	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	**Year ended 31 October 2023**	**Year ended 31 October 2022**	**Change**	**Change CER**
Operating Profit[9] (£'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)	98.0	109.8	-10.7%	n/a
Basic Net Assets per Share (pence)	888	848	4.7%	n/a

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 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)

Frederic Vecchioli, Chief Executive Officer commented:

"I am pleased that 2023 has been a resilient year of significant strategic and operational progress building on two years of out-performance 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 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."

Notes

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 Rates (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 cost charges. Underlying profit before tax is defined as Underlying EBITDA less leasehold 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 £10.8m, 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 PY would result in a variance of -1.6%.

Summary

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%, 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 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%[16] 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.

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.

Enquiries

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Analyst and investor presentation

A presentation will be held at 09:30am today at the offices of Instinctif Partners.

A live-webcast facility will also be available and to register please use the following link: https://storm-virtual-uk.zoom.us/webinar/register/WN_X5npmDXhTyilRoS8yh0qgA

Notes to Editors

- Safestore is the UK's largest self storage group with 190 stores on 31 October 2023, comprising 133 wholly owned stores in the UK (including 73 in London and the South East with the remainder in key metropolitan areas such as Manchester, Birmingham, Glasgow, Edinburgh, Liverpool, Sheffield, Leeds, Newcastle, and Bristol), 29 wholly owned stores in the Paris region, 11 stores in Spain, 11 stores in the Netherlands and 6 stores in Belgium. In addition, the Group operates 7 stores in Germany under a Joint Venture agreement with Carlyle.
- Safestore operates more self storage sites inside the M25 and in central Paris than any competitor providing more proximity to customers in the wealthiest and more densely populated UK and French markets.
- Safestore was founded in the UK in 1998. It acquired the French business "Une Pièce en Plus" ("UPP") in 2004 which was founded in 1998 by the current Safestore Group CEO Frederic Vecchioli.
- Safestore has been listed on the London Stock Exchange since 2007. It entered the FTSE 250 index in October 2015.
- The Group provides storage to around 90,000 personal and business customers.
- As of 31 October 2023, Safestore had a maximum lettable area ("MLA") of 8.090 million sq ft (excluding the expansion pipeline stores) of which 6.231 million sq ft was occupied.
- Safestore employs around 750 people in the UK, Paris, Spain, the Netherlands, and Belgium.

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.

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 businesses 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 (Environmental, Social and Governance)

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 report 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 CFO, 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 (1.59 times in 2022). 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
16 January 2024

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 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.

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. 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 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 transferrable 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 advisors 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 program 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 program 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 program, in October 2022, provides an opportunity for newly qualified graduates to build their skillset 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 National Accounts team provide 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 ratings 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 £528m 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 €51m of notes expiring in May 2024.

This LTV of 25.4% and 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 its efforts are part of a broader movement and we have, therefore, aligned our objectives with the UN Sustainable Development Goals (“SDGs”). We reviewed the significance of each goal to our business and the importance of each goal to our stakeholders and assessed our ability to contribute to each goal. Following this materiality exercise, we have chosen to focus our efforts in the areas where we can have a meaningful impact. These are “Decent work and economic growth” (goal 8), “Sustainable cities and communities” (goal 11), “Responsible consumption and production” (goal 12) and “Climate action” (goal 13).

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

In 2018, the Group established medium-term targets in each of the “pillars” towards which the Group continued 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 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 below) 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-£30m 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 10 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 €3.6m.

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

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)
- 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**	**Nether' lands**	**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

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

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 USA 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 USA 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 0.50 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 had 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, 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 (2), Liege (2), 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.

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 ratings 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%

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, 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 £0.4million 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
16 January 2024

Financial Review

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

Underlying income statement

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.

	2023	**2022**	**Mvmt**
	£'m	**£'m**	**%**
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 £15.1 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	**Paris**	**Spain**	**Benelux**	**Total (CER)**	**UK**	**Paris**	**Spain**	**Benelux**	**Total (CER)**
	£'m	**€'m**	**€'m**	**€'m**	**£'m**	**£'m**	**€'m**	**€'m**	**€'m**	**£'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 Rates (Euro denominated results for the current period have been retranslated at the exchange rate effective for the comparative period in order to present the reported results on a more comparable basis).

Underlying EBITDA in the UK increased by £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% n 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 €2.0m, or 6.1%, to €35m (FY2022: €33.0m), reflecting a €1.7m 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 €28.7m (FY2022: €27.1m).

In Spain, revenue increased to €4.3m (FY2022: €3.6m), 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 €0.6m to €1.2m, 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 €11.3m and €4.7m 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: €5.9m, 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).

Analysis of cost base

Cost of sales

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

Cost of sales	**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.

Administrative expenses	**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, £0.2m 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	**2022**
	£'m	**£'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 contributing £7.5 million. Spain showed a flat valuation movement over the period as the stores start to generate income, growing toward 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 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, 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	**2022**
	£'m	**£'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, £203.0m of the £400.0m UK revolver was drawn as £162.0m and €47.0m (£41.0m). 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 £197.0m. The Group had interest rate hedge agreements in place to June 2023, swapping SONIA on £55.0m at a weighted average effective rate of 0.69%. Upon maturity, the group recognised £0.4m 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 increase 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 £200.2 million as compared with £462.9 million in 2022. Basic EPS was 92.2 pence (FY2022: 219.5 pence) and diluted EPS was 91.8 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	**Paris**	**Spain**	**Benelux**	**Total**	Paris	Spain	Benelux
	£'m	**£'m**	**£'m**	**£'m**	**£'m**	€'m	€'m	€'m
Value as 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 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 remaining 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 £103.5m, which is explained above, £109.6m relating to additions, store refurbishments and reclassifications as well as £10.2m of favourable foreign exchange movements on the translation of the European portfolios. On a like for like basis the portfolio increased 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 toward 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 £25.8 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. 1.5m sq ft representing c. 18% of our existing property portfolio is estimated, on stabilisation, to deliver in the range of £25-£30m 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 1 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	2022
	£'m	£'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	-	1.0
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	2022
	£'m	£'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	2022
	£'m	£'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	2022
	£'m	£'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 £7.1m 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.

Andy Jones
16 January 2024

Consolidated income statement

for the year ended 31 October 2023

	Notes	Group 2023 £'m	2022 £'m
Revenue	2, 3	**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	9	**-**	(0.3)
Underlying EBITDA		**142.2**	135.1
Exceptional items	4	**-**	(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	10	**93.8**	381.6
Other exceptional gains	4	**-**	10.8
Operating profit	3	**230.4**	514.5
Finance income	5	**0.8**	2.0
Finance expense	5	**(23.4)**	(17.7)
Profit before income tax		**207.8**	498.8
Income tax charge	6	**(7.6)**	(35.9)
Profit for the year		**200.2**	462.9
Earnings per share for profit attributable to the equity holders			
– basic (pence)	8	**92.2**	219.5
– diluted (pence)	8	**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.

Consolidated statement of comprehensive income

for the year ended 31 October 2023

	Group 2023 £'m	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

		Group	
	Notes	**2023** **£'m**	2022 £'m
Assets			
Non-current assets			
Investment in associates	9	**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	10	**2,890.9**	2,647.4
Property, plant and equipment		**5.2**	3.4
Deferred tax assets		**6.6**	0.8
		2,906.8	2,653.4
Current assets			
Inventories		**0.4**	0.3
Derivative financial instruments	14	**-**	1.7
Trade and other receivables		**32.7**	31.2
Amounts due from associates		**0.1**	-
Cash and cash equivalents	12, 18	**16.9**	20.9
		50.1	54.1
Total assets		**2,956.9**	2,707.5
Current liabilities			
Bank borrowings	13, 18	**(44.5)**	(101.7)
Trade and other payables		**(52.4)**	(62.7)
Current income tax liabilities		**(0.4)**	(0.8)
Lease liabilities	15	**(13.1)**	(13.2)
		(110.4)	(178.4)
Non-current liabilities			
Bank borrowings	13, 18	**(681.3)**	(522.1)
Deferred income tax liabilities		**(139.2)**	(129.0)
Lease liabilities	15	**(88.3)**	(82.2)
Provisions	19	**(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	16	**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 7)	-	-	-	(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 7)	-	-	-	(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**

Consolidated cash flow statement

for the year ended 31 October 2023

	Notes	Group 2023 £'m	2022 £'m
Cash flows from operating activities			
Cash generated from operations	17	**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	9	**-**	(111.5)
Investment in associates	9	**(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	7	**(65.9)**	(56.9)
Proceeds from borrowings		**108.4**	266.1
Repayment of borrowings		**(7.1)**	(134.0)
Exceptional swap termination	5	**-**	0.5
Financial instruments income	5	**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	12, 18	**16.9**	20.9

Notes to the financial statements
for the year ended 31 October 2023

The Board approved this preliminary announcement on 16 January 2024.

The financial information included in this preliminary announcement does not constitute the Group's statutory accounts for the years ended 31 October 2022 or 31 October 2023. Statutory accounts for the year ended 31 October 2022 have been delivered to the Registrar of Companies. The statutory accounts for the year ended 31 October 2023 will be delivered to the Registrar of Companies following the Company's annual general meeting.

The auditor has reported on the 2023 and 2022 accounts; their report was unqualified, did not include any references to any matters by way of emphasis and did not contain statements under section 498 (2) or (3) of the Companies Act 2006.

These financial statements for the year ended 31 October 2023 have been prepared under the historical cost convention except for the following assets and liabilities, which are stated at their fair value: investment property, derivative financial instruments and financial interest in property assets. The accounting policies used are consistent with those contained in the Group's last annual report and accounts for the year ended 31 October 2022, except for items as described below. All amounts are presented in Sterling and are rounded to the nearest £0.1 million, unless otherwise stated.

The financial information included in this preliminary announcement has been prepared in accordance with United Kingdom adopted International Financial Reporting Standards ("IFRS"), International Financial Reporting Interpretations Committee ("IFRIC") interpretations and those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

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 have carried out a reverse stress test to model what would be required to breach ICR and LTV covenants which indicated highly improbable changes would be needed before any issues were to arise. 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 £197m). 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 announcement.

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.

Critical accounting judgements and key sources of estimation uncertainty

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 their cash flows. 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 10 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 section of this announcement.
- 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 8.

- 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 11.
- 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.

Forward-looking statements

Certain statements in this preliminary announcement are forward-looking. Although the Group believes that the expectations reflected in these forward-looking statements are reasonable, we can give no assurance that these expectations will prove to have been correct.

Because these statements involve risks and uncertainties, actual results may differ materially from those expressed or implied by these forward-looking statements. We undertake no obligation to update any forward-looking statements whether as a result of new information, future events or otherwise.

2. 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

3. 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 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.

4. 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 9). 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.

5. 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.

6. 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

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.

7. 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 13th March 2024. The ex-dividend date will be 7th March 2024 and the record date will be 8th March 2024 with an intended payment date of 9th 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.

8. 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

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

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%)

9. 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).

10. 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.

	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**

	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**

The gain on investment properties comprises:

	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).

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.

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 have been valued individually. However, C&W highlights the matter to alert the Group to the manner in which the properties might be grouped or lotted in order to maximise their attractiveness to the marketplace.

C&W considers this approach to be a valuation assumption but not a special assumption, the latter being an assumption that assumes facts that differ from the actual facts existing at the valuation date and which, if not adopted, could produce a material difference in value.

Valuation assumption for purchaser’s costs

The Group’s investment property assets have been valued for the purposes of the financial statements after adjusting for notional purchaser’s costs in the range of approximately 3.3% to 6.8% (UK), 7.5% (Paris), 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.

Sensitivity of the valuation to assumptions

As noted in 'Key sources of estimation uncertainty', self storage valuations are complex, derived from data which is not widely publicly available and involves a degree of judgement. All other factors being equal, higher net operating income would lead to an increase in the valuation of a store and an increase in the capitalisation rate or discount rate would result in a lower valuation, and vice versa. Higher assumptions for stabilised occupancy, absorption rate, rental rate and other revenue, and a lower assumption for operating costs, would result in an increase in projected net operating income, and thus an increase in valuation.

There are inter-relationships between the valuation inputs, and they are primarily determined by market conditions. The effect of an increase in more than one input could be to magnify the impact on the valuation. However, the impact on the valuation could be offset by the inter-relationship of two inputs moving in opposite directions, e.g. an increase in rent may be offset by a decrease in occupancy, resulting in no net impact on the valuation.

As noted in 'Key sources of estimation uncertainty', self storage valuations are complex, derived from data which is not widely available and involve a degree of judgement. For these reasons we have classified the valuation of our property portfolio as Level 3 as defined by IFRS 13. Inputs to the valuation, some of which are 'unobservable' as defined by IFRS 13, include capitalisation yields, stable occupancy rates, and time to stabilised occupancy. The existence of an increase of more than one unobservable input would augment the impact on the valuation. The impact on the valuation would be mitigated by the inter-relationship between unobservable inputs moving in opposite directions. For example, an increase in stable occupancy may be offset by an increase in yield, resulting in no net impact on the valuation. A sensitivity analysis showing the impact on valuations of changes in capitalisation rates and stable occupancy is shown below:

	Impact of change in capitalisation rates £'m		Impact of a change in stabilised occupancy assumption £'m		Impact of a delay in stabilised occupancy assumption £'m
	25 bps decrease	25 bps increase	1% increase	1% decrease	24-month delay
Reported Group	129.1	(88.1)	53.5	(31.9)	(16.22)

11. 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

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

12. 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

13. 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.

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 RCF's 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

14. 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

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 million and €nil million (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**

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

* The financial liabilities exclude other taxes and social security payable in FY 2023: £6.3 million (FY 2022: £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

15. 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 14.

16. 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

17. 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	10	**(93.8)**	(381.6)
Other exceptional gains	4	**-**	(10.8)
Share of loss in associates		**-**	0.3
Depreciation		**1.3**	1.0
Net finance expense		**22.6**	15.7
Employee share options		**2.9**	8.6
Changes in working capital:			
Decrease in inventories		**-**	0.2
Decrease/(increase) 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

18. 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)**

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).

19. 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, £0.2m 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.

20. 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 19.

21. Capital commitments

The Group had £128 million of capital commitments as at 31 October 2023 (FY2022: £146.0 million).

22. 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.

23. Post balance sheet events

There are no post balance sheet events.