SAFESTORE HOLDINGS PLC (the Company)

DIRECTORS' REMUNERATION POLICY

APPROVED BY SHAREHOLDERS AT A GENERAL MEETING ON 25 JULY 2017

The Directors' remuneration policy set out on the following pages was approved by shareholders at a General Meeting on 25 July 2017. The information on the following pages is largely replicated however some information such as the illustration of policy has been updated for the latest information. . The Directors' remuneration policy as approved can be found in the General Meeting Notice on the Company's website www.safestore.co.uk.

The Remuneration Committee (the **Committee**) has established the policy on the remuneration of the Executive Directors and the Chairman. The Board has established the policy on the remuneration of the other Non-Executive Directors. Awards granted under the previous Directors' remuneration policy will be honoured.

Executive Directors' remuneration policy

The Directors' remuneration policy has been developed taking into account the principles of the UK Corporate Governance Code. The Board recognises that the Directors' remuneration is of legitimate concern to shareholders and is committed to following current best practice. The Group operates within a competitive environment; performance depends on the individual contributions of the Directors and employees and the Group believes in rewarding exceptional performance.

When setting Executive Directors' remuneration, the Committee endeavours to ensure that all Directors are provided with appropriate performance related and non-performance related pay to encourage enhanced performance and that they are, in a fair and responsible manner, rewarded for their individual contributions to the success of the Group.

The Committee believes that the Directors' remuneration policy below will support and motivate our Executive Directors in furthering the Group's long term strategic objectives, including the creation of sustainable shareholder returns. Furthermore, the Committee is satisfied that the composition and structure of the remuneration package is appropriate and does not incentivise undue risk taking or reward underperformance.

Element and strategic link	Operation	Maximum	Performance targets and recovery provisions	Changes to policy and rationale
Basic salary				
To provide competitive fixed remuneration that will attract and retain appropriate talent. Reflects an individual's responsibilities, experience and role.	Normally reviewed annually with any changes taking effect from 1 May. Salaries are paid monthly. When determining the salary of an Executive, the Committee takes into consideration: • the individual Director's experience and responsibilities; • the performance of the individual Director; • the performance of the Group; and • pay and conditions throughout the Group. Levels of base salary are reviewed periodically against companies of a comparable size in both the Real Estate sector and the FTSE 250.	There is no prescribed maximum annual basic salary increase, however, the increase in salary of the CEO or CFO will not be more than the increase of the general workforce for the duration of the policy. Current salary levels are set out in the Annual report on remuneration.	A broad assessment of individual and business performance is used as part of the salary review. No recovery provisions apply.	Current salary levels are set out in the Annual report on remuneration. The comparator group has changed from FTSE All Share companies of a comparable size to FTSE 250 and Real Estate sector companies of a comparable size. This change reflects Safestore's current size and provides flexibility to benchmark against a group that is most applicable at any point in time.
Benefits				
To provide competitive benefits and to attract and retain high calibre employees.	Reviewed periodically to ensure benefits remain market competitive. Currently includes car allowance and life, private medical and dental insurance. Other benefits may be provided where appropriate.	Benefit values vary year on year depending on premiums and the maximum potential value is the cost of the provision of these benefits.	No performance or recovery provisions applicable.	No change.
Pension				
To provide a competitive Company contribution that enables effective retirement planning.	Pensions are provided by way of a contribution to a defined contribution arrangement and/or cash salary supplement.	The maximum contribution is up to 10% of salary.	No performance or recovery provisions applicable.	The maximum contribution has reduced to 10% of salary from 20% of salary to reflect the standard annual contribution levels of 10%.

Annual bonus				
Incentivises the achievement of a combination of financial and non-financial performance targets in line with corporate strategy over the one-year operating cycle.	Award made annually based on the achievement of a combination of financial and non-financial performance measures. Any bonus in excess of 100% of salary will be deferred into shares which will vest at the end of two years following the financial year in which the bonus is earned. Dividend equivalents are payable on deferred shares.	Bonus potential: maximum: 150% of salary; threshold performance: 40% of salary.	Performance measures and targets will be set by the Committee annually based on a range of financial and non-financial measures, including but not limited to: • EBITDA growth; • strategic/operational measures; and • personal objectives. The Committee has the discretion to adjust targets or performance conditions for any exceptional events that may occur during the year. As well as determining the measures and targets, the Committee will also determine the weighting of the various measures to ensure that they support the business strategy and objectives for the relevant year. Malus (up to vesting) and clawback (three years post vesting) provisions operate in line with best practice corporate governance. Further details on the measures for 2017 are set out in the Annual report on remuneration on pages 54 to 56.	Strategic and operational measures have been introduced to provide a more holistic assessment of corporate performance and to support the five-year financial targets of the new LTIP. The maximum bonus opportunity has increased from 100% to 150% and was adjusted to ensure that levels are competitive against the market and reflective of the Company's current value. Deferral has been introduced to provide further alignment with shareholders during the five-year period prior to the LTIP vesting and underpins the one off nature of the LTIP. Any amount earned under the increased award level will be deferred into shares. Malus has been introduced to sit alongside clawback which was already operated.
Long Term Incentive Plan				
Incentivises Directors to execute the long term business plan and deliver long term sustainable value for shareholders.	One off equity grant made following the 2017 EGM with vesting dependent on the achievement of demanding performance conditions over a five-year period. Awards will be made to participants expressed as a fixed number of shares. Participants will be entitled to receive any dividends paid on vested shares during the vesting period. This benefit is delivered in the form of cash or additional shares at the time that award vests.	The total equity award for all participants is equal to 3.25% of the current share capital with circa 1.6% for Executive Directors. The CEO was granted an award over 2m shares and the CFO was granted an award over 1.34m shares in September 2017.	Awards vest based on performance against stretching targets, measured over a five-year performance period. The performance measures and weightings are as follows: • Adjusted Diluted EPRA EPS growth (2/3 weighting); • relative TSR versus FTSE 250 (1/6 weighting); and • relative TSR versus FTSE Real Estate Index (1/6 weighting). In addition, no award will vest unless a minimum level of cash on cash return ("CoCR") of 8% p.a. has been achieved. Malus (up to vesting) and clawback (three years post vesting) provisions operate. Further details on the performance measures are set out in the Annual report on remuneration on pages 56 and 57.	The previous LTIP was structured as an annual rolling market standard long term incentive plan. This has been replaced with the simplified one off equity award, under which management will be provided with an opportunity to earn a fixed level of equity which is directly aligned with the delivery of the business strategy over the next five years. The LTIP ensures that the Committee has a tool in place with which to incentivise the Executive Directors to execute the long term business plan and ultimately deliver long term sustainable value for shareholders. The extended five-year performance period will ensure a further lock-in period and an alignment between the interest of management and shareholders. Under the new LTIP an increased number of key senior employees have been invited to participate on the same terms as the Executive Directors but at lower award levels.

All-employee Sharesave scheme				
Encourages long term shareholding in the Company by all employees.	Under the terms of the Sharesave scheme all employees can apply for three or five-year options to acquire the Company's shares priced at a discount of up to 20%.	£500 per month or HMRC limits as applicable from time to time.	No performance or recovery provisions applicable.	No change.
Share ownership				
To ensure that Executive Directors' interests are aligned with those of shareholders over a longer time horizon.	Executive Directors are encouraged to build up their shareholding over a five-year period. Executive Directors would be expected to retain any shares vesting (post-tax) under inflight awards and the proposed deferred bonus until they have acquired the necessary shares to meet their requirement. Deferred, vested and beneficially owned shares would count towards the shareholding requirements.	For current Executive Directors: • CEO: 1,000% of salary • CFO: 350% of salary For any new recruits, the guideline level of shareholding would be 500% for the CEO and 350% for the CFO. The level of shareholding will be tested five years from the date of approval of this remuneration policy or appointment if later.	No performance or recovery provisions applicable.	The shareholding ownership requirements have been increased from 100% of salary. The Committee considers that higher shareholder requirements ensure a long term alignment between the shareholders and management in light of the higher quantum of equity awards.

Discretion within the Directors' remuneration policy

The Committee has discretion in several areas of policy as set out in this report. The Committee may also exercise operational and administrative discretions under relevant plan rules approved by shareholders.

Legacy awards

The Committee reserves the right to honour any historic awards that were granted under any previous share schemes operated by the Company but remain outstanding, notwithstanding that they are not in line with the policy set out above, where the terms of the payment or award were agreed before the new policy came into effect. Such payments or awards will be set out in the Annual report on remuneration in the relevant year.

Performance measures and targets

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

Performance measures	Rationale	How targets are set
Annual bonus • EBITDA growth (53%); • strategic/operational measures (33%); and • personal objectives (14%).	The combined use of financial, strategic and operational measures provides a holistic assessment of corporate performance and allows for the Company to focus annually on targets that work towards the delivery of the five-year financial measures under the LTIP. The use of personal objectives allows for the tailoring of the annual bonus to each participant and ensures there is an element of payout that is assessed on specific measures which reflect successful performance of the individual in their roles as well as the Company.	The performance targets are determined annually by the appropriate line manager and calibrated by the Committee taking into account the Company's business plan, market conditions and internal and external forecasts. Targets are calibrated to reflect the Committee's assessment of good to exceptional performance.
LTIP • Adjusted Diluted EPRA EPS growth (2/3 weighting); • relative TSR vs FTSE 250 (excluding investment trusts) (1/6 weighting); and • relative TSR vs FTSE Real Estate Index (1/6 weighting).	EPS is considered to be the most appropriate measure for aligning the interests of the Executive Directors with those of shareholders and is also an established measure of Safestore's long term sustainable profitability. Relative TSR performance measured against two peer groups (FTSE 250 and FTSE Real Estate Index) provides a balanced approach, recognising returns to shareholders against the broader market, whilst also ensuring performance is competitive against other real estate companies.	Targets have been calibrated to reflect the Committee's assessment of good to exceptional performance, taking into account internal budgets and the current economic environment. EPS targets were set by reference to the Company's business plan and market conditions and consideration is also given to external forecasts. Relative TSR targets were determined taking into account the comparative market returns and the expected level of returns for Safestore's shareholders.

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

Comparison with other employees

All employees receive base salary, benefits and pension, and are eligible to participate in the Company's Sharesave scheme. The Sharesave scheme gives all employees the opportunity to become shareholders in Safestore through the acquisition of shares (up to a limit) at a discount to the market price.

For below Board-level employees, Safestore operates a range of bonus plans appropriate to the various areas of its business with opportunity levels linked to seniority and role.

Under the new LTIP an increased number of circa 55 key employees have been invited to participate allowing them to share in the success of the Company. The performance conditions for below Board-level employees in the LTIP are the same as those for the Executive Directors.

Any differences in an individual's reward package is reflective of an individual's location, seniority and level of responsibility.

As part of the new remuneration policy, the Committee set out that Executive Directors' salary increases would be in line with those of the wider workforce.

Reward scenarios

The charts below seek to demonstrate how pay varies with performance for the Executive Directors based on the stated policy. The charts show an estimate of the remuneration that could be received by Executive Directors under the policy set out in this report. Each of the bars is broken down to show how the total under each scenario is made up of fixed elements of remuneration, the annual bonus and the LTIP. The charts indicate that a significant proportion of both target and maximum pay is performance related.

For chart please refer to page 50 of the Company's Annual Report 2017

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

Element	Minimum	Mid-point	Maximum
Fixed elements	Base salary at 1 November 2017. Pension is 10% of salary to be paid in cash, after deducting employer's National Insurance costs. Estimated benefits (car allowance, private medical insurance and life assurance).		
Annual bonus	Nil	50% of maximum	100% of maximum
LTIP[1]	Nil	50% of annualised maximum	100% of annualised maximum

Note

1 LTIP values are based on the annualised value of the shares awarded (i.e. 1/5th of the individual maximum shares granted) as at the grant date of 29 September 2017. The share price as at 29 September 2017 was 436.7 pence. No share price growth has been factored into the calculation.

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

Approach to recruitment and promotions

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

- Salary levels will take into account the individual's experience, market data for the relevant role, internal relativities and their current base salary. Where an individual is recruited at below market norms, they may be realigned over time, subject to performance in the role.
- Benefits and pension will be in accordance with the remuneration policy.
- Annual bonus will operate in line with the remuneration policy with the maximum opportunity set at 150% of salary.
- LTIP will operate in line with the remuneration policy. The amount of shares granted will be reflective of the role and where appropriate will be time apportioned for the time remaining until the end of the five-year period versus the total five-year period. The maximum award granted will be no more than 500% of salary.

The maximum variable remuneration will be the total of the annual bonus opportunity and grant of shares under the LTIP.

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

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

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

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

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

Director	Date of current service contract	Notice period
F Vecchioli	3 September 2013	12 months
A Jones	29 January 2013	12 months

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

The Board allows Executive Directors to accept appropriate outside commercial non-executive director appointments provided the aggregate commitment is compatible with their duties as Executive Directors. The Executive Directors concerned may retain fees paid for these services, which will be subject to approval by the Board.

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

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

Cessation of employment	Change of control
Annual bonus	
• Where a participant's employment is terminated after the end of a performance year but before the payment is made, the participant may remain eligible for a bonus award for that performance year subject to an assessment of the performance targets over the period. Where an award is made the payment may be delivered fully in cash. No award will be made in these circumstances in the event of gross misconduct. • If the participant is a good leaver during the performance year, a bonus will normally be paid in cash at the end of the year pro-rated for length of service and the achievement of performance targets measured over the	• The participant will receive the annual bonus in cash immediately prior to the date of the change of control. • The level of cash payment will be determined by the Committee at its discretion by reference to the time elapsed from the start of the performance year to the change of control date and the performance levels achieved as at the date of the change of control (where applicable). • The Committee has the discretion to determine, in exceptional circumstances, whether to pro-rate the award for time served as an employee.

full year. Any unvested deferred share bonus awards will vest on the normal vesting date. • The Committee has the discretion to determine that a bonus award may be paid in cash at the date of cessation, and/or that deferred share bonus awards will vest early, and/or in exceptional circumstances whether to pro-rate the award for time served as an employee. • A "good leaver" is defined as a participant ceasing to be in employment by reason of death, ill health, injury, disability, redundancy, retirement, the Company employing the participant ceasing to be a member of the Group, the participant's employing business being sold out of the Group or at the Committee's discretion. • Anyone who is not a good leaver will be a "bad leaver". For a bad leaver, there will be no cash bonus payout for the year in which they leave and any unvested deferred share bonus awards will lapse.	• Any unvested deferred bonus shares will also vest immediately prior to a change of control. • In the event of an internal corporate reorganisation, the Remuneration Committee may decide (with the consent of the acquiring company) to replace unvested deferred awards with equivalent new awards over shares in the acquiring company.
LTIP	
• For good leavers, unvested awards will vest on the normal vesting date subject to (i) the extent any applicable performance targets have been satisfied at the end of the normal performance period and (ii) pro-rating to reflect the period of time between grant and cessation of employment as a proportion of the vesting period that has elapsed. • The Committee has the discretion to determine that the end of the performance period is the date of cessation and whether to pro-rate the number of vested awards to reflect the vesting period completed. • A "good leaver" is defined as a participant ceasing to be in employment by reason of death, injury, ill health, disability, redundancy, retirement, the Company employing the participant ceasing to be a member of the Group, the participant's employing business being transferred to a person who is not a Group member, or any other reason at the Committee's discretion. • Anyone who is not a good leaver will be a "bad leaver". Bad leavers will forfeit all unvested awards.	• On a change in control, the Committee will determine the level of vesting taking into account: (i) the extent that any applicable performance targets have been satisfied at that time; (ii) the bid consideration received; and (iii) the portion of the vesting period that has then elapsed. Options must then be exercised within one month, otherwise they will lapse. • In the event of an internal corporate reorganisation, the Committee may decide to replace unvested awards with equivalent new awards over shares in the acquiring company.

Non-Executive Directors and letters of appointment

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

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

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

	contribution but may receive benefits if determined appropriate to the role.

Letters of appointment

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

The Non-Executive Directors do not have service contracts but are appointed under letters of appointment. Each Non-Executive Director is subject to an initial three-year term followed by annual re-election at the Company's AGM. The table below sets out the dates that each Non-Executive Director was first appointed.

Director	Letter of appointment date	Unexpired term	Notice period by Company and Director
Alan Lewis	16 February 2011	Rolling (with no fixed expiry date)	Three months
Ian Krieger	2 October 2013	Rolling (with no fixed expiry date)	Three months
Joanne Kenrick	6 October 2014	Rolling (with no fixed expiry date)	Three months
Claire Balmforth	12 July 2016	Rolling (with no fixed expiry date)	Three months
Bill Oliver	12 July 2016	Rolling (with no fixed expiry date)	Three months

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

Consideration of employee remuneration and shareholders

All-employee remuneration

In setting the remuneration policy for Directors, the pay and conditions of other employees are taken into account, including any base salary increases awarded. The Committee is provided with data on the remuneration structure for management level tiers below the Executive Directors and uses this information to ensure consistency of approach throughout the Company.

The Committee has not expressly sought the views of employees and no remuneration comparison measurements were used when drawing up the Directors' remuneration policy. Through the Board, however, the Committee is updated as to employee views on remuneration generally.

Consideration of shareholder views

The Committee has spent a significant amount of time during 2017 engaging with our shareholders around our new remuneration policy. Please see page 62, which sets out the changes to our remuneration policy made in response to shareholder feedback.