safestore

Half-year Report

Released : 14/06/2023

RNS Number : 6155C
Safestore Holdings plc
14 June 2023

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

Interim results for the 6 months ended 30 April 2023

A solid first half performance building on the momentum of two record years; significant strategic progress

Key Measures	6 months ended 30 April 2023	6 months ended 30 April 2022	Change[1]	Change-CER[2]
Underlying and Operating Metrics- total				
Revenue	£110.1m	£101.0m	9.0%	7.7%
Underlying EBITDA[3]	£69.7m	£65.2m	6.9%	5.4%
Closing Occupancy (let sq ft- million)[4]	6.124	6.186	-1.0%	n/a
Closing Occupancy (% of MLA)[5]	76.7%	80.7%	-4.0ppts	n/a
Average Storage Rate[6]	£30.58	£29.38	4.1%	2.8%
REVPAF[16] (£)	£28.28	£28.56	-1.0%	-2.1%
Adjusted Diluted EPRA Earnings per Share[7]	23.7p	22.5p	5.3%	n/a
Free Cash flow[8]	£31.9m	£50.7m	-37.1%	n/a
EPRA NTA per Share[13]	£9.09	£7.93	14.6%	n/a
Underlying and Operating Metrics- like-for-like[9]				
Storage Revenue	£87.3m	£83.7m	4.3%	3.2%
Ancillary Revenue	£16.2m	£15.7m	3.2%	2.5%
Revenue	£103.5m	£99.4m	4.1%	3.1%
Underlying EBITDA[3]	£66.7m	£64.1m	4.1%	2.8%
Closing Occupancy (let sq ft- million)[4]	5.527	5.707	-3.2%	n/a
Closing Occupancy (% of MLA)[5]	78.9%	81.8%	-2.9ppts	n/a
Average Occupancy (let sq ft- million)[4]	5.530	5.708	-3.1%	n/a
Average Storage Rate[6]	31.84	29.59	7.6%	6.5%
REVPAF[16] (£)	£29.77	£28.76	3.5%	2.5%
Statutory Metrics				
Operating Profit[10]	£114.9	£292.6m	-60.7%	n/a
Profit before Income Tax[10]	£103.4m	£285.2m	-63.7%	n/a

Diluted Earnings per Share	42.7p	124.5p	-65.7%	n/a
Dividend per Share	9.9p	9.4p	5.3%	n/a
Cash Inflow from Operating Activities	£36.3m	£54.7m	-33.6%	n/a
Diluted net assets per share[13]	£8.45	£7.42	13.9%	n/a

Highlights

Solid financial performance

- Group revenue up 9.0% and in CER[2] up 7.7%
- Group like-for-like storage revenue in CER[2] up 3.2% and like-for-like total revenue in CER[2] up 3.1%
- Adjusted Diluted EPRA EPS[7], up 5.3% at 23.7p (2022: 22.5p)
- 5.3% increase in the interim dividend to 9.9p (2022: 9.4p) reflecting improved underlying profitability
- Statutory profit before income tax of £103.4m down from £285.2m in 2022 with a robust trading performance offset by the lower gain on investment properties of £47.3m (2022: gain of £223.9m)
- Adjusted Diluted EPRA Earnings per Share[7] for the full year expected to be broadly in line with the consensus of 49.45p [17]

Operational and Strategic Progress

- Robust like-for-like operational performance driven by continued strong rate growth
  - Like-for-like revenue up 3.1% in CER[2]
    - UK up 2.7%
    - Paris up 4.3%
    - Spain up 4.7%
  - Like-for-like[9] average storage rate[6] for the period up 6.5% in CER[2]
    - UK up 6.9% to £30.55 (2022: £28.57)
    - Paris up 4.1% to €42.02 (2022: €40.38)
    - Spain up 9.1% to €37.18 (2022: €34.09)
  - Like-for-like[9] occupancy[4] down 2.9ppts at 78.9% (2022: 81.8%)
    - UK down 3.4ppts at 78.6% (2022: 82.0%)
    - Paris down 0.5ppts at 80.1% (2022: 80.6%)
    - Spain down 8.3ppts at 78.3% (2022: 86.6%)
- Openings of 222,000 sq ft of new capacity across five stores in Madrid, Barcelona, London, and Wigan in addition to a store extension completion in London-Crayford of 9,000 sq ft.
- Total Group development and extension pipeline of 30 stores and 1.5m sq ft representing c. 18% of the existing portfolio
- New development or extension sites in the period acquired or identified in Barcelona, Madrid, London-Charlton, and Ellesmere Port adding 193,000 sq ft of future MLA
- Purchases of the freehold interests of two stores in Barcelona and Manchester
- Lease extensions completed for three stores in Edinburgh, London, and Burnley
- Entry into German market via a new Joint Venture ("JV") with Carlyle which has acquired the seven-store myStorage business with 326,000 sq ft of MLA[5]
- Acquisition of 58,000 sq ft existing storage facility in Apeldoorn in the Netherlands

Strong and Flexible Balance Sheet

- Group loan-to-value ratio ("LTV"[11]) at 25.3% (2022: 24.8%) and interest cover ratio ("ICR"[12]) at 10.8x (2022: 10.0x)
- Unutilised bank facilities of £227.1m at 30 April 2023 (2022: £198.5m)

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

"I am glad to report a solid performance in the period with strong average storage rates driving the results of our UK, French and Spanish businesses, with revenue increasing 9.0% from £101.0m to £110.1m. The performance is all the more pleasing as it builds on two record financial years. We are confident that our focus on balancing occupancy and rate to drive revenue per available foot (REVPAF), which has grown by 19.4% over the last three years, will continue to serve us well and drive shareholder value.

Over the last six months the Group has opened or extended six new stores, added a further five new developments or extensions to the pipeline, extended the leases on three stores, acquired the freeholds of two stores, acquired an existing store in the Netherlands and entered the German market through a new JV with Carlyle.

Over the last seven years, the Group has now developed or acquired 72 stores and expanded into four new countries (Netherlands, Belgium, Spain and now Germany) leveraging and improving our platform and central functions while managing investment risk very carefully. In addition, our development pipeline of 30 new stores, extensions, and projects represents a further c. 18% of our existing portfolio's MLA. Throughout this period of expansion, the Group has maintained its disciplined approach to return on capital.

Our strong and flexible balance sheet has been significantly enhanced by the agreement of a new unsecured four-year £400 million multi-currency RCF in November 2022 which increases funding capacity, allowing us to continue to consider strategic, value-accretive investments as and when they arise.

We have delivered a strong occupancy performance over recent years and, after a significant level of acquisition and development activity over the last six years, we still have 1.9m sq ft of fully invested currently unlet space in our UK, Paris, Spain and Benelux markets in addition to 1.5m sq ft of pipeline space. Our most significant upside opportunity is from filling our existing unlet space at appropriate rates and that remains our priority. The business has demonstrated its inherent resilience and, despite the challenging macroeconomic environment, we are confident in the future of the business.

The underlying fundamentals of the European self storage industry with limited supply, strong barriers to entry and a steadily growing product awareness are as strong as ever. Over the last ten years, Safestore has delivered a market leading 17.3% CAGR of its adjusted diluted EPRA Earnings per Share[7] and I'm confident that Safestore will continue to play a leading role in the development of the self storage industry across Europe, delivering significant further value to its stakeholders.

The first six month's trading performance has provided us with a solid base for the rest of the financial year and, as we enter the peak season of trading, we anticipate that the business should deliver Adjusted Diluted EPRA Earnings per Share[7] for 2022/23 broadly in line with the consensus of analysts' forecasts of 49.45p[17].

None of this would be possible without the dedication and skills of our teams and I would like to thank all our colleagues in the UK, France, Spain, the Netherlands and Belgium for their performance so far in 2023 as well as their commitment and loyalty. We are appreciative of their efforts."

Notes

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

1 - Where reported amounts are presented either to the nearest £0.1m or to the nearest 10,000 sq ft, the effect of rounding may impact the reported percentage change.
2 - CER is Constant Exchange Rates (Euro denominated results for the current period have been retranslated at the exchange rate effective for the comparative period. Euro denominated results for the comparative period are translated at the exchange rates effective in that period. This is performed in order to present the reported results for the current period on a more comparable basis).
3 - Underlying EBITDA is defined as Operating Profit before exceptional items, share-based payments, corporate transaction costs, change in fair value of derivatives, gain/loss on investment properties, variable lease payments, depreciation and the share of associate's depreciation, interest and tax. Underlying EBITDA therefore excludes all leasehold rent charges. Underlying profit before tax is defined as underlying EBITDA less leasehold rent, depreciation charged on property, plant and equipment and net finance charges relating to bank loans and cash.
4 - Occupancy excludes offices but includes bulk tenancy. As at 30 April 2023, closing occupancy includes 18,000 sq ft of bulk tenancy (30 April 2022: 14,000 sq ft).
5 - MLA is Maximum Lettable Area. At 30 April 2023, Group MLA was 7.99m sq ft (30 April 2022: 7.67m sq ft).
6 - Average Storage Rate is calculated as the revenue generated from self storage revenues divided by the average square footage occupied during the period in question.
7 - Adjusted Diluted EPRA EPS is based on the European Public Real Estate Association's definition of Earnings and is defined as profit or loss for the period after tax but excluding corporate transaction costs, change in fair value of derivatives, gain/loss on investment properties and the associated tax impacts. The Company then makes further adjustments for the impact of exceptional items, IFRS 2 share-based payment charges, exceptional tax items, and deferred tax charges. This adjusted earnings is divided by the diluted number of shares. The IFRS 2 cost is excluded as it is written back to distributable reserves and is a non-cash item (with the exception of the associated National Insurance element). Therefore, neither the Company's ability to distribute nor pay dividends are impacted (with the exception of the associated National Insurance element). The financial statements will disclose earnings on a statutory, EPRA and Adjusted Diluted EPRA basis and will provide a full reconciliation of the differences in the financial year in which any LTIP awards may vest.
8 - Free cash flow is defined as cash flow before investing and financing activities but after leasehold rent payments.
9 - Like-for-like adjustments remove the impact of the 2023 acquisition of Apeldoorn, the 2023 openings of Wigan, London-Morden, North Barcelona, South Madrid and North Madrid, the 2022 acquisition of the Netherlands and Belgium Joint Venture, the 2022 acquisition of Christchurch, and the 2022 openings of London-Bow and South Madrid Central Barcelona
10 - Operating profit decreased by £177.7m to £114.9m (30 April 2022: £292.6m) compared to last year, principally as a result of a decrease in the gain on Investment properties of £176.6m to £47.3m (30 April 2022: £223.9m) and an increase of £4.5m in Underlying EBITDA as a result of stronger trading performance. It should be noted, in the prior period, Profit before income tax additionally included exceptional items of £10.5m, being other exceptional gains. £5.5m relating to the valuation gain recognised on the 20% equity investment held in the joint venture with CERF, when the Group acquired the remaining 80% on 30 March 2022. Further, £5.0m related to the net gain on disposal of the Nanterre site in Paris in November 2021
11 - LTV ratio is Loan-to-Value ratio, which is defined as net debt (excluding lease liabilities) as a proportion of the valuation of investment properties and investment properties under construction (excluding lease liabilities). At 30 April 2023, the Group LTV ratio was 25.3%. (31 October 2022: 23.6%)
12 - ICR is interest cover ratio and is calculated as the ratio of underlying EBITDA after leasehold rent to underlying finance charges.
13 - EPRA's Best Practices Recommendations guidelines for Net Asset Value ("NAV") metrics are EPRA Net Tangible Assets ("NTA"), EPRA Net Reinstatement Value ("NRV") and EPRA Net Disposal Value ("NDV"). EPRA NTA is considered to be the most relevant measure for the Group's business which provides sustainable long term progressive returns and is now the primary measure of net assets. The basis of calculation, including a reconciliation to reported net assets, is set out in note 15.
14 - On 30 March 2022, the Group acquired the remaining 80% of the Joint Venture with CERF. Prior to acquiring the 80%, the Joint Venture with CERF, which represented a 20% investment, was accounted for as an associate using the equity method of accounting, as described in the "Investment in associates" note to the financial statements.
15 - On 1 December 2022, the Group made an initial investment into a new joint venture with Carlyle, to enter the German self storage market, of c. €2.2 million for a 10% share. The Group will also earn a fee for providing management services to the joint venture.
16 - REVPAF is a new alternative performance measure used by the business. REVPAF stands for Revenue per Available Square Foot and is calculated by dividing revenue for the period by weighted average available square feet for the same period.
17 - As at the date of publication, the consensus of 10 analysts' forecasts of Adjusted EPRA EPS was 49.45p and the range of forecasts was from 47.3p to 51.7p

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

Summary

Safestore has delivered a solid financial performance in the first half of the financial year, driven by strong average achieved storage rates[6]. Reported Group revenue increased 7.7% at CER[2] with like-for-like[9] revenue at CER[2] growing by 3.1%. The Group's like-for-like average storage rate at CER[2] grew by 6.5% with like-for-like average occupancy[4] down by 3.1%. Profit before income tax decreased to £103.4m from £285.2m in 2022 as a result of the lower gain on investment properties of £47.3m (2022: gain of £223.9m) offset by the increase in underlying trading performance of £4.5m.

Our operational performance across the UK has been resilient in the period resulting in a 2.7% increase in like-for-like[9] revenue. Average storage rate, driven by our industry leading digital marketing platform, enquiry generation and

store team conversion, has again performed well, particularly considering the strength of the prior year performance, delivering growth of 6.9% in the period on a like-for-like basis to £30.55 (2022: £28.57). Like-for-like[9] closing occupancy[4] at the period end was down 3.4ppts at 78.6% (2022: 82.0%). Total UK revenue growth of 3.5% reflected the strong like-for-like performance, the 2023 openings of Wigan and London-Morden, the 2022 acquisition of Christchurch, and the 2022 opening of London-Bow.

In Paris, our trading performance was strong with revenue growing by 4.3%. This was driven by our average rate performance which increased by 4.1% compared to the prior year with average occupancy growing by 0.7%. Closing occupancy[4] at the period end was down 0.5ppts at 80.1% (2022: 80.6%).

Our Spanish business, which was acquired in December 2019, contributed €1.80m of like-for-like revenue, up 4.7% compared to the prior year. This was driven by like-for-like average rate growth of 9.1% compared to the prior year, with the average like-for-like storage rate[6] increasing to €37.18 (2022: €34.09). This was offset by a reduction in like-for-like average occupancy of 6.5%. Closing like-for-like occupancy[4] was down 8.3ppts at 78.3% (2022: 86.6%). Ancillary revenues, an area of particular focus, continue to improve.

Group underlying EBITDA of £69.7m increased 5.4% at CER[2] on the prior year and 6.9% on a reported basis, reflecting the impact of the 4.3% weakening of the average Sterling to Euro exchange rate, compared to the prior period, on the profit earned on our Paris, Spain and Benelux businesses. Adjusted diluted EPRA EPS[7] grew by 5.3% in the period to 23.7p (2022: 22.5p).

Our property portfolio valuation (excluding investment properties under construction) has increased by £128.8m since October 2022 to £2,586.6m. The increase comprises £63.1m of additions and reclassifications, a positive currency impact of £13.4m and a £52.3m revaluation gain (equivalent to 2.1% of the valuation at October 2022). The Group's external valuers, Cushman & Wakefield Debenham Tie Leung Limited ("C&W"), valued 43% of the portfolio at April 2023 with a Directors' valuation being carried out, with the assistance of C&W, on the remaining 57%.

Reflecting the Group's robust trading performance, the Board is pleased to recommend a 5.3% increase in the interim dividend to 9.9p per share (2022: 9.4p).

Outlook

Enquiry levels in the UK, whilst significantly ahead of pre-pandemic levels, were slightly below prior year levels in the UK in May but have showed some improvement in June. In our continental European business, enquiry levels have been ahead of prior year in May and June.

Group revenue for May 2023 grew by 3.9% (CER) compared to May 2022 and by 2.2% on like-for-like CER[2] basis.

Our business has proved itself to be resilient with multiple drivers of demand and, despite the current macro-economic challenges, we believe the Group, whilst not entirely immune from any cost of living or inflationary issues, is well positioned to withstand any downturn. At present, Adjusted Diluted EPRA earnings per share for the full year is anticipated to be broadly in line with consensus[17].

For further information, please contact:

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A conference call for analysts will be held at 9:30am today.

For dial-in details of the presentation please contact:

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

Notes to Editors

- Safestore is the UK's largest self storage group with 185 stores on 30 April 2023, comprising 132 wholly owned stores in the UK (including 73 in London and the South East with the remainder in key metropolitan areas such as Manchester, Birmingham, Glasgow, Edinburgh, Liverpool, Sheffield, Leeds, Newcastle, and Bristol), 29 wholly owned stores in the Paris region, 8 stores in Spain, 10 stores in the Netherlands and 6 stores in Belgium.
- Safestore operates more self storage sites inside the M25 and in central Paris than any competitor providing more proximity to customers in the wealthiest and more densely populated UK and French markets.
- Safestore was founded in the UK in 1998. It acquired the French business "Une Pièce en Plus" ("UPP") in 2004 which was founded in 1998 by the current Safestore Group CEO Frederic Vecchioli.
- Safestore has been listed on the London Stock Exchange since 2007. It entered the FTSE 250 index in October 2015.
- The Group provides storage to around 90,000 personal and business customers.
- As at 30 April 2023, Safestore had a maximum lettable area ("MLA") of 7.990 million sq ft (excluding the expansion pipeline stores) of which 6.124 million sq ft was occupied.
- Safestore employs around 750 people in the UK, Paris, Spain, the Netherlands and Belgium.

Our Strategy

The Group intends to continue to deliver on its proven strategy of leveraging its well-located asset base, management expertise, infrastructure, scale and balance sheet strength and further increase its Earnings per Share by:

- Optimising the trading performance of the existing portfolio;
- Maintaining a strong and flexible capital structure; and
- Taking advantage of selective portfolio management and expansion opportunities in our existing markets and, if appropriate, in attractive new geographies either through a joint venture[14/15] or in our own right.

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

Optimisation of Portfolio

With the opening of 25 new stores since August 2016, and the acquisitions of 47 stores through the purchases of Space Maker in July 2016, Alligator in November 2017, our Heathrow store, Fort Box in London and OMB in Barcelona in 2019, Your Room in 2021, the Benelux JV in 2022 and Apeldoorn in 2023, we have established and strengthened our market-leading portfolio in the UK and Paris and have entered the Spanish, Netherlands and Belgium markets. We have a high quality, fully invested estate in all geographies and, of our 185 stores as at 30 April 2023, 102 are in London and the South East of England or in Paris, with 59 in other major UK cities and 24 in Barcelona and the Benelux region. In the UK, we now operate 50 stores within the M25, which represents a higher number of stores than any other competitor. In addition, we recently entered a sixth market via a Joint Venture with Carlyle which acquired the seven-store German self storage group myStorage.

Our MLA[5] has increased to 8.0m sq ft at 30 April 2023 (FY2022: 7.7m sq ft). At the current occupancy level of 78.9% on a like-for-like basis, we have 1.9m sq ft of fully invested unoccupied space (3.4m sq ft including the development pipeline), of which 1.3m sq ft is in our UK stores, 0.3m sq ft is in Paris and 0.3m sq ft is in Spain and Benelux. In total, unlet space at our existing stores is the equivalent of c. 47 empty stores located across the estate and

provides the Group with significant opportunity to grow further. We have a proven track record of filling our vacant space at efficiently managed rates so we view this availability of space with considerable optimism. We will also benefit from the operational leverage from the fact that this available space is fully invested and the related operating costs are essentially fixed and already included in the Group cost base. Our continued focus will be on ensuring that we drive occupancy to utilise this capacity at carefully managed rates. From full year 2013 to half year 2023, occupancy of the stores in the portfolio in 2013 that remain in the Group today has increased from 63.1% to 81.5%, i.e., an average of 1.9ppts per year and equivalent to a total of 1.0m sq ft.

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

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

Digital Marketing Expertise- UK Number 1 Self Storage Brand

Awareness of self storage remains relatively low with half of the UK population either knowing very little or nothing about self storage (source: SSA Annual Report 2023). In the UK, many of our new customers are using self storage for the first time and it is largely a brand-blind purchase. Typically, customers requiring storage start their journey by conducting online research using generic keywords in their locality (e.g. "storage in Borehamwood", "self storage near me") which means that geographic coverage and search engine prominence remain key competitive advantages.

We believe there is a clear benefit of scale in the generation of customer enquiries. The Group has continued to invest in technology and in-house expertise which has resulted in the development of a leading digital marketing platform that has generated 46% enquiry growth for the Group over the last five years, an annual growth of 8%. Our in-house expertise and significant annual budget have enabled us to deliver strong results. Safestore is the UK number 1 self storage brand as it has more new lets per year than any other brand.

The Group's online strength came to the fore during the various Covid-19 lockdowns and has since continued to be the predominant channel for customer acquisition. Online enquiries in the first half of this year made up 89% of all our enquiries in the UK (H12022: 90%), with 84% in France (H12022: 85%). The majority of our online enquiries now originate from a mobile device (69% share in UK for H12023, H12022: 65.5%), highlighting the need for continual investment in our responsive web platform for a "mobile-first" world. We continue to invest in activities that promote a strong search engine presence to grow enquiry volume whilst managing efficiency in terms of overall cost per enquiry and cost per new let. Group marketing costs for the half year as a percentage of revenue were in line with the previous year at 3.6% (H12022: 3.5%).

During H1 2023, the Group demonstrated its ability to integrate newly developed and acquired stores into its marketing platform with successful new openings at Morden (London) and Wigan in the UK, North Barcelona, North Madrid and South Madrid in Spain and Apeldoorn in the Netherlands. We have clearly demonstrated that our marketing platform is transferrable into multiple overseas geographies.

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

Training, People and Performance Management

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

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

Safestore has been an Investors in People ("IIP") accredited organisation since 2003 and we passionately believe that our continued success is dependent on our highly motivated and well-trained colleagues. Following the award of a Bronze accreditation in 2015 and a Gold accreditation in 2018, we were delighted to be awarded the "we invest in people" Platinum accreditation in February 2021. This is the highest accolade in the Investors in People scale and

positions us as an employer of choice. Shortly after our Platinum accreditation, we were shortlisted for the Platinum Employer of the Year (250+) category in the Investors in People Awards 2021. This further endorses the high standard of our teams and the people development programmes that drive our skill and talent retention.

IIP is the international standard for people management, defining what it takes to lead, support, and engage people effectively to achieve sustainable results. Underpinning the standard is the Investors in People framework, reflecting the latest workplace trends, essential skills and effective structures required to outperform in any industry. Investors in People enables organisations to benchmark against the best in the business on an international scale. We are proud to have our colleagues recognised to such a high standard, not only in our industry, but also across over 50,000 organisations in 66 countries. This sustained people engagement focus is an essential component of our continuous improvement mentality.

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

Our online learning portal, combined with the energy and flexibility of our store colleagues, allows us to not only continue to deliver our award-winning development programmes but also to capitalise on the strength of our IT platforms. We have been able to combine our newly created technology communication skills with our tried and tested face-to-face training sessions in a newly created "impact" sales refresher.

We have always aimed to recognise the changing needs and demands of our customers. Combining new, along with tried and tested, solutions and systems, we are further able to support our store colleagues, allowing them to fulfil the needs of our customers over and above that of our competitors. Our flexible contract types and enhanced digital contract completion further enhance our customer offer and experience. These enhancements have combined to help us create our 2023 QUEST programme which commenced roll-out in late September 2022 focusing on the new contract types and technologies available to us.

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

Our internal Store Manager Development programme has been in place since 2016 and is a key part of succession planning for future Store Managers. In May 2022, we began our assessment process for the sixth intake of the SMD (Store Manager Development programme) with a first-class group of candidates ready to learn the necessary skills and attributes they need to become a Safestore Store Manager. Funded by the Apprenticeship Levy this programme provides the opportunity to complete a Level 3 Management and Leadership apprenticeship, with the additional opportunity to complete an Institute of Leadership and Management ("ILM") qualification. The group are due to graduate in the third quarter of 2023.

Our Store Manager Development programme demonstrates the effectiveness of our learning tools. In a spirit of constant improvement, our content and delivery process is dynamically enhanced through our 360-degree feedback process utilising the learnings from not only the candidates but also from our training Store Managers and senior business leaders. This allows our people to be trained with the knowledge and skills to sell effectively in today's marketplace.

Our Senior Manager Development programme ("LEAD") focuses on developing our high performing store managers, aimed at preparing them for more senior roles within the business. This programme is built on the foundations of our Store Manager Development programme and included delegates delivering performance-enhancing projects to our wider business. We are proud that all nine participants of our Senior Leadership Development programme (LEAD Academy) successfully completed their Level 5 Management and Leadership apprenticeship; six of those participants were awarded Distinctions.

Furthermore, we have re-launched our Graduate programme, with our first intake commencing in October 2022,

providing an opportunity for newly qualified graduates to build their skillset and experience resulting in a career with Safestore.

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

Our "Make the Difference" people forum, launched in 2018, enables frequent opportunities for us to hear and respond to our colleagues. Our network of 15 "People Champions" collect questions and feedback from their peers across the business and put them to members of the Executive Committee. We drive change and continuous improvement in responding to the feedback we receive for "Our Business, Our Customers and Our Colleagues".

People Champions:

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

Our values are authentic, having been created by our people. They are core to the employment life cycle and bring consistency to our culture. Our leaders have high values alignment enabling us to make the right decisions for our colleagues and our customers.

Our customers continue to be at the heart of everything we do, whether it be in store, online or in their communities. Our commitment to our customers mirrors that of our commitment to our colleagues.

Technological Developments

After delivering the appropriate technology the Group recently opened its first fully automated, unmanned, satellite self storage centre in Christchurch. Utilising industry leading automated technology, along with in-house created communication and control technologies, customers can securely enter the building and their storage unit from a simple app on their mobile phone. Our in-house created video portal allows customers to instantly talk to a Safestore colleague at any time from a help screen located in the building. The portal also allows the customer to access services and products directly from the store, with or without the support of a Safestore colleague. Several additional unmanned satellite stores are currently under various stages of development in the UK.

The Group's customers also have the option to contract remotely for their unit in any UK store. The Group's belief is that its multi-channel sales strategy with either full automation or combined with human interaction through our store sales teams, our call centre and the National Accounts team provide each type of customer with the most tailored and easy way to buy self storage at Safestore.

Customer Satisfaction

In February 2023, Safestore UK won the Feefo Platinum Trusted Service award for the fourth time. The award is given to businesses which have achieved Gold standard for three consecutive years. It is an independent mark of excellence that recognises businesses for delivering exceptional experiences, as rated by real customers. In addition to using Feefo, Safestore invites customers to leave a review on a number of review platforms, including Google and Trustpilot. Our ratings for each of these three providers in the UK are between 4.6 and 4.8 out of 5. In France, Une Pièce en Plus uses Trustpilot to obtain independent customer reviews and in H12023 achieved a "TrustScore" of 4.6 out of 5. In Spain, OMB collects customer feedback via Google reviews and has maintained a score of 4.6 out of 5.

Central Revenue Management and Cost Control

We continue to pursue a balanced approach to revenue management. We aim to optimise REVPAF by improving the utilisation of the available space in our portfolio at carefully managed rates. Our central pricing team is responsible for

the management of our dynamic pricing policy, the implementation of promotional offers and the identification of additional ancillary revenue opportunities. Whilst price lists are managed centrally and are adjusted on a real-time basis, the store sales teams have, from time to time, the ability to offer a Lowest Price Guarantee in the event that a local competitor is offering a lower price, or the ability to offer discretionary discounts. The Lowest Price Guarantee and discretionary discount are centrally controlled and activated on a store by store and unit by unit basis.

Average rates are predominantly influenced by:

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

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

Costs are managed centrally with a lean structure maintained at Head Office. Enhancements to cost control are continually considered and, particularly in the context of the current inflationary environment, the cost base is challenged on an ongoing basis.

Strong and Flexible Capital Structure

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

At 30 April 2023, based on the current level of borrowings and interest swap rates, the Group's weighted average cost of debt was 2.77% and 84% of our drawn debt was at fixed rate or hedged (H1 2022: 2.30% and 95% respectively). The weighted average maturity of the Group's drawn debt is 5.4 years at the current period end and the Group's LTV ratio is 25.3% as at 30 April 2023.

This LTV of 25.3% and interest cover ratio of 10.8x for the rolling twelve-month period ended 30 April 2023 provides us with significant headroom compared to our banking covenants (LTV of 60% and ICR of 2.4:1). We had £227.1 million of undrawn bank facilities at 30 April 2023 before taking into consideration the additional £100 million uncommitted accordion facility.

Taking into account the improvements we have made in the performance of the business, the Group is capable of generating free cash after dividends sufficient to fund the building of three to four new stores per annum depending on location and availability of land.

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

Recent refinancing

In November 2022, the Group completed the refinancing of its Revolving Credit Facilities ("RCFs") which were due to expire in June 2023.

The previous £250 million Sterling and €70 million Euro secured RCFs have been replaced with a single multi-currency unsecured £400 million facility. In addition, a further £100 million uncommitted accordion facility is incorporated into the facility agreement.

The facility is for a four-year term with two one-year extension options exercisable after the first and second years of the agreement.

The Group will pay interest at a margin of 1.25% plus SONIA or Euribor depending on whether the borrowings are

drawn in Sterling or Euros. The margin is at the same level as the previous facility agreements.

Environmental, Social and Governance ("ESG") KPIs have been agreed with the Group's lenders. The margin under the facility is now linked to ESG targets, which where met enable a reduction in the margin of up to 5bps to 120bps.

A commitment fee of 35% of the margin is payable on undrawn amounts under the facility. This has reduced from 40% under the previous facility agreements.

Reflecting the Group's improved credit profile, the banking group and existing US Private Placement Noteholders have agreed that all of the Group's previously secured borrowings move to an unsecured basis, thus reducing administrative and legal costs associated with the facilities.

The main covenants under all of the Group's borrowings are a Group Loan-to-value ("LTV") covenant of 60% (replacing separate UK and French LTV covenants) which is based on net debt rather than gross debt and an Interest Cover Ratio covenant of 2.4x.

The hedging arrangements under the previous facility agreements have been continued under the new agreements. Therefore, the Group benefits from £55 million of Interest Rate Swaps until 30 June 2023 at a rate of 0.6885%

ESG Strategy

ESG: Sustainable Self Storage

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

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

In 2018, the Group established medium-term targets in each of the "pillars" towards which the Group continued to progress in H12023.

Our people: Safestore was awarded the prestigious Investors in People ("IIP") Platinum accreditation and was in the final top ten shortlist for Platinum Employer of the Year (250+) category in The Investors in People Awards 2021. The Group's response during the pandemic lockdowns and aftermath has had a profound impact on trust in leadership and colleague engagement and motivation.

Our customers: The Group's brands continue to deliver a high-quality experience, from online enquiry to move-in. This is reflected in customer satisfaction scores on independent review platforms (Trustpilot, Feefo, Google) of over 90% in each market. The introduction of digital contracts during the pandemic offers both customer convenience and a reduction in printing, saving an estimated 44,000 pieces of paper each month.

Our community: Safestore remains committed to being a responsible business by making a positive contribution within the local communities wherever our stores are based. We continue to do this by developing brownfield sites and actively engaging with local communities when we establish a new store, identifying and implementing greener approaches in the way we build and operate our stores, helping charities and communities to make better use of limited space, and creating and sustaining local employment opportunities directly and indirectly through the many small and medium-sized enterprises which use our space. During FY2022, the space occupied by local charities in 222 units across 103 stores was 18,903 sq ft and worth £0.7 million.

Our environment: Safestore is committed to ensuring our buildings are constructed responsibly and their ongoing operation has a minimal impact on local communities and the environment. It should be noted that the self storage sector is not a significant consumer of energy when compared with other real estate sub-sectors. As a result, operational emissions intensity tends to be far lower. According to a 2021 report by KPMG and EPRA, self storage generates the lowest greenhouse gas emissions intensity (5.75 kg/m^2 for scope 1 and 2) of all European real estate sub-sectors, with emissions per m^2 less than 30% of the European listed real estate average (19.5 kg/m^2) and notably 21% of the emissions intensity of the residential sub-sector (27.0 kg/m^2). Reflecting the considerable progress made on energy mix, efficiency measures and waste reduction to date, Safestore's emissions intensity (3.9 kg/m^2 in 2020) is considerably lower (-32%) than the self storage sub-sector average. In FY2022, the Group continued to progress with a further 2.7% decline in absolute emissions despite continued portfolio growth and greater utilisation of stores compared to 2021. Safestore's absolute (location-based) emissions are now 54% below, and emissions intensity 68% below, the 2013 baseline level despite significant growth in portfolio floor space. Moving

forward, the Group has a commitment to be operationally carbon neutral by 2035 with a medium-term target to reduce operational emissions (market-based) by 50% compared to the level in FY2021 by 2025. The total investment to achieve carbon neutrality should be around £3 million.

In addition to the IIP award and the customer satisfaction ratings, the Group has received recognition for its sustainability progress and disclosures in the last twelve months. Safestore has been given a Silver rating in the 2022 EPRA Sustainability BPR awards. The Global ESG Benchmark for Real Assets ("GRESB") has once again awarded Safestore an "A" rating in its 2022 Public Disclosures assessment. MSCI has awarded Safestore its second-highest rating of "AA" for ESG in 2022. The Group has also been awarded the highest rating of five stars by "Support the Goals".

Finally, the Group has worked with its banking lenders to agree ESG related KPIs which are linked to the margin payable under its new £400 million facility. Two KPI's have been agreed, which, when achieved, result in a reduction in margin of up to 5bps.

Portfolio Management

Our approach to store development and acquisitions in the UK, Paris, Spain, the Netherlands, Belgium and, through our Joint Venture with Carlyle, in Germany, continues to be pragmatic, flexible and focused on the return on capital.

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

Since 2016, the Group has opened 25 new stores: Chiswick, Wandsworth, Mitcham, Paddington Marble Arch, Carshalton, Bow, Morden (all in London), Birmingham Central, Birmingham Merry Hill, Birmingham Middleway, Altrincham, Peterborough, Gateshead, Sheffield and Wigan in the UK, and Emerainville, Combs-la-Ville, Poissy, Pontoise and Magenta in Paris, Nijmegen in the Netherlands and Central Barcelona, North Madrid, South Madrid and North Barcelona in Spain, adding 1,232,000 sq ft of MLA.

In addition, the Group has acquired 47 existing stores through the acquisitions of Space Maker, Alligator, Fort Box, Salus and Your Room in the UK, OhMyBox! in Barcelona, the Lokabox and M3 group from our Benelux JV acquisition, and Apeldoorn in the Netherlands. These acquisitions added a further 1,905,000 sq ft of MLA and revenue performance has been enhanced in all cases under the Group's ownership.

We have also completed the extensions and refurbishments of our Acton, Barking, Bedford, Chingford, Wimbledon, Edgware, Southend, Paddington Marble Arch, Winchester, Crayford and Longpont (Paris) stores adding a net 131,000 sq ft of fully invested space to the estate. All of these stores are performing in line with or ahead of their business plans.

The Group's current pipeline of new developments and store extensions (see below) has grown significantly over the last year and now constitutes c. 1,455,000 sq ft of future MLA. The pipeline is equivalent to c. 18% of the existing portfolio. The outstanding capital expenditure of £134 million is expected to be funded from the Group's existing resources.

Property Pipeline

Openings of New Stores and Extensions in the period

Open 2023	FH/LH	Opening Date	MLA	Other
Redevelopments and Extensions				
London- Crayford	LH	Q2 2023	9,400	Extension
New Developments				
London- Morden	FH	Q2 2023	52,000	New build
Wigan	FH	Q2 2023	42,700	Conversion
Northern Madrid	FH	Q1 2023	53,000	Conversion
Southern Madrid	FH	Q1 2023	32,000	Conversion
Northern Barcelona	FH	Q2 2023	42,000	Conversion

UK

In May 2022, the Group completed the acquisition of a 2.1-acre freehold site including an existing warehouse in Wigan in Greater Manchester. A 42,700 sq ft MLA store in opened in February 2023.

In September 2019 the Group acquired a freehold 0.9-acre site in Morden in London in an established industrial location. A 52,000 sq ft self storage facility opened in March 2023.

In Crayford, we secured a leasehold site on which we have converted an existing warehouse to a 9,400 sq ft extension to our existing Crayford site. The extension opened in December 2022.

Spain

In March 2021 and April 2021, the Group exchanged contracts on two freehold buildings in Southern Madrid and Northern Madrid, respectively. Both existing buildings have been converted into 32,000 and 53,000 sq ft MLA self storage facilities and were opened in November 2022.

In April 2021, the Group exchanged contracts on a freehold building in Northern Barcelona. The existing building has been converted into a 42,000 sq ft MLA store which opened in April 2023.

Development Sites

Opening 2023	**FH/LH**	**Status***	**MLA**	**Other**
Redevelopments and Extensions				
London- Paddington Marble Arch	LH	CE, PG	8,400	Extension
Paris- Pyrenees	LH	C, UC	22,200	Extension
New Developments				
Ellesmere Port	FH	C, UC	55,000	New build
Paris- South Paris	FH	C, UC	55,000	New build
Paris- West 1	FH	CE, PG	56,000	New build
Paris- West 3	FH	C, UC	58,000	New build
Paris- East 1	FH	CE, PG	60,000	Conversion
Paris- North West 1	FH	C, STP	54,000	Conversion
Eastern Madrid	FH	C, UC	50,000	Conversion
South Barcelona	FH	C, PG	30,600	Conversion
Central Barcelona 3	LH	C, UC	14,700	Conversion
Amersfoort- Netherlands	FH	C, UC	58,000	New build
Almere- Netherlands	FH	C, UC	44,500	Conversion
Opening 2024				
New Developments				
London- Paddington Park West	FH	C, UC	13,000	Conversion, Satellite
London- Lea Bridge	FH	C, UC	76,500	New build
South West Madrid	FH	C, STP	46,800	Conversion
Southern Madrid 2	FH	C, STP	68,800	Conversion
Central Barcelona 2	LH	CE, STP	24,700	Conversion
North East Madrid	FH	CE, STP	66,000	Conversion
Amsterdam- Netherlands	FH	CE, STP	61,400	New build
Aalsmeer- Netherlands	FH	C, UC	48,400	New build
Rotterdam- Netherlands	FH	C, UC	71,000	New build
Opening 2025				
New Developments				
London- Woodford	FH	C, PG	76,000	New build
London- Walton	FH	C, PG	20,700	Conversion
London- Wembley	FH	C, STP	49,000	New build
Paris- La Défense	FH	C, UC	44,000	Mixed use facility
Opening Beyond 2025				
New Developments				
London- Old Kent Road	FH	C, STP	76,500	New build
London- Bermondsey	FH	C, STP	50,000	New build
London- Romford	FH	C, STP	41,000	New build
Shoreham	FH	CE, STP	54,000	New build
Total Pipeline MLA (let sq ft- million)			**c. 1.455**	

Total Outstanding CAPEX (£'m)	**c. 134.0**

**C = completed, CE = contracts exchanged, STP = subject to planning, PG = planning granted, UC = under construction*

UK

In Ellesmere Port in Northwest England we have secured a new freehold development site, located in an accessible position near junction 8 of the M53 on the affluent Wirral Peninsular. A 55,000 sq ft MLA new build store should open in late 2023.

In June 2018, Safestore opened its Paddington Marble Arch store. A separate satellite store at Paddington Park West Place, with MLA of 13,000 sq ft, will open during 2024. In addition, Safestore has secured the lease of an existing space adjacent to our Paddington Marble Arch store and will convert an existing warehouse into a 8,400 extension due to open in late 2023.

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

In addition, in April 2021, the Group exchanged contracts on a freehold site in Woodford in Northeast London. Subject to planning, we will open a 76,000 sq ft MLA store in 2025.

In Walton-on-Thames in London, we have secured a freehold site with an existing warehouse which will be converted, subject to planning permission, to a 20,700 sq ft store. We hope to open the store in 2025.

The Group has completed the acquisition of a 0.5-acre site in Wembley in North West London. The existing building will be demolished and, subject to planning, a new purpose-built store will be developed with an MLA of 49,000 sq ft. It is anticipated that the store will open in 2025.

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

The Group has also previously acquired a site in Bermondsey in London. Bermondsey is a 0.5-acre freehold site with income from existing tenants and is adjacent to our existing leasehold store. Our medium-term aim, subject to planning permission, is to extend our existing Bermondsey operations with the addition of a new self storage facility to complement our existing store.

In Romford in London, we have secured a freehold site with an existing warehouse which will be converted, subject to planning permission, to a 41,000 sq ft store, opening in 2025.

In July 2021, the Group exchanged contracts on a freehold 0.8-acre site in Shoreham, West Sussex. Shoreham is situated between Brighton and Worthing on the south coast of England. Subject to planning, we will open a purpose built 54,000 sq ft MLA store beyond 2025.

Our total UK development pipeline now amounts to c. 520,450 sq ft of which c. 411,100 sq ft is in London.

Paris

Safestore has for many years owned a vacant freehold site in the town of Nanterre on the edge of La Défense, Paris' main business district. This area of Paris is undergoing significant development and Safestore has invested a 24.9% stake in a joint venture development company, PBC Les Groues SAS, which is constructing a c. 300,000 sq ft development of offices, retail, a school and residential properties.

Safestore has contributed its Nanterre site into the project, receiving cash of €1.0 million in addition to the delivery of an underground storage area and reception within the complex, ready to be fitted out into a 44,000 sq ft self storage facility. Planning for the project has been received and construction has commenced.

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

In August 2021, the Group exchanged contracts on a freehold site in Southern Paris with a significant frontage onto the N104 motorway. The site includes an existing building which will be demolished and replaced by a 55,000 sq ft MLA store. We expect the store to open in 2023.

Over the first half of 2022 we exchanged contracts on two freehold development sites to the west of Paris. The sites require planning permission and newly built stores of 56,000 sq ft and 58,000 sq ft are planned to be constructed by the end of 2023.

Paris East 1 and Paris North West 1 are freehold sites on which we will convert existing buildings, subject to planning, to 60,000 sq ft and 54,000 sq ft stores respectively. We expect the stores to open in 2023.

Our Paris pipeline now amounts to c. 349,200 sq ft.

Spain

In December 2019, the Group completed the acquisition of OMB Self Storage which operated three leasehold properties and one freehold property, all very well located in the centre of Barcelona. Subsequently a further four stores have been opened, two in Barcelona and two in Madrid and the business currently has an MLA of 248,000 sq ft.

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

In June 2021, the Group exchanged contracts on a freehold property in South Barcelona. The site includes an existing industrial building which will be converted into a 30,600 sq ft MLA self storage facility. Planning has been granted and we expect to open the site in the 2022/23 financial year.

In August 2021, the Group exchanged contracts on a leasehold site in Central Barcelona (Central Barcelona 2). The site is a former car dealership which will be converted to a 24,700 sq ft MLA store which, subject to planning, should open in 2024.

In December 2021, the Group exchanged contracts on a freehold building in a commercial and industrial area of Eastern Madrid. Subject to completion, we will convert the existing building into a 50,000 sq ft MLA self storage facility. It is anticipated that the site will open in 2023.

In August 2022, the Group exchanged contracts on a freehold building in a commercial and industrial area of South West Madrid. Subject to planning and completion, we will convert the existing building into a 46,800 sq ft MLA self storage facility. It is anticipated that the site will open in 2024.

A new freehold site has been secured in Southern Madrid (Southern Madrid 2) on which we will convert an existing building, subject to planning permission, into a 68,800 sq ft storage facility. It is anticipated that the site will open in 2024.

A new leasehold site in Central Barcelona (Central Barcelona 3) has been acquired. The existing building will be converted into a 14,700 sq ft MLA store and is expected to open in 2023. The building has planning permission and the lease is 30 years in length.

During the period the Group acquired a building in North East Madrid close to Madrid Barajas airport. Subject to planning, the building will be converted into a 66,000 sq ft MLA store which we anticipate will open in 2024.
The Spanish business now has eight open stores and a pipeline consisting of a further seven stores with c. 301,600 sq ft of MLA including 231,600 sq ft across four stores in Madrid and 70,000 sq ft over three stores in Barcelona.

Netherlands

During the year we exchanged contracts on a freehold site at Amersfoort, 40 minutes east of Amsterdam. The acquisition is subject to planning permission and we anticipate that the new store, which will have an MLA of 58,000

sq ft, will be opened in 2023.

The Group completed the acquisition of a freehold site in Almere, a city with a population of 214,000 which is a 20 minute drive from Amsterdam. Subject to planning, we will convert the two existing buildings on the site into a 44,500 sq ft MLA self storage facility. It is anticipated that the site will open in 2023.

New freehold sites have been secured in Amsterdam and Aalsmeer where we will build new stores, subject to planning, of 61,400 sq ft and 48,400 sq ft respectively. The two stores should open in 2024.

The Group has secured a freehold site in Rotterdam for construction of a 71,000 sq ft MLA store subject to planning. Rotterdam is one of the major cities in the Netherlands with a population of 588,000 and forms part of the larger Randstad area. The new site forms part of a larger re-development within the heart of an affluent district of the city.

In the Netherlands, our pipeline now consists of 283,300 sq ft of space in five stores.

Store Extensions

The Group plans to redevelop and extend its Pyrénées store in Paris. The extension will add 22,200 sq ft and is planned to open in 2023. As of September 2022, the store occupancy was 94%.

Lease Extensions

During the period we completed the extensions of our leases at Edinburgh Fort Kinnaird, London- Charlton and Burnley stores.

The Edinburgh lease has been extended by a further 10 years to 2040 whilst Charlton's and Burnley's lease terms have both been extended by 10 years to 2038.

At London- Charlton we have extended the lease term to 2038. In doing so we have agreed a three month rent free period.

In Burnley we have also extended the lease to 2038 with tenant break options every five years.

As part of our ongoing asset management programme, we have now extended the leases on 30 stores or 83% of our leased store portfolio in the UK since 2012. As a result, since 2012 the remaining lease length of our UK stores has remained at c. 11-13 years.

Freehold Purchases

In Barcelona, the Group has been leasing its Valencia store since 2013. During the period, the freehold of the site was acquired for €3.6m.

In addition, the freehold of our Oldbury store in West Birmingham was acquired for £5.65m.

Acquisition of Apeldoorn Self Storage Facility in the Netherlands

During the period, the Group completed the acquisition of an existing 58,000 sq ft self storage facility in Apeldoorn in the Netherlands. The store was operating under the Stoor brand and is situated in an easily accessible commercial district on the north side of the city, which has a population of 165,000.

New Joint Venture with Carlyle and Investment in myStorage in Germany

In December 2022 Safestore entered the German self storage market via a new Joint Venture with Carlyle, which has acquired the myStorage business.

Safestore has developed a multi-country highly scalable platform with leading marketing and operational expertise in self storage, with a proven track record for developing its platform in new markets.

The acquisition of myStorage represents an excellent opportunity to develop our platform into the attractive German self storage market. The Joint Venture builds upon our previous successful relationship with Carlyle having entered

the Benelux market in 2019. Our common intention is to target development and acquisition opportunities through the Joint Venture, providing the opportunity to achieve operational scale and to develop local market knowledge, whilst also retaining the option for Safestore to develop its own wholly owned self storage sites in Germany. We look forward to continuing our working relationship with Carlyle, and to developing a long and mutually beneficial relationship.

The German market is one of Europe's more under-penetrated markets with just 0.09 sq ft of storage space per capita which compares to 0.76 sq ft in the UK, 0.24 sq ft in France, 0.24 sq ft in Spain, 0.60 sq ft in the Netherlands and 0.20 sq ft in Belgium. According to the 2022 FEDESSA report, there are just 320 facilities in Germany and 7.6m sq ft of lettable space.

myStorage has seven medium to long-term leasehold stores and 326,000 sq ft of MLA in Berlin, Heidelburg, Mannheim, Fürth, Nuremburg, Neu-Ulm and Reutlingen.

The occupancy of the portfolio is 73% with two of the stores having opened in 2021.

Safestore's initial investment in the Joint Venture was a c. €2.2 million equity investment for a 10% share of the Joint Venture. Safestore will also earn a fee for providing management services to the Joint Venture. The Group expects to earn an initial return on investment of c.15% for the first full year before transaction related costs reflecting its share of expected Joint Venture profits and fees for management services

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Portfolio Summary

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

The population of the Paris urban area is 10.7 million inhabitants with a density of 9,300 inhabitants per square mile in the urban area but 54,000 per square mile in the City of Paris and first belt, where 69% of our French stores are located and which has one of the highest population densities in the western world. 85% of the Paris region population live in central parts of the city versus the rest of the urban area, which compares with 60% in the London region. There are currently c. 245 storage centres within the M25 as compared to only c. 95 in the Paris urban area.

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

Our combined operations in London and Paris, with 79 stores, contributed £58.9m of revenue and in the first half of the financial year and offer a unique exposure to the two most attractive European self storage markets.

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

Owned Store Portfolio by Region	**London & South East**	**Rest of UK**	**UK Total**	**Paris**	**Spain**	**Benelux**	**Group Total**
Number of Stores	73	59	132	29	8	16	185
Let Square Feet (m sq ft)	2.284	2.126	4.410	1.091	0.105	0.518	6.124
Maximum Lettable Area (m sq ft)	2.970	2.750	5.720	1.360	0.250	0.660	7.990
Average Let Square Feet per store (k sq ft)	31	36	33	38	13	32	33
Average Store Capacity (k sq ft)	41	47	43	47	31	41	43

Closing Occupancy %	76.9%	77.2%	77.1%	80.1%	42.4%	78.8%	76.7%
Average Rate (£ per sq ft)	37.36	23.12	30.50	36.90	31.12	17.32	30.58
Revenue (£'m)	51.5	30.2	81.7	21.8	1.7	4.9	110.1
Average Revenue per Store (£'m)	0.71	0.51	0.62	0.75	0.21	0.31	0.60

The reported totals have not been adjusted for the impact of rounding

We have a strong position in both the UK and Paris markets operating 132 stores in the UK, 73 of which are in London and the South East, and 29 stores in Paris.

In the UK, 63% of our revenue is generated by our stores in London and the South East. On average, our stores in London and the South East are smaller than in the rest of the UK but the rental rates achieved are materially higher, enabling these stores to typically achieve similar or better margins than the larger stores. In London we operate 50 stores within the M25, more than any other competitor.

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

As at 30 April 2023, 71% of our Group Revenue, 65% of our stores and 63% of our available capacity are in London, South East England, Paris, Amsterdam and the Randstad area, Brussels, Barcelona and Madrid. These major population areas deliver 71% of the Group's store EBITDA from 62% of our MLA, highlighting the attractiveness of being present in these major cities and conurbations. The current pipeline includes 28 further developments in these areas which will increase the number of stores to 69% of our portfolio.

In addition, Safestore has the benefit of a leading national presence in the UK regions where the stores are predominantly located in the centre of key metropolitan areas such as Birmingham, Manchester, Liverpool, Bristol, Newcastle, Glasgow and Edinburgh. Our 2019 acquisition of OMB in Barcelona and our 2022 Benelux JV acquisition represents a platform into the Spanish, Netherlands and Belgium markets where we hope to take advantage of further development and acquisition opportunities.

Market

The self storage market in the UK, France, Spain, the Netherlands and Belgium remains relatively immature compared to geographies such as the USA and Australia. The SSA Annual Survey (May 2023) confirmed that self storage capacity stands at 0.82 sq ft per head of population in the UK. The most recent report relating to Europe (FEDESSA's 2022 report) showed that capacity in France is 0.24 sq ft per capita. Whilst the Paris market density is greater than France, we estimate it to be significantly lower than the UK at around 0.4 sq ft per inhabitant. This compares with closer to 10 sq ft per inhabitant in the USA and 2 sq ft in Australia. In the UK, in order to reach the US density of supply, it would require the addition of around another 17,000 stores as compared to c. 1,500 currently. In the Paris region, it would require around 2,400 new facilities versus c. 95 currently opened.

In Spain, the Netherlands and Belgium, geographies the Group has recently entered, penetration is similarly low. In Spain capacity is around 0.24 sq ft per head of population and the consumer is serviced by just 580 stores. In the Netherlands penetration is 0.6 sq ft per head of population (355 stores) and in Belgium 0.2 sq ft per head of population (101 stores).

The Group recently entered a JV with Carlyle in Germany. The German market is one of Europe's more under-penetrated markets with just 0.09 sq ft of storage space per capita and, according to the 2022 FEDESSA report, there are just 320 facilities in the country and 7.6m sq ft of lettable space.

Our interpretation of the most recent 2023 SSA report is that operators remain optimistic about expansion and the

future growth of the industry. The level of development estimated for the next three years is similar to that witnessed in recent years and we do not consider this level of new supply growth to be of concern. We estimate new supply to represent around 2% to 3% of the traditional self storage industry in the UK. These figures represent gross openings and do not consider storage facilities closing or being converted for alternative uses. We estimate that a small proportion of these sites compete with existing Safestore stores.

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

The supply in the UK market, according to the SSA Survey, remains relatively fragmented despite a number of acquisitions in the sector in recent years. The SSA's estimates of the scale of the UK industry are finessed each year and changes from one year to the next represent improved data rather than new supply. In the 2023 report the SSA estimates that 2,231 self storage facilities exist in the UK market including around 739 container-based operations. At the point in time that the 2023 survey was written, Safestore is the industry leader by number of stores with 129 wholly owned sites followed by Big Yellow with 108 stores (including Armadillo), Access with 60 stores, Shurgard with 41 stores, Lok'n Store with 40 stores, Storage King with 38 stores and Ready Steady Store with 27 stores. In aggregate, the top seven leading operators account for around 20% of the UK store portfolio. The remaining c. 1,780 self storage outlets (including 739 container-based operations) are independently owned in small chains or single units. In total there are 1,086 storage brands operating in the UK.

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

Our Spanish business currently operates in Barcelona and Madrid. The metropolitan areas of Barcelona and Madrid have combined growing high-density populations of twelve million inhabitants and significant barriers to entry.

Consumer awareness of self storage appears to be increasing but at a relatively slow rate, providing an opportunity for future industry growth. The SSA survey indicates that approximately half of consumers have low awareness about the service offered by self storage operators or had not heard of self storage at all. Since 2014, this statistic has only fallen 6ppts from 62%. Therefore, the opportunity to grow awareness, combined with limited new industry supply, makes for an attractive industry backdrop.

Self storage is a brand-blind product. 66% of respondents were unable to name a self storage business in their local area (64% in 2022). The lack of relevance of brand in the process of purchasing a self storage product emphasises the need for operators to have a strong online presence. This requirement for a strong online presence was also reiterated by the SSA Survey where 76% of those surveyed (73% in 2022) confirmed that an internet search would be their chosen means of finding a self storage unit to contact, whilst knowledge of a physical location of a store as reason for enquiry was only c. 30% of respondents (c. 26% in 2022).

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

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

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

Business and Personal Customers	UK	Paris	Spain	Benelux
Personal Customers				

	Numbers (% of total)	77%	81%	89%	84%	
	Square feet occupied (% of total)	58%	64%	82%	75%	
	Average Length of Stay (months)	17.2	28.3	21.5		29.1
Business Customers						
	Numbers (% of total)	23%	19%	11%	16%	
	Square feet occupied (% of total)	42%	36%	18%	25%	
	Average Length of Stay (months)	25.8	29.4	28.5		29.8

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

Business Model

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

With more stores inside London's M25 than any other operator and a strong position in central Paris, Safestore has leading positions in the two most important and demographically favourable markets in Europe. In addition, our regional presence in the UK is unsurpassed and contributes to the success of our industry-leading National Accounts business. In the UK, Safestore is the leading operator by number of wholly owned stores. With 62% of customers travelling for less than 15 minutes to their storage facility (2023 SSA Survey) Safestore's national store footprint represents a competitive advantage.

The Group's capital-efficient portfolio of 185 wholly owned stores in the UK, Paris, Spain, the Netherlands and Belgium consists of a mix of freehold and leasehold stores. In order to grow the business and secure the best locations for our facilities we have maintained a flexible approach to leasehold and freehold developments as well as being comfortable with a range of building types, from new builds to conversions of warehouses and underground car parks.

Currently, around a quarter of our stores in the UK are leaseholds with an average remaining lease length at 30 April 2023 of 13.4 years (FY2022: 12.7 years). Although our property valuation for leaseholds is conservatively based on future cash flows until the next contractual lease renewal date, Safestore has a demonstrable track record of successfully re-gearing leases several years before renewal whilst at the same time achieving concessions from landlords.

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

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

The Group believes there is an opportunity to leverage its highly scalable marketing and operational expertise in new geographies outside the UK and Paris. During 2019, a Joint Venture[14] was established with Carlyle, which acquired the M3 Self Storage business in the Netherlands which had six stores in Amsterdam and Haarlem. In June 2020, the Joint Venture[14] added the Lokabox business, a portfolio of six stores in Brussels (2), Liege (2), Charleroi and Nivelles. In December 2020, the Joint Venture[14] acquired the Opslag XL portfolio adding a further three stores in Amsterdam, The Hague and Hilversum and opened a store in Nijmegen in the Netherlands in January 2022. The

Amsterdam store has subsequently been closed as planned following lease expiry. After three years of learning about and understanding these markets, the Group acquired the remaining 80% of equity in the Joint Venture[14] owned by Carlyle in March 2022.

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

In late 2022, Safestore entered the German self storage market via a new Joint Venture[15] with Carlyle, which has acquired the myStorage business. myStorage has seven medium to long-term leasehold stores and 326,000 sq ft of MLA in Berlin, Heidelburg, Mannheim, Fürth, Nuremburg, Neu-Ulm and Reutlingen.

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

Safestore excels in the generation of customer enquiries which are received through a variety of channels including the internet, telephone and "walk-ins". In the early days of the industry, local directories and store visibility were key drivers of enquiries. However, the internet is now by far the dominant channel, accounting for 89% (H12022: 90%) of our enquiries in the UK and 84% (H12022: 85%) in France. This dynamic is a clear benefit to the leading national operators that possess the budget and the management skills necessary to generate a commanding presence in the major search engines. Safestore has developed and continues to invest in a leading digital marketing platform that has generated 46% enquiry growth over the last five years.

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

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

Customer service standards are high and customer satisfaction feedback is consistently very positive. Safestore invites customers to leave a review on a number of review platforms, including Feefo, Google and Trustpilot. Our ratings for each of these three providers in the UK are between 4.6 and 4.8 out of 5. In France, Une Pièce en Plus uses Trustpilot to obtain independent customer reviews and In H12023, achieved a "TrustScore" of 4.6 out of 5. In Spain, OMB collects customer feedback via Google reviews and has maintained a score of 4.6 out of 5. The key drivers of sales success are the capacity to generate enquiries in a digital world, the capacity to provide storage locations that are conveniently located close to the customers' requirements and the ability to maintain a consistently high quality, motivated retail team that is able to secure customer sales at an appropriate storage rate, all of which can be better provided by larger, more efficient organisations.

We remain focused on business as well as domestic customers. Our national network means that we are uniquely placed to further grow the business customer market and in particular National Accounts. Business customers in the UK now constitute 42% of our total space let and have an average length of stay of 26 months. Within our business customer category, our National Accounts business represents around 632,000 sq ft of occupied space (around 13% of the UK's occupancy). Approximately two-thirds of the space occupied by National Accounts customers is outside London, demonstrating the importance and quality of our well invested national estate.

The business now has in excess of c. 90,000 business and domestic customers with an average length of stay of 27 months and 21 months respectively.

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

With the recent establishment of a new £400 million unsecured multi-currency Revolving Credit Facility, Safestore has secure financing, a strong balance sheet and significant covenant headroom. This provides the Group with

financial flexibility and the ability to grow organically and via carefully selected new development or acquisition opportunities.

At 30 April 2023, we had 1.3m sq ft of unoccupied space in the UK, 0.3m sq ft in France and 0.3m sq ft in Spain and Benelux, equivalent to c. 47 full new stores. Our main focus is on filling the spare capacity in our stores at optimally yield-managed rates. The operational leverage of our business model will ensure that the bulk of the incremental revenue converts to profit given the relatively fixed nature of our cost base.

Trading Performance

UK Trading Performance

UK Operating Performance	2023	2022	Change
Revenue (£'m)	81.7	78.9	3.5%
EBITDA (£'m)[3]	51.9	50.1	3.6%
EBITDA (after leasehold costs) (£'m)	47.8	46.3	3.2%
Closing Occupancy (let sq ft- million)[4]	4.410	4.549	-3.1%
Closing Occupancy (% of MLA)	77.1%	81.3%	-4.2ppts
Maximum Lettable Area (MLA)[5]	5.720	5.600	2.1%
Average Storage Rate (£)[6]	30.50	28.53	6.9%
REVPAF (£)	29.19	28.60	2.1%

UK Operating Performance- like-for-like[9]	2023	2022	Change
Storage Revenue (£'m)	65.9	64.1	2.8%
Ancillary Revenue (£'m)	14.2	13.9	2.2%
Revenue (£'m)	80.1	78.0	2.7%
EBITDA (£'m)[3]	50.8	49.3	3.0%
Closing Occupancy (let sq ft- million)[4]	4.351	4.515	-3.6%
Closing Occupancy (% of MLA)	78.6%	82.0%	-3.4ppts
Average Occupancy (let sq ft- million)[4]	4.348	4.528	-4.0%
Average Storage Rate (£)[6]	30.55	28.57	6.9%
REVPAF (£)	29.16	28.58	2.0%

UK Statutory metrics	2023	2022	Change
Operating profit (£'m)	74.5	232.6	-68.0%

The UK business had a solid first half of the year with revenue up 3.5% for the six months. Like-for-like storage revenue was up 2.8% with ancillary revenues up 2.2% compared to April 2022. As a result, total like-for-like revenue was up 2.7% for the period.

The UK result was driven by a continuing excellent like-for-like average rate performance which was up 6.9% compared to the first half of 2022. The like-for-like average rate also grew sequentially in the second quarter of the period by 0.4% compared to the first quarter. Like-for-like average occupancy was down by 4.0% compared to H12022 and the like-for-like closing occupancy at the end of April 2023 was down 3.4ppts at 78.6% (H12022: 82.0%).

Total revenue growth of 3.5% reflected the like-for-like performance, the 2023 openings of Wigan and London-Morden, the 2022 acquisition of Christchurch, and the 2022 opening of London-Bow. All acquisitions and new store developments are performing in line with or ahead of their business cases.

Our continued focus on cost was evident in the half year. During the period, our cost base increased by 3.5% in total or 2.1% on a like-for-like basis.

As a result, underlying EBITDA after leasehold costs for the UK business was £47.8m (2022: £46.3m), an increase of £1.5m or 3.2%.

Operating profit for the UK business was £74.5m (H1 2022: £232.6m), a decrease of £158.1m or 68%, driven by the

decrease in the gain of investment properties of £158.5m to £24.5m (H1 2022: £183.0m).

Paris Trading Performance

Paris Operating Performance - Total and like-for-like[9]	2023	2022	Change
Storage Revenue (€'m)	22.81	21.77	4.8%
Ancillary Revenue (€'m)	2.01	2.03	-1.0%
Revenue (€'m)	24.82	23.80	4.3%
EBITDA (€'m)[3]	16.9	16.3	3.7%
EBITDA (after leasehold costs) (€'m)	13.7	13.3	3.3%
Closing Occupancy (let sq ft- million)[4]	1.091	1.098	-0.6%
Closing Occupancy (% of MLA)	80.1%	80.6%	-0.5ppts
Maximum Lettable Area (MLA)[5]	1.360	1.360	-%
Average Occupancy (let sq ft- million)[4]	1.095	1.087	0.7%
Average Storage Rate (€)[6]	42.02	40.38	4.1%
REVPAF (€)	36.73	35.24	4.2%
Revenue (£'m)	21.8	20.0	9.0%

Paris Statutory metrics	2023	2022	Change
Operating profit (£'m)	29.1	58.5	-50.3%
Operating profit (€'m)	33.1	69.5	-52.4%

Paris' performance in the period was encouraging with good momentum in the second quarter. Storage revenue grew by 4.8% compared to H1 2022 and by 6.6% in the second quarter. Ancillary revenues were down 1.0% compared to April 2022, Overall, this resulted in like-for-like revenue growing by 4.3%.

Further, the total and like-for-like cost base in Paris was up 5.3% compared to the prior year and, as a result, like-for-like EBITDA grew to €16.9m (2022: €16.3m), an improvement of €0.6m or 3.7% on 2022.

The average storage rate was up 4.1% for the period and grew sequentially in the second quarter by 3.7% compared to the first quarter. Average occupancy was up 0.7% and closing occupancy, at 80.1%, was down 0.5ppts compared to April 2022

Sterling equivalent revenue was up 9.0% reflecting a 4.3% weakening in the average Sterling to Euro exchange rate over the comparative period.

Operating profit for the Paris business was £29.1m (H1 2022: £58.5m), a decrease of £29.4m or 50.3%, driven by the decrease in the gain of investment properties of £26.1m to £14.4m (H1 2022: £40.5m).

Spain Trading Performance

Spain Operating Performance- total	2023	2022	Change
Storage Revenue (€'m)	1.72	1.57	9.6%
Ancillary Revenue (€'m)	0.24	0.16	50.0%
Revenue (€'m)	1.95	1.73	13.4%
EBITDA (€'m)[3]	0.5	1.1	-54.5%
EBITDA (after leasehold costs) (€'m)	0.3	0.8	-62.5%
Closing Occupancy (let sq ft- million)[4]	0.105	0.094	11.7%
Closing Occupancy (% of MLA)	42.4%	86.6%	-44.2ppts
Maximum Lettable Area (MLA)[5]	0.250	0.110	127.3%
Average Storage Rate (€)[6]	35.44	34.09	4.0%
REVPAF (€)	19.81	32.13	-38.3%
Revenue (£'m)	1.7	1.4	21.4%

Spain Operating Performance- like-for-like[9]	2023	2022	Change
Storage Revenue (€'m)	1.61	1.57	2.5%
Ancillary Revenue (€'m)	0.20	0.16	23.1%
Revenue (€'m)	1.80	1.73	4.7%
EBITDA (€'m)[3]	1.1	1.0	10.0%
EBITDA (after leasehold costs) (€'m)	0.9	0.7	28.6%
Closing Occupancy (let sq ft- million)[4]	0.085	0.094	-9.6%
Closing Occupancy (% of MLA)	78.3%	86.6%	-8.3ppts
Average Occupancy (let sq ft- million)[4]	0.087	0.093	-6.5%
Maximum Lettable Area (MLA)[5]	0.110	0.110	-
Average Storage Rate (€)[6]	37.18	34.09	9.1%
REVPAF (€)	33.55	32.13	4.4%

Spain Statutory metrics	2023	2022	Change
Operating profit (£'m)	2.8	1.2	133.3%
Operating profit (€'m)	3.1	1.4	121.4%

Our Spanish business, which was acquired in December 2019, contributed €1.95m of revenue in the period, up 13.4% compared to the prior year. The strategy of improving average rate and ancillary sales whilst sacrificing some occupancy is working. Closing occupancy on a like-for-like basis was down 8.3ppts at 78.3% (H12022: 86.6%) whilst like-for-like average storage rate for the six months grew by 9.1% to €37.18 (H12022: €34.09) with ancillary revenues improving strongly by 23.1%.

It should be noted that the like-for-like occupancy in Barcelona has initially been diluted by the new Central Barcelona 2 store having opened in close proximity and within the same catchment area as an existing store. In addition, the imminent opening of Central Barcelona 3 also within short distance may initially further dilute the like-for-like occupancy, but management believes that, given the limited supply in central Barcelona, once the absorption phase has been passed, the business will generate higher revenue and profits.

The business currently operates eight stores, four of them having only recently opened. A further seven stores are due to open in the next 18 months. Once their revenue stabilizes, we expect the business to be able to provide similar levels of margins as the rest of the more mature business.

The above revenue performance, combined with a modest investment in central headcount resulted in the business contributing €0.5m of EBITDA (H12022: €1.1m)

Operating profit for the Spain business was £2.8m (H1 2022: £1.2m), an increase of £1.6m or 133.3%, driven by the increased in gain of investment properties of £1.7m to £2.1m (H1 2022: £0.4m).

Benelux Trading Performance[14]

Our Netherlands and Belgium businesses were acquired on 30 March 2022, contributed €5.5m revenue in the period and EBITDA of €2.8m.

Our Netherlands business ended the period with a closing occupancy of 80.3% whilst our Belgian business had a 75.9% occupancy.

Frederic Vecchioli
13 June 2023

Financial Review

Underlying Income Statement

The table below sets out the Group's underlying results of operations for the six months ended 30 April 2023 and the six months ended 30 April 2022.

	H1 2023	H1 2022	Mvmt
	£'m	£'m	%
Revenue	110.1	101.0	*9.0%*
Underlying costs	(40.4)	(36.0)	*12.2%*
Share of associate's underlying EBITDA	-	0.2	*(100.0%)*
Underlying EBITDA	**69.7**	**65.2**	***6.9%***
Leasehold rent	(7.2)	(6.5)	*10.8%*
Underlying EBITDA after leasehold rent	**62.5**	**58.7**	***6.5%***
Depreciation	(0.6)	(0.5)	*20.0%*
Finance charges	(7.5)	(5.9)	*27.1%*
Share of associate's finance charges	-	(0.5)	*(100.0%)*
Underlying profit before tax	**54.4**	**51.8**	***5.0%***
Current tax	(2.6)	(2.6)	*0.0%*
Adjusted EPRA earnings	**51.8**	**49.2**	***5.3%***
Share-based payments charge	(1.3)	(6.0)	*(78.3%)*
EPRA basic earnings	**50.5**	**43.2**	***16.9%***
Average shares in issue (m)	216.5	210.8	
Diluted shares (for ADE EPS) (m)	219.0	218.6	
Adjusted diluted EPRA EPS (p)	**23.7**	**22.5**	***5.3%***

Notes:
1. Adjusted Diluted EPRA EPS is defined in note 2 to the financial statements.
2. Adjusted EPRA earnings excludes share-based payment charges and, accordingly, the underlying EBITDA, underlying EBITDA after leasehold rent and underlying profit before tax measures have been restated to exclude share-based payment charges for consistency.

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

	H1 2023	H1 2022
	£'m	£'m
Statutory profit before tax	103.4	285.2
Adjusted for		
- gain on investment properties and investment properties under construction	(51.7)	(227.9)
- change in fair value of derivatives	1.4	(0.8)
- net exchange loss	-	0.3
- share-based payments	1.3	6.0
- other exceptional gains	-	(10.5)
- exceptional finance income	-	(0.5)
Underlying profit before tax	54.4	51.8

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

Underlying EBITDA increased by 6.9% to £69.7m (H1 2022: £65.2m) reflecting a 9.0% increase in revenue offset by a 12.2% increase in the underlying cost base (see below).

Finance charges increased from £5.9m in H1 2022 to £7.5m in H1 2023. This principally reflects the increased borrowing associated with store acquisitions and developments. It should be noted, on 11 November 2022, the Group completed the refinancing of its RCF which was due to expire in June 2023. The previous £250.0 million Sterling and

€70.0 million Euro RCFs have been replaced with a single multi-currency £400 million facility.

As a result, we achieved a 5.0% increase in underlying profit before tax of £54.4m (H1 2022: £51.8m).

The reduction in statutory profit of £181.8m to £103.4m (H1 2022: £285.2) results from the lower gain on investment properties of £176.2m to £51.7m (H1 2022: £227.9m) as well as a reduction in exceptional items of £11.0m offset by the lower share-based payment charge by £4.7 million to £1.3 million (H1 2022: £6.0 million)

In the prior year, included within statutory profit before tax were other exceptional gains of £10.5m. £5.5m related to the valuation gain of Safestore's 20% investment in the Joint Venture formed in 2019 with Carlyle that arose on acquisition of the remaining 80%, with £5.0m relating to the profit on the sale of the Nanterre land in Paris in November 2021. Further, in the prior year, the exceptional finance income related to the profit made on the termination of interest rate swaps associated with the Joint Venture.

Given the Group's REIT status in the UK, tax is normally only payable in France, Spain, Netherlands and Belgium. The current tax charge for the period was flat at £2.6m (H1 2022: £2.6m).

As explained in note 2 to the financial statements, management considers that the most representative earnings per share ("EPS") measure is Adjusted Diluted EPRA EPS which has increased by 5.3% to 23.7 pence (H1 2022: 22.5 pence).

Reconciliation of Underlying EBITDA

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

	H1 2023 £'m	H1 2022 £'m
Statutory operating profit	114.9	292.6
Adjusted for		
- gain on investment properties	(47.3)	(223.9)
- share of associate's finance charges	-	0.5
- depreciation	0.6	0.5
- variable lease payments	0.2	-
- share-based payments	1.3	6.0
Other exceptional gains		
- net gain on deemed disposal of investment in associate	-	(5.5)
- profit on sale of land	-	(5.0)
Underlying EBITDA	69.7	65.2

The main reconciling items between statutory operating profit and underlying EBITDA are the gain on investment properties of £47.3m in H1 2023 (H1 2022: £223.9m), represented by a gain on investment properties and investment properties under construction of £51.7m and fair value re-measurement of lease liabilities add-back (£4.4m), as well as adjustments for other exceptional gains, as mentioned above. The Group's approach to the valuation of its investment property portfolio at 30 April 2023 is discussed below.

Underlying Profit by geographical region

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

	H1 2023	H1 2022

	UK	Paris	Spain	Benelux	Total (CER)	UK	Paris	Spain	Benelux	Total (CER)
	£'m	€'m	€'m	€'m	£'m	£'m	€'m	€'m	€'m	£'m
Revenue	81.7	24.8	1.8	5.5	108.8	78.9	23.8	1.7	0.8	101.0
Underlying cost of sales	(25.2)	(6.4)	(0.8)	(2.3)	(33.5)	(23.0)	(5.9)	(0.4)	(0.3)	(28.6)
Store EBITDA	56.5	18.4	1.0	3.2	75.3	55.9	17.9	1.3	0.5	72.4
Store EBITDA margin	*69.2%*	*74.2%*	*55.6%*	*58.2%*	*69.2%*	*70.8%*	*75.2%*	*76.5%*	*62.5%*	*71.7%*
LFL store EBITDA margin	*68.9%*	*74.2%*	*77.8%*	-	*70.0%*	*70.6%*	*75.2%*	*76.5%*	-	*71.6%*
Underlying administrative expenses	(4.6)	(1.5)	(0.5)	(0.4)	(6.6)	(5.8)	(1.6)	(0.2)	(0.1)	(7.4)
Underlying EBITDA	51.9	16.9	0.5	2.8	68.7	50.1	16.3	1.1	0.4	65.0
EBITDA margin	*63.5%*	*68.1%*	*27.8%*	*50.9%*	*63.1%*	*63.5%*	*68.5%*	*64.7%*	*50.0%*	*64.4%*
LFL EBITDA margin	*63.4%*	*68.1%*	*61.1%*	-	*64.3%*	*63.2%*	*68.5%*	*58.8%*	-	*64.3%*
Leasehold rent	(4.1)	(3.2)	(0.2)	(0.2)	(7.0)	(3.8)	(3.0)	(0.3)	-	(6.5)
Underlying EBITDA after leasehold rent	47.8	13.7	0.3	2.6	61.7	46.3	13.3	0.8	0.4	58.5
EBITDA after leasehold rent margin	*58.5%*	*55.2%*	*16.7%*	*47.3%*	*56.7%*	*58.7%*	*55.9%*	*47.1%*	*50.0%*	*57.9%*

	UK	Paris	Spain	Benelux	Total	UK	Paris	Spain	Benelux	Total
	£'m	£'m	£'m	£'m	£'m	£'m	£'m	£'m	£'m	£'m
Underlying EBITDA after leasehold rent (CER)	47.8	11.6	0.3	2.0	61.7	46.3	11.3	0.6	0.3	58.5
Adjustment to actual exchange rate	-	0.5	0.1	0.2	0.8	-	-	-	-	-
Reported underlying EBITDA after leasehold rent	47.8	12.1	0.4	2.2	62.5	46.3	11.3	0.6	0.3	58.5

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

Underlying EBITDA in the UK increased by £1.8m, or 3.6%, to £51.9m (H1 2022: £50.1m), reflecting a 3.5% increase in revenue, arising from a 6.9% increase in average rate offset by a decrease in like-for-like average occupancy of 4.0%, and an increase of 3.5% in the underlying cost base, with like-for-like underlying costs increasing 2.1%. The UK also reflected steady like-for-like revenue growth of 2.7%. The underlying UK EBITDA margin remained constant at 63.5% compared to H1 2022 whilst the like-for-like EBITDA margin saw a marginal increase.

In Paris, underlying EBITDA increased by €0.6m, or 3.7%, to €16.9m (H1 2022: €16.3m), reflecting a €1.0m increase in revenue, arising from a 4.1% increase in the average storage rate coupled with a 0.7% increase in average occupancy. The EBITDA after leasehold costs margin in Paris decreased slightly from 55.9% in H1 2022 to 55.2% in H1 2023, reflecting the underlying cost base of the portfolio, with underlying costs increasing by 5.3%. Underlying EBITDA after leasehold rent in Paris increased by 3.0% to €13.7m (H1 2022: €13.3m).

In Spain, revenue increased to €1.8m (H1 2002: €1.7m), arising from a 9.1% increase in like-for-like average storage rate, offset by a decrease in like-for-like average occupancy of 6.5%. Underlying EBITDA decreased by €0.6m to €0.5m, due to an increase in the underlying cost base and administrative expenses resulting from additional employment costs to support the new stores as well as their dilutive impact whilst they achieve stabilisation.

On 30 March 2022, Safestore acquired the remaining 80% of the equity owned by Carlyle Europe Realty in the Joint Venture formed in 2019. The Joint Venture was set up in 2019 to acquire and develop assets in The Netherlands and Belgium in order to leverage Safestore's operating platform outside our core markets. The contribution to revenue for the period was €5.5m and €2.6m EBITDA after leasehold costs.

The combined performance of the UK, Paris, Spain, Netherlands and Belgium resulted in a 5.5% increase in underlying EBITDA after leasehold rent at constant exchange rates. Adjusting for a favourable exchange rate movement of 4.3% resulting in an impact of £0.8m in the current year, Group reported underlying EBITDA after leasehold rent has increased by 6.8% or £4.0m to £62.5m (H1 2022: £58.5m, excluding £0.2m of associate EBITDA).

Revenue

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

The split of the Group's revenues by geographical segment is set out below for H1 2022 and H1 2023.

		H1 2023	% of total	H1 2022	% of total	% change
UK	£'m	81.7	73%	78.9	78%	3.5%
Paris						
Local currency	€'m	24.8		23.8		4.3%
Paris in Sterling	£'m	21.8	20%	20.0	20%	9.0%
Spain						
Local currency	€'m	1.8		1.7		13.4%
Spain in Sterling	£'m	1.7	2%	1.4	1%	21.4%
Benelux						
Local currency	€'m	5.5		0.8		588%
Benelux in Sterling	£'m	4.9	5%	0.7	1%	600%
Average exchange rate	*€:£*	*1.139*		*1.190*		*4.3%*
Total revenue		110.1	100%	101.0	100%	9.0%

The Group's reported revenue increased by 9.0% or £9.1m during the period. This was driven by the reported average rental rate for the Group increasing to £30.58 (H1 2022 £29.38), offset by a decrease in occupancy of 4.0ppts to 76.7% (H1 2022: 80.7%). The Group's occupied space was 62,000 sq ft lower at 30 April 2023 (6.124 million sq ft) than at 30 April 2022 (6.186 million sq ft).

On a like-for-like basis, adjusting for the impact of new stores, the Group's revenue has increased by 4.1% compared to H1 2022. Adjusting for the exchange impact in the current year, revenue increased by 3.1% on a constant currency and like-for-like basis.

In the UK, reported revenue increased by £2.8m or 3.5%. This was driven by the average rental rate increasing by 6.9% to £30.50 (H1 2022: £28.53) offset by a closing occupancy decrease of 3.1% to 4.410 million sq ft at 30 April 2023 (H1 2022: 4.549 million sq ft). The average space occupied during the period decreased by 3.2% compared with H1 2022 at 4.40 million sq ft (H1 2022: 4.55 million sq ft).

On a like-for-like basis, adjusting for new stores, UK revenue increased by £2.1m or 2.7% arising from a 6.9% increase in the average store rate offset by a 4.0% decrease in average occupancy.

In Paris, revenue increased by €1.0m or 4.3%. The average Euro exchange rate for H1 2023 was €1.139:£1 compared with €1.190:£1 in H1 2022 resulting in a positive impact on revenue of £0.9m and revenue in constant currency increased by £0.9m to £20.9m (H1 2022: £20.0m).

The average rental rate in Paris was €42.02 for the period, an increase of 4.1% on H1 2022, €40.38.
Paris average occupancy for the period has increased by 0.7% compared to 30 April 2022 to 1.095 million sq ft with closing occupancy at 30 April 2023 decreasing slightly by 0.6% compared to 30 April 2022 to 1.091 million sq ft.

For Spain, revenue was €1.8m in the period. The average rental rate in Spain was €35.44 for the period, an increase of 4.0% on H1 2022 at €34.09. Closing occupancy was 0.105 million sq ft (H1 2022: 0.094 million sq ft), or 78.3% (H1 2022: 86.6%) on a like-for-like basis.

The Benelux business contributed of €5.5m of revenue for the period. For the Netherlands, closing occupancy was 80.3% with an average rental rate of €18.95, and for Belgium, closing occupancy was 75.9% with an average rental rate of €20.80.

Analysis of Cost Base

On a like-for-like basis, adjusting for new stores, total costs increased by 3.1% from £35.5m in H1 2022 to £36.6m in H1 2023, The below tables detail the key movements in cost of sales and administration expenses between H1 2022 and H1 2023.

Cost of sales

Cost of sales	**H1 2023 £'m**	**H1 2022 £'m**
Reported cost of sales	(34.5)	(29.1)
Adjusted for:		
Depreciation	0.6	0.5
Variable lease payments	0.2	-
Underlying cost of sales	(33.7)	(28.6)

Underlying cost of sales for H1 2022	(28.6)
New developments cost of sales	0.4
Underlying cost of sales for H1 2022 (Like-for-like)	(28.2)
Employee remuneration and volume related	(1.1)
Utilities, facilities and business rates	(1.2)
Enquiry generation	(0.3)
Underlying cost of sales for H1 2023 (Like-for-like; CER)	(30.8)
New developments cost of sales	(2.7)
Underlying cost of sales for H1 2023 (CER)	(33.5)
Foreign exchange	(0.2)
Underlying cost of sales for H1 2023	(33.7)

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

Adjusting for the impact of new stores, underlying cost of sales at CER on a like-for-like basis increased by 9.2% or £2.6m, to £33.7m (H1 2022: £28.6m), principally due to increased employee remuneration and volume related costs and facilities and utilities costs.

The cost of sales attributable to new and acquired sites at Christchurch, Wigan, London-Morden, North Barcelona, Central Barcelona, North Madrid, South Madrid and Belgium and The Netherlands is £2.7m in H1 2023.

Administrative Expenses

The table below reconciles reported administrative expenses to underlying administrative expenses and details the key movements in underlying administrative expenses between H1 2022 and H1 2023.

Administrative expenses	**H1 2023 £'m**	**H1 2022 £'m**
Reported administrative expenses	(8.0)	(13.4)
Adjusted for:		
Share-based payments	1.3	6.0
Exceptional items	-	-
Underlying administrative expenses	(6.7)	(7.4)

Underlying administrative expenses for H1 2022	(7.4)
New development administrative expenses	0.1
Underlying administrative expenses for H1 2022 (Like-for-like)	(7.3)
Employee related costs	1.2
Professional fees and administration costs	0.3
Underlying administrative expenses for H1 2023 (Like-for-like; CER)	(5.8)
New development administrative expenses	(0.8)
Underlying administrative expenses for H1 2023 (CER)	(6.6)
Foreign exchange	(0.1)
Underlying administrative expenses for H1 2023	(6.7)

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

Underlying administrative expenses decreased by 9.5% or £0.6m to £6.7m (H1 2022: £7.3m). The decrease arose predominantly from a reduction in employee and related costs of £1.2m, offset by new stores and development administrative expenses of £0.7m.

Exceptional items

In France, the basis on which property taxes have been assessed has been challenged by the tax authority for

financial years 2012 to 2013 and 2016 onwards. In March 2021 the French Court of Appeal (COA) delivered a judgement in respect of years 2012 and 2013, which resulted in a partial success for the Group. A further appeal was lodged with the French Supreme Court (SC) against those decisions on which the Group was unsuccessful, but this was unsuccessful following decisions released by the SC in H1 2023. The outcome for 2012 and 2013 is therefore final. A provision is included in the consolidated financial accounts of £2.6m at 30 April 2023 (31 October 2022: £2.4m), to reflect the increased uncertainty surrounding the likelihood of a successful outcome for years 2016 onwards, which are subject to separate litigation. Of the total provided, £0.2m has been charged in relation to 6 months to 30 April 2023 (30 April 2022: £0.1m) within cost of sales (underlying EBITDA).

Investment Properties

A full external valuation of the store portfolio is undertaken by the Group on an annual, rather than a six-monthly basis. At 30 April 2023, a sample of the Group's largest properties, representing approximately 43% of the value of the Group's investment property portfolio at 31 October 2022, has been valued by the Group's external valuers, Cushman & Wakefield LLP ("C&W"). In addition, at the same date, the Directors have prepared estimates of fair values for the remaining 57% of the Group's investment property portfolio, updating 31 October 2022 valuations to incorporate latest assumptions to reflect current market conditions and trading.

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

	H1 2023 £'m	H1 2022 £'m
Revaluation of investment properties	52.3	229.8
Revaluation of investment properties under construction	(0.6)	(1.9)
Fair value re-measurement of lease liabilities add back	(4.4)	(4.0)
Gain on investment properties	47.3	223.9

The movement on investment properties reflects the increased value of the Group's store portfolio as a result of the continuing strong trading performance and store extensions. The UK business contributed £24.4m of the £52.3m net revaluation gain, with a £16.5m revaluation gain arising in Paris, a £2.3m revaluation gain arising in Spain and a £9.1m valuation gain arising in Benelux. The valuation gain has primarily arisen due to improving average rate achieved in each of the geographies.

Operating profit

Reported operating profit decreased by £177.7m from £292.6m in H1 2022 to £114.9m in H1 2023, primarily reflecting a £176.6m lower investment property gain offset by a £4.5m improvement in underlying EBITDA.

Net finance costs

Net finance costs include interest payable, interest on obligations under lease labilities, fair value movements on derivatives, exchange gains or losses, unwinding of discounts and exceptional finance income. Net finance costs increased by £4.1m to £11.5m in H1 2023 (H1 2022: £7.4m). The main driver of the increase was net bank interest payable reflecting the Group's additional borrowings to fund the Group's acquisition and development activity and fair value movements on derivatives.

	H1 2023 £'m	H1 2022 £'m
Interest from loan to associates	-	0.1
Other interest received	0.5	0.1
Underlying finance income	0.5	0.2
Exceptional finance income	-	0.5
Total finance income	0.5	0.7

Net bank interest payable	(7.3)	(5.8)
Amortisation of debt issuance costs on bank loans	(0.7)	(0.3)
Underlying finance costs	(8.0)	(6.1)
Interest on obligations under lease liabilities	(2.6)	(2.5)
Fair value movement on derivatives	(1.4)	0.8
Net exchange losses	-	(0.3)
Total finance costs	(12.0)	(8.1)
Net finance costs	(11.5)	(7.4)

Underlying finance charge

The underlying finance costs (net bank interest payable reflecting term loan, swap and USPP interest costs and the amortisation of debt issuance costs) increased by £1.9m to £8.0m (H1 2022: £6.1m), principally reflecting the Group's additional borrowings in the year drawn to fund the Group's acquisition and development activity as wells as increased amortisation of debt issuance costs arising from the refinancing in November 2022. The underlying finance costs represent the finance expense before interest on obligations under lease liabilities, changes in fair value of derivatives and exceptional items and is disclosed because management reviews and monitors performance of the business on this basis.

Offsetting the underlying finance costs is the underlying finance income of £0.5m (H1 2022: £0.2m). The increase in underlying finance income is mostly due to £0.4m received on settlement of interest rate swaps at the end of April 2023. As a result, net underlying finance charges were £7.5m in the period (H1 2022: £5.9m).
Based on the drawn debt position as at 30 April 2023, the effective interest rate is analysed as follows:

	Facility £/€'m	**Drawn £'m**	**Hedged £'m**	**Hedged %**	**Bank Margin**	**Hedged Rate**	**Floating Rate**	**Total Rate**
UK Revolver - GBP drawn	£400.0	£137.0	£55.0	40%	1.25%	0.69%	4.18%	4.03%
UK Revolver - EUR drawn		£35.9	-	-	1.25%	-	2.89%	4.14%
UK Revolver- non-utilisation	£227.1	-	-	-	0.50%	-	-	0.50%
US Private Placement 2024	€50.9	£44.6	£44.6	100%	1.59%	-	-	1.59%
US Private Placement 2026	€70.0	£61.4	£61.4	100%	1.26%	-	-	1.26%
US Private Placement 2026	£35.0	£35.0	£35.0	100%	2.59%	-	-	2.59%
US Private Placement 2027	€74.1	£64.9	£64.9	100%	2.00%	-	-	2.00%
US Private Placement 2028	£20.0	£20.0	£20.0	100%	1.96%	-	-	1.96%
US Private Placement 2028	€29.0	£25.4	£25.4	100%	0.93%	-	-	0.93%
US Private Placement 2029	£50.5	£50.5	£50.5	100%	2.92%	-	-	2.92%
US Private Placement 2029	£30.0	£30.0	£30.0	100%	2.69%	-	-	2.69%
US Private Placement 2029	€105.0	£92.0	£92.0	100%	2.45%	-	-	2.45%
US Private Placement 2031	£80.0	£80.0	£80.0	100%	2.39%	-	-	2.39%
US Private Placement 2033	€29.0	£25.4	£25.4	100%	1.42%	-	-	1.42%
Unamortised finance costs	-	(£4.9)	-	-	-	-	-	-
Total	£929.3	£697.2	£584.2	84%				2.77%

On 11 November 2022, the Group completed the refinancing of its RCF which were due to expire in June 2023. The previous £250.0 million Sterling and €70.0 million Euro RCFs have been replaced with a single multi-currency £400 million facility. In addition, a further £100 million uncommitted accordion facility is incorporated in the facility agreement. The facility is for a four-year term with two one-year extension options exercisable after the first and second years of the agreement.

The margin is at the same level as the previous facility agreements, with the Group paying interest at a margin of 1.25% plus SONIA or Euribor depending on whether the borrowings are drawn in Sterling or Euros.

As at 30 April 2023, £172.9m of the £400.0m UK revolver was drawn as £137.0m and €41.0m (£35.9m). The drawn amounts attract a bank margin of 1.25%, and the Group pays a non-utilisation fee of 0.4375% on the undrawn balance of £227.1m.

The Group has interest rate hedge agreements in place to June 2023, swapping SONIA on £55.0m at a weighted average effective rate of 0.69%. These interest rate swaps are in place to hedge the UK Revolver floating SONIA rate.

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

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

As a result of the hedging arrangements and fixed interest loan notes, effectively 84% of the Group's drawn debt is at fixed rates of interest. Overall, the Group has an effective interest rate on its borrowings of 2.77% at 30 April 2023, compared to 2.41% at the previous year end.

Non-underlying finance charge

Interest on finance leases was £2.6m (H1 2022: £2.5m) and reflects part of the leasehold rental payment. The balance of the leasehold payment is charged through the gain or loss on investment properties line and variable lease payments in the income statement. Overall, the leasehold rent charge increased by £0.7m to £7.2m in H1 2023 (H1 2022: £6.5m). A net loss of £1.4m was recognised on fair valuation of derivatives (H1 2022: net gain of £0.8m).

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

Tax

The tax charge for the period is analysed below:

Tax charge	**H1 2023 £'m**	**H1 2022 £'m**
Underlying current tax	2.6	2.6
Prior year - exceptional	-	0.9
Current tax charge	2.6	3.5
Tax on investment properties movement	8.0	11.7
Deferred tax charge	8.0	11.7
Net tax charge	10.6	15.2

Income tax in the period was a net charge of £10.6m (H1 2022: £15.2m).

In the UK, the Group is a REIT, so the current tax charge relates to the Paris, Spain and Netherlands businesses. The underlying current tax charge for the period amounted to £2.6m (H1 2022: £2.6m).

Profit after tax

The profit after tax for the period was £92.8m, compared with £270.0m in H1 2022, a decrease of £177.2m which arose principally due to the decreased gain on investment properties, which is explained above.

Basic EPS was 42.9 pence (H1 2022: 128.1 pence) and diluted EPS was 42.7 pence (H1 2022: 124.5 pence). As explained in note 2 to the financial statements, management considers adjusted diluted EPRA EPS to be more representative of the underlying EPS performance of the business.

Dividends

The Board has announced an interim dividend of 9.9 pence per share, representing a 5.3% increase from the interim dividend paid last year of 9.4 pence. This will amount to a dividend payment of £21.6m (H1 2022: £19.8m). The dividend will be paid on 10 August 2023 to shareholders who are on the Company's register at the close of business on 7 July 2023. The ex-dividend date will be 6 July 2023. 25% (H1 2022: 25%) of the dividend will be paid as a REIT Property Income Distribution ("PID").

Property Valuation

As discussed above, a sample of the Group's largest properties, representing approximately 43% of the value of the Group's investment property, has been valued by the Group's external valuers and the Directors have prepared estimates of fair values for the remaining 57% of the Group's investment property portfolio.

	UK	Paris	Spain	Benelux	Total	Paris	Spain	Benelux
	£'m	£'m	£'m	£'m	£'m	€'m	€'m	€'m
Value as at 1 November 2022	1,756.8	538.1	27.3	135.6	**2,457.8**	625.9	31.9	157.7
Currency translation movement	-	10.4	0.4	2.6	**13.4**			
Additions	16.9	3.3	5.6	7.4	**33.2**	3.7	6.3	8.5
Reclassifications	7.2	-	22.7	-	**29.9**	-	25.8	-
Revaluation	24.4	16.5	2.3	9.1	**52.3**	18.8	2.6	10.5
Value at 30 April 2023	1,805.3	568.3	58.3	154.7	**2,586.6**	648.4	66.6	176.7

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

The exchange rate at 30 April 2023 was €1.141:£1 compared to €1.163:£1 at 31 October 2022. This movement in the foreign exchange rate has resulted in a £13.4m positive currency translation movement in the period.

The Group's property portfolio valuation excluding investment properties under construction has increased by £128.8m from the valuation of £2,457.8m at 31 October 2022. This reflects the gain on valuation of £52.3m, which is explained above, £63.1m relating to additions, store refurbishments and reclassifications as well as £13.4m of favourable foreign exchange movements on the translation of the European portfolios. On a like-for like basis the portfolio increased 2.7%.

The EPRA basic NTA per share, as reconciled to IFRS net assets per share in financial statements, was 848 pence at 30 April 2023, 31 October 2022 (848 pence), and the IFRS reported NAV per share was 845 pence (FY2022: 820 pence), reflecting a £54.9m increase in reported net assets since 31 October 2022.

Gearing and Capital Structure

As at 30 April 2023, the Group's borrowings comprised bank borrowing facilities, made up of revolving facilities in the UK as well as US Private Placements.

Net debt (including finance leases and cash) stood at £776.6m at 30 April 2023, an increase of £78.3m during the period, from £698.3m at 31 October 2022, principally due to increased funding required for store acquisitions and developments. Total capital (net debt plus equity) increased from £2,491.7m at 31 October 2022 to £2,624.9m at 30 April 2023. The net impact is that the gearing ratio has increased to 29.6% at 30 April 2023 from 28.0% at 31 October 2022.

Management also measures gearing with reference to its loan to value ("LTV") ratio defined as net debt (excluding lease liabilities) as a proportion of the valuation of investment properties and investment properties under construction (excluding finance leases). At 30 April 2023, the Group LTV ratio was 25.3% compared with 23.6% at 31 October 2022. The Board considers the current level of gearing is appropriate for the business to enable the Group to increase returns on equity, maintain financial flexibility and to achieve our medium term strategic objectives.

As at 30 April 2023, £172.9m of the £400.0m UK revolver were drawn. Including the US Private Placement debt of €358.0m (£313.7m) and £215.5m, the Group's borrowings totalled £702.1m (before adjustment for unamortised finance costs). As at 30 April 2023, the weighted average remaining term for the Group's committed borrowing facilities is 5.5 years, including the new RCF signed in November 2022.

Borrowings under the existing loan facilities are subject to certain financial covenants. The UK bank facilities and the US Private Placement share interest cover and LTV covenants. The interest cover requirement of EBITDA:interest is 2.4:1, where it will remain until the end of the facilities' terms. Interest cover for the rolling twelve month period to 30 April 2023 is 10.8x (FY2022: 11.4x), calculated on the basis required under our financial covenants.

The LTV covenant is 60% for the Group, where it will remain until the end of the facilities' terms. As at 30 April 2023, there is significant headroom in the Group LTV covenant calculations. The Group is in compliance with its covenants at 30 April 2023 and, based on forecast projections (which considered a number of factors, including the current balance sheet position, the principal and emerging risks which could impact the performance of the Group, and the Group's strategic and financial plan), is expected to be in compliance for a period in excess of twelve months from the date of this report and accordingly, this interim statement is prepared on the basis of going concern.

Cash flow

The table below sets out the cash flow of the business in H1 2022 and H1 2023.

	H1 2023 £'m	**H1 2022 £'m**
Underlying EBITDA	69.7	65.2
Working capital/ exceptionals/ other	(19.8)	(0.1)
Adjusted operating cash inflow	49.9	65.1
Interest payments	(7.1)	(5.0)
Leasehold rent payments	(7.2)	(6.5)
Tax payments	(3.7)	(2.9)
Free cash flow (before investing and financing activities)	31.9	50.7
Acquisition of subsidiaries, net of cash acquired	-	(111.5)
Investment in associates	(1.5)	(0.7)
Capital expenditure - investment properties	(62.2)	(44.7)
Capital expenditure - property, plant and equipment	(0.5)	(0.3)
Net proceeds from disposal of land	-	1.0
Adjusted net cash flow after investing activities	(32.3)	(105.5)
Issues of share capital	0.3	-
Dividends paid	(37.7)	(31.9)
Net drawdown of borrowings	71.1	141.1
Swap termination income	0.4	0.5
Debt issuance costs	(4.3)	(0.1)

Net (decrease)/increase in cash	(2.5)	4.1

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

Adjusted operating cash flow decreased by £15.2m in the period. The movement in working capital is primarily associated with settlement of employment related taxes connected with the maturity of the five and three-year share based payment schemes at the end of 2022 and early 2023 respectively, and other trade receivable and payables timings. These are partly offset by the £4.5m increase in underlying EBITDA.

Interest payments increased compared to the prior half year as a result of the increased interest charge associated with the additional borrowings to fund the capital expenditure on new stores and development of the existing portfolio.

Tax paid during the period increased by £0.8m principally due to increased payments on account associated with the stronger European performance. As a result, free cash flow (before investing and financing activities) decreased by £18.8m to £31.9m (H1 2022: £50.7m).
Investing activities generated a net outflow of £64.2m (H1 2022: net outflow of £156.2m) from capital expenditure on new stores and development of the existing portfolio. In the prior year, the capital expenditure outflow predominantly related to the acquisition of the remaining 80% of the Joint Venture with Carlyle Europe Realty. Of the £62.2m cash outflow on investment properties, £59.4m (H1 2022: £42.5m) was spent on new stores and development of the existing portfolio, with the balance principally spent on capital maintenance.

Dividends paid to shareholders increased from £31.9m in H1 2022 to £37.7m in H1 2023, and the Group drew a net £71.1m of borrowings, primarily to finance capital expenditure.

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

	H1 2023 £'m	**H1 2022 £'m**
Free cash flow (before investing and financing activities)	31.9	50.7
Addback: Finance lease principal payments	4.4	4.0
Net cash inflow from operating activities	36.3	54.7

	H1 2023 £'m	**H1 2022 £'m**
From table above:		
Adjusted net cash flow after investing activities	(32.3)	(105.5)
Addback: Finance lease principal payments	4.4	4.0
Net cash outflow after investing activities	(27.9)	(101.5)
From consolidated cash flow:		
Net cash inflow from operating activities	36.3	54.7
Net cash outflow from investing activities	(64.2)	(156.2)

Net cash outflow after investing activities	(27.9)	(101.5)

Financial Reporting Council

During the half year to 30 April 2023, the Board received correspondence from the Financial Reporting Council ("FRC") concerning the payment of the 2022 interim dividend. Although the Company had adequate distributable reserves to cover this interim dividend, paid on 11 August 2022, the Company had not made the relevant filings at Companies House in respect of the payment of these interim dividends. In order to rectify the situation, the Company intends to file the required interim accounts for the Company and propose resolutions at its 2024 AGM to approve deeds of release between the Company and each of its shareholders and directors. The Company has also taken the necessary steps to ensure that procedural issues do not arise in future in relation to the payment of dividends. The FRC has acknowledged this remedy as appropriate.

Consolidated income statement
for the six months ended 30 April 2023

	Note	**Six months ended 30 April 2023 (unaudited) £m**	Six months ended 30 April 2022 (unaudited) £m	Year ended 31 October 2022 (audited) £m
Revenue	4,5	**110.1**	101.0	212.5
Cost of sales		**(34.5)**	(29.1)	(63.0)
Gross profit		**75.6**	71.9	149.5
Administrative expenses		**(8.0)**	(13.4)	(27.1)
Share of (loss)/profit in associate		**-**	(0.3)	(0.3)
Underlying EBITDA	5	**69.7**	65.2	135.1
Exceptional items	6	**-**	-	(0.1)
Share-based payments		**(1.3)**	(6.0)	(11.2)
Depreciation and variable lease payments		**(0.8)**	(0.5)	(1.3)
Share of associate's depreciation, interest and tax		**-**	(0.5)	(0.4)
Operating profit before gain on investment properties and other exceptional gains		**67.6**	58.2	122.1
Gain on investment properties	13	**47.3**	223.9	381.6
Other exceptional gains	6	**-**	10.5	10.8
Operating profit		**114.9**	292.6	514.5
Finance income	7	**0.5**	0.7	2.0
Finance expense	7	**(12.0)**	(8.1)	(17.7)
Profit before income tax	5	**103.4**	285.2	498.8
Income tax charge	8	**(10.6)**	(15.2)	(35.9)
Profit for the period		**92.8**	270.0	462.9
Earnings per share for profit attributable to the equity holders				
- basic (pence)	11	**42.9**	128.1	219.5
- diluted (pence)	11	**42.7**	124.5	212.4

All items in the income statement relate to continuing operations.

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

An interim dividend of 9.9 pence per ordinary share has been declared for the period ended 30 April 2023 (30 April 2022: 9.4 pence).

Consolidated statement of comprehensive income
for the six months ended 30 April 2023

	Six months ended 30 April 2023 (unaudited) £m	Six months ended 30 April 2022 (unaudited) £m	Year ended 31 October 2022 (audited) £m
Profit for the period	**92.8**	270.0	462.9
Other comprehensive income:			
Items that may be reclassified subsequently to profit and loss:			
Currency translation differences	**9.2**	(3.1)	8.0
Net investment hedge	**(3.8)**	0.7	(4.6)
Total other comprehensive income / (expense) net of tax	**5.4**	(2.4)	3.4
Total comprehensive income for the period	**98.2**	267.6	466.3

Consolidated balance sheet
as at 30 April 2023

	Note	**30 April 2023 (unaudited) £m**	30 April 2022 (unaudited) £m	31 October 2022 (audited) £m
Non-current assets				
Investment in associates	12	**3.3**	1.8	**1.8**
Fair value of investment properties, net of lease liabilities		**2,586.6**	2,271.1	**2,457.8**
Add-back of lease liabilities		**97.3**	82.6	**95.1**
Investment properties under construction		**93.7**	60.9	**94.5**
Total investment properties	13	**2,777.6**	2,414.6	**2,647.4**
Property, plant and equipment		**3.2**	3.0	3.4
Derivative financial instruments	17	**-**	0.8	-
Deferred tax assets	9	**0.8**	1.5	0.8
		2,784.9	2,421.7	2,653.4
Current assets				
Inventories		**0.4**	0.4	0.3
Derivative financial instruments	17	**0.3**	1.4	1.7
Trade and other receivables		**36.0**	27.8	31.2
Current income tax assets		**0.2**	-	-
Cash and cash equivalents		**18.1**	46.8	20.9
		55.0	76.4	54.1
Total assets		**2,839.9**	2,498.1	2,707.5
Current liabilities				
Bank Borrowings	16	**-**	-	(101.7)

Derivative financial instruments	17	**-**	(0.1)	-
Trade and other payables		**(54.9)**	(66.3)	(62.7)
Current income tax liabilities		**-**	(0.9)	(0.8)
Obligations under lease liabilities		**(13.1)**	(12.5)	(13.2)
		(68.0)	(79.8)	(178.4)
Non-current liabilities				
Bank borrowings	16	**(697.2)**	(624.3)	(522.1)
Deferred tax liabilities	9	**(139.4)**	(112.8)	(129.0)
Obligations under lease liabilities		**(84.4)**	(70.3)	(82.2)
Provisions	21	**(2.6)**	(2.2)	(2.4)
		(923.6)	(809.6)	(735.7)
Total liabilities		**(991.6)**	(889.4)	(914.1)
Net assets		**1,848.3**	1,608.7	1,793.4
Shareholders' equity				
Ordinary shares	18	**2.2**	2.1	2.1
Share premium		**62.0**	61.3	61.8
Translation reserve		**13.9**	2.7	8.5
Retained earnings		**1,770.2**	1,542.6	1,721.0
Total equity		**1,848.3**	1,608.7	1,793.4

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

Condensed consolidated statement of changes in equity

for the six months ended 30 April 2023

	Share capital £m	Share Premium £m	Translation reserve £m	Retained earnings £m	Total equity £m
Balance at 1 November 2022	2.1	61.8	8.5	1,721.0	1,793.4
Total comprehensive income for the period	-	-	5.4	92.8	98.2
Transactions with owners in their capacity as owner:					
Dividends (note 10)	-	-	-	(44.5)	(44.5)
Increase in share capital	0.1	0.2	-	-	0.3
Employee share options	-	-	-	0.9	0.9
Balance at 30 April 2023	**2.2**	**62.0**	**13.9**	**1,770.2**	**1,848.3**

Condensed consolidated statement of changes in equity

for the six months ended 30 April 2022

	Share capital £m	Share premium £m	Translation reserve £m	Retained earnings £m	Total Equity £m
Balance at 1 November 2021	2.1	61.3	5.1	1,306.4	1,374.9
Total comprehensive income for the period	-	-	(2.4)	270.0	267.6
Transactions with owners in their capacity as owner:					
Dividends (note 10)	-	-	-	(37.1)	(37.1)
Increase in share capital	-	-	-	-	-

Employee share options	-	-	-	3.3	3.3
Balance at 30 April 2022	**2.1**	**61.3**	**2.7**	**1,542.6**	**1,608.7**

Condensed consolidated statement of changes in equity
for the year ended 31 October 2022

	Share capital £m	Share premium £m	Translation reserve £m	Retained earnings £m	Total Equity £m
Balance at 1 November 2021	2.1	61.3	5.1	1,306.4	1,374.9
Total comprehensive income for the year	-	-	3.4	462.9	466.3
Transactions with owners in their capacity as owner:					
Dividends (note 10)	-	-	-	(56.9)	(56.9)
Increase in share capital	-	0.5	-	-	0.5
Employee share options	-	-	-	8.6	8.6
Balance at 31 October 2022	**2.1**	**61.8**	**8.5**	**1,721.0**	**1,793.4**

Consolidated cash flow statement
for the six months ended 30 April 2023

	Six months ended 30 April 2023 (unaudited) £m	Six months ended 30 April 2022 (unaudited) £m	Year ended 31 October 2022 (audited) £m
Profit before income tax	**103.4**	285.2	498.8
Gain on the revaluation of investment properties	**(47.3)**	(223.9)	(381.6)
Other exceptional gains	**-**	(10.5)	(10.8)
Share of loss in associate	**-**	0.3	0.3
Depreciation	**0.6**	0.5	1.0
Net finance expense	**11.5**	7.4	15.7
Employee share options	**1.0**	3.3	8.6
(Increase)/decrease in inventories	**(0.1)**	0.1	0.2
(Increase)/decrease in trade and other receivables	**(4.2)**	(1.2)	0.1
(Decrease)/increase in trade and other payables	**(15.4)**	3.8	(0.4)
Increase in provision	**0.2**	0.1	0.3
Cash flows from operating activities	**49.7**	65.1	132.2
Interest received	**-**	0.8	0.1
Interest paid	**(9.7)**	(8.3)	(16.9)
Tax paid	**(3.7)**	(2.9)	(5.6)
Net cash inflow from operating activities	**36.3**	54.7	109.8
Cash flows from investing activities			
Acquisition of subsidiaries, net of cash acquired	**-**	(111.5)	(111.5)
Investment in associates	**(1.5)**	(0.7)	(0.8)
Expenditure on investment and development properties	**(62.2)**	(44.7)	(95.2)
Proceeds from sale of investment properties	**-**	-	6.4
Proceeds from sale of land	**-**	1.0	1.0
Purchase of property, plant and equipment	**(0.5)**	(0.3)	(1.0)
Proceeds from sale of property, plant and equipment	**-**	-	0.2

Net cash (outflow) from investing activities	**(64.2)**	(156.2)	(200.9)
Cash flows from financing activities			
Issue of share capital	**0.3**	-	0.5
Equity dividends paid	**(37.7)**	(31.9)	(56.9)
Proceeds from borrowings	**176.2**	241.1	266.1
Repayment of borrowings	**(105.1)**	(100.0)	(134.0)
Debt issuance costs	**(4.4)**	(0.1)	(0.1)
Financial instruments income	**0.4**	-	1.3
Swap termination income	**-**	0.5	0.5
Principal payment of lease liabilities	**(4.3)**	(4.0)	(8.4)
Net cash inflow/ from financing activities	**25.4**	105.6	69.0
Net (decrease) / increase in cash and cash equivalents	**(2.5)**	4.1	(22.1)
Exchange loss on cash and cash equivalents	**(0.3)**	(0.5)	(0.2)
Opening cash and cash equivalents	**20.9**	43.2	43.2
Closing cash and cash equivalents	**18.1**	46.8	20.9

econciliation of net cash flow to movement in net debt
for the six months ended 30 April 2023

	Six months ended 30 April 2023 (unaudited) £m	Six months ended 30 April 2022 (unaudited) £m	Year ended 31 October 2022 (audited) £m
Net increase in cash and cash equivalents (after exchange adjustments)	**(2.8)**	3.6	(22.3)
Increase in debt financing	**(75.5)**	(140.1)	(152.2)
(Increase)/decrease in net debt	**(78.3)**	(136.5)	(174.5)
Net debt at start of period	**(698.3)**	(523.8)	(523.8)
Net debt at end of period	**(776.6)**	(660.3)	(698.3)

Notes to the interim report for the six months ended 30 April 2023

1 General information

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

The Company is listed on the London Stock Exchange.

This interim report was approved for issue on 13 June 2023.

This condensed consolidated interim financial information does not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. The full accounts of Safestore Holdings plc for the year ended 31 October 2022, which received an unqualified report from the auditors, and did not contain a statement under S.498(2) or (3) of the Companies Act 2006, were filed with the Registrar of Companies on 23 March 2023.

This condensed consolidated interim financial information for 30 April 2023 and 30 April 2022 is unaudited. The interim financial information for 30 April 2023 has been reviewed by the auditors and their Independent Review report is included within this financial information.

2 Basis of preparation

The condensed consolidated interim financial information for the six months ended 30 April 2023 has been prepared in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority and with United Kingdom adopted International Accounting Standard 34 'Interim Financial Reporting' (IAS 34).

The Directors are satisfied that the Group has sufficient resources to continue in operation for the foreseeable future, a period of not less than twelve months from the date of this report. Accordingly, they continue to adopt the going

concern basis in preparing this condensed consolidated interim financial information.

In assessing the Group's going concern position as at 30 April 2023, the Directors have considered a number of factors, including the net current liability balance sheet position, the principal and emerging risks which could impact the performance of the Group and the Group's strategic and financial plan. Consideration has been given to compliance with borrowing covenants along with the uncertainty inherent in future financial forecasts. The Directors considered the most recent three-year outlook approved by the Board. In the context of the current environment, four plausible scenarios were applied to the plan, including a stress test scenario. These were based on the potential financial impact of the Group's principal risks and uncertainties and the specific risks associated with the continued cost-of-living and the conflict in Ukraine. These scenarios are differentiated by the impact of demand and enquiry levels, average rate growth and the level of cost savings. A scenario was also performed where a reverse stress test was carried out to model what would be required to breach ICR and LTV covenants which indicated highly improbable changes would be needed before any issues were to arise. In November 2022, the Group completed the refinancing of its Revolving Credit Facilities ("RCF") which were due to expire in June 2023. The previous £250 million and €70 million revolving credit facilities have been replaced with a single multi-currency unsecured £400 million facility, with a four-year term with two one-year extension options (available headroom £227m). The impact of these scenarios has been reviewed against the Group's projected cash flow position and financial covenants over a three-year period. Should any of these scenarios, which are differentiated by the impact of demand and enquiry levels, average rate growth and the level of cost savings occur, clear mitigating actions are available to ensure that the Group remains liquid and able to meet its liabilities as they fall due. The financial position of the Group, including details of its financing and capital structure, is set out in the financial review section of this announcement.

Further details of the Group's viability statement is included in page 44 of the Annual Report and Financial Statements for the year ended 31 October 2022.

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

The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 October 2022, which have been prepared in accordance with IFRS.

Non-GAAP financial information

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

- The Group defines exceptional items to be those that warrant, by virtue of their nature, size or frequency, separate disclosure on the face of the income statement where, in the opinion of the Directors, this enhances the understanding of the Group's financial performance.
- Underlying EBITDA is an Alternative Performance Measure and is defined as operating profit before exceptional items, share-based payments, corporate transaction costs, gain/loss on investment properties, depreciation and variable lease payments and the share of associate's depreciation, interest and tax. Management considers this presentation to be representative of the underlying performance of the business, as it removes the income statement impact of items not fully controllable by management, such as the revaluation of derivatives and investment properties, and the impact of exceptional credits, costs and finance charges. A reconciliation of statutory operating profit to Underlying EBITDA can be found in the financial review section of this announcement.
- Adjusted Diluted EPRA EPS is based on the European Public Real Estate Association's ("EPRA") definition of earnings and is defined as profit or loss for the period after tax but excluding corporate transaction costs, change in fair value of derivatives, gain/loss on investment properties and the associated tax impacts. The Company then makes further company-specific adjustments for the impact of exceptional items, net exchange gains/losses recognised in net finance costs, exceptional tax items, and deferred and current tax in respect of these adjustments. The Company also adjusts for IFRS 2 share-based payment charges. This adjusted earnings is divided by the diluted number of shares. The IFRS 2 cost is excluded as it is written back to distributable reserves and is a non-cash item (with the exception of the associated National Insurance element). Therefore, neither the Company's ability to distribute nor pay dividends are impacted (with the exception of the associated National Insurance element). The financial statements disclose earnings on a statutory, EPRA and Adjusted Diluted EPRA basis and will provide a full reconciliation of the differences in the financial year in which any LTIP awards may vest. A reconciliation of statutory basic earnings per share to Adjusted Diluted EPRA EPS can be found in note 11.
- EPRA's Best Practices Recommendations guidelines for Net Asset Value ("NAV") metrics are EPRA Net Tangible Assets ("NTA"), EPRA Net Reinstatement Value ("NRV") and EPRA Net Disposal Value ("NDV"). EPRA NTA is considered to be the most relevant measure for the Group's business which provides sustainable long term progressive returns and is now the primary measure of net assets. The basis of calculation, including a reconciliation to reported net assets, is set out in note 15.
- Like-for-like figures are presented to aid in the comparability of the underlying business as they exclude the

impact on results of purchased, sold, opened or closed stores.

- Constant exchange rate (CER) figures are provided in order to present results on a more comparable basis, removing foreign exchange movements.

3 Accounting policies

The condensed consolidated interim financial information has been prepared on the basis of the accounting policies expected to apply for the financial year to 31 October 2023 and the same as applied for the Group's Financial Statements for the Full Year October 2022 applicable to companies under IFRS.

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the condensed consolidated interim financial statements are disclosed within the Group's accounting policies as disclosed in the IFRS financial statements for the year ended 31 October 2022. There have been no other significant changes in accounting estimates in the period.

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

4 Revenue

	Six months ended 30 April 2023 (unaudited) £m	Six months ended 30 April 2022 (unaudited) £m	Year ended 31 October 2022 (audited) £m
Self storage income	**92.4**	84.6	178.0
Insurance income	**12.1**	11.3	23.9
Other non-storage income	**5.6**	5.1	10.6
Total revenue	**110.1**	101.0	212.5

5 Segmental information

The segmental information for the six months ended 30 April 2023 is as follows:

	United Kingdom £m	**Paris £m**	**Spain £m**	**Benelux £m**	**Total £m**
Continuing operations					
Revenue	81.7	21.8	1.7	4.9	110.1
Underlying EBITDA	51.9	14.9	0.6	2.3	69.7
Share-based payments	(1.2)	(0.1)	-	-	(1.3)
Depreciation and variable lease payments	(0.7)	(0.1)	-	-	(0.8)
Operating profit before gain on investment properties and other exceptional gains	50.0	14.7	0.6	2.3	67.6
Gain on investment properties	24.5	14.4	2.1	6.3	47.3

Operating profit	74.5	29.1	2.7	8.6	114.9
Net finance (expense)/ income	(10.8)	(0.6)	(0.1)	-	(11.5)
Profit before income tax	63.7	28.5	2.6	8.6	103.4
Total assets	2,143.9	586.2	30.7	79.1	2,839.9

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

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

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

6 Exceptional items and other exceptional gains

	Six months ended 30 April 2023 (unaudited)	Six months ended 30 April 2022 (unaudited)	Year ended 31 October 2022 (audited)
	£m	£m	£m
Costs relating to corporate transactions and exceptional property taxation	**-**	-	(0.1)
Exceptional items	**-**	-	(0.1)
Valuation gain on associate buy-out	**-**	5.5	5.5
Gain on disposal of investment properties	**-**	-	0.2
Gain on disposal of land	**-**	5.0	5.1
Other exceptional gains	**-**	10.5	10.8

There are no exceptional items in the current period.

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

On 30 March 2022, the Group acquired the remaining 80% equity of Safestore Storage Benelux B.V. from its previous joint venture partner for €53.6 million (£45.3 million) and became a wholly owned subsidiary. The original 20% equity investment was effectively de-recognised and re-recognised back at the fair value based on the revised equity value effective at the 30 March 2022 transaction. This resulted in a valuation gain on the associate buy-out of £5.5 million included within other exceptional gains in the prior period.

7 Finance income and costs

	Six months ended 30 April 2023 (unaudited) £m	Six months ended 30 April 2022 (unaudited) £m	Year ended 31 October 2022 (audited) £m
Finance income			
Interest receivable from loan to associates	**-**	0.1	0.1
Other interest received	**0.1**	0.1	0.1
Financial instruments income	**0.4**	-	1.3
Underlying finance income	**0.5**	0.2	1.5
Exceptional finance income	**-**	0.5	0.5
Total finance income	**0.5**	0.7	2.0
Finance costs			
Interest payable on bank loans and overdrafts	**(7.3)**	(5.8)	(11.9)
Amortisation of debt issuance costs on bank loans	**(0.7)**	(0.3)	(0.5)
Underlying finance charges	**(8.0)**	(6.1)	(12.4)
Interest on obligations under lease liabilities	**(2.6)**	(2.5)	(5.0)
Fair value movement on derivatives	**(1.4)**	0.8	(0.3)
Net exchange losses	**-**	(0.3)	-
Total finance costs	**(12.0)**	(8.1)	(17.7)
Net finance costs	**(11.5)**	(7.4)	(15.7)

The change in fair value of derivatives for the period is a net loss of £1.4m (30 April 2022: net gain of £0.8m). Included within finance income is £0.4m (30 April 2022: £nil) on settlement of the FX forwards held by the Group.

8 Income tax charge

	Six months ended 30 April 2023 (unaudited) £m	Six months ended 30 April 2022 (unaudited) £m	Year ended 31 October 2022 (audited) £m
Current tax - current year	**2.6**	2.6	6.1

Current tax - current year exceptional	**-**	0.9	-
Deferred tax	**8.0**	11.7	29.8
	10.6	15.2	35.9

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

In the UK, the Group is a Real Estate Investment Trust ("REIT"). As a result, the Group is exempt from UK corporation tax on the profits and gains arising from its qualifying property rental business in the UK provided that it meets certain conditions. Non-qualifying profits and gains of the Group remain subject to corporation tax as normal. The Group monitors its compliance with the REIT conditions. There have been no breaches of the conditions to date.

The main rate of corporation tax in the UK is 25%. Accordingly, the Group's results for this accounting period are taxed at an effective rate of 18% (30 April 2022: 19%). The main rate of corporation tax in the UK increased from 19% to 25% from 1 April 2023. There is no deferred taxation impact in respect of this change in taxation rate.

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

In the prior year, an exceptional charge of £0.9m arose during the period in relation to the capital gain on disposal of the Nanterre site to the joint venture partner of Nanterre FOCD 92 (note 6).

9 Deferred income tax

	As at 30 April 2023 (unaudited) £m	As at 30 April 2022 (unaudited) £m	As at 31 October 2022 (audited) £m
The amounts provided in the accounts are:			
Revaluation of investment properties and tax depreciation	**139.4**	112.8	129.0
Deferred tax liabilities	**139.4**	112.8	129.0
Other timing differences	**0.8**	1.5	0.8
Deferred tax assets	**0.8**	1.5	0.8
Net deferred tax liability	**138.6**	111.3	128.2

As at 30 April 2023, the Group had income losses of £41.0m (30 April 2022: £23.4m) and capital losses of £36.4m (30 April 2022: £36.4m) in respect of its UK operations. All losses can be carried forward indefinitely. No deferred tax asset has been recognised in respect of these losses.

10 Dividends

	Six months ended 30 April 2023 (unaudited) £m	Six months ended 30 April 2022 (unaudited) £m	Year ended 31 October 2022 (audited) £m

For the year ended 31 October 2021:

Final dividend - paid 7 April 2022 (17.60p per share)	**-**	37.1	37.1
For the year ended 31 October 2022			
Interim dividend - paid 11 August 2022 (9.40p per share)	**-**	-	19.8
Final dividend - paid 7 April 2023 (20.40p per share)	**44.5**	-	-
Dividends in the statement of changes in equity	**44.5**	37.1	56.9
Timing difference on payment of withholding tax	**(6.8)**	(5.2)	
Dividends in the cash flow statement	**37.7**	31.9	56.9

An interim dividend of 9.9 pence per ordinary share (April 2022: 9.4 pence) has been declared. The ex-dividend date will be 6 July 2023 and the record date 7 July 2023, with an intended payment date of 10 August 2023.

It is intended that 25% (April 2022: 25%) of the interim dividend of 9.9 pence per ordinary share (April 2022: 9.4 pence) will be paid as a REIT Property Income Distribution ("PID") net of withholding tax where appropriate.

The interim dividend, amounting to £21.6m (April 2022: £19.8m), has not been included as a liability at 30 April 2023. It will be recognised in shareholders' equity in the year to 31 October 2023.

11 Earnings per ordinary share

Basic earnings per share has been calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period/year excluding ordinary shares held by the Safestore Employee Benefit Trust. Diluted earnings per share are calculated by adjusting the weighted average numbers of ordinary shares to assume conversion of all dilutive potential shares. The Company has one category of dilutive potential ordinary shares: share options. For the share options, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market price of the Company's shares) based on the monetary value of the subscription rights attached to the outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

	Six months ended 30 April 2023 (unaudited)			Six months ended 30 April 2022 (unaudited)			Year ended 31 October 2022 (audited)		
	Earnings £m	**Shares million**	**Pence per share**	Earnings £m	Shares million	Pence per share	Earnings £m	Shares million	Pence per share
Basic	**92.8**	**216.5**	**42.9**	270.0	210.8	128.1	462.9	210.9	219.5
Dilutive share options	**-**	**0.8**	**(0.2)**	-	6.1	(3.6)	-	7.0	(7.1)
Diluted	**92.8**	**217.3**	**42.7**	270.0	216.9	124.5	462.9	217.9	212.4

Adjusted earnings per share

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

	Six months ended 30 April 2023 (unaudited)			Six months ended 30 April 2022 (unaudited)			Year ended 31 October 2022 (audited)		
	Earnings/(loss) £m	**Shares million**	**Pence per share**	Earnings/ (loss) £m	Shares million	Pence per share	Earnings/ (loss) £m	Shares million	Pence per share
Basic	**92.8**	**216.5**	**42.9**	270.0	210.8	128.1	462.9	210.9	219.5

Adjustments:									
Gain on investment properties	**(47.3)**	**-**	**(21.9)**	(223.9)	-	(106.2)	(381.6)	-	(180.9)
Exceptional items	**-**	**-**	**-**	-	-	-	0.1	-	-
Other exceptional gains	**-**	**-**	**-**	(10.5)	-	(5.0)	(10.8)	-	(5.1)
Exceptional finance income	**-**	**-**	**-**	(0.5)	-	(0.2)	(0.5)	-	(0.2)
Net exchange loss	**-**	**-**	**-**	0.3	-	0.1	-	-	-
Gain in fair value of derivatives	**1.4**	**-**	**0.6**	(0.8)	-	(0.4)	0.3	-	0.1
Tax on adjustments and exceptional tax	**7.4**	**-**	**3.4**	12.1	-	5.7	29.7	-	14.1
Adjusted	**54.3**	**216.5**	**25.0**	46.7	210.8	22.1	100.1	210.9	47.5
EPRA adjusted:									
Fair value re-measurement of lease liabilities add-back	**(4.4)**	**-**	**(2.0)**	(4.0)	-	(1.9)	(8.3)	-	(3.9)
Tax on lease liabilities add-back adjustment	**0.6**	**-**	**0.3**	0.5	-	0.2	1.0	-	0.5
Adjusted EPRA basic EPS	**50.5**	**216.5**	**23.3**	43.2	210.8	20.4	92.8	210.9	44.1
Share-based payment charge	**1.3**	**-**	**0.6**	6.0	-	2.8	11.2	-	5.3
Dilutive shares	**-**	**2.5**	**(0.2)**	-	7.8	(0.7)	-	8.0	(1.9)
Adjusted Diluted EPRA EPS	**51.8**	**219.0**	**23.7**	49.2	218.6	22.5	104.0	218.9	47.5

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

Gain on investment properties includes the fair value re-measurement of lease liabilities add-back of £4.4m (30 April 2022: £4.0m) and the related tax thereon of £0.6m (30 April 2022: £0.5m). As an industry standard measure, EPRA earnings is presented. EPRA earnings of £50.5m (30 April 2022: £43.2m) and EPRA earnings per share of 23.3 pence (30 April 2022: 20.4 pence) are calculated after further adjusting for these items.

12 Investment in associates

	As at 30 April 2023 (unaudited) £m	As at 30 April 2022 (unaudited) £m	As at 31 October 2022 (audited) £m
Investment in associates	**3.3**	1.8	1.8

PBC Les Groues SAS

The Group has a 24.9% interest in PBC Les Groues SAS ("PBC"), a company registered and operating in France. PBC is accounted for using the equity method of accounting. PBC is the parent company of Nanterre FOCD 92, a company also registered and operating in France, which is developing a new store as part of a wider development programme located in Paris. The development project is managed by its joint venture partners, therefore the Group has no operational liability during this phase. During the current period there has been no material investment in the company (30 April 2022: £0.8m). The investment is considered immaterial relative to the Group's underlying operations.

The aggregate carrying value of the Group's interest in PBC was £1.8m (30 April 2022: £1.8m), made up of an investment of £1.8m (30 April 2022: £1.8m). The Group's share of profits from continuing operations for the period was £nil (30 April 2022: £nil). The Group's share of total comprehensive income of associates for the period was £nil (30 April 2022: £nil).

CERF II German Storage Topco S.a.r.l.

On 1 December 2022 the Group acquired a 10.0% interest in CERF II German Storage Topco S.a.r.l. (CERF II), a company registered in Luxembourg for which the Group has board representation. The reporting date of the financial statements for the company is 31 December. CERF II is accounted for using the equity method of accounting. Safestore entered the German Self Storage market via a new investment with Carlyle which acquired the myStorage business.

The aggregate carrying value of the Group's interest in CERF II was £1.5m (30 April 2022: £nil), made up of an investment of £1.5m (30 April 2022: £nil). The Group's share of profits from continuing operations for the period was £nil (30 April 2022: £nil). The Group's share of total comprehensive income of associates for the period was £nil (30 April 2022: £nil).

13 Investment properties

	Fair value of investment properties, net of lease liabilities	Add-back of lease liabilities	Investment properties under construction	Total investment properties
	£m	£m	£m	£m
Balance at 1 November 2022	2,457.8	95.1	94.5	2,647.4
Additions	33.2	9.0	29.0	71.2
Disposals	-	(3.1)	-	(3.1)
Reclassification	29.9		(29.9)	-
Revaluation movement	52.3	-	(0.6)	51.7
Fair value re-measurement of lease liabilities add-back	-	(4.4)	-	(4.4)
Exchange movements	13.4	0.7	0.7	14.8
Balance at 30 April 2023	**2,586.6**	**97.3**	**93.7**	**2,777.6**

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

The gain on investment properties of £47.3m (30 April 2022: £223.9m) as disclosed in the consolidated income statement comprises a £51.7m (30 April 2022: £227.9m) revaluation gain on investment properties, net of lease liabilities and investment properties under construction less the fair value re-measurement of lease liabilities add-back of £4.4m (30 April 2022: £4.0m).

The Group has classified investment property and investment property under construction, held at fair value, within Level 3 of the fair value hierarchy. There were no transfers to or from Level 3 during the period. The fair valuation exercise undertaken at 30 April 2023 is explained in note 14.

The fair value of investment property held by the Group classified as the add-back of lease liabilities of £97.3m (30 April 2022: £82.6m) reflects expected cash flows (including rent reviews settled that are expected to become payable). Accordingly, if a valuation obtained for a property is net of all payments expected to be made, it will be necessary to add-back any recognised lease liability, to arrive at the carrying amount of the investment property using the fair value model under IAS 40. The lease liability of £97.5m (30 April 2022: £82.8m) differs by £0.2m (30 April 2022: £0.2m) which relates to the right-of-use asset classified as part of property, plant and equipment

14 Valuations

External valuation

A sample of the Group's largest properties, representing approximately 43% of the value of the Group's investment property portfolio at 31 October 2022, has been valued by the Group's external valuers, C&W, as at 30 April 2023. The valuation has been carried out in accordance with the requirements of the RICS Valuation - Global Standards which incorporate the International Valuation Standards ("IVS") and the RICS Valuation UK National Supplement (the "RICS Red Book") edition current at 30 April 2023. The valuation of each of the investment properties has been prepared on the basis of fair value as a fully equipped operational entity, having regard to trading potential. The valuation has been provided for accounts purposes and, as such, is a Regulated Purpose Valuation as defined in the Red Book. In compliance with the disclosure requirements of the Red Book, C&W has confirmed that:

- the member of the RICS who has been the signatory to the valuations provided to the Group for the same purposes as previous valuations, has done so since April 2020;
- C&W has been carrying out regular valuations for the same purpose as this valuation on behalf of the Group since October 2006;
- C&W does not provide other significant professional or agency services to the Group;
- The proportion of fees payable by the Group to C&W to the total fee income of C&W's last financial year to 31 December 2022, was less than 5%. We anticipate that the proportion of fees for the financial year to 31 December 2023 will remain at less than 5%; and
- the fee payable to C&W is a fixed amount per property and is not contingent on the appraised value.

Further details of the valuation carried out by C&W as at 31 October 2022, including the valuation method and assumptions, are set out in note 13 to the Group's annual report and financial statements for the year ended 31 October 2022. This note should be read in conjunction with note 13 of the Group's annual report.

Directors' valuation

In addition, at the same date, the Directors have prepared estimates of fair values for the remaining 57% of the Group's investment property portfolio, incorporating assumptions for estimated absorption, revenue growth and capitalisation rates to reflect current market conditions and trading.

Assumptions

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

- Net operating income is based on projected revenue received less projected operating costs together with a central administration charge of 6% of the estimated annual revenue subject to a cap and collar. The initial net

operating income is calculated by estimating the net operating income in the first twelve months following the valuation date.

- The net operating income in future years is calculated assuming either straight line absorption from day one actual occupancy or variable absorption over years one to four of the cash flow period, to an estimated stabilised/mature occupancy level. In the valuations the assumed stabilised occupancy level for the trading stores (both freeholds and all leaseholds) open at 30 April 2023 averages 89.23% (31 October 2022: 89.18%). The projected revenues and costs have been adjusted for estimated cost inflation and revenue growth. The average time assumed for stores to trade at their maturity levels is 16.18 months (31 October 2022: 18.51 months).
- The capitalisation rates applied to existing and future net cash flows have been estimated by reference to underlying yields for industrial and retail warehouse property, yields for other trading property types such as student housing and hotels, bank base rates, ten year money rates, inflation and the available evidence of transactions in the sector. The valuations included in the accounts assume rental growth in future periods. If an assumption of no rental growth is applied to the valuations, the net initial yield pre-administration expenses for the mature stores (i.e., excluding those stores categorised as "developing") is 5.88% (31 October 2022: 6.08%), rising to stabilised net yield pre-administration expenses of 6.71% (31 October 2022: 6.74%).
- The weighted average freehold exit yield on UK freeholds is 5.76% (31 October 2022: 5.74%), France freeholds is 6.04% (31 October 2022: 5.96%) and on Spain freeholds is 5.50% (31 October 2022: 5.50%). The weighted average freehold exit yield for all freeholds adopted 5.75% (31 October 2022: 5.66%).
- The future net cash flow projections (including revenue growth and cost inflation) have been discounted at a rate that reflects the risk associated with each asset. The weighted average annual discount rate adopted (for both freeholds and leaseholds) in the UK portfolio is 8.52% (31 October 2022: 8.40%) in the France portfolio is 8.91% (31 October 2022: 8.78%) and in the Spain portfolio is 8.34% (31 October 2022: 8.00%). The weighted average annual discount rate adopted (for both freeholds and all leaseholds) is 8.57% (31 October 2022: 8.49%).
- Purchaser's costs in the range of approximately 3.3% to 6.8% for the UK, 7.5% for Paris and 2.5% for Spain have been assumed initially, reflecting the progressive SDLT rates brought into force in March 2016 in the UK, and sales plus purchaser's costs totalling approximately 5.3% to 8.8% (UK), 9.5% (Paris) and 4.5% (Spain) are assumed on the notional sales in the tenth year in relation to freehold and long leasehold stores.

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

As a result of these exercises, as at 30 April 2023, the Group's investment property portfolio has been valued at £2,586.6m (30 April 2022: £2,271.1m), and a revaluation gain of £52.3m (30 April 2022: £229.8m) has been recognised in the income statement for the period.

A full external valuation of the Group's investment property portfolio will be performed at 31 October 2023.

Sensitivity analysis

As part of the Directors valuation, a key sensitivity analysis was performed to understand the impact on the entire property portfolio in relation to capitalisation yields, stable occupancy rates, and a delay in the time to stabilised occupancy. The impact on the valuation would be mitigated by the inter-relationship between inputs moving in opposite directions. For example, an increase in stable occupancy may be offset by an increase yield, resulting in no net impact on the valuation. A sensitivity analysis showing the impact on valuations of changes in capitalisation rates and stable occupancy is shown below:

	Impact of change in capitalisation rates £'m		Impact of a change in stabilised occupancy assumption £'m		Impact of a delay in stabilised occupancy assumption £'m
	25 bps decrease	25 bps increase	1% increase	1% decrease	24-month delay
Reported Group	106.0	(97.0)	36.7	(33.5)	(29.3)

15 Net assets per share

	As at 30 April 2023 (unaudited)	As at 30 April 2022 (unaudited)	As at 31 October 2022 (audited)
Analysis of net asset value	**£m**	£m	£m
Balance sheet net assets	**1,848.3**	1,608.7	1,793.4

Adjustments to exclude:			
Fair value of derivative financial instruments (net of deferred tax)	**(0.3)**	(2.1)	(1.7)
Deferred tax liabilities on the revaluation of investment properties	**139.4**	112.8	129.0
EPRA NTA	**1,987.4**	1,719.4	1,920.7

Basic net assets per share (pence)	**848**	763	848
EPRA basic NTA per share (pence)	**912**	816	908
Diluted net assets per share (pence)	**845**	742	820
EPRA diluted NTA per share (pence)	**909**	793	879
	Number	Number	Number
Shares in issue	**218,006,528**	210,825,202	211,927,497

Basic net assets per share is shareholders' funds divided by the number of shares at the period end. The number of shares in issue at the period end excludes 145,493 shares (30 April 2022: 1,902 shares) held by the Safestore Employee Benefit Trust. Diluted net assets per share is shareholders' funds divided by the number of shares at the period end, adjusted for dilutive share options of 821,170 shares (30 April 2022: 6,087,545 shares).

16 Borrowings

The tables below set out the Group's borrowings position as at 30 April 2023:

Non-current	**As at 30 April 2023 (unaudited) £m**	As at 30 April 2022 (unaudited) £m	As at 31 October 2022 (audited) £m
Borrowings:			
Secured - bank loans	**172.9**	110.2	101.8
Secured - US Private placement notes	**529.2**	515.7	523.3
Debt issue costs	**(4.9)**	(1.6)	(1.3)
	697.2	624.3	623.8

On 11 November 2022, the Group completed the refinancing of its RCFs which were due to expire in June 2023. The previous £250.0 million Sterling and €70.0 million Euro RCFs have been replaced with a single multi-currency £400 million facility. In addition, a further £100 million uncommitted accordion facility is incorporated in the facility agreement. The facility is for a four-year term with two one-year extension options exercisable after the first and second years of the agreement.

US Private Placement Notes of €358m have maturities extending to 2024, 2026, 2027, 2028, 2029 and 2033 and £215.5m which have maturities extending to 2026, 2028, 2029 and 2031.

Borrowings are stated before unamortised issue costs of £4.9m (30 April 2022: £1.6m). The bank loans and private placement notes were repayable as follows:

	As at 30 April 2023 (unaudited) £m	As at 30 April 2022 (unaudited) £m	As at 31 October 2022 (audited) £m
Within one year	**-**	-	101.8
Between one and two years	**44.6**	110.2	43.8
Between two and five years	**334.2**	136.4	158.9
After more than five years	**323.3**	379.3	320.6
Borrowings	**702.1**	625.9	625.1
Unamortised issue costs	**(4.9)**	(1.6)	(1.3)

	697.2	624.3	623.8

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

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

	As at 30 April 2023 (unaudited)	As at 30 April 2022 (unaudited)	As at 31 October 2022 (audited)
Bank loans (Sterling)	Monthly, quarterly or six monthly SONIA plus 1.25%	Quarterly or monthly SONIA plus 1.25%	Quarterly or monthly SONIA plus 1.25%
Bank loans (Euro)	Monthly, quarterly or six monthly EURIBOR plus 1.25%	Quarterly EURIBOR plus 1.25%	Quarterly EURIBOR plus 1.25%
Private placement notes (Euro)	Weighted average rate of 1.80%	Weighted average rate of 1.80%	Weighted average rate of 1.80%
Private placement notes (Sterling)	2.55%	2.55%	2.55%

Borrowing facilities

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

	Floating rate		
	As at 30 April 2023 (unaudited) £m	As at 30 April 2022 (unaudited) £m	As at 31 October 2022 (audited) £m
Expiring within one year	**-**	**-**	208.4
Expiring beyond one year	**227.1**	198.5	-

17 Financial instruments

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

Level 1 - unadjusted quoted prices in active markets for identical assets or liabilities.
Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset of liability, either directly or indirectly.
Level 3 - inputs for the asset of liability that are not based on observable market data.

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

Assets per the balance sheet	**As at 30 April 2023 (unaudited) £m**	As at 30 April 2022 (unaudited) £m	As at 31 October 2022 (audited) £m
Derivative financial instruments - Level 2	**0.4**	2.2	1.7

Liabilities per the balance sheet	**As at 30 April 2023 (unaudited) £m**	As at 30 April 2022 (unaudited) £m	As at 31 October 2022 (audited) £m

Derivative financial instruments - Level 2	-	0.1	-

The fair value of financial instruments that are not traded in an active market, such as over-the-counter derivatives, is determined using valuation techniques. The Group obtains such valuations from counterparties who use a variety of assumptions based on market conditions existing at each balance sheet date. The valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

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

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

18 Share capital

	As at 30 April 2023 (unaudited)	As at 30 April 2022 (unaudited)	As at 31 October 2022 (audited)
Called up, issued and fully paid	**£m**	£m	£m
218,006,528 (30 April 2022: 210,827104) ordinary shares of 1p each	**2.2**	2.1	2.1

19 Capital commitments

The Group had capital commitments of £134.0m as at 30 April 2023 (30 April 2022: £108.0m).

20 Related party transactions

The Group's shares are widely held. Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

Transactions with PBC Les Groues SAS

As described in note 12, the Group has a 24.9% interest in PBC Les Groues SAS ("PBC"). During the period, the Group made a further investment £0.02m (€0.02m) into PBC to fund the development of a new store in France, taking the total investment to £1.8m (€2.2m). The total amount invested is included as part of its non-current investments in associates. The total amount outstanding at 30 April 2023 included within trade and other receivables was £nil (30 April 2022: £nil).

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

Transactions with CERF II German Storage Topco S.a.r.l.

As described in note 12, the Group has a 10% investment in CERF II German Storage Topco S.a.r.l.. During the period to April 2023 the Group recharged £0.2m of management fees.

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

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

21 Provisions

In France, the basis on which property taxes have been assessed has been challenged by the tax authority for financial years 2012 to 2013 and 2016 onwards. In March 2021 the French Court of Appeal (COA) delivered a judgement in respect of years 2012 and 2013, which resulted in a partial success for the Group. A further appeal was lodged with the French Supreme Court (SC) against those decisions on which the Group was unsuccessful, but this was unsuccessful following decisions released by the SC in H1 2023. The outcome for 2012 and 2013 is therefore

final. A provision is included in the consolidated financial accounts of £2.6m at 30 April 2023 (31 October 2022: £2.4m), to reflect the increased uncertainty surrounding the likelihood of a successful outcome for years 2016 onwards, which are subject to separate litigation. Of the total provided, £0.2m has been charged in relation to 6 months to 30 April 2023 (30 April 2022: £0.1m) within cost of sales (underlying EBITDA).

It is possible that the French tax authority may pursue claims for 2016 onwards in respect of matters on which the Group were successful in the French Supreme Court for 2012 and 2013. The maximum potential further exposure in relation to these issues at 30 April 2023 is £2.8m (31 October 2022: £2.8m). No provision for any potential further exposure has been recorded in the consolidated financial statements since the Group believes it is more likely than not that a successful outcome will be achieved, resulting in no additional liabilities.

Bank guarantees to cover any potential additional tax assessment are currently being put in place, of which guarantees totalling £1.3m are in place as at 30 April 2023 (31 October 2022: £1.2m).

22 Contingent liabilities

The Group has a contingent liability in respect of property taxation in the French subsidiary as disclosed in note 21.

Principal risks and uncertainties

The delivery of our strategic objectives is dependent on effective risk management. There are a number of potential risks and uncertainties which could have a material impact on the Group's performance and could cause actual results to differ materially from expected and historical results. Details of the principal risks facing the Group were included on pages 37 to 42 of the Annual Report and Financial Statements for the year ended 31 October 2022, a copy of which is available at www.safestore.com, and include:

- Strategic risks
- Pandemic risk
- Finance risk
- Treasury risk
- Property investment and development risk
- Valuation risk
- Occupancy risk
- Real estate investment trust ("REIT") risk
- Catastrophic event risk
- Regulatory compliance risk
- Marketing risk
- IT security/GDPR
- Brand and Reputational risk
- Geographical expansion
- Human resource risk
- Climate change related risk

The Company regularly assesses these risks together with the associated mitigating factors listed in the 2022 Annual Report. The levels of activity in the Group's markets and the level of financial liquidity and flexibility continue to be the areas designated as appropriate for added management focus.

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

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

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

Forward-looking statements

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

Statement of Directors' responsibilities for the six months ended 30 April 2023

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

- the condensed set of financial statements gives a true and fair view of the assets, liabilities, financial position and profit or loss of Safestore Holdings plc, or the undertakings included in the consolidation;
- an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- material related-party transactions in the first six months and any material changes in the related-party transactions described in the last annual report.

A list of current Directors is maintained on the Safestore Holdings plc website, www.safestore.com.

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

By order of the Board

Frederic Vecchioli	Andrew Jones
13 June 2023	13 June 2023
Chief Executive Officer	Chief Financial Officer

INDEPENDENT REVIEW REPORT TO SAFESTORE HOLDINGS PLC

Conclusion

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 April 2023 which comprises consolidated income statement, the consolidated statement of comprehensive income, the consolidated balance sheet, the condensed consolidated statement of changes in equity, the consolidated cash flow statement and related notes 1 to 22.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 April 2023 is not prepared, in all material respects, in accordance with United Kingdom adopted International Accounting Standard 34 and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Basis for Conclusion

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

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

Conclusion Relating to Going Concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for Conclusion section of this report, nothing has come to our attention to suggest that the directors have inappropriately adopted the going concern basis of accounting or that the directors have identified material uncertainties relating to going concern that are not appropriately disclosed.

This Conclusion is based on the review procedures performed in accordance with ISRE (UK) 2410; however future events or conditions may cause the entity to cease to continue as a going concern.

Responsibilities of the directors

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

In preparing the half-yearly financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the review of the financial information

In reviewing the half-yearly financial report, we are responsible for expressing to the company a conclusion on the condensed set of financial statements in the half-yearly financial report. Our Conclusion, including our Conclusion Relating to Going Concern, are based on procedures that are less extensive than audit procedures, as described in the Basis for Conclusion paragraph of this report.

Use of our report

This report is made solely to the company in accordance with ISRE (UK) 2410. Our work has been undertaken so that we might state to the company those matters we are required to state to it in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our review work, for this report, or for the conclusions we have formed.

Deloitte LLP
Statutory Auditor
London, United Kingdom

13 June 2023

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