

Principal risks and uncertainties

The principal risks and uncertainties described could have potentially the most significant effect on Safestore's strategic objectives. These risks and emerging risks (risks where the extent and implications are not yet fully understood or quantified and are expected to increase over time) have been evaluated and management strategies assessed against our risk appetite.

The key strategic and operational risks are monitored by the Board and are defined as those which could prevent us from achieving our business goals. Our current strategic and operational risks and key mitigating actions are as follows:

Risk	Current mitigation activities	Developments since FY 2024
Strategic risks The Group develops business plans based on a wide range of variables. Incorrect assumptions about the economic environment or the self-storage market or changes in the needs or activities of customers may adversely affect the returns achieved by the Group, potentially resulting in loss of shareholder value or loss of the Group's status as the UK's largest self-storage provider.	<ul style="list-style-type: none">• The strategy development process draws on internal and external analysis of the self-storage market, emerging customer trends and a range of other factors.• Continuing focus on yield management with regular review of demand levels and pricing at each individual store.• Continuing focus on building the Group's brands through acquisitions and development projects.• The portfolio is geographically diversified with performance monitoring covering personal and business customers by segments.• Detailed and comprehensive sensitivity and scenario modelling taking into consideration variable assumptions.• Monitoring of key data points helping to understand and minimise uncertainty around the economic environment.	<p>The Group's strategy is regularly reviewed through the annual planning and budgeting process, and regular reforecasts are prepared during the year.</p> <p>The acquisition of new stores, new store openings and the EasyBox joint venture business have been fully integrated in the Group's store portfolio.</p> <p>The current macroeconomic conditions, with elevated inflation and interest rates and with ongoing cost pressures on businesses and consumers, have continued to impact growth.</p> <p>The level of risk is considered unchanged from the 31 October 2024 assessment.</p>
Finance risk Lack of funding resulting in an inability to meet business plans or satisfy liabilities or a breach of covenants.	<ul style="list-style-type: none">• Funding requirements for business plans and the timing for commitments are reviewed regularly as part of the monthly management accounts.• The Group manages liquidity in accordance with Board-approved policies designed to ensure that the Group has adequate funds for its ongoing needs.• The Board regularly monitors financial covenant ratios and headroom.• The Group's RCF runs to 30 November 2028. The US Private Placement Notes have staggered maturities between 2026 and 2033.	<p>In the past few years, there have been significant opportunities to invest in new stores, both in the UK and throughout Europe.</p> <p>During the year the Group issued a new €70 million USPP and a €77.5 million term loan, demonstrating continued access to financing and providing ample liquidity.</p> <p>Ongoing planning for refinancing of next debt maturities in October 2026 and in 2027.</p> <p>Continued monitoring of loan-to-value ratio ("LTV") and interest cover ratio with both remaining broadly constant during the year.</p> <p>Therefore, this risk remains broadly unchanged from the 31 October 2024 assessment.</p>
Treasury risk Adverse currency or interest rate movements could see the cost of debt rise, or impact the Sterling value of income flows or investments.	<ul style="list-style-type: none">• The Group enters into interest rate hedging to limit exposure to floating rate risks where appropriate.• Foreign currency denominated assets are financed by borrowings in the same currency where appropriate.	<p>Euro denominated borrowings continue to provide an effective, natural currency hedge against the net assets and income of our Euro denominated businesses with the proportion of Euro denominated borrowings increasing to 59.8% in the year.</p> <p>At year end 63.9% of the Group's debt is at fixed rates or has been hedged, reducing the impact of volatility of interest rate fluctuations as we move into 2026.</p> <p>Therefore, this risk remains broadly unchanged from the 31 October 2024 assessment.</p>

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<p>Property investment and development risk</p> <p>Suitable new sites may become more difficult to find, with new sites failing to achieve the required occupancy and therefore deliver the required sales and profitability within an acceptable timeframe.</p> <p>Acquisition and development of properties that fail to meet performance expectations, overexposure to developments within a short timeframe or the inability to find and open new stores may have an adverse impact on the portfolio valuation, resulting in loss of shareholder value.</p> <p>Corporate transactions may be at risk of competition referral or post-transaction legal or banking formalities.</p> <p>Building cost inflation makes it difficult to estimate accurate cost assumptions when considering new investments and developments.</p>	<ul style="list-style-type: none"> • Large portfolio of potential new sites, prioritised based on detailed research into areas most likely to be successful. • Thorough due diligence is conducted and detailed analysis is undertaken prior to Board approval for property investment and development. • Where appropriate, the Group executes targeted acquisitions and disposals. • Strong operational knowledge and experience in integrating new sites. • The Group's overall exposure to development projects is monitored and controlled, with projects phased to avoid over-commitment. • The performance of individual properties is benchmarked against target returns and post-investment reviews are undertaken. • Development activity on a site-by-site basis with limited scale of each project reducing risk through diversification of capital deployment. 	<p>Projects are not pursued when they fail to meet our rigorous investment criteria, and post-investment reviews continue to indicate that sound and appropriate investment decisions have been made.</p> <p>The capital requirements of development projects undertaken during the year have been carefully forecasted and monitored, and we continue to maintain capacity within our financing arrangements.</p> <p>We continue to pursue investment and development opportunities, and consider our recent track record to have been successful.</p> <p>This risk is broadly unchanged from the 31 October 2024 assessment.</p>
<p>Valuation risk</p> <p>Value of our properties declining as a result of external market or internal management factors could result in a breach of borrowing covenants.</p> <p>In the absence of relevant transactional evidence, valuations can be inherently subjective leading to a degree of uncertainty.</p>	<ul style="list-style-type: none"> • Independent valuations are conducted regularly by experienced, independent, professionally qualified valuers. • A diversified portfolio which is let to a large number of customers helps to mitigate any negative impact arising from changing conditions in the financial and property markets. • Significant headroom of borrowings for LTV is maintained and continuously monitored. 	<p>The valuation of the Group's portfolio has continued to grow during the year, reflecting a stable valuation of our like-for-like portfolio together with gains arising from additions to our portfolio through new developments.</p> <p>However, economic pressures which impact on consumer and business spending may impact the self-storage market. Therefore, the key assumptions that underpin the investment property valuation are inherently subject to volatility.</p> <p>There has been no significant change to this risk since the 31 October 2024 assessment.</p>
<p>Occupancy risk</p> <p>A potential loss of income and increased vacancy due to falling demand, oversupply or customer default, which could also adversely impact the portfolio valuation.</p>	<ul style="list-style-type: none"> • Personal and business customers cover a wide range of segments, sectors and geographic territories with limited exposure to any single customer. • Dedicated support for enquiry capture. • Weekly monitoring of occupancy levels and close management of stores. • Management of pricing to stimulate demand, when appropriate. • Monitoring of reasons for customers vacating and exit interviews conducted. • Independent customer feedback facilities closely reviewed. 	<p>With the economic outlook remaining uncertain, this may lead to pressure on occupancy in the next year.</p> <p>Growth in our store portfolio, including to new geographies, diversifies the potential impact of underperformance of an individual store but does not fully mitigate the risk.</p> <p>There has been no significant change to this risk since the 31 October 2024 assessment.</p>

Principal risks and uncertainties continued

Risk	Current mitigation activities	Developments since FY 2024
<p>Operational</p> <p>Risks from running a large property portfolio including fire, health and safety, and extreme weather. A major event could mean that the Group is unable to carry out its business for a sustained period or health and safety issues put customers, staff or property at risk. These may result in reputational damage, injury or property damage, or customer compensation, causing a loss of market share and/or income.</p>	<ul style="list-style-type: none"> • Business continuity plans are in place and tested. • Back-up systems at offsite locations and remote working capabilities. • Reviews and assessments are undertaken periodically for enhancements to supplement the existing compliant aspects of buildings and processes. • Monitoring and review by the Health and Safety Committee and Risk Committee. • Robust operational procedures, including health and safety policies, and a specific focus on fire prevention and safety procedures. • Fire risk assessments in stores. • Periodic security review of all systems supported by external monitoring. • Online colleague training modules. • Fire Brigade primary authority relationship in place. 	<p>Implementation of a Group-wide health and safety platform completed to monitor all incidents and to enable proactive prevention. Continuing focus from the Risk Committee, with particular attention to specific issues.</p> <p>The level of risk is considered similar to the 31 October 2024 assessment.</p>
<p>Regulatory compliance risk</p> <p>The regulatory landscape for UK-listed companies is constantly developing and becoming more demanding, with new reporting and compliance requirements arising frequently. Non-compliance with these regulations can lead to penalties, fines or reputational damage.</p> <p>Failure to comply with the REIT legislation could expose the Group to potential tax penalties or loss of its REIT status.</p> <p>The Group is also subject to the risk of compulsory purchases of property, which could result in a loss of income and impact the portfolio valuation.</p>	<ul style="list-style-type: none"> • Monitoring and review by the Risk Committee. • Project-specific steering committees to address the implementation of new regulatory requirements. • Liaison with relevant authorities and trade associations. • Legal and professional advice. • Online colleague and new recruit training modules. • Internal monitoring procedures are in place to ensure that the appropriate REIT rules and legislation are complied with and this is formally reported to the Board. • Where a store is at risk of compulsory purchase, contingency plans are developed. 	<p>All regulatory compliance risks are monitored during the year.</p> <p>The Group's tax obligations are regularly reviewed, ensuring key tax risks are in line with the Group's tax strategy.</p> <p>HMRC triennial review confirmed the Group's low risk rating for a further three years.</p> <p>The level of risk is considered similar to the 31 October 2024 assessment.</p>
<p>Marketing risk</p> <p>Our marketing strategy is critical to the success of the business. This includes maintaining web leadership and our relationship with Google. A lack of effective strategy would result in loss of income and market share and adversely impact the portfolio valuation.</p>	<ul style="list-style-type: none"> • Constant measuring and monitoring of our web presence and ensuring compliance with rules and regulations. • Market-leading digital platform. • Use of online techniques to drive brand visibility. • Our pricing strategy monitors and adapts to evolving customer behaviour. 	<p>We continue to build functional expertise at Group level in performance marketing, organic and local searches and analytics.</p> <p>The Group marketing forum continues to review performance, market developments and our ongoing improvement plan.</p> <p>The level of risk is considered similar to the 31 October 2024 assessment.</p>

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<p>IT security</p> <p>Cyber-attacks and data security breaches are becoming more prominent and sophisticated. This has the potential to result in reputational damage, fines or customer compensation, causing a loss of market share and income.</p>	<ul style="list-style-type: none"> Constant monitoring by the IT department and consultation with specialist advice firms ensure we have the most up-to-date security available. Twice yearly formal IT security review by the Group Audit Committee. We minimise the retention of customer and colleague data in accordance with GDPR best practice. IT policies and procedures, including regular user awareness campaigns, are under constant review and benchmarked against industry best practice. IT systems are backed up locally, air-gapped to tape, and held offsite. 	<p>Ongoing penetration testing together with automated vulnerability testing to assess system security. Programme to address any issues found and ensure all systems are patched up to date.</p> <p>We added an external Managed Defence Response solution for 24/7 analysis of our network to identify and control any malicious activity.</p> <p>The risk is not considered to have increased for the Group nor is the Group considered to be at a greater risk than the wider industry; however, we consider that digital threats on the whole are increasing.</p> <p>The level of risk is considered similar to the 31 October 2024 assessment.</p>
<p>Brand and reputational risk</p> <p>Our reputation, with Safestore's growth and the increased awareness of self-storage, including increased demand driving higher prices, may potentially attract greater social media attention and scrutiny.</p>	<ul style="list-style-type: none"> Constant involvement by the retail services team to engage with customers and address their concerns. Constant training of the store teams to provide a clear and concise communication strategy to customers. Our understanding of and engagement with all our stakeholders enable early visibility and identification of stakeholder dissatisfaction. 	<p>The Retail Services function always engages with customers to resolve any issues or complaints.</p> <p>Our sustainability report on pages 46 to 73 of our Annual Report provides insight into how we engage with our customers and the community.</p> <p>The level of risk is considered similar to the 31 October 2024 assessment.</p>
<p>Geographical expansion</p> <p>The Group has invested in expanding the overseas operations of the business through both subsidiaries and joint ventures over recent years.</p> <p>Returns and asset values from such investments may be impacted by local market, customer, regulatory or fiscal factors.</p>	<ul style="list-style-type: none"> Large portfolio of potential new sites, prioritised based on detailed research into areas most likely to be successful. Strong operational knowledge and experience in integrating new business. We have well documented procedures for the integration of new acquisitions and a good track record of recent success. Centralised operational processes for marketing, pricing and site management enabling Group expertise to be applied. 	<p>In 2024, the Italian self-storage EasyBox joint venture business has been fully integrated in the Group's store portfolio.</p> <p>The level of risk is considered similar to the 31 October 2024 assessment.</p>
<p>Human resource risk</p> <p>Fundamental to the Group's success are our people. As such, due to market competitiveness and cost-of-living increases we are exposed to a risk of colleague turnover, and subsequent loss of key personnel and knowledge.</p>	<ul style="list-style-type: none"> The Group has an efficient, high performing and stable management team in place. Our retention strategy aims to ensure we achieve long term engagement, through a combination of motivating factors. We continue to consult regularly with our management team and monitor voluntary turnover. We maintain adequate succession for our key talent. The Board and Remuneration Committee regularly review colleague feedback provided through surveys, our workforce advisory panel and CEO town hall events. These mechanisms enable colleagues to raise questions, discuss wider business issues and provide feedback on subjects including workforce remuneration. In 2024, Safestore received the Investors in People Platinum accreditation for the second time. This demonstrates that our colleagues are engaged in supporting Safestore to deliver sustainable business performance. 	<p>The level of risk is considered similar to the 31 October 2024 assessment.</p>

Principal risks and uncertainties continued

Risk	Current mitigation activities	Developments since FY 2024
Climate change related risk The Group could be exposed to physical and transition risks as a result of climate change. Climate change physical risks could affect the Group's stores and may result in higher repair and maintenance costs and insurance costs. Failing to transition to a low carbon economy may cause an increase in taxation, a decrease in access to loan facilities and reputational damage.	<ul style="list-style-type: none">• The good working order of our stores is of critical importance to our business model with our commitment to provide long term sustainable real estate investment.• Physical climate risk of new developments is evaluated as part of the investment appraisal process for new developments.• We have a regular programme of store inspection, with our maintenance teams following sustainable principles and, wherever practicable, using materials that have recycled content or are from sustainable sources.• If we choose to develop a store in a high risk area, we proactively deploy flood mitigation measures.• We are committed to building to a minimum standard of BREEAM 'Very Good' or equivalent on all of our new store developments.• All new store developments are registered with the Considerate Constructors Scheme, which considers the public, the workforce and the environment.	<p>As part of our journey to enhance our disclosures along the recommendations of the TCFD, the Group is continuing to develop its understanding of its exposure and vulnerability to climate change risk and the direct impact on the business. The Group has identified that the exposure and vulnerability will be isolated to specific areas of the business, such as a specific store potentially flooding rather than a multiple store event.</p> <p>Further, our Sustainability Committee, with representation from across the business, assesses the impact of climate change related risks and is working with the Board and its suppliers to develop an ambitious plan to reduce carbon emissions, where the Group has committed to be operationally carbon neutral by 2035, requiring an investment to achieve carbon neutrality of around £3 million.</p> <p>Our investment appraisal process has been updated to consider climate change related risks of new investments and will continue to evolve as we continue on the climate-related disclosures journey.</p> <p>The level of risk is considered similar to the 31 October 2024 assessment.</p>

Emerging risks

At Safestore, our approach to identifying emerging risks is both rigorous and forward looking. We actively monitor the evolving business landscape, tracking technological changes, regulatory developments, shifting market conditions, and macroeconomic trends that could influence our operations. This process is supported by cross-departmental collaboration, horizon scanning initiatives, and scenario planning, enabling us to pinpoint risks and opportunities that may not yet be fully apparent. Company-wide engagement ensures that early signals and potential threats are surfaced and escalated to our Risk and Audit Committees for consideration.

Assessing and managing these emerging risks are inherently complex, particularly when their probability or potential impact is difficult to predict or quantify. We tackle this issue by blending expert judgement with quantitative tools, leveraging our team's knowledge and comparing our performance to industry standards. An example of this is how we utilise our health and safety tool, Quentic, to gather data, including 'near misses', and the knowledge of our team to help us deal with emerging health and safety risks to our customers, employees and the general public.

Risks are prioritised based on their potential to affect our health and safety, financial stability, reputation, and strategic objectives, even in the absence of concrete data. Our risk management framework is intentionally flexible, allowing for regular reassessment and adaptation as new information arises and circumstances shift.

Recognising that emerging risks can arise and evolve rapidly, we have established robust procedures for continuous monitoring. These measures include frequent updates to our risk registers, ongoing training for colleagues at all levels, and the integration of real-time data feeds and analytics tools. Maintaining this awareness enables the Company to respond promptly by formulating new mitigation strategies, reallocating resources as necessary, and leveraging emerging opportunities. By embedding these practices into the culture of our Company, we aim to ensure resilience and the sustainable delivery of value to our stakeholders.