

# Notice of General Meeting

**This document is important and requires your immediate attention. If you are in any doubt as to any aspect of the proposals referred to in this document or as to the action you should take, you should seek your own advice from a stockbroker, bank manager, solicitor, accountant or other independent professional adviser duly authorised under the Financial Services and Markets Act 2000.**

If you have sold or otherwise transferred all of your ordinary shares in Safestore Holdings plc, please pass this document together with any accompanying documents to the purchaser or transferee, or to the person who arranged the sale or transfer so they can pass these documents to the purchaser or transferee who now holds the shares.



## Safestore Holdings plc (the "Company")

(Incorporated in England and Wales under the Companies Act 1985 with registered number 04726380)

Notice of the General Meeting of the Company to be held at the offices of the Company at Brittanica House, Stirling Way, Borehamwood, Hertfordshire WD6 2BT on 25 July 2017 at 2.00pm (the "General Meeting") is set out on page 7 of this document.

A proxy form for use at the General Meeting accompanies this document. Whether or not you propose to attend the General Meeting, please complete and submit the proxy form in accordance with the instructions printed on it. The proxy form must be deposited at the offices of the Registrar of the Company, Capita Asset Services, PXS, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU.

Alternatively, you can appoint a proxy electronically at [www.capitashareportal.com](http://www.capitashareportal.com) or, if you hold your shares in CREST, you may appoint a proxy via the CREST electronic proxy appointment service. Notice of your appointment of a proxy should reach Capita Asset Services by no later than 2.00pm on 23 July 2017.

The results of the meeting will be announced as soon as practicable and will appear on the Company's website, [www.safestore.com](http://www.safestore.com).

All times shown in this document are London times unless otherwise indicated.

# Introduction from the Chair of the Remuneration Committee

As you will be aware, the Remuneration Committee withdrew resolutions 13 (Remuneration Policy) and 14 (LTIP) ahead of the AGM on 22 March 2017. In advance of the AGM, based on early voting, it became clear to the Remuneration Committee (“Committee”) that although the structure itself was welcomed by a number of shareholders (60% of our top 20 shareholders by size were supportive), there was sufficient discomfort with the quantum and some related issues to persuade the Committee to withdraw the resolutions in order to engage in further consultation.

The Committee has consulted extensively with its major shareholders and institutional shareholder representative bodies and after reflecting on this feedback is putting a new policy to shareholders before the current policy expires in October 2017 after which there is no mechanism to retain and motivate the Executive Directors.

We ask our shareholders to review the remuneration proposals within our unique circumstances and in the context of a wide shareholder consultation undertaken by the Remuneration Committee. During this process, we have also engaged with proxy advisers such as ISS, Glass Lewis and the Investment Association, and addressed some of their concerns in respect of the quantum and the stretch provided by the EPS targets originally envisioned. The ultimate responsibility to decide the vote on a case-by-case basis will of course lie with you, the shareholders, in line with your own in-house guidance and understanding of the Company’s strategy and management.

## Your concerns raised previously

- Highly geared and substantial quantum.
- EPS targets required strengthening.

## What we have done

- Retained Executive Director salaries at low levels and reduced pension maximum – the Executive Directors continue to be on fixed pay levels below the median of peer companies.
- Reduced quantum of LTIP awards to the Executive Directors to 2,000,000 shares for the CEO and 1,340,000 shares for the CFO.
- Increased threshold EPS target to 6% p.a. compound growth with maximum EPS target at 12% p.a. – this continues to be based on a very stretching vesting schedule starting at 10% of this element vesting for threshold performance. These targets require compound growth over the next five years building on historic strong performance and are considered stretching in the context of the Company’s strategy.
- Increased shareholding guidelines to market-leading levels of 1,000% of salary for the CEO and 350% for the CFO to provide strong alignment with shareholders and true lock-in of the management team.

An overview of the proposed policy is set out below:

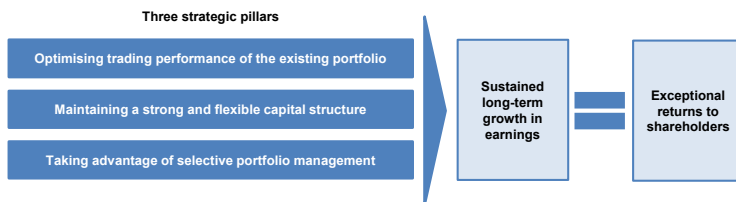
Element	Proposed remuneration policy
<b>Salary and other elements</b>	<ul style="list-style-type: none"><li>– Following two previous salary increases, which were disclosed and approved by shareholders in the 2015 and 2016 Directors’ remuneration report, salaries will now remain at a conservative level (against both the FTSE 250 and real estate sectors) to provide a balance to the LTIP structure. There will be no further increases during the policy period in excess of increases provided to the general workforce.</li><li>– The Committee has decided to reduce the maximum pension contribution level under the proposed policy from 20% to 10% of salary to reflect current investor sentiment regarding pension levels and alignment with the wider workforce.</li></ul>
<b>Annual bonus</b>	<ul style="list-style-type: none"><li>– Annual bonus award of 150% of salary based on a combination of financial and strategic/operational measures to support the business as it evolves. Strategic and operational measures have been introduced to provide a more holistic assessment of corporate performance and to support the five-year financial targets of the new LTIP.</li><li>– A portion of the bonus (any payment over 100% of salary) will now be deferred into shares for two years to provide further alignment with shareholders.</li><li>– Bonus performance targets and achievement thereon will be disclosed in full at the end of the relevant financial year.</li></ul>
<b>LTIP</b>	<ul style="list-style-type: none"><li>– Fixed award of shares to a wide number of participants with the CEO receiving 2,000,000 shares and the CFO receiving 1,340,000 shares. This reflects a reduction in total remuneration of 20% from the previous policy put forward to shareholders at the 2017 AGM. The fixed award of shares vesting after a five-year performance period was considered by the Committee to be the most appropriate to ensure our exceptional and proven management team were retained and motivated to continue to deliver strong performance.</li><li>– The level of award for the Executive Directors has been set at a premium to the aggregate of five years of conventional performance share awards set by reference to the upper quartile level in the FTSE 250 and real estate sector to take account of the unique structure of the proposed LTIP.</li><li>– Awards vest subject to stretching EPRA EPS growth (67%) and TSR (33%) performance measures and achieving a cash-on-cash underpin measured over the five-year performance period.</li><li>– Primary focus on EPS as the key performance measure. Sustained growth of 12% p.a. for five years to achieve maximum payout which, if achieved, is deemed exceptional performance given the current stage of business.</li></ul>
<b>Shareholding requirement</b>	<ul style="list-style-type: none"><li>– Executive Directors are encouraged to build up market-leading shareholding over a five-year period to ensure a long-term alignment between the shareholders and management in light of the higher quantum of equity awards as follows:<ul style="list-style-type: none"><li>– CEO: 1,000% of salary</li><li>– CFO: 350% of salary</li></ul></li></ul>

## What we have done continued

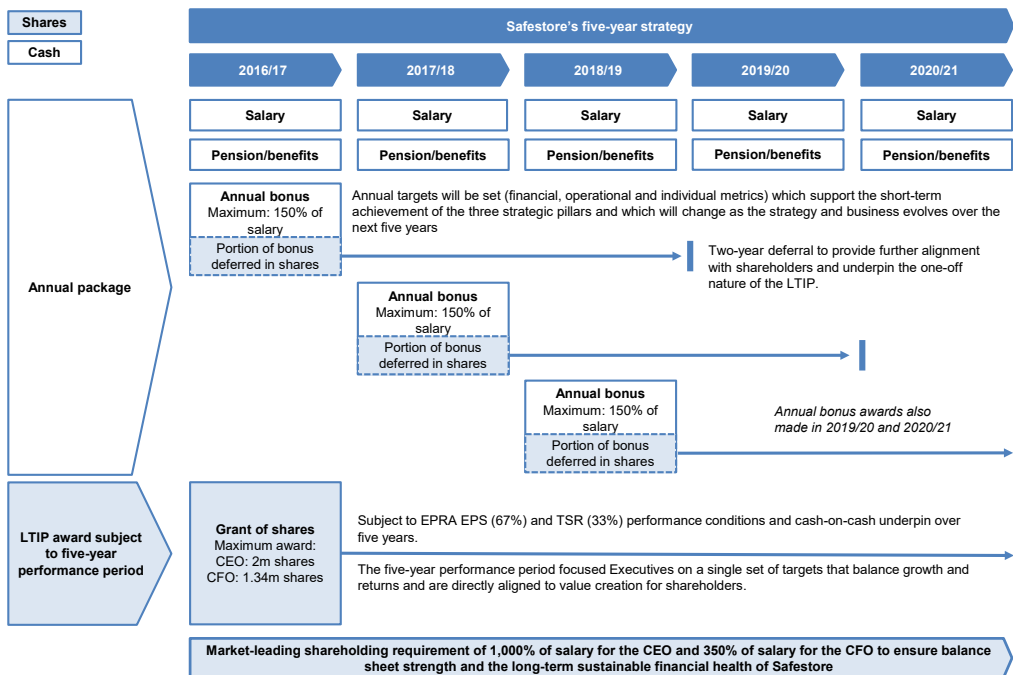
Appendix 1 sets out the proposed Remuneration Policy in full which includes best practice provisions around items such as malus and clawback. The remainder of this section sets out key information and the rationale for the proposed Remuneration Policy. In addition, on page 6 of this Notice of Meeting you will find a letter from the Chairman of the Company which provides background to the new Remuneration Policy and details on why he and the Board believe the new Remuneration Policy is in the best interests of all stakeholders. Both me and the Chairman of the Company felt it was important to address you directly to ensure that you are provided with as much information as possible to assist in making your decision.

## How does this proposed policy align with the business strategy?

As a Committee, we believe it is critical that the CEO and key Executives within the business are incentivised to remain at the Company and are appropriately rewarded for executing the Company's strategic goals over the next five years. As such we have designed the Remuneration Policy to ensure that it supports the five-year strategy as set out below. The LTIP, in particular, reinforces the Company's focus on sustained long-term growth in earnings and returns to shareholders.



The following schematic sets out how the proposed remuneration structure will support this business strategy and ensure the delivery and rewarding of long-term value creation.



### How does this proposed policy align with the business strategy? continued

The key component of the remuneration framework is the fixed share award to over 35 individuals in the Company who can influence and drive corporate performance. We believe that this approach is optimal for the following reasons:

- it provides a simple and transparent arrangement to motivate Executives and quantify success in terms of maximising shareholder value over the longer term;
- following the successful turnaround of the business, growing earnings from the FY16 outturn is the key output of the execution of our business strategy. Sustaining this for the next five years will deliver significant value for shareholders. This will be underpinned with annual performance measures which support our strategic pillars on a rolling basis;
- it aligns with the long-term nature of the business whereby decisions taken in one year can take two or three years to come to fruition and as such traditional three-year performance periods are less suitable;
- it recognises the importance of the CEO, CFO and around 35 participants further down the organisation in executing the business strategy and encourages their retention over the longer term; and
- it addresses shareholders' and boards' growing disquiet around the ability of the conventional LTIP model adopted by the majority of UK PLCs to appropriately motivate a highly focused management team, and around the suitability of setting performance targets on a three-year cycle.

As set out above, the fixed share award is supported by the annual bonus, which incorporates financial, operational and individual measures. These measures provide a holistic assessment of corporate performance and will change as the strategy and business evolves. The performance measures in the bonus allow for the Company to focus annually on targets that work towards the delivery of the five-year financial measures under the LTIP.

### How have the LTIP award levels been set?

It is a key cornerstone of our Remuneration Policy that management share in an appropriate proportion of the value created for shareholders through the successful execution of the five-year business strategy. The proposed award of shares to the CEO and CFO is 2,000,000 and 1,340,000 respectively. This reflects a premium to the aggregate of five years of conventional performance share awards set by reference to the upper quartile range for companies in the FTSE 250 and FTSE 350 real estate sector. The Remuneration Committee has incorporated a premium to the upper quartile level of award to reflect the following:-

- only one LTIP award will be granted under this Remuneration Policy, breaking the link between award levels and salary;
- it balances a base salary which is below the lower quartile range against companies in the FTSE 250 and FTSE 350 real estate sector;
- the performance required for vesting of this award is considered extremely stretching. For delivering consensus projected performance (sustaining 8% p.a growth over the next five years) the level of payout would be c.49%, which the Committee considers to be below the market norm. The Committee believes that the probability of sustaining EPS growth of 12% p.a over a five-year period (when taking into account that consensus is lower) represents exceptional performance and therefore reward outcomes should be exceptional relative to the market range; and
- there is a significantly lower expected probability of payout for management when setting performance conditions at the start of a five-year performance period unlike a conventional LTIP where the targets are measured over three years and rebased at the start of each three-year cycle. This is particularly relevant for Safestore given the transformation of the business in recent years, which will make sustained outperformance for the five-year performance period significantly more challenging.

The total maximum award to all participants (at least 35) will be capped at 3.25% of the issued share capital. This ensures that there is sufficient flexibility to make future awards to any new joiners over the five-year duration of the scheme or to increase levels of award in certain circumstances such as promotion. Any available headroom at the end of the performance period will lapse and will not be redistributed to participants.

## What are the performance conditions applying to the share award?

The table below sets out the performance measures and targets for the five-year performance period.

Performance measure	Weighting	Performance target	Vesting schedule (% of award)
Adjusted diluted EPRA EPS growth	2/3	Less than 6% p.a.	—
		6% p.a.	10%
		12% p.a.	100%
Relative TSR versus FTSE 250 (excluding investment trusts)	1/6	Below median	—
		Median	25%
		Upper quartile	100%
Relative TSR versus FTSE Real Estate Index	1/6	Below median	—
		Median	25%
		Upper quartile	100%

No awards will vest if the Company's cash-on-cash return over the five-year performance period is below 8% p.a.

The Committee believes that the calibration of these performance measures will ensure that the proposed scheme provides strong management incentives, but only if the exceptional shareholder experience so far enjoyed continues over the next phase of the Company's development. This is particularly relevant because, as with any turnaround situation, the "low-hanging fruit" has been picked and continuing out-performance becomes progressively more difficult, especially given the current wide-spread expectation of considerable economic volatility over the short to medium term.

We believe the EPS target range and vesting schedule, together with a bespoke cash-on-cash return underpin, will ensure that in addition to delivering EPS growth and strong returns to shareholders management has due regard to the capital and investments used to generate that EPS growth both in terms of existing businesses and potential acquisitions.

## Conclusion

The Committee acknowledges that some shareholders may have a preference for a less geared incentive arrangement in the form of a more conventional rolling annual share award featuring a three-year performance period. However, the Board of the Company believes that the proposed structure is in the best interests of all shareholders and would be grateful for your support for the following reasons:

- at this stage of development we do not view a conventional FTSE 250 LTIP structure as being an appropriate method to facilitate and drive the long-term business strategy around sustaining earnings growth over the longer term;
- there is a real requirement for something different to reward management in a way that motivates them and in a form that they value based on the premise that they can earn exceptional levels of remuneration only if corporate performance and the returns to shareholder over the next five years are exceptional. The corollary of this, which management wholly accepts, is that remuneration outcomes will be highly conservative over the next five years if the strategy is not executed; and
- the structure of the LTIP combined with truly market-leading shareholding guidelines encourages long-term share ownership and focus and is flexible to align the interests of Executives with that of an evolving business strategy over the next five years.

The Committee strongly believes that the proposed policy and new equity incentive construct is necessary to retain and motivate an exceptional management team which has delivered outstanding performance to shareholders and the retention of which is in the best interest of shareholders. The policy and incentives will focus management on executing the business strategy and reward them only as long as they continue to deliver exceptional returns to shareholders over the next phase of the Company's development.

**Claire Balmforth**  
Chair of Remuneration Committee

4 July 2017

# Letter from the Chairman of the Company

## Dear Shareholder

I am writing to you as Chairman of Safestore. My purpose is to explain some of the background to our proposals, full details of which are contained in the remaining Appendices enclosed herewith. This direct approach by me is driven by feedback generously given by some of our larger shareholders during recent consultation, which revealed a strong correlation between enthusiasm for the proposals and an explanation of the wider context.

By way of background, you will doubtless be aware that we recently chose to withdraw the Remuneration Policy proposals from our AGM agenda because we had indications of significant levels of concern. We fully understand that our proposals are a departure from our historic conventional scheme and that the current backdrop around Executive remuneration and public sentiment is not conducive to such change. However, I personally am and your Company's Board are fully convinced that our proposed LTIP scheme is entirely fit for purpose and will help drive a continuation of your Company's very strong recent performance. I will address the key topics by way of statements:

1. Since our top management team took over three years ago there has been a sustained turnaround of the business in virtually every aspect of its operation. The statistics you will be aware of, and which can be found in our Annual and Interim Reports, speak for themselves. This turnaround has been rewarded through the existing LTIP. There is no attempt to reward past performance through the new scheme, which is entirely forward looking. Some shareholders have been concerned that we are seeking to address historic low pay through high future awards. This is not the case and the detail of the proposed scheme supports this.
2. When our CEO, Frederic Vecchioli, joined he was promoted from within the business and did not receive a significant salary increase. This was deliberate. Frederic is still on a basic salary well below our peer groups. Our corporate philosophy is simply that no-one in the business should get rich by just turning up each day, but the quid pro quo is that rewards are superior when there is substantial outperformance. This scheme would deliver on both those points. As a Board, we believe the key measure of that outperformance is EPS growth and there is a direct connection between EPS, dividend levels (by way of our policy of increasing the dividend at least in line with earnings and obligations through our REIT status), and therefore shareholder returns. This proposed scheme therefore directly aligns management and shareholder objectives.
3. The turnaround is done and the "low-hanging fruit" is gone. The next five years will be hard grind. Our proposed scheme extends for five years deliberately to only reward sustained performance, year on year, over that period. Such a compounding demand on performance will be a hard task but your management team is prepared to be subjected to that because they believe in the long-term potential of the business. It is also worth noting that the five-year term reduces the get-lucky impact of riding the economic cycle which shorter schemes can be prone to.
4. The performance metrics of the scheme are very fair. There is no lift off before 6% p.a. compound growth and there is a slow take-off by virtue of vesting thereafter. Top rewards only come from top performance which would be substantially ahead of current market expectations. The compounding need to perform every year is again a hard driver in this context. Also, this is an asset-based business which is not like, for example, retail, in that there are very few if any levers management can pull to enhance short-term performance and compensate for a shortfall in any particular year.
5. This is a long-term business so we have proposed a truly long-term share incentive scheme. For example, a Board decision to build a new store now would take maybe six months planning, up to a year to build, then a gradual fill over the next two or three years. Three years is not a sufficient planning cycle for this business.
6. There is protection against "buying" EPS through inefficient capital deployment. Firstly, your management wouldn't propose it; secondly, your Board wouldn't allow it; and in any case we have included an underpin which would not reward it anyway.
7. Our proposed scheme includes a very large number of key managers below Board level. It is not just about executive directors. This is very important for key staff retention as well as motivation. The best businesses result from a 110% performance from all the key people and we want to drive and reward this.
8. Let me assure you that we will not be back next year offering apologies and seeking scheme changes if it all goes wrong. The current economic and political environment are likely to provide significant headwinds, but if this scheme is approved, then that's it. Done.
9. We know our proposals are unconventional. We know they may not tick all the boxes of shareholders and advisers. We know the external environment mitigates against us at the present time. But equally we know and strongly believe that this proposed scheme offers shareholders a way of retaining and rewarding a proven management team which is willing to put their upside on the line if they underperform and are willing to show very strong long-term commitment to the business. Your Board is fully convinced that the proposals are in the best interests of the Company.
10. Last but not least, I hope you don't mind me saying that you have a strong Board which is fully engaged in this process and has spent a very long time deliberating the detail. We do not take our supportive position here lightly. We believe in our management, we believe in our business, and we believe this scheme is the right way to drive a continuing strong shareholder return through appropriate management reward.

I hope the above is helpful and that it demonstrates the Board's and my personal conviction that what we are proposing is right for the business. Whilst we realise that it would be much easier for us to propose a conventional scheme, we have chosen not to do so because we do not believe it would fully align management's incentives with the Company's dynamics. Most importantly we fully believe this is right for shareholders.

Please may I ask for your support of the new Remuneration Policy and LTIP at the General Meeting. I am of course available for discussion with any shareholder on this critical matter.

Yours faithfully

**Alan Lewis**  
**Chairman of the Company**  
4 July 2017

# Notice of General Meeting

NOTICE IS HEREBY GIVEN that the GENERAL MEETING (the “Meeting” or “General Meeting”) of Safestore Holdings plc (the “Company”) will be held at Brittanica House, Stirling Way, Borehamwood, Hertfordshire WD6 2BT on 25 July 2017 at 2.00pm for the following purposes:

To consider and, if thought fit, pass the following ordinary resolutions:

## Ordinary resolutions

1. THAT the Directors’ Remuneration Policy as set out in Appendix 1 of this Notice be and is hereby approved.
2. THAT:
  - (a) the Safestore Long Term Incentive Plan (“LTIP”), the principal terms of which are summarised in Appendix 2 to this Notice of Meeting and the rules of which are produced at the Meeting and, for the purposes of identification, initialled by the Chairman, be and is hereby approved and that the Directors be authorised to do all acts and things which they may consider necessary or expedient to carry the LTIP into effect; and
  - (b) the Directors be and are hereby authorised to establish such further plans based on the LTIP or schedules to the LTIP as they consider necessary or desirable but which have been modified to take account of local tax, exchange control or securities laws in overseas territories, provided that any shares made available under such further plans or schedules are treated as counting against any limits on individual or overall participation in the LTIP.
3. THAT:
  - (a) the rules of the Safestore Holdings plc Sharesave scheme (the “Sharesave Scheme”), the principal terms of which are summarised in Appendix 3 to this Notice of Meeting and the rules of which are produced at the Meeting and, for the purposes of identification, initialled by the Chairman, be and are hereby approved and that the Directors be and are hereby authorised to do all acts and things which they may consider necessary or expedient to carry the Sharesave Scheme into effect; and
  - (b) the Directors be and are hereby authorised to establish such further plans based on the Sharesave Scheme or schedules to the Sharesave Scheme as they consider necessary or desirable but which have been modified to take account of local tax, exchange control or securities laws in overseas territories, provided that any shares made available under such further plans or schedules are treated as counting against any limits on overall participation in the Sharesave Scheme.

By order of the Board

### **S Ahmed**

#### **Company Secretary**

Registered office:  
Brittanica House  
Stirling Way  
Borehamwood  
Hertfordshire WD6 2BT

Dated: 4 July 2017

## Notes to Notice

- (i) A member entitled to attend and vote at the Meeting convened by the above Notice (the “Meeting”) is entitled to appoint a proxy to exercise all or any of the rights of the member to attend and speak and vote on his or her behalf. A proxy need not be a member of the Company. A member may appoint more than one proxy in relation to the Meeting, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that member. The right to appoint a proxy does not apply to any person to whom this Notice is sent who is a person nominated under Section 146 of the Companies Act 2006 (the “Act”) to enjoy information rights (a “Nominated Person”).
- (ii) To appoint a proxy you may:
- (a) use the proxy form enclosed with this Notice of General Meeting. To be valid, the proxy form, together with the power of attorney or other authority (if any) under which it is signed or a notarially certified or office copy of the same, must be received by post or (during normal business hours only) by hand at Capita Asset Services, PXS, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, in each case no later than 2.00pm on 23 July 2017 or not later than 48 hours before the time fixed for any adjourned meeting (as an alternative you may appoint a proxy electronically at [www.signalshares.com](http://www.signalshares.com)); or
- (b) if you hold your shares in uncertificated form, use the CREST electronic proxy appointment service as described in notes (vi), (vii) and (viii) below.
- Completion of the proxy form or appointment of a proxy through CREST will not prevent a member from attending and voting in person.
- You may submit your vote electronically at [www.signalshares.com](http://www.signalshares.com) not later than 48 hours before the time fixed for the Meeting or adjourned meeting at which your proxy proposes to vote.
- (iii) Any member or his or her proxy attending the Meeting has the right to ask any question at the Meeting relating to the business of the Meeting.
- (iv) Pursuant to Section 360B of the Act and Regulation 41 of the Uncertificated Securities Regulations 2001 (as amended), only shareholders registered in the Register of Members of the Company as at close of business on 23 July 2017 shall be entitled to attend and vote at the Meeting in respect of the number of shares registered in their name at such time. If the Meeting is adjourned, the time by which a person must be entered on the Register of Members of the Company in order to have the right to attend and vote at the adjourned Meeting is close of business on the day preceding the date fixed for the adjourned Meeting. Changes to the register of members after the relevant times shall be disregarded in determining the rights of any person to attend and vote at the Meeting.
- (v) In the case of joint holders, the vote of the senior holder who tenders a vote whether in person or by proxy shall be accepted to the exclusion of the votes of the other joint holders and, for this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the relevant joint holding.
- (vi) CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsors or voting service provider(s), who will be able to take the appropriate action on their behalf.
- (vii) In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a “CREST Proxy Instruction”) must be properly authenticated in accordance with the specifications of Euroclear UK & Ireland Limited (“Euroclear UK & Ireland”) and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the Company’s agent, Capita Asset Services (CREST participant ID RA10), by the latest time(s) for receipt of proxy appointments specified in the Notice of Meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Application Host) from which the Company’s agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.
- (viii) CREST members and, where applicable, their CREST sponsors and voting service providers should note that Euroclear UK & Ireland does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his or her CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001 (as amended).



- (ix) As at 3 July 2017 (being the last business day prior to the publication of this Notice) the Company's issued share capital consisted of 209,306,201 ordinary shares, carrying one vote each. Therefore, the total voting rights in the Company as at 3 July 2017 were 209,306,201.
- (x) The information required to be published by Section 311(A) of the Act (information about the contents of this Notice and numbers of shares in the Company and voting rights exercisable at the Meeting and details of any members' statements, members' resolutions and members' items of business received after the date of this Notice) may be found at [www.safestore.com](http://www.safestore.com).
- (xi) A Nominated Person may, under an agreement between him/her and the member who nominated him/her, have a right to be appointed (or to have someone else appointed) as a proxy entitled to attend and speak and vote at the Meeting. Nominated Persons are advised to contact the member who nominated them for further information on this and the procedure for appointing any such proxy.
- (xii) If a Nominated Person does not have a right to be appointed, or to have someone else appointed, as a proxy for the Meeting, or does not wish to exercise such a right, he/she may still have the right under an agreement between himself/herself and the member who nominated him/her to give instructions to the member as to the exercise of voting rights at the Meeting. Such Nominated Persons are advised to contact the members who nominated them for further information on this.

## Explanatory notes to resolutions

### Resolution 1 – Approval of Directors' Remuneration Policy (ordinary resolution)

Resolution 1 seeks approval of the Company's future policy on Directors' remuneration following the withdrawal of resolution 14 at the Company's 2017 Annual General Meeting on 22 March 2017. The Company's current Remuneration Policy expires as at 31 October 2017 and the Company must seek shareholder approval for a forward-looking Remuneration Policy which sets out the Company's future policy on Directors' remuneration for the next three years.

This Notice of Meeting contains a letter from the Chair of the Remuneration Committee setting out details on the structure and rationale for the proposed Remuneration Policy. In addition this Notice of Meeting contains a letter from the Chairman of the Company which provides background to the new Remuneration Policy and details on why he and the Board believe the new Remuneration Policy is in the best interests of all stakeholders. The full Remuneration Policy can be found in Appendix 1 to this Notice of Meeting.

### Resolution 2 – Approval of the Safestore Long Term Incentive Plan ("LTIP") (ordinary resolution)

Resolution 2 seeks approval of the Safestore Long Term Incentive Plan (the "LTIP"), the principal terms of which are set out in Appendix 2 to this Notice of Meeting, which is a key component of the new Directors' Remuneration Policy. Additional context on the operation of the LTIP is provided in the letter from the Chair of the Remuneration Committee on page 2 of this Notice of Meeting.

### Resolution 3 – Approval of the Safestore Holdings plc Sharesave scheme ("Sharesave Scheme") (ordinary resolution)

Resolution 3 seeks approval of the Safestore Holdings plc Sharesave Scheme. The Sharesave Scheme was adopted in 2007 and under its terms the Company has been able to offer employees within the Group the chance to participate in a tax-advantaged savings-related share option plan. Institutional shareholder guidelines require companies to seek shareholder approval of incentive schemes at least every ten years. Accordingly, the rules of the Sharesave Scheme currently provide that options may not be granted later than 20 February 2017. The Directors continue to believe that savings-related share options provide an important means of enabling employees throughout the Group to share in the future success of the Company. It is therefore proposed that shareholders be asked to approve the renewal of the Sharesave Scheme by permitting options to be granted under it for a further ten years. The rules of the Sharesave Scheme produced to the meeting are those adopted by the Company on 21 February 2007 but updated to reflect changes in legislation and market practice since the existing scheme was first adopted and last amended. A summary of the principal terms of the Sharesave Scheme is set out in Appendix 3 to this Notice of Meeting.

## Directors' recommendation

The Board of Directors considers that each of the resolutions being proposed at the General Meeting is in the best interests of the Company and its shareholders as a whole. Accordingly, the Directors unanimously recommend that shareholders vote in favour of the resolutions as they intend to do in respect of their own beneficial shareholdings.

## Appendix 1 – Directors’ Remuneration Policy

This section of the report contains details of the Directors’ Remuneration Policy that will govern the Company’s future remuneration payments and will take effect from the date of the General Meeting. The Committee is responsible for establishing the policy on the remuneration of the Executive Directors and Chairman. The Board is responsible for setting the remuneration of the Non-Executive Directors. The Remuneration Policy has been prepared in accordance with the requirements of the Companies Act 2006 (the “Act”), Schedule 8 of the Large and Medium Sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013 (the “Regulations”), the Listing Rules of the UK Listing Authority and the UK Corporate Governance Code.

### 1. Executive Director Remuneration Policy

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

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

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

Element and strategic link	Operation	Maximum	Performance targets and recovery provisions	Changes to Policy from that previously approved and rationale
<b>Basic salary</b>				
To provide competitive fixed remuneration that will attract and retain appropriate talent.  Reflects an individual’s responsibilities, experience and role.	Normally reviewed annually with any changes taking effect from 1 May.  Salaries are paid monthly.  When determining the salary of Executives the Committee takes into consideration: <ul style="list-style-type: none"> <li>– the individual Director’s experience and responsibilities;</li> <li>– the performance of the individual Director;</li> <li>– the performance of the Group; and</li> <li>– pay and conditions throughout the Group.</li> </ul> Levels of base salary are reviewed periodically against companies of a comparable size in both the real estate sector and FTSE 250.	There is no prescribed maximum annual basic salary increase; however, the increase in salary of the CEO or CFO will not be more than the increase of the general workforce for the duration of the Policy.	A broad assessment of individual and business performance is used as part of the salary review.  No recovery provisions apply.	The comparator group has changed from FTSE All Share companies of a comparable size to FTSE 250 companies of a comparable size. This change reflects Safestore’s current size and provides flexibility to benchmark against a group that is most applicable at any point in time.

Element and strategic link	Operation	Maximum	Performance targets and recovery provisions	Changes to Policy from that previously approved and rationale
<b>Benefits</b>				
To provide competitive benefits and to attract and retain high calibre employees.	<p>Reviewed periodically to ensure benefits remain market competitive.</p> <p>Currently includes car allowance, life insurance and private medical and dental insurance. Other benefits may be provided where appropriate.</p>	Benefit values vary year on year depending on premiums and the maximum potential value is the cost of the provision of these benefits.	No performance or recovery provisions applicable.	No change.
To provide a competitive company contribution that enables effective retirement planning.	Pension is provided by way of a contribution to defined contribution arrangements and/or cash salary supplement.	The maximum contribution is up to 10% of salary.	No performance or recovery provisions applicable.	The maximum contribution will be reduced to 10% of salary from 20% of salary to reflect the standard annual contribution levels of 10%.
<b>Annual bonus</b>				
Incentivises the achievement of a combination of financial and non-financial performance targets in line with corporate strategy over the one-year operating cycle.	<p>Award made annually based on the achievement of a combination of financial and non-financial performance measures.</p> <p>Any bonus in excess of 100% of salary will be deferred into shares which will vest at the end of two years following the financial year in which the bonus is earned. Dividend equivalents are payable on deferred shares.</p>	Bonus potential: maximum – 150% of salary. Threshold performance – 40% of salary.	<ul style="list-style-type: none"> <li>– Performance measures and targets will be set by the Committee annually based on a range of financial and non-financial measures, including but not limited to:</li> <li>– EBITDA growth;</li> <li>– strategic/operational measures; and</li> <li>– personal objectives.</li> </ul> <p>The Committee has the discretion to adjust targets or performance conditions for any exceptional events that may occur during the year. As well as determining the measures and targets, the Committee will also determine the weighting of the various measures to ensure that they support the business strategy and objectives for the relevant year.</p> <p>Malus (up to vesting) and clawback (three years post vesting) provisions operate in line with best practice corporate governance.</p>	<p>Strategic and operational measures have been introduced to provide a more holistic assessment of corporate performance and to support the five-year financial targets of the new LTIP.</p> <p>The maximum bonus opportunity has been increased from 100% to 150% and was adjusted to ensure that levels are competitive against the market and reflective of the Company's current value.</p> <p>Deferral has been introduced to provide further alignment with shareholders and underpins the one off nature of the LTIP. Any amount earned under the increased award level will be deferred into shares.</p> <p>Malus has been introduced to sit alongside clawback which was already operated.</p>

## Appendix 1 – Directors’ Remuneration Policy continued

### 1. Executive Director Remuneration Policy continued

Element and strategic link	Operation	Maximum	Performance targets and recovery provisions	Changes to Policy from that previously approved and rationale
<b>Long-term incentive plan</b>				
Incentivises Directors to execute the long-term business plan and deliver long-term sustainable value for shareholders.	<p>One off equity grant made during 2017 with vesting dependent on the achievement of demanding performance conditions over a five-year period.</p> <p>Awards will be made to participants expressed as a fixed number of shares.</p> <p>Participants will be entitled to receive any dividends paid on vested shares during the vesting period. This benefit is delivered in the form of cash or additional shares at the time that awards vest.</p>	<p>The total equity award for all participants will be equal to 3.25% of the current share capital with a c.1.6% maximum for Executive Directors.</p> <p>The CEO will receive a maximum of 2 million shares and the CFO will receive a maximum of 1.34 million shares.</p>	<p>Awards vest based on performance against stretching targets, measured over a five-year performance period.</p> <p>The performance measures and weightings are as follows:</p> <ul style="list-style-type: none"> <li>– adjusted diluted EPRA EPS growth (2/3 weighting);</li> <li>– relative TSR versus FTSE 250 (1/6 weighting); and</li> <li>– relative TSR versus FTSE Real Estate Index (1/6 weighting).</li> </ul> <p>In addition, no award will vest unless a minimum level of cash-on-cash return (“CoCR”) of 8% p.a. has been achieved.</p> <p>Further details are set out below this table.</p> <p>Malus (up to vesting) and clawback (three years post vesting) provisions operate.</p>	<p>The previous LTIP was structured as an annual rolling market standard long-term incentive plan.</p> <p>This has been replaced with the simplified one off equity award, under which management will be provided with an opportunity to earn a fixed level of equity which is directly aligned with the delivery of the business strategy over the next five years.</p> <p>The LTIP ensures that the Committee has a tool in place with which to incentivise the Executive Directors to execute the long-term business plan and ultimately deliver long-term sustainable value for shareholders. The extended five-year performance period will ensure a further lock-in period and an alignment between the interests of management and shareholders.</p>
<b>All-employee Sharesave scheme</b>				
Encourages long-term shareholding in the Company by all employees	Under the terms of the Sharesave Plan all employees can apply for three or five-year options to acquire the Company’s shares priced at a discount of up to 20%.	£500 per month or HMRC limits as apply from time to time.	No performance or recovery provisions applicable.	No change.

## 1. Executive Director Remuneration Policy continued

Element and strategic link	Operation	Maximum	Performance targets and recovery provisions	Changes to Policy from that previously approved and rationale
<b>Share ownership</b>				
To ensure that Executive Directors' interests are aligned with those of shareholders over a longer time horizon.	<p>Executive Directors are encouraged to build up their shareholding over a five-year period.</p> <p>Executive Directors would be expected to retain any shares vesting (post tax) under inflight awards and the proposed deferred bonus, until they have acquired the necessary shares to meet their requirement.</p> <p>Deferred, vested and beneficially owned shares would count towards the shareholding guidelines.</p>	<p>For current Executive Directors:</p> <ul style="list-style-type: none"> <li>– CEO: 1,000% of salary</li> <li>– CFO: 350% of salary</li> </ul> <p>For any new recruits, the guideline level of shareholding would be 500% for the CEO and 350% for the CFO.</p> <p>The level of shareholding will be tested five years from the date of approval of this Remuneration Policy or appointment if later.</p>	No performance or recovery provisions applicable.	The shareholding ownership guidelines have been increased from 100% of salary. The Committee considers that higher shareholder guidelines ensure a long-term alignment between the shareholders and management in light of the higher quantum of equity awards.

### Discretion within the Directors' Remuneration Policy

The Committee has discretion in several areas of policy as set out in this report. The Committee may also exercise operational and administrative discretions under relevant plan rules approved by shareholders as set out in those rules. Where discretion is used to adjust awards, the Committee will make full and clear disclosure of any such adjustments in the Directors' Remuneration Report ("DRR") at the end of the performance period.

### Legacy awards

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

### Performance measures and targets

The table below sets out the performance measures and targets to be used in the LTIP and measured over the five-year performance period.

Performance measure	Weighting	Performance target	Vesting schedule (% of award)
Adjusted diluted EPRA EPS growth <sup>1</sup>	2/3	Less than 6% p.a.	—
		6% p.a.	10%
		12% p.a.	100%
Relative TSR <sup>2</sup> versus FTSE 250 (excluding investment trusts)	1/6	Below median	—
		Median	25%
		Upper quartile	100%
Relative TSR versus FTSE Real Estate Index	1/6	Below median	—
		Median	25%
		Upper quartile	100%

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

<sup>1</sup> 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 both on an IAS, 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.

<sup>2</sup> TSR will be measured over a five-year performance period. At the end of the performance period the TSR growth of Safestore and each comparator company within both indices (FTSE 250 excluding investment trusts and the FTSE Real Estate Index) will be measured. An averaging period of three months will be used and constituents of the two comparator groups will be unweighted. The median and upper quartile TSR of the comparator group will be calculated (excluding Safestore). Safestore's TSR will then be compared against the median TSR and upper quartile TSR to determine vesting.

## Appendix 1 – Directors’ Remuneration Policy continued

### 1. Executive Director Remuneration Policy continued

#### Performance measures and targets continued

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

Performance measures	Rationale	How targets are set
<b>Annual bonus</b> EBITDA growth. Strategic/operational measures. Personal objectives.	<p>The combined use of financial, strategic and operational measures provides a holistic assessment of corporate performance and allows for the Company to focus annually on targets that work towards the delivery of the five-year financial measures under the LTIP.</p> <p>The use of personal objectives allows for the tailoring of the annual bonus to each participant and ensures there is an element of payout that is assessed on specific measures which reflect successful performance of the individual in their role as well as that of the Company.</p>	<p>The performance targets are determined annually by the Committee taking into account the Company’s business plan, market conditions and internal and external forecasts.</p> <p>Targets are calibrated to reflect the Committee’s assessment of good to exceptional performance.</p>
<b>LTIP</b> Adjusted diluted EPRA EPS growth (2/3 weighting). Relative TSR versus FTSE 250 (1/6 weighting). Relative TSR versus FTSE Real Estate Index (1/6 weighting).	<p>EPS is considered to be the most appropriate measure for aligning the interests of the Executive Directors with those of shareholders and is also an established measure of Safestore’s long-term sustainable profitability.</p> <p>Relative TSR performance measured against two peer groups (FTSE 250 and FTSE Real Estate Index) provides a balanced approach, recognising returns to shareholders against the broader market, whilst also ensuring performance is competitive against other real estate companies.</p>	<p>Targets have been calibrated to reflect the Committee’s assessment of good to exceptional performance, taking into account internal budgets and the current economic environment.</p> <p>EPS targets were set by reference to the Company’s business plan and market conditions and consideration is also given to external forecasts. The Committee believes that the probability of sustaining EPS growth of 12% p.a over a five-year period (when taking into account that the consensus is lower) represents exceptional performance and therefore reward outcomes should be exceptional relative to the market range.</p> <p>Relative TSR targets were determined taking into account the comparative market returns and the expected level of returns for Safestore’s shareholders.</p>

#### Comparison with other employees

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

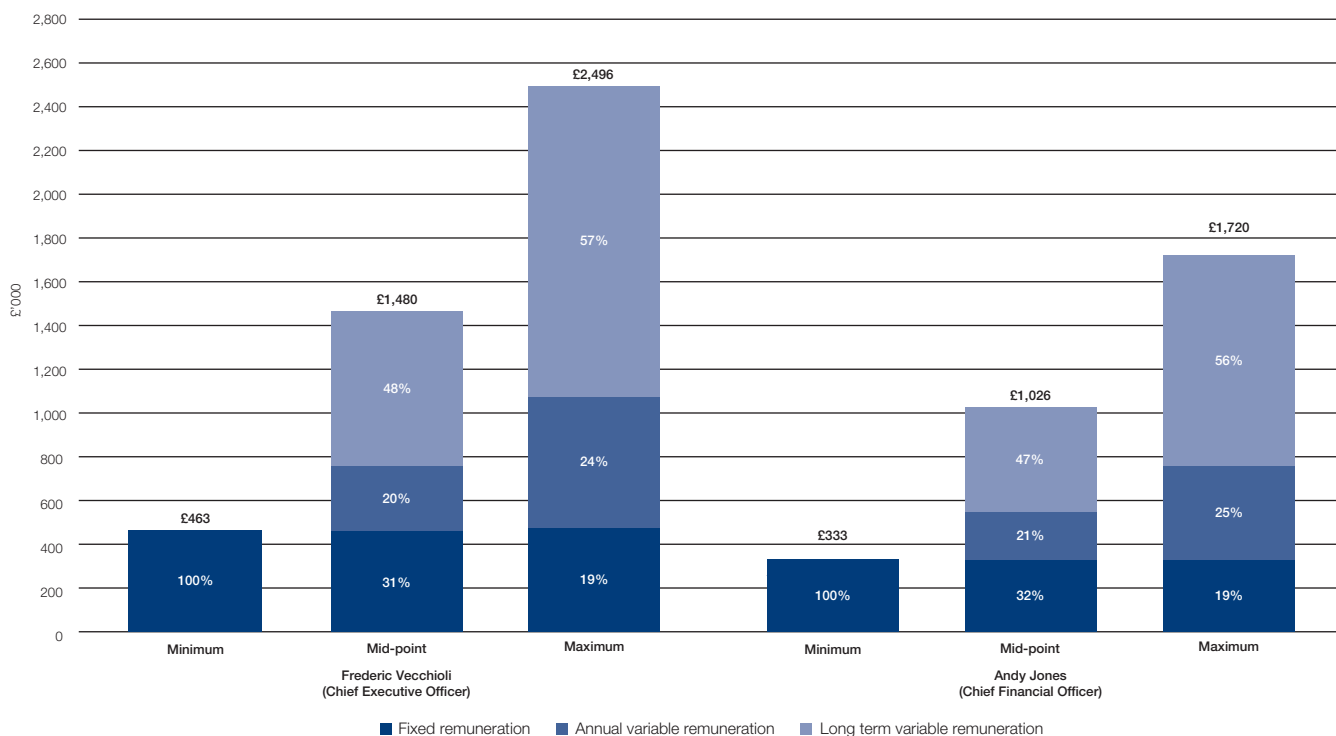
For below Board employees, Safestore operates a range of bonus plans appropriate to the various areas of its business with opportunity levels linked to seniority and role.

Under the new LTIP an increased number of key senior employees will be invited to participate allowing them to share in the success of the Company. The performance conditions for below Board employees in the LTIP are the same as those for the Executive Directors.

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

## 2. Reward scenarios

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



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

Element	Minimum	Mid-point	Maximum
Fixed elements	Base salary at 1 November 2016 Pension: 10% of salary Estimated benefits (car allowance, private medical insurance and life assurance)		
Annual bonus	Nil	50% of maximum	100% of maximum
LTIP <sup>1</sup>	Nil	50% of annualised maximum	100% of annualised maximum

<sup>1</sup> LTIP values are based on the annualised value of the shares awarded (i.e. 1/5th of the individual maximum shares granted) as at 31 October 2016. The share price as at 31 October 2016 was 358.3 pence. No share price growth has been factored into the calculation.

## Appendix 1 – Directors’ Remuneration Policy continued

### 3. Approach to recruitment and promotions

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

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

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

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

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

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

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

### 4. Service contracts for Executive Directors

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

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

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

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



## 5. Payment for loss of office

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

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

Cessation of employment	Change of control
<b>Annual bonus</b>	
<ul style="list-style-type: none"> <li>– Where a participant's employment is terminated after the end of a performance year but before the payment is made, the participant may remain eligible for a bonus award for that performance year subject to an assessment of the performance targets over the period. Where an award is made the payment may be delivered fully in cash. No award will be made in these circumstances in the event of gross misconduct.</li> <li>– If the participant is a good leaver during the performance year, a bonus will normally be paid in cash at the end of the year pro-rated for length of service and the achievement of performance targets measured over the full year. Any unvested deferred share bonus awards will vest on the normal vesting date.</li> <li>– The Committee has the discretion to determine that a bonus award may be paid in cash at the date of cessation, and/or that deferred share bonus awards will vest early, and/or in exceptional circumstances whether to pro-rate the award for time served as an employee.</li> <li>– A "good leaver" is defined as a participant ceasing to be in employment by reason of death, ill health, injury, disability, redundancy, retirement, the company employing the participant ceasing to be a member of the Group, the participant's employing business being sold out of the Group or at the Committee's discretion.</li> <li>– Anyone who is not a good leaver will be a bad leaver. For a bad leaver, there will be no cash bonus payout for the year in which they leave and any unvested deferred share bonus awards will lapse.</li> </ul>	<ul style="list-style-type: none"> <li>– The participant will receive the annual bonus in cash immediately prior to the date of the change of control.</li> <li>– The level of cash payment will be determined by the Committee at its discretion by reference to the time elapsed from the start of the performance year to the change of control date and the performance levels achieved as at the date of the change of control (where applicable).</li> <li>– The Committee has the discretion to determine, in exceptional circumstances, whether to pro-rate the award for time served as an employee.</li> <li>– Any unvested deferred bonus shares will also vest immediately prior to a change of control.</li> <li>– In the event of an internal corporate reorganisation, the Remuneration Committee may decide (with the consent of the acquiring company) to replace unvested deferred awards with equivalent new awards over shares in the acquiring company.</li> </ul>
<b>LTIP</b>	
<ul style="list-style-type: none"> <li>– For good leavers, unvested awards will vest on the normal vesting date subject to (i) the extent any applicable performance targets have been satisfied at the end of the normal performance period and (ii) pro-rating to reflect the period of time between grant and cessation of employment as a proportion of the vesting period that has elapsed.</li> <li>– The Committee has the discretion to determine that the end of the performance period is the date of cessation and whether to pro-rate the number of vested awards to reflect the vesting period completed.</li> <li>– A "good leaver" is defined as a participant ceasing to be in employment by reason of death, injury, ill health, disability, redundancy, retirement, the company employing the participant ceasing to be a member of the Group, the participant's employing business being transferred to a person who is not a Group member, or any other reason at the Committee's discretion.</li> <li>– Anyone who is not a good leaver will be a bad leaver. Bad leavers will forfeit all unvested awards.</li> </ul>	<ul style="list-style-type: none"> <li>– On a change of control, the Committee will determine the level of vesting taking into account: (i) the extent that any applicable performance targets have been satisfied at that time, (ii) the bid consideration received and (iii) the portion of the vesting period that has then elapsed. Options must then be exercised within one month, otherwise they will lapse.</li> <li>– In the event of an internal corporate reorganisation, the Committee may decide to replace unvested awards with equivalent new awards over shares in the acquiring company.</li> </ul>

## Appendix 1 – Directors’ Remuneration Policy continued

### 6. Non-Executive Directors and letters of appointment

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

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

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

#### Letters of appointment

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

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

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

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

### 7. Consideration of employee remuneration and shareholders

#### All-employee remuneration

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

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

#### Consideration of shareholder views

The Committee has an open relationship with shareholders. It welcomes dialogue and engages with significant shareholders on material changes to its remuneration policy or structure. In advance of making changes to the Policy and putting forward the new LTIP to shareholders at the 2017 AGM, we wrote to and met with our largest shareholders as well as a number of representative bodies (ISS and IA) to explain the background and the rationale for our decisions.

## Appendix 2 - Summary of the principal terms of the Safestore Holdings plc Long Term Incentive Plan (“LTIP”)

### Operation

The LTIP is a discretionary share plan under which the Remuneration Committee of the Board of the Company may, within certain limits and subject to any applicable performance conditions, grant awards over the Company’s shares to eligible employees. Awards may be granted in the form of nil-cost options, conditional share awards (i.e. rights to receive shares) or awards of forfeitable shares subject to restrictions. Where the participant becomes entitled to acquire the ordinary shares, the LTIP award is said to have vested.

The operation of the LTIP in respect of the Executive Directors of the Company and other key Executives of the Company and its subsidiaries (the “Group”) will be overseen by the Remuneration Committee.

### Eligibility

The LTIP is primarily intended to operate for the Executive Directors and other selected members of the Group’s senior management, although, at the discretion of the Remuneration Committee, other employees may participate in the LTIP. Non-Executive Directors are not eligible to participate in the LTIP.

### Limits

The LTIP may operate over new issue shares, treasury shares or shares purchased in the market. The aggregate number of Plan Shares which may be issued or transferred pursuant to the vesting of awards shall not exceed 3.25% of the then issued share capital of the Company. For the purposes of these limits, any shares issued in relation to an award shall be taken into account once only and shares issued out of treasury for the LTIP count towards these limits for so long as this is required by institutional shareholder guidelines. LTIP awards which are renounced or lapse shall be disregarded for the purposes of these limits. In addition, the Company will operate general dilution limits across all its plans in accordance with guidance from the Investment Association. These limits restrict overall dilution under all plans to under 10% of the issued share capital over a ten-year period, with a further limitation of 5% in any ten-year period on executive (discretionary) plans.

The maximum number of ordinary shares of the Company that may be awarded to a participant under the LTIP will not exceed in aggregate 2 million shares.

### Grant of LTIP awards

LTIP awards will normally be granted within a 42-day period following: (i) the date of approval of the LTIP by the shareholders of the Company, (ii) the day after the publication of the results of the Company for any period, (iii) any other time at which the Remuneration Committee determines there are exceptional circumstances which justify the grant of the award or (iv) the day after the lifting of any dealing restrictions which prevented the grant of awards.

No LTIP awards may be granted more than five years after the date the LTIP is approved by shareholders of the Company.

### Vesting of LTIP awards

LTIP awards may be subject to the achievement of pre-determined performance targets or other conditions set by the Remuneration Committee at the date of grant. LTIP awards will normally vest, subject to the achievement of these conditions, five years following the date of grant or such other period as determined by the Remuneration Committee. LTIP awards granted as options will normally remain exercisable for a period determined by the Remuneration Committee at grant which shall not exceed ten years from grant.

Any performance conditions applying to LTIP awards may be varied, substituted or waived if the Remuneration Committee considers it appropriate, provided that the Remuneration Committee considers that (except in the case of a waiver) the new performance conditions are not materially less difficult to satisfy than the original conditions.

### Malus and clawback for LTIP awards

The Board may decide, at the vesting of an LTIP award or at any time before, that the number of shares subject to the award shall be reduced (including to nil) on such basis that the Board in its discretion considers to be fair and reasonable in the following circumstances:

- discovery of a material misstatement resulting in an adjustment to the audited consolidated accounts of the Company or any Group company;
- the assessment of any performance target or condition in respect of an LTIP award was based on error, or inaccurate or misleading information;
- the discovery that any information used to determine the number of shares subject to an LTIP award was based on error, or inaccurate or misleading information; and
- action or conduct of an award holder which, in the reasonable opinion of the Board, amounts to fraud or gross misconduct.

The malus period will be up to the date of vesting. The clawback period will be three years from the date of vesting. Clawback may be effected, among other means, by requiring the transfer of shares, payment of cash or reduction of awards.

## Appendix 2 - Summary of the principal terms of the Safestore Holdings plc Long Term Incentive Plan (“LTIP”) continued

### Cessation of employment

For “good leavers”, unvested LTIP awards will ordinarily vest on the normal vesting date subject to: (i) the extent any applicable performance condition has been satisfied at the end of the normal performance period; and (ii) pro-rating to reflect the period of time elapsed between grant and cessation of employment as a proportion of the normal vesting period. The Remuneration Committee has the discretion to determine that the end of the performance period is the date of cessation and whether or not to pro rate LTIP awards for the proportion of the relevant period completed on cessation of employment.

A “good leaver” is defined as a participant ceasing to be in employment with the Group by reason of death, ill health, injury, disability, redundancy, retirement, the company employing the participant ceasing to be a member of the Group, the participant’s employing business being sold out of the Group or in any other circumstances at the Remuneration Committee’s discretion. LTIP options held by good leavers which have vested may be exercised for a period of six months (twelve months in the case of death) following vesting (or such longer period as the Board determines) and will otherwise lapse at the end of that period.

Anyone who is not a good leaver will be a bad leaver. Bad leavers will forfeit all LTIP awards.

### Change of control

Unvested LTIP awards will vest early on a change of control. The Committee will determine the level of vesting taking into account, among other factors, the extent that any applicable performance measures have been satisfied at that time and the portion of the vesting period that has then elapsed. LTIP options which have vested may normally be exercised for a period of up to six months measured from the relevant event.

In the event of an internal corporate reorganisation or a person obtaining control of the Company, the Remuneration Committee may decide (with the consent of the acquiring company) to replace unvested LTIP awards with equivalent new awards over shares in the acquiring company.

In the event of a demerger, distribution or any other corporate event, the Remuneration Committee may determine that LTIP awards will vest. The proportion of an LTIP award which vests will be determined by the Remuneration Committee taking into account, among other factors, the extent to which any applicable performance conditions have been satisfied at that time and the period of time the award has been held by the participant. LTIP options which vest in these circumstances may be exercised during such period as the Remuneration Committee determines.

### Dividend equivalents

The Remuneration Committee may decide that participants will receive a payment (in cash and/or additional shares) equal in value to any dividends that would have been paid on the shares which vest under their LTIP awards by reference to the period between the time when the relevant award was granted and the time when the relevant award vested. This amount may assume the reinvestment of dividends and exclude or include special dividends or dividends in specie.

### Non-transferability of LTIP awards

LTIP awards are not transferable other than to the participant’s personal representatives in the event of the participant’s death.

### Allotment and transfer of shares

Any shares allotted or transferred under the LTIP will rank equally with shares then in issue (except for rights arising in reference to a record date prior to their allotment or transfer). A participant awarded forfeitable shares subject to restrictions will have the same rights as a holder of shares in issue at the time that the participant acquires the shares, except to the extent set out in the agreement with the participant relating to those shares.

Applications will be made to both the UK Listing Authority and the London Stock Exchange in order to obtain the relevant approvals for admission and to trading for new shares that are issued pursuant to the LTIP.

## **Alternative settlement**

At its discretion, the Remuneration Committee may decide to satisfy LTIP awards with a payment in cash or shares equal to any gain that a participant would have made had the relevant award been satisfied with shares.

## **Adjustment of LTIP awards**

On a variation of the capital of the Company or in the event of a demerger, special dividend or other distribution, the number of shares subject to an LTIP award may be adjusted in such manner as the Remuneration Committee determines.

## **Taxation**

The vesting and exercise of LTIP awards is conditional upon the participant paying any relevant taxes due.

## **Benefits not pensionable**

Benefits received under the LTIP are not pensionable.

## **Amendments**

Amendments to the LTIP rules may be made at the discretion of the Remuneration Committee. However, the basis for determining a participant's entitlement to be granted an LTIP award and/or acquire shares, the persons to whom an award may be granted, the limitations on the total number of shares over which an award can be granted, individual participation limits and the adjustments that may be made following a variation of capital cannot be altered to the advantage of participants without prior shareholder approval, except for minor amendments to benefit the administration of the LTIP, to take account of a change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for participants or for the Group.

The Remuneration Committee may add to, vary or amend the LTIP rules by way of a separate schedule in order that the LTIP may operate to take account of local legislative and regulatory treatment for participants or the relevant Group company, provided that the parameters of these arrangements will provide no greater benefits than the LTIP rules as summarised above.

Note: This Appendix summarises the main features of the rules of the LTIP, but does not form part of them, and should not be taken as affecting the interpretation of the detailed terms and conditions constituting the rules. Copies of the rules will be available for inspection at the registered office of the Company, Brittanica House, Stirling Way, Borehamwood, Hertfordshire WD6 2BT, during usual business hours on any weekday (public holidays excluded) from the date of this Notice until the conclusion of the Meeting and will be available for inspection at the place of the Meeting for at least 15 minutes prior to and during the Meeting. Directors reserve the right, up to the time of the Meeting, to make such amendments and additions to the rules of the LTIP as they consider necessary or desirable, provided that such amendments and additions do not conflict in any material respect with the summary set out in this Appendix to this Notice of General Meeting.

## Appendix 3 - Summary of the principal terms of the Safestore Holdings plc Sharesave scheme (the “Sharesave Scheme”)

The Sharesave Scheme is a savings-related share option scheme designed to qualify as a savings-related share option scheme under Schedule 3 to the Income Tax (Earnings and Pensions) Act 2003 (“ITEPA”). The following is a summary of the main features of the Sharesave Scheme:

### Administration

The Board or a duly authorised committee shall administer the Sharesave Scheme.

### Eligibility

To be eligible to participate in the Sharesave Scheme an individual must be an employee or full-time director of the Company or a participating subsidiary of the Company who is liable to UK income tax and must have been such an employee or full-time director for such period of time (not exceeding five years) as may be determined by the Board. An individual is a full-time director if he is obliged to devote not less than 25 hours per week to his duties with the company concerned. The Board has discretion to nominate employees who do not satisfy the above conditions to participate in the Sharesave Scheme.

The Board can decide which subsidiaries participate in the Sharesave Scheme.

### Grant of options

The Board may invite all eligible employees to apply for options during the six-week period after the Sharesave Scheme has been approved by shareholders. Thereafter, invitations may normally be issued only in the six weeks beginning on the dealing day following the date on which the Company announces its results for any period or at any time when the Board considers that there are exceptional circumstances justifying the issue of invitations.

No options may be granted more than ten years after the date on which the Sharesave Scheme is approved by shareholders. Options granted under the Sharesave Scheme are personal to the option holder and, except on the death of the option holder, may not be transferred. Options granted under the Sharesave Scheme are not pensionable.

### Savings contract

An eligible employee who applies for an option under the Sharesave Scheme must also enter into a savings-related contract approved by HMRC for a specified period of either three or five years. The Board has a discretion to determine which of the savings contracts will be available in respect of any invitation to apply for options. Under this contract, the employee will make monthly savings contributions of a fixed amount which may not exceed the statutory maximum (currently £500 per month). Shares may only be acquired under the Sharesave Scheme on the exercise of the option using the payments under this contract. Payment will be taken as including any bonus payable under the savings contract, unless otherwise decided by the Board.

### Price

The Board shall determine the price payable for each share under option provided that it shall not be less than the higher of:

- 80% of the market value of a share on the day immediately preceding the date on which invitations are issued (or such other date as is specified in the invitation); and
- the nominal value of a share, if the option relates to new issue shares.

### Limit

The number of shares which may be issued on the exercise of options or awards granted in any period of ten years under all the Company’s employee share schemes may not exceed such number of shares as represents 10% of the Company’s ordinary share capital in issue on the date of grant of such options or awards.

Market purchased shares which are transferred from a trust to satisfy options under the Sharesave Scheme do not count towards this limit. However, shares transferred out of treasury to satisfy options under the Sharesave Scheme shall be treated as issued for the purposes of the limit to the extent that they are required to be so treated under institutional shareholder guidelines.

### Scaling down

Applications to participate in the Sharesave Scheme may be scaled down by the Board if applications exceed the number of shares available for the grant of options. Such scaling down may include: (a) restricting the level of bonus to be used to acquire shares, (b) reducing monthly contributions above a certain level pro-rata or (c) reducing the length of the savings contract.

## Exercise of options

An option granted may not normally be exercised until the option holder has completed his savings contract (which will usually be three or five years from the date of commencement of the savings contract) and then not more than six months thereafter. Within 30 days after an option has been exercised by an option holder, the Board shall allot or procure the transfer to him of the number of shares in respect of which the option has been exercised. Ordinary shares issued or transferred on the exercise of options will rank equally with existing ordinary shares except for any rights attaching to the shares by reference to a record date before the date of allotment (in the case of new issue shares) or transfer (in the case of existing shares).

Special provisions allow early exercise in the case of death, injury, disability, redundancy or retirement or because the company or business which employs the optionholder is transferred out of the Group. If an option holder ceases employment for any other reason, his option will lapse. Special provisions also allow early exercise in the event of a change of control, reconstruction or winding-up of the Company. Internal reorganisations may not automatically trigger the early exercise of options.

## Exchange of options on change of control

If any company obtains control of the Company as a result of a takeover offer or the sanctioning of a scheme of arrangement under Sections 895 to 899 of the Companies Act 2006 or if a company has become bound or entitled to acquire all the ordinary shares under Sections 979 to 982 or 983 to 985 of that Act, an option holder may, by agreement with that other company, seek the release of his options in return for the grant of equivalent options over shares in that other company.

## Variation of capital

In the event of an increase or variation of the share capital of the Company, the Board may make such adjustments as it considers appropriate to the number of shares under option and the price at which they may be acquired. In each case, the total market value of the shares that may be acquired and the total exercise price payable in respect of an option must be substantially the same after the variation as it was before. If the exercise price would otherwise fall below the nominal value, the Company may capitalise reserves to the extent it is lawful to pay up additional shares for allotment to option holders.

## Amendments

The Sharesave Scheme may be amended by the Board in any way provided that the prior approval of the Company in general meeting is required for an amendment to the advantage of option holders to the provisions relating to eligibility, the maximum amount of savings, the determination of the exercise price, the limit on the number of shares that may be issued under the Sharesave Scheme, leavers, takeover, reconstruction and winding-up of the Company and variations of capital. Minor amendments to benefit the administration of the Sharesave Scheme to take account of a change in legislation, or to obtain or maintain favourable tax, exchange control or regulatory treatment for an option holder or any member of the group do not require the approval of the Company in general meeting. Any amendment that is to the disadvantage of the option holders requires the consent of a majority of them.

The Board may modify the Sharesave Scheme to take account of overseas legal, taxation or securities laws (if applicable) by adopting separate schedules to the Sharesave Scheme. The Scheme currently contains a schedule for the grant of options on similar terms to employees who are resident in France.



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# Safestore Holdings plc

## Proxy form

### For the General Meeting to be held at 2.00pm on 25 July 2017

I/We, the undersigned, being (a) holder(s) of ordinary shares of 1 pence each of the capital of Safestore Holdings plc (the "Company"), hereby appoint the duly appointed Chairman of the meeting (see note 1 below) or

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(BLOCK CAPITALS PLEASE)

to act as my/our proxy at the General Meeting of the Company to be held at 2.00pm on 25 July 2017 at Brittanica House, Stirling Way, Borehamwood, Hertfordshire WD6 2BT and at any adjournment thereof and to vote on my/our behalf as directed below.

Please tick here if this proxy appointment is one of multiple appointments being made.

Please indicate with an "X" in the spaces provided below how you wish your votes to be cast on a poll. Should this card be returned duly signed, but without specific direction, the proxy will vote or abstain at his/her discretion.

Ordinary resolutions	For	Against	Vote withheld
1. To approve the Directors' remuneration policy			
2. To approve the Company's Long Term Incentive Plan ("LTIP")			
3. To approve the Company's Sharesave scheme			

Unless otherwise instructed, the proxy may vote as he/she thinks fit or abstain from voting in respect of the resolutions specified and also on any other business (including amendments to resolutions) that may properly come before the meeting.

Signature	Dated
Full name of registered holder(s)	
Address	
Postcode	

Please return this proxy form to Capita Asset Services, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU so as to arrive by 2.00pm on 23 July 2017.

As an alternative to completing your hard-copy proxy form, you can appoint a proxy electronically at [www.signalshares.com](http://www.signalshares.com).

For an electronic proxy appointment to be valid, your appointment must be received by no later than 2.00pm on 23 July 2017. You will be asked to enter the investor code shown on your share certificate or dividend tax voucher and agree to certain terms and conditions.

If you hold your shares in uncertificated form, you may appoint a proxy using the CREST electronic proxy appointment service, details of which are set out in notes vi, vii and viii to the Notice of General Meeting.

## Proxy form continued

### Notes

1. A member of the Company is entitled to appoint a proxy to exercise all or any of his/her rights to attend, speak and vote at a general meeting of the Company.

A member of the Company may appoint more than one proxy, provided that each proxy is appointed to exercise the rights attached to different shares. When two or more valid but differing appointments of proxy are delivered or received for the same share for use at the same meeting, the one which is last validly delivered or received (regardless of its date or the date of its execution) shall be treated as replacing and revoking the other or others as regards that share. If the Company is unable to determine which appointment was last validly delivered or received, none of them shall be treated as valid in respect of that share. To appoint more than one proxy, you should contact Capita Asset Services at the address stated in the information included with this proxy form.

2. A member is entitled to appoint a proxy of his or her own choice. The Chairman of the meeting will act as proxy unless another proxy is chosen. A proxy need not be a member of the Company but must attend the meeting in person.
3. In the case of an individual, this proxy form should be signed by the appointer. In the case of a corporation, this proxy form must be executed under its common seal or under the hand of an officer, attorney or other person duly authorised.
4. In the case of joint holders, the vote of the senior who tenders a vote whether in person or by proxy in respect of the holding will be accepted to the exclusion of the votes of the other joint holders. For this purpose seniority is determined by the order in which the names appear in the Register of Members in respect of the joint holding.
5. Please indicate with a cross in the appropriate box how you wish your votes to be cast. In the absence of any specific direction, the proxy will vote (or abstain from voting) at his or her discretion. The proxy will act in his/her discretion in relation to any other business at the meeting (including any resolution to amend a resolution or to adjourn the meeting).
6. To be effective, the proxy form and any authority under which it is executed (or a certified copy of such authority) must be deposited with Capita Asset Services at Capita Asset Services, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU not less than 48 hours before the time for holding the meeting.
7. Completion and return of this proxy form will not prevent a member from attending and voting at the meeting.
8. Any alteration or deletion must be signed or initialled.