21 June 2022

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

Interim results for the 6 months ended 30 April 2022

Continuing excellent performance, strong strategic progress and EPS ahead of consensus

Key Measures	**6 months ended 30 April 2022**	**6 months ended 30 April 2021**	**Change[1]**	**Change-CER[2]**
Underlying and Operating Metrics- total				
Revenue	£101.0m	£88.1m	14.6%	15.9%
Underlying EBITDA[3]	£65.2m	£54.4m	19.9%	21.1%
Closing Occupancy (let sq ft- million)[4]	6.186	5.635	9.8%	n/a
Closing Occupancy (% of MLA)[5]	80.7%	80.7%	-	n/a
Average Storage Rate[6]	£29.38	£26.51	10.8%	12.1%
Adjusted Diluted EPRA Earnings per Share[7]	22.5p	18.1p	24.3%	n/a
Free Cash flow[8]	£50.7m	£40.3m	25.8%	n/a
EPRA NTA per Share[13]	£7.93	£5.90	34.4%	n/a
Underlying and Operating Metrics- like-for-like[9]				
Storage Revenue	£83.3m	£72.4m	15.1%	16.4%
Ancillary Revenue	£15.8m	£15.1m	4.6%	5.3%
Revenue	£99.1m	£87.5m	13.3%	14.5%
Underlying EBITDA[3]	£64.2m	£54.0m	18.9%	20.7%
Closing Occupancy (let sq ft- million)[4]	5.656	5.596	1.1%	n/a
Closing Occupancy (% of MLA)[5]	82.3%	81.9%	+0.4ppts	n/a
Average Occupancy (let sq ft- million)[4]	5.659	5.495	3.0%	n/a
Average Storage Rate[6]	29.69	26.57	11.7%	13.0%
Statutory Metrics				
Operating Profit[10]	£292.6m	£173.2m	68.9%	n/a
Profit before Income Tax[10]	£285.2m	£167.3m	70.5%	n/a
Diluted Earnings per Share	124.5p	74.4p	67.3%	n/a
Dividend per Share	9.4p	7.50p	25.3%	n/a
Cash Inflow from Operating Activities	£54.7m	£43.9m	24.6%	n/a
Diluted net assets per share[13]	£7.42	£5.49	35.2%	n/a

Highlights

Excellent Financial Performance

- Group revenue up 14.6% and in CER[2] up 15.9%
- Group like-for-like[9] storage revenue in CER[2] up 16.4% and like-for-like total revenue in CER[2] up 14.5%
- Strong operational gearing driving growth in Adjusted Diluted EPRA EPS[7], up 24.3% at 22.5p (2021: 18.1p)
- 25.3% increase in the interim dividend to 9.4p (2021: 7.5p) reflecting improved profitability
- Profit before income tax of £285.2m up from £167.3m in 2021 driven by strong trading performance and increased gain on investment properties of £223.9m (2021: gain of £127.7m)

- Strong conversion of profitability to cash with Cash Inflow from Operating Activities up 24.6% to £54.7m
- Adjusted Diluted EPRA Earnings per Share[7] expected to be at least 47p for the full year

Operational and Strategic Progress

- Strong like-for-like operational performance
    - Like-for-like[9] average storage rate for the period up 13.0% in CER[2]
        - UK up 15.9% to £28.67 (2021: £24.73)
        - Paris up 4.6% to €40.44 (2021: €38.67)
        - Spain up 7.8% to €34.09 (2021: €31.61)
    - Like-for-like[9] occupancy[4] up 0.4ppts at 82.3% (2021: 81.9%)
        - UK up 0.3ppts at 82.1% (2021: 81.8%)
        - Paris up 1.2ppts at 82.9% (2021: 81.7%)
        - Spain down 2.8ppts at 86.6% (2021: 89.4%)
- Completed EPS accretive acquisition of remaining 80% of equity owned by Carlyle in the Benelux JV[14] in March 2022 at an Enterprise Value of €146m. The Benelux business consists of 15 high quality stores with an MLA of 600,000 sq ft in the Netherlands and Belgium.
- Acquisition of a single 14,000 sq ft satellite store from Your Room Self Storage in Christchurch, Dorset, for an Enterprise Value of £2.45m
- New freehold development sites acquired
    - Three in the greater Paris area subject to planning providing a total of c. 134,000 sq ft.
    - 58,000 sq ft site in Netherlands subject to planning
    - Site in Wigan in Greater Manchester. Planned conversion of existing building to a 42,700 sq ft new store
- Opened c. 154,000 sq ft of new freehold space across the London Bow (74,000 sq ft) and Nijmegen, Netherlands (40,000 sq ft) sites and extensions of existing stores in London at Paddington Marble Arch and Edgware and in Southend
- Total Group development and extension pipeline now 23 stores and c. 983,000sq ft of MLA

Strong and Flexible Balance Sheet

- Group loan-to-value ratio ("LTV"[11]) at 27% (2021: 27%) and interest cover ratio ("ICR"[12]) at 10.0x (2021: 10.0x)
- Unutilised bank facilities of £198.5m at 30 April 2022
- In April 2022 the Group drew its US Private Placement uncommitted Shelf debt facility to partially finance the acquisition of the remaining equity in the Benelux JV. The equivalent of £88.1m sterling denominated in Euros with a seven year term was drawn at a rate of 2.45%

Frederic Vecchioli, Safestore's Chief Executive Officer, commented:

"I am pleased to report a continuing excellent performance in the period with strong average storage rates driving the results of our UK, French and Spanish businesses.

Alongside the excellent operational performance we have made further strong strategic progress and I was delighted that the Group completed the acquisition of our partner Carlyle's 80% stake in our Benelux JV in March 2022. Over the last three years we have learnt much about the Netherlands and Belgian markets and feel confident about the ongoing development of our presence in these geographies. It is our intention to gradually increase our footprint in these two markets.

Our freehold 74,000 sq ft London Bow store opened successfully in December 2021 and we are extremely pleased with early trading. The store is a conversion of an existing building and achieved 27% occupancy and break-even point after just four months of trading. In addition, we acquired a 14,000 sq ft freehold satellite store in Christchurch, Dorset and added a new development site in Wigan, Greater Manchester.

Our expansion in our European markets continues and our Netherlands business recently completed the conversion of an existing building in Nijmegen into a new 40,000 sq ft freehold store. We have also recently added three freehold development sites in Greater Paris and one in the Netherlands to complement our existing pipeline.

Our performance in this period has demonstrated the strength of our market leading platform and its ability to drive new lets and revenue in multiple geographies. We continue to focus on the significant upside from filling the 2.5m square feet of space in our existing and pipeline stores. On average over the last six years, the business has grown like-for-like revenue by 9.7% per annum and its total revenue by 10.2% per annum. This strong history of revenue growth and cost control, combined with the operational gearing of the business model and our self-funded rigorous investment policy, has allowed the group to deliver over the last 6 years an average Adjusted Diluted EPRA Earnings per Share growth of 16.3% per year. Our track record in customer acquisition, occupancy and revenue management, combined with our existing available lettable space, our new store pipeline and self-funding capacity, should allow the business, in the absence of significant macro-economic disruption, to deliver consistent growth for the foreseeable future.

Whilst performance in the first half of the year has been very strong we are conscious of the inflationary and cost of living pressures ahead. We have assessed our cost base and construction projects in the light of these factors and feel confident that we have the yield management capability and cost discipline to mitigate the likely cost inflation and are comfortable that our current pipeline projects will continue to deliver returns ahead of our internal hurdle rates.

Finally, I would like to thank all our colleagues in the UK, France, Spain, the Netherlands and Belgium, for their commitment and resilience, and for how they have responded to the unprecedented challenges caused by the Covid-19 crisis over the last two years. We are appreciative of their efforts"

Notes

We prepare our financial statements using IFRS. However, we also use a number of adjusted measures in assessing and managing the performance of the business. These measures are not defined under IFRS and they may not be directly comparable with other companies' adjusted measures and are not intended to be a substitute for, or superior to, any IFRS measures of performance. These include like-for-like figures, to aid in the comparability of the underlying business as they exclude the impact on results of purchased, sold, opened or closed stores; and constant exchange rate (CER) figures are provided in order to present results on a more comparable basis, removing FX movements. These metrics have been disclosed because management review and monitor 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 7 and 13 below and "Non-GAAP financial information" in the notes to the financial statements.

1 – Where reported amounts are presented either to the nearest £0.1m or to the nearest 10,000 sq ft, the effect of rounding may impact the reported percentage change.

2 – CER is Constant Exchange Rates (Euro denominated results for the current period have been retranslated at the exchange rate effective for the comparative period. Euro denominated results for the comparative period are translated at the exchange rates effective in that period. This is performed in order to present the reported results for the current period on a more comparable basis).

3 – 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.

4 – Occupancy excludes offices but includes bulk tenancy. As at 30 April 2022, closing occupancy includes 14,000 sq ft of bulk tenancy (30 April 2021: 14,000 sq ft).

5 – MLA is Maximum Lettable Area. At 30 April 2022, Group MLA was 7.67m sq ft (30 April 2021: 6.98m sq ft).

6 – 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.

7 – 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.

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

9 – Like-for-like adjustments remove the impact of the 2022 acquisition of the Netherlands and Belgium Joint Venture, the 2022 acquisition of Christchurch, the 2022 opening of Bow, the 2021 openings of Birmingham Middleway and Magenta in Paris and the 2021 closure of Birmingham South.

10 – Operating profit increased by £119.4m to £292.6m (30 April 2021: £173.2m) compared to last year, principally as a result of an increase in the gain on Investment properties of £96.2m to £223.9m (30 April 2021: £127.7m) and an increase of £10.8m in Underlying EBITDA as a result of stronger trading performance. Profit before income tax additionally included exceptional items of £10.5m, being other exceptional gains. £5.5m relating to the net gain recognised on the deemed disposal of the 20% equity investment held in the Joint Venture with CERF, when the Group acquired the remaining 80% on 30 March 2022. Further, £5.0m relates to the net gain on disposal of the Nanterre site in Paris in November 2021.

11 – LTV ratio is Loan-to-Value ratio, which is defined as gross debt (excluding finance leases) 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 was superseded and transitioned to three new measures: EPRA Net Reinstatement Value ("NRV"), EPRA Net Tangible Assets ("NTA") and EPRA Net Disposal Value ("NDV") for periods commencing 1 January 2020 or thereafter. Safestore considers EPRA NTA to be the most consistent with the nature of the Group's business. The basis of calculation, including a reconciliation to reported net assets, is set out in note 15 of the Financial Statements.

14 – On 30 March 2022, the Group acquired the remaining 80% of the Joint Venture with CERF. Prior to acquiring the 80%, the Joint Venture with CERF, which represented a 20% investment, was accounted for as an associate using the equity method of accounting, as described in the "Investment in associates" note to the financial statements.

15 – As at the date of publication, the consensus of 10 analysts' forecasts of Adjusted EPRA EPS was 45.9p.

Reconciliations between underlying metrics and statutory metrics can be found in the financial review and financial statements sections of this announcement.

Summary

Safestore has delivered an excellent financial performance in the first half of the financial year, driven by strong average achieved storage rates[6]. Reported Group revenue increased 15.9% at CER[2] with like-for-like[9] revenue at CER[2] growing by 14.5%. The Group's like-for-like average rate at CER[2] grew by 13.0% with like-for-like average occupancy[4] growing by 3.0%. Reflecting the high degree of operating leverage from our fully invested estate, the improved revenue performance has driven growth in like-for-like EBITDA[3] margin, on a CER basis, of 3.5ppts to 64.9% (2021: 61.4%). Profit before income tax was up to £285.2m from £167.3m in 2021 driven by strong trading performance and increased gain on investment properties of £223.9m (2021: gain of £127.7m).

Our operational performance across all regions of the UK has been excellent in the period resulting in a 16.8% increase in like-for-like[9] revenue. Our yield management capabilities have resulted in a strong like-for-like average storage rate[6] growth at CER[2] of 15.9%. Average occupancy, driven by our industry leading digital marketing platform, enquiry generation and store team conversion, has again performed well across all regions of the UK, particularly considering the strength of the prior year performance, delivering growth of 3.2% in the period on a like-for-like basis. Like-for-like[9] closing occupancy[4] at the period end was up 0.3ppts at 82.1% (2021: 81.8%). Total revenue growth of 17.4% reflected the strong like-for-like performance, the 2022 acquisition of Christchurch, the 2022 store opening of London Bow and the 2021 store opening in Birmingham Middleway offset by the closure of Birmingham Digbeth.

In Paris, our trading performance was strong with like-for-like[9] revenue growing by 7.2%. This was driven by our like-for-like average rate performance which increased by 4.6% compared to the prior year with average occupancy growing by 2.7%. Like-for-like[9] closing occupancy[4] at the period end was up 1.2ppts at 82.9% (2021: 81.7%).

Our Spanish business, which was acquired in December 2019, contributed €1.7m of like-for-like revenue, up 10.2% compared to the prior year. Closing occupancy[4] was down 2.8ppts at 86.6% (2021: 89.4%) whilst the average storage rate[6] grew by 7.8% to €34.09 (2021: €31.61). Ancillary revenues, an area of particular focus, doubled compared to the prior year.

The Group completed the acquisition of the 80% of the equity in the Benelux JV owned by Carlyle on 30 March 2022. As a result, our Netherlands and Belgian businesses contributed one month of revenues in the period on a fully owned basis. Prior to the acquisition, the Group earned management fees and a 20% share of the JV's profits.

Group underlying EBITDA of £65.2m increased 21.1% at CER[2] on the prior year and 19.9% on a reported basis, reflecting the impact of the 4.8% strengthening of the average Sterling to Euro exchange rate, compared to the prior period, on the profit earned on our Paris, Spain and Benelux businesses. Rent costs were flat in the period and, as a result, adjusted diluted EPRA EPS[7] grew by 24.3% in the period to 22.5p (2021: 18.1p).

Our property portfolio valuation (excluding investment properties under construction) has increased by £389.3m since October 2021 to £2,271.1m. The increase comprises £32.2m of additions and reclassifications, a negative currency impact of £4.8m, the acquisition of the Benelux and Your Room Self Storage businesses of £132.1m and a £229.8m revaluation gain (equivalent to 12.2% of the valuation at October 2021) driven by reduced exit cap rates and strong operational performance of the business. The Group's external valuers, Cushman & Wakefield Debenham Tie Leung Limited ("C&W"), valued 39% of the portfolio at April 2022 with a Directors' valuation being carried out, with the assistance of C&W, on the remaining 61%.

Reflecting the Group's good trading performance, the Board is pleased to recommend a 25.3% increase in the interim dividend to 9.4p per share (2021: 7.5p).

Outlook

Trading in the third quarter to date, driven by average rates, has continued to be strong. Group like-for-like sales (CER) for the month of May were up 10% on May 2021, which was slightly ahead of our Board's expectations.

Whilst we are aware of the current macro-economic challenges, our business model remains highly resilient with multiple drivers of demand and we believe the Group, whilst not entirely immune from any cost of living or inflationary issues, is strongly positioned to withstand any downturn. At present, earnings for the full year is anticipated to be at least 47p, slightly ahead of the current consensus analysts' forecasts of Adjusted Diluted EPRA Earnings per Share[7] for 2021/22 of 45.9p[15].

For further information, please contact:

Safestore Holdings PLC

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A conference call for analysts will be held at 9:30am 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 178 stores at 30 April 2022, comprising 130 wholly owned stores in the UK (including 72 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, 4 stores in Barcelona, 9 stores in the Netherlands and 6 stores in Belgium.

- Safestore operates more self-storage sites inside the M25 and in central Paris than any competitor providing more proximity to customers in the wealthiest and more densely populated UK and French markets.

- Safestore was founded in the UK in 1998. It acquired the French business "Une Pièce en Plus" ("UPP") in 2004 which was founded in 1998 by the current Safestore Group CEO Frederic Vecchioli.

- Safestore has been listed on the London Stock Exchange since 2007. It entered the FTSE 250 index in October 2015.

- The Group provides storage to around 90,000 personal and business customers.

- As at 30 April 2022, Safestore had a maximum lettable area ("MLA") of 7.667 million sq ft (excluding the expansion pipeline stores) of which 6.186 million sq ft was occupied.

- Safestore employs around 750 people in the UK, Paris, Spain, the Netherlands and Belgium.

Our Strategy

The Group's proven strategy has evolved over the last three years with the creation of our Benelux Joint Venture[14] and the recent buy-out of the 80% of the equity previously owned by Carlyle as well as our acquisition of OhMyBox ("OMB") in Spain, but otherwise remains largely unchanged. 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 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 18 new stores since August 2016, and the acquisitions of 47 stores through the purchases of Space Maker in July 2016, Alligator in November 2017, Fort Box in London and OMB in Spain in 2019, the buy-out of our Benelux JV in 2022 and our Heathrow and Christchurch stores, we have established and strengthened our market-leading portfolio in the UK and Paris and have entered the Spanish, Netherlands and Belgian markets. We have a high quality, fully invested estate in all geographies and, of our 178 stores as at 30 April 2022, 101 are in London and the South East of England or in Paris, with 77 in Spain, the Netherlands, Belgium and the other major UK cities. In the UK, we now operate 49 stores within the M25, which represents a higher number of stores than any other competitor.

Our MLA[4] has increased to 7.67m sq ft at 30 April 2022 (2021: 6.98m sq ft). At the current occupancy level of 80.7% we have 1.5m sq ft of fully invested unoccupied space (2.5m sq ft including the development pipeline), of which 1.0m sq ft is in our UK stores, 0.3m sq ft in Paris and 0.2m in Spain, the Netherlands and Belgium. In total, this unlet space is the equivalent of c. 37 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 at attractive rates, so we view this availability of space with considerable optimism. We will also benefit from operational leverage from the fact that this available space is fully invested and the related operating costs are essentially fixed and already included in the Group cost base. Our continued focus will be on ensuring that we drive occupancy to utilise this capacity at carefully managed rates. Between the full financial years 2013 and 2021, occupancy of the stores in the portfolio in 2013 that remain in the Group today has increased from 63.1% to 83.4%, i.e. an average of 2.4ppts per year and equivalent to a total of 1.0 m 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 half of the UK population either knowing very little or nothing about self-storage (source: 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 56% 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 has more new lets 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 HY2022 rose to 89.7% of our enquiries in the UK (HY2021: 89%) and 85.3% in France (HY2021: 83.3%). The majority of our online enquiries now originate from a mobile device (65.5% share in HY2022), 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 2.3% whereas costs per enquiry decreased by 2%. Group marketing costs as a percentage of revenue were 3.5% for the half year (HY2021: 3.9%). This percentage has constantly reduced over the last 8 years and is now at its lowest level in that period.

During the first half of our 2021/22 trading year, the Group demonstrated its ability to integrate newly developed and acquired stores into its marketing platform with successful new openings at Bow (London, UK), Christchurch (Dorset, UK) and Nijmegen (Netherlands). We have now clearly demonstrated that our marketing platform is transferrable into multiple overseas geographies.

In February 2022, Safestore UK won the Feefo Platinum Trusted Service award for the third 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 4.6 and 4.8 out of 5. In France, Une Pièce en Plus uses Trustpilot to obtain independent customer reviews and in HY2022, achieved a 'TrustScore' of 4.6 out of 5. In Spain, OMB collects customer feedback via Google reviews and has maintained a score of 4.7 out of 5.

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 first half of our 2021/22 trading year has seen us move to a business-as-usual operating model in stores although we still display advisory mask and distancing messages along with safe working protocols for both our customers and colleagues.

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") accredited 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 Platinum accreditation firmly places 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 period of the Covid-19 pandemic 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 2021, we were able to combine our newly created technology communication skills with our tried and tested face-to-face training sessions in a newly created “impact” sales refresher.

The recent lockdowns and travel restrictions have not inhibited our progress as, following our late 2021 sales refreshers, we took the opportunity to review many of our training, coaching and compliance tools to take advantage of our higher performance levels and skilled colleagues. The integration of flexible contract types and enhanced digital contracts have all been included into our updated version of QUEST, our sales framework. This two-day programme has been delivered, face-to-face, to every member of our store and field teams in the first half of 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 fulfil the needs of our customers over and above that of our competitors. Our flexible contract types and enhanced digital contract completion further enhances our customer offer and experience.

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

Our internal Store Manager Development programme has been in place since 2016 and is a key part of succession planning for future Store Managers. In May 2022, we began our assessment process for the sixth intake of SMD (Store Manager Development Programme) with a first-class group of candidates ready to learn the necessary skills and attributes they need to become a Safestore Store Manager. Delegates also 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 marketplace. 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 in June 2022.

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

Our "Make the Difference" people forum, launched in December 2018, allows our "People 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.

In December 2020, our People Champion positions were up for re-election after our first group had successfully completed their two-year tenure. Following a strongly contested election, our 15 new People Champions were elected and they are now nearing the end of their tenure, having delivered more 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 received a 5 star Trustpilot rating, which we still hold in 2022. Along with our strong Google ratings, these independent assessments further reflect our ongoing commitment to customer 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 the ability, within a strict controlled environment, to offer a variety of centrally set discounts including, in specific stores and size codes, 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 the 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 30 April 2022, based on the current level of borrowings and interest swap rates, the Group's weighted average cost of debt was 2.30% and 95% of our debt facilities are at fixed rates or hedged. The weighted average maturity of the Group's drawn debt is 5.5 years at the current period end and the Group's LTV ratio is 27% as at 30 April 2022.

This LTV and interest cover ratio of 10.0x for the rolling twelve-month period ended 30 April 2022 provides us with significant headroom compared to our banking covenants. We had £198.5m of undrawn bank facilities at 30 April 2022.

Taking into account the improvements we have made in the performance of the business and the reduction in our average cost of debt over the last eight years, the Group is capable of generating free cash after dividends sufficient to fund the building of two 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

In April 2022, Safestore drew its existing uncommitted $115m Shelf facility. The facility was in Euros for a 7-year term at an interest rate of 2.45% in order to partially fund the acquisition of Carlyle's 80% share of the Benelux JV.

FX Forward Contracts

During the first half of 2020, the Group took out average rate FX forward contracts to hedge the majority of the Group's exposure to the translation of Euro denominated earnings for the period until April 2023. The remaining values are €8.0m for the second half of the 2022 financial year and €8.5m for the first half of the 2023 financial year. This has the effect of fixing the rate at which Euro earnings are translated to the rate of €1.0751 to £1, up to the value of the contract.

ESG Strategy

ESG: Sustainable Self-storage

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

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

In 2018, the Group established medium term targets in each of the ‘pillars’ towards which the Group continued to progress in FY2021 and HY2022.

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.

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 FY2021, 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, 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 £3m.

In addition to the IIP award and the customer satisfaction ratings, the Group has received recognition for its sustainability progress and disclosures in the last twelve months. Safestore has been given a Silver rating in the 2021 EPRA Sustainability BPR awards. The Global ESG Benchmark for Real Assets (“GRESB”) has once again awarded Safestore an “A” rating in its 2021 Public Disclosures assessment. MSCI has awarded Safestore its second-highest rating of “AA” for ESG in 2022. 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, Spain, the Netherlands and Belgium continues to be pragmatic, flexible and focused on the return on capital.

Our experienced and skilled property teams in all geographies 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 18 new stores: Chiswick, Wandsworth, Mitcham, Paddington Marble Arch, Carshalton, Bow (all in London), Birmingham Central, Birmingham Merry Hill, Birmingham Middleway, Altrincham, Peterborough, Gateshead, Sheffield in the UK, and Emerainville, Combs-la-Ville, Poissy, Pontoise and Magenta in Paris, adding c. 960,000 sq ft of MLA.

In addition, the Group has acquired 47 existing stores through the acquisitions of Space Maker, Alligator, Fort Box, OhMyBox! in Spain, the buy-out of our Benelux JV and our London Heathrow and Christchurch stores. These acquisitions added a further c. 1,870,000 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 Barking, Bedford, Chingford, Southend, Edgware, Paddington Marble Arch and Longpont (Paris) stores adding a net c. 102,000 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. 983,000 sq ft of future MLA (equivalent to c. 13% of the existing portfolio) with an associated outstanding capital expenditure of £108.0m.

Property Pipeline

Openings of New Stores and Extensions in the period

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 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 on 31 March 2021 was 80%. The extension opened in December 2021, adding 8,500 sq ft of MLA.

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.

Lease Extensions and Assignments

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. 11-13 years.

Development Sites

UK

In April 2021, the Group exchanged contracts on a freehold 1.3-acre site at Lea Bridge in Northeast 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 Southeast 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 Northeast London. Subject to 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 Q1 2023. 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.

In May 2022, the Group completed the acquisition of a 2.1-acre freehold site including an existing warehouse in Wigan in Greater Manchester. Subject to minor planning approvals for elevations and signage, we plan to convert the existing building and open a c. 42,700 sq ft MLA store in the second quarter of 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. 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 is constructing a c. 300,000 sq ft development of offices, retail, a school and residential properties.

Safestore has contributed its Nanterre site into the project receiving cash of €1.0m in addition to the delivery of 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. We expect the store to open in the third quarter of 2022.

Over the first half of 2022 we have exchanged contracts on three freehold development sites to the west of Paris. All sites require planning permission and newly built stores of 56,000 sq ft, 20,000 sq ft and 58,000 sq ft will be constructed over the next 18 months.

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 April 2022 was 86.6%.

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 54,000 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 32,000 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, we will convert the existing building into a 46,800 sq ft MLA self-storage facility. It is anticipated that the site will open in the third 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 12,500 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 24,700 sq ft MLA store which, subject to planning, should open in Q4 of 2023, approximately twelve months later than originally planned to ensure compatibility with other developments being undertaken by the landlord on the same site.

In April 2021, the Group exchanged contracts on a freehold building in northern Barcelona. Subject to planning, we will convert the existing building into a 41,500 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 second 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. €22.0m and the seven stores will add 241,500 sq ft of additional MLA. Since originally disclosing the above developments there have been some adjustments to the MLA which has added a further 16,700 sq ft. Cost inflation relating to the construction of the above sites has been included in the outstanding capital expenditure above.

Netherlands

In January 2022, the Netherlands business opened a new store in Nijmegen. The store is freehold with an MLA of 40,000 sq ft and is a conversion of an existing building. Nijmegen has a population of 177,000 and the site is well located on a main road with good visibility and access.

We recently exchanged contracts on a freehold site at Amersfoort, 40 minutes east of Amsterdam. The acquisition is subject to planning permission and we anticipate that the new store will be opened in Q4 2023.

Store Extensions

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 construction is underway. 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 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 which is now underway.

Property Pipeline Summary

Store	FH/ LH	Status	MLA sq ft	Target Opening	Other
London - Lea Bridge	FH	Completed/ planning granted	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	Q3 2023	Conversion of basement car park-satellite store to existing Paddington store
Wigan	FH	Completed/ subject to planning (elevations and signage)	42,700	Q2 2023	Conversion of existing warehouse
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	Planning granted	44,000	Q2 2025	Facility within mixed use development
Paris - Southern Paris	FH	Planning granted	55,000	Q3 2022	New build
Paris – West 1	FH	Contracts exchanged/ subject to planning	56,000	Q4 2023	New Build
Paris – West 2	FH	Contracts exchanged/ subject to planning	20,000	Q4 2023	New Build
Paris – West 3	FH	Contracts exchanged/ subject to planning	58,000	Q3 2023	New Build
Northern Madrid	FH	Completed/ planning granted	54,000	Q4 2022	Conversion of existing building
Southern Madrid	FH	Completed/ planning granted	32,000	Q4 2022	Conversion of existing building
Eastern Madrid	FH	Contracts exchanged/ subject to planning	46,800	Q3 2023	Conversion of existing building
Central Barcelona 1	FH	Completed/ planning granted	12,500	Q3 2022	Conversion of existing building

Central Barcelona 2	LH	Contracts exchanged/ subject to planning	24,700	Q4 2023	Conversion of existing building
Northern Barcelona	FH	Contracts exchanged/ subject to planning	41,500	Q1 2023	Conversion of existing building
South Barcelona	FH	Contracts exchanged/ planning granted	30,000	Q2 2023	Conversion of existing building
Amersfoort - Netherlands	FH	Contracts exchanged/ subject to planning	58,000	Q4 2023	New build
Total Pipeline MLA			c. 983k		
Total Further Capex			c. £108m		

Acquisition of remaining 80% of Carlyle JV[14]

As announced on 31 March 2022, Safestore acquired the remaining 80% of the equity owned by Carlyle Europe Realty in the Joint Venture[14] formed in 2019 ("the Joint Venture"). The total consideration paid to Carlyle was €67m. The total initial cash outflow was €135.3m and included the share purchase (€53.6m), debt purchase (€13.4m), and refinancing of the existing borrowings (€68.3m) and was funded from the Group's existing loan facilities. The Joint Venture was acquired based on an enterprise value of €146m.

The Joint Venture[14] was setup in 2019 to acquire and develop assets in the Netherlands and Belgium in order to leverage Safestore's operating platform outside our core markets. Since then, the Joint Venture has grown to a portfolio of 55,000 square meters (600,000 sq ft) of MLA which is currently 74% occupied.

The portfolio is made up of 15 high quality properties (twelve freehold properties, two ground leases and one leasehold property). Nine properties are located in the Netherlands, six of which are concentrated in the Haarlem / Amsterdam area with additional properties in The Hague, Het Gooi and the recently opened Nijmegen store. In Belgium, two stores are located in the Brussels area, two in the city of Liege and further properties in Nivelles and Charleroi. Safestore has managed the properties since acquisition by the Joint Venture.

The Group's investment is expected to be marginally accretive to Group earnings per share in FY2021/22 and will support the Group's future dividend capacity. The expected initial yield based on total enterprise value is 3.9% which we expect to grow to Safestore's normal returns hurdles as the portfolio matures. Post-transaction, the Group's LTV will increase to 31%.

Safestore and Carlyle continue to explore further opportunities to work together.

Acquisition of Your Room Self Storage, Christchurch

In December 2021, Safestore acquired Your Room Self Storage in Christchurch, Dorset, for an enterprise value of £2.45m. 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.

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 78 stores, contributed £54.6m of revenue and in the first half of the financial year and offer a unique exposure to the two most attractive European self-storage markets.

Our Spanish portfolio currently consists of four stores in Barcelona. We have a further seven stores in our development pipeline situated in both Madrid and Barcelona. We consider both of these cities to have attractive characteristics in relation to self-storage and intend to continue to seek further expansion opportunities.

Owned Store Portfolio by Region	**London & South East**	**Rest of UK**	**UK Total**	**Paris**	**Spain**	**Benelux***	**Group Total**
Number of Stores	72	58	130	29	4	15	178
Let Square Feet (m sq ft)	2.364	2.185	4.549	1.098	0.094	0.445	6.186
Maximum Lettable Area (m sq ft)	2.900	2.700	5.600	1.360	0.110	0.600	7.670
Average Let Square Feet per store (k sq ft)	33	38	35	38	24	30	35
Average Store Capacity (k sq ft)	40	47	43	47	28	40	43
Closing Occupancy %	81.7%	80.8%	81.3%	80.6%	86.6%	74.2%	80.7%
Average Rate (£ per sq ft)	34.32	22.30	28.53	33.94	28.65	16.12	29.38
Revenue (£'m)	48.9	30.0	78.9	20.0	1.4	0.7	101.0
Average Revenue per Store (£'m)	0.68	0.52	0.61	0.69	0.35	0.05	0.57

The reported totals have not been adjusted for the impact of rounding
* Represents results for the month of April 2022

We have a strong position in both the UK and Paris markets operating 130 stores in the UK, 72 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 49 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 nine 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 30 April 2022 London, the South East and Paris represent 57% of our stores, 68% of our revenues, as well as 54% 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 seven development sites in Barcelona and Madrid. In addition, in March 2022, the Group acquired the 80% of the equity in the Benelux Joint Venture previously owned by Carlyle and, as a result, now own fifteen stores in the Netherlands and Belgium. Our in-house development resource in the Benelux region is working on the establishment of a pipeline of new stores in this region.

Market

The Self Storage Association (“SSA”) noted in its May 2022 report, that, “despite two record years, inflationary pressures, escalating costs of construction and a war in Europe, operators remain optimistic about the future….”. Previous downturns have presented opportunities for self-storage and the pandemic seems to have once again demonstrated the resilience of the self-storage industry and the broad range of demand drivers.

The self-storage market in the UK, France, Spain and Benelux remains relatively immature compared to geographies such as the USA and Australia. The SSA Annual Survey (May 2022) confirmed that self-storage capacity stands at 0.76 sq ft per head of population in the UK. The most recent report relating to Europe (FEDESSA’s 2021 report) showed that capacity in France is 0.22 sq ft per capita. Whilst the Paris market density is greater than France, we estimate it to be significantly lower than the UK at around 0.38 sq ft per inhabitant. This compares with closer to 10 sq ft per inhabitant in the USA and 2 sq ft in Australia. In the UK, in order to reach the US density of supply, it would require the addition of around another 17,000 stores as compared to c. 1,400 currently. In the Paris region, it would require around 2,400 new facilities versus c. 95 currently opened.

In Spain, the Netherlands and Belgium, geographies the Group has recently entered, penetration is similarly low. In Spain capacity is around 0.24 sq ft per head of population and the consumer is serviced by just 545 stores. In the Netherlands penetration is 0.58 sq ft per head of population (340 stores) and in Belgium 0.19 sq ft per head of population (97 stores).

Our interpretation of the most recent 2022 SSA report is that similar levels of capacity are likely to be developed in 2022 and 2023 at around 30-40 stores per annum. We do not consider this level of new supply growth to be of concern.

The 30-40 comparable sites represent between 2% and 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 a small proportion of these sites compete with existing Safestore stores.

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

The supply in the UK market, according to the SSA Survey, remains relatively fragmented despite a number of acquisitions in the sector in 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 2022 report the SSA estimates that 2,050 self-storage facilities exist in the UK market including around 621 container-based operations. According to the 2022 survey, Safestore is the industry leader by number of stores with 130 wholly owned sites followed by Big Yellow with 105 stores (including Armadillo), Access with 60 stores, Shurgard with 40 stores, Lok'n Store with 39 stores, Storage King with 37 stores and Ready Steady Store with 27 stores. In aggregate, the top seven leading operators account for almost 21% of the UK store portfolio. The remaining c. 1,613 self-storage outlets (including 621 container-based operations) are independently owned in small chains or single units. In total there are 1,015 storage brands operating in the UK.

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

Our Spanish business 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 twelve million inhabitants and significant barriers to entry.

Consumer awareness of self-storage is increasing but remains relatively low, providing an opportunity for future industry growth. The SSA survey consistently indicates that approximately half of consumers either knew nothing about the service offered by self-storage operators or had not heard of self-storage at all. Since 2016, this statistic has only fallen 10ppts from 59%. 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. 64% of respondents were unable to name a self-storage business in their local area (56% in 2021). The lack of relevance of brand in the process of purchasing a self-storage product emphasises the need for operators to have a strong online presence. This requirement for a strong online presence was also reiterated by the SSA Survey where 73% of those surveyed (77% in 2021) 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. 26% of respondents (c. 25% in 2021).

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

Safestore's domestic customers' need for storage is often driven by life events such as births, marriages, bereavements, divorces or by the housing market including house moves and developments and moves between rental properties. Safestore has estimated that UK owner-occupied housing transactions drive around 8-13% of the Group's new lets.

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

Business and Personal Customers	UK	Paris	Spain	Benelux
Personal Customers				
Numbers (% of total)	76%	82%	88%	84%
Square feet occupied (% of total)	57%	65%	82%	76%
Average Length of Stay (months)	18.7	29.4	23.4	27.8
Business Customers				
Numbers (% of total)	24%	18%	12%	16%
Square feet occupied (% of total)	43%	35%	18%	24%
Average Length of Stay (months)	27.2	31.7	28.0	28.6

Safestore’s customer base is resilient and diverse and consists of around 90,000 domestic, business and National Accounts customers across London, Paris, Spain, the UK regions, the Netherlands and Belgium.

Business Model

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

With more stores inside London's M25 than any other operator and a strong position in central Paris, Safestore has leading positions in the two most important and demographically favourable markets in Europe. In addition, our 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 85% of customers travelling for less than 30 minutes to their storage facility (2022 SSA Survey) Safestore's national store footprint represents a competitive advantage.

The Group's capital-efficient portfolio of 178 wholly owned stores in the UK, Paris, Spain, the Netherlands and Belgium consists of a mix of freehold and leasehold stores. In order to grow the business and secure the best locations for our facilities we have maintained a flexible approach to leasehold and freehold developments as well as being comfortable with a range of building types, from new builds to conversions of warehouses and underground car parks.

Currently, around a quarter of our stores in the UK are leaseholds with an average remaining lease length at 30 April 2022 of 11.3 years (FY2021: 11.8 years). Although our property valuation for leaseholds is conservatively based on future cash flows until the next contractual lease renewal date, Safestore has a demonstrable track record of successfully re-gearing leases several years before renewal whilst at the same time achieving concessions from landlords.

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

In Paris, where 41% of stores are leaseholds, our leases typically benefit from the well-enshrined Commercial Lease statute that provides that tenants own the commercial property of the premises and that they are entitled to renew their lease at a rent that is indexed to the Indice des Loyers Commerciaux (Commercial Rental Index) published by the state. Taking into account this context, the valuer values the French leaseholds based on an indefinite property tenure, similar to freeholds but at a significantly higher exit cap rate.

The Group believes there is an opportunity to leverage its highly scalable marketing and operational expertise in new geographies outside the UK and Paris. During 2019, a joint venture[14] was established with Carlyle, which acquired the M3 Self-storage business in the Netherlands which had six stores in Amsterdam and Haarlem. In June 2020, the Joint Venture[14] added the Lokabox business, a portfolio of six stores in Brussels (2), Liege (2), Charleroi and Nivelles. In December 2020, the Joint Venture[14] acquired the Opslag XL portfolio adding a further three stores in Amsterdam, The Hague and Hilversum and opened a store in Nijmegen in the Netherlands in January 2022. The Amsterdam store has subsequently been closed as planned following lease expiry. After three years of learning about and understanding these markets, the Group acquired the remaining 80% of equity in the Joint Venture[14] owned by Carlyle in March 2022.

In 2019 the Group entered the Spanish market with the acquisition of OhMyBox. Our Spanish portfolio currently consists of four stores in Barcelona. We have a further seven stores in our development pipeline situated in both Madrid and Barcelona. We consider both of these cities to have attractive characteristics in relation to self-storage and intend to continue to seek further expansion opportunities.

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

Safestore excels in the generation of customer enquiries which are received through a variety of channels including the internet, telephone and 'walk-ins'. In the early days of the industry, local directories and store visibility were key drivers of enquiries. However, the internet is now by far the dominant channel, accounting for 90% (2021: 89%) of our enquiries in the UK and 85% (2021: 83%) in France. Telephone enquiries comprise 7% of the total (9% in France) and 'walk-ins' amount to only 4% (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 search engines. Safestore has developed and continues to invest in a leading digital marketing platform that has generated 56% enquiry growth over the last five years.

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

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

Customer service standards are high and customer satisfaction feedback is consistently very positive. Safestore invites customers to leave a review on a number of review platforms, including Feefo, Google and Trustpilot. Our ratings for each of these three providers in the UK are between 4.6 and 4.8 out of 5. In France, Une Pièce en Plus uses Trustpilot to obtain independent customer reviews and In HY2022, achieved a 'TrustScore' of 4.6 out of 5. In Spain, OMB collects customer feedback via Google reviews and has maintained a score of 4.7 out of 5. The key drivers of sales success are the capacity to generate enquiries in a digital world, the capacity to provide storage locations that are conveniently located close to the customers' requirements and the ability to maintain a consistently high quality, motivated retail team that is able to secure customer sales at an appropriate storage rate, all of which can be better provided by larger, more efficient organisations.

We remain focused on business as well as domestic customers. Our national network means that we are uniquely placed to further grow the business customer market and in particular National Accounts. Business customers in the UK now constitute 43% of our total space let and have an average length of stay of 27 months. Within our business customer category, our National Accounts business represents around 624,000 sq ft of occupied space (around 14% of the UK's occupancy). Approximately two-thirds of the space occupied by National Accounts customers is outside London, demonstrating the importance and quality of our well invested national estate.

The business now has in excess of c. 90,000 business and domestic customers with an average length of stay of 28 months and 22 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 £125m of US Private Placement Notes in 2019, £150m in 2021 and £89m in 2022, 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 30 April 2022 we had 1.0m sq ft of unoccupied space in the UK, 0.3m sq ft in France and 0.2m in Spain and Benelux, equivalent to c. 37 full new stores. 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 Trading Performance

UK Operating Performance	2022	2021	Change
Revenue (£'m)	78.9	67.2	17.4%
EBITDA (£'m)[3]	50.1	39.8	25.9%
EBITDA (after leasehold costs) (£'m)	46.3	35.8	29.3%
Closing Occupancy (let sq ft- million)[4]	4.549	4.466	1.9%
Closing Occupancy (% of MLA)	81.3%	81.0%	+0.3ppts
Maximum Lettable Area (MLA)[5]	5.600	5.510	1.6%
Average Storage Rate (£)[6]	28.53	24.66	15.7%

UK Operating Performance- like-for-like[9]	2022	2021	Change
Storage Revenue (£'m)	63.8	53.3	19.7%
Ancillary Revenue (£'m)	14.0	13.3	5.3%
Revenue (£'m)	77.8	66.6	16.8%
EBITDA (£'m)[3]	49.4	39.4	25.4%
Closing Occupancy (let sq ft- million)[4]	4.475	4.427	1.1%
Closing Occupancy (% of MLA)	82.1%	81.8%	+0.3ppts
Average Occupancy (let sq ft- million)[4]	4.486	4.348	3.2%
Average Storage Rate (£)[6]	28.67	24.73	15.9%

The UK business had a strong first half of the year with revenue up 17.4% for the six months. Like-for-like storage revenue was up 19.7% with ancillary revenues up 5.3% compared to 2021. As a result, total like-for-like revenue was up 16.8% for the period.

The strong UK result was driven by an excellent like-for-like average rate performance which was up 15.9% compared to the first half of 2021. The like-for-like average rate also grew sequentially in the second quarter of the period by 0.9% compared to the first quarter. Like-for-like average occupancy grew by 3.2% compared to 2021 and the like-for-like closing occupancy at the end of April 2022 was up 0.3ppts at 82.1% (2021: 81.8%). It should be noted that the like-for-like closing occupancy was impacted by the addition of 40,000 sq ft of additional MLA arising from the opening of recent store extensions at London Edgware, Southend and London Paddington Marble Arch which had the impact of diluting the closing occupancy by 0.7ppts.

Total revenue growth of 17.4% reflected the strong like-for-like performance, the 2021 store opening in Birmingham Middleway offset by the closure of Birmingham Digbeth, the December 2021 acquisition of Christchurch and the December 2021 opening of our London Bow store. All acquisitions and new store developments are performing in line with or ahead of their business cases.

Our continued focus on cost was evident in the half year. During the period, our cost base increased by 5.1% in total or 4.4% on a like-for-like basis.

As a result, underlying EBITDA after leasehold costs for the UK business was £46.3m (2021: £35.8m), an increase of £10.5m or 29.3%. Total EBITDA margins at store level increased by 3.2ppts to 70.8% and after administrative costs EBITDA margins grew by 4.3ppts to 63.5%.

Paris Trading Performance

Paris Operating Performance	2022	2021	Change
Revenue (€'m)	23.8	22.1	7.7%
EBITDA (€'m)[3]	16.3	15.4	5.8%
EBITDA (after leasehold costs) (€'m)	13.3	12.7	4.7%
Closing Occupancy (let sq ft- million)[4]	1.098	1.072	2.4%
Closing Occupancy (% of MLA)	80.6%	81.7%	-1.1ppts
Maximum Lettable Area (MLA)[5]	1.360	1.360	-%
Average Storage Rate (€)[6]	40.38	38.67	4.4%
Revenue (£'m)	20.0	19.5	2.6%

Paris Operating Performance- like-for-like[9]	2022	2021	Change
Storage Revenue (€'m)	21.7	20.2	7.4%
Ancillary Revenue (€'m)	2.0	1.9	5.3%
Revenue (€'m)	23.7	22.1	7.2%
EBITDA (€'m)[3]	16.5	15.4	7.1%
Closing Occupancy (let sq ft- million)[4]	1.087	1.072	1.4%
Closing Occupancy (% of MLA)	82.9%	81.7%	+1.2ppts
Average Occupancy (let sq ft- million)[4]	1.080	1.052	2.7%
Average Storage Rate (€)[6]	40.44	38.67	4.6%
Revenue (£'m)	19.9	19.5	2.1%

Paris had a strong period, growing like-for-like revenue by 7.2% compared to last year.

The like-for-like average storage rate was up 4.6% for the period whilst like-for-like average occupancy was up 2.7%. Like-for-like closing occupancy was at 82.9%, up 1.2ppts compared to 2021. Ancillary revenues were robust, growing by 5.3% compared to 2021 resulting in like-for-like average revenue growing by 7.2%.

Sterling equivalent revenue was up 2.1% reflecting a 4.8% strengthening in the average Sterling to Euro exchange rate over the comparative period.

The like-for-like cost base in Paris was up 7.5% compared to the prior year which benefited from the profit on the sale of a surplus piece of land. Excluding the impact of this sale, the cost base grew by 4.3%.

As a result, like-for-like EBITDA grew to €16.5m (2021: €15.4m), an improvement of €1.1m or 7.1% on 2021.

Like-for-like EBITDA margins at store level increased by 0.3ppts to 75.9% and after administrative costs (and including the impact of the aforementioned land sale) EBITDA margin decreased by 0.1ppts to 69.6%

The difference between like-for-like and total figures for Paris is the opening of the Paris Magenta store in late April 2021. As this store is still in the early stages of trading it is not contributing to EBITDA but does increase the MLA and hence dilutes the closing occupancy.

Spain Trading Performance

Spain Operating Performance- total and like-for-like[9]	2022	2021	Change
Storage Revenue (€'m)	1.57	1.49	5.4%
Ancillary Revenue (€'m)	0.16	0.08	100.0%
Revenue (€'m)	1.73	1.57	10.2%
EBITDA (€'m)[3]	1.01	0.96	5.2%
EBITDA (after leasehold costs) (€'m)	0.76	0.71	7.0%
Closing Occupancy (let sq ft- million)[4]	0.094	0.097	-3.1%
Closing Occupancy (% of MLA)	86.6%	89.4%	-2.8ppts
Maximum Lettable Area (MLA)[5]	0.110	0.110	-
Average Storage Rate (€)[6]	34.09	31.61	7.8%
Revenue (£'m)	1.45	1.38	5.1%

Our Spanish business, which was acquired in December 2019, contributed €1.7m of revenue in the period, up 10.2% compared to the prior year. The strategy of improving average rate and ancillary sales whilst sacrificing a small amount of occupancy is working. Closing occupancy was down 2.8ppts at 86.6% (2021: 89.4%) whilst average rate for the six months grew by 7.8% to €34.09 (2021: €31.61) with ancillary revenues improving strongly.

The above revenue performance, combined with a modest investment in central headcount and increased utilities charges resulted in the business contributing €0.76m of EBITDA after leasehold costs.

Benelux Trading Performance

Our Netherlands and Belgium businesses were acquired on 30 March 2022 and therefore only contributed one month's revenue (€0.8m) in the period.

Our Netherlands business ended the period with a closing occupancy of 72.5% whilst our Belgian business had a 77.2% occupancy.

Frederic Vecchioli
20 June 2022

Financial Review

Underlying Income Statement

The table below sets out the Group's underlying results of operations for the six months ended 30 April 2022 and the six months ended 30 April 2021.

	H1 2022 £'m	H1 2021 £'m	Mvmt %
Revenue	101.0	88.1	*14.6%*
Underlying costs	(36.0)	(34.0)	*5.9%*
Share of associate's underlying EBITDA	0.2	0.3	*(33.3%)*
Underlying EBITDA	**65.2**	**54.4**	***19.9%***
Leasehold rent	(6.5)	(6.5)	*0.0%*
Underlying EBITDA after leasehold rent	**58.7**	**47.9**	***22.5%***
Depreciation	(0.5)	(0.5)	*0.0%*
Finance charges	(5.9)	(4.8)	*22.9%*
Share of associate's finance charges	(0.5)	(0.2)	*150.0%*
Underlying profit before tax	**51.8**	**42.4**	***22.2%***
Current tax	(2.6)	(2.8)	*(7.1%)*
Share of associate's tax	-	(0.1)	*(100.0%)*
Adjusted EPRA earnings	**49.2**	**39.5**	***24.6%***
Share-based payments charge	(6.0)	(5.9)	*1.7%*
EPRA basic earnings	**43.2**	**33.6**	***28.6%***
Average shares in issue (m)	210.8	210.8	
Diluted shares (for ADE EPS) (m)	218.6	218.4	
Adjusted diluted EPRA EPS (pro forma) (p)	**22.5**	**18.1**	***24.3%***

Notes:
1. Adjusted Diluted EPRA EPS is defined in note 2 to the financial statements.
2. 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 table above.

	H1 2022	H1 2021
	£'m	£'m
Statutory profit before tax	285.2	167.3
Adjusted for		
- gain on investment properties and investment properties under construction	(227.9)	(131.3)
- change in fair value of derivatives	(0.8)	(1.6)
- net exchange loss	0.3	0.1
- share of associate's tax	-	0.1
- share-based payments	6.0	5.9
- exceptional items	-	1.9
- other exceptional gains	(10.5)	-
- exceptional finance income	(0.5)	-
Underlying profit before tax	51.8	42.4

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

Underlying EBITDA increased by 19.9% to £65.2m (H1 2021: £54.4m) reflecting a 14.6% increase in revenue offset by a 5.9% increase in the underlying cost base (see below).

Finance charges increased from £4.8m in H1 2021 to £5.9m in H1 2022. This principally reflects the increased borrowing associated with the new USPP's. In 2021, Safestore extended its borrowing facilities with the issuance of the equivalent of £149m new sterling and euro denominated US Private Placement (USPP) notes. These funds were used initially to pay down Revolving Credit Facilities (RCF) thereby providing further capacity for medium term growth.

As a result, we achieved a 22.2% increase in underlying profit before tax of £51.8m (H1 2021: £42.4m). The main additional factor in the increase in statutory profit before tax in the year is the £227.9m increase in the gain on investment and development property, primarily due to the stronger underlying performance of the stores, as well as a slight reduction in exit cap rates.

Included within statutory profit before tax are other exceptional gains of £10.5m. £5.5m relates to the profit made on the deemed disposal of Safestore's 20% investment in the Joint Venture formed in 2019 with Carlyle Europe Realty that arose on acquisition of the remaining 80%, with £5.0m relating to the profit on the sale of the Nanterre land in Paris in November 2021. The exceptional finance income relates to the profit made on the termination of interest rate swaps associated with the Joint Venture.

The share-based payments charge increased slightly as the 2017 LTIP scheme nears the vesting date with a reduced probability of lapses and forfeiture by the option holders.

Given the Group's REIT status in the UK, tax is normally only payable in France, Spain, Netherlands and Belgium. The current tax charge for the period decreased by 7.1% to £2.6m (H1 2021: £2.8m).

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 24.3% to 22.5 pence (H1 2021: 18.1 pence).

Reconciliation of Underlying EBITDA

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

	H1 2022 £'m	H1 2021 £'m
Statutory operating profit	292.6	173.2
Adjusted for		
- gain on investment properties	(223.9)	(127.7)
- share of associate's underlying EBITDA	0.5	0.3
- depreciation	0.5	0.5
- variable lease payments	-	0.3
- share-based payments	6.0	5.9
Exceptional items		
- costs incurred relating to corporate transactions and exceptional taxation costs	-	1.9
Other exceptional gains		
- net gain on deemed disposal of investment in associate	(5.5)	-
- profit on sale of land	(5.0)	-
Underlying EBITDA	65.2	54.4

The main reconciling items between statutory operating profit and Underlying EBITDA are the gain on investment properties as well as adjustments for other exceptional gains, as mentioned above. The gain on investment properties was £223.9m in H1 2022 (H1 2021: £127.7m) represented by gain on investment properties and investment properties under construction of £227.9m and fair value re-measurement of lease liabilities add-back (£4.0m). The Group's approach to the valuation of its investment property portfolio at 30 April 2022 is discussed below.

Underlying Profit by geographical region

The Group is organised and managed in five operating segments based on geographical region, with Benelux representing our Netherlands and Belgium operations. The table below details the underlying profitability of each region.

	H1 2022					H1 2021			
	UK £'m	Paris €'m	Spain €'m	Benelux €'m	Total (CER) £'m	UK £'m	Paris €'m	Spain €'m	Total (CER) £'m
Revenue	78.9	23.8	1.7	0.8	102.1	67.2	22.1	1.6	88.1
Underlying cost of sales	(23.0)	(5.9)	(0.4)	(0.3)	(29.0)	(21.8)	(5.4)	(0.3)	(26.9)
Store EBITDA	55.9	17.9	1.3	0.5	73.1	45.4	16.7	1.3	61.2
Store EBITDA margin	*70.8%*	*75.2%*	*76.5%*	*62.5%*	*71.6%*	*67.6%*	*75.6%*	*81.3%*	*69.5%*
Underlying administrative expenses	(5.8)	(1.6)	(0.2)	(0.1)	(7.4)	(5.6)	(1.3)	(0.3)	(7.1)
Underlying EBITDA	50.1	16.3	1.1	0.4	65.7	39.8	15.4	1.0	54.1
EBITDA margin	*63.5%*	*68.5%*	*64.7%*	*50.0%*	*64.3%*	*59.2%*	*69.7%*	*62.5%*	*61.4%*
Leasehold rent	(3.8)	(3.0)	(0.3)	(0.0)	(6.6)	(4.0)	(2.7)	(0.2)	(6.5)
Underlying EBITDA after leasehold rent	46.3	13.3	0.8	0.4	59.1	35.8	12.7	0.8	47.6
EBITDA after leasehold rent margin	*58.7%*	*55.9%*	*47.1%*	*50.0%*	*57.9%*	*53.3%*	*57.5%*	*50.0%*	*54.0%*
	UK £'m	**Paris £'m**	**Spain £'m**	**Benelux £'m**	**Total £'m**	**UK £'m**	**Paris £'m**	**Spain £'m**	**Total £'m**
Underlying EBITDA after leasehold rent (CER)	46.3	11.8	0.7	0.3	59.1	35.8	11.2	0.6	47.6
Adjustment to actual exchange rate	-	(0.5)	(0.1)	-	(0.6)	-	-	-	-
Reported underlying EBITDA after leasehold rent	46.3	11.3	0.6	0.3	58.5	35.8	11.2	0.6	47.6

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 £10.3m, or 25.9%, to £50.1m (H1 2021: £39.8m), reflecting a 17.4% increase in revenue, arising from a 15.7% increase in average rate coupled with an increase in average occupancy of 3.8%, partially offset by a 5.1% increase in the underlying cost base. The UK also reflected strong like-for-like revenue growth of 16.8% in addition to the acquisition of Christchurch and the opening of Bow. The underlying UK EBITDA margin increased to 63.5% compared to 59.2% in H1 2021.

In Paris, underlying EBITDA increased by €0.9m, or 5.8%, to €16.3m (H1 2021: €15.4m), reflecting a €1.7m increase in revenue, arising from a 4.4% increase in the average storage rate coupled with a 3.4% increase in average occupancy. The EBITDA after leasehold costs margin in Paris decreased slightly from 57.5% in H1 2021 to 55.9% in H1 2022, reflecting the underlying cost base of the developing sites. Underlying EBITDA after leasehold rent in Paris increased by 4.7% to €13.3m (H1 2021: €12.7m).

In Spain, underlying EBITDA increased by €0.1m, or 10.0%, to €1.1m, reflecting an increase in revenue, arising from a 7.8% increase in average storage rate, offset by a decrease in average occupancy of 2.5%.

On the 30 March 2022, Safestore acquired the remaining 80% of the equity owned by Carlyle Europe Realty in the Joint Venture formed in 2019. The Joint Venture was set up in 2019 to acquire and develop assets in The Netherlands and Belgium in order to leverage Safestore's operating platform outside our core markets. The contribution to revenue for the month of April for Benelux was €0.8m.

The combined performance of the UK, Paris, Spain, Netherlands and Belgium resulted in a 24.2% increase in underlying EBITDA after leasehold rent at constant exchange rates. Adjusting for an unfavourable exchange rate movement of 4.8% resulting in an impact of £0.6m in the current year and share of associate's underlying EBITDA of £0.2m (H1 2021: £0.3m), Group reported underlying EBITDA after leasehold rent has increased by 22.5% or £10.8m to £58.7m (H1 2021: £47.9m).

Revenue

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

The split of the Group's revenues by geographical segment is set out below for H1 2021 and H1 2022.

		H1 2022	% of total	H1 2021	% of total	% change
UK	£'m	78.9	78%	67.2	76%	17.4%
Paris						
Local currency	€'m	23.8		22.1		7.7%
Paris in Sterling	£'m	20.0	20%	19.5	22%	2.6%
Spain						
Local currency	€'m	1.7		1.6		6.2%
Spain in Sterling	£'m	1.4	1%	1.4	2%	0.0%
Benelux						
Local currency	€'m	0.8		-		
Benelux in Sterling	£'m	0.7	1%	-		
Average exchange rate	*€:£*	*1.190*		*1.135*		*(4.8%)*
Total revenue		101.0	100%	88.1	100%	14.6%

The Group's reported revenue increased by 14.6% or £12.9m during the period. The Group's occupied space was 551,000 sq ft higher at 30 April 2022 (6.186 million sq ft) than at 30 April 2021 (5.635 million sq ft). Average occupancy during the period was 4.9% higher at 5.80 million sq ft (H1 2021: 5.53 million sq ft), and the reported average rental rate for the Group increased to £29.38 (H1 2021 £26.51).

On a like-for-like basis, adjusting for the impact of new stores, the Group's revenue has increased by 13.3% since H1 2021. Adjusting for an unfavourable exchange impact in the current year, revenue increased by 14.5% on a constant currency and like-for-like basis.

In the UK, reported revenue increased by £11.7m or 17.4%. This was driven by the average rental rate increasing by 15.7% to £28.53 (H1 2021: £24.66) coupled with a closing occupancy increase of 1.9% to 4.55 million sq ft at 30 April 2022 (H1 2021: 4.47 million sq ft). The average space occupied during the period was up 3.8% compared with H1 2021 at 4.55 million sq ft (H1 2021: 4.38 million sq ft).

On a like-for-like basis, adjusting for new stores, UK revenue increased by £11.2m or 16.8% arising from a 15.9% increase in the average store rate and a 3.2% increase in average occupancy.

In Paris, revenue increased by €1.7m or 7.7%. The average Euro exchange rate for H1 2022 was €1.190:£1 compared with €1.135:£1 in H1 2021 resulting in a negative impact on revenue of £1.0m and revenue in constant currency increased by £1.5m to £21.0m (H1 2021: £19.5m).

Paris closing occupancy at 30 April 2022 has increased by 2.4% compared to 30 April 2021 to 1.10 million sq ft and average occupancy for the period of 1.09 million sq ft is a 3.4% increase compared to H1 2021. The average rental rate in Paris was €40.38 for the period, an increase of 4.4% on H1 2021, €38.67.

For Spain, revenue was €1.7m with a closing occupancy 0.094 million sq ft (H1 2021: 0.097 million sq ft), or 86.6% (H1 2021: 89.4%).

The recent buy-out of the remaining 80% owned by Carlyle Europe Realty in the Joint Venture formed in 2019 included contributions in Benelux of €0.8m of revenue for the month of April, with occupancy of 74.2% and an average rental rate of €19.18.

Analysis of Cost Base

Cost of sales

The table below details the key movements in cost of sales between H1 2021 and H1 2022.

Cost of sales	H1 2022 £'m	H1 2021 £'m
Reported cost of sales	(29.1)	(27.7)
Adjusted for:		
Depreciation	0.5	0.5
Variable lease payments	-	0.3
Underlying cost of sales	(28.6)	(26.9)

Underlying cost of sales for H1 2021	(26.9)
New developments cost of sales	0.2
Underlying cost of sales for H1 2021 (Like-for-like)	(26.7)
Employee remuneration and volume related	(0.1)
Employee recruitment and training	(0.1)
Utilities and facilities	(1.1)
Underlying cost of sales for H1 2022 (Like-for-like; CER)	(28.0)
New developments cost of sales	(1.0)
Underlying cost of sales for H1 2022 (CER)	(29.0)
Foreign exchange	0.4
Underlying cost of sales for H1 2022	(28.6)

In order to arrive at underlying cost of sales, adjustments are made to remove the impact of depreciation and variable lease payments.

Adjusting for the impact of new stores, underlying cost of sales at CER on a like-for-like basis increased by 4.9% or £1.3m, to £28.0m (H1 2021: £26.7m), principally due to increased facilities and utilities costs.

The cost of sales attributable to new and acquired sites at Bow, Birmingham Middleway and Christchurch in the UK and Magenta in Paris and in the consolidated results for the month of April in the Netherlands and Belgium is £1.0m in H1 2022.

Administrative Expenses

The table below reconciles reported administrative expenses to underlying administrative expenses and details the key movements in underlying administrative expenses between H1 2021 and H1 2022.

Administrative expenses	**H1 2022 £'m**	**H1 2021 £'m**
Reported administrative expenses	(13.4)	(14.9)
Adjusted for:		
Share-based payments	6.0	5.9
Exceptional items	-	1.9
Underlying administrative expenses	(7.4)	(7.1)

Underlying administrative expenses for H1 2021	(7.1)
New development administrative expenses	-
Underlying administrative expenses for H1 2021 (Like-for-like)	(7.1)
Employee related and travel costs	(0.6)
Professional fees and administration costs	0.5
Underlying administrative expenses for H1 2022 (Like-for-like; CER)	(7.2)
New development administrative expenses	(0.2)
Underlying administrative expenses for H1 2022 (CER)	(7.4)
Foreign exchange	-
Underlying administrative expenses for H1 2022	(7.4)

In order to arrive at underlying administrative expenses, adjustments are made to remove the impact of exceptional items, share-based payments and corporate transaction costs.

Underlying administrative expenses increased by 4.2% or £0.3m to £7.4m (H1 2021: £7.1m). The increase arose predominantly from employee related costs (£0.6m) and new stores and developments (£0.2m), offset by savings in professional fees and administration costs (£0.5m).

Exceptional items

In France, the basis on which property taxes have been assessed has been challenged by the tax authority for financial years 2011 onwards. In March 2021 the French Court of Appeal delivered a judgement, which resulted in 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 was unsuccessful. A provision is included in the consolidated financial accounts of £2.2m at 30 April 2022 (31 October 2021: £2.1m), to reflect the increased uncertainty surrounding the likelihood of a successful outcome. Of the total provided, £0.1m has been charged in relation to 6 months to 30 April 2022 (30 April 2021: £0.1m) within cost of sales (underlying EBITDA).

It is possible that the French tax authority may appeal the decisions of the French Court of Appeal on which the Group was successful to the French Supreme Court. The maximum potential exposure in relation to these issues at 30 April 2022 is £2.8m (31 October 2021: £2.7m). No provision for any further potential exposure has been recorded in the consolidated financial statements since the Group believes it is more likely than not that a successful outcome will be achieved, resulting in no additional liabilities.

Investment Properties

A full external valuation of the store portfolio is undertaken by the Group on an annual, rather than a six-monthly basis. At 30 April 2022, a sample of the Group's largest properties, representing approximately 39% of the value of the Group's investment property portfolio at 31 October 2021, has been valued by the Group's external valuers, Cushman & Wakefield LLP ("C&W"). In addition, at the same date, the Directors have prepared estimates of fair values for the remaining 61% of the Group's investment property portfolio, updating 31 October 2021 valuations to incorporate latest assumptions to reflect current market conditions and trading.

As a result of this exercise, the net gain or loss on investment properties during the period was as follows.

	H1 2022 **£'m**	**H1 2021** **£'m**
Revaluation of investment properties	229.8	129.8
Revaluation of investment properties under construction	(1.9)	1.5
Fair value re-measurement of lease liabilities add back	(4.0)	(3.6)
Gain on investment properties	223.9	127.7

The movement on investment properties reflects the increased value of the Group's store portfolio as a result of the continuing strong trading performance and store extensions. The UK business contributed £185.0m of the £227.9m net revaluation gain (including investment properties under construction), with a £42.3m revaluation gain arising in Paris and a £0.6m revaluation gain arising in Spain. The valuation gain has primarily arisen due to improving trading cash flow forecasts coupled with a slight reduction in exit cap rates resulting from strong demand for self-storage suitable real estate.

Operating profit

Reported operating profit increased by £119.4m from £173.2m in H1 2021 to £292.6m in H1 2022, primarily reflecting a £96.2m higher investment property gain as well as an £10.8m improvement in underlying EBITDA.

Net finance costs

Net finance costs include interest payable, interest on obligations under lease labilities, fair value movements on derivatives, exchange gains or losses, unwinding of discounts and exceptional finance income. Net finance costs increased by £1.5m to £7.4m in H1 2022 (H1 2021: £5.9m). The main driver of the increase was interest payable reflecting the Group's additional borrowings to fund the Group's acquisition and development activity.

	H1 2022 £'m	H1 2021 £'m
Interest from loan to associates	0.1	0.1
Financial instruments income	-	0.1
Other interest received	0.1	-
Underlying finance income	0.2	0.2
Exceptional finance income	0.5	-
Total finance income	0.7	0.2
Net bank interest payable	(5.8)	(4.8)
Amortisation of debt issuance costs on bank loans	(0.3)	(0.2)
Underlying finance costs	(6.1)	(5.0)
Interest on obligations under lease liabilities	(2.5)	(2.6)
Fair value movement on derivatives	0.8	1.6
Net exchange losses	(0.3)	(0.1)
Total finance costs	(8.1)	(6.1)
Net finance costs	(7.4)	(5.9)

Underlying finance charge

The underlying finance costs (net bank interest payable reflecting term loan, swap and USPP interest costs and the amortisation of debt issuance costs) increased by £1.1m to £6.1m (H1 2021: £5.0m), principally reflecting the Group's additional borrowings in the year drawn to fund the Group's acquisition and development activity. The underlying finance costs represent the finance expense before interest on obligations under lease liabilities, changes in fair value of derivatives and exceptional items and is disclosed because management reviews and monitors performance of the business on this basis.

Based on the drawn debt position as at 30 April 2022, 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	£85.0	£55.0	65%	1.25%	0.82%	0.69%	2.02%
UK Revolver- non-utilisation	£165.0	-	-	-	0.50%	-	-	0.50%
Euro Revolver	€70.0	£25.2	£25.2	100%	1.25%	0.17%	(0.57%)	1.42%
Euro Revolver- non-utilisation	€40.0	-	-	-	0.50%	-	-	0.50%
US Private Placement 2024	€50.9	£42.7	£42.7	100%	1.59%	-	-	1.59%
US Private Placement 2026	€70.0	£58.7	£58.7	100%	1.26%	-	-	1.26%
US Private Placement 2026	£35.0	£35.0	£35.0	100%	2.59%	-	-	2.59%
US Private Placement 2027	€74.1	£62.1	£62.1	100%	2.00%	-	-	2.00%
US Private Placement 2028	£20.0	£20.0	£20.0	100%	1.96%	-	-	1.96%
US Private Placement 2028	€29.0	£24.3	£24.3	100%	0.93%	-	-	0.93%
US Private Placement 2029	£50.5	£50.5	£50.5	100%	2.92%	-	-	2.92%
US Private Placement 2029	£30.0	£30.0	£30.0	100%	2.69%	-	-	2.69%
US Private Placement 2029	€105.0	£88.1	£88.1	100%	2.45%	-	-	2.45%
US Private Placement 2031	£80.0	£80.0	£80.0	100%	2.39%	-	-	2.39%
US Private Placement 2033	€29.0	£24.3	£24.3	100%	1.42%	-	-	1.42%
Unamortised finance costs	-	(£1.6)	-	-	-	-	-	-
Total	£824.4	£624.3	£595.9	95%				2.30%

As at 30 April 2022, £85.0m of the £250.0m UK revolver and €30.0m (£25.2m) of the €70.0m 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 £165.0m and €40.0m respectively.

The Group has interest rate hedge agreements in place to June 2023, swapping SONIA on £55.0m at a weighted average effective rate of 0.82% and to June 2022, swapping EURIBOR on €30.0m 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.

On 21 April 2022, Safestore extended its borrowing facilities with the issuance of €105.0m denominated US Private Placement (USPP) Notes with the following coupon and tenor:

- €105.0m 7 year notes at a coupon of 2.45% (credit spread of 120 bps)

The funds were received in April 2022 and were used to pay down Revolving Credit Facilities (RCF) utilised to acquire the remaining 80% owned by Carlyle Europe Realty (CER) in the Joint Venture formed in 2019. The Joint Venture was setup in 2019 to acquire and develop assets in The Netherlands and Belgium in order to leverage Safestore's operating platform outside our core markets. Since then, the Joint Venture has grown to a portfolio of 55,000 square metres (600,000 sq ft) of MLA which is currently 74.2% occupied.

The 2024, 2026, 2027, 2028, 2029 and 2033 US Private Placement Notes are denominated in Euros and attract fixed interest rates of 1.59% (on €50.9m), 1.26% (on €70.0m), 2.00% (on €74.1m), 0.93% (on €29.0m), 2.45% (on €105.0m) and 1.42% (on €29.0m) respectively. The Euro denominated borrowings provide a natural hedge against the Group's investment in the Paris and Spain businesses.

The 2026 (£35.0m), 2028 (£20.0m), 2029 (£50.5m), 2029 (£30.0m), 2031 (£80.0m) US Private Placement Notes are denominated in Sterling and attract a fixed interest rate of 2.59%, 1.96%, 2.92%, 2.69% and 2.39% respectively.

As a result of the hedging arrangements and fixed interest loan notes, effectively 95% of the Group's drawn debt is at fixed rates of interest. Overall, the Group has an effective interest rate on its borrowings of 2.30% at 30 April 2022, compared to 2.36% at the previous year end.

Non-underlying finance charge

Interest on finance leases was £2.5m (H1 2021: £2.6m) and reflects part of the leasehold rental payment. The balance of the leasehold payment is charged through the gain or loss on investment properties line and variable lease payments in the income statement. Overall, the leasehold rent charge remained constant at £6.5m in H1 2022 (H1 2021: £6.5m). A net gain of £0.8m was recognised on fair valuation of derivatives (H1 2021: net gain of £1.6m).

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

Tax

The tax credit for the period is analysed below:

Tax charge	H1 2022 £'m	H1 2021 £'m
Underlying current tax	2.6	2.8
Current year - exceptional	0.9	-
Prior year - exceptional	-	(0.5)
Current tax charge	3.5	2.3
Tax on investment properties movement	11.7	6.7
Deferred tax charge	11.7	6.7
Net tax charge	15.2	9.0

Income tax in the period was a net charge of £15.2m (H1 2021: £9.0m).

In the UK, the Group is a REIT, so the current tax charge relates to the Paris and Spain businesses. The underlying current tax charge for the period amounted to £2.6m (H1 2021: £2.8m).

Profit after tax

The profit after tax for the period was £270.0m, compared with £158.3m in H1 2021, an increase of £111.7m which arose principally due to the increased gain on investment properties, which is explained above.

Basic EPS was 128.1 pence (H1 2021: 75.1 pence) and diluted EPS was 124.5 pence (H1 2021: 74.4 pence). As explained in note 2 to the financial statements, management considers adjusted diluted EPRA EPS to be more representative of the underlying EPS performance of the business.

Dividends

The Board has announced an interim dividend of 9.4 pence per share, representing a 25.3% increase from the interim dividend paid last year of 7.5 pence. This will amount to a dividend payment of £19.8m (H1 2021: £15.8m). The dividend will be paid on 11 August 2022 to shareholders who are on the Company's register at the close of business on 8 July 2022. The ex-dividend date will be 7 July 2022. 25% (H1 2021: 100%) of the dividend will be paid as a REIT Property Income Distribution ("PID").

Property Valuation

As discussed above, a sample of the Group's largest properties, representing approximately 39% of the value of the Group's investment property, has been valued by the Group's external valuers and the Directors have prepared estimates of fair values for the remaining 61% of the Group's investment property portfolio.

	UK £'m	Paris £'m	Spain £'m	Benelux £'m	Total £'m	Paris €'m	Spain €'m	Benelux €'m
Value as at 1 November 2021	1,416.2	440.4	25.2	-	**1,881.8**	521.6	29.8	-
Currency translation movement	-	(3.1)	(0.4)	(1.3)	**(4.8)**			
Additions	11.9	3.4	0.1	0.3	**15.7**	4.0	0.1	0.3
Acquisition of subsidiaries	2.6	-	-	129.5	**132.1**	-	-	153.0
Reclassifications	16.5	-	-	-	**16.5**	-	-	-
Revaluation	186.9	42.3	0.6	-	**229.8**	50.4	0.6	-
Value at 30 April 2022	1,634.1	483.0	25.5	128.5	**2,271.1**	576.0	30.5	153.3

The table above summarises the movement in the valuations of the Group's investment property portfolio excluding investment properties under construction.

The exchange rate at 30 April 2022 was €1.19:£1 compared to €1.18:£1 at 31 October 2021. This movement in the foreign exchange rate has resulted in a £4.8m negative currency translation movement in the period. This affects net asset value ("NAV") but has no impact on the loan to value ("LTV") covenant as the assets in Paris and Spain are tested in Euro.

The Group's property portfolio valuation excluding investment properties under construction has increased by £389.3m from the valuation of £1,881.8m at 31 October 2021. This reflects the gain on valuation of £229.8m, which is explained above, plus £132.1m relating to the acquisition of the remaining 80% in the Joint Venture and the UK Christchurch store as well as £32.2m relating to additions, store refurbishments and reclassifications offset by £4.8m of adverse foreign exchange movements on the translation of the European portfolios.

The EPRA basic NTA per share, as reconciled to IFRS net assets per share in financial statements, was 816 pence at 30 April 2022, up 17.1% since 31 October 2021, and the IFRS reported NAV per share was 763 pence (FY2021: 652 pence), reflecting a £233.8m increase in reported net assets since 31 October 2021.

Gearing and Capital Structure

As at 30 April 2022, the Group's borrowings comprised bank borrowing facilities, made up of a UK term loan and revolving facilities in the UK and France, as well as US Private Placements.

Net debt (including finance leases and cash) stood at £660.3m at 30 April 2022, an increase of £136.5m during the period, from £523.8m at 31 October 2021, principally due to increased funding required for the acquisition of the remaining 80% owned by Carlyle Europe Realty in the Joint Venture formed in 2019. Total capital (net debt plus equity) increased from £1,898.7m at 31 October 2021 to £2,269.0m at 30 April 2022. The net impact is that the gearing ratio has increased to 29.1% at 30 April 2022 from 27.6% at 31 October 2021.

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 finance leases). At 30 April 2022, the Group LTV ratio was 27% compared with 25% at 31 October 2021. 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 to achieve our medium term strategic objectives.

As at 30 April 2022, £85.0m of the £250.0m UK revolver and €30.0m (£25.2m) of the €70.0m Euro revolver were drawn. Including the US Private Placement debt of €358.0m (£300.2m) and £215.5m, the Group's borrowings totalled £625.9m (before adjustment for unamortised finance costs). As at 30 April 2022, the weighted average remaining term for the Group's committed borrowing facilities is 4.5 years, including the new USPP signed in April 2022.

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 rolling twelve month period to 30 April 2022 is 10x, calculated on the basis required under our financial covenants.

The LTV covenant is 60% in both the UK and France, where it will remain until the end of the facilities' terms. As at 30 April 2022, there is significant headroom in both the UK LTV and the French LTV covenant calculations. The Group is in compliance with its covenants at 30 April 2022 and, based on forecast projections (which 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), is expected to be in compliance for a period in excess of twelve months from the date of this report and accordingly, this interim statement is prepared on the basis of going concern.

Cash flow

The table below sets out the cash flow of the business in H1 2021 and H1 2022.

	H1 2022 £'m	H1 2021 £'m
Underlying EBITDA	65.2	54.4
Working capital/ exceptionals/ other	(0.1)	(0.3)
Adjusted operating cash inflow	65.1	54.1
Interest payments	(5.0)	(4.6)
Leasehold rent payments	(6.5)	(6.5)
Tax payments	(2.9)	(2.7)
Free cash flow (before investing and financing activities)	50.7	40.3
Acquisition of subsidiaries, net of cash acquired	(111.5)	-
Loans to associates	-	(0.2)
Investment in associates	(0.7)	(1.5)
Capital expenditure - investment properties	(44.7)	(16.1)
Capital expenditure - property, plant and equipment	(0.3)	(0.3)
Net proceeds from disposal of land	1.0	-
Adjusted net cash flow after investing activities	(105.5)	22.2
Issues of share capital	-	0.7
Dividends paid	(31.9)	(23.0)
Net drawdown of borrowings	141.1	19.0
Swap termination income	0.5	-
Debt issuance costs	(0.1)	
Net increase in cash	4.1	18.9

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

Adjusted operating cash flow increased by £11.0m in the period, reflecting the £10.8m increase in underlying EBITDA, and exceptional items discussed earlier.

Interest payments increased compared to the prior half year as a result of the increased interest charge associated with the new USPP's, where in 2021, Safestore extended its borrowing facilities with the issuance of the equivalent of £149.0m new sterling and euro denominated USPP's.

Tax paid during the period increased slightly by £0.2m principally due to increased payments on account associated with the stronger European performance. As a result, free cash flow (before investing and financing activities) grew by £10.4m to £50.7m (H1 2021: £40.3m).

Investing activities generated a net outflow of £156.2m (H1 2021: net outflow of £18.1m) from capital expenditure relating to the acquisition of the remaining 80% of the Joint Venture formed in 2019 with Carlyle Europe Realty as well as acquisition of the new site at Christchurch, store extensions in the UK and several development sites in Spain. Of the £44.7m cash outflow on investment properties, £42.5m (H1 2021: £14.5m) was spent on new stores and development of the existing portfolio, with the balance principally spent on capital maintenance.

Dividends paid to shareholders increased from £23.0m in H1 2021 to £31.9m in H1 2022, and the Group drew a net £141.1m of borrowings, primarily to finance the Joint Venture buy-out and capital expenditure.

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.

	H1 2022	**H1 2021**
	£'m	**£'m**
Free cash flow (before investing and financing activities)	50.7	40.3
Addback: Finance lease principal payments	4.0	3.6
Net cash inflow from operating activities	54.7	43.9

	H1 2021	**H1 2020**
	£'m	**£'m**
From table above:		
Adjusted net cash flow after investing activities	(105.5)	22.2
Addback: Finance lease principal payments	4.0	3.6
Net cash outflow after investing activities	(101.5)	25.8
From consolidated cash flow:		
Net cash inflow from operating activities	54.7	43.9
Net cash outflow from investing activities	(156.2)	(18.1)
Net cash outflow after investing activities	(101.5)	25.8

Consolidated income statement
for the six months ended 30 April 2022

	Note	**Six months ended 30 April 2022 (unaudited) £m**	Six months ended 30 April 2021 (unaudited) £m	Year ended 31 October 2021 (audited) £m
Revenue	4,5	**101.0**	88.1	186.8
Cost of sales		**(29.1)**	(27.7)	(56.9)
Gross profit		**71.9**	60.4	129.9
Administrative expenses		**(13.4)**	(14.9)	(34.0)
Share of (loss)/profit in associate		**(0.3)**	-	-
Underlying EBITDA	5	**65.2**	54.4	118.0
Exceptional items	6	**-**	(1.9)	(1.9)
Share-based payments		**(6.0)**	(5.9)	(18.3)
Depreciation and variable lease payments		**(0.5)**	(0.8)	(1.4)
Share of associate's depreciation, interest and tax		**(0.5)**	(0.3)	(0.5)
Operating profit before gain on investment properties and other exceptional gains		**58.2**	45.5	95.9
Gain on investment properties	13	**223.9**	127.7	321.1
Other exceptional gains	6	**10.5**	-	-
Operating profit		**292.6**	173.2	417.0
Finance income	7	**0.7**	0.2	0.6
Finance expense	7	**(8.1)**	(6.1)	(13.0)
Profit before income tax	5	**285.2**	167.3	404.6
Income tax charge	8	**(15.2)**	(9.0)	(22.6)
Profit for the period		**270.0**	158.3	382.0
Earnings per share for profit attributable to the equity holders				
- basic (pence)	11	**128.1**	75.1	181.2
- diluted (pence)	11	**124.5**	74.4	176.4

All items in the income statement 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.

An interim dividend of 9.4 pence per ordinary share has been declared for the period ended 30 April 2022 (30 April 2021: 7.5 pence).

Consolidated statement of comprehensive income
for the six months ended 30 April 2022

	Six months ended 30 April 2022 (unaudited) £m	Six months ended 30 April 2021 (unaudited) £m	Year ended 31 October 2021 (audited) £m
Profit for the period	**270.0**	158.3	382.0
Other comprehensive income:			
Items that may be reclassified subsequently to profit and loss:			
Currency translation differences	**(3.1)**	(10.6)	(20.3)
Net investment hedge	**0.7**	5.6	10.9
Total other comprehensive expense net of tax	**(2.4)**	(5.0)	(9.4)
Total comprehensive income for the period	**267.6**	153.3	372.6

Consolidated balance sheet
as at 30 April 2022

	Note	**30 April 2022 (unaudited) £m**	30 April 2021 (unaudited) £m	31 October 2021 (audited) £m
Non-current assets				
Investment in associates	12	**1.8**	6.8	7.2
Fair value of investment properties, net of lease liabilities		**2,271.1**	1,683.8	1,881.8
Add-back of lease liabilities		**82.6**	76.2	82.1
Investment properties under construction		**60.9**	18.2	67.4
Total investment properties	13	**2,414.6**	1,778.2	2,031.3
Property, plant and equipment		**3.0**	3.0	3.2
Derivative financial instruments	17	**0.8**	0.8	0.9
Deferred tax assets	9	**1.5**	0.2	0.8
		2,421.7	1,789.0	2,043.4
Current assets				
Inventories		**0.4**	0.3	0.5
Derivative financial instruments	17	**1.4**	0.9	1.3
Trade and other receivables		**27.8**	28.8	28.9
Current income tax assets		**-**	0.2	-
Cash and cash equivalents		**46.8**	38.2	43.2
		76.4	68.4	73.9
Total assets		**2,498.1**	1,857.4	2,117.3
Current liabilities				
Derivative financial instruments	17	**(0.1)**	-	(0.2)
Trade and other payables		**(66.3)**	(55.9)	(75.8)
Current income tax liabilities		**(0.9)**	-	(0.3)
Obligations under lease liabilities		**(12.5)**	(12.2)	(12.3)
		(79.8)	(68.1)	(88.6)
Non-current liabilities				
Bank borrowings	16	**(624.3)**	(466.9)	(484.7)
Derivative financial instruments	17	**-**	(0.8)	-
Deferred tax liabilities	9	**(112.8)**	(88.7)	(97.0)
Obligations under lease liabilities		**(70.3)**	(64.2)	(70.0)
Provisions	22	**(2.2)**	(2.0)	(2.1)
		(809.6)	(622.6)	(653.8)
Total liabilities		**(889.4)**	(690.1)	(742.4)
Net assets		**1,608.7**	1,166.7	1,374.9
Shareholders' equity				
Ordinary shares	18	**2.1**	2.1	2.1
Share premium		**61.3**	61.3	61.3
Translation reserve		**2.7**	9.5	5.1
Retained earnings		**1,542.6**	1,093.8	1,306.4
Total equity		**1,608.7**	1,166.7	1,374.9

The notes set out below form an integral part of this condensed consolidated interim financial information.

Condensed consolidated statement of changes in equity for the six months ended 30 April 2022

	Share capital £m	Share premium £m	Translation reserve £m	Retained earnings £m	Total equity £m
Balance at 1 November 2021	2.1	61.3	5.1	1,306.4	1,374.9
Total comprehensive income for the period	-	-	(2.4)	270.0	267.6
Transactions with owners in their capacity as owner:					
Dividends (note 10)	-	-	-	(37.1)	(37.1)
Increase in share capital	-	-	-	-	-
Employee share options	-	-	-	3.3	3.3
Balance at 30 April 2022	**2.1**	**61.3**	**2.7**	**1,542.6**	**1,608.7**

Condensed consolidated statement of changes in equity for the six months ended 30 April 2021

	Share capital £m	Share premium £m	Translation reserve £m	Retained earnings £m	Total Equity £m
Balance at 1 November 2020	2.1	60.6	14.5	958.4	1,035.6
Total comprehensive income for the period	-	-	(5.0)	158.3	153.3
Transactions with owners in their capacity as owner:					
Dividends (note 10)	-	-	-	(26.8)	(26.8)
Increase in share capital	-	0.7	-	-	0.7
Employee share options	-	-	-	3.9	3.9
Balance at 30 April 2021	**2.1**	**61.3**	**9.5**	**1,093.8**	**1,166.7**

Condensed consolidated statement of changes in equity for the year ended 31 October 2021

	Share capital £m	Share premium £m	Translation reserve £m	Retained earnings £m	Total Equity £m
Balance at 1 November 2020	2.1	60.6	14.5	958.4	1,035.6
Total comprehensive income for the year	-	-	(9.4)	382.0	372.6
Transactions with owners in their capacity as owner:					
Dividends (note 10)	-	-	-	(42.6)	(42.6)
Increase in share capital	-	0.7	-	-	0.7
Employee share options	-	-	-	8.6	8.6
Balance at 31 October 2021	**2.1**	**61.3**	**5.1**	**1,306.4**	**1,374.9**

Consolidated cash flow statement
for the six months ended 30 April 2022

	Six months ended 30 April 2022 (unaudited) £m	Six months ended 30 April 2021 (unaudited) £m	Year ended 31 October 2021 (audited) £m
Profit before income tax	**285.2**	167.3	404.6
Gain on the revaluation of investment properties	**(223.9)**	(127.7)	(321.1)
Other exceptional gains	**(10.5)**	-	-
Share of loss/(profit) in associate	**0.3**	-	-
Depreciation	**0.5**	0.5	1.0
Net finance expense	**7.4**	5.9	12.4
Employee share options	**3.3**	3.9	8.6
Decrease/(increase) in inventories	**0.1**	-	(0.2)
Increase in trade and other receivables	**(1.2)**	(5.2)	(5.4)
Increase in trade and other payables	**3.8**	7.1	13.6
Increase in provision	**0.1**	2.0	2.1
Cash flows from operating activities	**65.1**	53.8	115.6
Interest received	**0.8**	0.3	0.9
Interest paid	**(8.3)**	(7.5)	(14.1)
Tax paid	**(2.9)**	(2.7)	(5.4)
Net cash inflow from operating activities	**54.7**	43.9	97.0
Cash flows from investing activities			
Acquisition of subsidiaries, net of cash acquired	**(111.5)**	-	-
Investment in associates	**(0.7)**	(1.5)	(1.9)
Loans to associates	**-**	(0.2)	(0.9)
Expenditure on investment and development properties	**(44.7)**	(16.1)	(62.4)
Proceeds from sale of land	**1.0**	-	-
Purchase of property, plant and equipment	**(0.3)**	(0.3)	(1.0)
Net cash outflow from investing activities	**(156.2)**	(18.1)	(66.2)
Cash flows from financing activities			
Issue of share capital	**-**	0.7	0.7
Equity dividends paid	**(31.9)**	(23.0)	(42.6)
Proceeds from borrowings	**241.1**	27.0	196.8
Repayment of borrowings	**(100.0)**	(8.0)	(153.0)
Debt issuance costs	**(0.1)**	-	(0.7)
Swap termination income	**0.5**	-	-
Principal payment of lease liabilities	**(4.0)**	(3.6)	(7.5)
Net cash inflow/(outflow) from financing activities	**105.6**	(6.9)	(6.3)
Net increase in cash and cash equivalents	**4.1**	18.9	24.5
Exchange loss on cash and cash equivalents	**(0.5)**	(0.3)	(0.9)
Opening cash and cash equivalents	**43.2**	19.6	19.6
Closing cash and cash equivalents	**46.8**	38.2	43.2

Reconciliation of net cash flow to movement in net debt
for the six months ended 30 April 2022

	Six months ended 30 April 2022 (unaudited) £m	Six months ended 30 April 2021 (unaudited) £m	Year ended 31 October 2021 (audited) £m
Net increase in cash and cash equivalents (after exchange adjustments)	**3.6**	18.6	23.6
Increase in debt financing	**(140.1)**	(11.6)	(35.3)
(Increase)/decrease in net debt	**(136.5)**	7.0	(11.7)
Net debt at start of period	**(523.8)**	(512.1)	(512.1)
Net debt at end of period	**(660.3)**	(505.1)	(523.8)

Notes to the interim report for the six months ended 30 April 2022

1 General information

The Company is a public limited company incorporated and domiciled in the UK. The address of its registered office is Brittanic House, Stirling Way, Borehamwood, Hertfordshire WD6 2BT.

The Company is listed on the London Stock Exchange.

This interim report was approved for issue on 20 June 2022.

This condensed consolidated interim financial information does not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. The full accounts of Safestore Holdings plc for the year ended 31 October 2021, which received an unqualified report from the auditors, and did not contain a statement under S.498(2) or (3) of the Companies Act 2006, were filed with the Registrar of Companies on 22 March 2022.

This condensed consolidated interim financial information for 30 April 2022 and 30 April 2021 is unaudited. The interim financial information for 30 April 2022 has been reviewed by the auditors and their Independent Review report is included within this financial information.

2 Basis of preparation

The condensed consolidated interim financial information for the six months ended 30 April 2022 has been prepared in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority and with United Kingdom adopted International Accounting Standard 34 'Interim Financial Reporting' (IAS 34).

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 interim financial information.

In assessing the Group's going concern position, 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. 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 £250m and €70m maturing on 30 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. Further details of the Group's viability statement is included in page 39 Annual Report and Financial Statements for the year ended 31 October 2021.

The assessment concluded that, for the foreseeable future, the Group has sufficient capital to support its operations; has a funding and liquidity base which is strong, robust and well managed with substantial future capacity and has expectations that performance will continue to improve as the Group's strategy is executed.

2 Basis of preparation (continued)

The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 October 2021, which have been prepared in accordance with IFRS.

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 EPS is based on the European Public Real Estate Association's ("EPRA") 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 EPS can be found in note 11.

- EPRA basic net assets per share is an EPRA measure. EPRA basic NAV was superseded and transitioned to three new measures: EPRA Net Reinstatement Value ("NRV"), EPRA Net Tangible Assets ("NTA") and EPRA Net Disposal Value ("NDV") for periods commencing 1 January 2020 or thereafter. Safestore considers EPRA NTA to be the most consistent with the nature of the Group's business. The basis of calculation, including a reconciliation to reported net assets, is set out in note 15.

- 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.

3 Accounting policies

The condensed consolidated interim financial information has been prepared on the basis of the accounting policies expected to apply for the financial year to 31 October 2022 applicable to companies under IFRS. The only exception being the Group's fair value measurement of investment properties. As at the interim reporting date, 30 April 2022, a sample of the Group's largest properties, representing approximately 39% (30 April 2021: 42%) of the value of the Group's investment property portfolio at the preceding financial year end, has been valued by the Group's professionally qualified external valuers. In addition, at the same date, the Directors have prepared estimates of fair values for the remaining 61% (30 April 2021: 58%) of the Group's investment property portfolio, incorporating assumptions for estimated absorption, revenue growth and capitalisation rates to reflect current market conditions and trading. At the financial year end 100% of the Group's investment property portfolio is fair valued externally by the same valuers. The IFRS and IFRIC interpretations as adopted by the United Kingdom that will be applicable at 31 October 2022, including those that will be applicable on an optional basis, are not known with certainty at the time of preparing these interim financial statements. Thus, the accounting policies adopted in these interim financial statements may be subject to revision to reflect further IFRS and IFRIC interpretations and pronouncements issued between 20 June 2022 and publication of the annual IFRS financial statements for the year ending 31 October 2022.

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the condensed consolidated interim financial statements are disclosed within the Group's accounting policies as disclosed in the IFRS financial statements for the year ended 31 October 2021. 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 two transactions where properties were acquired through the purchase of corporate vehicles in the period, both judged to meet the accounting definition of an asset purchase. There have been no other significant changes in accounting estimates in the period.

The same accounting policies, presentation and methods of computation are followed in the condensed set of financial statements as applied in the Group's latest financial statements. The nature of the Critical Judgements and Key Sources of Estimation Uncertainty applied in the condensed financial statements have remained consistent with those applied in the Group's latest annual audited financial statements, except where as described above.

4 Revenue

	Six months ended 30 April 2022 (unaudited) £m	Six months ended 30 April 2021 (unaudited) £m	Year ended 31 October 2021 (audited) £m
Self-storage income	**84.6**	72.7	154.3
Insurance income	**11.3**	10.5	22.3
Other non-storage income	**5.1**	4.9	10.2
Total revenue	**101.0**	88.1	186.8

5 Segmental information

The segmental information for the six months ended 30 April 2022 is as follows:

	United Kingdom £m	Paris £m	Spain £m	Benelux £m	Total £m
Continuing operations					
Revenue	78.9	20.0	1.4	0.7	101.0
Underlying EBITDA	50.3	13.8	0.8	0.3	65.2
Share-based payments	(5.3)	(0.7)	-	-	(6.0)
Depreciation and variable lease payments	(0.4)	(0.1)	-	-	(0.5)
Share of associate's depreciation, interest and tax	(0.5)	-	-	-	(0.5)
Operating profit before gain on investment properties and other exceptional gains	44.1	13.0	0.8	0.3	58.2
Gain on investment properties	183.0	40.5	0.4	-	223.9
Other exceptional gains	5.5	5.0	-	-	10.5
Operating profit	232.6	58.5	1.2	0.3	292.6
Net finance (expense)/ income	(7.1)	(0.8)	-	0.5	(7.4)
Profit before income tax	225.5	57.7	1.2	0.8	285.2
Total assets	1,887.5	519.3	26.7	64.6	2,498.1

The segmental information for the six months ended 30 April 2021 is as follows:

	United Kingdom £m	Paris £m	Spain £m	Total £m
Continuing operations				
Revenue	67.2	19.5	1.4	88.1
Underlying EBITDA	40.1	13.5	0.8	54.4
Exceptional items and corporate transaction costs	-	(1.9)	-	(1.9)
Share-based payments	(5.3)	(0.6)	-	(5.9)
Depreciation and variable lease payments	(0.7)	(0.1)	-	(0.8)
Share of associate's depreciation, interest and tax	(0.3)	-	-	(0.3)
Operating profit before gain on investment properties and other exceptional gains	33.8	10.9	0.8	45.5
Gain on investment properties	105.8	21.5	0.4	127.7
Operating profit	139.6	32.4	1.2	173.2
Net finance expense	(5.0)	(0.9)	-	(5.9)
Profit before income tax	134.6	31.5	1.2	167.3
Total assets	1,394.9	441.4	21.1	1,857.4

Underlying EBITDA 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.

Notes to the interim report for the six months ended 30 April 2022 (continued)

6 Exceptional items and other exceptional gains

	Six months ended 30 April 2022 (unaudited)	Six months ended 30 April 2021 (unaudited)	Year ended 31 October 2021 (audited)
	£m	£m	£m
Costs relating to corporate transactions and exceptional property taxation	**-**	(1.9)	(1.9)
Exceptional items	**-**	(1.9)	(1.9)
Deemed gain on disposal of equity investment in associate	**5.5**	-	-
Gain on disposal of land	**5.0**	-	-
Other exceptional gains	**10.5**	-	-

Costs relating to corporate transactions and exceptional property taxation of £nil (30 April 2021: £1.9m) were incurred in the period (30 April 2021: costs in relation to a provision for potential liabilities in respect of the French commercial tax audit of financial years 2012 to 2020).

On 30 March 2022, the Group acquired the remaining 80% equity of Safestore Storage Benelux B.V., from its previous joint venture partner for €53.6m (£45.4m) and became a wholly owned subsidiary (note 12). The original 20% equity investment was effectively derecognised as a deemed disposal and re-recognised back at the fair value based on the revised equity value effective at the 30 March 2022 sale. This resulted in a net gain on deemed disposal of £5.5m included within other exceptional gains.

On 10 November 2021, the Group sold the Nanterre site to the joint venture partner of Nanterre FOCD 92 for a total price of €7.6m excluding VAT and including demolition cost reimbursement, where the settlement is done partially in cash £1.0m (€1.1m excluding tax), and partially in kind through the delivery of the new building at the end of the operation (estimated at €6.5m). This resulted in a net gain on disposal of £5.0m (€5.9m) included within other exceptional gains.

7 Finance income and costs

	Six months ended 30 April 2022 (unaudited)	Six months ended 30 April 2021 (unaudited)	Year ended 31 October 2021 (audited)
	£m	£m	£m
Finance income			
Interest receivable from loan to associates	**0.1**	0.1	0.1
Other interest received	**0.1**	-	-
Financial instruments income	**-**	0.1	0.5
Underlying finance income	**0.2**	0.2	0.6
Exceptional finance income	**0.5**	-	-
Total finance income	**0.7**	0.2	0.6
Finance costs			
Interest payable on bank loans and overdrafts	**(5.8)**	(4.8)	(9.7)
Amortisation of debt issuance costs on bank loans	**(0.3)**	(0.2)	(0.4)
Underlying finance charges	**(6.1)**	(5.0)	(10.1)
Interest on obligations under lease liabilities	**(2.5)**	(2.6)	(5.2)
Fair value movement on derivatives	**0.8**	1.6	2.9
Net exchange losses	**(0.3)**	(0.1)	(0.6)
Total finance costs	**(8.1)**	(6.1)	(13.0)
Net finance costs	**(7.4)**	(5.9)	(12.4)

Included within interest payable of £5.8m (30 April 2021: £4.8m) is £0.2m (30 April 2021: £0.3m) of interest relating to derivative financial instruments that are economically hedging the Group's borrowings. The change in fair value of derivatives for the period is a net gain of £0.8m (30 April 2021: net gain of £1.6m). Included within finance income is £nil (30 April 2021: £0.1m) in relation to the £0.7m (30 April 2021: £0.3m) received on settlement of one tranche of the average rate forward contracts acquired in March 2020 and settled in April 2022 less the disposal of the fair value of this derivative asset of £0.7m (30 April 2021: £0.2m) held on balance sheet prior to settlement. Further, included within finance income is £0.5m (30 April 2021: £nil) in relation to the swaps held in the subsidiary acquired during the period, Safestore Storage Benelux B.V., and terminated post acquisition in order to utilise the Group's existing debt facilities and financial instruments held.

8 Income tax charge

	Six months ended 30 April 2022 (unaudited)	Six months ended 30 April 2021 (unaudited)	Year ended 31 October 2021 (audited)
	£m	£m	£m
Current tax – current year	**2.6**	2.8	5.5
Current tax – current year exceptional	**0.9**	-	-
Current tax – prior year	**-**	(0.5)	-
Deferred tax	**11.7**	6.7	17.1
	15.2	9.0	22.6

Income tax is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year.

In the UK, the Group is a Real Estate Investment Trust ("REIT"). As a result, the Group is exempt from UK corporation tax on the profits and gains arising from its qualifying property rental business in the UK provided that 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% (30 April 2021: 19%). Following Finance Act 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 when it is re-introduced.

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

An exceptional current year current tax charge of £0.9m (30 April 2021: £nil) arose during the period in relation to the capital gain on disposal of the Nanterre site to the joint venture partner of Nanterre FOCD 92 (note 6).

An exceptional prior year current tax credit of £nil (30 April 2021: £0.5m) arose during the period in relation to a provision for potential liabilities in respect of the French commercial property tax audit in respect of financial years 2012 to 2020 (note 22).

Notes to the interim report for the six months ended 30 April 2022 (continued)

9 Deferred income tax

	As at 30 April 2022 (unaudited) £m	As at 30 April 2021 (unaudited) £m	As at 31 October 2021 (audited) £m
The amounts provided in the accounts are:			
Revaluation of investment properties and tax depreciation	**112.8**	88.5	96.9
Other timing differences	**-**	0.2	0.1
Deferred tax liabilities	**112.8**	88.7	97.0
Interest rate swap instruments	**-**	0.1	-
Other timing differences	**1.5**	0.1	0.8
Deferred tax assets	**1.5**	0.2	0.8
Net deferred tax liability	**111.3**	88.5	96.2

As at 30 April 2022, the Group had income losses of £23.4m (30 April 2021: £22.7m) and capital losses of £36.4m (30 April 2021: £36.4m) in respect of its UK operations. All losses can be carried forward indefinitely. No deferred tax asset has been recognised in respect of these losses.

10 Dividends

	Six months ended 30 April 2022 (unaudited) £m	Six months ended 30 April 2021 (unaudited) £m	Year ended 31 October 2021 (audited) £m
For the year ended 31 October 2020:			
Final dividend – paid 8 April 2021 (12.70p per share)	**-**	26.8	26.8
For the year ended 31 October 2021:			
Interim dividend – paid 6 August 2021 (7.50p per share)	**-**	-	15.8
Final dividend – paid 7 April 2022 (17.60p per share)	**37.1**	-	-
Dividends in the statement of changes in equity	**37.1**	26.8	42.6
Timing difference on payment of withholding tax	**(5.2)**	(3.8)	-
Dividends in the cash flow statement	**31.9**	23.0	42.6

An interim dividend of 9.4 pence per ordinary share (April 2021: 7.5 pence) has been declared. The ex-dividend date will be 7 July 2022 and the record date 8 July 2022, with an intended payment date of 11 August 2022.

It is intended that 25% (April 2021: 100%) of the interim dividend of 9.4 pence per ordinary share (April 2021: 7.5 pence) will be paid as a REIT Property Income Distribution ("PID") net of withholding tax where appropriate.

The interim dividend, amounting to £19.8m (April 2021: £15.8m), has not been included as a liability at 30 April 2022. It will be recognised in shareholders' equity in the year to 31 October 2022.

Notes to the interim report for the six months ended 30 April 2022 (continued)

11 Earnings per ordinary share

Basic earnings per share has been calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period/year excluding ordinary shares held by the Safestore Employee Benefit Trust. Diluted earnings per share are calculated by adjusting the weighted average numbers 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 done 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.

	Six months ended 30 April 2022 (unaudited)			Six months ended 30 April 2021 (unaudited)			Year ended 31 October 2021 (audited)		
	Earnings £m	**Shares million**	**Pence per share**	Earnings £m	Shares million	Pence per share	Earnings £m	Shares million	Pence per share
Basic	**270.0**	**210.8**	**128.1**	158.3	210.8	75.1	382.0	210.8	181.2
Dilutive share options	**-**	**6.1**	**(3.6)**	-	1.9	(0.7)	-	5.8	(4.8)
Diluted	**270.0**	**216.9**	**124.5**	158.3	212.7	74.4	382.0	216.6	176.4

Notes to the interim report for the six months ended 30 April 2022 (continued)

11 Earnings per ordinary share (continued)

Adjusted earnings per share

Adjusted earnings per share represents profit after tax adjusted for the valuation movement on investment properties, exceptional items, change in fair value of derivatives and the associated tax thereon. As an industry standard measure, European Public Real Estate Association ("EPRA") earnings are presented below. Adjusted diluted earnings are also presented by adding back the share-based payment charge to the EPRA earnings. The Directors consider that these alternative measures provide useful information on the performance of the Group.

	Six months ended 30 April 2022 (unaudited)			Six months ended 30 April 2021 (unaudited)			Year ended 31 October 2021 (audited)		
	Earnings/ (loss) £m	**Shares million**	**Pence per share**	Earnings/ (loss) £m	Shares million	Pence per share	Earnings/ (loss) £m	Shares million	Pence per share
Basic	**270.0**	**210.8**	**128.1**	158.3	210.8	75.1	382.0	210.8	181.2
Adjustments:									
Gain on investment properties	**(223.9)**	**-**	**(106.2)**	(127.7)	-	(60.6)	(321.1)	-	(152.3)
Exceptional items	**-**	**-**	**-**	1.9	-	0.9	1.9	-	0.9
Other exceptional gains	**(10.5)**	**-**	**(5.0)**	-	-	-	-	-	-
Exceptional finance income	**(0.5)**	**-**	**(0.2)**	-	-	-	-	-	-
Net exchange loss	**0.3**	**-**	**0.1**	0.1	-	-	0.6	-	0.3
Gain in fair value of derivatives	**(0.8)**	**-**	**(0.4)**	(1.6)	-	(0.8)	(2.9)	-	(1.4)
Tax on adjustments and exceptional tax	**12.1**	**-**	**5.7**	5.8	-	2.8	16.2	-	7.7
Adjusted	**46.7**	**210.8**	**22.1**	36.8	210.8	17.4	76.7	210.8	36.4
EPRA adjusted:									
Fair value re-measurement of lease liabilities add-back	**(4.0)**	**-**	**(1.9)**	(3.6)	-	(1.7)	(7.4)	-	(3.5)
Tax on lease liabilities add-back adjustment	**0.5**	**-**	**0.2**	0.4	-	0.2	0.9	-	0.4
Adjusted EPRA basic EPS	**43.2**	**210.8**	**20.4**	33.6	210.8	15.9	70.2	210.8	33.3
Share-based payment charge	**6.0**	**-**	**2.8**	5.9	-	2.8	18.3	-	8.7
Dilutive shares	**-**	**7.8**	**(0.7)**	-	7.6	(0.6)	-	7.5	(1.5)
Adjusted Diluted EPRA EPS	**49.2**	**218.6**	**22.5**	39.5	218.4	18.1	88.5	218.3	40.5

The definition of Adjusted Diluted EPRA EPS can be found in note 2 to the financial statements, being based on the EPRA definition of earnings with company adjustments for specific items such as tor the impact of exceptional items, IFRS 2 share-based payment charges, and deferred tax charges.

Gain on investment properties includes the fair value re-measurement of lease liabilities add-back of £4.0m (30 April 2021: £3.6m) and the related tax thereon of £0.5m (30 April 2021: £0.4m). As an industry standard measure, EPRA earnings is presented. EPRA earnings of £43.2m (30 April 2021: £33.6m) and EPRA earnings per share of 20.4 pence (30 April 2021: 15.9 pence) are calculated after further adjusting for these items.

12 Investment in associates

	As at 30 April 2022 (unaudited)	As at 30 April 2021 (unaudited)	As at 31 October 2021 (audited)
	£m	£m	£m
Investment in associates	**1.8**	6.8	7.2

Safestore Storage Benelux B.V. (formerly CERF Storage JV B.V.)

Until 30 March 2022, the Group had a 20% interest in Safestore Storage Benelux B.V. ("SSB"), a company registered and operating in the Netherlands. SSB was accounted for using the equity method of accounting. SSB invested in carefully selected self-storage opportunities in Europe. The Group earned a fee for providing management services to SSB. This investment as an associate was considered immaterial relative to the Group's underlying operations. On 30 March 2022, the Group acquired the remaining 80% equity from its previous joint venture partner for €53.6m (£45.4m) and became a wholly owned subsidiary. The original 20% equity investment and provisional accumulated share of losses in associate as at 30 March 2022 of £5.9m was effectively derecognised as a deemed disposal and re-recognised back at the fair value of £11.4m based on the revised equity value at 30 March 2022. This resulted in a net gain on deemed disposal of £5.5m (see note 6).

The aggregate carrying value of the Group's 20% interest in SSB at 30 March 2022 was £8.7m (31 October 2021: £8.9m), made up of an investment of £5.9m (31 October 2021: £6.2m), a loan to the associate including interest accrued of £2.8m (31 October 2021: £2.7m) (note 21). The Group's provisional share of losses from continuing operations for the period to 30 March 2022 was £0.3m (30 April 2021: £nil). The Group's provisional share of total comprehensive loss in associates for the period to 30 March 2022 was £0.3m (30 April 2021: £nil).

PBC Les Groues SAS

The Group has a 24.9% interest in PBC Les Groues SAS ("PBC"), a company registered and operating in France. PBC is accounted for using the equity method of accounting. PBC is the parent company of Nanterre FOCD 92, a company also registered and operating in France, which 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 have invested £0.8m (€0.9m) (30 April 2021: £0.9m (€1.0m)) 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 £1.8m (31 October 2021: £1.0m), made up of an investment of £1.8m (31 October 2021: £1.0m). The Group's share of profits from continuing operations for the period was £nil (30 April 2021: £nil). The Group's share of total comprehensive income of associates for the period was £nil (30 April 2021: £nil).

13 Investment properties

	Fair value of investment properties, net of lease liabilities	Add-back of lease liabilities	Investment properties under construction	Total investment properties
	£m	£m	£m	£m
Balance at 1 November 2021	1,881.8	82.1	67.4	2,031.3
Additions	15.7	4.1	12.0	31.8
Acquisition of subsidiaries	132.1	0.6	-	132.7
Reclassification	16.5	-	(16.5)	-
Revaluation movement	229.8	-	(1.9)	227.9
Fair value re-measurement of lease liabilities add-back	-	(4.0)	-	(4.0)
Exchange movements	(4.8)	(0.2)	(0.1)	(5.1)
Balance at 30 April 2022	**2,271.1**	**82.6**	**60.9**	**2,414.6**

	Fair value of investment properties, net of lease liabilities	Add-back of lease liabilities	Investment properties under construction	Total investment properties
	£m	£m	£m	£m
Balance at 1 November 2020	1,557.5	76.9	14.0	1,648.4
Additions	7.4	3.7	6.5	17.6
Reclassification	3.7	-	(3.7)	-
Revaluation movement	129.8	-	1.5	131.3
Fair value re-measurement of lease liabilities add-back	-	(3.6)	-	(3.6)
Exchange movements	(14.6)	(0.8)	(0.1)	(15.5)
Balance at 30 April 2021	1,683.8	76.2	18.2	1,778.2

The gain on investment properties of £223.9m (30 April 2021: £127.7m) as disclosed in the consolidated income statement comprises a £227.9m (30 April 2021: £131.3m) revaluation gain on investment properties, net of lease liabilities and investment properties under construction less the fair value re-measurement of lease liabilities add-back of £4.0m (30 April 2021: £3.6m).

The Group has classified 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 period. The fair valuation exercise undertaken at 30 April 2022 is explained in note 14.

The fair value of investment property held by the Group classified as the add-back of lease liabilities of £82.6m (30 April 2021: £76.2m) reflects expected cash flows (including rent reviews settled that are expected to become payable). Accordingly, if a valuation obtained for a property is net of all payments expected to be made, it will be necessary to add-back any recognised lease liability, to arrive at the carrying amount of the investment property using the fair value model under IAS 40. The lease liability of £82.8m (30 April 2021: £76.4m) differs by £0.2m (30 April 2021: £0.2m) which relates to the right-of-use asset classified as part of property, plant and equipment.

14 Valuations

External valuation

A sample of the Group's largest properties, representing approximately 39% of the value of the Group's investment property portfolio at 31 October 2021, has been valued by the Group's external valuers, C&W, as at 30 April 2022. The valuation has been carried out in accordance with the requirements of the RICS Valuation – Global Standards which incorporate the International Valuation Standards ("IVS") and the RICS Valuation UK National Supplement (the "RICS Red Book") edition current at 30 April 2022. 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. The valuation has been provided for accounts purposes and, as such, is a Regulated Purpose Valuation as defined in the Red Book. In compliance with the disclosure requirements of the 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 previous valuations, has done so since April 2020;
- 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;
- The proportion of fees payable by the Group to C&W to the total fee income of C&W's last financial year to 31 December 2021, was less than 5%. We anticipate that the proportion of fees for the financial year to 31 December 2022 will remain at 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

Historically, the self-storage market has been relatively illiquid owing to a limited number of property sales. Over the last 2 years, the market has become more liquid with a significant increase in the number of transactions. This is evidenced by the Self Storage Association Annual Report, which listed a total of 20 transactions for 2021. This is consistent with 2020, where the same number of transactions was reported. Consequently, there is greater visibility over pricing, which has resulted in market uncertainty no longer being a factor as at the valuation date of 30 April 2022.

Portfolio premium

C&W's valuation report further 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.

Further details of the valuation carried out by C&W as at 31 October 2021, including the valuation method and assumptions, are set out in note 13 to the Group's annual report and financial statements for the year ended 31 October 2021. This note should be read in conjunction with note 13 of the Group's annual report.

Directors' valuation

In addition, at the same date, the Directors have prepared estimates of fair values for the remaining 61% of the Group's investment property portfolio, incorporating assumptions for estimated absorption, revenue growth and capitalisation rates to reflect current market conditions and trading.

14 Valuations (continued)

Assumptions

The key assumptions incorporated into both the external valuation and the Directors' valuation, calculated on a weighted average basis across the entire portfolio, are:

- 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 valuations the assumed stabilised occupancy level for the trading stores (both freeholds and all leaseholds) open at 30 April 2022 averages 89.11% (31 October 2021: 89.10%). 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 20.43 months (31 October 2021: 18.27 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 student housing and hotels, bank base rates, ten year money rates, inflation and the available evidence of transactions in the sector. The valuations included in the accounts assume rental growth in future periods. If an assumption of no rental growth is applied to the valuations, the net initial yield pre-administration expenses for the mature stores (i.e. excluding those stores categorised as "developing") is 6.35% (31 October 2021: 6.73%), rising to stabilised net yield pre-administration expenses of 6.77% (31 October 2021: 6.90%).
- The weighted average freehold exit yield on UK freeholds is 5.80% (31 October 2021: 6.07%), France freeholds is 5.69% (31 October 2021: 5.88%) and on Spain freeholds is 5.27% (31 October 2021: 5.38%). The weighted average freehold exit yield for all freeholds adopted 5.78% (31 October 2021: 6.03%).
- 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 8.41% (31 October 2021: 8.62%) in the France portfolio is 8.78% (31 October 2021: 8.98%) and in the Spain portfolio is 7.77% (31 October 2021: 7.87%). The weighted average annual discount rate adopted (for both freeholds and all leaseholds) is 8.50% (31 October 2021: 8.72%).
- 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.

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.

14 Valuations (continued)

As a result of these exercises, as at 30 April 2022, the Group's investment property portfolio has been valued at £2,271.1m (30 April 2021: £1,683.8m), and a revaluation gain of £229.8m (30 April 2021: £129.8m) has been recognised in the income statement for the period.

A full external valuation of the Group's investment property portfolio will be performed at 31 October 2022.

Sensitivity analysis

As part of the Directors valuation, a key sensitivity analysis was performed to understand the impact on the entire property portfolio in relation to capitalisation yields, stable occupancy rates, and a delay in the time to stabilised occupancy. The impact on the valuation would be mitigated by the inter-relationship between inputs moving in opposite directions. For example, an increase in stable occupancy may be offset by an increase 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	47.7	(43.7)	31.6	(31.7)	(18.0)

15 Net assets per share

Analysis of net asset value	**As at 30 April 2022 (unaudited) £m**	As at 30 April 2021 (unaudited) £m	As at 31 October 2021 (audited) £m
Balance sheet net assets	**1,608.7**	1,166.7	1,374.9
Adjustments to exclude:			
Fair value of derivative financial instruments (net of deferred tax)	**(2.1)**	(1.0)	(2.0)
Deferred tax liabilities on the revaluation of investment properties	**112.8**	88.5	96.9
EPRA NTA	**1,719.4**	1,254.2	1,469.8
Basic net assets per share (pence)	**763**	554	652
EPRA basic NTA per share (pence)	**816**	596	697
Diluted net assets per share (pence)	**742**	549	635
EPRA diluted NTA per share (pence)	**793**	590	679
	Number	Number	Number
Shares in issue	**210,825,202**	210,607,948	210,782,444

Basic net assets per share is shareholders' funds divided by the number of shares at the period end. The number of shares in issue at the period end excludes 1,902 shares (30 April 2021: 3,259 shares) held by the Safestore Employee Benefit Trust. Diluted net assets per share is shareholders' funds divided by the number of shares at the period end, adjusted for dilutive share options of 6,087,545 shares (30 April 2021: 1,851,676 shares).

16 Borrowings

The tables below set out the Group's borrowings position as at 30 April 2022:

	As at 30 April 2022 (unaudited)	As at 30 April 2021 (unaudited)	As at 31 October 2021 (audited)
Non-current	**£m**	£m	£m
Borrowings:			
Secured - bank loans	**110.2**	183.1	57.3
Secured - US Private placement notes	**515.7**	285.1	429.2
Debt issue costs	**(1.6)**	(1.3)	(1.8)
	624.3	466.9	484.7

The Group's borrowings consist of bank facilities of £250m and €70m maturing in June 2023. US Private Placement Notes of €358m which have maturities extending to 2024, 2026, 2027, 2028, 2029 and 2033 and £215.5m which have maturities extending to 2026, 2028, 2029 and 2031, which includes an additional €105m drawn in April 2022 expiring in 2029.

The borrowings were secured by a fixed charge over the Group's investment property portfolio.

Borrowings are stated before unamortised issue costs of £1.6m (30 April 2021: £1.3m). The bank loans and private placement notes were repayable as follows:

	As at 30 April 2022 (unaudited)	As at 30 April 2021 (unaudited)	As at 31 October 2021 (audited)
	£m	£m	£m
Between one and two years	**110.2**	-	57.3
Between two and five years	**136.4**	227.4	137.1
After more than five years	**379.3**	240.8	292.1
Borrowings	**625.9**	468.2	486.5
Unamortised issue costs	**(1.6)**	(1.3)	(1.8)
	624.3	466.9	484.7

For accounting periods starting from 1 January 2020 the benchmark Interbank Offered Rates ("IBORs"), such as LIBOR, have 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").

16 Borrowings (continued)

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

	As at 30 April 2022 (unaudited)	As at 30 April 2021 (unaudited)	As at 31 October 2021 (audited)
Bank loans (Sterling)	**Quarterly or monthly SONIA plus 1.25%**	Quarterly or monthly LIBOR plus 1.25%	Quarterly or monthly SONIA plus 1.25%
Bank loans (Euro)	**Quarterly EURIBOR plus 1.25%**	Quarterly EURIBOR plus 1.25%	Quarterly EURIBOR plus 1.25%
Private placement notes (Euro)	**Weighted average rate of 1.80%**	Weighted average rate of 1.63%	Weighted average rate of 1.52%
Private placement notes (Sterling)	**2.55%**	2.76%	2.55%

Borrowing facilities

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

	Floating rate		
	As at 30 April 2022 (unaudited)	As at 30 April 2021 (unaudited)	As at 31 October 2021 (audited)
	£m	£m	£m
Expiring beyond one year	**198.5**	127.8	251.8

17 Financial instruments

IFRS 13 requires disclosure of fair value measurements by level of the following measurement hierarchy:

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 of liability, either directly or indirectly.
Level 3 – inputs for the asset of 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:

	As at 30 April 2022 (unaudited)	As at 30 April 2021 (unaudited)	As at 31 October 2021 (audited)
Assets per the balance sheet	**£m**	£m	£m
Derivative financial instruments – Level 2	**2.2**	1.7	2.2
Amounts due from associates – Level 2	**-**	2.2	2.7

17 Financial instruments (continued)

Liabilities per the balance sheet	**As at 30 April 2022 (unaudited) £m**	As at 30 April 2021 (unaudited) £m	As at 31 October 2021 (audited) £m
Derivative financial instruments – Level 2	**0.1**	0.8	0.2

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 who use a variety of assumptions based on market conditions existing at each balance sheet date. The valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the asset or liability is included in level 3. The Group has no disclosable level 3 financial instruments.

There have been no transfers of assets or liabilities between levels of the fair value hierarchy.

18 Share capital

Called up, issued and fully paid	**As at 30 April 2022 (unaudited) £m**	As at 30 April 2021 (unaudited) £m	As at 31 October 2021 (audited) £m
210,827,104 (30 April 2021: 210,816,276) ordinary shares of 1p each	**2.1**	2.1	2.1

19 Capital commitments

The Group had capital commitments of £108.0m as at 30 April 2022 (30 April 2021: £98.2m).

20 Seasonality

Self-storage revenues are subject to seasonal fluctuations, with peak sales normally occurring in the second and third quarters of the calendar year. This is due to seasonal weather conditions and holiday periods leading to fluctuating demand for storage. For the six months ended April 2021, on a like-for-like basis adjusting for the impact of changes to the Group's store portfolio, the level of self-storage revenues represented 47.1% of the annual level of self-storage revenue in the year ended 31 October 2021 (30 April 2021: six months ended April 2020 49.1%).

21 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 Safestore Storage Benelux B.V. (formerly CERF Storage JV B.V.)

As described in note 12, the Group had a 20% interest in Safestore Storage Benelux B.V. ("SSB") up until 30 March 2022 and was classified as an investment in associate. From 30 March 2022, SSB became a wholly owned subsidiary of the Group, from which point such intra-group transactions and balances are eliminated on consolidation.

During the period to 30 March 2022 the Group recharged £0.2m (30 April 2021: £0.1m) to SSB for costs paid on behalf of SSB and were repaid £0.2m (30 April 2021: £0.1m) of cumulative outstanding balances. £0.1m (30 April 2021: £0.1m) of unpaid interest was accrued and charged on the €3.0m (30 April 2021: €2.2m) principal loan note outstanding, £2.8m (30 April 2021: £2.1m). Management fees charged and settled during the period to 30 March 2022 was £0.3m (30 April 2021: £0.5m). The total amount outstanding at 30 March 2022 included within trade and other receivables was £2.8m (30 April 2021: £2.3m).

Transactions with PBC Les Groues SAS

As described in note 12, the Group has a 24.9% interest in PBC Les Groues SAS ("PBC"). During the period, the Group made a further investment £0.8m (€0.9m) into PBC to fund the development of a new store in France, taking the total investment to £1.8m (€2.2m). The total amount invested is included as part of its non-current investments in associates. The total amount outstanding at 30 April 2022 included within trade and other receivables was £nil (30 April 2021: £nil).

As described in note 6, during the period, the Group sold the Nanterre site to the joint venture partner of Nanterre FOCD 92 for a total price of €7.6m excluding VAT and including demolition cost reimbursement, where the settlement is done partially in cash £1.0m (€1.1m excluding tax), and partially in kind through the delivery of the new building at the end of the operation (estimated at €6.5m).

22 Provisions

In France, the basis on which property taxes have been assessed has been challenged by the tax authority for financial years 2011 onwards. In March 2021 the French Court of Appeal delivered a judgement, which resulted in 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 was unsuccessful. A provision is included in the consolidated financial accounts of £2.2m at 30 April 2022 (31 October 2021: £2.1m), to reflect the increased uncertainty surrounding the likelihood of a successful outcome. Of the total provided, £0.1m has been charged in relation to 6 months to 30 April 2022 (30 April 2021: £0.1m) within cost of sales (underlying EBITDA).

It is possible that the French tax authority may appeal the decisions of the French Court of Appeal on which the Group was successful to the French Supreme Court. The maximum potential further exposure in relation to these issues at 30 April 2022 is £2.8m (31 October 2021: £2.7m). No provision for any potential further exposure has been recorded in the consolidated financial statements since the Group believes it is more likely than not that a successful outcome will be achieved, resulting in no additional liabilities.

Bank guarantees to cover any potential additional tax assessment are currently being put in place, of which guarantees totalling £1.3m are in place as at 30 April 2022 (31 October 2021: £1.3m).

23 Contingent liabilities

As part of the Group banking facility, the Company has guaranteed the borrowings totalling £625.9m (30 April 2021: £468.2m) 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 unlikely to crystallise 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 22.

Notes to the interim report for the six months ended 30 April 2022 (continued)

Principal risks and uncertainties

The delivery of our strategic objectives is dependent on effective risk management. There are a number of potential risks and uncertainties which could have a material impact on the Group's performance and could cause actual results to differ materially from expected and historical results. Details of the principal risks facing the Group were included on pages 33 to 37 of the Annual Report and Financial Statements for the year ended 31 October 2021, a copy of which is available at www.safestore.com, and include:

- Strategic risks
- Pandemic risk
- Finance risk
- Treasury risk
- Property investment and development risk
- Valuation risk
- Occupancy risk
- Real estate investment trust ("REIT") risk
- Catastrophic event risk
- Regulatory compliance risk
- Marketing risk
- IT security/GDPR
- Brand and Reputational risk
- Geographical expansion
- Human resource risk
- Climate change related risk
- Consequences of the UK's decision to leave the EU ("Brexit")

The Company regularly assesses these risks together with the associated mitigating factors listed in the 2021 Annual Report. The levels of activity in the Group's markets and the level of financial liquidity and flexibility continue to be the areas designated as appropriate for added management focus.

The impact of the ongoing global pandemic, Covid-19, has had limited discernible impact on the Group's performance during the period. The Group continues to monitor the Covid-19 pandemic as we transition out of the Covid-19 restrictions across our geographical locations.

We continue to believe that our market leading position in the UK and Paris, our strong brand and depth of management, as well as our retail expertise and infrastructure, help mitigate the effects of fluctuations in the economy or the housing market. Furthermore, the UK self-storage market remains immature with little risk of supply outstripping demand in the medium term.

Our prudent approach on new stores reduces our dependence on the number of non-trading investment properties in relation to the established and mature stores that provide relatively stable and growing cash flow. The Board regularly reviews the cash requirements of the business, including the covenant position although given the nature of the product, customer base and lack of working capital requirements, liquidity is not considered to be a significant risk.

The Outlook section of this half yearly report provides a commentary concerning the remainder of the financial year.

Forward-looking statements

Certain statements in this interim results announcement are forward-looking statements. By their nature, forward-looking statements involve a number of risks, uncertainties or assumptions that could cause actual results or events to differ materially from those expressed or implied by the forward-looking statements. These risks, uncertainties or assumptions could adversely affect the outcome and financial effects of the plans and events described herein. Forward-looking statements contained in this interim results announcement regarding past trends or activities should not be taken as a representation that such trends or activities will continue in the future. You should not place undue reliance on forward-looking statements, which speak only as of the date of this interim results announcement. Except as required by law, the Company is under no obligation to update or keep current the forward-looking statements contained in this interim results announcement or to correct any inaccuracies which may become apparent in such forward-looking statements.

Statement of Directors' responsibilities for the six months ended 30 April 2022

The Directors confirm that, to the best of their knowledge, this condensed consolidated interim financial information has been prepared in accordance with IAS 34 as contained in the United Kingdom adopted IFRS and that the interim management report includes a fair review of the information required by DTR 4.2.4R, DTR 4.2.7R and DTR 4.2.8R, namely:

- the condensed set of financial statements gives a true and fair view of the assets, liabilities, financial position and profit or loss of Safestore Holdings plc, or the undertakings included in the consolidation;

- an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and

- material related-party transactions in the first six months and any material changes in the related-party transactions described in the last annual report.

There have been the following changes to the Directors of Safestore Holdings plc to those listed in the Safestore Holdings plc Annual Report for 31 October 2021: Jane Bentall was appointed as a Director on 18 May 2022 and Claire Balmforth resigned as a Director on 31 May 2022. A list of current Directors is maintained on the Safestore Holdings plc website, www.safestore.com.

The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

By order of the Board

Frederic Vecchioli	Andrew Jones
20 June 2022	20 June 2022
Chief Executive Officer	Chief Financial Officer

INDEPENDENT REVIEW REPORT TO SAFESTORE HOLDINGS PLC

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30th April 2022 which comprises the consolidated income statement, the consolidated statement of comprehensive income, the consolidated balance sheet, the condensed consolidated statement of changes in equity, the consolidated cash flow statement and related notes 1 to 23. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

As disclosed in note 2, the annual financial statements of the Group are prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with United Kingdom adopted International Accounting Standard 34 "Interim Financial Reporting".

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Financial Reporting Council for use in the United Kingdom. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30th April 2022 is not prepared, in all material respects, in accordance with United Kingdom adopted International Accounting Standard 34 and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Use of our report

This report is made solely to the company in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Financial Reporting Council. Our work has been undertaken so that we might state to the company those matters we are required to state to it in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our review work, for this report, or for the conclusions we have formed.

Deloitte LLP
Statutory Auditor
London, United Kingdom
20 June 2022