13 January 2022

Safestore Holdings plc
(“Safestore”, “the Company” or “the Group”)

Results for the year ended 31 October 2021

A record-breaking year of self-funded growth and occupancy with EPS[6] up 34.1% and final dividend up 38.6%

Key measures

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

Highlights

Record Financial Performance

- Group revenue for the year up 15.1% (up 15.5% in CER[1])
- Like-for-like[8] Group revenue for the year in CER[1] up 13.8%:
    - UK up 16.8%
    - Paris up 4.3%
- Underlying EBITDA[2] up 26.2% in CER[1] which, combined with an increased gain on investment properties of £321.1m (FY2020: £126.5m), resulted in statutory operating profit[9] of £417.0m (FY2020: £212.2m)

- Adjusted Diluted EPRA Earnings per Share[6] up 34.1% at 40.5 pence (FY2020: 30.2 pence). Diluted Earnings per Share was 176.4 pence (FY2020: 84.0 pence) largely due to the higher property valuation gain in FY2021
- 38.6% increase in the final dividend to 17.6 pence (FY2020: 12.7 pence) giving a total for the year of 25.1 pence (FY2020: 18.6 pence)

Operational Focus

- Continued balanced approach to revenue management together with an efficient marketing platform driving returns and record occupancy performance:
    - Like-for-like[8] closing occupancy of 85.1% up 5.0ppts on 2020 (FY2020: 80.1%)
    - Like-for-like[8] average occupancy for the year up 11.8%
    - Like-for-like[8] average storage rate[5] for the year up 2.4% in CER[1]
- New and recently opened stores trading well and in line with business plans
- Investment in our digital marketing platform continuing to deliver for the business:
    - Online enquiries in FY2021 rose to 89% of our total enquiries in the UK (FY2020: 88%) and 85% in France (FY2020: 79%)

Strategic Progress

- New freehold Birmingham Middleway (58,500 sq ft of MLA) and leasehold Paris Magenta (50,000 sq ft of MLA) stores opened in April 2021
- New freehold store in Bow, London (74,000 sq ft of MLA), opened in December 2021
- Three store extensions in London Edgware, London Paddington Marble Arch and Southend opened in December 2021 adding 41,000 sq ft of MLA
- Development pipeline expanded to c. 732,000 sq ft of future MLA (equivalent to c. 11% of existing portfolio)
    - Seven London and South East developments to add 387,000 sq ft
    - Seven developments in Barcelona and Madrid to add 225,000 sq ft
    - Two Paris developments to add 99,000 sq ft
    - Two existing store extensions to add 21,000 sq ft
- New 18-year lease signed on Hayes store commencing in June 2027
- Acquisition of a 14,000 sq ft MLA freehold store in Christchurch[10], Dorset, from Your Room Self Storage
- Joint venture[14] with Carlyle acquired three-store portfolio of Opslag XL in the Netherlands in December 2020 and a development site in Nijmegen in the Netherlands which is due to open in January 2022
- Continued development of Environmental, Social, and Governance ("ESG") agenda illustrated by:
    - Investors In People Platinum accreditation,
    - GRESB "A" rating for public disclosures
    - EPRA Silver rating for sustainability
    - MSCI AA rating for ESG
    - Third FTSE 250 company to achieve the highest rating of five stars from Support The Goals
- Group commitment to be operationally carbon neutral by 2035

Strong and Flexible Balance Sheet

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

Frederic Vecchioli, Chief Executive Officer commented:

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

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

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

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

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

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

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

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 in order to present the reported results on a more comparable basis).

2 – Underlying EBITDA is defined as Operating Profit before exceptional items, share-based payments, corporate transaction costs, change in fair value of derivatives, gain/loss on investment properties, variable lease payments, depreciation and the share of associate's depreciation, interest and tax. Underlying EBITDA therefore excludes all leasehold rent charges. Underlying profit before tax is defined as Underlying EBITDA less leasehold rent, depreciation charged on property, plant and equipment and net finance charges relating to bank loans and cash.

3 – Occupancy excludes offices but includes bulk tenancy. As at 31 October 2021, closing occupancy includes 14,000 sq ft of bulk tenancy (31 October 2020: 14,000 sq ft).

4 – MLA is Maximum Lettable Area. At 31 October 2021, Group MLA was c.6.96m sq ft (FY2020: c. 6.86m 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 are impacted (with the exception of the associated National Insurance element). The financial statements will disclose earnings on a statutory, EPRA and Adjusted Diluted EPRA basis and will provide a full reconciliation of the differences in the financial year in which any LTIP awards may vest.

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

8 – Like-for-like adjustments have been made to remove the impact of the 2021 openings in Birmingham Middleway and Magenta in Paris, the 2021 closure of Birmingham South, the 2020 acquisitions of Valencia, Calabria, Glories and Marina in Barcelona, the acquisition of Chelsea and St John's Wood in London, and the 2020 openings of Carshalton, Sheffield and Gateshead.

9 – Operating profit increased by £204.8 million to £417.0 million (FY2020: £212.2 million) principally as a result of an increase in the gain on investment properties of £194.6 million to £321.1 million (FY2020: £126.5 million), as well as an increase of £24.1 million or 25.7% in Underlying EBITDA as a result of stronger trading performance. Profit before tax additionally included an increase in the fair value of derivatives of £2.9 million (FY2020: net gain £0.2 million).

10 – The enterprise value paid for Your Room Self Storage in Christchurch, Dorset, on 7 December 2021 was £2.45 million. The total transaction costs are expected to be £2.6 million subject to customary working capital adjustments.

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).

12 – ICR is interest cover ratio, and is calculated as the ratio of Underlying EBITDA after leasehold rent to underlying finance charges.

13 – EPRA basic NAV has been superseded and has transitioned to three new measures: EPRA NRV (net reinstatement value); EPRA NTA (net tangible assets) and EPRA NDV (net disposal value) for periods commencing 1 January 2020 or thereafter. Safestore considers EPRA NTA to be most consistent with the nature of the Group's business. The basis of calculation is set out in the "Net assets per share" note to the financial statements.

14 – The joint venture with CERF, which represents a 20% investment, has been accounted for as an associate using the equity method of accounting, as described in the "Investment in associates" note to the financial statements.

Summary

The Group has delivered an exceptional performance in 2021.

In 2021, the Group delivered 34.1% growth in Adjusted Diluted EPRA Earnings per Share largely driven by organic growth. Total Group revenue increased by 15.1% (15.5% CER[1]) with an outstanding performance in the UK (+18.8%) and continued strength in Paris (+4.3%). In addition, the newly acquired Spanish business contributed £2.8 million of revenue. On a like-for-like[8] basis in CER[1], Group revenue increased by 13.8% with the UK up 16.8% and Paris up 4.3%. The Group's like-for-like[8] closing occupancy increased by 5.0ppts to a record 85.1% with the like-for-like average storage rate[5] up 2.4% at CER[1].

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

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

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

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

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

Group Underlying EBITDA[2] of £118.0 million increased by 26.2% at CER[1] on the prior year. The Group's EBITDA[2] performance, combined with modest increases in leasehold rent and finance costs, resulted in a 34.1% increase in Adjusted Diluted EPRA EPS[6] in the period to 40.5 pence (FY2020: 30.2 pence). Statutory operating profit increased by £204.8 million to £417.0 million (FY2020: £212.2 million) principally as a result of an increase in the gain on investment properties of £194.6 million to £321.1 million (FY2020: £126.5 million), along with an increase of £24.1 million or 25.7% in Underlying EBITDA[2] as a result of stronger trading performance.

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

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

Outlook

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

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

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

Enquiries

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Andy Jones, Chief Financial Officer

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Instinctif Partners 020 7457 2020
Guy Scarborough
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A conference call for analysts will be held at 09:30am today.

For dial-in details of the presentation please contact:

Guy Scarborough (guy.scarborough@instinctif.com or telephone on 07917 178920).

Notes to Editors:

- Safestore is the UK's largest self storage group with 161 stores at 31 October 2021, comprising 128 wholly owned stores in the UK (including 71 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 and four stores in Barcelona. In addition, the Group operates eight stores in the Netherlands and six stores in Belgium 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 80,000 personal and business customers.

- As at 31 October 2021, Safestore had a maximum lettable area ("MLA") of 6.960 million sq ft (excluding the expansion pipeline stores, and the Carlyle Joint Venture) of which 5.883 million sq ft was occupied.

- Safestore employs around 700 people in the UK, Paris and Barcelona.

Chairman's Statement

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

Covid-19

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

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

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

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

Financial and strategic progress

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

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

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

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

Financial results

Revenue for the year was £186.8 million, 15.1% ahead of last year (FY2020: £162.3 million), or 15.5% ahead on a constant currency basis. Like-for-like[8] revenue was up 13.8% in constant currency. This result was driven by an exceptional performance in the UK which grew like-for-like[8] revenue by 16.8%, combined with another strong performance by Une Pièce en Plus, our Parisian business, which grew like-for-like[8] revenue by 4.3%.

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

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

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

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

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

ESG

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

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

We have also made significant progress in pursuing our other ESG goals. We have continued to focus on our environmental agenda, with year-on-year reductions in greenhouse gas emission and enhanced disclosures in recognition of the recommendations of the TCFD. I am pleased to report that we were awarded a Silver rating in the 2021 EPRA sustainability awards, an 'A' rating for public disclosures by GRESB and an 'AA' rating for ESG by MSCI. We were also awarded the highest rating of 5 stars by Support the Goals, recognising Safestore as the third member of the FTSE250 to achieve this level. Details of these achievements are covered more fully in the Chief Executive's report and the sustainability section of our annual report.

Non-Executive Board changes

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

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

Dividend

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

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

Summary

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

David Hearn
12 January 2022

Covid-19

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

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

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

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

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

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

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

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

Our Strategy

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

- Optimising the trading performance of the existing portfolio;
- Maintaining a strong and flexible capital structure; and
- Taking advantage of selective portfolio management and expansion opportunities in our existing markets and, if appropriate, in attractive new geographies either through a joint venture[14] or in our own right.

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

Optimisation of Existing Portfolio

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

Our MLA[4] has increased to 6.96m sq ft at 31 October 2021 (2020: 6.86m sq ft). At the current occupancy level of 84.5% we have 1.1m sq ft of fully invested unoccupied space (1.8m sq ftincluding the development pipeline), of which 0.8m sq ft is in our UK stores and 0.3m sq ft is in Paris. In total, this unlet space is the equivalent of c. 27.5 empty stores located across the estate and provides the Group with significant opportunity to grow further. We have a proven track record of filling our vacant space so we view this availability of space with considerable optimism. We will also benefit from the operational leverage from the fact that this available space is fully invested and the related operating costs are essentially fixed and already included in the Group cost base. Our continued focus will be on ensuring that we drive occupancy to utilise this capacity at carefully managed rates. Between the full financial years 2013 and 2021, occupancy of the stores in the portfolio in 2013 that remain in the Group today has increased from 63.1% to 86.0%, i.e. an average of 2.9ppts per year and equivalent to a total of 1.2m sq ft.

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

- Enquiry generation through an effective and efficient marketing operation;
- Strong conversion of enquiries into new lets; and
- Disciplined central revenue management and cost control.

Digital Marketing Expertise- UK Number 1 Self Storage Brand

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

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

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

During the year, the Group demonstrated its ability to integrate newly developed and acquired stores into its marketing platform with successful new openings at Birmingham Middleway and Paris Magenta. The joint venture managed by the Group in the Netherlands expanded its coverage beyond Amsterdam

and Haarlem with the acquisition and integration of stores in The Hague and Het Gooi, north of Hilversum. The Group also completed the integration of OMB (Spain, acquired December 2019) onto the Safestore platform with uplifts seen in both enquiry generation and marketing efficiency. Spanish cost per enquiry, for example was reduced by c. 60% although the number of enquiries more than doubled. With the integration of OMB, the Group has now completed the on-boarding of all of its managed brands onto its Digital platform.

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

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

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

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

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

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

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

IIP is the international standard for people management, defining what it takes to lead, support and manage people effectively to achieve sustainable results. Underpinning the standard is the Investors in People framework, reflecting the latest workplace trends, essential skills and effective structures required to outperform in any industry. Investors in People enables organisations to benchmark against the best in the business on an international scale. We are proud to have our colleagues recognised to

such a high standard not only in our industry but also across 14,000 organisations in 75 countries. This sustained people development focus is an essential component of our continuous improvement mentality.

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

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

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

The day-to-day training and development of our store and customer-facing colleagues is an essential part of our daily routines. Due to the restrictions created by the Covid-19 pandemic, our learning and development programmes have been continually delivered online via our Learning Management System and the use of the digital platforms mentioned above. This allowed us the flexibility to continue with high-quality delivery of our core sales and development modules without the need to meet face-to-face. To support a safe working environment this Learning Management System also provides the opportunity for team members to receive rigorously enforced health and safety, fire and compliance training, ensuring that our colleagues are up to date in relation to their technical knowledge and continue to operate a safe environment for both our colleagues and customers. These tools, systems and resources have allowed us to effectively communicate changes quickly and manage compliance robustly. The onset of a national lockdown in March 2020 did not stop the continued development and training of our colleagues. Our training, developmental, welfare and compliance training modules can all be remotely accessed. Along with our online-learning portal and the adaptation of our face-to-face training programmes into a video-linked Microsoft Teams format, we delivered a continuous seamless learning experience for all our colleagues. The relaxation of the restrictions in mid-2021 has seen us take a blended approach to our training and coaching utilising the best of both remote and face to face engagement.

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

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

Our Store Manager Development programme demonstrates the effectiveness of our learning tools. In a spirit of constant improvement, our content and delivery process is dynamically enhanced through our 360-degree feedback process utilising the learnings from not only the candidates but also from our

training Store Managers and senior business leaders. This allows our people to be trained with the knowledge and skills to sell effectively in today's market place. December 2019 also saw the inaugural launch of our Senior Manager Development programme ("LEAD") which focuses on developing our high performing middle managers aimed at preparing them for more senior roles within the business. This programme is built on the foundations of our Store Manager Development programme and includes Level 5 accreditation from the Institute of Leadership & Management upon successful completion. Our LEAD group delegates are already delivering performance-enhancing projects to our wider business and are fast heading towards their graduation day.

Our performance dashboard allows our store and field teams to focus on the key operating metrics of the business providing an appropriate level of management information to enable swift decision making. Reporting performance down to individual employee level enhances our competitive approach to team and individual performance. We continue to reward our people for their performance with bonuses of up to 50% of basic salary based on their achievements against individual targets for new lets, occupancy and ancillary sales. In addition, a Values and Behaviours framework is overlaid on individuals' performance in order to assess team members' performance and development needs on a quarterly basis.

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

People Champions:

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

2021 saw our people's forum representative positions up for election after they had successfully completed their 2-year tenure. After a strongly contested election, our 15 new members were elected and they are already delivering high quality contributions to our business.

Our Values and Behaviours framework concentrates our culture on our customers. Customers continue to be at the heart of everything we do, whether it be in store, online or in their communities. In 2021 we further improved our customer ratings when we were awarded the Feefo PLATINUM trusted service award. Later in the year, we became the only Self Storage provider in the UK to have a 5 STAR Trustpilot rating. Along with our strong Google ratings, these independent assessments further reflect our ongoing commitment to their satisfaction as the number one storage provider in the UK.

Central Revenue Management and Cost Control

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

Average rates are predominantly influenced by:

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

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

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

Strong and Flexible Capital Structure

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

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

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

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

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

New Financing

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

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

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

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

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

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

ESG Strategy

ESG: Sustainable Self Storage

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

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

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

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

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

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 do this by developing brownfield sites and actively engaging with local communities when we establish a new store, identifying and implementing greener approaches in the way we build and operate our stores, helping charities and communities to make better use of limited space, and creating and sustaining local employment opportunities directly and indirectly through the many small and medium-sized enterprises which use our space. During the year, the space occupied by local charities in 226 units across 102 stores was 18,266 sq ft and worth £636,945.

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

In addition to the IIP award and the customer satisfaction ratings, the Group has received recognition for its sustainability progress and disclosures in FY2021. Safestore has been given a Silver rating in the 2021 EPRA Sustainability BPR awards. The Global ESG Benchmark for Real Assets ("GRESB") has once again awarded Safestore an "A" rating in its 2020 Public Disclosures assessment. MSCI has awarded Safestore its second-highest rating of "AA" for ESG in 2021. The Group has also been awarded the highest rating of five stars by Support the Goals, recognising Safestore as the third member of the FTSE 250 to achieve this level.

Portfolio Management

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

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

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

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

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

The Group's current pipeline of new developments and store extensions has grown significantly over the last year and now constitutes c. 732,000 sq ft of future MLA (equivalent to c.11% of the existing portfolio) with an associated outstanding capital expenditure of £96 million.

Property Pipeline

Store Openings

In July 2020, the Group completed the acquisition of a freehold 2.17-acre site including an existing warehouse in Birmingham. The site is well located on the southern side of the inner A4540 ring road and the new 58,500 sq ft MLA Birmingham Middleway store opened in April 2021. Our existing nearby store at Digbeth (MLA 44,500 sq ft) closed shortly afterwards and customers were relocated to the Birmingham Middleway store. In due course, we intend to sell the Digbeth site, which has residential development potential.

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

Lease Extensions and Assignments

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

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

Development Sites

UK

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

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

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

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

The Group has also previously acquired two additional sites in London at Morden and Bermondsey. Morden is a freehold 0.9-acre site in an established industrial location. Planning permission for a 52,000 sq ft self storage facility has now been granted and construction on this site is underway with a view to opening in H2 2022. Bermondsey is a 0.5-acre freehold site with income from existing tenants and is adjacent to our existing leasehold store. Our medium term aim, subject to planning permission, is to extend our existing Bermondsey operations with the addition of a new self storage facility to complement our existing store.

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

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

Paris

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

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

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

In August 2021, the Group exchanged contracts on a freehold site in southern Paris with a significant frontage onto the N104 motorway. The site includes an existing building which will be demolished and

replaced by a 55,000 sq ft MLA store. Subject to planning we expect the store to open in the third quarter of 2022.

Spain

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

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

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

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

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

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

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

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

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

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

Store Extensions

In May 2021, the Group exchanged contracts on a leasehold basement car park adjacent to our existing London Paddington Marble Arch store. The occupancy of the Paddington Marble Arch store at 31 March 2021 was 80%.The extension opened in December 2021, adding 8,500 sq ft of MLA.

In April 2021, we exchanged contracts on the acquisition of a 0.5 acre site adjacent to our existing London Wimbledon store (MLA 58,800 sq ft). We completed this transaction in December 2021 and work will commence in January 2022. The existing reception area will be relocated to a more prominent and visible roadside location and a further 9,000 sq ft of storage capacity and 1,000 sq ft of offices will be added. The Wimbledon store's peak occupancy, prior to the Covid-19 pandemic, was 92%.

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

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

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

Property Pipeline Summary

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

Acquisitions

Acquisition of Your Room Self Storage, Christchurch[10]

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

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

Joint Venture[14] with Carlyle- Investment in Opslag XL

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

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

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

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

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

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

Portfolio Summary

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

The population of the Paris urban area is 10.7 million inhabitants with a density of 9,300 inhabitants per square mile in the urban area but 54,000 per square mile in the City of Paris and first belt, where 69% of our French stores are located and which has one of the highest population densities in the western world. 85% of the Paris region population live in central parts of the city versus the rest of the urban

area, which compares with 60% in the London region. There are currently c. 245 storage centres within the M25 as compared to only c. 95 in the Paris urban area.

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

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

Owned Store Portfolio by Region	**London & South East**	**Rest of UK**	**UK Total**	**Paris**	**Spain**	**Group Total**
Number of Stores	71	57	128	29	4	161
Let Square Feet (m sq ft)	2.41	2.28	4.69	1.10	0.09	5.88
Maximum Lettable Area (m sq ft)	2.80	2.69	5.49	1.36	0.11	6.96
Average Let Square Feet per store (k sq ft)	34	40	37	38	23	37
Average Store Capacity (k sq ft)	39	47	43	47	27	43
Closing Occupancy %	86.1%	84.7%	85.4%	80.7%	86.0%	84.5%
Average Rate (£ per sq ft)	30.85	19.45	25.32	33.78	28.00	26.95
Revenue (£'m)	89.7	54.4	144.1	39.9	2.8	186.8
Average Revenue per Store (£'m)	1.26	0.95	1.13	1.38	0.70	1.16

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 128 stores in the UK, 71 of which are in London and the South East, and 29 stores in Paris.

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

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

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

In addition, Safestore has the benefit of a leading national presence in the UK regions where the stores are predominantly located in the centre of key metropolitan areas such as Birmingham, Manchester, Liverpool, Bristol, Newcastle, Glasgow and Edinburgh. Our 2019 acquisition of OMB in Barcelona

represents a platform into the Spanish market where we hope to take advantage of development and acquisition opportunities and have recently announced the acquisition of six development sites in Barcelona and Madrid.

Market

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

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

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

The volume of new store openings increased in 2017 and 2018. In 2018, the SSA reported 70 stores as having been opened across the industry in 2017. However, our own analysis of these openings shows that many were container-based operators and only c. 30 of the sites represent self storage sites that are comparable with Safestore's own portfolio. In the 2019 SSA Survey, it was estimated that c. 40 traditional self storage stores were opened in 2018 (excluding container storage) with less than half competing directly with Safestore. The 2020 and 2021 reports do not give detailed indications of the level of openings in 2019 or 2020 but our own estimates are also that around 40 were opened in each period.

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

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

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

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

operations) are independently owned in small chains or single units. In total there are 998 storage brands operating in the UK.

Safestore's French business, UPP, is mainly present in the core more affluent and densely populated inner Paris and first belt areas, whereas our two main competitors, Shurgard and Homebox, have a greater presence in the outskirts and second belt of Paris.

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

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

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

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

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

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

Business and Personal Customers	UK	Paris	Spain
Personal Customers			
Numbers (% of total)	76%	83%	88%
Square feet occupied (% of total)	58%	66%	81%
Average Length of Stay (months)	18.9	28.0	22.9
Business Customers			
Numbers (% of total)	24%	17%	12%
Square feet occupied (% of total)	42%	34%	19%
Average Length of Stay (months)	28.0	31.9	25.1

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

Business Model

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

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

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

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

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

In Paris, where 38% of our stores are leaseholds, our leases typically benefit from the well-enshrined Commercial Lease statute that provides that tenants own the commercial property of the premises and

that they are entitled to renew their lease at an indexed rent. Taking into account this context, the valuer values the French leaseholds based on an indefinite property tenure, similar to freeholds.

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

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

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

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

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

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

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

We remain focused on business as well as domestic customers. Our national network means that we are uniquely placed to further grow the business customer market and in particular National Accounts. Business customers in the UK now constitute 42% of our total space let and have an average length of stay of 28 months. Within our business customer category, our National Accounts business represents around 617k sq ft of occupied space (around 13% of the UK's occupancy). Approximately two-thirds of the space occupied by National Accounts customers is outside London, demonstrating the importance and quality of our well-invested national estate.

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

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

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

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

Trading Performance

UK – an exceptional year

UK Operating Performance- total	2021	2020	Change
Revenue (£'m)	144.1	121.3	18.8%
Underlying EBITDA (£'m)[2]	88.6	67.2	31.8%
Underlying EBITDA (after leasehold costs) (£'m)	80.9	59.6	35.7%
Closing Occupancy (let sq ft - million)[3]	4.690	4.325	8.4%
Maximum Lettable Area (MLA)[4]	5.49	5.44	0.9%
Closing Occupancy (% of MLA)	85.4%	79.4%	+6.0ppts
Average Storage Rate (£)[5]	25.32	24.37	3.9%

UK Operating Performance- like-for-like[8]	2021	2020	Change
Storage Revenue (£'m)	111.7	94.4	18.3%
Ancillary Revenues (£'m)	27.1	24.4	11.1%
Revenue (£'m)	138.8	118.8	16.8%
Underlying EBITDA (£'m)[2]	85.4	66.5	28.4%
Closing Occupancy (let sq ft- million)[3]	4.501	4.215	6.8%
Closing Occupancy (% of MLA)	85.4%	80.4%	+5.0ppts
Average Occupancy (let sq ft- million)[3]	4.397	3.882	13.3%
Average Storage Rate (£)[5]	25.41	24.32	4.5%

UK statutory metrics	2021	2020	Change
Operating Profit (£'m)	331.9	139.9	137.2%
Profit before Tax (£'m)	321.4	127.8	151.5%

The UK's revenue performance was outstanding in the year with the business growing total revenue by 18.8% and like-for-like[8] revenue by 16.8%. Performance was strong in both Regional UK as well as London and the South East where like-for-like[8] revenue was up 20.4% and 14.9% respectively.

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

actions taken throughout the year as well as reduced discounting. For the full year, like-for-like average rate was up 4.5%.

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

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

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

We remain focused on our cost base. During the year, our UK cost base, on a like-for-like[8] basis, increased by just 2.1% or £1.1 million. Our total reported underlying UK cost base grew by £1.4 million or 2.6% reflecting the cost bases relating to newly and recently opened stores.

As a result, Underlying EBITDA[2] for the UK business was £88.6 million (FY2020: £67.2 million), an increase of £21.4 million or 31.8%. The tight cost control, combined with the exceptional revenue performance, have resulted in a 6.1 ppt increase in EBITDA margins from 55.4% to 61.5%.

For the two months to December 2021 trading continued to be strong. Like-for-like occupancy was up 2.6ppts at 82.3% (2020: 79.7%) and like-for-like average rate was up 16.7% which resulted in a 20.3% increase in like-for-like revenue.

Operating profit for the UK business was £331.9 million (FY2020: £139.9 million), an increase of £192.0 million or 137.2%, largely driven by the increase in the gain on investment properties of £180.8 million to £260.5 million (FY 2020: 79.7 million). Profit before tax was £321.4 million (FY2020: £127.8 million), an increase of £193.6 million or 151.5%.

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

Paris Operating Performance- total	2021	2020	Change
Revenue (€'m)	46.0	44.1	4.3%
Underlying EBITDA (€'m)[2]	31.4	28.5	10.2%
Underlying EBITDA (after leasehold costs) (€'m)	25.7	23.2	10.8%
Closing Occupancy (let sq ft - million)[3]	1.100	1.034	6.4%
Maximum Lettable Area (MLA)[4]	1.36	1.31	3.8%
Closing Occupancy (% of MLA)	80.7%	78.8%	+1.9ppts
Average Storage Rate (€)[5]	38.90	39.64	-1.9%
Revenue (£'m)	39.9	38.8	2.8%

Paris Operating Performance- like-for-like[8]	2021	2020	Change
Storage Revenue (€'m)	41.90	40.23	4.2%
Ancillary Revenues (€'m)	4.04	3.82	5.8%
Revenue (€'m)	45.94	44.05	4.3%
Underlying EBITDA (€'m)[2]	31.5	28.4	10.9%
Closing Occupancy (let sq ft- million)[3]	1.097	1.034	6.1%
Closing Occupancy (% of MLA)	83.6%	78.8%	+4.8ppts
Average Occupancy (let sq ft- million)[3]	1.077	1.015	6.1%
Average Storage Rate (€)[5]	38.90	39.64	-1.9%

Paris statutory metrics	2021	2020	Change
Operating Profit (£'m)	78.8	71.2	10.7%
Operating Profit (€'m)	90.7	80.9	12.1%
Profit before Tax (£'m)	77.0	69.1	11.4%
Profit before Tax (€'m)	88.7	78.5	13.0%

On a like-for-like[8] basis, the business grew revenue by 4.3% for the full year. This was driven by average occupancy growth of 6.1% for the year, offset by an average rate decline of 1.9%. Average rate has been improving over the period and was up 0.5% in the fourth quarter which saw accelerated like-for-like revenue growth of 8.1%.

Like-for-like[8] occupancy increased by 63,000 sq ft for the year (FY2020: increase of 19,000 sq ft) resulting in closing occupancy of 83.6%, up 4.8ppts compared to the prior year.

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

The cost base in Paris was strongly controlled during the year with both like-for-like[8] costs and total costs down compared to the prior year in local currency through savings in enquiry generation, maintenance and utilities. As a result, like-for-like[8] Underlying EBITDA[2] in Paris grew by €3.1 million and Underlying EBITDA[2] grew by €2.9 million to €31.4 million (FY2020: €28.5 million).

For the two months to December 2021 trading has been strong. Like-for-like occupancy was up 1.9ppts at 81.5% (2020: 79.6%) and like-for-like average rate was up 4.3%*, which resulted in an 8.0% increase in like-for-like revenue.

*As corrected by an RNS released to the London Stock Exchange on 17 February 2022.

Operating profit for the Paris business was €90.7 million (FY2020: €80.9 million), an increase of €9.8 million or 12.1%, largely driven by the increase in the gain on investment properties of €11.0 million to €64.5 million (FY 2020: €53.5 million). Profit before tax was €88.7 million (FY2020: €78.5 million), an increase of €10.2 million or 13.0%.

Spain Trading Performance

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

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

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

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

Frederic Vecchioli
12 January 2022

Financial Review

EPS[1] has grown by 279% over the last eight years

Underlying income statement

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

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

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

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

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

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

Underlying EBITDA increased by 25.7% to £118.0 million (FY2020: £93.9 million), reflecting a 15.1% increase in revenue and a 0.9% increase to the underlying cost base. This performance reflects the strong growth in occupancy, up 5.0ppts to 84.5% in 2021 from 79.5% in 2020, coupled with an increase in average rate of 1.9% to £26.95 in 2021 from £26.44 in 2020, whilst maintaining control over costs

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

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

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

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

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

National Insurance charge, which vests in 2022, can be accurately measured and has been provided for in full, reflecting the strong performance of the business over this period.

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

Reconciliation of Underlying EBITDA

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

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

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

Underlying profit by geographical region

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

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

	UK	Paris	Spain	Total	UK	Paris	Spain	Total
	£'m	£'m	£'m	£'m	£'m	£'m	£'m	£'m
Underlying EBITDA after leasehold costs (CER)	80.9	22.7	1.3	104.9	59.6	20.3	0.9	80.8
Adjustment to actual exchange rate	-	(0.4)	-	(0.4)	-	-	-	-
Reported Underlying EBITDA after leasehold costs	80.9	22.3	1.3	104.5	59.6	20.3	0.9	80.8

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

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

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

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

The combined results of the UK, Paris and Spain delivered a 29.8% increase in Underlying EBITDA after leasehold costs at constant exchange rates at Group level. Adjusting for an unfavourable exchange impact of £0.4 million, the combined results of the UK, Paris and Spain reported an

Underlying EBITDA after leasehold costs increase of 29.3% or £23.7 million to £104.5 million (FY2020: £80.8 million).

Revenue

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

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

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

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

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

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

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

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

Analysis of cost base

Cost of sales

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

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

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

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

Administrative expenses

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

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

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

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

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

Exceptional items

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

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

Gain on investment properties

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

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

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

Operating profit

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

Net finance costs

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

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

Underlying finance charge

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

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

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

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

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

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

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

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

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

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

* As corrected by an RNS released to the London Stock Exchange on 11 February 2022.

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

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

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

Non-underlying finance charge

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

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

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

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

Tax

The tax charge for the year is analysed below:

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

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

underlying tax rate of 24.5% (for France and Spain) to the underlying profits arising earned by the France and Spain businesses.

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

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

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

Earnings per Share

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

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

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

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

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

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

Dividends

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

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

Property valuation and Net Asset Value ("NAV")

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

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

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

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

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

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

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

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

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

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

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

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

Gearing and capital structure

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

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

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

Borrowings at 31 October 2021

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

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

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

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

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

Cash flow

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

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

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

Cash Flow *continued*

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

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

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

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

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

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

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

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

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

Andy Jones
12 January 2022

Consolidated income statement
for the year ended 31 October 2021

	Notes	Group 2021 £'m	2020 £'m
Revenue	2, 3	**186.8**	162.3
Cost of sales		**(56.9)**	(56.3)
Gross profit		**129.9**	106.0
Administrative expenses		**(34.0)**	(20.3)
Share of profit in associate	9	**—**	—
Underlying EBITDA		**118.0**	93.9
Exceptional items	4	**(1.9)**	(0.2)
Share-based payments		**(18.3)**	(6.5)
Depreciation and variable lease payments		**(1.4)**	(1.2)
Share of associate's depreciation, interest and tax		**(0.5)**	(0.3)
Operating profit before gains on investment properties		**95.9**	85.7
Gain on investment properties	10	**321.1**	126.5
Operating profit	3	**417.0**	212.2
Finance income	5	**0.6**	0.5
Finance expense	5	**(13.0)**	(14.8)
Profit before income tax		**404.6**	197.9
Income tax charge	6	**(22.6)**	(19.9)
Profit for the year		**382.0**	178.0
Earnings per Share for profit attributable to the equity holders			
– basic (pence)	8	**181.2**	84.6
– diluted (pence)	8	**176.4**	84.0

The financial results for both years relate to continuing operations.

Underlying EBITDA is an Alternative Performance Measure and is defined as operating profit before exceptional items, share-based payments, corporate transaction costs, gain/loss on investment properties, depreciation and variable lease payments and the share of associate's depreciation, interest and tax.

Consolidated statement of comprehensive income
for the year ended 31 October 2021

	Group 2021 £'m	2020 £'m
Profit for the year	**382.0**	178.0
Other comprehensive (expense)/income		
Items that may be reclassified subsequently to profit or loss:		
Currency translation differences	**(20.3)**	12.1
Net investment hedge	**10.9**	(7.4)
Other comprehensive (expense)/income, net of tax	**(9.4)**	4.7
Total comprehensive income for the year	**372.6**	182.7

Consolidated balance sheet

as at 31 October 2021

	Notes	Group 2021 £'m	2020 £'m
Assets			
Non-current assets			
Investment in associates	9	**7.2**	5.3
External valuation of investment properties, net of lease liabilities		**1,881.8**	1,557.5
Add-back of lease liabilities		**82.1**	76.9
Investment properties under construction		**67.4**	14.0
Total investment properties	10	**2,031.3**	1,648.4
Property, plant and equipment		**3.2**	3.2
Derivative financial instruments	14	**0.9**	0.5
Deferred income tax assets		**0.8**	0.2
		2,043.4	1,657.6
Current assets			
Inventories		**0.5**	0.3
Derivative financial instruments	14	**1.3**	0.4
Trade and other receivables		**28.9**	23.2
Cash and cash equivalents	12,18	**43.2**	19.6
		73.9	43.5
Total assets		**2,117.3**	1,701.1
Current liabilities			
Financial liabilities			
– derivative financial instruments	14	**(0.2)**	—
Trade and other payables		**(75.8)**	(47.2)
Current income tax liabilities		**(0.3)**	(0.2)
Obligations under lease liabilities	15	**(12.3)**	(12.3)
		(88.6)	(59.7)
Non-current liabilities			
Financial liabilities			
– bank borrowings	13, 18	**(484.7)**	(454.5)
– derivative financial instruments	14	**—**	(1.4)
Deferred income tax liabilities		**(97.0)**	(85.0)
Obligations under lease liabilities	15	**(70.0)**	(64.9)
Provisions	19	**(2.1)**	—
		(653.8)	(605.8)
Total liabilities		**(742.4)**	(665.5)
Net assets		**1,374.9**	1,035.6
Equity			
Ordinary shares	16	**2.1**	2.1
Share premium		**61.3**	60.6
Translation reserve		**5.1**	14.5
Retained earnings		**1,306.4**	958.4
Total equity		**1,374.9**	1,035.6

These financial statements were authorised for issue by the Board of Directors on 12 January 2022 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 2021

	Group				
	Share capital £'m	Share premium £'m	Translation reserve £'m	Retained earnings £'m	Total £'m
Balance at 1 November 2019	2.1	60.6	9.8	813.4	885.9
Comprehensive income					
Profit for the year	—	—	—	178.0	178.0
Other comprehensive income/(expense)					
Currency translation differences	—	—	12.1	—	12.1
Net investment hedge	—	—	(7.4)	—	(7.4)
Total other comprehensive income	—	—	4.7	—	4.7
Total comprehensive income	—	—	4.7	178.0	182.7
Transactions with owners					
Dividends (note 7)	—	—	—	(37.7)	(37.7)
Increase in share capital	—	—	—	—	—
Employee share options	—	—	—	4.7	4.7
Transactions with owners	—	—	—	(33.0)	(33.0)
Balance at 1 November 2020	2.1	60.6	14.5	958.4	1,035.6
Comprehensive income					
Profit for the year	—	—	—	382.0	382.0
Other comprehensive (expense)/income					
Currency translation differences	—	—	(20.3)	—	(20.3)
Net investment hedge	—	—	10.9	—	10.9
Total other comprehensive expense	—	—	(9.4)	—	(9.4)
Total comprehensive (expense)/income	—	—	(9.4)	382.0	372.6
Transactions with owners					
Dividends (note 7)	—	—	—	(42.6)	(42.6)
Increase in share capital	—	0.7	—	—	0.7
Employee share options	—	—	—	8.6	8.6
Transactions with owners	—	0.7	—	(34.0)	(33.3)
Balance at 31 October 2021	**2.1**	**61.3**	**5.1**	**1,306.4**	**1,374.9**

Consolidated cash flow statement

for the year ended 31 October 2021

	Notes	Group 2021 £'m	2020 £'m
Cash flows from operating activities			
Cash generated from operations	17	**115.6**	95.5
Interest received		**0.9**	0.2
Interest paid		**(14.1)**	(14.7)
Tax paid		**(5.4)**	(5.3)
Net cash inflow from operating activities		**97.0**	75.7
Cash flows from investing activities			
Acquisition of subsidiary, net of cash acquired		**—**	(14.3)
Investment in associates		**(1.9)**	(2.5)
Loans to associates		**(0.9)**	—
Expenditure on investment properties and development properties		**(62.4)**	(59.9)
Proceeds in respect of Capital Goods Scheme		**—**	0.3
Purchase of property, plant and equipment		**(1.0)**	(1.3)
Proceeds from sale of property, plant and equipment		**—**	0.1
Net cash outflow from investing activities		**(66.2)**	(77.6)
Cash flows from financing activities			
Issue of share capital		**0.7**	—
Equity dividends paid	7	**(42.6)**	(37.7)
Proceeds from borrowings		**196.8**	57.5
Repayment of borrowings		**(153.0)**	(24.4)
Debt issuance costs		**(0.7)**	(0.5)
Principal payment of lease liabilities		**(7.5)**	(6.9)
Net cash outflow from financing activities		**(6.3)**	(12.0)
Net increase/(decrease) in cash and cash equivalents		**24.5**	(13.9)
Exchange (loss)/gain on cash and cash equivalents		**(0.9)**	0.3
Cash and cash equivalents at 1 November		**19.6**	33.2
Cash and cash equivalents at 31 October	12, 18	**43.2**	19.6

Notes to the financial statements
for the year ended 31 October 2021

1. Basis of preparation
The Board approved this preliminary announcement on 12 January 2022.

The financial information included in this preliminary announcement does not constitute the Group's statutory accounts for the years ended 31 October 2020 or 31 October 2021. Statutory accounts for the year ended 31 October 2020 have been delivered to the Registrar of Companies. The statutory accounts for the year ended 31 October 2021 will be delivered to the Registrar of Companies following the Company's annual general meeting.

The auditor has reported on the 2021 and 2020 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 2021 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 2020, 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 EU endorsed 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 condensed consolidated financial information.

In assessing the Group's going concern position as at 31 October 2021, the Directors have considered a number of factors, including the current balance sheet position, the principal and emerging risks which could impact the performance of the Group and the Group's strategic and financial plan. Consideration has been given to compliance with borrowing covenants along with the uncertainty inherent in future financial forecasts. The Directors considered the most recent five-year forecast approved by the Board. In the context of the current environment, four plausible scenarios were applied to the plan, including a stress test scenario. These were based on the potential financial impact of the Group's principal risks and uncertainties and the specific risks associated with the continued Covid-19 pandemic. These scenarios are differentiated by the impact of demand and enquiry levels, average rate growth and the level of cost savings. A scenario was also performed where we have carried out a reverse stress test to model what would be required to breach ICR and LTV covenants which indicated highly improbable changes would be needed before any issues were to arise. With the current revolving credit facilities of £250 million and €70 million maturing in June 2023, in assessing the scenarios, with the current strength of underlying performance of the business and its balance sheet, the Directors are of the view that it is reasonable to expect the refinancing of the Revolving Credit Facility to be available on similar terms. The impact of these scenarios has been reviewed against the Group's projected cash flow position and financial covenants over a three-year period. Should any of these scenarios occur, clear mitigating actions are available to ensure that the Group remains liquid and financially viable. The financial position of the Group, including details of its financing and capital structure, is set out in the financial review section of this 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 2021:

- Amendments to References to Conceptual Framework in IFRS Standards
- Amendments to IFRS 3 Definition of a Business
- Amendments to IAS 1 and IAS 8 Definition of Material
- Amendments to IFRS 9, IAS 39 and IFRS 7 Interest Rate Benchmark Reform
- Amendment to IFRS 16 Covid-19 – Related Rent Concessions

The adoption of the standards and interpretations has not significantly impacted these financial statements and any changes to our accounting policies as a result of their adoption have been reflected in this note.

Key sources of estimation uncertainty
The following key estimate has significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the consolidated financial statements:

Estimate of fair value of investment properties and investment properties under construction
The Group values its investment properties using a discounted cash flow methodology which is based on projections of net operating income. Principal assumptions and management's underlying estimation of the fair value of those relate to: stabilised occupancy levels; expected future growth in storage rental income and operating costs; maintenance requirements; capitalisation rate; and discount rates. There are inter-relationships between the valuation inputs and they are primarily determined by market conditions. The effect of an increase in more than one input could be to magnify the impact on the valuation. However, the impact on the valuation could be offset by the inter-relationship of two inputs moving in opposite directions, e.g. an increase in rent may be offset by a decrease in occupancy, resulting in minimal net impact on the valuation. For immature stores, these underlying estimates hold a higher risk of uncertainty, due to the unproven nature of its cash flows. A more detailed explanation of the background, methodology and judgements made by management that is adopted in the valuation of the investment properties and is set out in note 10 to the financial statements.

Judgement of business combinations

The Directors assess whether the acquisition of property through the purchase of a corporate vehicle should be accounted for as an asset purchase or a business combination. Where the acquired vehicle is an integrated set of activities and assets that is capable of being conducted and managed to provide a return to investors, the transaction is accounted for as a business combination. Where this is not the case the transaction is treated as an asset purchase. The Directors assess when the risks and rewards associated with an acquisition or disposal have transferred. There have been no property acquisitions through the purchase of corporate vehicles in the period, so any judgement surrounding the accounting treatment between business combinations or an asset purchase was not applicable

Non-GAAP financial information

The Directors have identified certain measures that they believe will assist the understanding of the performance of the business. The measures are not defined under IFRS and they may not be directly comparable with other companies' adjusted measures. The non-GAAP measures are not intended to be a substitute for, or superior to, any IFRS measures of performance but they have been included as the Directors consider them to be important comparables and key measures used within the business for assessing performance. The following are the key non-GAAP measures identified by the Group:

- The Group defines exceptional items to be those that warrant, by virtue of their nature, size or frequency, separate disclosure on the face of the income statement where, in the opinion of the Directors, this enhances the understanding of the Group's financial performance.
- Underlying EBITDA is an Alternative Performance Measure and is defined as operating profit before exceptional items, share-based payments, corporate transaction costs, gain/loss on investment properties, depreciation and variable lease payments and the share of associate's depreciation, interest and tax. Management considers this presentation to be representative of the underlying performance of the business, as it removes the income statement impact of items not fully controllable by management, such as the revaluation of derivatives and investment properties, and the impact of exceptional credits, costs and finance charges. A reconciliation of statutory operating profit to Underlying EBITDA can be found in the financial review 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 basic net assets per share is an EPRA measure. EPRA basic NAV has been superseded and has transitioned to three new measures: EPRA Net Reinstatement Value ("NRV"); EPRA Net Tangible Asset ("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.
- 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:

	2021 £'m	2020 £'m
Self storage income	**154.3**	132.2
Insurance income	**22.3**	19.4
Other non-storage income	**10.2**	10.7
Total revenue	**186.8**	162.3

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 three operating segments, based on geographical areas, being the United Kingdom, Paris in France and Barcelona in Spain.

The chief operating decision maker, being the Executive Directors, identified in accordance with the requirements of IFRS 8, assesses the performance of the operating segments on the basis of Underlying EBITDA, which is defined as operating profit before exceptional items, share-based payments, corporate transaction costs, gain/loss on investment properties, depreciation and variable lease payments, and the share of associate's depreciation, interest and tax.

The operating profits and assets include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Year ended 31 October 2021	**UK £'m**	**Paris £'m**	**Spain £'m**	**Group £'m**
Continuing operations				
Revenue	**144.1**	**39.9**	**2.8**	**186.8**
Share of profit in associates	**—**	**—**	**—**	**—**
Underlying EBITDA	**89.1**	**27.2**	**1.7**	**118.0**
Exceptional items	**—**	**(1.9)**	**—**	**(1.9)**
Share-based payments	**(16.1)**	**(2.2)**	**—**	**(18.3)**
Variable lease payments and depreciation	**(1.1)**	**(0.3)**	**—**	**(1.4)**
Share of associate's depreciation, interest and tax	**(0.5)**	**—**	**—**	**(0.5)**
Operating profit before gain on investment properties	**71.4**	**22.8**	**1.7**	**95.9**
Gain on investment properties	**260.5**	**56.0**	**4.6**	**321.1**
Operating profit	**331.9**	**78.8**	**6.3**	**417.0**
Net finance expense	**(10.5)**	**(1.8)**	**(0.1)**	**(12.4)**
Profit before tax	**321.4**	**77.0**	**6.2**	**404.6**
Total assets	**1,617.9**	**474.1**	**25.3**	**2,117.3**

Year ended 31 October 2020	UK £'m	Paris £'m	Spain £'m	Group £'m
Continuing operations				
Revenue	121.3	38.8	2.2	162.3
Share of profit in associates	—	—	—	—
Underlying EBITDA	67.5	25.0	1.4	93.9
Exceptional items	(0.3)	0.1	—	(0.2)
Share-based payments	(5.8)	(0.7)	—	(6.5)
Variable lease payments and depreciation	(0.9)	(0.3)	—	(1.2)
Share of associate's depreciation, interest and tax	(0.3)	—	—	(0.3)
Operating profit before gain on investment properties	60.2	24.1	1.4	85.7
Gain on investment properties	79.7	47.1	(0.3)	126.5
Operating profit	139.9	71.2	1.1	212.2
Net finance expense	(12.1)	(2.1)	(0.1)	(14.3)
Profit before tax	127.8	69.1	1.0	197.9
Total assets	1,244.4	435.9	20.8	1,701.1

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.

4. Exceptional items

	2021 £'m	2020 £'m
Costs relating to corporate transactions and exceptional property taxation	**(1.9)**	(0.3)
Other exceptional items	**—**	0.1
Net exceptional cost	**(1.9)**	(0.2)

A net exceptional cost of £1.9 million (FY2020: £0.2 million) was incurred in the year, in relation to a provision for potential liabilities in respect of the French commercial tax audit of financial years 2012 to 2020 as described further in note 19 (FY2020: £0.3 million relating to fees associated with the Group's acquisitions in the year and exceptional legal and employment related costs less £0.1 million compensation received from a landlord in respect of water damage in France).

5. Finance income and costs

	2021 £'m	2020 £'m
Finance income		
Interest receivable from loan to associates	**0.1**	0.1
Financial instruments income	**0.5**	0.2
Underlying finance income	**0.6**	0.3
Net exchange gains	**—**	0.2
Total finance income	**0.6**	0.5
Finance costs		
Interest payable on bank loans and overdraft	**(9.7)**	(9.1)
Amortisation of debt issuance costs on bank loan	**(0.4)**	(0.3)
Underlying finance charges	**(10.1)**	(9.4)
Interest on obligations under lease liabilities	**(5.2)**	(5.6)
Fair value gain of derivatives	**2.9**	0.2
Net exchange losses	**(0.6)**	—
Total finance costs	**(13.0)**	(14.8)
Net finance costs	**(12.4)**	(14.3)

Included within interest payable of £9.7 million (FY2020: £9.1 million) is £0.6 million (FY2020: £0.3 million) of interest relating to derivative financial instruments that are economically hedging the Group's borrowings. The total change in fair value of derivatives reported within net finance costs for the year is a £2.9 million net gain (FY2020: £0.2 million net gain). Included within finance income is £0.9 million, received on settlement of the €7.0 million and €7.5 million average rate forward contract acquired in March 2020 and settled in April 2021 and October 2021 respectively less the £0.4 million fair value of these forward contracts held at 31 October 2020.

6. Income tax charge

Analysis of tax charge in the year:

	2021 £'m	2020 £'m
Current tax:		
– current year	**5.5**	5.2
– prior year	**—**	(2.4)
	5.5	2.8
Deferred tax:		
– current year	**17.1**	17.1
– prior year	**—**	—
	17.1	17.1
Tax charge	**22.6**	19.9

Reconciliation of income tax charge

The tax for the period is lower (FY2020: lower) than the standard effective rate of corporation tax in the UK for the year ended 31 October 2021 of 19.0% (FY2020: 19.0%). The differences are explained below:

	2021 £'m	2020 £'m
Profit before tax	**404.6**	197.9
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.0% (FY2020: 19.0%)	**76.9**	37.6
Effect of:		
– permanent differences	**3.6**	0.3
– profits from the tax exempt business	**(63.5)**	(24.2)
– deferred tax arising on acquisition of overseas subsidiary	**—**	3.0
– difference from overseas tax rates	**6.4**	5.6
– prior year adjustments – exceptional	**—**	(2.4)
– utilisation of unrecognised brought forward tax losses	**(0.8)**	—
Tax charge	**22.6**	19.9

The Group is a UK real estate investment trust ("REIT"). As a result, the Group is exempt from UK corporation tax on the profits and gains from its qualifying property rental business in the UK, providing it meets certain conditions. Non-qualifying profits and gains of the Group remain subject to corporation tax as normal. The Group monitors its compliance with the REIT conditions. There have been no breaches of the conditions to date.

The main rate of corporation tax in the UK is 19%. Accordingly, the Group's results for this accounting period are taxed at an effective rate of 19.0% (FY2020: 19.0%). Following the Finance Bill 2021, the main rate of corporation tax will increase from 19% to 25% from 1 April 2023. There will be no deferred taxation impact in respect of this change in taxation rates.

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

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

7. Dividends per share

The dividend paid in 2021 was £42.6 million (20.20 pence per share) (FY2020: £37.7 million (17.90 pence per share)). A final dividend in respect of the year ended 31 October 2021 of 17.60 pence (FY2020: 12.70 pence) per share, amounting to a total final dividend of £37.0 million (FY2020: £26.7 million), is to be proposed at the AGM on 16 March 2022. The ex-dividend date will be 3 March 2022 and the record date will be 4 March 2022 with an intended payment date of 7 April 2022. The final dividend has not been included as a liability at 31 October 2021.

The Property Income Distribution ("PID") element of the final dividend is 17.60 pence (FY2020: 12.70 pence), making the PID payable for the year 25.10 pence (FY2020: 18.60 pence) per share.

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 2021			Year ended 31 October 2020		
	Earnings £'m	**Shares million**	**Pence per share**	Earnings £'m	Shares million	Pence per share
Basic	**382.0**	**210.8**	**181.2**	178.0	210.4	84.6
Dilutive securities	**—**	**5.8**	**(4.8)**	—	1.4	(0.6)
Diluted	**382.0**	**216.6**	**176.4**	178.0	211.8	84.0

Adjusted Earnings per Share

Explanations related to the adjusted earnings measures adopted by the Group are set out in note 1 under the heading Non-GAAP financial information. Adjusted EPS represents profit after tax adjusted for the valuation movement on investment properties, exceptional items, change in fair value of derivatives, exchange gains/losses, unwinding of the discount on the CGS receivable and the associated tax thereon. The Directors consider that these alternative measures provide useful information on the performance of the Group.

EPRA earnings and Earnings per Share before non-recurring items, movements on revaluations of investment properties and changes in the fair value of derivatives have been disclosed to give a clearer understanding of the Group's underlying trading performance.

	Year ended 31 October 2021			Year ended 31 October 2020		
	Earnings £'m	**Shares million**	**Pence per share**	Earnings £'m	Shares million	Pence per share
Basic	**382.0**	**210.8**	**181.2**	178.0	210.4	84.6
Adjustments:						
Gain on investment properties	**(321.1)**	**—**	**(152.3)**	(126.5)	—	(60.1)
Exceptional items	**1.9**	**—**	**0.9**	0.2	—	0.1
Net exchange loss/(gain)	**0.6**	**—**	**0.3**	(0.2)	—	(0.1)
Change in fair value of derivatives	**(2.9)**	**—**	**(1.4)**	(0.2)	—	(0.1)
Tax on adjustments	**16.1**	**—**	**7.6**	13.9	—	6.6
Adjusted	**76.6**	**210.8**	**36.3**	65.2	210.4	31.0
EPRA adjusted:						
Fair value re-measurement of lease liabilities add-back	**(7.4)**	**—**	**(3.5)**	(6.9)	—	(3.3)
Tax on lease liabilities add-back adjustment	**1.0**	**—**	**0.5**	0.8	—	0.4
Adjusted EPRA basic EPS	**70.2**	**210.8**	**33.3**	59.1	210.4	28.1
Share-based payments charge	**18.3**	**—**	**8.7**	6.5	—	3.1
Dilutive shares	**—**	**7.5**	**(1.5)**	—	6.8	(1.0)
Adjusted Diluted EPRA EPS[1]	**88.5**	**218.3**	**40.5**	65.6	217.2	30.2

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 £7.4 million (FY2020: £6.9 million) and the related tax thereon of £1.0 million (FY2020: £0.8 million). As an industry standard measure, EPRA earnings is presented. EPRA earnings of £70.2 million (FY2020: £59.1 million) and EPRA Earnings per Share of 33.3 pence (FY2020: 28.1 pence) are calculated after further adjusting for these items.

EPRA adjusted income statement (non-statutory)	2021 £'m	2020 £'m	Movement %
Revenue	**186.8**	162.3	15.1
Underlying operating expenses (excluding depreciation and variable lease payments)	**(69.3)**	(68.7)	66.7
Share of associate's Underlying EBITDA	**0.5**	0.3	0.9
Underlying EBITDA before variable lease payments	**118.0**	93.9	25.7
Share-based payments charge	**(18.3)**	(6.5)	181.5
Depreciation and variable lease payments	**(1.4)**	(1.2)	16.7
Operating profit before fair value re-measurement lease liabilities add-back	**98.3**	86.2	14.0
Fair value re-measurement of lease liabilities add-back	**(7.4)**	(6.9)	7.2
Operating profit	**90.9**	79.3	14.6
Net financing costs	**(14.7)**	(14.7)	0.0
Share of associate's finance charges	**(0.5)**	(0.2)	150.0
Profit before income tax	**75.7**	64.4	17.5
Income tax	**(5.5)**	(5.2)	5.8
Share of associate's tax	**—**	(0.1)	(100.0)
Profit for the year ("Adjusted EPRA basic earnings")	**70.2**	59.1	18.8
Adjusted EPRA basic EPS	**33.3 pence**	28.1 pence	18.5
Final dividend per share	**17.60 pence**	12.70 pence	38.6

9. Investment in associates

	2021 £'m	2020 £'m
CERF Storage JV B.V.	**6.2**	5.3
PBC Les Groues SAS	**1.0**	—
	7.2	5.3

CERF Storage JV B.V.

The Group acquired a 20% interest in CERF Storage JV B.V. ("CERF"), a company registered and operating in the Netherlands. CERF is accounted for using the equity method of accounting. CERF invests in carefully selected self storage opportunities in Europe. The Group will earn a fee for providing management services to CERF. This investment is considered immaterial relative to the Group's underlying operations.

The aggregate carrying value of the Group's interest in the associate was £8.9 million (FY2020: £7.3 million), made up of an investment of £6.2 million (FY2020: £5.3 million), a loan to the associate including interest accrued of £2.7 million (FY2020: £1.9 million) and other receivables of £nil (FY2020: £0.1 million) (note 22). The Group's share of profits from continuing operations for the period was £nil (FY2020: £nil). The Group's share of total comprehensive income of associates in the year was £nil (FY2020: £nil).

PBC Les Groues SAS

During the period the Group acquired a 24.9% interest in PBC Les Groues SAS ("PBC"), a company registered and operating in France. PBC is accounted for using the equity method of accounting. PBC is the parent company of Nanterre FOCD 92, a company also registered and operating in France, which will be developing a new store as part of a wider development programme located in Paris. The development project will be managed by its joint venture partners; therefore, the Group will have no operational liability during this phase. During the period the Group has invested £1.0 million (€1.2 million) into this investment. The investment is considered immaterial relative to the Group's underlying operations.

The aggregate carrying value of the Group's interest in PBC was £1.0 million (FY2020: £nil), made up of an investment of £1.0 million (FY2020: £nil) (note 22). The Group's share of profits from continuing operations for the period was £nil (FY2020: £nil). The Group's share of total comprehensive income of associates for the period was £nil (FY2020: £nil). The Group's share of total comprehensive income of associates in the year was £nil (FY2020: £nil).

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 2020	1,557.5	76.9	14.0	1,648.4
Additions	19.5	14.1	57.9	91.5
Reclassifications	3.7	—	(3.7)	—
Revaluations	329.0	—	(0.5)	328.5
Fair value re-measurement of lease liabilities add-back	—	(7.4)	—	(7.4)
Exchange movements	(27.9)	(1.5)	(0.3)	(29.7)
At 31 October 2021	**1,881.8**	**82.1**	**67.4**	**2,031.3**

	External valuation of investment properties, net of lease liabilities £'m	Add-back of lease liabilities £'m	Investment property under construction £'m	Total investment properties £'m
At 1 November 2019	1,331.8	63.5	13.9	1,409.2
IFRS 16 day one transition adjustment	—	9.4	—	9.4
Additions	42.2	3.9	14.5	60.6
Acquisition of subsidiary	14.6	10.0	—	24.6
Disposals	—	—	—	—
Reclassifications/purchase of freehold	14.5	(4.4)	(10.1)	—
Revaluations	137.7	—	(4.3)	133.4
Fair value re-measurement of lease liabilities add-back	—	(6.9)	—	(6.9)
Exchange movements	16.7	1.4	—	18.1
At 31 October 2020	1,557.5	76.9	14.0	1,648.4

The gain on investment properties comprises:

	2021 £'m	2020 £'m
Revaluations of investment property and investment property under construction	**328.5**	133.4
Fair value re-measurement of lease liabilities add-back	**(7.4)**	(6.9)
	321.1	126.5

	Cost £'m	Revaluation on cost £'m	Valuation £'m
Freehold stores			
At 1 November 2020	630.2	618.2	1,248.4
Movement in year	54.6	228.6	283.2
At 31 October 2021	**684.8**	**846.8**	**1,531.6**
Leasehold stores			
At 1 November 2020	122.9	186.2	309.1
Movement in year	4.7	36.4	41.1
At 31 October 2021	**127.6**	**222.6**	**350.2**
All stores			
At 1 November 2020	753.1	804.4	1,557.5
Movement in year	59.3	265.0	324.3
At 31 October 2021	**812.4**	**1,069.4**	**1,881.8**

The valuation of £1,881.8 million (FY2020: £1,557.5 million) excludes £0.6 million in respect of owner-occupied property, which is included within property, plant and equipment. Rental income earned from investment properties for the year ended 31 October 2021 was £155.5 million (FY2020: £135.2 million).

The Group has classified the investment property and investment property under construction, held at fair value, within Level 3 of the fair value hierarchy. There were no transfers to or from Level 3 during the year.

As described in note 1 summary of significant accounting policies, where the valuation obtained for investment property is net of all payments to be made, it is necessary to add back the lease liability to arrive at the carrying amount of investment property at fair value. The lease liability of £82.3 million (FY2020: £77.2 million) per note 15 differs to the £82.1 million (FY2020: £76.9 million) disclosed above as a result of accounting for the French Head Office lease under IFRS 16. This lease is included as part of property, plant and equipment, and has a net book value of £0.2 million as at 31 October 2021 (FY2020: £0.3 million).

All direct operating expenses (excluding depreciation) arising from investment property that generated rental income as outlined in note 3 were £68.5 million (FY2020: £67.9 million).

The freehold and leasehold investment properties have been valued as at 31 October 2021 by external valuers, Cushman & Wakefield Debenham Tie Leung Limited ("C&W"). The valuation has been carried out in accordance with the current edition of the RICS Valuation – Global Standards, which incorporates the International Valuation Standards and the RICS Valuation UK National Supplement (the "RICS Red Book"). The valuation of each of the investment properties has been prepared on the basis of fair value

as a fully equipped operational entity, having regard to trading potential. Two non-trading properties were valued on the basis of fair value. The valuation has been provided for accounts purposes and, as such, is a Regulated Purpose Valuation as defined in the RICS Red Book. In compliance with the disclosure requirements of the RICS Red Book, C&W has confirmed that:

- the member of the RICS who has been the signatory to the valuations provided to the Group for the same purposes as this valuation has done so since April 2020. The valuations have been reviewed by an internal investment committee comprising two valuation partners and an investment partner, all unconnected with the assignment;
- C&W has been carrying out regular valuations for the same purpose as this valuation on behalf of the Group since October 2006;
- C&W does not provide other significant professional or agency services to the Group;
- in relation to the preceding financial year of C&W, the proportion of total fees payable by the Group to the total fee income of the firm is less than 5%; and
- the fee payable to C&W is a fixed amount per property and is not contingent on the appraised value.

Market uncertainty

C&W's valuation report comments on valuation uncertainty resulting from low liquidity in the market for self storage property. C&W believes that this is due to a lack of supply of good quality stock rather than a weakness of demand for the same. Very few property transactions have taken place and most activity that has occurred in this sector has been corporate. Due to this lack of comparable market information in the self storage sector, C&W has had to exercise more than the usual degree of judgement in arriving at its opinion of value.

Portfolio premium

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

Valuation method and assumptions

The valuation of the operational self storage facilities has been prepared having regard to trading potential. Cash flow projections have been prepared for all of the properties reflecting estimated absorption, revenue growth and expense inflation. A discounted cash flow method of valuation based on these cash flow projections has been used by C&W to arrive at its opinion of fair value for these properties.

C&W has adopted different approaches for the valuation of the leasehold and freehold assets as follows:

Freehold and long leasehold (UK, Paris and Spain)

The valuation is based on a discounted cash flow of the net operating income over a ten-year period and a notional sale of the asset at the end of the tenth year.

Assumptions:

- Net operating income is based on projected revenue received less projected operating costs together with a central administration charge of 6% of the estimated annual revenue, subject to a cap and collar. The initial net operating income is calculated by estimating the net operating income in the first twelve months following the valuation date.
- The net operating income in future years is calculated assuming either straight-line absorption from day one actual occupancy or variable absorption over years one to four of the cash flow period, to an estimated stabilised/mature occupancy level. In the valuation the assumed stabilised occupancy level for the trading stores (both freeholds and all leaseholds) open at 31 October 2021 averages 89.10% (FY2020: 87.09%). The projected revenues and costs have been adjusted for estimated cost inflation and revenue growth. The average time assumed for stores to trade at their maturity levels is 18.27 months (FY2020: 23.79 months).
- The capitalisation rates applied to existing and future net cash flows have been estimated by reference to underlying yields for industrial and retail warehouse property, yields for other trading property types such as purpose-built student housing and hotels, bank base rates, ten-year money rates, inflation and the available evidence of transactions in the sector. The valuation included in the accounts assumes rental growth in future periods. If an assumption of no rental growth is applied to the external valuation, the net initial yield pre-administration expenses for mature stores (i.e. excluding those stores categorised as "developing") is 6.73% (FY2020: 6.60%), rising to a stabilised net yield pre-administration expenses of 6.90% (FY2020: 7.41%).
- The weighted average freehold exit yield on UK freeholds is 6.07% (FY2020: 6.40%), on France freeholds is 5.88% (FY2020: 6.27%) and on Spain freeholds is 5.38% (FY2020: 5.62%). The weighted average freehold exit yield for all freeholds adopted is 6.03% (FY2020: 6.37%).
- The future net cash flow projections (including revenue growth and cost inflation) have been discounted at a rate that reflects the risk associated with each asset. The weighted average annual discount rate adopted (for both freeholds and leaseholds) in the UK portfolio is 8.62% (FY2020: 9.44%), in the France portfolio is 8.98% (FY2020: 9.51%) and in the Spain portfolio is 7.87% (FY2020: 8.12%). The weighted average annual discount rate adopted (for both freeholds and all leaseholds) is 8.72% (FY2020: 9.46%).
- Purchaser's costs in the range of approximately 3.3% to 6.8% for the UK, 7.5% for Paris and 2.5% for Spain have been assumed initially, reflecting the progressive SDLT rates brought into force in March 2016 in the UK, and sales plus purchaser's costs totalling approximately 5.3% to 8.8% (UK), 9.5% (Paris) and 4.5% (Spain) are assumed on the notional sales in the tenth year in relation to freehold and long leasehold stores.

Short leaseholds (UK)

The same methodology has been used as for freeholds, except that no sale of the assets in the tenth year is assumed but the discounted cash flow is extended to the expiry of the lease. The average unexpired term of the Group's UK short term leasehold properties is 12.2 years (FY2020: 12.0 years). The average unexpired term excludes the commercial leases in France and Spain.

Short leaseholds (Paris)

In relation to the commercial leases in Paris, C&W has valued the cash flow projections in perpetuity due to the security of tenure arrangements in that market and the potential compensation arrangements in the event of the landlord wishing to take possession. The valuation treatment is therefore the same as for the freehold properties. The capitalisation rates on these stores reflect the risk of the landlord terminating the lease arrangements.

Short leaseholds (Spain)

In relation to the two commercial leases in Spain, C&W has valued the cash flow projections in perpetuity due to the nature of the lease agreements which allows the tenant to renew the lease year on year into perpetuity. The valuation treatment is therefore the same as for the freehold properties. The capitalisation rates on these stores reflect the risk of the rolling lease arrangements.

In relation to one other short leasehold in Spain, the lease allows for a five-year automatic extension beyond the initial lease expiry date subject to neither party serving notice stating it does not wish to do so. This allows the landlord to terminate the lease at the original expiry date if it so wishes. The same methodology has been used as for freeholds, except that no sale of the asset in the tenth year is assumed but the discounted cash flow is extended to the expiry of the lease.

Investment properties under construction

C&W has valued the stores in development adopting the same methodology as set out above but on the basis of the cash flow projection expected for the store at opening and allowing for the outstanding costs to take each store from its current state to completion and full fit out, except several recently acquired stores which have been valued at acquisition costs. C&W has allowed for carry costs and construction contingency, as appropriate.

Immature stores: value uncertainty

C&W has assessed the value of each property individually. However, three of the stores in the portfolio are relatively immature and have low initial cash flow. C&W has endeavoured to reflect the nature of the cash flow profile for these properties in its valuation, and the higher associated risks relating to the as yet unproven future cash flow, by adjustment to the capitalisation rates and discount rates adopted. However, immature low cash flow stores of this nature are rarely, if ever, traded individually in the market, unless as part of a distressed sale or similar situation, although, there is more evidence of such stores being traded as part of a group or portfolio transaction.

C&W considers there to be market uncertainty in the self storage sector due to the lack of comparable market transactions and information. The degree of uncertainty relating to the three immature stores is greater than in relation to the balance of the properties due to there being even less market evidence than might be available for more mature properties and portfolios.

C&W states that, in practice, if an actual sale of the properties was to be contemplated then any immature low cash flow stores would normally be presented to the market for sale lotted or grouped with other more mature assets owned by the same entity, in order to alleviate the issue of negative or low short term cash flow. This approach would enhance the marketability of the group of assets and assist in achieving the best price available in the market by diluting the cash flow risk.

C&W has not adjusted its opinion of fair value to reflect such a grouping of the immature assets with other properties in the portfolio and all stores have been valued individually. However, C&W highlights the matter to alert the Group to the manner in which the properties might be grouped or lotted in order to maximise their attractiveness to the marketplace.

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

Valuation assumption for purchaser's costs

The Group's investment property assets have been valued for the purposes of the financial statements after adjusting for notional purchaser's costs in the range of approximately 3.3% to 6.8% (UK), 7.5% (Paris) and 2.5% (Spain), as if they were sold directly as property assets. The valuation is an asset valuation which is strongly linked to the operating performance of the business. They would have to be sold with the benefit of operational contracts, employment contracts and customer contracts, which would be difficult to achieve except in a corporate structure.

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 involve a degree of judgement. All other factors being equal, higher net operating income would lead to an increase in the valuation of a store and an increase in the capitalisation rate or discount rate would result in a lower valuation, and vice versa. Higher assumptions for stabilised occupancy, absorption rate, rental rate and other revenue, and a lower assumption for operating costs, would result in an increase in projected net operating income, and thus an increase in valuation.

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

As noted in "Key sources of estimation uncertainty", self storage valuations are complex, derived from data which is not widely available and involve a degree of judgement. For these reasons we have classified the valuation of our property portfolio as Level 3 as defined by IFRS 13. Inputs to the valuation, some of which are "unobservable" as defined by IFRS 13, include capitalisation yields, stable occupancy rates, and time to stabilised occupancy. The existence of an increase of more than one unobservable input would

augment the impact on the valuation. The impact on the valuation would be mitigated by the inter-relationship between unobservable inputs moving in opposite directions. For example, an increase in stable occupancy may be offset by an increase in yield, resulting in no net impact on the valuation. A sensitivity analysis showing the impact on valuations of changes in capitalisation rates and stable occupancy is shown below:

	Impact of change in capitalisation rates £'m		Impact of a change in stabilised occupancy assumption £'m		Impact of a delay in stabilised occupancy assumption £'m
	25 bps decrease	25 bps increase	1% increase	1% decrease	24-month delay
Reported Group	40.1	(36.4)	29.3	(29.0)	(10.1)

11. Net assets per share

In October 2019, EPRA issued new Best Practices Recommendations guidelines for Net Asset Value ("NAV") metrics; these recommendations are effective for accounting periods starting on 1 January 2020 and thereafter and have been adopted by the Group this year.

EPRA have introduced three new NAV metrics: EPRA Net Tangible Assets ("NTA"), EPRA Net Reinstatement Value ("NRV") and EPRA Net Disposal Value ("NDV").

EPRA NTA is considered to be the most relevant measure for the Group's business which provides sustainable long-term progressive returns and is now the primary measure of net assets, replacing the previously reported EPRA NAV metric. EPRA NTA assumes that entities buy and sell assets, thereby crystallising certain levels of unavoidable deferred tax. Due to the Group's REIT status, deferred tax is only provided at each balance sheet date on properties outside the REIT regime. As a result, deferred taxes are excluded from EPRA NTA for properties within the REIT regime. For properties outside of the REIT regime, deferred tax is included to the extent that it is expected to crystallise, based on the Group's track record and tax structuring.

There are no reconciling items between EPRA NTA and the previously reported EPRA NAV metric. EPRA NTA is shown in the table below:

	2021		2020	
	£'m	**Diluted pence per share**	£'m	Diluted pence per share
Balance sheet net assets	**1,374.9**	**635**	1,035.6	489
Adjustments to exclude:				
Fair value of derivative financial instruments (net of deferred tax)	**(2.0)**		0.4	
Deferred tax liabilities on the revaluation of investment properties	**96.9**		84.8	
EPRA NTA	**1,469.8**	**679**	1,120.8	529
Basic net assets per share		**652**		492
EPRA basic NTA per share		**697**		532

The basic and diluted net assets per share have been calculated based on the following number of shares:

	2021 Number	2020 Number
Share in issue		
At year end	**210,823,703**	210,611,207
Adjustment for Employee Benefit Trust (treasury) shares	**(41,259)**	(32,698)
IFRS/EPRA number of shares (basic)	**210,782,444**	210,578,509
Dilutive effect of Save As You Earn shares	**109,100**	163,432
Dilutive effect of Long Term Incentive Plan shares	**5,706,061**	1,237,331
IFRS/EPRA number of shares (diluted)	**216,597,605**	211,979,272

Basic net assets per share is shareholders' funds divided by the number of shares at the year end. Diluted net assets per share is shareholders' funds divided by the number of shares at the year end, adjusted for dilutive share options of 5,815,161 shares (FY2020: 1,400,763 shares). EPRA diluted net assets per share excludes deferred tax liabilities arising on the revaluation of investment properties. The EPRA NAV, which further excludes fair value adjustments for debt and related derivatives net of deferred tax, was £1,469.8 million (FY2020: £1,120.8 million), giving EPRA NTA per share of 679pence (FY2020: 529 pence). The Directors consider that these alternative measures provide useful information on the performance of the Group.

EPRA adjusted balance sheet (non-statutory)

	2021 £'m	2020 £'m
Assets		
Non-current assets	**2,042.5**	1,657.1
Current assets	**72.6**	43.1
Total assets	**2,115.1**	1,700.2
Liabilities		
Current liabilities	**(88.4)**	(59.7)
Non-current liabilities	**(557.0)**	(519.7)
Total liabilities	**(645.4)**	(579.4)
EPRA adjusted net asset value	**1,469.7**	1,120.8
EPRA adjusted basic net assets per share	**697 pence**	532 pence

12. Cash and cash equivalents

	2021 £'m	2020 £'m
Cash at bank and in hand	**43.2**	19.6

13. Financial liabilities – bank borrowings and secured notes

Non-current	**2021 £'m**	2020 £'m
Bank loans and secured notes		
Secured	**486.5**	456.0
Debt issue costs	**(1.8)**	(1.5)
	484.7	454.5

The Group's borrowings consist of bank facilities of £250 million and €70 million maturing in June 2023. On 7 May 2021, the Group extended its borrowing facilities with the issuance of new Sterling and Euro denominated US Private Placement Notes to a group of existing institutional investors. In June 2021 additional US Private Placement Notes were issued of £20 million and €29 million, maturing in 2028. In August 2021 additional US Private Placement Notes were issued of £80 million and €29 million, maturing in 2031 and 2033 respectively. The Group now has US Private Placement Notes of €253 million (FY2020: €195 million) which have maturities extending to 2024, 2026, 2027, 2028 and 2033 and £215.5 million (FY2020: £115.5 million) which have maturities extending to 2026, 2028, 2029 and 2031. The blended cost of interest on the overall debt at 31 October 2020 was 2.36% per annum.

For accounting periods starting from 1 January 2020 the benchmark Interbank Offered Rates ("IBORs"), such as LIBOR has been replaced by new official benchmark rates, known as alternative risk free rates ("RFR"). The RFR that has been introduced applicable to the Group is the Standard Overnight Index Average ("SONIA").

The bank facilities attract a margin over SONIA/EURIBOR. The margin ratchets between 1.25% and 2.50%, by reference to the Group's performance against its interest cover covenant. Approximately 50% of the drawn bank facilities have been hedged at an effective rate of 0.8152% (SONIA) or 0.1656% (EURIBOR).

The Company has in issue €50.9 million (FY2020: €50.9 million) 1.59% Series A Senior Secured Notes due 2024, €70.0 million (FY2020: €70.0 million) 1.26% Series A Secured Notes due 2026, £35.0 million (FY2020: £35.0 million) 2.59% Series B Senior Secured Notes due 2026, €74.1 million (FY2020: €74.1 million) 2.00% Series B Senior Secured Notes due 2027, £20.0 million (FY2020: £nil) 1.96% Series A Secured Notes due 2028, €29 million (FY2020: €nil) 0.93% Series B Secured Notes due 2028, £50.5 million (FY2020: £50.5 million) 2.92% Series C Senior Secured Notes due 2029, £30.0 million (FY2020: £30.0 million) 2.69% Series C Senior Secured Notes due 2029, £80.0 million (FY2020: £nil) 2.39% Series C Secured Notes due 2031 and €29.0 million (FY2020: €nil) 1.42% Series D Secured Notes due 2033. The €253.0 million of Euro denominated borrowings provides a natural hedge against the Group's investment in the France and Spain businesses, so the Group has applied net investment hedge accounting and the retranslation of these borrowings is recognised directly in the translation reserve.

The bank loans and overdrafts are secured by a fixed charge over the Group's investment property portfolio. As part of the Group's interest rate management strategy, the Group has entered into several interest rate swap contracts, details of which are shown in note 14.

Bank loans and secured notes are stated before unamortised issue costs of £1.8 million (FY2020: £1.5 million).

Bank loans and secured notes are repayable as follows:

	Group	
	2021	2020
	£'m	£'m
Between one and two years	**57.3**	—
Between two and five years	**137.1**	210.8
After more than five years	**292.1**	245.2
Bank loans and secured notes	**486.5**	456.0
Unamortised debt issue costs	**(1.8)**	(1.5)
	484.7	454.5

The effective interest rates at the balance sheet date were as follows:

	2021	2020
Bank loans (UK term loan)	**Quarterly or monthly SONIA plus 1.25%**	Quarterly or monthly LIBOR plus 1.25%
Bank loans (Euro term loan)	**Quarterly EURIBOR plus 1.25%**	Quarterly EURIBOR plus 1.25%
Private Placement Notes (Euros)	**Weighted average rate of 1.52%**	Weighted average rate of 1.63%
Private Placement Notes (Sterling)	**Weighted average rate of 2.55%**	Weighted average rate of 2.76%

Borrowing facilities

The Group has the following undrawn committed borrowing facilities available at 31 October in respect of which all conditions precedent had been met at that date:

	Floating rate	
	2021	2020
	£'m	£'m
Expiring beyond one year	**251.8**	148.0

As described above the Group's bank facilities mature in June 2023.

The carrying amounts of the Group's borrowings are denominated in the following currencies:

	2021	2020
	£'m	£'m
Sterling	**247.5**	253.5
Euros	**239.0**	202.5
	486.5	456.0

14. Financial instruments

Financial instruments disclosures are set out below:

	2021		2020	
	Asset	**Liability**	Asset	Liability
	£'m	**£'m**	£'m	£'m
Interest rate swaps	**0.3**	**(0.2)**	—	(1.4)
Foreign currency forwards	**1.9**	**—**	0.9	—

The fair value of financial instruments that are not traded in an active market, such as over the counter derivatives, is determined using valuation techniques. The Group obtains such valuations from counterparties which use a variety of assumptions based on market conditions existing at each balance sheet date.

The fair values of all financial instruments are equal to their book value, with the exception of bank loans, which are set out below. The fair value of secured loan notes is determined using a discounted cash flow, while the fair value of bank loans drawn from the Group's bank facilities equates to book value. The carrying value less impairment provision of trade receivables, other receivables and the carrying value of trade payables and other payables approximate to their fair value.

The fair value of bank loans is calculated as:

	2021		2020	
	Book value	**Fair value**	Book value	Fair value
	£'m	**£'m**	£'m	£'m
Bank loans	**484.7**	**543.9**	454.5	495.3

Fair value hierarchy

IFRS 13 requires fair value measurements to be recognised using a fair value hierarchy that reflects the significance of the inputs used in the measurements, according to the following levels:

Level 1 – unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 – inputs for the asset or liability that are not based on observable market data.

The table below shows the level in the fair value hierarchy into which fair value measurements have been categorised:

Assets per the balance sheet	**2021 £'m**	2020 £'m
Derivative financial instruments – Level 2	**2.2**	0.9
Amounts due from associates – Level 2	**2.7**	2.0

Liabilities per the balance sheet	**2021 £'m**	2020 £'m
Derivative financial instruments – Level 2	**0.2**	1.4
Bank loans – Level 2	**543.9**	495.3

There were no transfers between Levels 1, 2 and 3 fair value measurements during the current or prior year.

Over the life of the Group's derivative financial instruments, the cumulative fair value gain/loss on those instruments will be £nil as it is the Group's intention to hold them to maturity.

Interest rate swaps not designated as part of a hedging arrangement

The notional principal amounts of the outstanding interest rate swap contracts at 31 October 2021 were £55 million and €30 million (FY2020: £55 million and €30 million). At 31 October 2021 the weighted average fixed interest rates were Sterling at 0.8152% and Euro at 0.1656% (FY2020: Sterling at 0.8152% and Euro at 0.1656%), and floating rates are at quarterly SONIA and quarterly EURIBOR. The £55.0 million SONIA swaps and the EURIBOR swaps expire in June 2022, whilst a further £55.0 million SONIA forward-starting swaps become effective in June 2022 and expire in June 2023 and have a fixed interest rate of 0.6885%. The movement in fair value recognised in the income statement was a net gain of £1.5 million (FY2020: £0.8 million net loss).

Foreign currency forwards not designated as part of a hedging arrangement

As at 31 October 2021, the Group has three tranches of average rate forward contracts for a notional amount totalling €24.5 million at a rate of €1.0751 to the Pound (FY2020: five tranches totalling €39.0 million). The Group will receive the Sterling equivalent at this average exchange rate and pay the Sterling equivalent of the average monthly spot rates on the Euro notional amounts, which have maturity dates as follows: €8.0 million maturing 29 April 2022, €8.0 million maturing 31 October 2022 and €8.5 million maturing 28 April 2023. The movement in the fair value recognised in the income statement in the period was a gain of £1.4 million. The €7.0 million tranche previously held matured and was settled in April 2021, resulting in a fair value disposal of £0.2 million and a receipt of £0.3 million. The €7.5 million tranche previously held matured and was settled in October 2021, resulting in a fair value disposal of £0.2 million and a receipt of £0.6 million. This resulted in a net gain of £0.5 million recognised as finance income in the profit and loss.

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	20.9	—	20.9
Amounts due from associates	2.7	—	2.7
Derivative financial instruments	—	2.2	2.2
Cash and cash equivalents	43.2	—	43.2
At 31 October 2021	**66.8**	**2.2**	**69.0**

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 obligations under lease liabilities)	484.7	—	484.7
Obligations under lease liabilities	82.3	—	82.3
Derivative financial instruments	—	0.2	0.2
Payables and accruals	58.2	—	58.2
At 31 October 2021	**625.2**	**0.2**	**625.4**

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	15.0	—	15.0
Amounts due from associates	2.0	—	2.0
Derivative financial instruments	—	0.9	0.9
Cash and cash equivalents	19.6	—	19.6
At 31 October 2020	36.6	0.9	37.5

Liabilities per the balance sheet	Other financial liabilities at	Liabilities at fair value through	Total £'m

	amortised cost £'m	profit and loss £'m	
Borrowings (excluding obligations under lease liabilities)	454.5	—	454.5
Obligations under lease liabilities	77.2	—	77.2
Derivative financial instruments	—	1.4	1.4
Payables and accruals	31.5	—	31.5
At 31 October 2020	563.2	1.4	564.6

The interest rate risk profile, after taking account of derivative financial instruments, was as follows:

	2021			2020		
	Floating rate £'m	**Fixed rate £'m**	**Total £'m**	Floating rate £'m	Fixed rate £'m	Total £'m
Borrowings	—	**484.7**	**484.7**	81.5	373.0	454.5

The weighted average interest rate of the fixed rate financial borrowing was 2.01% (FY2020: 2.03%) and the weighted average remaining period for which the rate is fixed was six years (FY2020: six years).

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**
2021				
Borrowings	**10.6**	**67.4**	**162.1**	**313.4**
Derivative financial instruments	**0.3**	**0.3**	**—**	**—**
Obligations under lease liabilities	**12.9**	**11.5**	**30.9**	**58.8**
Payables and accruals	**58.2**	**—**	**—**	**—**
	82.0	**79.2**	**193.0**	**372.2**

	Less than one year £'m	One to two years £'m	Two to five years £'m	More than five years £'m
2020				
Borrowings	8.8	8.8	230.1	258.6
Derivative financial instruments	0.4	0.4	0.3	—
Obligations under lease liabilities	12.8	12.6	31.1	57.9
Payables and accruals	31.5	—	—	—
	53.5	21.8	261.5	316.5

15. Obligations under lease liabilities

The Group leases certain of its investment properties under lease liabilities. The average remaining lease term is 10.3 years (FY2020: 10.5 years).

	Minimum lease payments		Present value of minimum lease payments	
	2021 £'m	2020 £'m	**2021 £'m**	2020 £'m
Within one year	**12.9**	12.8	**12.3**	12.3
Within two to five years	**42.4**	43.7	**35.3**	35.6
Greater than five years	**58.8**	57.9	**34.7**	29.3
	114.1	114.4	**82.3**	77.2
Less: future finance charges on lease liabilities	**(31.8)**	(37.2)	**—**	—
Present value of lease liabilities	**82.3**	77.2	**82.3**	77.2

	2021 £'m	2020 £'m
Current	**12.3**	12.3
Non-current	**70.0**	64.9
	82.3	77.2

Amounts recognised within the consolidated income statement include interest on lease liabilities of £5.2 million and variable lease payments not included in the measurement of the lease liabilities of £0.4 million. Amounts recognised in the consolidated statement of cash flows include lease liabilities principal payments of £6.9 million and interest on lease liabilities of £5.2 million. The maturity analysis for obligations under lease liabilities under contractual undiscounted cash flows is included in note 14.

16. Called up share capital

	2021 £'m	2020 £'m
Called up, allotted and fully paid		
210,823,703 (FY2020: 210,611,207) ordinary shares of 1 pence each	**2.1**	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	**2021 £'m**	2020 £'m
Profit before income tax		**404.6**	197.9
Gain on investment properties	10	**(321.1)**	(126.5)
Share of profit in associates		**—**	—
Depreciation		**1.0**	0.9
Net finance expense	5	**12.4**	14.3
Employee share options		**8.6**	4.7
Changes in working capital:			
Increase in inventories		**(0.2)**	—
Increase in trade and other receivables		**(5.4)**	(0.1)
Increase in trade and other payables		**13.6**	4.3
Increase in provisions		**2.1**	—
Cash generated from continuing operations		**115.6**	95.5

18. Analysis of movement in gross and net debt

	2020 £'m	Cash flows £'m	Non-cash movements £'m	**2021 £'m**
Bank loans	(454.5)	(43.1)	12.9	**(484.7)**
Lease liabilities	(77.2)	7.5	(12.6)	**(82.3)**
Total gross debt (liabilities from financing activities)	(531.7)	(35.6)	0.3	**(567.0)**
Cash in hand	19.6	24.5	(0.9)	**43.2**
Total net debt	(512.1)	(11.1)	(0.6)	**(523.8)**

The table above details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated cash flow statement as cash flows from financing activities.

The cash flows from bank loans make up the net amount of proceeds from borrowings, repayment of borrowings and debt issuance costs.

Non-cash movements relate to the amortisation of debt issue costs of £0.4 million (FY2020: £0.3 million), foreign exchange movements of £12.4 million (FY2020: £8.3 million) and unwinding of discount to lease liabilities of £12.6 million (FY2020: £20.6 million (including IFRS 16 transition adjustments)).

19. Provisions

Following tax audits carried out on the Group's operations in Paris, the basis on which property taxes have been previously assessed was challenged by the French Tax Administration ("FTA") for financial years 2012 to 2013 and 2016 to 2020. Similar challenges from the FTA have also been made to other operators within the self storage industry. In March 2021, following the latest phase of litigation, the French Court of Appeal delivered its judgement on the Group's appeal. The ruling represented a partial success for the Group; however, a further appeal has been lodged with the French Supreme Court against those decisions on which the Group's appeal in the Court of Appeal was unsuccessful. A provision has been included in the consolidated financial accounts of £2.1 million at 31 October 2021 (FY2020: £nil) to reflect the increased uncertainty surrounding the likelihood of a fully successful outcome. Of the total provided, £1.9 million has been recorded as an exceptional charge in respect of financial years 2012 to 2020 and £0.2 million has been charged in relation to twelve months to 31 October 2021 within cost of sales (underlying EBITDA).

It is possible that the French tax authority may still appeal the decisions of the French Court of Appeal on which the Group was successful to the French Supreme Court. Based on our analysis of the relevant information, the maximum potential exposure in relation to these issues at 31 October 2021 is £2.7 million (FY2020: £4.2 million). No provision for any potential exposure has been recorded in the consolidated financial statements since the Group believes it is more likely than not that a successful outcome will be achieved resulting in no eventual additional liabilities.

Bank guarantees to cover any potential additional tax assessment are currently being put in place, of which guarantees totalling £1.3 million have been put in place as at 31 October 2021 (FY2020: £0.6 million).

20. Contingent liabilities

As part of the Group banking facility, the Company has guaranteed the borrowings totalling £486.5 million (FY2020: £456.0 million) of fellow Group undertakings by way of a charge over all of its property and assets. There are similar cross-guarantees provided by the Group companies in respect of any bank borrowings which the Company may draw under a Group facility agreement. The financial liability associated with this guarantee is considered remote and therefore no provision has been recorded.

The Group also has a contingent liability in respect of property taxation in the French subsidiary as disclosed in note 19.

21. Capital commitments

The Group had £98.6 million of capital commitments as at 31 October 2021 (FY2020: £15.3 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 CERF Storage JV B.V.

As described in note 9, the Group has a 20% interest in CERF Storage JV B.V. ("CERF") and entered into transactions with CERF. During the year, the Group invested a further £1.8 million into CERF, which was used to acquire two additional stores and one development site for the portfolio, located in the Netherlands. £0.9 million is included as part of its non-current investments in associates.

During the year the Group recharged £nil (FY2020: £0.2 million) to CERF for operational costs paid on behalf of CERF and was repaid £0.2 million (FY2020: £0.3 million) of cumulative outstanding balances during the year. Unpaid interest of £0.1 million (FY2020: £0.1 million) was accrued and charged during the year on the €2.2 million (£2.1 million) principal loan note outstanding (FY2020: €2 million (£1.8 million)). The total amount outstanding at 31 October 2021 included within current trade and other receivables was £2.7 million (FY2020: £2.0 million). Management fees charged and settled during the year amounted to £1.0 million (FY2020: £0.3 million).

Transactions with PBC Les Groues SAS

As described in note 9, the Group has a 24.9% interest in PBC Les Groues SAS ("PBC"). During the period, the Group made an initial investment of £1.0 million (€1.2 million) into PBC to fund the development of a new store in France. This amount is included as part of its non-current investments in associates.

23. Post balance sheet events

On 10 November 2021, the Group agreed the sale of the Nanterre site to the joint venture partner of Nanterre FOCD 92 (note 9) for a total price of €6.9 million excluding VAT, where the settlement is done partially in cash (€1.1 million), received on 18 November 2021 and partially in kind through the delivery of the new building at the end of the operation (estimated at €5.8 million).

On 7 December 2021, the Group completed the acquisition of Your Room Self Storage Limited, which includes a freehold store located in Christchurch, Dorset, for £2.6 million.