

25 February 2019

*"This is the press release relating to the 2018 year-end results. While originally planned for tomorrow morning, we are releasing this earlier because we became aware that the information contained herein was inadvertently disseminated by a third party ahead of schedule."*

*"Regulated Information"*

**Shurgard Self Storage SA**  
**("Shurgard" or the "Company")**

**Results for the Year Ended 31 December 2018**

***A solid year for Shurgard***

**Key measures**

<b>At actual exchange rate</b> <i>(in € millions except where indicated)</i>	<b>Year Ended</b> <b>31 December</b> <b>2018</b>	<b>Year Ended</b> <b>31 December</b> <b>2017</b>	<b>% var.</b>	<b>% var.</b> <b>CER (*)</b>
<b>All Store</b>				
Number of stores	232	221	<b>5.0%</b>	
Net rentable sqm (1)	1,171	1,116	<b>4.9%</b>	
Net rented sqm (2)	1,003	956	<b>4.9%</b>	
Closing occupancy rate (3)	85.6%	85.7%	<b>-0.1pp</b>	
Average occupancy rate (4)	86.9%	87.5%	<b>-0.6pp</b>	
Average in-place rent (in € per sqm) (5)	211.4	212.8	<b>-0.7%</b>	<b>0.6%</b>
RevPAM (in € per sqm) (6)	215.3	217.4	<b>-1.0%</b>	<b>0.2%</b>
Property operating revenue (7)	244.7	238.3	<b>2.7%</b>	<b>3.9%</b>
Income from property (NOI) (8)	153.7	147.7	<b>4.1%</b>	<b>5.5%</b>
NOI margin (9)	62.8%	62.0%	<b>0.8pp</b>	<b>0.9pp</b>
EBITDA (10)	136.1	135.3	<b>0.6%</b>	<b>2.0%</b>
Adjusted EPRA earnings (11)	99.3	100.6	<b>-1.3%</b>	<b>0.0%</b>
Adjusted EPRA per share in €	1.44			
<b>Same Store</b>				
Number of stores	214	214	<b>0.0%</b>	
Net rentable sqm (1)	1,067	1,065	<b>0.2%</b>	
Net rented sqm (2)	929	933	<b>-0.4%</b>	
Closing occupancy rate (3)	87.1%	87.6%	<b>-0.5pp</b>	
Average occupancy rate (4)	88.5%	88.8%	<b>-0.3pp</b>	
Average in-place rent (in € per sqm) (5)	212.1	212.8	<b>-0.3%</b>	<b>0.9%</b>
RevPAM (in € per sqm) (6)	219.3	220.3	<b>-0.5%</b>	<b>0.7%</b>
Property operating revenue (7)	233.9	234.0	<b>0.0%</b>	<b>1.2%</b>
Income from property (NOI) (8)	148.9	146.3	<b>1.8%</b>	<b>3.1%</b>
NOI margin (9)	63.7%	62.5%	<b>1.2pp</b>	<b>1.3pp</b>
<b>Financial KPI's at period end</b>				
Fair value of investment property	2,559.3	2,300.7	<b>11.2%</b>	
Loan to Value (LTV) (12)	13.9%	25.3%	<b>-11.4%</b>	
Dividend per share (13) in €	0.22			

(\*) Constant Exchange Rate

**Highlights:**

- **Growth of our portfolio footprint in 2018 by 5%**
  - Acquisition of 9 properties (41,000sqm) – 5 in Sweden, 4 in London
  - 2 new openings (12,000sqm) in Stockholm and Berlin
  - 6 extensions and redevelopments (4,000sqm) in the Netherlands, France and Germany
  
- **Building up our pipeline for the coming years**
  - 3 openings in 2019 (17,500sqm) for €32.0 million in Berlin, London and Utrecht generating an expected property yield between 8-10% at maturity
  - 4 redevelopments in 2019 (6,000sqm) for €12.3 million in London and Paris
  - 4 projects signed conditional to permit consent (24,000sqm) in London, Paris, Berlin
  
- **Strong financial performance in line with our 2018 guidance**
  - Property operating revenue for the year 2.7% (3.9% at CER)
  - Same store property operating revenue growth 1.2% at CER
  - Income from property (NOI) 4.1% (5.5% at CER)
  - Same store NOI margin 63.7% up 1.3pp at CER
  - Delivery of €99.3 million of adjusted EPRA earnings
  - Dividend: €0.22 per share representing 3.8% annualized dividend yield vs. IPO price (€23.0)
  
- **Q4 performance better than expected**
  - Property operating revenue for the quarter 4.8% (5.7% at CER)
  - Same store revenue growth for the quarter 0.5% at CER
  - Income from property (NOI) for the quarter 5.9% (7.0% at CER)
  - Same store NOI margin 66.6% up 1.8pp at CER
  
- **Robust financing**
  - IPO gross proceeds of €575 million
  - New revolving credit facility for €250 million – matures in 2023
  - Long term funding with no immediate maturities (first maturity due in 2021)
  - LTV: 13.9% (down from 25.3% in 2017) as of 31 December 2018
  - Net debt / EBITDA: 2.6x as of 31 December 2018
  - Cash position: €250.9 million as of 31 December 2018
  
- **Outlook 2019**
  - All store revenue growth of 4-6% p.a.
  - Same store revenue growth of 1.5-2.5% p.a.
  - Continue to grow same store NOI margin improvement in the medium-term towards at least 2 percentage points
  - Continue to drive stabilized occupancy towards c. 92%
  - Average effective income tax rate of 18-20% based on Adjusted EPRA Earnings before tax, based on current tax laws

- Distribution of 80% of adjusted EPRA earnings as annual dividends with semi-annual payment
- Conservative financial policy with a target to keep LTV below 35% in the long term
- New store openings at a target property NOI yield of 8-10%: 3 in 2019 and 5 as from 2020
- Acquisitions: on average 3 stores per year

**Marc Oursin, Shurgard Chief Executive Officer, commented:**

“2018 has been a great and transformative year for Shurgard. Our capacity to grow has been confirmed with €167 million invested in three acquisitions, new developments and redevelopments across Europe. Post IPO, our balance sheet and financing allow Shurgard to seize multiple opportunities and to strengthen our organic development. Meanwhile the scalability of our platform is driving increased profitability, a trend we expect to continue in 2019.”

**About Shurgard**

Shurgard is the largest owner and operator of self-storage facilities in Europe with 232 self-storage centers and approximately 1.2 million net rentable square meters in 7 countries: the Netherlands, France, Sweden, the United Kingdom, Belgium, Germany and Denmark. Shurgard's European network currently serves 150,000 customers and employs approximately 700 people. Shurgard is listed on Euronext Brussels under the symbol “SHUR”. At Shurgard, we live and breathe our values of service, security, reliability, flexibility, convenience and cleanliness – to provide the best storage experience.

For additional information: <https://corporate.shurgard.eu/>

For high resolution images: <https://shurgard.prezly.com/media>

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A conference call is scheduled for Tuesday, February 26, 2019, at 10:00 a.m. (CET) to discuss these results.

International dial-in number: +352 24871238

Conference ID number: 5591109

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**Notes:**

- (1) Net Rentable Square Meters is presented in thousands of square meters and calculated as the sum of unit space available for customer storage use at our owned and leased stores, measured in square meters, based on our unit size categories, as of the relevant date.
- (2) Net Rented Square Meters is presented in thousands of square meters and calculated as the sum of unit space rented by customers at our owned and leased stores, measured in square meters, based on our unit size categories, as of the relevant date.
- (3) Closing occupancy Rate is presented as a percentage and calculated as the Net Rented Square Meters divided by Net Rentable Square Meters as of the relevant date.

- (4) Average Occupancy Rate is presented as a percentage and is calculated as the average of the Net Rented Square Meters divided by the average of the Net Rentable Square Meters, each for the relevant periods.
- (5) Average In-place Rent is presented in Euros per square meter and calculated as rental revenue, on a constant exchange rate basis, divided by the average Net Rented Square Meters for the relevant period.
- (6) RevPAM, which stands for revenue per available square meter, is presented in Euros per square meter for the relevant period and calculated as property operating revenue, divided by the average Net Rentable Square Meters for the relevant period.
- (7) Property operating revenue represents our revenue from operating our stores, and comprises our rental revenue, insurance revenue and ancillary revenue.
- (8) Income from property (NOI) is calculated as property operating revenue less real estate operating expense for the relevant period.
- (9) NOI Margin is calculated as income from property (NOI) divided by property operating revenue for the relevant period.
- (10) EBITDA is calculated as 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.
- (11) 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 the regular operating activities.
- (12) Net debt expressed as a percentage of the fair value of the Group's investment property.
- (13) Dividend per share is calculated as 80% of 25% of the adjusted EPRA earnings for the year 2018, divided by the number of shares outstanding as at year end 2018 (88,815,910 shares). Subject to approval by the shareholders at the Company's Annual General Meeting of 30 April 2019.

Our statutory auditor, Ernst & Young S.A., has completed its audit procedures and is releasing an unqualified audit report on our consolidated financial statements as at December 31, 2018.

### **Legal Disclaimer**

*This release contains "forward-looking statements". These statements are based on the current expectations and views of future events and developments of the management of Shurgard and are naturally subject to uncertainty and changes in circumstances. Forward-looking statements include statements typically containing words such as "will", "may", "should", "believe", "intends", "expects", "anticipates", "targets", "estimates", "likely", "foresees" and words of similar import. All statements other than statements of historical facts are forward-looking statements. You should not place undue reliance on these forward-looking statements, which reflect the current views of the management of Shurgard, are subject to risks and uncertainties about Shurgard and are dependent on many factors, some of which are outside of Shurgard's control. Other unknown or unpredictable factors could cause actual results to differ materially from those in the forward-looking statements.*

## Chairman's Statement

I am very pleased to be writing the first Chairman's statement of our first annual report as a publicly listed company on the Euronext Brussels Stock Exchange. The initial public offering in October marked a milestone in the Company's development, and its success reflects the hard work and determination of all the team at Shurgard.

The board's decision to list has been a considered and careful one. It is based on management's stellar performance in acquiring and developing storage properties across our European markets and executing an ambitious growth strategy. We believe that becoming a public company will strengthen the position of Shurgard as the leading self-storage company in Europe, open up an alternative supply of capital and give the company another source of growth.

The decision to IPO in October was prescient. Shortly after our listing, the window of opportunity in the market quickly closed and some companies were unlucky enough to have to delay their offering. But Shurgard successfully came to market with an institutional share offering that raised 575 million Euros and we now have a broader, but equally solid, foundation of shareholders.

## GOVERNANCE STRATEGY

Shurgard has always maintained a governance strategy underpinned by strong leadership, accountability, responsibility and integrity. This will not change now that we are a public company but we will also benefit from the addition of new directors to help guide and support the management team. The IPO has given us the opportunity to add people with a variety of skills and perspectives to our board. We now have a majority of independent directors, and have added new directors with financial, marketing, branding and technology skills that will further strengthen our organization.

In addition, we have tried to adopt best practices from both Europe and the US in setting the governance structure of our board. We have independent directors on all key committees and we have established a lead independent director to provide leadership and advise the board if any matters of conflict arise.

## MAJOR SHAREHOLDERS

Public Storage has been the owner or managing shareholder of Shurgard for over 12 years. Throughout this time, the Company has had access to Public Storage's management, marketing and development expertise, IT systems, software, and all other strategic and operational knowledge. This has provided Shurgard with an important competitive advantage in the European self-storage market.

Shurgard is a key investment for Public Storage, which did not sell any of its shares at the IPO, and expects to retain its holding in Shurgard.

Shurgard's other major investor is New York State Common Retirement Fund (NYSCRF).

The relationship between Shurgard and Public Storage is beneficial for all parties. Public Storage has been in the business of self-storage for almost 50 years. In this time, the US self-storage market has grown from 80 million square meters in the mid-1990s to 215 million square meters today. This growth has been supported by strong consumer awareness and changing demographics like population growth, mobility and increased personal wealth. Today North

Americans are used to using external storage units, and penetration is substantially higher than in Europe. In the US, there is 0.87 square meters of storage per person. In western Europe it is a fraction of that at just 0.02 square meters of storage per person.

In the 12 years since Public Storage has owned Shurgard, there have been noticeable similarities in customer behavior between Europe and the US. As consumers become increasingly aware of self-storage in Europe we see substantial opportunity for growth in the market, and for Shurgard as the leader in that market.

## GROWTH STRATEGY

A key part of our growth strategy is both the redevelopment of existing facilities and the development of new purpose built properties. There is a shortage of self-storage in Europe and we need to add to that capacity to grow the market and the business. To this end we have a medium-term strategy to build five properties per year.

We recognize that the development process is long and complex, and the most critical aspect of it is the skillset of the people carrying out the development. To achieve this medium-term objective, we hired experienced people to source suitable sites, manage the planning process, optimize the building structure and oversee the construction. With the right people in place and the IPO completed, we also have sufficient capital to undertake this longer-term strategy.

While new build storage fulfils the need for more storage space in the market, acquisitions also make up an important part of Shurgard's development strategy. With a fully developed brand and IT platform, acquisitions can be quickly integrated into our portfolio and immediately optimized to generate the best value and growth. During 2018 we acquired nine stores, five in Sweden and four in London.

Our medium-term guidance is to acquire three stores per year. The fragmented nature of the self-storage market in Europe means that sensible opportunities may arise more frequently. With our higher profile as a Euronext listed company, we hope to be a first port of call in a consolidating market.

## FINANCIAL STRATEGY

The IPO has enabled the company to draw on a new source of funding, however it has not changed our corporate financial strategy, which has always been to maintain a long-term loan to value ratio below 35%, which will give us access to the debt market.

This past year has been a transformative one for the business. We have a clear and ambitious but achievable strategy to take Shurgard into the future as a listed company. With strong management in place, new development plans and a market-leading brand, we look forward to another year of growth in 2019.

Ronald L. Havner, Jr.

Chairman of the Board of Directors

## CEO Statement

Over the last ten years, Shurgard has built an integrated, optimized and scalable branded platform, and leveraged it with acquisitions and developments. Having achieved a strong and stable basis on which to grow, 2018 was a transformative year for the Company. We delivered robust financial results and came to market with our initial public offering on the Brussels Euronext stock exchange in October. These achievements were possible with the support of our shareholders and the dedication and commitment of all our employees, who are the backbone of our business and the customer face of Shurgard across Europe.

## FINANCIAL STRENGTH

We have reported a solid financial year in 2018. Property operating revenue rose 2.7% in the year to €244.7 million (3.9% at constant exchange rates), supported by the growth of our network and the opening of newly developed and newly acquired stores.

Property operating revenue at stores opened more than three years ago, or acquired over one year ago rose 1.2% at constant exchange rates. This was achieved through an increase in average rent, which is possible when mature stores have reached a stable level of occupancy. Property operating revenue from stores open less than three years or acquired within the year more than doubled to €10.8 million. This demonstrates both the ramp up in occupancy and rents enabled by Shurgard's branded platform, as well as the addition of 11 non-same stores in 2018.

Operating profit before revaluation gains rose slightly, reflecting our strong revenue and well-managed expenses, which offset the drag of IPO and acquisition costs. Other key profit measures reflect the impact of a lower valuation gain in 2018 compared to 2017. Pretax profit was €208.0 million in 2018, from €251.7 million in 2017. Adjusted EPRA earnings fell 1.3% to €99.3 million.

We have proposed a dividend of 25% of the target pay-out ratio of 80% of 2018 adjusted EPRA earnings.

## IPO

In October, we came to the market with a successful initial public offering. The IPO was the culmination of many months of work by a dedicated team of people who balanced the requirements of the offering with the smooth operation of the business. Through the lengthy process of the IPO we managed three successful self-storage acquisitions, in Sweden and the UK, which is testament to the reliable management of the business.

Now that the IPO is complete, we will use the proceeds to fund further developments to expand our portfolio of properties, and look forward to engaging with our new shareholders and Board members as a public company.

## PROPERTY DEVELOPMENT

In 2018, we opened two new developed stores in Stockholm and Berlin, and completed redevelopment projects at three stores in The Netherlands, one in Germany and two in France.

In July 2018, we completed the acquisition of five Pelican self-storage facilities in Sweden. We also acquired one third-party managed London store in October 2018, and three freehold London stores from ABC Selfstore in November 2018. Rebranding and IT integration was done for all 9 properties just a few days after acquisition.

We are now at the stage where new acquisitions and new developments can be quickly integrated onto our platform. The standardization of branding and services allows us to bring new properties online efficiently, build up occupancy, and then use our proprietary pricing and portfolio system to optimize value from our stores.

This optimization has helped us improve our income from property (NOI) margin through operational efficiency at the store level. In 2018 NOI margin strengthened to 62.8% from 62.0% in 2017.

Unfortunately, on New Year's Eve 2018 a fire at our Croydon, Purley Way store in London destroyed the building. The store is planned to re-open in 2020.

## PEOPLE

Shurgard's growth strategy means a constant need for more talented and experienced people to work in our stores, support and management functions, and property development and construction projects. To attract and retain the top talent that has helped us achieve our goals, we launched the Shurgard Academy in 2018. The Academy provides a transparent process of continuous development and empowers our store employees to develop throughout their career. Despite only launching in September, 122 staff members have already started the Academy program.

The success of Shurgard rests on the service we provide and the talent that drives the levers of our business. I would like to thank all our employees for making 2018 a transformative year of growth.

## CUSTOMERS

Our customers are at the heart of the business. They live and work within the community around our stores, which means when we engage with our community, they also feel the benefits.

Our aim is to provide a safe, secure, welcoming and helpful environment when our customers turn to us for their self-storage needs. Their feedback is an important indicator of our operational success and we work hard to maintain positive interactions. As a result of our efforts, we enjoy an average Feefo<sup>1</sup> rating of 4.6 stars, with national rankings from 4.5 stars to 4.7 stars.

Throughout the year, we conducted focus group research and online surveys to understand our customers' requirements and better serve their needs. The engaging content on our local websites is updated regularly with ideas and suggestions designed to improve their storage experience.

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<sup>1</sup> Feefo star-rating is based on the direct reviews of genuine Shurgard customers who rate the service along a five point scale (1 for very bad to 5 for excellent).

## OUTLOOK

We have three new developments planned for 2019 in the Netherlands, the UK and Germany, and four redevelopment projects, one of which will almost double the rentable space of the store. Our pipeline is growing as we add more property development expertise to our team, and in the medium term we plan to build five new developments a year. Our acquisition target is three properties per year.

We are targeting 1.5%-2.5% annual Same Store revenue growth in the medium term, and 4% to 6% growth for All Store revenue. Shurgard expects at least two percentage points NOI margin improvement.

We look forward to 2019 and the exciting opportunities it holds for Shurgard.

Marc Oursin

Chief Executive Officer