

SHURGARD

SELF-STORAGE

HALF-YEAR REPORT

2023

JANUARY 1, 2023 TO JUNE 30, 2023

AT A GLANCE

Shurgard is the largest owner and operator of self-storage facilities in Europe by both number of stores and rentable space. We operate 267 stores (including one under management contract) in seven countries where over 180,000 customers lease our storage units every year.

FINANCIAL HIGHLIGHTS H1 2023

(in € millions)	H1 2023	H1 2022	+/-	+/- (CER) ¹
Property operating revenue ²	174.3	161.4	8.0%	10.0%
Income from property (NOI) ³	110.3	101.7	8.5%	10.7%
NOI margin ⁴	63.3%	63.0%	0.3pp	0.4pp
EBITDA ⁵	99.0	91.5	8.2%	10.7%
Adjusted EPRA earnings ⁶	71.8	64.5	11.3%	13.9%

1 In the constant exchange rate (CER) comparison, 2022 financial information is recalculated using 2023 exchange rates.

2 Property operating revenue represents our revenue from operating our properties, and comprises our rental revenue, fee income from customer goods insurance and ancillary revenue.

3 Income from property (NOI) is calculated as property operating revenue less real estate operating expense for the reporting period.

4 NOI margin is calculated as income from property (NOI) divided by property operating revenue for the reporting period.

5 EBITDA is calculated as earnings before interest, tax, depreciation and amortization, excluding (i) valuation gains or losses from investment property and investment property under construction, (ii) gains or losses on disposal of investment property, plant and equipment and assets held for sale, (iii) acquisition and dead deals costs and (iv) casualty losses (gains).

6 Adjusted EPRA earnings is calculated as EPRA earnings adjusted for (i) deferred tax expenses on items other than the revaluation of investment property and (ii) special items ('one-offs') that are significant and arise from events or transactions distinct from regular operating activities.

PROPERTY HIGHLIGHTS H1 2023

	H1 2023	H1 2022	+/-	+/- (CER)
Number of stores ¹	266	256	3.9%	
Closing rentable sqm ²	1,349	1,290	4.5%	
Closing rented sqm ³	1,201	1,154	4.1%	
Closing occupancy rate ⁴	89.0%	89.4%	-0.4pp	
Average rented sqm ⁵	1,184	1,134	4.4%	
Average occupancy rate ⁶	88.0%	88.3%	-0.2pp	
Average in-place rent (€ per sqm) ⁷	257.2	246.7	4.3%	6.3%
Average revPAM (€ per sqm) ⁸	259.2	251.3	3.2%	5.2%

1 Excludes any property under management contract.

2 Closing rentable sqm is presented in thousands of sqm and calculated as the sum of available sqm for customer storage use at our stores, as of the reporting date.

3 Closing rented sqm is presented in thousands of sqm and calculated as the sum of sqm rented by customers, as of the reporting date.

4 Closing occupancy rate is presented in % and calculated as the closing rented sqm divided by closing rentable sqm as of the reporting date.

5 Average rented sqm is presented in thousands of sqm and calculated as the sum of sqm rented by customers, for the reporting period.

6 Average occupancy rate is presented in % and is calculated as the average of the rented sqm divided by the average of the rentable sqm, each for the reporting periods.

7 Average in-place rent is presented in euros per sqm per year and calculated as rental revenue, divided by the average rented sqm for the reporting period.

8 Average revPAM, which stands for revenue per available sqm, is presented in euros per sqm per year for the reporting period and calculated as property operating revenue, divided by the average rentable sqm for the reporting period.

The Netherlands -Zoetermeer



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CHIEF EXECUTIVE OFFICER'S LETTER

Shurgard continues to deliver solid growth, as demonstrated by our first half results.¹ We reported 10.0% revenue growth, expanded margins (+0.4pp) and a pipeline that ensures we deliver on our long-term goals (90,000 sqm, €170 million). We have achieved these strong results in Q1 and Q2 despite more difficult and uncertain economic conditions, highlighting the strength of our significant geographic diversity and the resilience of our product. The company has a strong and robust balance sheet with low leverage (18.0% LTV, 4.1x Net debt/EBITDA, 10.0x ICR) and substantial funding growth capacity.

Alongside our operational performance, Shurgard continues to enhance its ESG credentials, improving our sustainability impact, reinforcing an excellent work environment for our employees, and making positive changes to governance with more independent and diverse leadership.

During the first half of the year, Shurgard shares outperformed the self-storage sector in Europe as well as the real estate sector.

REVENUE GROWTH

Second quarter outcomes (+9.5%) confirmed the great performance of Q1 (+10.6%), resulting in total company revenue growth of 10.0% in the first half. Meanwhile the same store pool, which accounts for around 90% of our platform, delivered 6.2% growth in the second quarter, after 7.4% in Q1. The minor deceleration is mainly due to an extremely competitive environment, unique to Sweden, which is also experiencing very adverse macroeconomics. In addition we offered more discounts to new customers in all markets compared to Q2 2022. Meanwhile France, the Netherlands, UK, Germany and Belgium continue to deliver same store revenue growth at a consistently high pace.

Same store revenue is driven by rental price increases and to a lesser extent by occupancy. In the second quarter, in-place rent grew 6.8% compared to Q2 2022, while average same store occupancy rose by 0.2pp to reach 91.0%.

Existing customer behavior has not changed in the period. We continue to experience declining or stable churn (the move out ratio) depending on the country, and have seen no deterioration in the rental collection rate.

MARGIN EXPANSION

Our ability to improve occupancy (89.0%) and retain pricing power with existing customers resulted in the revenue growth described above. In addition, we have used our efficient and scalable operating platform to our advantage, increasing the density of our stores with a relatively lower increase of the cost base. Across the whole company, margins rose by 0.4pp in the first half versus H1 2022.

Part of this margin improvement comes from our digitalization initiatives, which have enabled us to absorb rising salary costs through natural attrition. We are increasingly able to operate our platform and properties more efficiently. Many of our new customers, especially Millennials and Generation Z now prefer to use our e-rental service, which makes up 30% of total new contracts. This gives our customers what they want (digital and mobile touchpoints) while keeping costs lower and allowing Shurgard to grow more profitably.

¹ The data in the CEO letter are presented at constant exchange rate (CER).

FINANCIAL PERFORMANCE

The robust 10.0% revenue growth and 0.4pp margin improvement in H1 2023 translated into EBITDA growth of 10.7% and Adjusted EPRA earnings growth of 13.9% for the first half of the year.

As per our dividend policy, we announced a half-year dividend payment of €0.58 per share. The dividend payment will be made on or about October 5, 2023 to shareholders on the record at close of business on October 4, 2023.

Being a UK REIT, Shurgard will be distributing dividends in accordance with the requirements for REITs in UK.

In April, we signed an unsecured €450 million floating interest committed bank loan facility as part of our short-to mid-term financing strategy. We retain a prudent balance sheet, with a loan-to-value of 18.0% at the end of the first half of 2023, compared to our target of 25%. We ended the period with €57.2 million in cash and we also have an unused €250 million syndicated revolving facility. All of this puts us in a strong position to deliver on our growth targets and take advantage of opportunities that arise in the market.

Pipeline Acceleration

Our pipeline of new developments, redevelopments and acquisitions is on target to deliver 70,000 new sqm in 2023. We forecast this to rise to 90,000 sqm in 2024 which will then become our longer-term run rate. This will equate to c. 6% growth in our physical footprint every year.

Shurgard is focused on high density urban areas, and all six new developments scheduled to open in 2023 are in either London, UK, or Randstad in the Netherlands. The combined additional square footage from these new properties amounts to c. 36,000 sqm, while redevelopments in Germany, UK, Sweden and the Netherlands will bring that total up to 55,600 sqm. Acquisitions are expected to make up the remaining footprint growth.

The total current pipeline for the period 2023 to 2026 represents 136,100 sqm and a total investment of €296.6 million spread over 27 projects. The pipeline will deliver a yield on cost at maturity of 8% to 9%.

ESG

We are on track to deliver our net zero carbon strategy, which includes a first phase to be operationally net zero carbon (for scope 1 and 2 emissions) by 2030. By the end of this year, we will have rolled out LED lighting across the entire store portfolio, and we continue to replace gas boilers with energy-efficient heat pumps.

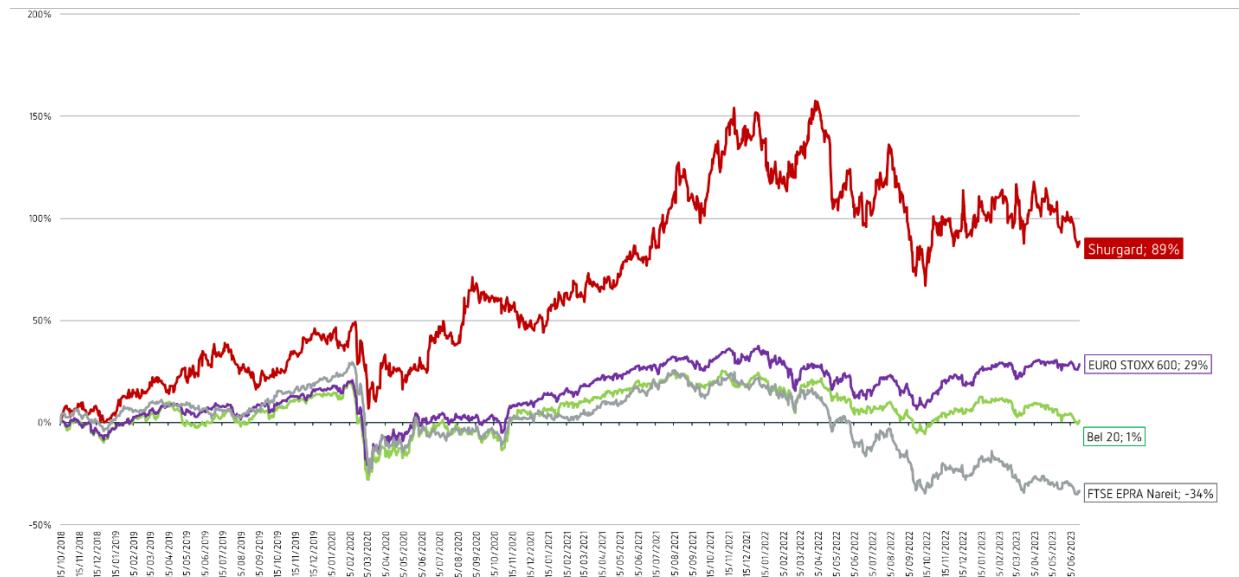
The governance side of our sustainability commitment saw important changes and improvements in the first half, with independent director, Ian Marcus, taking the helm as Chairman of the Board in May. The leadership change coincided with a streamlining of the Board, which was reduced to nine from 11, with a majority of independent members. The Board is now made up of 67% independent directors and 33% female directors.

OUTLOOK

We confirm our full year guidance for total revenue growth above 8.0% in 2023, building on the 11.7% growth achieved in 2022 versus 2021. This guidance assumes a deceleration in our same store revenue growth during the year 2023.

Marc Oursin
Chief Executive Officer

THE SHURGARD SHARE



BASIC SHARE DATA

ISIN / common code	GG00BQZCBZ44
CFI code	ESVUFR
Ticker	SHUR
Stock exchange	Euronext Brussels
Shares issued / outstanding as of June 30, 2023	89,145,131
Subscribed capital	€63,620,147
Share price as of June 30, 2023 ¹	€41.83
52-week high / low ²	€53.40 / €37.35
Market capitalization as of June 30, 2023	€3,729 million
Average daily trading volume	35,922 shares

1 Closing price on last trading day of the month.

2 In each case from start of trading on July 1, 2022 to June 30, 2023, based on Euronext Brussels closing price.

DIVIDEND

For the first half of 2023, our Board of Directors approved a half-year dividend of €0.58 per share. Based on the number of shares outstanding as of June 30, 2023, the dividend to be distributed will amount to approximately €51.7 million. This half-year dividend will be payable on or around October 5, 2023 to shareholders on the record at close of business on October 4, 2023.

Shurgard intends to declare a dividend of €1.17 per share for the fiscal year. The remainder of the annual dividend is expected to be paid in May 2024 (€0.59 per share). Shurgard will continue to review its dividend policy to ensure it remains competitive.

SHARE TRADING

The Company appointed KBC Securities as liquidity provider starting in June 2019, with the contract being officially recognized by Euronext. The Company aims to make the necessary efforts to maintain the liquidity of its order book and increase the trading volumes of its share, to benefit current and potential investors.

SHAREHOLDERS

The following table sets forth the shareholders of the Company as of June 30, 2023:

Shareholder	Number	%
New York State Common Retirement Fund	32,544,722	36.5
Public Storage	31,268,459	35.1
Public	25,331,950	28.4
<i>of which Resolution Capital Ltd</i>	3,766,276	4.2
Total	89,145,131	100.0

MANAGEMENT REPORT

KEY FINANCIALS

(in € millions, except where indicated otherwise, excluding property under management contract)	Q2 2023	Q2 2022	+/- (CER) ¹	H1 2023	H1 2022	+/-	+/- (CER) ¹
Property KPIs at period end							
Number of properties	266	256		266	256	3.9%	
Closing rentable sqm ²	1,349	1,290		1,349	1,290	4.5%	
Closing rented sqm ³	1,201	1,154		1,201	1,154	4.1%	
Closing occupancy rate ⁴	89.0%	89.4%		89.0%	89.4%	-0.4pp	
Property KPIs for the period							
Average rented sqm ⁵	1,191	1,140	4.5%	1,184	1,134	4.4%	
Average occupancy rate ⁶	88.5%	88.5%	0.0pp	88.0%	88.3%	-0.2pp	
Average in-place rent (in € per sqm) ⁷	257.0	247.6	5.7%	257.2	246.7	4.3%	6.3%
Average revPAM (in € per sqm) ⁸	260.3	253.0	4.8%	259.2	251.3	3.2%	5.2%
Financial KPIs for the period							
Property operating revenue ⁹	87.6	81.5	9.5%	174.3	161.4	8.0%	10.0%
Income from property (NOI) ¹⁰	60.0	55.5	10.1%	110.3	101.7	8.5%	10.7%
NOI margin ¹¹	68.5%	68.2%	0.4pp	63.3%	63.0%	0.3pp	0.4pp
EBITDA ¹²	54.5	50.2	10.9%	99.0	91.5	8.2%	10.7%
Adjusted EPRA earnings ¹³	41.6	36.9	15.2%	71.8	64.5	11.3%	13.9%
Adjusted EPRA earnings per share (basic) (in €) ¹⁴	0.47	0.41	15.1%	0.81	0.72	11.2%	13.8%
Average number of shares (in millions - basic)	89.1	89.1	0.0%	89.1	89.1	0.1%	
Total dividend per share (in €)				0.58	0.58	0.0%	
				H1 2023	FY 2022	+/-	
Financial KPIs for the period							
EPRA net tangible assets (NTA) ¹⁵				3,776.4	3,638.9	3.8%	
Loan-to-value (LTV) ¹⁶				18.0%	18.0%	0.0pp	
				H1 2023	H1 2022	+/-	
Financial KPIs for the period							
Interest coverage ratio (ICR) ¹⁷				10.0x	8.5x	1.5x	
Net debt/EBITDA ¹⁸				4.1x	3.8x	0.3x	

1 In the constant exchange rate (CER) comparison, 2022 financials are recalculated using 2023 exchange rates.

2 Closing rentable sqm is presented in thousands of sqm and calculated as the sum of available sqm for customer storage use at our stores, as of the reporting date.

3 Closing rented sqm is presented in thousands of sqm and calculated as the sum of sqm rented by customers, as of the reporting date.

4 Closing occupancy rate is presented in % and calculated as the closing rented sqm divided by closing rentable sqm as of the reporting date.

5 Average rented sqm is presented in thousands of sqm and calculated as the sum of sqm rented by customers, for the reporting period.

6 Average occupancy rate is presented in % and is calculated as the average of the rented sqm divided by the average of the rentable sqm, each for the reporting periods.

7 Average in-place rent is presented in euros per sqm per year and calculated as rental revenue, divided by the average rented sqm for the reporting period.

8 Average revPAM, which stands for revenue per available sqm, is presented in euros per sqm per year for the reporting period and calculated as property operating revenue, divided by the average rentable sqm for the reporting period.

9 Property operating revenue represents our revenue from operating our properties, and comprises our rental revenue, fee income from customer goods insurance and ancillary revenue.

10 Income from property (NOI) is calculated as property operating revenue less real estate operating expense for the reporting period.

11 NOI margin is calculated as income from property (NOI) divided by property operating revenue for the reporting period.

12 EBITDA is calculated as earnings before interest, tax, depreciation and amortization, excluding (i) valuation gains or losses from investment property and investment property under construction, (ii) gains or losses on disposal of investment property, plant and equipment and assets held for sale, (iii) acquisition and dead deals costs and (iv) casualty losses (gains).

13 Adjusted EPRA earnings is calculated as EPRA earnings adjusted for (i) deferred tax expenses on items other than the revaluation of investment property and (ii) special items ('one-offs') that are significant and arise from events or transactions distinct from regular operating activities.

14 Adjusted EPRA earnings per share in euros (basic) is calculated as adjusted EPRA earnings divided by the weighted average number of outstanding shares.

15 EPRA Net Tangible Assets (NTA) scenario is focused on reflecting a company's tangible assets and assumes that companies buy and sell assets, thereby crystallizing certain levels of unavoidable deferred tax liability.

16 Loan-to-value is the net debt expressed as a percentage of the fair value of the group's investment property and investment property under construction.

17 Interest coverage ratio is calculated as EBITDA divided by total interest expenses for the reporting period.

18 Net debt to EBITDA ratio is calculated as the net financial debt (including leases) divided by trailing 12 months EBITDA.

PRELIMINARY REMARKS

Shurgard Self Storage Ltd (referred to as the "Company", "Shurgard", "we", "us", "our" or the "Group", which includes the Company together with its consolidated subsidiaries) is a limited company incorporated under the laws of the Bailiwick of Guernsey.

Certain statements contained herein may be statements of future expectations and/or other forward-looking statements that are based on our current views and assumptions. These involve known and unknown risks and uncertainties that may cause actual results, performance, or events to differ materially from those expressed or implied in such statements. Shurgard does not intend and does not undertake any obligation to revise these forward-looking statements.

GROUP OVERVIEW

BUSINESS MODEL

We are the largest operator of self-storage facilities, which we refer to as properties, stores, assets, or locations, in Europe in terms of number of properties and net rentable sqm.¹ We started our operations in 1995 and are one of the pioneers of the self-storage concept in Europe. As of June 30, 2023, we operate 267 self-storage stores (including one under management contract) in France, the Netherlands, the United Kingdom (UK), Sweden, Germany, Belgium, and Denmark.

Across this network, we have developed an integrated self-storage group with local expertise in the seven countries. We have centralized in-house capabilities to design, develop, acquire, and operate properties. This allows us to provide a consistent experience to residential and commercial customers.

We generate revenue through the lease of storage units and related activities such as the sale of storage products and packaging, but also through the fees paid by customers for the insurance cover of the stored goods. Our property operating revenue and income from property (NOI) have increased steadily in recent years. Over this time, we increased rental rates across our network and grew our portfolio through new developments, redevelopments, and acquisitions. The table below shows our property operating revenue and NOI for the second quarter 2023 and the first half year 2023 compared to 2022.

(in € millions)	Q2 2023	Q2 2022	+/-	H1 2023	H1 2022	+/-
Property operating revenue	87.6	81.5	7.5%	174.3	161.4	8.0%
NOI	60.0	55.5	8.0%	110.3	101.7	8.5%
NOI margin	68.5%	68.2%	0.3pp	63.3%	63.0%	0.3pp

¹ FEDESSA "European Self Storage Annual Survey" 2022.

OUR OPERATING PLATFORM

Our integrated, digitalized, and centralized operating platform allows us to manage many operational functions for our portfolio of properties from a central location/head office. This centralization of skills and management enables us to run a lean organization and provides significant operational leverage. The resulting economies of scale have a direct positive impact on our NOI margin, which was 63.3% in H1 2023 compared to 63.0% in H1 2022.

Our platform approach relies on consistency in our performance measures and key support functions across the portfolio. This means managing the yield achieved from our properties through a balance of occupancy and pricing levels. It also means we have consistency in operational and management initiatives, such as aligning sales processes, branding, shop design and supplier relations. On a granular level though, we can gather information on local conditions and monitor online traffic, conversion rates and other key metrics through our automated centralized information management systems.

We continue to target growth through further development and bolt-on acquisitions. As an increasing proportion of our sales and marketing activities migrate to online customer interactions, we believe this platform approach will play a significant role in maintaining efficient operations across our network. This belief is supported by the scalability of our information management systems and centralized platform, and the consistency of operations in each of our properties.

GROUP STRUCTURE

Shurgard Self Storage Ltd is the parent Company and principal holding Company of the Group. The Company's significant holding and operational subsidiaries are in Luxembourg, France, the Netherlands, the United Kingdom, Sweden, Germany, Belgium and Denmark.

Name ¹	Jurisdiction	Percentage ownership (directly or indirectly)
Shurgard Luxembourg S.à r.l.	Luxembourg	100.0%
Shurgard Holding Luxembourg S.à r.l.	Luxembourg	100.0%
Eirene RE S.A.	Luxembourg	100.0%
Shurgard France SAS	France	100.0%
Shurgard Nederland B.V.	The Netherlands	100.0%
Shurgard UK Ltd	The United Kingdom	100.0%
Shurgard Sweden AB	Sweden	100.0%
Shurgard Storage Centers Sweden KB	Sweden	100.0%
Shurgard Germany GmbH	Germany	100.0%
First Shurgard Deutschland GmbH	Germany	94.8%
Second Shurgard Deutschland GmbH	Germany	94.8%
Shurgard Belgium NV/SA	Belgium	100.0%
Shurgard Europe VOF/SNC	Belgium	100.0%
Shurgard Denmark ApS	Denmark	100.0%

¹ The entities listed are our main operating and holding entities. For a complete list of the Company's subsidiaries, please refer to the Note 39 of the 2022 consolidated financial statements.

All the Company's subsidiaries are, directly and indirectly, wholly owned, except for First Shurgard Deutschland GmbH and Second Shurgard Deutschland GmbH. We own 94.8% of these two companies and the remaining 5.2% therein is held by our two principal shareholders through Shurgard German Holdings LLC. Since 2021, Eirene RE S.A. acts as a reinsurance undertaking for the Company and its subsidiaries.

MANAGEMENT

The Group is managed by the Board of Directors together with the Senior Management in accordance with applicable laws and as laid out in the Company's Articles of Incorporation. As of June 30, 2023, the Board of Directors comprised the following 9 members:

Name	Position	Age	Mandate expires
Ian Marcus	Chairman	64	Annual shareholders' meeting 2024
Lorna Brown	Independent Director	47	Annual shareholders' meeting 2024
Muriel De Lathouwer	Independent Director	51	Annual shareholders' meeting 2024
Olivier Faujour	Independent Director	58	Annual shareholders' meeting 2024
Frank Fiskers	Independent Director	62	Annual shareholders' meeting 2024
Padraig McCarthy	Independent Director	62	Annual shareholders' meeting 2024
Z. Jamie Behar ¹	Director	66	Annual shareholders' meeting 2024
Tom Boyle ²	Director	40	Annual shareholders' meeting 2024
Marc Oursin	Chief Executive Officer	61	Annual shareholders' meeting 2024

¹ Director elected on the designation of New York State Common Retirement Fund (NYSCRF).

² Director elected on the designation of Public Storage.

As of June 30, 2023, the Senior Management of the Group was made up of the following five members, who hold their positions through employment contracts with entities of the Group, except for the Chief Executive Officer who has a management agreement and who is appointed and may be removed by the Board of Directors.

Name	Responsibilities	Age	Initial appointment
Marc Oursin	Chief Executive Officer	61	January 9, 2012
Jean Kreusch	Chief Financial Officer	58	November 1, 2003
Duncan Bell	Chief Operating Officer	60	April 14, 2009
Ammar Kharouf	General Counsel and VP Human Resources	53	March 17, 2014
Isabel Neumann	Chief Investment Officer	47	August 30, 2021

MARKET OVERVIEW

SELF-STORAGE BASICS

Self storage is a business-to-consumer (B2C) enterprise in a niche real estate sector that rents storage units, typically on a monthly basis, to individuals (approximately 71%) and business users (approximately 29%).¹ Individuals primarily use self-storage as a "remote attic or basement" to store household goods, while businesses usually store excess inventory or archived records. Storage units often differ in size and can range from one sqm to more than 50 sqm. One of the key drivers of self-storage adoption is population density, where space is at a premium, and householders or businesses need cost-effective storage solutions.

For individuals, the industry accommodates storage needs generated by a broad set of "life changes", e.g. death, divorce, marriage, relocation, moving and university, as well as longer-term discretionary uses. On the commercial side, self-storage is used by small businesses, e-businesses and other home-based operations as well as large companies looking for overflow storage or the ability to place materials in various locations for sales people or retail distribution.

EUROPEAN SELF-STORAGE MARKET

The European self-storage market has been characterized by a period of sustained growth in recent years. It currently comprises approximately 5,430 facilities across Europe, providing nearly 11.5 million sqm of space.¹ In the seven countries where we operate, there are approximately 9.0 million sqm of rentable area across approximately 3,890 self-storage properties (including UK containers).¹

The largest self-storage market in Europe is the United Kingdom, accounting for 38% of total facilities. Over 78% of the facilities are located in the six most mature countries within Europe (UK, France, Spain, the Netherlands, Germany and Norway).¹ The average amount of self-storage floor area per capita across Europe is 0.023 sqm.¹ This is significantly lower than the much more mature US market, indicating significant further growth potential. In terms of competition, the European self-storage market is still highly fragmented. Shurgard, as the largest operator, represents approximately 5% of the stores, 11% of the total space across Europe and accounts for 15% of total space in the seven countries in which we operate.¹ Moreover, we have a market share of more than 25% in the cities where we operate.

The industry growth has been driven by increases in customer demand, supported by demographic and macroeconomic trends, increasing customer awareness of self-storage, and continued development in the supply of self-storage properties. During the pandemic the industry proved its resilient nature as it did during the global financial crisis in 2008. Self-storage recorded excellent rent collection levels from customers and an increase in occupancy and rental levels. In addition, the trend towards greater online functionality and more sophisticated platforms has been accelerated by the COVID-19 pandemic, with many customers becoming more comfortable with online transactions, especially in the older age groups.

Several factors have supported demand for self-storage from residential customers in recent years. These include favorable demographic and macroeconomic trends, such as population growth, urbanization, higher levels of mobility, micro-living, increasing personal wealth and ownership of more storable goods, as well as increased consumer awareness. Furthermore, with the increase in hybrid working, many people have created a home office so have turned to self-storage to create space for this by storing household items that they do not need every day. These trends have been particularly strong in urban areas, where high density levels, elevated housing costs and the scarcity of housing and storage space are expected to support longer-term pricing rates and occupancy levels.

¹ FEDESSA "European Self Storage Annual Survey" 2022.

Demand from business customers has generally been supported by the growth of new online retailers and small businesses, which require flexible and cost-effective storage options. We expect these trends to continue to support the demand for self-storage in the coming years.

Supply of self-storage properties has grown significantly in recent years, alongside increases in customer demand. This growth is also influenced by the high level of fragmentation in the European self-storage industry. As a result, the market has been characterized by periods of consolidation in recent years, which we expect to continue in the future.

GROWTH STRATEGY

Our goal is to enhance shareholder value by further strengthening our position as the leading self-storage operator in Europe, operating strategically-located properties and providing an increasingly digitalized customer service designed to satisfy the requirements and priorities of both residential and business customers.

We aim to expand our position in the seven countries where we operate, with a particular focus on attractive urban areas such as London, Paris, Berlin and other major German cities ("the big seven"), as well as Randstad in the Netherlands. Our growth strategy benefits from our established track record of redeveloping, developing, and acquiring properties. With our centralized and technology-focused operating platform, we will benefit from immediate operating leverage and additional economies of scale.

REDEVELOPMENT

Thanks to our 94% freehold portfolio, we are able to continuously analyze our operations for opportunities to undertake remix projects. As part of this, we monitor a variety of demand metrics across our existing property network. These are based on factors like occupancy rates for various unit sizes, customer visits to our website, online pricing searches, and in-store interactions with our customers. Where these metrics indicate the property could benefit from a remix, we reorganize the units at a property to reflect customer demand in that particular market to improve occupancy levels or increase rental rates.

We also expand our existing properties when there is an increase in local demand and the returns justify the expansion of rentable area.

NEW DEVELOPMENT

We are seeking to develop 70,000 sqm per year from 2024, with our reinforced development team of dedicated development and construction specialists. We plan to increase our new development and redevelopment pipeline from 55,600 sqm planned to open in 2023 to 70,000 sqm as from 2024. To do so, we are focusing on a set of clear selection criteria, both operational and financial, including attractive and cycle-resilient locations in our existing markets.

ACQUISITIONS

Finally, we intend to continue to take advantage of the strong fragmentation of the self-storage market in Europe to acquire properties from competitors across the seven countries where we operate, as well as strategic acquisitions where we deem appropriate. We believe that our experience and knowledge of the markets in which we currently operate should enable us to identify opportunities with attractive potential returns. We are targeting to add 20,000 sqm per year through acquisitions on average in the medium term, benefiting from immediate operating leverage and additional economies of scale. We continue to focus on urban areas that we anticipate will enjoy strong demand during all economic cycles and provide attractive growth potential.

YIELD MANAGEMENT

Our goal is to maximize revenue through increased occupancy levels and rental rates. When the occupancy rate of a property reaches maturity, we generally seek to increase rental rates to drive revenue growth through best-in-class yield management, supported by machine learning predictive pricing. We regularly evaluate our properties' rental rates based on unit demand and unit availability. We adjust our marketing and promotional activities and change rental rates as necessary to enhance revenue.

BRAND AND MARKETING

We believe that the Shurgard brand is a critical marketing tool and we use a variety of channels to increase customer awareness of our name. These include highly visible property locations, site signage and architectural features. In addition, our marketing and sales processes are supported by several activities on social media and other websites to improve our brand awareness and direct potential customers to our website and properties.

RESEARCH AND DEVELOPMENT

As part of our marketing activities, we regularly conduct focus group research and online surveys to identify the primary considerations in customers' self-storage choices and satisfaction. This allows us to better attract and service customers.

PROPERTY PORTFOLIO

OUR PROPERTIES

The number of properties we operate (including stores under management contract) has grown to a network of 267 properties comprising 1,356,846 net rentable sqm, as of June 30, 2023. We primarily operate in urban areas across Europe, with 93% of our properties located in capital and major cities. At the end of June 2023, 94% of our net square rentable area was in properties that we own ("freehold properties") or operate under long-term lease agreements of at least 80 years remaining life ("long leasehold properties"). The occupancy rate across all properties averaged 88.0% for the first half of 2023. The average in-place rent per sqm was €256.9 during the period.

The following table shows our portfolio by country, as of June 30, 2023:

	Total number of properties	Net rentable sqm (in thousands)	Freehold and long leasehold ¹	Average occupancy rate ²	Average in-place rent (in € per sqm) ³
France	66	333	96.1%	85.3%	257.9
The Netherlands	65	326	84.6%	90.0%	225.7
United Kingdom	41	202	94.5%	86.9%	344.6
Sweden	39	196	96.7%	89.1%	237.2
Germany	25	130	95.6%	85.2%	259.8
Belgium	21	117	100.0%	92.1%	211.2
Denmark	10	53	100.0%	91.5%	285.3
Total	267	1,357	93.6%	88.0%	256.9

1 Average calculated as a weighted average by net rentable sqm.

2 Average occupancy rate is calculated as the average of the rented sqm divided by the average of the rentable sqm, each for the reporting period.

3 Average in-place rent is presented in euros per sqm and calculated as rental revenue divided by the average rented sqm for the reporting period.

PORTFOLIO EXPANSION

Property	Region	Country	Completion date	Net sqm	Direct project cost / purchase price ¹
Scheduled to open in 2023				55,629	95,407
Major redevelopments					
Unterfoehring	Munich	Germany	Q4 2023	3,499	4,021
Rotterdam	Randstad	Netherlands	Q4 2023	4,537	2,330
Almere Buiten	Randstad	Netherlands	Q4 2023	1,160	1,867
Danmarksgatan ⁽²⁾	Stockholm	Sweden	Mar-23	1,676	-
Euston	London	UK	Jun-23	692	133
Direct access units ⁽³⁾	-	-	Q4 2023	8,054	8,134
New developments					
Diemen Visseringweg	Randstad	Netherlands	May-23	4,004	3,192
Amersfoort	Randstad	Netherlands	Jul-23	3,060	5,360
Portsmuiden	Randstad	Netherlands	Q4 2023	7,505	6,095
Chadwell Heath	London	UK	Q4 2023	6,812	18,091
Chiswick	London	UK	Q4 2023	6,462	24,685
Tottenham	London	UK	Q4 2023	8,168	21,499
Scheduled to open in 2024				37,718	86,105
Major redevelopments					
Hayes	London	UK	2024	4,194	9,000
Southwark	London	UK	2024	2,692	7,298
New developments					
1 property	Nice	France	2024	1,263	2,458
Charlottenburg	Berlin	Germany	2024	4,923	15,480
1 property	NRW	Germany	2024	5,814	16,101
1 property	Stuttgart	Germany	2024	7,049	16,380
1 property	Randstad	Netherlands	2024	3,177	2,630
1 property	Randstad	Netherlands	2024	4,533	8,687
1 property	Randstad	Netherlands	2024	4,073	8,071
Scheduled to open in 2025				35,455	94,151
New developments					
1 property	Berlin	Germany	2025	10,253	27,824
1 property	Frankfurt	Germany	2025	5,865	13,254
1 property	Stuttgart	Germany	2025	6,620	19,783
1 property	Randstad	Netherlands	2025	5,352	11,537
1 property	London	UK	2025	7,365	21,753
Scheduled to open in 2026				7,329	20,928
New developments					
1 property	Frankfurt	Germany	2026	7,329	20,928
Total portfolio expansion				136,131	296,591

1 In € thousands at closing rate June 30, 2023, including development fees and excluding absorption costs.

2 Redevelopment project part of the 2022 acquisition of Instorage. In 2023 the Company paid €0.2 million supplement on the purchase price.

3 Direct access units across all markets.

In the first half of 2023, our expansion pipeline continued to grow, with 10.1% (or 136,131 sqm) of our rentable sqm realized, being developed, acquired, under construction and secured. Construction is in progress on four properties in UK, two in Germany and three in the Netherlands.

PROPERTY LAYOUT

Although the size of our properties varies, most consist of multi-story buildings. The rental units typically range from one to 20 sqm in size. The average unit size is approximately six sqm, although unit sizes are typically smaller in major metropolitan areas at approximately five to six sqm. As of June 30, 2023, we had approximately 790 units on average at each property, and our properties had an average rentable area of nearly 5,100 sqm.

OPERATIONAL AND FINANCIAL REVIEW

GROUP RESULTS

(in € thousands, except where indicated otherwise)	Q2 2023	Q2 2022	+/- CER	H1 2023	H1 2022	+/-	+/- CER
Real estate operating revenue	87,612	81,519	9.4%	174,382	161,550	7.9%	10.0%
Real estate operating expense	(27,588)	(25,937)	8.1%	(63,934)	(59,694)	7.1%	8.9%
Net income from real estate operations	60,024	55,582	10.0%	110,448	101,856	8.4%	10.7%
General, administrative and other expenses	(5,514)	(5,391)	2.4%	(11,474)	(10,265)	11.8%	12.0%
of which depreciation and amortization expense	(832)	(700)	19.2%	(1,635)	(1,373)	19.1%	19.3%
Royalty fee expense	(863)	(805)	9.1%	(1,720)	(1,596)	7.8%	9.8%
Operating profit before property related adjustments	53,647	49,386	10.9%	97,254	89,995	8.1%	10.6%
Valuation gain from investment property and investment property under construction	124,010	400,575	-68.5%	124,010	400,575	-69.0%	-68.5%
Proceeds from property insurance recovery and gain on disposal of investment property, property, plant and equipment	1	-	N/A	1	-	N/A	N/A
Operating profit	177,658	449,961	-59.8%	221,265	490,570	-54.9%	-54.0%
Finance cost	(4,954)	(5,158)	-1.8%	(9,978)	(10,750)	-7.2%	-4.9%
Profit before tax	172,704	444,803	-60.4%	211,287	479,820	-56.0%	-55.1%
Income tax expense	(33,269)	(111,063)	-69.5%	105,667	(113,037)	-193.5%	-194.8%
Attributable profit for the period	139,435	333,740	-57.4%	316,954	366,783	-13.6%	-11.8%
Profit attributable to non-controlling interests	458	733	-37.5%	543	784	-30.7%	-30.7%
Profit attributable to ordinary equity holders of the parent	138,977	333,007	-57.4%	316,411	365,999	-13.5%	-11.7%
Earnings per share attributable to ordinary equity holders of the parent:							
Basic, profit for the period (in €)	1.56	3.74	-57.5%	3.55	4.11	-13.6%	-11.7%
Diluted, profit for the period (in €)	1.55	3.68	-57.1%	3.53	4.04	-12.6%	-10.9%
Adjusted EPRA earnings per share (basic - in €)	0.47	0.41	15.1%	0.81	0.72	11.2%	13.8%
Average number of shares (basic - in millions)	89.1	89.1	0.0%	89.1	89.1	0.1%	0.1%

The following discussion of Group revenue and expenses down to EBITDA is on a constant exchange rate (CER) basis, where 2022 actual exchange rate (AER) numbers are recalculated using 2023 exchange rates.

REAL ESTATE OPERATING REVENUE

Our real estate operating revenue is comprised of property operating revenue, which includes rental revenue, fee income from customer goods insurance and ancillary revenue, and other revenue.

(in € thousands)	Q2 2023	Q2 2022	+/-	H1 2023	H1 2022	+/-
Rental revenue	76,506	69,271	10.4%	152,264	137,210	11.0%
Fee income from customer goods insurance ¹	8,297	7,782	6.6%	16,478	15,444	6.7%
Ancillary revenue ²	2,753	2,940	-6.4%	5,529	5,721	-3.4%
Property operating revenue (CER)	87,556	79,993	9.5%	174,271	158,376	10.0%
Other revenue ³	56	68	-17.6%	111	121	-8.3%
Real estate operating revenue (CER)	87,612	80,062	9.4%	174,382	158,496	10.0%
Foreign exchange	-	1,457	-100.0%	-	3,054	-100.0%
Real estate operating revenue (AER)	87,612	81,519	7.5%	174,382	161,550	7.9%

1 Fee income from customer goods insurance in scope of IFRS 15.

2 Ancillary revenue consists of merchandise sales and other revenue from real estate operations.

3 Other revenue consists of management fee revenue and other, non-recurring income resulting from operations.

Rental Revenue

Rental revenue is derived from our core business of renting storage units. The key levers of rental revenue growth are more storage space (from acquisitions, new developments, and redevelopments), as well as higher occupancy levels and higher rental rates.

In H1 2023, rental revenue increased by 11.0% to €152.3 million, from €137.2 million in H1 2022. This was driven by an increase in rental rates combined with stable occupancy at our same stores, and the solid performance of our non-same stores during their “ramp-up” phase, where occupancy and rental rates also rose strongly. Across our expanded network, our closing rented sqm increased by 4.1% to 1,201 thousand sqm as of June 30, 2023 from 1,154 thousand sqm on June 30, 2022.

Fee income from customer goods insurance

Customers renting storage from Shurgard are required to have insurance coverage for their stored goods. They can use their own insurance provider or Shurgard can offer its customers insurance protection via an independent insurance company for customers’ stored goods. Any advice and claims regarding customer insurance are directly handled by our insurance broker/insurer. Since 2021, the Company manages its insurable risks through a combination of self-insurance and commercial insurance coverage for property damage, business interruption and customer goods-related claims via our insurance captive.

As of June 30, 2023, fee income from customer goods insurance increased by 6.7% to €16.5 million (H1 2022: €15.4 million). This was driven by our non-same stores, an increase in the proportion of new customers in our same store segment and an increase in the insurance premium.

Ancillary Revenue

Ancillary revenue is derived from the sale of storage products in our properties including cardboard boxes and packaging. It also includes other revenue from real estate operations. Ancillary revenue decreased from €5.7 million to €5.5 million between H1 2022 and H1 2023.

REAL ESTATE OPERATING EXPENSE

(in € thousands)	Q2 2023	Q2 2022	+/-	H1 2023	H1 2022	+/-
Payroll expense	10,561	10,187	3.7%	21,317	20,826	2.4%
Real estate and other taxes	2,591	2,251	15.1%	13,823	12,453	11.0%
Repairs and maintenance	3,163	2,680	18.0%	6,814	5,202	31.0%
Marketing expense	2,523	2,298	9.8%	4,605	4,082	12.8%
Utility expense	915	888	3.0%	1,988	1,904	4.4%
Doubtful debt expense	1,472	1,109	32.7%	2,738	2,242	22.1%
Cost of insurance and merchandise sales	946	1,442	-34.4%	2,270	2,630	-13.7%
Other operating expenses ¹	5,416	4,658	16.3%	10,379	9,390	10.5%
Real estate operating expense (CER)	27,588	25,514	8.1%	63,934	58,730	8.9%
Foreign exchange	-	423	-100.0%	-	964	-100.0%
Real estate operating expense (AER)	27,588	25,937	6.4%	63,934	59,694	7.1%

¹ Other operating expenses mainly include travel expenses, legal and consultancy fees, insurance expenses, non-deductible VAT, information system expenses and miscellaneous rental expenses. For each of the six months ended June 30, the aggregate of cost of insurance and merchandise sales and other operating expenses included €1.4 million captive insurance revenue and €0.9 million captive insurance service expenses in scope of IFRS 17.

During the first half of 2023, our real estate operating expenses went up by 8.9% at CER. This is mainly attributable to an increase in repair and maintenance expenses (€1.6 million) due to more repair, insurance and security costs. Further, and in line with our expectations, real estate and other taxes in France and UK have gone up by €1.4 million. Other operating expenses increased by €1.0 million following the reinforcement of our IT team with consultants supporting various digitalization projects, as well as an increase in software licenses. Finally, marketing expenses went up by €0.5 million, as a result of higher costs of online advertising.

NET INCOME FROM REAL ESTATE OPERATIONS

Net income from real estate operations reflects the real estate operating revenue minus the real estate operating expenses incurred in running our operations. The growth indicates the strong strategic position of Shurgard's operating platform. We can leverage economies of scale as we acquire or develop properties, using our standardized IT and marketing platform to contain costs and ensure our revenues grow faster than our normalized expenses. Net income from real estate operations rose by 10.7%, to €110.4 million in H1 2023, from €99.8 million in H1 2022.

Segment information

The following table shows the development of our property network (same stores and non-same stores) and our property operating revenue split by the two segments on a year-on-year basis.

(at CER)	Q2 2023	Q2 2022	+/-	H1 2023	H1 2022	+/-
Same stores	240	240	-	240	240	-
Non-same stores	26	16	10	26	16	10
All Store	266	256	10	266	256	10
Same store property operating revenue in € thousands	81,048	76,318	6.2%	161,803	151,518	6.8%
Non-same store property operating revenue in € thousands	6,508	3,675	77.1%	12,467	6,857	81.8%
All store property operating revenue in € thousands	87,556	79,993	9.5%	174,271	158,376	10.0%

Same stores

“Same stores” are all developed properties that have been in operation for at least three full years, and all acquired properties that we have owned for at least one full year from the start of the year. The following table shows certain performance measures across our same store portfolio.

(at CER)	Q2 2023	Q2 2022	+/-	H1 2023	H1 2022	+/-
Property KPIs at period end						
Number of properties	240	240	-	240	240	-
Closing rentable sqm ¹	1,200	1,198	0.1%	1,200	1,198	0.1%
Closing rented sqm ²	1,092	1,093	-0.1%	1,092	1,093	-0.1%
Closing occupancy rate ³	91.0%	91.2%	-0.2pp	91.0%	91.2%	-0.2pp
Property KPIs for the period						
Average rented sqm ⁴	1,087	1,083	0.4%	1,084	1,081	0.3%
Average occupancy rate ⁵	90.7%	90.5%	0.2pp	90.4%	90.3%	0.2pp
Average in-place rent (in € per sqm) ⁶	261.4	244.8	6.8%	261.7	243.7	7.4%
Average revPAM (in € per sqm) ⁷	270.3	254.9	6.0%	269.8	253.1	6.6%
Financial KPIs for the period						
Property operating revenue ⁸ in € thousands	81,048	76,318	6.2%	161,803	151,518	6.8%
Income from property (NOI) ⁹ in € thousands	56,434	52,784	6.9%	104,895	97,002	8.1%
NOI margin ¹⁰	69.6%	69.2%	0.5pp	64.8%	64.0%	0.8pp

1 Closing rentable sqm is presented in thousands of sqm and calculated as the sum of available sqm for customer storage use at our stores, as of the reporting date.

2 Closing rented sqm is presented in thousands of sqm and calculated as the sum of sqm rented by customers, as of the reporting date.

3 Closing occupancy rate for our same stores is presented as a percentage and calculated as the closing rented sqm in our same stores divided by closing rentable sqm in our same stores, each as of the reporting date.

4 Average rented sqm is presented in thousands of sqm and calculated as the sum of sqm rented by customers, for the reporting period.

5 Average occupancy rate for our same stores is presented as a percentage and is calculated as the average of the rented sqm in our same stores divided by the average of the rentable sqm in our same stores, each for the reporting period.

6 Average in-place rent is presented in euros per sqm per year and calculated as rental revenue, divided by the average rented sqm for the reporting period.

7 Average revPAM, which stands for revenue per available sqm, is presented in euros per sqm per year for the reporting period and calculated as property operating revenue, divided by the average rentable sqm for the reporting period.

8 Property operating revenue for our same stores represents our revenue from operating our same stores, and comprises our rental revenue, fee income from customer goods insurance and ancillary revenue.

9 Income from property operations (NOI) for our same stores is calculated as property operating revenue less real estate operating expense for our same stores, each for the reporting period.

10 NOI margin for our same stores is calculated as income from property (NOI) divided by property operating revenue for our same stores, each for the reporting period.

The average occupancy rates for our same store network increased by 0.2pp to 90.4%. The average in-place rent per sqm for our same store facilities grew by 7.4% to €261.7 in H1 2023 from €243.7 in H1 2022.

Property operating revenue generated by our same store facilities increased by €10.3 million or 6.8% to €161.8 million in the first six months of 2023, driven by improvements in average in-place rental rates and higher average rented sqm (up by 0.3%).

NOI for our same stores rose from €97.0 million in H1 2022 to €104.9 million in H1 2023, reflecting our ability to control operating expenses, creating a strong sale leverage effect. NOI margin for our same stores increased from 64.0% in the prior year period to 64.8% in H1 2023.

Non-same stores

Non-same stores are any properties that are not classified as same store in a given year. Occupancy and in-place rent can vary greatly between these properties depending on their maturity.

Non-same store property operating revenue increased from €6.9 million in H1 2022 to €12.5 million in H1 2023. This increase was due to the continued “ramp-up” at our new properties and the net addition of 10 non-same stores.

OPERATIONS BY COUNTRY

All store Property operating revenue (in € thousands at CER)	Q2 2023	Q2 2022	+/-	H1 2023	H1 2022	+/-
France	20,894	19,387	7.8%	41,753	38,622	8.1%
The Netherlands	19,015	16,720	13.7%	37,546	33,024	13.7%
The United Kingdom	17,372	15,585	11.5%	34,344	30,460	12.8%
Sweden	11,470	11,169	2.7%	23,216	22,273	4.2%
Germany	8,353	7,219	15.7%	16,516	14,274	15.7%
Belgium	6,566	6,088	7.9%	13,107	12,127	8.1%
Denmark	3,886	3,825	1.6%	7,789	7,594	2.6%
Total	87,556	79,993	9.5%	174,271	158,375	10.0%
Same store Property operating revenue (in € thousands at CER)	Q2 2023	Q2 2022	+/-	H1 2023	H1 2022	+/-
France	19,220	18,435	4.3%	38,555	36,816	4.7%
The Netherlands	17,550	16,074	9.2%	34,808	31,785	9.5%
The United Kingdom	15,748	14,574	8.1%	31,149	28,732	8.4%
Sweden	11,114	11,169	-0.5%	22,545	22,273	1.2%
Germany	6,964	6,153	13.2%	13,851	12,191	13.6%
Belgium	6,566	6,088	7.9%	13,107	12,127	8.1%
Denmark	3,886	3,825	1.6%	7,789	7,594	2.6%
Total	81,048	76,318	6.2%	161,803	151,518	6.8%
Same store Average occupancy rate¹	Q2 2023	Q2 2022	+/-	H1 2023	H1 2022	+/-
France	89.7%	89.6%	0.1pp	89.4%	89.4%	0.1pp
The Netherlands	91.8%	90.4%	1.4pp	91.4%	90.2%	1.2pp
The United Kingdom	87.8%	88.2%	-0.4pp	87.6%	87.9%	-0.3pp
Sweden	91.7%	92.5%	-0.9pp	91.3%	91.9%	-0.6pp
Germany	91.1%	90.9%	0.2pp	91.0%	90.8%	0.2pp
Belgium	92.2%	91.0%	1.2pp	92.1%	91.3%	0.8pp
Denmark	91.1%	94.0%	-2.9pp	91.5%	94.2%	-2.7pp
Total	90.7%	90.5%	0.2pp	90.4%	90.3%	0.2pp
Same store Average in-place rent² (at CER)	Q2 2023	Q2 2022	+/-	H1 2023	H1 2022	+/-
France	266.2	253.5	5.0%	267.6	253.4	5.6%
The Netherlands	227.4	209.8	8.4%	226.5	207.9	9.0%
The United Kingdom	358.3	324.5	10.4%	354.6	321.4	10.3%
Sweden	236.2	234.4	0.8%	240.9	235.2	2.4%
Germany	276.3	246.8	12.0%	275.9	245.7	12.3%
Belgium	211.3	197.1	7.2%	211.2	196.0	7.8%
Denmark	285.7	271.3	5.3%	285.3	268.7	6.2%
Total	261.4	244.8	6.8%	261.7	243.7	7.4%

Same store NOI margin ³ (at CER)	Q2 2023	Q2 2022	+/-	H1 2023	H1 2022	+/-
France	70.1%	69.8%	0.3pp	57.4%	57.5%	-0.1pp
The Netherlands	72.2%	70.3%	1.8pp	69.2%	67.1%	2.1pp
The United Kingdom	62.0%	61.8%	0.2pp	63.0%	62.3%	0.7pp
Sweden	72.4%	73.6%	-1.2pp	69.7%	71.2%	-1.5pp
Germany	71.2%	71.1%	0.1pp	69.7%	65.9%	3.8pp
Belgium	72.1%	70.8%	1.3pp	62.2%	61.3%	0.9pp
Denmark	72.2%	70.8%	1.4pp	70.9%	69.5%	1.4pp
Total	69.6%	69.2%	0.5pp	64.8%	64.0%	0.8pp

1 Average occupancy rate is presented as a percentage and is calculated as the average of the rented sqm divided by the average of the rentable sqm, each for the reporting period.

2 Average in-place rent is presented in euros per sqm per year and calculated as rental revenue divided by the average rented sqm, each for the reporting period.

3 NOI margin is calculated as income from property (NOI) divided by property operating revenue, each for the reporting period.

Compared to the same prior year period, our all-store property operating revenue grew by 10.0% in H1 2023, delivering revenue of €174.3 million, and confirming Shurgard's resilience in challenging market conditions. All our markets contributed to that performance, with three countries (The Netherlands, UK and Germany) delivering double-digit growth. This performance was achieved through our expansion, with 10 new stores offering 4.5% additional rentable sqm versus H1 2022, but also through the strong performance of our same store segment.

Same store revenue in the first half of 2023 grew by 6.8% compared to the prior year, mainly fueled by an average in-place rent increase of 7.4%, and a 0.2pp increase in average same store occupancy in the period. The Netherlands, the United Kingdom, Germany, and Belgium have performed robustly this quarter. As foreseen, the Nordics (Sweden and Denmark) are suffering from difficult macro conditions and an aggressive competitive environment in Sweden.

- In France, our largest market, H1 2023 same store revenue grew by 4.7% compared to the same prior year period. This is attributed to a 5.6% rise in average in-place rent, with stable occupancy at 89.4%;
- The Netherlands continues to perform very well in its same store segment. Revenue increased by 9.5% versus the prior year. Rental rates grew by 9.0% compared to the first six months of 2022, and average occupancy reached 91.4% (+1.2pp);
- The United Kingdom (London) has demonstrated its resilience with same store revenue growth of 8.4%, fully driven by a double-digit increase in rental rates (+10.3%), while average occupancy decreased slightly to 87.6% (-0.3pp);
- Sweden's revenue for H1 2023 was 1.2% higher than the prior year with a decelerating trend in Q2 (- 0.5% Q2 2023 versus prior year quarter). In-place rent increased by 2.4%, while occupancy decreased by 0.6pp, although it is still at a very high level (91.3%);
- In Germany, we saw the most impressive performance in all our markets, with rental rates 12.3% higher than H1 2022, and a 0.2pp increase in occupancy (to 91.0%), achieving 13.6% revenue growth compared to the first six months of 2022;
- Belgium's revenue grew 8.1% versus the prior year, supported by a 7.8% increase in rental rates, coupled with all time high occupancy levels (+0.8pp versus the prior year) at 92.1%;

- In Denmark (Copenhagen), rental rates rose by 6.2%, partly offset by a 2.7pp occupancy decline (although occupancy still remained high at 91.5%) versus the prior year, resulting in revenue growth of 2.6%;
- Shurgard's overall same store revenue performance was impacted by a loss on SEK (-8%, or -€1.8 million) and GBP exchange rates (-4% or -€1.2 million).

GENERAL, ADMINISTRATIVE AND OTHER EXPENSES

(in € thousands, at CER)	Q2 2023	Q2 2022	+/-	H1 2023	H1 2022	+/-
Payroll expense	2,851	3,135	-9.1%	6,061	5,852	3.6%
Share-based compensation expense	960	1,056	-9.1%	2,222	2,174	2.2%
Capitalization of internal time spent on development	(970)	(958)	1.3%	(1,996)	(1,800)	10.9%
Depreciation and amortization expense	832	698	19.2%	1,635	1,370	19.3%
Other general and administrative expenses ¹	1,842	1,453	26.8%	3,553	2,647	34.2%
Total	5,514	5,384	2.4%	11,474	10,243	12.0%

1 Other general and administrative expenses mainly include legal, consultancy and audit fees and non-deductible VAT.

General, administrative and other expenses increased by 12.0%, from €10.2 million in H1 2022 to €11.5 million in H1 2023. This mainly came from other general and administrative expenses which increased following higher legal consulting fees in light of the conversion to a UK REIT, consulting fees related to our development pipeline and more travel expenses. Our payroll expenses have gone up by €0.2 million versus the prior year, mainly resulting from new hires to support our development plans, while the capitalization of internal time spent went up by €0.2 million reflecting our bigger development pipeline. Depreciation and amortization also went up by €0.3 million following our continued investment in IT improvement and digitalization projects.

ROYALTY FEE EXPENSE

We pay our shareholder Public Storage a royalty fee equal to 1.0% of revenues (net of doubtful debt expenses) in exchange for the rights to use the "Shurgard" trade name and other services. In H1 2023, we incurred royalty fees of €1.7 million.

OPERATING PROFIT BEFORE PROPERTY RELATED ADJUSTMENTS

Operating profit before property related adjustments increased by 8.1%, from €90.0 million in H1 2022 to €97.3 million in H1 2023, reflecting the operational strength of the core business (before non-cash adjustments and exceptional items).

EBITDA

(in € thousands)	Q2 2023	Q2 2022	+/-	H1 2023	H1 2022	+/-
Operating profit before property related adjustments	53,647	49,386	8.6%	97,254	89,995	8.1%
Depreciation and amortization expense	832	700	18.9%	1,635	1,373	19.0%
Other ¹	58	98	-40.7%	67	98	-31.2%
EBITDA (AER)	54,537	50,184	8.7%	98,956	91,466	8.2%
Foreign exchange	-	(1,016)	-100.0%	-	(2,041)	-100.0%
EBITDA (CER)	54,537	49,167	10.9%	98,956	89,425	10.7%

1 Other includes abandoned project costs and cease-use lease expense.

At constant exchange rates, EBITDA rose by 10.7% in the first half of 2023, from €89.4 million the previous year to €99.0 million this year, mainly supported by an increase in property operating revenue of 10.0%.

VALUATION GAINS FROM INVESTMENT PROPERTY, INVESTMENT PROPERTY UNDER CONSTRUCTION AND RIGHT-OF-USE INVESTMENT PROPERTY

The Company recognized a valuation gain from investment property, investment property under construction (IPUC) and the right of use of investment property (ROU IP) of €124.0 million for the first six months of 2023, which compares to a valuation gain of €400.6 million for the same period last year. The valuation assumptions made by external valuers Cushman & Wakefield include predicted occupancy levels, rental rates, expenses and other factors that, depending on each assumption, can cause substantial fluctuations in valuation gains each year.

The valuation gain of €124.0 million, combined with capital expenditure and unfavorable exchange rate fluctuations, resulted in an increase in total investment property value of €188.5 million to €4,712.3 million (increase of 4.2%), compared to December 31, 2022. This mainly reflects higher operating cash flows, driven by increasing rental rates, and the contribution of our new stores. Exit cap rate remained in line with the previous valuation (from 5.19% in December 2022 to 5.22% on June 30, 2023).

OPERATING PROFIT

Operating profit decreased by 54.0% from €490.6 million in H1 2022 to €221.3 million in H1 2023, mostly due to €276.6 million lower gains on valuation from investment property.

FINANCE COSTS

(in € thousands)	H1 2023	H1 2022	+/-
Net interest expense	9,896	10,736	-7.8%
Foreign exchange (gain)/loss	81	14	N/A
Finance cost, net	9,977	10,750	-7.2%

Finance costs decreased by 7.2% (or €0.8 million) to €10.0 million in 2023 from €10.8 million in 2022. This is mainly due to higher capitalized interests (increased development pipeline) and interest income on short term deposits.

INCOME TAX EXPENSE

(in € thousands)	H1 2023	H1 2022	+/-
Current tax expense	16,005	14,749	8.5%
Deferred tax (income) / expense	(121,673)	98,288	N/A
Income tax (income) / expense	(105,667)	113,037	-193.5%
Adjusted EPRA earnings effective tax rate¹	18.2%	18.6%	-0.4pp

¹ Adjusted EPRA earnings effective tax rate is current tax expenses divided by adjusted EPRA earnings before tax.

Current tax expense increased in line with expectations from €14.7 million in H1 2022 to €16.0 million in H1 2023. As a result of the Group becoming a REIT in UK, we reversed €158.7 million deferred tax liabilities for our UK entities during the six months ended June 30, 2023. The adjusted EPRA earnings effective tax rate for H1 2023 ended at 18.2%, compared to 18.6% in H1 2022.

ATTRIBUTABLE PROFIT AND ATTRIBUTABLE PROFIT PER SHARE

For H1 2023, €317.0 million (H1 2022: €366.8 million) profit was attributable to the shareholders of Shurgard Self Storage Ltd, and €0.5 million (H1 2022: €0.8 million) was attributable to non-controlling interests. Based on the average number of shares (H1 2023: 89.1 million), this translates into basic earnings of €3.55 per share.

EPRA KPIS

(in € thousands, except where indicated)	H1 2023	H1 2022	+/-
EPRA Earnings	69,505	63,891	8.8%
Adjusted EPRA Earnings	71,807	64,529	11.3%

We have identified certain non-GAAP measures that we believe give a good reflection of the performance of our underlying business. They are based on definitions from the European Public Real Estate Association (EPRA) in their best practice guidelines dated February 2022. They include EPRA earnings and adjusted EPRA earnings which are presented in detail below. The basis on which we calculate these EPRA KPIs are illustrated in the Appendix of the annual report (Alternative Performance Measures).

EPRA EARNINGS

(in € thousands, except for EPRA EPS)	H1 2023	H1 2022	+/-
Profit attributable to ordinary equity holders of the parent	316,411	365,999	-13.5%
Adjustments:			
Gain on revaluation of investment properties ¹	(124,010)	(400,575)	-69.0%
Acquisition costs of business combinations and other	(1)	-	N/A
Current and deferred tax in respect of EPRA adjustments	(123,708)	97,824	N/A
Non-controlling interests in respect of the above	812	644	26.2%
EPRA earnings	69,505	63,891	8.8%
EPRA earnings per share (basic - in €)	0.78	0.72	8.7%
EPRA earnings per share (diluted - in €)	0.78	0.71	10.0%

¹ Including investment property under construction and right-of-use investment property assets.

EPRA earnings exclude acquisition costs which can fluctuate depending on the number and size of acquisitions, the gains or losses on the revaluation of investment property, and other asset sales which are not part of the operational running of the business.

ADJUSTED EPRA EARNINGS

(in € thousands, except for Adjusted EPRA EPS)	H1 2023	H1 2022	+/-
EPRA earnings	69,505	63,891	8.8%
Company specific adjustments:			
Non-recurring expenses ¹	136	186	-26.7%
Tax adjustments ²	2,166	452	N/A
Adjusted EPRA earnings	71,807	64,529	11.3%
Adjusted EPRA earnings per share (basic - in €)	0.81	0.72	11.2%
Adjusted EPRA earnings per share (diluted - in €)	0.80	0.71	12.5%

1 Non-recurring expenses consist of fees related to conversion to a UK REIT.

2 Tax adjustments consist of (i) deferred tax expense on items other than revaluation of investment property, (ii) net impact of tax assessments and (iii) current income tax effect of the Company specific adjustment items included in this Adjusted EPRA earnings table.

Adjusted EPRA earnings exclude significant one-off items that arise from events and transactions distinct from the Company's regular operating activities, and deferred tax expenses on items other than the revaluation of investment property. In H1 2023, adjusted EPRA earnings were €71.8 million, 11.3% higher than the €64.5 million in H1 2022.

RECONCILIATION OF EBITDA TO ADJUSTED EPRA EARNINGS

(in € thousands, at CER)	H1 2023	H1 2022	+/-
EBITDA	98,956	91,466	8.2%
Net attributable profit adjustments:			
Casualty (loss)/gain	-	-	N/A
Cease-use lease (expense)/benefit	(9)	-	N/A
Depreciation and amortization expense	(1,635)	(1,373)	19.0%
Finance costs	(9,977)	(10,750)	-7.2%
Current tax expense	(16,005)	(14,749)	8.5%
Non-controlling interests, net of EPRA adjustments	(236)	(236)	0.1%
Company specific EPRA adjustments:			
Non-recurring expenses ¹	136	186	-26.7%
Tax adjustments ²	578	(15)	N/A
Adjusted EPRA earnings	71,807	64,529	11.3%

1 Non-recurring expenses consist of fees related to conversion to a UK REIT.

2 Tax adjustments consist of (i) deferred tax expense on items other than revaluation of investment property, (ii) net impact of tax assessments and (iii) current income tax effect of the Company specific adjustment items included in this Adjusted EPRA earnings table.

Adjusted EPRA earnings increased by 11.3% mainly due to an 8.2% increase in EBITDA partially offset by an expected increase in current income tax expense.

EPRA NAV METRICS

The table below provides a summarized overview of the Company's key Alternative Performance Measures (APM) that are NAV related, consisting of NAV, EPRA NRV, EPRA NTA and EPRA NDV:

(in € thousands)	H1 2023	H1 2022	+/-
Net Asset Value (NAV)	3,128,495	2,747,370	13.9%
EPRA Net Restatement Value (NRV)	4,141,994	3,801,722	9.0%
EPRA Net Tangible Assets (NTA)	3,776,446	3,476,794	8.6%
EPRA Net Disposal Value (NDV)	3,237,108	2,816,680	14.9%

The basis of calculation for each of the measures set out above are illustrated in the Appendix of the report (Alternative Performance Measures).

LIQUIDITY

Our primary cash requirements are for operating expenses, debt servicing, improvements to existing properties, developments and acquisitions of new properties, and for the payment of dividends. We expect to continue to fund these requirements with operating cash flow, our existing cash position and future borrowings under our current bank credit facility or other borrowings.

Our loan-to-value ratio on June 30, 2023, was 18.0% (18.0% as of December 31, 2022). The stable ratio was due to a proportionally similar increase in net debt and in market value. We are targeting a loan-to-value ratio of 25%, with a short-to-mid-term maximum of 35%.

We maintain (local currency) cash and cash equivalent balances at banking institutions in most countries we operate. It is our policy that investments of surplus funds are made only with approved counterparties with a minimum investment grade credit rating.

CASH FLOW OVERVIEW

(in € thousands)	H1 2023	H1 2022	+/-
Cash flows from operating activities	96,162	81,421	18.1%
Cash flows from investing activities	(60,251)	(57,081)	5.6%
Cash flows from financing activities	(66,557)	(66,519)	0.1%
Net increase (decrease) in cash and cash equivalents	(30,646)	(42,179)	-27.3%
Effect of exchange rate fluctuation	493	(1,142)	-143.2%
Cash and cash equivalents as of January 1	87,345	219,170	-60.1%
Cash and cash equivalents as of December 31	57,192	175,849	-67.5%

CASH FLOWS FROM OPERATING ACTIVITIES

Operating cash flows improved by 18.1% from €81.4 million in the first six months of 2022 to €96.2 million in 2023. This was mainly due to a €7.4 million increase in cash flows from operations and €12.7 million of favourable movements in working capital, partially offset by a €5.3 million increase in income tax payments.

The movement in working capital consists of €10.9 million increased movements in accrued expenses, VAT payable and accounts payable and €2.0 million increased movements in trade and other receivables, partially offset by €0.2 million decreased movements in deferred revenue.

CASH FLOWS FROM INVESTING ACTIVITIES

Our cash outflow from investing activities increased by €3.1 million, from €57.1 million in the six months ended June 30, 2022, to €60.2 million in the six months ended June 30, 2023. This was primarily due to €5.1 million increased development and redevelopment costs along with capital expenditure on investment property, €0.3 million increased payments for intangible assets, and the absence in the first half of 2023 of proceeds from the sale of properties that were €4.7 million last year. In the same period last year, we opened one property and acquired one property. We refer to our project pipeline included on page 16.

CASH FLOWS FROM FINANCING ACTIVITIES

Cash outflow during the six months ended June 30, 2023, was €66.6 million, representing a slight rise of €0.1 million versus the €66.5 million net cash outflow during the same period last year.

The expansion of net cash outflow was mainly the result of €1.8 million debt issuance cost paid in connection with the new term loan facility and €1.6 million decreased net proceeds from the sale of treasury shares, mostly offset by €2.6 million decreased dividend payments and €0.6 million decreased net interest payments, and €0.1 million increased net proceeds from the issuance of equity.

EFFECT FROM EXCHANGE RATE FLUCTUATIONS

During the first six months of 2023, exchange rate fluctuations had a €0.5 million positive effect on our cash flow movements, which compares to a €1.1 million unfavorable effect during the same period last year.

FINANCIAL POSITION

TOTAL ASSETS

During the first six months of 2023, the Company's total assets increased by 3.7% from €4,659.8 million on December 31, 2022, to €4,830.9 million on June 30, 2023, mainly reflecting the €188.5 million increase in investment property and investment property under construction, partially offset by a decrease in cash of €30.1 million.

As of June 30, 2023, approximately 97.8% of the Company's total assets consisted of non-current assets. Investment property (including ROU IP) and IPUC represent 97.5% of total assets.

Investment property

Investment property (including IPUC but excluding IP ROU assets recognized under IFRS 16) increased by 4.1% (or €180.8 million) in the period ended June 30, 2023 to €4,609.3 million. The main reasons are incremental expenditure of €59.3 million, predominantly for developments and redevelopments, and acquisitions of €0.2 million. In addition, the Company recognized €125.7 million of favourable fair value revaluation income on its investment property and investment property under construction. These additions were partially offset by €4.5 million unfavourable exchange rate fluctuations.

Cash and cash equivalents

The Company had cash and cash equivalents of €57.2 million as of June 30, 2023, compared to €87.3 million cash and cash equivalents as of December 31, 2022, a decrease of €30.1 million.

CAPITAL RESOURCES AND FINANCING STRUCTURE

Shurgard's financial resources comprise the Company's total equity as well as certain debt financing instruments. The Company's total equity increased by €268.0 million from €2,867.8 million on December 31, 2022, to €3,135.9 million on June 30, 2023, mainly due to €317.0 million net profit realized during the period, €1.3 million revaluation gain on consolidation of our Swedish, Danish and British operations because of favourable currency movements, €2.0 million increase in share-based compensation reserves and €0.3 million net proceeds from the issuance of equity. These increases were partially offset by €52.6 million dividend distribution in 2023 regarding the Company's 2022 results.

As of June 30, 2023, the equity ratio was 64.9% (December 31, 2022: 61.5%).

(in € thousands)	H1 2023	FY 2022
Total equity	3,135,853	2,867,808
Total equity and liabilities	4,830,934	4,659,831
Equity ratio	64.9%	61.5%

Shurgard issued senior guaranteed notes in the years 2014, 2015 and 2021 with a total nominal amount of €800 million and maturities varying between 2021 and 2031. Effective interest rates vary from 1.3% to 3.4%.

Shurgard has a €250 million syndicated revolving loan facility that matures in October 2025 and that bears interest of Euribor plus a margin varying between 0.45% and 0.95% per annum (currently 0.45%) dependent on the most recent loan-to-value ratio. There are no mandatory repayments of principal debt due for this facility before its maturity. The facility is subject to certain customary covenants. As of June 30, 2023, and December 31, 2022, the Company had no outstanding borrowings under this facility.

Shurgard entered in April 2023 into a €450 million term loan facility agreement with BNP Paribas Fortis Bank NV/SA, Belfius Bank SA/NV, ABN Amro Bank NV, KBC Bank NV/SA and Banque International à Luxembourg SA (with BNP Paribas Fortis bank as agent) with maturity of three years, which can be extended at the option of the Company by an additional period of up to two years. See Note 17 to our consolidated interim financial statements.

As of June 30, 2023, we had no outstanding borrowings under these facilities, and the commitment fee on the undrawn amount was equal to 35% of the applicable margins, or 0.16% and 0.42%, respectively.

DIVIDEND

It is the Company's objective to pay dividends in May and September/October of each year. The amount of any half-year or final dividends and the determination of whether to pay dividends in any year may be affected by a number of factors, including our earnings, business prospects and financial performance, the condition of the market, the general economic climate, the requirements of Guernsey law, UK REIT regulations and other factors considered important by the Board of Directors.

With respect to the first half of 2023, our Board of Directors approved a half-year dividend of €51.7 million or €0.58 per share.

The half-year dividend will be payable on or around October 5, 2023 to shareholders on the register at close of business on October 4, 2023. Shurgard intends to declare a dividend of €1.17 per share for the fiscal year. The remainder of the annual dividend is expected to be paid in May 2024 (€0.59 per share). Shurgard will continue to review its dividend policy to ensure it remains competitive.

EMPLOYEES

Our employees play a crucial role in the success of our organization by providing our customers with outstanding levels of service and support. We facilitate this by ensuring our people are well trained and motivated, with clear career progression, and feel safe and supported at work.

Due to the company's focus on digitalization, which amongst other initiatives includes our e-rental service, our workforce has decreased in 2023 compared to the prior year. The following table shows the number of full-time equivalent employees by category of activity as of June 30, 2023 and 2022, respectively:

	H1 2023	H1 2022	+/-
Store personnel	542	573	-31
Operational management	49	45	4
Support functions	125	117	8
Total	716	735	-19

RISKS

Shurgard is exposed to several risks that are described in detail in the "Principal Risks and Uncertainties" section of the 2022 Annual Report.

As the Global Financial Crisis and the COVID-19 pandemic have shown, Shurgard operates in a resilient industry. This is evidenced by the Group's ability to continue improving its operating KPIs, including occupancy, rates and operational costs, throughout these periods of economic and social disruption. The volatility that occurred in the (recent) past has shown that Shurgard responds to all life movements – from downsizers in a contracting economy, to up-sizers when the market is growing. This reflects the fundamental nature of self storage as a life event driven business in highly urban markets. While these life events might shift during different market cycles, they never disappear altogether. So far, we have not noticed any shift in demand or price elasticity.

We are carefully monitoring the challenges that lie ahead of us, such as the continued war in Ukraine, inflation, interest rates and currency movements, all of which are adding to the uncertainty. We pay particular attention to the impact on our construction, energy, and interest expenses. Finally, Shurgard's geographic diversity and platform operating approach add to the Group's overall resilience.

The Group – while acknowledging that the uncertainties and risks with respect to the global economy remain high – has currently not identified any new major sources of uncertainty to be reflected in its financial statements, compared to December 31, 2022.

In preparing our Financial Statements, we considered the impact of climate change (both physical and transition risks) on our financial statements, in particular in connection with a possible impact on estimates and assumptions applied. Currently, we have not identified any material impact that would require specific disclosure beyond what has been disclosed in our ESG reporting.

As part of this review, Shurgard obtained updated valuation reports of our investment properties from external valuation experts (we refer to Note 9 in the Notes to the interim consolidated financial statements of this half-year report) and did not identify any impairment indications that would hint towards the Group not being able to recover the carrying value of our assets, either by using or selling it.

Based on our borrowing agreements, the Group is obliged to regularly test certain debt covenants, of which senior leverage, loan-to-value and fixed charge cover ratios are the most prominent. During 2023, the Group did not breach any covenants' limits and retained significant headroom.

Finally, the enterprise risk management program in place provides Shurgard with a comprehensive understanding of the Group's key business risks, and the policies and procedures in place to mitigate these risks. Overall and based on its current performance, the Group did not identify any uncertainties that would cast any doubt on Shurgard's ability to continue as a going concern.

EVENTS AFTER THE REPORTING PERIOD

Please refer to Note 23 in the Notes to the consolidated financial statements of this report.

ESG UPDATE

As we reflect on the financial performance of the first half of 2023, we believe it is equally important to provide an update on the progress of our journey towards net zero carbon.

GREEN AND SMART BUILDINGS

We are progressing on our initiatives to make our buildings smarter and greener:

- We have equipped 203 stores (c. 75%) with smart water metering equipment, which can detect and report leaks, and improve our water reporting and management.
- We are making progress on our target to install new heat pumps across our portfolio to replace gas heating by the end of 2029. During the first half of 2023, we replaced conventional heating solutions with heat pumps in three of our existing buildings, significantly reducing our carbon emissions in these locations.
- We have accelerated the roll out of our energy-efficient LED lights and will have 100% of our stores re-fitted by the end of 2023.
- We have installed and are testing a state-of-the-art smart Building Management System in ten stores in Belgium. This system will help us to operate our stores in an optimal way, through online monitoring, metering and control of utilities and devices to lower consumption. We will take the learnings from this test and will consider further expansion in the coming years.

GREEN ENERGY AND SOLAR

We are developing a coherent energy supply strategy, with the aim of making it as neutral as possible for the environment. Today, already 100% of our electricity and more than 70% of our gas is sourced from Renewable Energy Guarantees of Origin (REGO) backed sources.

We are now preparing our next step in our efforts to reduce our carbon footprint. Based on the experience gained from our 18 properties that are already equipped with solar panels installations, we are embarking on a full technical assessment of our properties in the Netherlands, a country where electricity production has a high carbon intensity. Not only are we studying roof structure and capacities, but also electrical connections, permit requirements, reinjection possibilities, as well as a gap analysis to achieve full carbon neutrality. This will allow us to make sure that resources and funding can be planned and committed effectively.

SUBSTANTIATING OUR NET ZERO CARBON GOALS

In the first half of the year, we calculated our projected energy consumption and carbon emissions at store level up to 2030. This assessment will help us to understand the evolution of our consumption profile, supporting the design of the right initiatives to achieve our net zero carbon ambitions.

We strive to develop a science-based path to decarbonizing our portfolio. To this end, we are in the process of developing goals aligned to the "Science-Based Targets initiative" (SBTi), with the aim of supporting the Paris Agreement goals of limiting global warming to well-below 2°C above pre-industrial levels and pursuing efforts to limit warming to 1.5°C.

HIGH GOVERNANCE AND REPORTING STANDARDS

In 2023, Shurgard has strengthened its governance by increasing the ratio of independent directors to 67%, reducing the total Board members from 11 to nine and increasing the Board gender diversity to 33%.

We also performed a readiness assessment against the new EU Corporate Sustainability Reporting Directive requirements. With the results of this assessment, we are preparing a double materiality assessment, and we are updating our internal processes and data collection methods to further increase the transparency and consistency of our sustainability reporting.

EUROPEAN LEADER IN SUSTAINABLE SELF-STORAGE OPERATIONS

Over the past few years, we have been solidifying our position as a European leader in sustainable self-storage operations. We are excited that our efforts on this front are being recognized by widely accredited frameworks:

- We are proud to be part of the new Euronext **BEL ESG index**.
- In 2022, **GRESB** - Global Real Estate Sustainability Benchmark – awarded us with an excellent 5- star rating and a score of 90 out of 100 in the 2022 results.
- After an initial rating in 2022, **MSCI** confirmed our AA rating in 2023, only one grade away from their highest level.
- In April 2023, Shurgard received an ESG Risk Rating of 10.8 from **Sustainalytics**¹ and was confirmed to be at “low” risk of experiencing material financial impacts from ESG factors. This places us in the 10th percentile in the real estate industry.
- For the second year in a row, we were recognized with a Gold **EPRA sBPR Award**, reflecting the highest standards of European real estate sustainability reporting.
- We improved our score in S&P Global’s Corporate Sustainability Assessment by a further five points, placing us in the world’s top 12% of scores achieved by real estate companies.

SHURGARD GREEN BOND

On July 23, 2021, the Group, via its financing entity Shurgard Luxembourg S.à.r.l., issued new ten year Senior Notes for €300.0 million. The proceeds of the issue were used to repay Tranche A (€100.0 million) of its 2014 senior guaranteed notes maturing in July 2021, to finance potential acquisitions, and to finance or refinance, in whole or in part, recently completed and future projects that are underpinned by sustainable criteria such as, for instance, a BREEAM certification (Eligible Green Projects).

As of June 30, 2023, the proceeds allocated to Eligible Green Projects amounted to €225.8 million, representing an increase of €41.0 million compared to December 31, 2022.

€89.0 million has been used to refinance existing projects at issuance, while €136.7 million has been used to finance new projects. A total of €74.2 million unallocated proceeds of the Green Bond remains available and is expected to be used before the Bond maturity.

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Store Name	Certification date	Rating	Address	Total (in € thousands) June 30, 2023
Park Royal	September 9, 2019	Outstanding	London	12,793
Greenwich	February 5, 2019	Excellent	London	14,079
Deptford	March 5, 2020	Excellent	London	15,428
Herne Hill	July 16, 2020	Excellent	London	13,886
Barking (*)	September 30, 2020	Excellent	London	12,697
City Airport	April 1, 2021	Excellent	London	6,044
Camden (*)	August 17, 2022	Excellent	London	2,941
Morangis	October 11, 2022	Very Good	Paris	10,278
<i>Projects with BREEAM certificate "Very Good or Higher"</i>				88,148
Croydon Purley Way	Upcoming certification		London	9,044
Bow	Upcoming certification		London	25,401
Lagny	Upcoming certification		Paris	10,155
Sartrouville	Upcoming certification		Paris	9,814
Versailles	Upcoming certification		Paris	10,600
Chiswick	Upcoming certification		London	21,658
Chadwell Heath	Upcoming certification		London	16,070
Rotterdam Stadionweg	Upcoming certification		Rotterdam	13,652
Tottenham	Upcoming certification		London	8,836
Berlin Charlottenburg-Nord	Upcoming certification		Berlin	11,674
Hayes	Upcoming certification		London	717
<i>Other Eligible Green Projects (upcoming certification)</i>				137,621
Total Eligible Green Projects				225,769

(*) interim certificate

Shurgard's Green Bond Committee is held annually and took place on July 10, 2023 to review the Green Bond Framework and the amounts of the net proceeds allocated to the Eligible Projects.

In addition, the amounts allocated to Green Projects have been reviewed by an independent external audit firm and the reports and auditor's limited assurance on the Eligible Green Projects are available on Shurgard's corporate website: <https://www.shurgard.com/corporate/corporate-responsibility/reports-and-publications>.

RESPONSIBILITY STATEMENT

By order of the Board, we confirm to the best of our knowledge that:

the condensed consolidated financial statements of Shurgard presented in this half-year report and established in conformity with IAS 34 as adopted by the European Union give a true and fair view of the assets, liabilities, financial position and results of Shurgard and its subsidiaries included within the consolidation taken as a whole; and the management report presented in this half-year report includes a fair review of the position and performance, business model and strategy of Shurgard and the subsidiaries included within the consolidation taken as a whole, together with a description of the principal risks and uncertainties they face.

London, August 17, 2023

Marc Oursin
Chief Executive Officer

Jean Kreusch
Chief Financial Officer

**UNAUDITED CONDENSED
INTERIM CONSOLIDATED
FINANCIAL STATEMENTS
AS OF AND FOR THE SIX
MONTHS PERIOD ENDED
JUNE 30, 2023 AND 2022**

UNAUDITED INTERIM CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE SIX MONTHS ENDED JUNE 30

(in € thousands)	Notes	June 30, 2023	June 30, 2022
Real estate operating revenue	3,8,20	174,382	161,550
Real estate operating expense	4,20	(63,934)	(59,694)
Net income from real estate operations	8	110,448	101,856
General, administrative and other expenses	5	(11,474)	(10,265)
<i>Of which depreciation and amortization expense</i>		(1,635)	(1,373)
Royalty fee expense	21	(1,720)	(1,596)
Operating profit before property related adjustments		97,254	89,995
Valuation gain from investment property and investment property under construction	9	124,010	400,575
Proceeds from property insurance recovery and gain on disposal of investment property, property, plant and equipment	1	-	-
Operating profit		221,265	490,570
Finance cost, net	6	(9,978)	(10,750)
Profit before tax		211,287	479,820
Income tax income / (expense)	7	105,667	(113,037)
Attributable profit for the period		316,954	366,783
Profit attributable to non-controlling interests		543	784
Profit attributable to ordinary equity holders of the parent		316,411	365,999
Earnings per share in €, attributable to ordinary equity holders of the parent:			
Basic, profit for the period		3.55	4.11
Diluted, profit for the period		3.53	4.04

**UNAUDITED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS
ENDED JUNE 30**

(in € thousands)	June 30, 2023	June 30, 2022
Profit for the period	316,954	366,783
Other comprehensive income		
Items that may be reclassified to profit or loss in subsequent periods:		
Foreign currency translation reserve	1,325	(40,042)
Net other comprehensive income (loss), net of tax, that may be reclassified to profit or loss in subsequent periods	1,325	(40,042)
Total comprehensive income for the period, net of tax	318,279	326,741
Attributable to non-controlling interests	(543)	(784)
Attributable to ordinary equity holders of the parent	317,736	325,957

UNAUDITED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in € thousands)	Notes	June 30, 2023	December 31, 2022
Assets			
Non-current assets:			
Investment property	9	4,633,333	4,469,572
Investment property under construction	9	78,972	54,217
Property, plant and equipment		2,372	2,737
Intangible assets		7,177	6,729
Deferred tax assets		84	972
Other non-current assets	10	4,199	11,326
Total non-current assets		4,726,137	4,545,553
Current assets:			
Trade and other receivables	11	19,054	18,671
Other current assets	12	28,551	8,262
Cash and cash equivalents		57,192	87,345
Total current assets		104,797	114,278
Total assets		4,830,934	4,659,831
Equity and liabilities			
Equity			
Issued share capital	13	63,620	63,610
Share premium	14	540,398	540,087
Share-based payment reserve	15	10,594	8,562
Distributable reserves	16	524,540	146,277
Other comprehensive loss		(137,097)	(138,422)
Retained earnings	16	2,126,440	2,240,879
Total equity attributable to equity holders of the parent		3,128,495	2,860,993
Non-controlling interests		7,358	6,815
Total equity		3,135,853	2,867,808
Non-current liabilities:			
Interest-bearing loans and borrowings	17	798,200	797,980
Deferred tax liabilities	7	652,975	781,094
Lease obligations		103,050	95,665
Total non-current liabilities		1,554,225	1,674,739
Current liabilities:			
Lease obligations		4,214	4,157
Trade and other payables and deferred revenue	18	133,699	106,531
Income tax payable		2,943	6,596
Total current liabilities		140,856	117,284
Total liabilities		1,695,081	1,792,023
Total equity and liabilities		4,830,934	4,659,831

UNAUDITED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(in € thousands)	Notes	Issued share capital	Treasury shares	Share premium	Share-based payment reserve	Distributable reserves ¹	Other Comprehensive (loss) gain ²	Retained Earnings ¹	Total	Non-controlling interests	Total equity
On January 1, 2022		63,592	(2,209)	539,712	4,691	253,195	(53,033)	1,666,595	2,472,543	5,498	2,478,041
Proceeds from issuance of equity	7	-	202	-	-	-	-	-	209	-	209
Transaction costs incurred in connection with issuance of equity	-	-	(11)	-	-	-	-	-	(11)	-	(11)
Cash dividends on ordinary shares declared and paid	-	-	-	-	(55,229)	-	-	-	(55,229)	-	(55,229)
Share based compensation expense	-	-	-	2,322	-	-	-	-	2,322	-	2,322
Sale of treasury shares to option holders	-	2,209	-	(630)	-	-	-	-	1,579	-	1,579
Net profit	-	-	-	-	-	-	365,999	365,999	784	366,783	
Other comprehensive loss	-	-	-	-	-	(40,042)	-	(40,042)	-	(40,042)	
On June 30, 2022		63,599	-	539,903	6,383	197,966	(93,075)	2,032,594	2,747,370	6,282	2,753,652
On January 1, 2023		63,610	-	540,087	8,562	146,277	(138,422)	2,240,879	2,860,993	6,815	2,867,808
Proceeds from issuance of equity	13,14	10	-	312	-	-	-	-	322	-	322
Transaction costs incurred in connection with issuance of equity	14	-	-	(1)	-	-	-	-	(1)	-	(1)
Allocation to distributable reserves	16	-	-	-	-	430,850	-	(430,850)	-	-	-
Cash dividends on ordinary shares declared and paid	16	-	-	-	-	(52,587)	-	-	(52,587)	-	(52,587)
Share based compensation expense	19	-	-	-	2,032	-	-	-	2,032	-	2,032
Net profit	-	-	-	-	-	-	316,411	316,411	543	316,954	
Other comprehensive gain	-	-	-	-	-	-	1,325	-	1,325	-	1,325
On June 30, 2023		63,620	-	540,398	10,594	524,540	(137,097)	2,126,440	3,128,495	7,358	3,135,853

1 On May 10, 2023, the Annual Shareholders Meeting of Shurgard Self Storage Ltd approved the reallocation of €430,850,000 retained profits to the distributable reserves.

As per the Companies (Guernsey) law, 2008, distributable reserves also include share capital, retained earnings, and share premium.

2 Other comprehensive loss as of June 30 and January 1, 2023, and June 30 and January 1, 2022 consists only of the foreign currency translation reserve except for a net investment hedge reserve amounting to €4.9 million and the accumulated result from remeasurement on defined benefit plans (comprehensive income of €0.2 million).

UNAUDITED INTERIM CONSOLIDATED STATEMENT OF CASH FLOW FOR THE SIX MONTHS ENDED JUNE 30

(in € thousands)	Notes	June 30, 2023	June 30, 2022
Operating activities			
Profit for the period before tax		211,287	479,820
Adjustments to reconcile profit before tax to net cash flows:			
Valuation gain on investment property and investment property under construction	9	(124,010)	(400,575)
Gain on disposal of right of use assets, other than investment property		(1)	-
Depreciation and amortization expense		1,635	1,373
Share-based compensation expense	19	2,082	2,211
Finance cost	6	9,978	10,750
Working capital movements:			
Change in trade receivables, other current and non-current assets	10,11	(11,808)	(13,810)
Change in other current and non-current liabilities and deferred revenue	18	29,503	18,794
Income tax paid		(22,504)	(17,143)
Cash flows from operating activities		96,162	81,420
Investing activities			
Capital expenditures on investment property under construction and completed investment property	9	(58,477)	(53,347)
Capital expenditures on property, plant and equipment		(20)	(128)
Acquisition of investment properties and other assets, net	9	(195)	(7,058)
Proceeds from disposal of investment property, property, plant and equipment and insurance recovery proceeds		-	4,697
Acquisition of intangible assets		(1,559)	(1,244)
Cash flows from investing activities		(60,251)	(57,080)
Financing activities			
Proceeds from the issuance of equity	13,14	322	209
Payment for equity issuance costs	14	(1)	(11)
Payment for debt issuance costs	17	(1,785)	-
Repayment of principal amount of lease obligations		(2,200)	(2,180)
Cash dividends on ordinary shares paid to company's shareholders	16	(52,587)	(55,229)
Proceeds from the sales of treasury shares		-	1,579
Interest paid, net		(10,306)	(10,888)
Cash flows from financing activities		(66,557)	(66,520)
Net decrease in cash and cash equivalents		(30,646)	(42,180)
Effect of exchange rate fluctuation		493	(1,141)
Cash and cash equivalents on January 1		87,345	219,170
Cash and cash equivalents at the end of the period		57,192	175,849

NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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1. CORPORATE INFORMATION

The Group is incorporated in Guernsey and is resident in the UK for tax purposes. It has been listed on Euronext Brussels since October 15, 2018 (ticker "SHUR").

Our principal business activities are the acquisition, development and operation of self-storage facilities providing month-to-month leases for business and personal use. We also provide ancillary services at our properties consisting primarily of sales of storage products (merchandise) and protection of customers' stored goods.

As per June 30, 2023, we operate 267 self-storage facilities including one under management contract (267 self-storage facilities as of December 31, 2022) in France, the Netherlands, the United Kingdom (the "UK"), Sweden, Germany, Belgium and Denmark.

SIGNIFICANT EVENTS AND TRANSACTIONS

This interim report only provides an explanation of events and transactions that are significant to an understanding of the changes in financial position and reporting since the last annual reporting period and should therefore be read in conjunction with the consolidated financial statements for the financial year ended on December 31, 2022.

- On February 17, 2023, Shurgard Self Storage S.A. migrated to Guernsey and was incorporated as Shurgard Self Storage Limited pursuant to Guernsey law, and became a UK REIT on March 1, 2023. This allowed legal continuity of the entity, meaning that all rights and obligations of Shurgard Self Storage S.A. are maintained.

Since then, central management and control of the Group is exercised through the Board of Directors of Shurgard Self Storage Limited located in the United Kingdom.

The legal migration from Luxembourg to Guernsey had no impact on the Group's listing at Euronext in Brussels, nor on its financial reporting, which continues to be done under International Financial Reporting Standards (IFRS), as adopted by the European Union, and in euros.

In connection with the Group becoming a REIT, the ETR for the first half of 2023 is impacted by an income of €158.7 million, mainly consisting of the reversal of deferred tax liabilities.

- On April 28, 2023, the Group entered into a committed €450 million term loan facility agreement with BNP Paribas Fortis Bank NV/SA (also acting as the agent), Belfius Bank SA/NV, ABN Amro Bank NV, KBC Bank NV/SA and Banque Internationale à Luxembourg SA, with a maturity of three years and an option of the Company to extend by an additional period of up to two years (Note 17).

2. BASIS OF PREPARATION, CHANGES IN ACCOUNTING POLICIES

The interim financial statements as of and for the six months ended June 30, 2023 have been prepared in accordance with Accounting Standard IAS 34 Interim Financial Reporting, as adopted by the European Union ("EU").

The unaudited interim consolidated financial statements are presented in euros and all values are rounded to the nearest thousand, except where indicated otherwise.

CHANGES IN ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Company's annual consolidated financial statements for the year ended December 31, 2022, except for any standards that were adopted for the first time as from January 1, 2023.

Except for IFRS 17, during the first six months of 2023, there were no other changes in accounting policy or in the Company's accounting policy choice which resulted in material change in information in the interim consolidated financial statements.

IFRS 17 - Insurance contracts was issued in May 2017 as replacement for IFRS 4 - Insurance Contracts. It applies to all insurance and reinsurance contracts which fall into its scope. The standard obliges that insurance contracts are accounted for separately from reinsurance contracts held.

IFRS 17 main measurement model requires contracts to be measured using the building blocks of discounted probability-weighted cash flows, an explicit risk adjustment, and a "contractual service margin" representing the expected unearned profit of the contract which is recognized as revenue over the coverage period.

An optional "Premium Allocation Approach" (PAA) is permitted for the liability / asset for the (remaining) coverage of short-duration contracts. A group of (re)insurance contracts is eligible for the PAA if:

- a) each contract in the group has a coverage period of one year or less; or
- b) measurement of the liability/(asset) for remaining coverage for the group using the premium allocation approach is reasonably expected to produce a measurement of the liability for remaining coverage which is not materially different from using the general model.

The Group concluded that all its (re)insurance contracts are eligible for the simplified PAA method.

Scope

Shurgard, through its captive re-insurance entity, entered into a re-insurance agreement with an external insurance company. Through this agreement, the external insurance company cedes to our captive certain insurance risk in lieu for a re-insurance premium.

Level of aggregation

The level of aggregation is a key requirement under IFRS 17. The level of aggregation is determined firstly by dividing the business written into portfolios. Portfolios comprise groups of contracts with similar risks which are managed together. Portfolios are further divided into groups based on expected profitability at inception. Under the PAA method, a contract is deemed profitable, unless facts and circumstances indicate otherwise, which was not the case. The Group has one annual (accepted reinsurance) contract with an external insurance company and the cohort duration is set to one financial year. Consequently, the one re-insurance contract is the appropriate level of aggregation for the Group.

Measurement

- Applying the PAA method requires that an interest on the liability for remaining coverage should be accreted, at the rate determined at inception of the group of (re)insurance contracts if contracts in the group have a significant financing component. However, accretion of interest is not required if, at the inception of the group of contracts, it is expected that the time between provision of services and the related premium due date is not more than a year. As there is no significant financing component for the (re)insurance contracts of the Group, Shurgard is not allowed to accrete interest on the liability for remaining coverage.
- The expected premium is reflected as insurance revenue in profit or loss on the basis of passage of time, over the duration of the coverage period.
- Equally, when measuring the liability for incurred claims under the premium allocation approach, the Group elected, as permitted by IFRS 17, not to adjust future cash flows for the time value of money and other financial risks as those cash flows are expected to be paid or received in one year or less from the date when the claims are incurred.
- The Group further noted that no risk adjustment is necessary, due to the expected low volatility in claims outcome and overall immateriality of the incurred claims as a whole.
- The Company has chosen not to recognize insurance acquisition cash flows as an expense when incurred, but to amortize the cost over the duration of the one-year contract.

Transition to IFRS 17

IFRS 17 has been first applied as of January 01, 2023, with retrospective restatements for the comparative periods. Based on the above, the Group concluded that implementing IFRS 17 would have no material impact on the results of the Group, given that the requirements of the PAA method under IFRS 17 do not result in a materially different measurement of the contracts in scope compared to IFRS 4. As such, no restatement of comparative performance information is necessary.

Relevant quantitative disclosures for our re-insurance activities are as follows for the six months ended June 30, 2023:

(in € thousands)	Liabilities remaining coverage excluding loss component	Liabilities for incurred claims Estimate present value future cash flows (*)	Total
Opening assets	-	-	-
Opening liabilities	-	1,562	1,562
Net opening balance	-	1,562	1,562
Changes in the statement of profit or loss and OCI			
Insurance revenue¹	(1,406)	-	(1,406)
Insurance service expenses			
Incurred claims and other insurance service expenses	-	890	890
Amortization of insurance acquisition cash flows	17	-	17
Insurance service result	17	890	907
Total changes in the statement of profit and loss	(1,389)	890	(499)
Cash flows			
Premiums received	-	-	-
Insurance acquisition cash flows	35	-	35
Claims and other insurance service expenses paid	-	(137)	(137)
Total cash flows	35	(137)	(102)
Closing assets	(2,784)	-	(2,784)
Closing liabilities	1,430	2,315	3,745
Net closing balance	(1,354)	2,315	961

1 Insurance revenue relates revenue from accepted reinsurance contracts.

The expense we incurred during the six months ended June 30, 2023 in connection with our reinsurance undertaking consists of the following:

(in € thousands)	June 30, 2023
Incurred claims customer goods	781
Reinsurance service expenses	109
Amortization of reinsurance acquisition cash flow	17
Total expense	907

GOING CONCERN

The Directors have assessed the ability of the Group to continue as a going concern for a period of twelve months from when the financial statements were approved for issue (the 'going concern period'). This assessment was informed by a forecast of the Group's future cash flows and forecast future loan covenant compliance. In making this assessment, the Group considered changes to the principal risks, as disclosed in the Annual Report 2022, and considered events and conditions which may warrant the extension of the going concern period beyond twelve months that may have an impact on the Groups cash flows, loan covenants and borrowing facilities. No such matters were identified.

The assessment included a stress test, which assumed a reduction in future cash flows and the fair value of investment properties, i.e., a plausible Severe Downside scenario. The outcome of the stress test showed that the Group is expected to continue to comply with all of its loan covenants through the going concern period, it has sufficient liquidity to meet its day-to-day cash flows and loans of €100 million which mature in the going concern period can be repaid with existing committed finance facilities.

The Group also performed a reverse stress test, which showed that property values could significantly decrease, largely more than considered in the stress test, before our LTV covenants would approach the maximum short-term level that is within the Group's financial policy and well below the level permitted under debt covenants. It showed similar conclusions for the most restrictive covenants of the 2014 and 2015 senior guaranteed notes. The Group took comfort in the fact that it has not granted any assets as security for any financing. Based on the above, the Directors have not identified any material uncertainties which may cast significant doubt on the Group's ability to continue as a going concern for the duration of the going concern period. Accordingly, the Directors believe it is appropriate to adopt the going concern basis in preparing these financial statements.

3. REAL ESTATE OPERATING REVENUE

Real estate operating revenue for the six months ended June 30 is comprised of the following:

(in € thousands)	June 30, 2023	June 30, 2022
Rental revenue	152,264	139,896
Fee income from customer goods insurance ¹	16,478	15,713
Ancillary revenue ²	5,529	5,820
Property operating revenue	174,271	161,429
Other revenue ³	111	121
Real estate operating revenue	174,382	161,550

1 Fee income from customer goods insurance is in scope of IFRS 15 (Note 20).

2 Ancillary revenue consists of merchandise sales and other revenue from real estate operations.

3 Other revenue mainly consists of management fee revenue and other, non-recurring, income resulting from operations.

4. REAL ESTATE OPERATING EXPENSE

Real estate operating expense for the six months ended June 30 consists of the following:

(in € thousands)	June 30, 2023	June 30, 2022
Payroll expense	21,317	21,154
Real estate and other taxes	13,823	12,629
Repairs and maintenance	6,814	5,280
Marketing expense	4,605	4,157
Utility expense	1,988	1,941
Doubtful debt expense	2,738	2,284
Cost of insurance and merchandise sales	2,270	2,674
Other operating expenses ^{1,2}	10,379	9,575
Real estate operating expense	63,934	59,694

1 For each of the six months ended June 30, the aggregate of cost of insurance and merchandise sales and other operating expense included €1.4 million captive re-insurance revenue and €0.9 million captive re-insurance service expense in scope of IFRS 17.

2 Other operating expenses mainly include travel expenses, legal and consultancy fees, insurance expenses, non-deductible VAT, information system expenses and property lease expenses.

5. GENERAL, ADMINISTRATIVE AND OTHER EXPENSES

General, administrative and other expenses for the six months ended June 30 consists of the following:

(in € thousands)	June 30, 2023	June 30, 2022
Payroll expense	6,060	5,860
Share-based compensation expense	2,222	2,175
Capitalization of internal time spent on development of investment property	(1,996)	(1,820)
Depreciation and amortization expense	1,635	1,373
Other general and administrative expenses, net ¹	3,553	2,677
General, administrative and other expenses	11,474	10,265

1 Other general and administration expenses mainly include legal, consultancy and audit fees and non-deductible VAT.

6. FINANCE COST - NET

Finance costs for the six months ended June 30 include the following:

(in € thousands)	June 30, 2023	June 30, 2022
Net interest expense ¹	9,896	10,736
Foreign exchange loss	82	14
Finance cost	9,978	10,750

1 In the first six months of 2023, the Company generated €0.7 million interest income on its cash deposits, which compares to a negative interest income of €0.2 million for the same period last year.

7. INCOME TAX

The income tax expense for the six months ended June 30 is comprised of the following:

(in € thousands)	June 30, 2023	June 30, 2022
Current tax expense	16,005	14,749
Deferred tax (income) expense	(121,672) ²	98,288
Income tax (income) / expense	(105,667)	113,037
Profit before tax	211,287	479,820
Effective tax rate^{1,2}	N/A	23.6%

1 The adjusted EPRA effective tax rate based on adjusted EPRA earnings before tax for the six months ended June 30, 2023 and 2022 is 18.2% and 18.6%, respectively.

2 In connection with the Group becoming a REIT, the ETR for the first half of 2023 is impacted by an income of €158.7 million, mainly consisting of the reversal of deferred tax liabilities.

The OECD/G20 Inclusive Framework on "Base Erosion and Profit Shifting" (BEPS) aims at addressing the challenges arising from the digitalization of the global economy. To ensure that profits are taxed where economic activities take place and value is created, the Inclusive Framework on BEPS proposes two so-called "pillars":

- **Pillar One** applies to Multinational enterprises (MNEs) with global turnover above €20 billion and profitability above 10% (i.e., profit before tax/revenue); while
- **Pillar Two** applies to MNEs with revenue in excess of €750 million per their consolidated financial statements.

In Europe, the enactment of tax legislation that implements Pillar Two rules is ongoing and has so far not been completed in many jurisdictions. The Group is closely monitoring the progress in the countries it is currently present. At the same time, Shurgard has performed an initial analysis of the potential impact of the implementation of the GloBE Rules and concluded that - based on the current drafting of the implementation tax legislations and assuming that both transitory rules are maintained, and the Group exceeds the above mentioned Pillar Two threshold - there should be no immediate negative impact on the Group's financial statements from the enactment of these rules.

8. SEGMENT INFORMATION

The same stores facilities segment we present for the first six months of 2023 and 2022 comprises facilities in operations since more than three full years as of January 1, 2023 in the case of self-developed properties or facilities in operations for one full year as of January 1, 2023 in the case of properties that have been acquired. On June 30, 2023, 240 self-storage facilities met the same store definition. The non-same store facilities segment comprises any other self-storage facilities (26) that we have acquired or self-developed.

The below table sets forth segment data for the six months periods ended June 30, 2023 and 2022 based on the 2023 same store/non-same store definition:

(in € thousands)	June 30, 2023	June 30, 2022
Same store facilities	161,804	154,506
Non-same store facilities	12,467	6,923
Property operating revenue	174,271	161,429
Same store facilities	104,895	99,069
Non-same store facilities	5,442	2,666
Income from property (NOI)	110,337	101,735

The following table sets forth the reconciliation of income from property (NOI) as presented in the above segment table and Net income from real estate operations presented in the unaudited interim consolidated statement of profit and loss:

(in € thousands)	June 30, 2023	June 30, 2022
Income from property (NOI)	110,337	101,735
Add: Other revenue ¹	111	121
Net income from real estate operations	110,448	101,856
Other income and expenses ²	100,839	377,964
Profit before tax	211,287	479,820

1 Other revenue consists of management fee revenue from self storage.

2 Royalty fee expense, valuation gain and loss from investment property and investment property under construction, depreciation expense, acquisition costs on business combinations, general, administrative and other expenses, gain/loss on disposal of investment property and assets held for sale, finance costs and income tax expense are not reported to the CODM on a segment basis.

The CODM does not receive or review information on assets or liabilities on a segment basis. The geographical information as per IFRS 8 is voluntarily presented. This is unchanged compared to Note 11 of the 2022 annual report.

SEGMENT INFORMATION BY COUNTRY FOR THE SIX MONTHS ENDED JUNE 30, 2023

(in € thousands)	France	The Netherlands	UK	Sweden	Germany	Belgium	Denmark	Total
Same store facilities	38,555	34,808	31,149	22,545	13,851	13,107	7,789	161,804
Non-same store facilities	3,198	2,738	3,195	671	2,665	-	-	12,467
Property operating revenue	41,753	37,546	34,344	23,216	16,516	13,107	7,789	174,271
Same store facilities	22,123	24,094	19,633	15,715	9,661	8,149	5,520	104,895
Non-same store facilities	359	1,845	1,721	232	1,285	-	-	5,442
Income from property	22,482	25,939	21,354	15,947	10,946	8,149	5,520	110,337
Investment property	1,076,853	945,623	1,042,581	618,680	452,804	281,650	215,142	4,633,333
Investment property under construction	1,794	9,453	49,390	-	18,335	-	-	78,972
Property, plant and equipment and intangible assets	473	185	86	121	190	8,490	4	9,549
Deferred tax assets	-	-	19	3	-	62	-	84
Other non-current assets ¹	837	248	174	31	(112)	3,005	16	4,199
Non-current assets	1,079,957	955,509	1,092,250	618,835	471,217	293,207	215,162	4,726,137

1 The reduction in other non-current assets for the Netherlands compared to December 2022 is due to the reclassification during the first six months of 2023 of €9.6 million receivable from the sale of one of our Dutch properties to other current assets. We will recover the amount when we vacated the building, which is estimated to occur in the first half of 2024.

SEGMENT INFORMATION BY COUNTRY FOR THE SIX MONTHS ENDED JUNE 30, 2022

(in € thousands)	France	The Netherlands	UK	Sweden	Germany	Belgium	Denmark	Total
Same store facilities	36,816	31,785	29,901	24,086	12,191	12,127	7,600	154,506
Non-same store facilities	1,807	1,239	1,794	-	2,083	-	-	6,923
Property operating revenue	38,623	33,024	31,695	24,086	14,274	12,127	7,600	161,429
Same store facilities	21,141	21,315	18,660	17,214	8,031	7,427	5,281	99,069
Non-same store facilities	366	916	688	-	696	-	-	2,666
Income from property	21,507	22,231	19,348	17,214	8,727	7,427	5,281	101,735

SEGMENT INFORMATION BY COUNTRY FOR THE YEAR ENDED DECEMBER 31, 2022

Non-current assets as of December 31, 2022

Investment property	1,040,689	894,516	980,742	641,609	426,466	277,131	208,419	4,469,572
Investment property under construction	12,164	8,630	26,104	-	7,319	-	-	54,217
Property, plant and equipment and intangible assets	480	253	78	162	234	8,251	8	9,466
Deferred tax assets	-	384	-	28	-	560	-	972
Other non-current assets	705	9,819	161	33	8	584	16	11,326
Non-current assets	1,054,038	913,602	1,007,085	641,832	434,027	286,526	208,443	4,545,553

9. INVESTMENT PROPERTY AND INVESTMENT PROPERTY UNDER CONSTRUCTION

The table below sets forth the movement in completed investment property and investment property under construction:

(in € thousands)	Completed investment property Level 3	Investment property ROU assets Level 3	Total completed investment property Level 3	Investment property under construction Level 3 ²	Total investment property Level 3
As of January 1, 2023	4,374,361	95,211	4,469,572	54,217	4,523,789
Exchange rate differences	(5,648)	(472)	(6,120)	1,136	(4,984)
Remeasurement of ROU assets ¹	-	9,971	9,971	-	9,971
Transfers for new development	16,825	-	16,825	(16,825)	-
Capital expenditure	29,130	-	29,130	30,194	59,324
Acquisition of investment property ³	195	-	195	-	195
Net gain (loss) of fair value adjustment	115,495	(1,735)	113,760	10,250	124,010
As of June 30, 2023	4,530,358	102,975	4,633,333	78,972	4,712,305

1 These assets were recognized in exchange for an equal amount of additional lease liabilities. Remeasurements of ROU assets mainly consist of the effect of yearly indexations of our lease agreements. The carrying value of the ROU assets approximates the fair value.

2 The Company measures its investment property under construction at cost until such a time that fair value becomes reliably measurable on a continuing basis. As of June 30, 2023, investment property under construction includes €70.2 million that are measured at fair value and €8.8 million that are measured at cost, as an appropriate representation of its current fair value.

3 In accordance with the agreed terms and conditions, the Company paid in the first six months of 2023 a €0.2 million supplement on the purchase price it paid for properties that it acquired in Sweden in the last quarter of 2022.

The Company's investment properties and investment properties under construction are valued semi-annually as of June 30 and December 31 of each year. Our investment property is a Level 3 fair market value measurement and for the periods concerned, there have been no transfers to or from Level 3.

Except for the valuation of the Investment Property right-of-use asset, and certain of our investment properties under construction that have been valued at cost, the June 30, 2023 valuation was performed by Cushman & Wakefield ("C&W"), using discounted cash flows of the net operating income over a ten-year period and a notional sale of the asset at the end of the tenth year, which is described in further detail in Note 15 of our 2022 consolidated financial statements.

VALUATION ASSUMPTIONS ON FREEHOLD AND LONG LEASEHOLD

The following assumptions have been applied by C&W for the valuation of our investment properties for the periods concerned:

	June 30, 2023	December 31, 2022
Stabilized occupancy	92.38%	91.14%
Average time to stabilization (months) ¹	3.79	4.77
Exit capitalization rate ²	5.22%	5.19%
Weighted average annual discount rate ³	8.27%	8.21%
Average rental growth rate	2.53%	2.57%

1 The average time to stabilization, expressed in months, is the total number of months to stabilization for all properties, divided by the number of properties.

2 The exit capitalization rate comprises prime cap rates based on observed market transactions, adjusted for property specific elements such as tenure, location, condition of building, etc. The exit capitalization rate is applied to year 10 cash flows in determining the terminal value of each property.

3 Weighted average pre-tax discount rate used to discount the future cash flows of each property.

Purchaser's costs in the range of approximately 0.6% to 12.5% have been assumed initially, reflecting the stamp duty levels anticipated in each local market, and sales plus purchaser's costs totaling approximately 0.6% to 12.5% are assumed on the notional sales in the tenth year in relation to freehold and long leasehold stores. Both assumptions are unchanged to December 31, 2022.

We refer to Note 15 of our 2022 consolidated financial statements with respect to further explanatory details on the assumptions included above and the sensitivity of the valuation to assumptions, which has not materially changed.

10. OTHER NON-CURRENT ASSETS

Other non-current assets mainly consist of deposits paid to vendors, VAT recoverable after more than one year and the unamortized non-current portion of capitalized debt financing cost incurred in connection with the revolving syndicated loan facility and the term loan facility (Note 17).

As of December 31, 2022, other non-current assets included a €9.6 million receivable resulting from the sale in the first half of 2022 of one of our Dutch properties. During the first half of 2023, the receivable has been reclassified to other current assets due to its maturity in the first half of 2024.

As of June 30, 2023, other non-current assets includes €1.8 million of debt financing cost we incurred in connection with the term loan facility we entered into in April 2023.

11. TRADE AND OTHER RECEIVABLES

(in € thousands)	June 30, 2023	December 31, 2022
Gross amount	23,697	23,895
Provision for doubtful debt	(4,643)	(5,224)
Trade and other receivables	19,054	18,671

Rent and service charge receivables are non-interest-bearing and are typically due within 30 days. The receivables are due from local retail and business tenants.

12. OTHER CURRENT ASSETS

(in € thousands)	June 30, 2023	December 31, 2022
Prepayments ¹	10,459	3,997
Receivables from tax authorities other than VAT	3,402	1,321
Other current assets ²	14,690	2,944
Other current assets	28,551	8,262

1 The increase in prepayments mainly relates to real estate taxes and insurance expenses for €5.9 million.

2 Other current assets include inventories, recoverable VAT and other. The increase during the six months ended June 30, 2023 is mainly attributable to the reclassification of a €9.6 million receivable resulting from the sale of one of our Dutch properties formerly presented as other non-current assets (Note 10). In addition, other current assets as of June 30, 2023 include €1.3 million assets (€ nil as of 31 December 2022) relating to our reinsurance activity (Note 20).

13. ISSUED SHARE CAPITAL

As of December 31, 2022, the share capital of the Company as presented in the statement of financial position of €63,610,156 was represented by 89,131,131 ordinary shares that all have been fully paid up.

During the first six months of 2023, the Group issued 14,000 new shares to satisfy the exercise of stock options under the Group's 2018 stock option plan. Of the €322,000 subscription price, €9,991 has been allocated to share capital and the remainder has been allocated to share premium.

As of June 30, 2023, the share capital of the Company as presented in the statement of financial position of €63,620,147 is represented by 89,145,131 ordinary shares that all have been fully paid up.

14. SHARE PREMIUM

As of December 31, 2022, the share premium of the Company amounts to €540,087,442.

During the first six months of 2023, in connection with the issuance of 14,000 new ordinary shares, the share premium was increased by €312,009, representing the part of the subscription price of the issuance of new shares that has not been allocated to share capital and reduced by €1,204 for equity issuance costs incurred.

As of June 30, 2023, the share premium of the Company amounts to €540,398,247.

The share capital account and the share premium account taken together constitute the "share capital account" under section 294 of the Companies Guernsey Law, 2008 (as amended).

15. SHARE-BASED PAYMENT RESERVE

As of December 31, 2022, the share-based payment reserve of the Company amounts to €8,561,867.

During the first six months of 2023, we recognized a share-based compensation expense of €2,081,631 for our 2021 equity-settled share-based compensation plan in share-based payment reserve. During the first six months of 2023, we allocated €49,800 in deferred income tax liabilities to our share-based payment reserve.

As of June 30, 2023, the share-based payment reserve of the Company amounts to €10,593,698.

16. DISTRIBUTABLE RESERVES AND DISTRIBUTIONS MADE

As of December 31, 2022, the Company's distributable reserves are €146,277,202.

On May 10, 2023, the Annual Shareholders Meeting of Shurgard Self Storage Ltd allocated €430,850,000 retained profits to the distributable reserves.

On May 10, 2023, the distributable reserves were reduced by €52,587,368 in connection with the distribution of a final dividend of 2022 of €0.59 per outstanding share, paid on May 24, 2023. As of June 30, 2023, the Company's distributable reserves are €524,539,834.

17. INTEREST-BEARING LOANS AND BORROWINGS

(in € thousands)	June 30, 2023	December 31, 2022
Nominal values senior guaranteed notes	800,000	800,000
Less:		
Unamortized balance of debt issuance cost on notes issued	(1,800)	(2,020)
Borrowings as reported on statement of financial position	798,200	797,980
Non-current portion	798,200	797,980
Current portion	-	-
Weighted average cost of debt	2.36%	2.36%

Set out below is a comparison of the carrying amounts and fair value of the Company's senior guaranteed notes:

(in € thousands)	June 30, 2023	December 31, 2022
Carrying value	798,200	797,980
Fair values	689,587	684,878

The fair values of our senior guaranteed notes are a Level 3 fair market value measurement and for the periods concerned, there have been no transfers to or from Level 1 or Level 2. The same methodology was used to estimate the fair values for all reported periods.

The increase in fair value results from the decrease in discount rates during the past six months for the notes we issued in 2021.

Term loan facility

On April 28, 2023 and effective the same date, the Company, through its subsidiary Shurgard Luxembourg Sàrl entered into a committed €450 million term loan facility agreement with BNP Paribas Fortis Bank NV/SA (acting also as agent), Belfius Bank SA/NV, ABN Amro Bank NV, KBC Bank NV/SA and Banque International à Luxembourg SA with a maturity of three years, which can be extended at the option of the Company by an additional period of up to two years (resulting in a maximum tenor of five years) subject to certain conditions being met (including agreement of the lenders).

The Term Loan Facility is bearing interest of Euribor plus a margin varying between 1.20% and 1.75% per annum dependent on the most recent loan-to-value ratio, or external rating, if any.

The term loan facility under the Facility Agreement is available for drawing by the Company for a period of 12 months as from signing.

The terms and conditions of the Facility Agreement are substantially based on the existing revolving facility agreement entered into by the Company on September 26, 2018 (as amended from time to time) and otherwise contain terms and conditions which are consistent with market practice.

The financial covenants and baskets are substantially aligned with the financial covenants and baskets included in the note purchase agreement entered into by the Company on February 23, 2021 in connection with the US private placement of senior notes due July 23, 2031.

As of June 30, 2023, we had no outstanding borrowings under this facility, and the commitment fee on the undrawn amount was equal to 35% of the applicable margin, or 0.42%.

During the six months ended June 30, 2023, the Company incurred €1.8 million arrangement, commitment and legal fees that have been recorded as other non-current assets (Note 10), as the Group expects drawing on the facility in the foreseeable future.

18. TRADE AND OTHER PAYABLES AND DEFERRED REVENUE

(in € thousands)	June 30, 2023	December 31, 2022
Accrued compensation and employee benefits	8,202	9,955
Accrued share-based compensation expense	647	510
Accounts payable (including accrued expenses) ¹	83,456	56,072
Payables to affiliated companies	1,219	1,144
Deferred revenue – contract liabilities	33,179	32,456
Accrued interest on notes issued and other external borrowings	2,160	1,820
Other payables ^{2,3}	4,836	4,574
Trade and other payables and deferred revenue	133,699	106,531

1 The increase in accounts payable is mainly due to increased accruals for construction costs, real estate taxes and insurance expenses.

2 Other payables mainly consist of VAT payable in less than one year and customer deposits.

3 Other payables as of June 30, 2023 and December 31, 2022 include €2.3 million and €1.6 million, respectively of obligations arising from our reinsurance activity (Note 20).

19. SHARE-BASED COMPENSATION EXPENSE

We incurred €2.2 million in share-based compensation expense, including social security charges, for each of the six months ended June 30, 2023 and 2022.

20. INSURANCE

The income Shurgard earns for extending to its tenants the insurance coverage of the umbrella agreement with an external insurance company qualifies as revenue in the scope of IFRS 15. This is due to the fact that the contracts between Shurgard and the tenant do not transfer significant insurance risk between these two parties. For this, the Group has entered into an agreement with an external insurance company, that provides, except for certain deductibles, full insurance coverage for goods stored to our customers. For the six months ended June 30, 2023 and 2022, fee income earned from customer goods insurance was €16.5 million and €15.7 million, respectively.

Simultaneously, Shurgard, through its captive re-insurance entity, entered into a re-insurance agreement with the external insurance company. This arrangement is in the scope of IFRS 17. Through this agreement, the external insurance company cedes to our captive certain insurance risk in lieu for a re-insurance premium of €1.4 million for the six months ended June 30, 2023 (€1.4 million for the six months ended June 30, 2022).

For the six months ended June 30, 2023, the Group accounted for re-insurance service expense of €0.9 million (€0.9 million for the six months ended June 30, 2022), consisting of claim charges of €0.8 million (€0.8 million for the six months ended June 30, 2022), as well as fronting and handling fees of €0.1 million (€0.1 million for the six months ended June 30, 2022).

Captive re-insurance revenue and captive insurance service expense are included in other operating expenses in real estate operating expense.

21. RELATED PARTY DISCLOSURES

Except as disclosed otherwise below, there are no material changes to the company's related parties, related party transactions (including their terms and conditions) and (future) obligations towards related parties, compared to December 31, 2022.

KEY MANAGEMENT PERSONNEL COMPENSATION

(in € thousands)	June 30, 2023	June 30, 2022
Short term employee benefits	2,591	2,387
Post-employment benefits	53	58
Share-based payments	1,464	1,483
Total	4,108	3,928

The above table consists of the compensation for the Senior Management.

In addition, the Company incurred in the first six months of 2023 €453,150 expense for the provision of key management personnel services by non-executive board members that were provided by separate management entities (€369,376 during the same period last year).

TRANSACTIONS WITH OTHER RELATED PARTIES

We pay to Public Storage, one of our significant shareholders, a royalty fee equal to 1.0% of our pro rata equity share of revenues in exchange for the rights to use the "Shurgard" trade name and other services. During the first six months of 2023 and 2022, we incurred royalty fees of €1.7 million and €1.6 million, respectively.

22. CONTIGENCIES, COMMITMENTS AND GUARANTEES

As of June 30, 2023, we had €31.1 million of outstanding capital expenditure commitments under contract regarding certain self-storage facilities under construction.

Except for changes mentioned in these interim financial statements, if any, contingencies, commitments and guarantees are materially unchanged from those described in Note 38 of the 2022 annual report.

23. EVENTS AFTER REPORTING PERIOD

There have been no significant events after the reporting period.

INDEPENDENT REVIEW REPORT

REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

INTRODUCTION

We have reviewed the accompanying interim condensed consolidated financial statements of Shurgard Self Storage Limited as at 30 June 2023, which comprise the unaudited interim consolidated statement of financial position as at 30 June 2023 and the related unaudited interim consolidated statement of profit and loss, the unaudited interim consolidated statement of comprehensive income, the unaudited interim consolidated statement of changes in equity, the unaudited interim consolidated statement of cash flows for the six-month period then ended and explanatory notes. Management is responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard ('IAS') 34 as adopted by the European Union. Our responsibility is to express a conclusion on this interim financial information based on our review.

SCOPE OF REVIEW

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." 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 and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial statements are not prepared, in all material respects, in accordance with IAS 34 as adopted by the European Union

USE OF OUR REPORT

This report is made solely to the company in accordance with guidance contained in International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the International Auditing and Assurance Standards Board. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our work, for this report, or for the conclusions we have formed.

Ernst & Young LLP

Guernsey, Channel Islands

Date: 17 August 2023

APPENDIX: UNAUDITED ALTERNATIVE PERFORMANCE MEASURES (APM)

ALTERNATIVE PERFORMANCE MEASURES (APM)

APM are defined by the European Securities and Markets Authority ('ESMA') as a financial measure of historical or future financial performance, financial position, or cash flows, other than a financial measure defined or specified by IFRS, as adopted by the EU.

SAME STORE AND NON-SAME STORE

The Group's most important APM, as also apparent from the segment reporting, relates to same stores and non-same stores. Shurgard classifies as 'same stores' (i) all developed stores that have been in operation for at least three full years, and (ii) all acquired stores that we have owned for at least one full year, each measured as of January 1 of the relevant year. Any stores that are not classified as same stores for a given year are presented as 'non-same stores', comprising (i) all developed stores that have been in operation for less than three full years ('new stores') and (ii) acquired stores that we have owned for less than one full year ('acquired stores'), each measured as of January 1 of the relevant year.

As a result, on a year-to-year basis, the size of our same store network changes based on the reclassification of stores from non-same stores to same stores following the time periods described in the prior paragraph. Under some circumstances, for purposes of these full-year metrics, this results in significant changes in financial and operational metrics presented on a segmental basis from year to year.

In line with common practice in self-storage and other industries (e.g. retail), same store information is a crucial factor to assess the performance of the organic business, while providing at the same time information on the expansion activities of the Group. For this reason, the Chief Operating Decision Maker ('CODM') reviews the performance of the Group based on this distinction (see Note 8 of the 2023 Half-year report) and same store information represents part of the remuneration for Senior Management.

INCOME FROM PROPERTY ("NOI")

NOI is calculated as 'Property operating revenue' (A) less 'Real estate operating expenses' (B) for the relevant period and can be reconciled to the closest line item in the financial statements as follow:

Income statement line item	Reference to 2023 HY report	H1 2023	H1 2022
Rental revenue	Note 3	152,264	139,896
Fee income from customer goods insurance	Note 3	16,478	15,713
Ancillary revenue	Note 3	5,529	5,820
<i>Property operating revenue (A)</i>		174,271	161,429
Other revenue	Note 3	111	121
Real estate operating revenue	Statement of Profit and Loss	174,382	161,550
Income statement line item	Reference to 2023 HY report	H1 2023	H1 2022
Payroll expense	Note 4	21,317	21,154
Real estate and other taxes	Note 4	13,823	12,629
Repairs and maintenance	Note 4	6,814	5,280
Marketing expense	Note 4	4,605	4,157
Utility expense	Note 4	1,988	1,941
Doubtful debt expense	Note 4	2,738	2,284
Cost of insurance and merchandise sales	Note 4	2,270	2,674
Other operating expenses	Note 4	10,379	9,575
Real estate operating expenses (B)	Statement of Profit and Loss	63,934	59,694
Income from property (NOI)	(A) - (B)	110,337	101,735

NOI measures the financial performance of our properties. It focusses on property operating revenue (generated through the lease of storage units and related activities, including insurance referrals and the sale of storage products and packaging) less real estate operating expense. As such it is a key performance indicator of the performance of the Group's core operating activity.

The Group's CODM periodically receives and reviews NOI when making capital allocation and operating decisions. Further, NOI represents a crucial input in the valuation of the Group's investment property, as described in Note 9 to our 2023 half-year financial statements.

NOI MARGIN

The NOI margin is calculated as Income from property ('NOI') divided by Property operating revenue for the relevant period and measures the operational performance and efficiencies of our properties as it shows in percentage how much property operating revenue remains after deduction of the real estate operating expense. As with all ratios, it also allows easier comparison within our industry, as it eliminates the need for size or currency adjustments.

Item	Operator	H1 2023	H1 2022
Income from property (NOI)		110,337	101,734
Property operating revenue	÷	174,271	161,429
NOI Margin %	=	63.3%	63.0%

OPERATING PROFIT BEFORE PROPERTY RELATED ADJUSTMENTS

This is a commonly reported KPI by real estate companies. We believe that this subtotal provides improved structure to the profit and loss information and enables investors to better analyze and compare our earnings with those of other companies.

EARNINGS BEFORE INTEREST, TAX, DEPRECIATION AND AMORTIZATION (EBITDA)

EBITDA, which represents reported operating earnings before interest, tax, depreciation and amortization, excluding (i) valuation gains from investment property and investment property under construction and (ii) losses or gains on disposal of investment property, plant and equipment and assets held for sale.

CONSTANT EXCHANGE RATE ('CER')

Certain of the above-mentioned non-GAAP measures, such as EBITDA, are also presented at constant exchange rate (CER) versus actual exchange rate (AER), in order to highlight the underlying operating performance versus the impact of changes in exchange rate on the particular KPI.

NET (FINANCIAL) DEBT

Net debt represents our long-term and short-term interest-bearing loans and borrowings, including lease obligations and excluding debt issuance costs, less cash and cash equivalents. This liquidity metric is used to evaluate the Group's capability of repaying all its debts, were they due immediately.

(in € thousands)	June 30, 2023	December 31, 2022
Carrying value of interest-bearing loans and borrowings	798,200	797,980
Unamortized portion of debt financing cost	1,800	2,020
Carrying value of lease obligations	107,264	99,822
Less cash and cash equivalents	-57,192	-87,345
Net financial debt	850,072	812,477

LOAN-TO-VALUE ("LTV")

LTV, which stands for loan-to-value, represents the Group's Net Debt divided by the fair value of investment properties and investment properties under construction, expressed as a percentage and is a commonly used leverage KPI in the real estate industry. The Group reviews its capital structure based on this metric with the primary objective to ensure that it complies with its debt covenants and to maintain a target loan-to-value ratio at c. 25%, short- to mid-term maximum of 35%.

(in € thousands)	June 30, 2023	December 31, 2022
Net financial debt	850,072	812,477
Investment property and investment property under construction (Note 14)	4,712,305	4,523,789
Loan-to-value ratio	18.0%	18.0%

NET DEBT TO EBITDA RATIO

Net debt to EBITDA ratio represents the Group's net financial debt divided by trailing 12 months earnings before interest, taxes, depreciation, and amortization (TTM EBITDA).

(in € thousands)	H1 2023	H1 2022
Net financial debt	850,072	713,031
TTM EBITDA	207,255	187,207
Net debt/EBITDA	4.1x	3.8x

INTEREST COVERAGE RATIO ("ICR")

ICR, which stands for interest coverage ratio, represents the Group's earnings before interest, taxes, depreciation, and amortization (EBITDA) divided by the total net finance costs, expressed as a ratio. The ICR of 10.0x demonstrates Shurgard's capacity to meet its outstanding debt obligations on time.

(in € thousands)	H1 2023	H1 2022
EBITDA	98,956	91,466
Finance cost, net	9,896	10,736
Interest coverage ratio	10.0x	8.5x

EUROPEAN PUBLIC REAL ESTATE ASSOCIATION ('EPRA') APM

In addition to the above, the Group mainly uses alternative performance measures that are issued and defined by EPRA with the aim to align the various accounting and reporting methodologies for the public real estate sector in Europe in order to increase the overall transparency of the sector by providing performance measures that result meaningful information for the readers of the financial statements.

The EPRA KPIs used by Shurgard are based on the EPRA best practice guidelines dated February 2022.

The table below provides a summarized overview of certain of the Company's key earnings related APM, consisting of (Adjusted) EPRA earnings and (Adjusted) EPRA earnings per share:

SUMMARY OF EPRA EARNINGS METRICS

(in € thousands, except for earnings per share for the six months ended June 30)	2023	2022
EPRA earnings	69,505	63,891
EPRA earnings per share (basic - €)	0.78	0.72
EPRA earnings per share (diluted - €)	0.78	0.71
Adjusted EPRA earnings	71,807	64,529
Adjusted EPRA earnings per share (basic - €)	0.81	0.72
Adjusted EPRA earnings per share (diluted - €)	0.80	0.71

The bases of calculation of each of the measures set out above, are illustrated below:

EPRA EARNINGS AND EPRA EARNINGS PER SHARE

(in € thousands, except for earnings per share for the six months ended June 30)	2023	2022
Profit attributable to ordinary equity holders of the parent for basic earnings	316,411	365,999
Adjustments:		
Gain on revaluation of investment properties	(124,010)	(400,575)
Profits on disposal of investment properties, development properties held for investment, right of use assets and other interests	(1)	-
Current and deferred tax in respect of EPRA adjustments ¹	(123,708)	97,824
Non-controlling interest in respect to the above ²	812	643
EPRA earnings	69,505	63,891
EPRA earnings per share (basic - €)	0.78	0.72
EPRA earnings per share (diluted - €)	0.78	0.71

1 For the first half year of 2023, deferred taxes are impacted by an income of €158.7 million resulting from the reversal of deferred tax liabilities in connection with the conversion of the group to a UK REIT.

2 Including investment property under construction and right-of-use investment property assets.

ADJUSTED EPRA EARNINGS AND ADJUSTED EPRA EARNINGS PER SHARE

(in € thousands, except for earnings per share for the six months ended June 30)	2023	2022
EPRA earnings	69,505	63,891
Company specific adjustments:		
Deferred tax (benefit) expense on items other than the revaluation of investment property	1,588	467
Net impact of tax assessments and non-recurring expenses	748	217
Current income tax adjustments in respect of the above	(34)	(46)
Non-controlling interest in respect to the above	-	-
Adjusted EPRA earnings	71,807	64,529
Adjusted EPRA earnings per share (basic) €	0.81	0.72
Adjusted EPRA earnings per share (diluted) €	0.80	0.71

ADJUSTED EPRA EARNINGS EFFECTIVE TAX RATE

(in € thousands, for the six months ended June 30)	2023	2022
Adjusted EPRA earnings	71,807	64,529
Current Tax Expense	16,005	14,749
Adjusted EPRA earnings before Current Tax Expense	87,812	79,278
Adjusted EPRA earnings Effective Tax Rate	18.2%	18.6%

ADJUSTED EPRA EARNINGS AND FOREIGN EXCHANGE RATE RISK

The following table presents the sensitivity analysis of our adjusted EPRA earnings in EUR in case the euro would weaken by 10% versus the GBP, SEK and DKK, respectively:

(in € thousands, for the six months ended June 30)	2023	2022
GBP/EUR exchange rate – increase 10%	1,648	1,294
SEK/EUR exchange rate – increase 10%	1,140	1,281
DKK/EUR exchange rate – increase 10%	449	439

Positive amounts represent an increase in adjusted EPRA earnings.

SUMMARY OF EPRA NAV METRICS

The table below provides a summarized overview of the Company's key APM that are NAV related, consisting of NAV, EPRA NAV and EPRA Triple NAV, EPRA NRV, EPRA NTA and EPRA NDV per share:

(in € thousands, except for per share metrics)	June 30, 2023	December 31, 2022
NAV	3,128,495	2,860,993
NAV per share (basic) €	35.09	32.10
NAV per share (diluted) €	34.99	31.98
EPRA NAV	3,783,623	3,645,620
EPRA NAV per share (diluted) €	42.31	40.75
EPRA Triple Net Asset Value (NNNAV) (diluted)	3,887,703	3,752,128
EPRA Triple Net Asset Value (NNNAV) per share (diluted) €	43.48	41.94
EPRA NRV	4,141,994	3,989,646
EPRA NRV per share (diluted) €	46.32	44.59
EPRA NTA (diluted)	3,776,446	3,638,891
EPRA NTA per share (diluted) €	42.23	40.67
EPRA NDV (diluted)	3,237,108	2,974,095
EPRA NDV per share (diluted) €	36.20	33.25

The bases of calculation of each of the above measures set out above, are illustrated below.

NAV (BASIC AND DILUTED)

Basic NAV per share amounts are calculated by dividing net assets in the statement of financial position attributable to ordinary equity holders of the parent by the number of ordinary shares outstanding at the reporting date.

The following reflects the net asset and share data used in the basic and diluted NAV per share computations:

(in € thousands, except for number of shares and NAV per share)	June 30, 2023	December 31, 2022
NAV attributable to ordinary equity holders of the parent	3,128,495	2,860,993
Number of ordinary shares at the reporting date	89,145,131	89,131,131
Number of diluted shares at the reporting date	271,568	333,315
NAV per share (basic) €	35.09	32.10
NAV per share (diluted) €	34.99	31.98

EPRA NRV (DILUTED)

The EPRA NRV scenario aims to represent the value required to rebuild the properties and assumes that no selling of assets takes place.

(in € thousands, except for NRV per share)	June 30, 2023	December 31, 2022
NAV attributable to ordinary equity holders of the parent (diluted)	3,128,495	2,860,993
Exclude:		
Deferred taxes on fair value adjustments of investment property	655,128	784,627
Include:		
Real estate transfer tax	358,371	344,026
EPRA NRV	4,141,994	3,989,646
EPRA NRV per share (diluted) €	46.32	44.59

In the above EPRA NRV calculation, the fair value adjustment of our notes issued and deferred tax expense other than on the fair value adjustment of investment property are not considered, and real estate transfer tax has been considered.

EPRA NTA (DILUTED)

The EPRA NTA scenario is focused on reflecting a company's tangible assets and assumes that companies buy and sell assets, thereby crystallizing certain levels of unavoidable deferred tax liability.

(in € thousands, except for NTA per share)	June 30, 2023	December 31, 2022
NAV attributable to ordinary equity holders of the parent (diluted)	3,128,495	2,860,993
Exclude:		
Deferred taxes on fair value adjustments of investment property	655,128	784,627
Intangible assets	(7,177)	(6,729)
Include:		
Real estate transfer tax ¹	-	-
EPRA NTA	3,776,446	3,638,891
EPRA NTA per share (diluted) €	42.23	40.67

1 The Company did not opt for the "optimized net property value" approach, as we do not have a history that would indicate that we can achieve lower taxes when buying and selling and as we have a buy and hold strategy, which would indicate limited relevance of the optimized EPRA NTA.

In the above EPRA NTA calculation, the fair value adjustment of our notes issued and deferred tax expense other than on the fair value adjustment of investment property are not considered.

EPRA NDV (DILUTED)

The EPRA NDV scenario aims to represent the shareholder's value under an ordinary sale of business, where deferred tax, financial instruments and certain other adjustments are calculated to the full extent of their liability, net of any resulting tax.

(in € thousands, except for NDV per share)	June 30, 2023	December 31, 2022
NAV attributable to ordinary equity holders of the parent (diluted)	3,128,495	2,860,993
Include:		
Fair value of fixed interest rate debt: Carrying value senior guaranteed notes lower (higher) than fair value	108,613	113,102
EPRA NDV	3,237,108	2,974,095
EPRA NDV per share (diluted) €	36.20	33.25

In the above EPRA NDV calculation, all our cumulative deferred tax expense is not considered.

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