

## IMPORTANT NOTICE

**IMPORTANT:** You must read the following disclaimer before continuing. By accessing the attached Offering Circular, dated as of September 28, 2018 (the “**Offering Circular**”), you agree to the following:

**This Transmission is Personal to You and Must Not be Forwarded.** The attached Offering Circular has been delivered personally to you on the basis that you are a person into whose possession the Offering Circular may be lawfully delivered in accordance with applicable laws. You may not nor are you authorized to deliver this Offering Circular to any other person. You will not transmit, reproduce, redistribute, pass on or publish, directly or indirectly, the attached Offering Circular (or any copy of it or part thereof) or disclose, whether orally or in writing, any of its contents to any other person other than persons within your organization on a “need-to-know” basis. The information in this Offering Circular is not complete and may be changed.

**RESTRICTIONS:** NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES TO WHICH THIS OFFERING CIRCULAR RELATES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “**SECURITIES ACT**”), OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES, AND THE SECURITIES MAY NOT BE OFFERED OR SOLD EXCEPT IN CERTAIN TRANSACTIONS EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. FAILURE TO COMPLY WITH THIS NOTICE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

This communication is directed solely at persons who (i) are outside the United Kingdom, (ii) are investment professionals falling within Article 19(5) of The Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the “**Financial Promotion Order**”) or (iii) are persons falling within Article 49(2)(a) to (d) of the Financial Promotion Order (all such persons together being referred to as “relevant persons”). This Offering Circular must not be acted on or relied on by persons inside the United Kingdom who are not relevant persons. Any investment or investment activity to which this Offering Circular relates is available in the United Kingdom only to relevant persons and will be engaged in only with relevant persons. Any person in the United Kingdom who is not a relevant person should not act or rely on this Offering Circular or any of its contents.

None of the Underwriters or any person who controls any such person or director, officer, employee, agent, representative or affiliate of any such person accepts any liability whatsoever for any event whatsoever arising from any unauthorized use of this Offering Circular.

**Confirmation of Your Representation:** In order to be eligible to view this Offering Circular or make an investment decision with respect to the shares, you are deemed to have represented to Shurgard Self Storage SA (the “**Company**”), BNP PARIBAS, J.P. Morgan Securities plc, Société Générale, HSBC Bank plc and Kempen & Co N.V. (together, the “**Underwriters**”) that (i) (a) you are acquiring such securities in “offshore transactions” (as defined in, and in reliance on, Regulation S under the Securities Act) and (b) you are either (x) a qualified investor under the EU Prospectus Directive (“**qualified investor**”) or, in jurisdictions where the Prospectus Directive is not in force, an institutional or other investor eligible to participate in a private placement of securities under applicable law or (y) if you are in the United Kingdom, a relevant person, and/or a relevant person who is acting on behalf of, relevant persons in the United Kingdom and/or Qualified Investors to the extent you are acting on behalf of persons or entities in the United Kingdom or the European Economic Area, or (ii) a “qualified institutional buyer” (within the meaning of Rule 144A under the Securities Act) acting for your account or for the account only of another “qualified institutional buyer”. You have been sent the attached Offering Circular on the basis that you have confirmed the foregoing to the sender, and that you consent to delivery by electronic transmission.

The Offering Circular has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of transmission and consequently none of the sender, the Company or any person who controls them or any of their directors, officers, employees, agents or affiliates accepts any liability or responsibility whatsoever in respect of any such alteration or change. By accessing the attached document, you consent to receiving it in electronic form.

You are reminded that this document has been made available to you solely on the basis that you are a person into whose possession this document may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not nor are you authorized to deliver this document, electronically or otherwise, to any other person.

Nothing in this electronic transmission constitutes, and may not be used in connection with, an offer of securities for sale to persons other than the specified categories of buyers described above and to whom it is directed and access has been limited so that it shall not constitute a general solicitation. If you have gained access to this transmission contrary to the foregoing restrictions, you will be unable to purchase any of the securities described therein.

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## Shurgard Self Storage SA

6c, rue Gabriel Lippmann, L-5365 Munsbach, Grand Duchy of Luxembourg

### Private Placement of up to €575 million of Newly Issued Shares

This offering circular (the “Offering Circular”) relates to the private placement (the “Private Placement”) by Shurgard Self Storage SA, a public limited liability company (*société anonyme*) organized under the laws of the Grand Duchy of Luxembourg (“Shurgard” or the “Company”) and registered with the Luxembourg Trade and Companies Register (*Registre de Commerce et des Sociétés*, Luxembourg) under number B218238, of approximately €575 million of newly issued ordinary shares, with no nominal value, of the Company (the “Shares”). The Shares being offered by the Company in the Private Placement representing a maximum of 25,000,000 Shares (based on the low end of the Price Range), are herein referred to as the “Offer Shares.” Application has been made for admission to trading of the Shares (the “Admission to Trading”) on the regulated market of Euronext Brussels (“Euronext Brussels”). Euronext Brussels is a regulated market for the purpose of Directive 2014/65/EU on markets in financial instruments.

In connection with the Private Placement, J.P. Morgan Securities plc as stabilization manager (the “Stabilization Manager”) (or any person acting for the Stabilization Manager), on behalf of the Underwriters (as defined below), may, for stabilization purposes, acquire Shares representing up to 13% of the number of Offer Shares subscribed for in the Private Placement during a period of 30 calendar days following the Listing Date (as defined herein) with a view to supporting the market price of the Shares at a level higher than that which might otherwise prevail. The acquisition of the Shares by the Stabilization Manager may result in the repurchase of such Shares by the Company pursuant to a put option expected to be granted by the Company to the Stabilization Manager (the “Put Option”), if the Put Option is exercised by the Stabilization Manager. The Put Option is exercisable for a period of 30 days following the Listing Date. Any Shares so purchased by the Company pursuant to the Put Option will be held by the Company as treasury Shares.

The Private Placement will be made by way of (i) a private placement in the United States to persons who are reasonably believed to be (a) “qualified institutional buyers” (“QIBs”) (as defined in Rule 144A (“Rule 144A”) under the U.S. Securities Act of 1933 (the “U.S. Securities Act”)) or (b) “accredited investors” as defined in Rule 501(a) under the U.S. Securities Act, in reliance on Rule 144A or another applicable exemption from the registration requirements of the U.S. Securities Act; and (ii) private placements in the rest of the world in compliance with Regulation S under the U.S. Securities Act (“Regulation S”). The Offer Shares are not being made available to the public in any member state of the European Economic Area (“EEA”) (a “Member State”) or any other jurisdiction in conjunction with the Private Placement.

**An investment in the Offer Shares involves substantial risks and uncertainties. See “Risk Factors” for a discussion of certain factors that should be considered in connection with an investment in the Offer Shares. All of these factors should be considered before investing in the Offer Shares.**

#### PRICE RANGE: €23 TO €28 PER OFFER SHARE

The Company and the Underwriters have set the Price Range for the Offer Shares at €23 to €28 per Offer Share (the “Price Range”). The Price Range has been determined by the Company following recommendations from the Joint Global Coordinators, taking into account market conditions and factors including but not limited to the condition of the financial markets, the Company’s financial position, a qualitative assessment of the demand for the Offer Shares and all other factors deemed relevant. The Company reserves the right to increase or decrease the lower limit of the Price Range or to decrease the upper limit of the Price Range.

The offering period (the “Offering Period”) will begin on October 1, 2018 and is expected to end on October 11, 2018, subject to early closing. Any early closing of the Offering Period will be announced, and subsequent dates will in such case be adjusted accordingly.

The price (the “Offering Price”) and the final number of Offer Shares has not yet been fixed as of the date of this Offering Circular. The Company, after consultation with the Joint Global Coordinators, will determine the Offering Price and the final number of Offer Shares to be issued. The Offering Price will be set on the basis of the purchase orders submitted by investors that have been collated in the order book prepared during the bookbuilding process.

The Offering Price and the number of Offer Shares placed is expected to be made public on or about October 11, 2018 and in any event no later than the first business day after the end of the Offering Period. The Offering Price must be paid by investors in full, in Euro, together with any applicable stock exchange taxes and costs. For further information about applicable taxes, see “Taxation”.

Prior to the Private Placement, there has been no public market for the Shares. Application has been made to list the Shares on Euronext Brussels under the symbol “SHUR” (with ISIN: LU1883301340 and Common Code: 000188330134). Trading of the Shares on Euronext Brussels is expected to commence, on an “if-and-when-issued” basis, on or about October 15, 2018 (the “Listing Date”). Delivery of the Offer Shares sold in the Private Placement is expected to take place in book-entry form against payment thereof in immediately available funds on or about October 16, 2018 (the “Closing Date”).

BNP PARIBAS, J.P. Morgan Securities plc and Société Générale are acting as joint global coordinators and joint bookrunners for the Private Placement and the Admission to Trading (in such and any other capacity, the “Joint Global Coordinators”), HSBC Bank plc and Kempen & Co N.V. are acting as joint bookrunners (together with the Joint Global Coordinators, the “Joint Bookrunners” or the “Underwriters”).

**THIS OFFERING CIRCULAR IS NOT PUBLISHED IN CONNECTION WITH AND DOES NOT CONSTITUTE A PUBLIC OFFER OF SECURITIES BY OR ON BEHALF OF THE COMPANY AND/OR THE UNDERWRITERS.**

This document does not constitute a prospectus for purposes of Article 3 of Directive 2003/71/EC of the European Parliament and of the Council of the European Union (as amended, including by Directive 2010/73/EU, the “Prospectus Directive”) and has not been prepared in accordance with Part II of the Luxembourg law on prospectuses for securities of July 10, 2005 (*Loi relative aux prospectus pour valeurs mobilières*), as amended (the “Prospectus Law”) and Article 5(3) of the Prospectus Directive. This Offering Circular has not been approved by any authority. A listing prospectus in connection with the Admission to Trading will be submitted for approval by the Luxembourg *Commission de Surveillance du Secteur Financier* (the “CSSF”), in its capacity as competent authority under the Prospectus Law. Application will be made to notify the Belgian Financial Services and Markets Authority (the “FSMA”) in accordance with the European passport mechanism set forth in the Prospectus Directive and the listing prospectus will, after approval, be published in electronic form on the websites of the Luxembourg Stock Exchange (<http://www.bourse.lu>) and Euronext Brussels (<http://www.euronext.com>).

This Offering Circular does not constitute an offer to sell or the solicitation of an offer to buy any of the Offer Shares in any jurisdiction or to any person to whom it would be unlawful to make such an offer.

The Shares have not been and will not be registered under the U.S. Securities Act or the applicable securities laws of any state or other jurisdiction of the United States and may not be offered, sold, pledged or transferred within the United States, except pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act.

Distribution of this Offering Circular may, in certain jurisdictions, be subject to specific regulations or restrictions. Persons in possession of this Offering Circular are required to inform themselves of any such restrictions which may apply in their jurisdiction and to observe them. Any failure to comply with these restrictions may constitute a violation of the securities laws of that jurisdiction. The Company disclaims all responsibility for any violation of such restrictions by any person.

*Joint Global Coordinators and Joint Bookrunners*

**BNP PARIBAS**

**J.P. Morgan**

**Société Générale**

*Joint Bookrunners*

**HSBC**

**Kempen**

Offering Circular dated September 28, 2018

## NOTICES TO INVESTORS

### Notice to prospective investors in the United States

The Shares have not been and will not be registered under the U.S. Securities Act and the Offer Shares in the Private Placement are being offered and sold: (i) in the United States only to persons who are reasonably believed to be QIBs or accredited investors in reliance on Rule 144A or another applicable exemption from the registration requirements of the U.S. Securities Act; and (ii) outside the United States in compliance with Regulation S. Prospective investors are hereby notified that sellers of the Offer Shares may be relying on the exemption from the registration requirements of Section 5 of the U.S. Securities Act provided by Rule 144A. For certain restrictions on transfer of the Shares, see “*Transfer Restrictions*”.

The Offer Shares have not been recommended by any U.S. federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this Offering Circular. Any representation to the contrary is a criminal offense in the United States.

In the United States, this Offering Circular is being furnished on a confidential basis solely to persons who are reasonably believed to be QIBs or accredited investors for the purpose of enabling a prospective investor to consider purchasing the particular securities described herein. The information contained in this Offering Circular has been provided by us and other sources identified herein. Distribution of this Offering Circular to any person other than the offeree specified by the Underwriters or their representatives, and those persons, if any, retained to advise such offeree with respect thereto, is unauthorized, and any disclosure of its contents, without our prior written consent, is prohibited. Any reproduction or distribution of this Offering Circular in the United States, in whole or in part, and any disclosure of its contents to any other person is prohibited. This Offering Circular is personal to each offeree and does not constitute an offer to any other person or to the public generally to subscribe for, or otherwise acquire, the Offer Shares.

### Notice to investors in the European Economic Area

An offer to the public of any Offer Shares may not be made in any Member State unless a prospectus has been (i) approved by the competent authority in such Member State or passported and (ii) published in accordance with the Prospectus Directive as implemented in such Member State. This Offering Circular has been prepared on the basis that all offers of Offer Shares in the Private Placement, are being made pursuant to an exemption under the Prospectus Directive, as implemented in Member States of the EEA, from the requirement to produce a prospectus for offers of Offer Shares. Accordingly, any person making, or intending to make, any offer within the EEA of Offer Shares which are the subject of the placement contemplated in this Offering Circular should only do so in circumstances in which no obligation arises for the Company or any of the Underwriters to produce a prospectus for such offer. Neither we, nor the Underwriters have authorized, nor do we, nor the Underwriters authorize, the making of any offer of Offer Shares through any financial intermediary, other than offers made by the Underwriters which constitute the final placement of Offer Shares. The Offer Shares have not been, and will not be, offered to the public in any Member State of the European Economic Area that has implemented the Prospectus Directive (a “Relevant Member State”). Notwithstanding the foregoing, an offering of the Offer Shares may be made in a Relevant Member State:

- to any legal entity that is a qualified investor as defined in the Prospectus Directive,
- to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the Joint Global Coordinators for any such offer, or
- in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Offer Shares shall result in a requirement for the publication by us or any Underwriter of a prospectus pursuant to Article 3 of the Prospectus Directive or a supplement to a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an “offer to the public” in relation to any Offer Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the Private Placement and the Offer Shares so as to enable an investor to decide to purchase Offer Shares, as that definition may be varied in that Relevant Member State by any measure implementing the Prospectus Directive and includes any relevant implementing measure in the Relevant Member State.

**Notice to investors in the United Kingdom**

Offers of the Offer Shares pursuant to the Private Placement are only being made to persons in the United Kingdom who are qualified investors as defined in the Prospectus Directive or otherwise in circumstances which do not require publication by us of a prospectus pursuant to section 85(1) of the U.K. Financial Services and Markets Act 2000.

Any investment or investment activity to which the Offering Circular relates is available only to, and will be engaged in only with, qualified investors who are also: (i) investment professionals falling within Article 19(5) of the U.K. Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the “Order”); or (ii) high net worth entities or other persons falling within Article 49(2)(a) to (d) of the Order; or (iii) persons to whom such investment or investment activity may otherwise lawfully be made available (together “Relevant Persons”). Persons who are not Relevant Persons should not take any action on the basis of the Offering Circular and should not act or rely on it.

**Notice to investors in Canada**

The Offer Shares may be sold in Canada only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45–106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31–103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the Offer Shares must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this Offering Circular (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser’s province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser’s province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 (or, in the case of securities issued or guaranteed by the government of a non-Canadian jurisdiction, section 3A.4) of National Instrument 33–105 Underwriting Conflicts (“NI 33–105”), the Underwriters are not required to comply with the disclosure requirements of NI 33–105 regarding underwriter conflicts of interest in connection with this offering.

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## SUMMARY

### Introduction and warnings

Disclosure requirement	
<b>Introduction and warnings</b>	<p>This summary should be read as an introduction to this Offering Circular. Any decision to invest in the Offer Shares should be based on consideration of this Offering Circular as a whole by the investor. Where a claim relating to the information contained in this Offering Circular is brought before a court, the plaintiff investor might, under the national legislation of the relevant Member State, have to bear the costs of translating this Offering Circular before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of this Offering Circular or if it does not provide, when read together with the other parts of this Offering Circular, key information in order to aid investors when considering whether to invest in such Offer Shares.</p>

### Issuer

Disclosure requirement	
<b>The legal and commercial name of the Company</b>	<p>Our legal name is Shurgard Self Storage SA (the “Company”, and references to “Shurgard”, “we”, “us”, “our” or the “Group” are to the Company together with its consolidated subsidiaries). We carry out our business under the name of Shurgard.</p>
<b>Domicile, legal form, legislation and country of incorporation of the Company</b>	<p>After the migration of our domicile, registered office and central administrative seat from Guernsey to the Grand Duchy of Luxembourg in 2017, the Company currently has the form of a public limited liability company (<i>société anonyme</i>) and is governed by the laws of the Grand Duchy of Luxembourg. We have our registered office at 6c, rue Gabriel Lippmann, L-5365 Munsbach, Grand Duchy of Luxembourg.</p>
<b>Current operations and principal activities of the Company and the principal markets in which it competes</b>	<p>We are the largest owner and operator of self-storage centers, which we refer to as stores, in Europe in terms of number of stores and net rentable square meters (according to the “<i>FEDESSA European Self Storage Annual Survey 2017</i>” prepared by the Federation of European Self Storage Associations). We commenced operations in 1995 and are one of the pioneers of the self-storage concept in Europe. In total, our network of 228 stores comprises approximately 1.2 million net rentable square meters and serves more than 150,000 customers in the Netherlands, France, Sweden, the United Kingdom, Belgium, Germany and Denmark.</p> <p>Across this network, we have developed an integrated self-storage company with local expertise in the seven countries where we operate, and have centralized in-house capabilities to design, develop, acquire and operate stores to provide a consistent experience to residential and commercial customers. We introduced the concept of self-storage into several key European markets and have worked successfully to build consumer awareness and acceptance of the self-storage product. The number of stores we own and operate has grown to a network of 228 stores, with 95% of our net square rentable area in stores that we wholly own or operate under long-term lease agreements of at least 80 years remaining life, as of June 30, 2018. We primarily operate in urban areas across Europe, with approximately 92% of our stores located in capital and major cities.</p> <p>We have an established track record of developing, redeveloping and acquiring stores. Between December 31, 2014 and June 30, 2018, we developed seven new stores, completed redevelopment projects at 10 stores, and acquired 33 stores. We are targeting the completion of redevelopment projects at five stores during the remainder</p>

Disclosure requirement	
	<p>of 2018 and we expect to open a new store in Berlin and complete the purchase of a new store in London in October 2018. Our investment criteria are focused on acquiring and developing high-quality stores that are easily accessible by our customers in markets believed to have strong growth potential. We continue to focus on attractive and cycle-resilient urban areas that we anticipate will enjoy strong demand and provide attractive growth potential.</p> <p>We generate revenue through the lease of storage units and related activities, including insurance referrals and the sale of storage products and packaging. Our real estate operating revenue and income from property, which we refer to as “income from property (NOI)”, have increased steadily in recent years, as we increased rental rates across our network while growing occupancy, alongside network growth from development, redevelopment and acquisition activity.</p>
<b>Significant recent trends affecting the Company and the industries in which it operates</b>	<p>The European self-storage market has been characterized by a period of sustained growth in recent years, based on pan-European supply levels, and currently comprises approximately 7 million square meters of rentable area across approximately 2,530 self-storage facilities in the seven countries where we operate. This industry growth has been driven by increases in customer demand, supported by demographic and macroeconomic trends and increasing customer awareness of self-storage, as well as continued development in the supply of self-storage facilities and consolidation among self-storage providers.</p> <p>Customers of self-storage facilities include residential and business users, which comprise approximately 75–80% and 20–25% of industry customers, respectively, according to Green Street Advisors and internal estimates. A number of factors have supported demand for self-storage from residential customers in recent years, including favorable demographic and macroeconomic trends, such as population growth, higher levels of mobility, increasing personal wealth and ownership of more storable goods, as well as increased consumer awareness. These trends have been particularly strong in urban areas in recent years, 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. Demand from business customers has been supported by growth of new online retailers and small businesses, which require flexible and cost-effective storage options. We expect these trends to continue to support demand for self-storage in the coming years.</p> <p>Supply of self-storage facilities 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.</p>
<b>Description of the Group and the Company’s position within the Group</b>	<p>The Company is the parent company and principal holding company of the Group. The Group operates its business through its direct and indirect subsidiaries. The Company’s significant subsidiaries are located in the Netherlands, France, Sweden, the United Kingdom, Belgium, Germany and Denmark. The principal activity of the Group is leasing storage units to customers and providing related products and services, including insurance referrals and the sale of storage products and packaging.</p>
<b>Relationship with major shareholders</b>	<p>As at the date of this Offering Circular and prior to the Private Placement, all of the Shares of the Company are directly or indirectly held by (i) Public Storage, a NYSE-listed real estate investment trust organized under the laws of the State of Maryland (“Public Storage”), and (ii) the New York State Common Retirement Fund (“CRF” and, together with Public Storage, the “Principal Shareholders”).</p> <p>The following table sets forth the shareholders of the Company (i) at the date of this Offering Circular, (ii) following closing of the Private Placement assuming full</p>

Disclosure requirement																																																																								
	<p>exercise of the put option expected to be granted by the Company to the Stabilization Manager, in relation to stabilization transactions (the “Put Option”) and that the Offering Price is at the low end of the Price Range, and (iii) following closing of the Private Placement assuming no exercise of the Put Option and that the Offering Price is at the low end of the Price Range:</p> <table><tr><th></th><th colspan="2">Shares Owned at the date of this Offering Circular</th><th colspan="2">Shares Owned as from the Closing Date Assuming Full Exercise of the Put Option<sup>(2)</sup></th><th colspan="2">Shares Owned as from the Closing Date Assuming No Exercise of the Put Option<sup>(2)</sup></th></tr><tr><th></th><th>Number</th><th>%</th><th>Number</th><th>%</th><th>Number</th><th>%</th></tr><tr><td>Public Storage<sup>(1)</sup> . . . . .</td><td>31,268,459</td><td>48.9</td><td>31,268,459</td><td>35.2</td><td>31,268,459</td><td>35.2</td></tr><tr><td>CRF<sup>(1)</sup> . . . . .</td><td>32,544,722</td><td>50.9</td><td>32,544,722</td><td>36.6</td><td>32,544,722</td><td>36.6</td></tr><tr><td>Shurgard Self Storage SA (treasury Shares) . . . . .</td><td>122,500</td><td>0.2</td><td>3,372,500</td><td>3.8</td><td>122,500</td><td>0.1</td></tr><tr><td>Public . . . . .</td><td>—</td><td>—</td><td>21,750,000</td><td>24.5</td><td>25,000,000</td><td>28.1</td></tr><tr><td><b>Total</b> . . . . .</td><td><u>63,935,681</u></td><td><u>100.0</u></td><td><u>88,935,681</u></td><td><u>100.0</u></td><td><u>88,935,681</u></td><td><u>100.0</u></td></tr></table> <p>Notes:</p> <p>(1) Public Storage and CRF are the indirect beneficial owners of the number of Shares mentioned next to their name, which are all held of record by Shurgard European Holdings LLC, a Delaware limited liability company. Of the 31,268,459 Shares indirectly beneficially held by Public Storage, it is contemplated that, prior to the closing of the Private Placement, 27,652,379 Shares will be distributed by Shurgard European Holdings LLC to Public Storage.</p> <p>(2) The Put Option provides the Stabilization Manager with an option to resell to the Company up to 13% of the number of Offer Shares subscribed for in the Private Placement, which are purchased by the Stabilization Manager for stabilization purposes. Any Shares so purchased by the Company pursuant to the Put Option will be held by the Company as treasury Shares.</p>							Shares Owned at the date of this Offering Circular		Shares Owned as from the Closing Date Assuming Full Exercise of the Put Option <sup>(2)</sup>		Shares Owned as from the Closing Date Assuming No Exercise of the Put Option <sup>(2)</sup>			Number	%	Number	%	Number	%	Public Storage <sup>(1)</sup> . . . . .	31,268,459	48.9	31,268,459	35.2	31,268,459	35.2	CRF <sup>(1)</sup> . . . . .	32,544,722	50.9	32,544,722	36.6	32,544,722	36.6	Shurgard Self Storage SA (treasury Shares) . . . . .	122,500	0.2	3,372,500	3.8	122,500	0.1	Public . . . . .	—	—	21,750,000	24.5	25,000,000	28.1	<b>Total</b> . . . . .	<u>63,935,681</u>	<u>100.0</u>	<u>88,935,681</u>	<u>100.0</u>	<u>88,935,681</u>	<u>100.0</u>																	
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Disclosure requirement					
	<b><i>Selected Consolidated Statement of Financial Position Data</i></b>				
		<b>As of June 30,</b>	<b>As of December 31,</b>		
		<b>2018</b>	<b>2017</b>	<b>2017</b>	<b>2016</b>
					<b>2015</b>
		<b>(in € thousands)</b>			
	<b>Assets</b>				
	<b>NON-CURRENT ASSETS:</b>				
	Investment property . . . . .	2,339,615	2,161,617	2,289,770	2,117,979
	<b>Total non-current assets . . . . .</b>	<b>2,358,663</b>	<b>2,198,512</b>	<b>2,308,031</b>	<b>2,136,697</b>
	<b>CURRENT ASSETS:</b>				
	Trade and other receivables . . . . .	9,569	11,046	12,952	14,458
	Cash and cash equivalents . . . . .	22,158	16,503	23,645	11,679
	<b>Total current assets . . . . .</b>	<b>41,928</b>	<b>35,896</b>	<b>43,979</b>	<b>31,936</b>
	<b>TOTAL ASSETS . . . . .</b>	<b>2,400,591</b>	<b>2,234,408</b>	<b>2,352,010</b>	<b>2,168,633</b>
	<b>EQUITY AND LIABILITIES</b>				
	<b>EQUITY</b>				
	Issued share capital . . . . .	800,629	800,629	800,629	800,629
	Retained earnings . . . . .	659,467	462,773	608,835	397,700
	Total equity attributable to equity holders of the parent . . . . .	1,366,718	1,199,862	1,336,326	1,146,418
	<b>TOTAL EQUITY . . . . .</b>	<b>1,370,089</b>	<b>1,202,835</b>	<b>1,339,516</b>	<b>1,149,224</b>
	<b>NON-CURRENT LIABILITIES:</b>				
	Interest-bearing loans and borrowings . . . . .	597,546	621,188	597,347	623,995
	Deferred tax liabilities . . . . .	337,995	326,868	335,028	314,366
	<b>Total non-current liabilities . . . . .</b>	<b>942,003</b>	<b>955,517</b>	<b>939,021</b>	<b>946,095</b>
	<b>CURRENT LIABILITIES:</b>				
	Trade and other payables and deferred revenue . . . . .	78,572	71,024	64,718	67,395
	Income tax payable . . . . .	9,402	4,548	8,251	5,455
	<b>Total current liabilities . . . . .</b>	<b>88,499</b>	<b>76,056</b>	<b>73,473</b>	<b>73,314</b>
	<b>TOTAL LIABILITIES . . . . .</b>	<b>1,030,502</b>	<b>1,031,573</b>	<b>1,012,494</b>	<b>1,019,409</b>
	<b>TOTAL EQUITY AND LIABILITIES . . . . .</b>	<b>2,400,591</b>	<b>2,234,408</b>	<b>2,352,010</b>	<b>2,168,633</b>

Disclosure requirement					
	<b>Consolidated Statement of Cash Flows Data</b>				
		<b>Six months ended June 30,</b>	<b>Year ended December 31,</b>		
		<b>2018</b>	<b>2017</b>	<b>2017</b>	<b>2016</b>
				<b>2015</b>	
		<b>(in € thousands)</b>			
	<b>Cash flows from operating activities</b>	70,371	59,461	119,216	121,913
	<b>Cash flows from investing activities</b>	(62,561)	(42,173)	(61,476)	(47,494)
	<b>Cash flows from financing activities</b>	(9,364)	(12,458)	(45,801)	(183,182)
	Net (decrease) increase in cash and cash equivalents...	(1,554)	4,830	11,939	(108,763)
	Effect of exchange rate fluctuation	67	(6)	27	(191)
	Cash and cash equivalents at 1 January	23,645	11,679	11,679	120,633
	<b>Cash and cash equivalents at period end</b>	<b>22,158</b>	<b>16,503</b>	<b>23,645</b>	<b>11,679</b>
					<b>120,633</b>
	<p>Certain significant changes to our financial condition and results of operations occurred during the six months ended June 30, 2018 and 2017 and during 2017, 2016 and 2015. These changes are summarized below.</p> <p>Real estate operating revenue increased by €2.1 million, or 1.8%, from €117.4 million in the six months ended June 30, 2017 to €119.5 million in the six months ended June 30, 2018. Real estate operating revenue increased by €6.5 million, or 2.8%, from €232.1 million in 2016 to €238.6 million in 2017. Real estate operating revenue increased by €14.0 million, or 6.4%, from €218.1 million in 2015 to €232.1 million in 2016. Growth in real estate operating revenue during these periods was primarily driven by expansion of our store network alongside stable average in-place rent.</p> <p>Real estate operating expense increased by €0.5 million, or 1.1%, from €47.7 million in the six months ended June 30, 2017 to €48.2 million in the six months ended June 30, 2018. Real estate operating expense remained broadly stable, at €91.1 million in 2016 and €90.6 million in 2017. Real estate operating expense increased by €3.6 million, or 4.1%, from €87.5 million in 2015 to €91.1 million in 2016. Growth in real estate operating expense during these periods was primarily driven by expansion of our store network.</p> <p>Operating profit decreased by €20.6 million, or 21.8%, from €94.3 million in the six months ended June 30, 2017 to €73.7 million in the six months ended June 30, 2018, primarily due to a slower rate of growth in the value of investment property and investment property under construction as between the two years, as partially offset by an increase in net income from real estate operations of €1.6 million, or 2.3%. Operating profit decreased by €3.5 million, or 1.3%, from €273.8 million in 2016 to €270.3 million in 2017, primarily due to a slower rate of growth in the value of investment property and investment property under construction as between the two years, as partially offset by an increase in net income from real estate operations of €7.0 million, or 5.0%. Operating profit increased by €72.5 million, or 36.0%, from €201.3 million in 2015 to €273.8 million in 2016, primarily driven by a faster rate of growth in the value of investment property and investment property under construction, as well as improvement in net income from real estate operations of €10.3 million, or 7.9%. We experienced growth in the value of investment property and investment property under construction period-on-period, however the rate of growth has fluctuated depending on the particular activities and rate of development,</p>				

Disclosure requirement																																																							
	<p>redevelopment and acquisition activity undertaken during each period, as well as specific local market dynamics.</p> <p>Except as set out above, there has been no significant change in the financial condition and results of operations of the Group during the period covered by the historical financial information of the Group set out in this Offering Circular, from January 1, 2015 to June 30, 2018, or after such date.</p> <p><b><i>Operating and Financial Metrics</i></b></p> <table><tr><th></th><th colspan="2">Six months ended June 30,</th><th colspan="3">Year ended December 31,</th></tr><tr><th></th><th>2018</th><th>2017</th><th>2017</th><th>2016</th><th>2015</th></tr><tr><td></td><td colspan="5">(in € millions)</td></tr><tr><td>Average Occupancy Rate<sup>(1)</sup> . . . . .</td><td>86.6%</td><td>86.9%</td><td>87.5%</td><td>87.4%</td><td>87.6%</td></tr><tr><td>Average In-place Rent (in € per square meter)<sup>(2)</sup> . . . . .</td><td>210.4</td><td>209.1</td><td>212.8</td><td>209.4</td><td>206.4</td></tr><tr><td>RevPAM (in € per square meter)<sup>(3)</sup> . . .</td><td>182.3</td><td>181.7</td><td>186.2</td><td>182.9</td><td>180.9</td></tr><tr><td>NOI Margin<sup>(4)</sup> . . . . .</td><td>59.7%</td><td>59.3%</td><td>62.0%</td><td>60.7%</td><td>59.7%</td></tr><tr><td>EBITDA<sup>(5)</sup> . . . . .</td><td>66.8</td><td>62.8</td><td>135.3</td><td>122.1</td><td>107.7</td></tr><tr><td>Adjusted EPRA earnings<sup>(6)</sup> . . . . .</td><td>46.3</td><td>46.3</td><td>100.6</td><td>92.2</td><td>89.3</td></tr></table> <p>Notes:</p> <p>(1) Average Occupancy Rate is presented as a percentage and is calculated as the average of the “Net Rented Square Meters” (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) divided by the average of the “Net Rentable Square Meters”, (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) each for the relevant periods.</p> <p>(2) 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.</p> <p>(3) RevPAM, which stands for revenue per available square meter, is presented in Euros per square meter for the relevant period and calculated as rental revenue, on a constant exchange rate basis, divided by the average Net Rentable Square Meters for the relevant period.</p> <p>(4) NOI Margin is calculated as income from property (NOI) divided by property operating revenue (calculated as our rental revenue, insurance revenue and ancillary revenue) for the relevant period.</p> <p>(5) 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.</p> <p>(6) Adjusted EPRA earnings is calculated as described under “Profit forecast or estimate” below.</p>		Six months ended June 30,		Year ended December 31,				2018	2017	2017	2016	2015		(in € millions)					Average Occupancy Rate <sup>(1)</sup> . . . . .	86.6%	86.9%	87.5%	87.4%	87.6%	Average In-place Rent (in € per square meter) <sup>(2)</sup> . . . . .	210.4	209.1	212.8	209.4	206.4	RevPAM (in € per square meter) <sup>(3)</sup> . . .	182.3	181.7	186.2	182.9	180.9	NOI Margin <sup>(4)</sup> . . . . .	59.7%	59.3%	62.0%	60.7%	59.7%	EBITDA <sup>(5)</sup> . . . . .	66.8	62.8	135.3	122.1	107.7	Adjusted EPRA earnings <sup>(6)</sup> . . . . .	46.3	46.3	100.6	92.2	89.3
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Selected key pro forma financial information	Not applicable. No pro forma information has been included in the Offering Circular.																																																						
Profit forecast or estimate	<p>The Company expects that the adjusted EPRA earnings of Shurgard for the year ending December 31, 2018 will be at least €95 million.</p> <p>The Profit Forecast has been made in respect of adjusted EPRA earnings rather than in respect of profit before tax. Adjusted EPRA earnings represent profit or loss for the period after income tax presented on a diluted basis (for the historic impact of the equity component of the SEH LLC convertible shareholder loan repaid in 2016) but excluding (i) acquisition costs relating to business combinations (net of taxes and non-controlling interest), gains or losses on the revaluation of investment property, assets held for sale and property, plant and equipment (net of taxes and non-controlling interest), (ii) deferred tax expenses on items other than the revaluation of investment</p>																																																						

Disclosure requirement	
	property and (iii) special items (“one-offs”) that are significant and arise from events or transactions distinct from regular operating activities. As such, the Profit Forecast does not include any costs associated with the Private Placement and Admission to Trading, known or unknown, which Shurgard may be required to incur or has incurred.
<b>A description of the nature of any qualifications in the audit report on the historical financial information</b>	Not applicable. There are no qualifications to the audit report on the historical financial information.
<b>Working capital</b>	Not applicable. In our opinion, our available working capital is sufficient for our present requirements, that is, for the next 12 months following the date of this Offering Circular.

### Shares

Disclosure requirement	
<b>Type and class of the securities being offered and admitted to trading</b>	<p>The Private Placement by the Company relates to approximately €575 million of newly issued ordinary Shares, representing a maximum of 25,000,000 Shares (based on the low end of the Price Range) with no nominal value, of the Company.</p> <p>Application has been made for the Admission to Trading of the Shares on the regulated market of Euronext Brussels. The Stabilization Manager may, for stabilization purposes, acquire Shares representing up to 13% of the number of Offer Shares subscribed for in the Private Placement during a period of 30 calendar days following the Listing Date. The acquisition of the Shares by the Stabilization Manager may result in the repurchase of such Shares by the Company if the Put Option is exercised by the Stabilization Manager. Any Shares so purchased by the Company pursuant to the Put Option will be held by the Company as treasury Shares.</p> <p>The Shares are in dematerialized form and all belong to the same class. The following codes have been assigned to the Shares:</p> <ul style="list-style-type: none"> <li>• ISIN: LU1883301340;</li> <li>• Common Code: 000188330134; and</li> <li>• Symbol: “SHUR”.</li> </ul>
<b>Currency of the Shares</b>	The currency of the Shares is Euros.
<b>Numbers of Shares issued</b>	<p>As of the date of the Offering Circular, our share capital amounts to €45,628,936. It is divided into 63,935,681 Shares in dematerialized form, without nominal value. The share capital has been fully paid up.</p> <p>Assuming that the Offering Price is at the low end of the Price Range and gross proceeds of the Private Placement of approximately €575 million, the Company’s share capital will amount to €63,470,670 as of the closing of the Private Placement, represented by 88,935,681 Shares.</p>
<b>Rights attached to the Shares</b>	All of the Shares have the same voting rights except that voting rights are suspended when such Shares are held by the Company as treasury Shares.

Disclosure requirement	
	All Shares carry the right to receive dividends declared, if any, after the Closing Date, in respect of the financial year ending December 31, 2018 and future years. All Shares participate equally in our profits, if any.
<b>Restrictions on the free transferability of the Shares</b>	Not applicable. The Shares are freely transferable, subject to any transactional restrictions.
<b>Applications for admission to trading on a regulated market and identity of all the regulated markets where the Shares are or are to be traded</b>	An application has been made to list the Shares on Euronext Brussels under the symbol “SHUR”. Trading of the Shares on Euronext Brussels is expected to commence, on an “if-and-when-issued” basis, on or about October 15, 2018 (the “Listing Date”).
<b>A description of dividend policy</b>	<p>Going forward, we expect to pay dividends in May and October of each year based on the consolidated financial statements prepared in accordance with IFRS for the previous financial year or the previous six-month period.</p> <p>Subject to the availability of distributable reserves, we currently intend to declare and distribute an annual dividend based on a target pay-out ratio of 80% of adjusted EPRA earnings. The amount of any interim 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 and other factors considered important by the Board of Directors.</p> <p>In respect of the current financial year ending December 31, 2018, we expect to pay a dividend of 25% of the target pay-out ratio of 80% of adjusted EPRA earnings.</p>

## Risks

Disclosure requirement	
<b>Key information on the key risks specific to the Group and its industry</b>	<ul style="list-style-type: none"> <li>• Adverse economic or other conditions in the markets in which we do business could negatively affect our occupancy levels and rental rates.</li> <li>• We face competition in most markets in which our stores are located and, in the future, this level of competition may increase if and as existing operators become more successful and new operators enter the market.</li> <li>• Competition for the acquisition or use of suitable sites for our stores may restrict our growth and affect our long-term profitability.</li> <li>• We may not be successful in identifying and consummating suitable acquisitions or redevelopment projects that meet our criteria, which may impede our growth and negatively affect our results of operations.</li> <li>• We may not be successful in integrating and operating future acquired stores or businesses.</li> <li>• Our operating results will be adversely affected if we experience delays in completions of development properties and rent-up of our properties and are unable to achieve and sustain high occupancy rates at favorable rental rates at recently developed or acquired stores or any stores we develop in the future.</li> </ul>

Disclosure requirement	
	<ul style="list-style-type: none"> <li>• Our development activities may be more costly than anticipated or result in unforeseen liabilities and increases in costs.</li> <li>• We have high concentrations of self-storage properties in the markets where we operate, and changes in the economic climates of these markets or other risks associated with these areas may materially adversely affect us.</li> <li>• Since our business involves the development, acquisition and operation of real estate, it is subject to real estate operating risks.</li> <li>• We face risks relating to potential catastrophic property damage, including due to fires or other disasters.</li> <li>• We have become increasingly dependent on automated processes and the internet and could face security system risks.</li> <li>• Security breaches and other disruptions could compromise our information and expose us to liability, which would cause our business and reputation to suffer.</li> <li>• Data privacy compliance breaches or failure to protect confidential information could harm our reputation and expose us to litigation or other legal or regulatory actions.</li> <li>• If we do not maintain occupancy levels and rental rates, we may not have sufficient revenues to cover our fixed cost base.</li> <li>• We may be subject to increased operating, upkeep and fixed costs which we may be unable to reflect in rental rates.</li> <li>• If we are unable to let new storage units or to re-let existing storage units, or if the rental rates upon letting or re-letting are significantly lower than expected, our earnings, cash flow from operations and rental revenues would be adversely affected.</li> <li>• We depend in significant part on the contribution of our Senior Management and directors.</li> <li>• We depend on our on-site personnel to maximize customer satisfaction at each of our stores. Difficulties in hiring, training and retaining skilled store personnel may adversely affect our occupancy and rental revenues.</li> <li>• We own substantially all of the stores through which we conduct our business and the value of these stores is dependent on several factors outside of our control.</li> <li>• Our balance sheet and income statement may be significantly affected by fluctuations in the fair market value of our property as a result of revaluations.</li> <li>• The estimated real estate values reflected in our financial statements are inherently subjective and uncertain and may not reflect what the properties could be sold for in an actual transaction.</li> <li>• We may face risks arising from the illiquidity of real estate investments.</li> <li>• We face possible liability for environmental clean-up costs and damages for contamination related to our properties.</li> <li>• We must comply with building codes and other land-use regulations, as well as health and safety regulations, labor codes and other regulatory requirements, all of which can require significant expenditures.</li> <li>• We may be held responsible for goods stored by our customers.</li> <li>• We face potential underinsured or uninsured losses on our investments.</li> <li>• We may be liable for damage to customer goods stored in our facilities.</li> <li>• We do not own the trademarks for the Shurgard name and the Shurgard logos.</li> </ul>

Disclosure requirement	
	<ul style="list-style-type: none"> <li>• We lease, from third parties, certain of the stores through which we conduct our business, and we may not be able to renew these leases on commercially reasonable terms, if at all, which may result in a loss of the revenues from such stores.</li> <li>• We are subject to litigation and disputes with regulatory authorities, and we may become subject to additional or threatened litigation or disputes, which may divert management time and attention, require us to pay damages and expenses or restrict the operation of our business.</li> <li>• A significant portion of our advertising activity is undertaken through a limited number of online services providers that may be able to unilaterally increase the cost and limit the availability of our advertising.</li> <li>• We may face risks related to our existing borrowings and potential future borrowings.</li> <li>• We expect to experience increased costs as a result of becoming a public company.</li> <li>• Unfavorable foreign currency exchange rate fluctuations could adversely affect our earnings, fair market value and cash flow.</li> <li>• We could be adversely affected by the vote by the United Kingdom to leave the European Union.</li> <li>• Our operating environment and performance may, during the relevant period, differ from the principal assumptions that form the basis of our Profit Forecast.</li> <li>• The Principal Shareholders will, if they act together, continue to be able to exercise control over matters requiring shareholder approval following the Private Placement.</li> </ul>
<b>Key information on the key risks specific to the Shares</b>	<ul style="list-style-type: none"> <li>• There has been no prior public market for our Shares and an active trading market may not develop.</li> <li>• Any negative perceptions of the self-storage industry generally may result in a decline in our Share price.</li> <li>• It is possible that the price of our Shares will experience volatility.</li> <li>• Future sales of Shares by our Principal Shareholders or other shareholders with material ownership positions in the offering could cause the market price of our Shares to decline.</li> <li>• Our ability to pay dividends is dependent on the availability of distributable reserves, and we may be unable or unwilling to pay any dividends in the future.</li> <li>• The trading price of our Shares will fluctuate with market conditions, including volatility in the property market.</li> <li>• Investors may not be able to exercise pre-emption rights.</li> <li>• Exchange rate fluctuations may adversely affect the value of our Shares.</li> <li>• Investors may not be able to recover in civil proceedings for U.S. securities law violations.</li> <li>• Any sale, purchase or exchange of Shares may become subject to the Financial Transaction Tax.</li> <li>• The Shares will be listed and traded on Euronext Brussels on an “if-and-when-issued” basis from the Listing Date until the Closing Date. Euronext Brussels may annul all transactions effected in the Offer Shares if they are not issued and delivered on the Closing Date.</li> </ul>



## Offer

Element	Disclosure requirement
<b>Net proceeds and total expenses of the issue</b>	Based on expected gross proceeds from the Private Placement of approximately €575 million, we estimate that we will receive net proceeds from the Private Placement of approximately €550.8 million, following the deduction of underwriting commissions (assuming the discretionary commission is paid in full and assuming no exercise of the Put Option) and other estimated Private Placement related fees and expenses in the aggregate amount of approximately €24.2 million.
<b>Use of proceeds</b>	<p>We intend to use the net proceeds from the Private Placement for the following purposes:</p> <ul style="list-style-type: none"> <li>• Repayment in full of borrowings under our €200.0 million bridge facility agreement with BNP Paribas Fortis SA/NV and Société Générale;</li> <li>• Repayment in full of outstanding borrowings under our bilateral revolving facility agreement with BNP Paribas Fortis SA/NV;</li> <li>• Finance the anticipated acquisition of the Kensington store in London in October 2018;</li> <li>• Support our ongoing growth strategy, including future development and redevelopment activity, as well as acquisition opportunities as they arise; and</li> <li>• Any required repurchase of the Company's shares, to the extent that the Put Option in connection with the stabilization of the Private Placement is exercised by the Stabilization Manager.</li> </ul>
<b>Terms and conditions of the offer</b>	<p>The Private Placement is a private placement by the Company of approximately €575 million of newly issued ordinary Shares, representing a maximum of 25,000,000 Shares (based on the low end of the Price Range), with no nominal value, of the Company.</p> <p>The Private Placement will be made by way of (i) a private placement in the United States to persons who are reasonably believed to be (a) "qualified institutional buyers" ("QIBs") (as defined in Rule 144A under the U.S. Securities Act of 1933 (the "U.S. Securities Act")) or (b) "accredited investors" as defined in Rule 501(a) under the U.S. Securities Act, in reliance on Rule 144A or another applicable exemption from the registration requirements of the U.S. Securities Act; and (ii) private placements in the rest of the world in compliance with Regulation S under the U.S. Securities Act. The Offer Shares are not being made available to the public in any Member State or any other jurisdiction in conjunction with the Private Placement.</p> <p>The Offering Price will be determined during the Offering Period through a book-building process in which only institutional investors may participate. Among the factors to be considered in determining the Offering Price, in addition to prevailing market conditions, will be the Company's historical performance, estimates of its business potential and earnings prospects, an assessment of the Company's management and consideration of the above factors in relation to the market valuation of companies in related businesses. The Offering Price may differ significantly from prices prevailing in over-the-counter transactions and price quotations that have historically been available.</p> <p>The Offering Period will begin on October 1, 2018 and is expected to end on October 11, 2018, subject to early closing. Any early closing of the Offering Period will be announced, and the subsequent dates will in such case be adjusted accordingly.</p>
<b>Material interests to the issue including conflicting interests</b>	Certain of the Underwriters and/or their respective affiliates have or are currently engaged in, or may, in the future, from time to time, engage in, commercial banking, investment banking and financial advisory and ancillary activities in the ordinary course of their business with the Company or any parties related to it, in respect of



Element	Disclosure requirement
	<p>which they have and may in the future, receive customary fees and commissions. As a result of these transactions, these parties may have interests that are not being aligned, or could possibly conflict with, the interests of investors.</p> <p>In particular, (i) each of Société Générale, which is one of the Joint Global Coordinators, and BNP Paribas Fortis SA/NV, an affiliate of BNP PARIBAS which is one of the Joint Global Coordinators, is a lender under the Bridge Facility Agreement, which the Company intends to repay indirectly with proceeds of the Offering, and (ii) BNP Paribas Fortis SA/NV is a lender under the 2016 RCF, which the Company intends to repay with proceeds of the Offering.</p> <p>Except as disclosed above, no party other than the Company's management and the Company has a material interest in the Private Placement.</p>
<b>Name of the entity offering to sell the Shares</b>	Shurgard Self Storage SA shall issue the Offer Shares.
<b>Lock-up agreements</b>	<p>In the underwriting agreement, the Company is expected to agree with each of the Underwriters that during the period commencing on October 11, 2018 and ending 180 days after the date of signing of the Underwriting Agreement, it will not, without the prior written consent of the Joint Global Coordinators (acting on behalf of themselves and the Underwriters), directly or indirectly, offer, issue, lend, mortgage, assign, charge, pledge, sell or contract to sell or issue, issue or sell options in respect of, any Shares (or any interest therein or in respect thereof) or any other securities exchangeable for or convertible into, or substantially similar to, Shares or enter into any transaction with the same economic effect as, or agree to do, any of the foregoing, save that the above restrictions shall not apply in respect of (a) the issue of Shares pursuant to the Private Placement; (b) Shares issued pursuant to the exercise or vesting of options, awards or other rights to acquire Shares or an interest in Shares, or the grant of options or awards under the employee share plans in existence or announced on the date of Admission to Trading; or (c) Shares issued in the context of mergers, acquisitions, or other similar business transactions.</p> <p>Each of Shurgard European Holdings LLC and Public Storage (to whom 27,652,379 Shares will be distributed by Shurgard European Holdings LLC prior to the closing of the Private Placement), is expected to agree with each of the Underwriters that, subject to certain carve-outs, during the period commencing on October 11, 2018 and ending 180 days after the Closing Date, except with the prior written consent of the Joint Global Coordinators (acting on behalf of the Underwriters), neither it nor any of its respective subsidiaries or other affiliates (other than the Company and the entities controlled by the Company), nor any person acting on their behalf shall: (a) directly or indirectly, issue, offer, pledge, sell, contract to sell, sell or grant any option, right, warrant or contract to purchase, exercise any option to sell, purchase any option or contract to sell, or lend or otherwise transfer or dispose of any Shares of the Company held by such Shareholder, or any securities convertible into or exercisable or exchangeable for Shares; or (b) enter into any swap or any other agreement or any transaction that transfers, in whole or in part, directly or indirectly, the economic consequence of ownership of any Shares, whether any such transaction described in (a) or (b) above is to be settled by delivery of Shares or other securities, in cash or otherwise; or (c) publicly announce such an intention to effect any such transaction.</p>

Element	Disclosure requirement
	<p>Each of the members of our Senior Management is expected to agree with each of the Underwriters that, subject to certain carve-outs, during a period commencing on October 11, 2018 and ending 360 days from the Closing Date, he, she or it will not, without the prior written consent of the Joint Global Coordinators (acting on behalf of the Underwriters) (a) directly or indirectly, issue, offer, pledge, sell, contract to sell, sell or grant any option, right, warrant or contract to purchase, exercise any option to sell, purchase any option or contract to sell, or lend or otherwise transfer or dispose of any Shares of the Company held by him, her or it, or any securities convertible into or exercisable or exchangeable for Shares; or (b) enter into any swap or any other agreement or any transaction that transfers, in whole or in part, directly or indirectly, the economic consequence of ownership of any Shares, whether any such transaction described in (a) or (b) above is to be settled by delivery of Shares or other securities, in cash or otherwise; or (c) publicly announce such an intention to effect any such transaction.</p>
<p><b>Dilution resulting from the Private Placement</b></p>	<p>As a result of the issuance of the Offer Shares, the economic interest and the voting interest of the Principal Shareholders will be diluted. The dilution for the Principal Shareholders would be 28.11%, based on expected gross proceeds from the Private Placement of €575 million, assuming that the Offering Price is at the low end of the Price Range and no exercise of the Put Option.</p> <p>As of June 30, 2018, the total equity of the Company, excluding non-controlling interests, amounted to €1,366.7 million or approximately €21.42 per Share based on 63,813,181 Shares (excluding treasury Shares). After giving effect to the issuance of the Offer Shares raising gross proceeds of €575 million, following the deduction of the commissions (assuming the discretionary commission is paid in full) and other estimated Private Placement related fees and expenses, our equity attributable to equity holders of the parent would have been approximately €21.63 per Share, corresponding to an increase of approximately €0.21 per Share, or approximately 1%, assuming that the Offering Price is at the low end of the Price Range and no exercise of the Put Option.</p>
<p><b>Estimated expenses charged to the investor by the Company</b></p>	<p>Not applicable. No fees or expenses in connection with the Private Placement will be charged to investors by the Company.</p>

## RISK FACTORS

*You should carefully consider the risks described below before making an investment decision. An investment in our Shares involves a high degree of risk and is suitable only for investors who are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear a loss of their entire investment. Any of the following factors could harm our business and future results of operations and could result in a partial or complete loss of your investment. These risks are not the only ones that we may face. Additional risks not presently known to us or that we currently consider immaterial may also impair our business operations and hinder our ability to make expected distributions to our shareholders. You should seek your own personal financial advice from your independent professional financial advisor or other advisors such as legal advisors, tax consultants and accountants.*

### **Risks Related to Our Industry, Properties and Operations**

***Adverse economic or other conditions in the markets in which we do business could negatively affect our occupancy levels and rental rates.***

Our business is dependent on residential and commercial demand for self-storage facilities, and our operating results are driven by our ability to maximize occupancy levels and rental rates at our stores. As a result, we are exposed to local, national and international economic conditions and other events and factors that affect customer demand for self-storage in the European markets in which we operate stores.

Adverse economic or other conditions in the markets in which we operate may lower our occupancy levels, limit our ability to increase rental rates, require us to offer rental discounts to maintain occupancy, lead to significant customer defaults, or otherwise limit our ability to grow in line with our strategy. In recent years, the global economy has been characterized by extended periods of low growth, periodic volatility and political uncertainty, particularly in the European Union. Events that contribute to turmoil in global markets often result in recessionary pressures in the European markets in which we operate, including negative consumer sentiment, reductions in population growth, volatility in GDP levels, higher levels of unemployment, slower or lower volumes of property sales and decreased demand for self-storage.

The following factors, among others, may adversely affect the operating performance of our properties:

- the national economic climate and local economic conditions in the markets in which we operate;
- periods of economic slowdown or recession, rising interest rates or declining demand for self-storage or the public perception that any of these events may occur could result in a general decline in rental rates or an increase in tenant defaults;
- local real estate market conditions such as the oversupply of self-storage or a reduction in demand for self-storage in a particular area; and
- changes in supply of or demand for similar or competing properties in an area.

Although we operate our stores at a break-even occupancy level of approximately 33%, we have a relatively fixed cost base, which may heighten the adverse impact of significantly worsening economic conditions. See “*If we do not maintain occupancy levels and rental rates, we may not have sufficient revenues to cover our fixed cost base.*” As a result, significant systemic political, economic or financial crisis or sustained periods of slow growth could have a negative impact on the demand for storage space, which may negatively affect our occupancy levels or rental rates. If our properties fail to generate revenues sufficient to meet our operating and other expenses, including debt service and capital expenditures, it could have a material adverse effect on our business, financial condition and results of operations.

***We face competition in most markets in which our stores are located and, in the future, this level of competition may increase if and as existing operators become more successful and new operators enter the market.***

Our competitors are local, national and international operators present in the markets in which we operate. While no individual operator competes with us in all of the markets in which we operate, certain competitors have attained significant size within specific markets. Our competitors also include smaller self-storage providers and providers of other storage alternatives such as removal companies, peer-to-peer alternatives and offsite storage.

Certain of these competitors may offer lower prices, better locations, better services or other attractive features in any given store’s catchment area, which may heighten competition for customers. Local market conditions

play a significant role in how competition affects us, in particular on the prices we are able to set, and additional competition has lowered occupancy levels and rental revenue of our stores in specific markets from time to time. For example, during the first half of 2018, operating performance at certain of our stores was impacted by aggressive discounting by a local competitor in Sweden. While we have not matched this behavior, we have introduced pricing promotions in certain stores in Stockholm in order to maintain occupancy rates, which have negatively affected our property operating revenue from activities at these stores. Competition may also intensify in the markets where we operate as a result of increased pricing transparency, including as a result of the increasing prevalence of online pricing.

In addition, there are limited barriers to entry into the self-storage business due to relatively limited amounts of capital needed to acquire existing stores or build new facilities, and therefore any of our existing stores could face additional competition from new market entrants on relatively short notice. Although we believe that it would take significant financial resources for a new entrant or existing competitor to acquire or match the scale of our store network or build a similar level of brand awareness, a new entrant could create pricing pressure in a specific market or otherwise seek to win customers from us, which could impact our operating results.

Although we believe that European markets are currently underserved, if the growth we expect in market demand does not materialize, or if the development of new stores by our competitors or by new entrants outpaces the demand for self-storage in a specific market in which we operate, the market may become saturated, decreasing our occupancy levels and the rental rates we can charge. Maintaining a competitive position in the markets in which we operate may also require continued investment in our stores and in the development of new stores. No assurance can be given that we will have sufficient resources to make the necessary investments, that any such investments would lead to higher occupancy rates, allow us to charge higher rental rates or otherwise generate incremental earnings.

If competition intensifies and our occupancy rates or rental revenues decline, this could result in a material adverse effect on our business, financial condition and results of operations.

***Competition for the acquisition or use of suitable sites for our stores may restrict our growth and affect our long-term profitability.***

Store location is important for our business because of the signage and promotional opportunities such locations provide and the importance of convenient access in attracting and retaining customers. A well-located store allows us to reduce our operating costs as the visibility of the location by potential customers may substitute for other forms of store promotion, such as online or print advertising.

We primarily operate in capital and major cities, where undeveloped or available sites are generally in short supply and where real estate prices have historically been at a premium as compared to suburban or rural areas. As a result, there is generally a limited number of prime sites available for new self-storage centers, especially in urban centers, and competition from other self-storage operators and from other competing users of such sites, in other industries or for other purposes, may constrain our growth. During periods of economic expansion, competition for these locations, whether undeveloped or in need of redevelopment, can be intense, particularly in densely populated and growing urban areas, and lead to significant inflation in property prices. Some of our competitors may have greater financial resources than we do and may be better able to compete for acquisition targets or suitable sites (particularly those in key urban areas such as London, Paris and Berlin). Additionally, direct and indirect competition for suitable properties may reduce the number of potential sites available to us and increase the bargaining powers of property owners seeking to sell. This can contribute to higher purchase prices or rents for prime properties, or result in the selection of less suitable properties, either of which could result in a material adverse effect on our business, financial condition and results of operations.

***We may not be successful in identifying and consummating suitable acquisitions or redevelopment projects that meet our criteria, which may impede our growth and negatively affect our results of operations.***

Although we do not anticipate undertaking any transformational acquisitions in the near term, we consider strategic acquisitions of existing stores and sites for development, as well as redevelopment and remix activities at specific stores in our network, to be a significant part of our growth strategy and we continue to monitor our existing markets for potential acquisition opportunities. Our ability to expand through acquisitions requires us to identify suitable acquisition candidates or investment opportunities that meet our criteria and are compatible with our investment criteria and growth strategy. We may not be successful in identifying suitable properties or other assets that meet our acquisition criteria or in consummating acquisitions or investments on satisfactory terms or at all. Our ability to acquire properties on favorable terms may be constrained by competition for sites or stores, or satisfactory completion of due diligence investigations and other customary closing conditions.

We may also be unsuccessful in redevelopment activities at existing stores, being projects that increase the net rentable area by at least 10%, and remix activities, such as redesign of existing unit sizes at a particular store in response to customer demand, at our existing stores. Our redevelopment activities often entail significant building works at an existing site, for example to construct an extension to an existing store or rebuild a store on an existing site. As a result, redevelopment projects require material levels of investment and, at times, severe disruptions to ongoing operations. Although remix activities often involve more discrete changes to an existing store, these projects can also cause disruptions to existing operations and require significant investment. There can be no assurance that future rental activities at a store following redevelopment or remix activities will meet our expectations.

We may also face risks in relation to financing future development, redevelopment or acquisition activities. Although we have financed most growth activity in recent years through our existing financial resources, including operating cash flows and retained earnings, there can be no assurance that we will be able to do so in the future. Our ability to undertake future development, redevelopment or acquisition activities may depend on our ability to arrange necessary (or desired) financing, and we may not have access to capital markets or sufficient availability under existing or future credit facilities when such opportunities arise. As a result, we may be unable to finance future acquisition activity, on favorable terms or at all. If financing is available, but only on unfavorable terms, this could have a significant impact on our interest expense, impose additional or more restrictive covenants or reduce cash available for distribution or for other investments in the business. We could also be restrained from raising significant debt for future acquisition activity due to covenants in our existing debt agreements.

If we fail to realize higher profits and cashflow from such acquisition, redevelopment or remix activities, are unable to secure favorable financing for these activities or if the costs of acquired sites or redevelopment and remix projects are higher than projected, this could have a material adverse effect on our business, financial condition and results of operations.

***We may not be successful in integrating and operating future acquired stores or businesses.***

One aspect of our growth strategy includes the possible future acquisitions of stores, either as individual sites or existing businesses. If we acquire any stores, we will be required to integrate them into our existing portfolio and management platform. The process of integration may divert management's attention away from our other operations, in particular if the acquired stores are outside of our existing markets, which may present different competitive or regulatory dynamics than those we are familiar with.

Additionally, demand for storage services at an acquired site may not be as strong as we had projected prior to the acquisition or we may otherwise fail to realize the occupancy levels or rental rates that were expected, either at the levels or within the timeframe anticipated. We may also experience stabilization of rental and occupancy rates of acquired stores that differs from our expectations. For example, our financial results in The Netherlands in the six months ended June 30, 2018 were impacted by slower than expected stabilization, due to the muted response to pricing incentives. The costs of achieving and maintaining high occupancy levels and rental rates at acquired sites may be higher than what is expected.

The integration of newly acquired stores could also result in unanticipated operating costs and exposure to undisclosed or previously unknown potential liabilities, such as liabilities for clean-up of undisclosed environmental contamination, claims by persons dealing with the former owners of the properties and claims for indemnification by general partners, directors, officers and others indemnified by the former owners of the properties. See “*—We face possible liability for environmental clean-up costs and damages for contamination related to our properties.*”

If we fail to successfully integrate any acquired sites, or if doing so requires investments beyond budgeted amounts or other liabilities, it could have a material adverse effect on our business, financial condition and results of operations.

***Our operating results will be adversely affected if we experience delays in completions of development properties and rent-up of our properties and are unable to achieve and sustain high occupancy rates at favorable rental rates at recently developed or acquired stores or any stores we develop in the future.***

Historically, occupancy levels and rental rates at newly acquired or developed stores have not been as high as at stores we have operated for a longer period of time. New and recently developed stores require start-up capital and generally take a significant amount of time to reach stabilized occupancy. There is no assurance that we will be able to achieve “ramp-up”, which is the stabilization in occupancy and rental rates, of newly developed or redeveloped stores, on the timing we expect or at all. Start-up costs (for newly developed stores)

or integration costs (for acquired stores) may be higher than anticipated, and stabilized operating levels, if achieved, may take longer to reach than we expect. As a result, during the early stage of this rent-up period, new stores or newly developed stores may not be as profitable as established stores, or at all.

Construction delays due to adverse weather conditions, unforeseen site conditions, personnel problems, or cost overruns could prevent us from commencing operations at these locations on the timing or scale anticipated at the time we commenced development activities. We undertake many of our development activities through management contracts where specific builders and other personnel tender for particular roles in the construction process, rather than comprehensive design-and-build agreements. As a result, we are subject to risks of delays, cost overruns or increases in prices on construction materials when undertaking development projects. If we experience significant cost increases after acquiring or commencing construction at a particular site, we could be required to alter, or in severe circumstances, curtail development plans.

To the extent that our start-up costs are higher than anticipated or these properties fail to reach stabilization or achieve stabilization later than we expect, or we have difficulties completing development projects for any reason, it could have a material adverse effect on our business, financial condition and results of operations.

***Our development activities may be more costly than anticipated or result in unforeseen liabilities and increases in costs.***

Development of new stores involves risks in addition to those involved in owning and operating our existing stores. For example, we face a number of risks when working with contractors during development projects. Since we undertake development activities through management contracts with local contractors, we retain risk for cost overruns and delays. As a result, we may face higher costs arising due to unforeseen site conditions that require additional work or otherwise cause construction delays, which could adversely affect the expected performance of affected stores. We could also face unexpected increases in development costs, due to unforeseen significant capital improvements needed at a development site or cost overruns due to delays, which we would be unable to pass on to our contractors, requiring us to pay more to complete a project. In future periods, construction costs may also increase due to increases in the cost of local contractors, in particular in high demand markets, as well as changes in the cost of raw materials, whether due to market forces or other events, such as changes in tariff regimes or trade policy. Additionally, there can be no assurance that contract and labor disputes with construction contractors or subcontractors will not arise during development activities.

Other risks arising from developing new stores may arise from any unfamiliarity with local development regulations or delays in obtaining construction permits. In recent years, we have observed inflation in the cost of development activities due to high demand for contractors and vendors in certain cities, which could increase the cost of developing new stores or risks in relation to the quality of available contractors. We may also have underestimated the cost of improvements needed for us to operate a store effectively or to market it to potential tenants.

Once we have completed a development project, there can be no assurance that a newly developed store will perform as expected, which could decrease our cash flows or result in lower returns on investment than anticipated. Although we do not have immediate plans to enter into any new markets, acquiring or developing new stores in a country where we do not currently operate could result in heightened risk in respect of future development activities.

Any of these events could have a material adverse effect on our business, financial condition and results of operations.

***We have high concentrations of self-storage properties in the markets where we operate, and changes in the economic climates of these markets or other risks associated with these areas may materially adversely affect us.***

Our properties located in France, the Netherlands, Sweden and the United Kingdom provided approximately 26.6%, 22.2%, 16.3% and 13.4%, respectively, of our property operating revenue for the six months ended June 30, 2018. The vast majority of our French stores are in the greater Paris area, and all of our U.K. stores are in the greater London area. Similarly, the majority of our stores in the Netherlands are in the Amsterdam-Randstad area and most of our Swedish stores are in the area around Stockholm. As a result of the geographic concentration of properties in these markets, we are particularly exposed to downturns in these local economies or other changes in local real estate market conditions.

Our properties are also in areas that may be subject to other risks. For example, at June 30, 2018, approximately 92% of our properties are in capital and major cities. Risks in these markets may include a

decline in the popularity of urban areas, a slowdown or reversal of population growth in urban areas or other demographic trends. Our operating results have been supported in recent years by a number of structural trends, including increased migration and mobility, growth in urban areas and increased population density, however demand for self-storage could decrease if these or other growth trends were to decline or reverse in the future.

Significant changes in, or deterioration of, economic conditions in the areas where our stores are located, or increases in geopolitical risks in these markets could have a material adverse effect on our business, financial condition and results of operations.

***Since our business involves the development, acquisition and operation of real estate, it is subject to real estate operating risks.***

Real estate investments are subject to a number of risks that are outside our control, including risks relating to:

- changes in general economic or local conditions;
- impact of environmental protection, planning and health and safety laws;
- changes in tax, real estate and planning laws and regulations, in any of the jurisdictions where we operate;
- changes in interest rates and availability of long-term financing which may render the sale or financing of property difficult or unattractive;
- tenant claims;
- changes in supply of, or demand for, similar or competing stores in an area;
- potential compulsory purchase or expropriation of one or more stores by government agencies; and
- potential terrorist attacks.

We have experienced certain of these events at various points in recent years in one or more of the countries where we operate. The occurrence of any of these events in the future would interrupt operations at one or more affected stores, potentially for a significant amount of time, which could have a material adverse effect on our future business, financial condition and results of operations.

***We face risks relating to potential catastrophic property damage, including due to fires or other disasters.***

Since our operations depend on the condition of our stores, and customers' ability to access them, any catastrophic events that cause significant property damage or affect the areas where a store operates could limit our ability to continue operations at a store, or in a portion of a store, following such an event while restoration or rebuilding works are undertaken. Property damage could be caused by a variety of factors, including external events such as natural disasters, earthquakes, hurricanes or other severe weather events. We could also suffer severe interruptions due to catastrophic events inside a store, whether due to problems with or deterioration in our utilities, such as power outages, fires, flooding, plumbing problems, or other issues, such as infestation. In the event of significant property damage, there can be no assurance that our continuity plans will be successful, or that insurance will fully compensate for any damage. See "*—We face potential underinsured or uninsured losses on our investments.*"

The occurrence of any of these events would interrupt operations at one or more effected stores, potentially for a significant amount of time, which could have a material adverse effect on our future business, financial condition and results of operations.

***We have become increasingly dependent on automated processes and the internet and could face security system risks.***

Our operations have become increasingly centralized and dependent upon automated information technology processes. As a result, we could be severely impacted by a catastrophic occurrence, such as a natural disaster or a terrorist attack that results in the disruption or shutdown of our central system and our customer-facing websites. In addition, an increasing portion of our business operations are conducted over the internet, increasing the risk of viruses that could cause system failures and disruptions of operations. Cyber incidents could also cause disruption and impact our operations, which could require substantial restoration costs or investment in new systems to protect against future cyber incidents. Experienced computer programmers may be able to penetrate our network security and misappropriate our confidential information, create system disruptions or cause shutdowns. Because techniques used to sabotage or obtain unauthorized access to systems change frequently and generally are not recognized until they are launched against a target, we may be unable

to anticipate these techniques or to implement adequate preventative measures. Any network interruptions or problems with our websites could prevent customers from accessing our website, have a negative impact on potential new rentals, or damage our brand and reputation.

While we have established business continuity plans and strategies, there are inherent limitations in such plans, strategies, systems, policies and procedures including the possibility that certain risks have not been identified or that new cybersecurity threats emerge. Although many business continuity processes have been considered, not all potential scenarios have been tested. In addition, we cannot provide assurance that our service providers have effective continuity plans or strategies in place to ensure that any disruptions they suffer do not, directly or indirectly, impact our operations.

We are currently undertaking a project to improve our management information system, which includes our integrated enterprise resource planning and customer relationship management functionality. Although we do not anticipate any disruptions or issues with integrating these new systems, there can be no assurance that this development will not be more expensive than anticipated, or that we will realize the expected benefits. Additionally, if the new systems do not work as effectively as anticipated, we may face risks arising from the aging of our existing systems. If we experience disruptions to or deterioration of our management information systems, we are unsuccessful in our efforts to maintain these systems disruptions, for any reason, or our business continuity plans are not effective, it could have a material adverse effect on our business, financial condition and results of operations.

***Security breaches and other disruptions could compromise our information and expose us to liability, which would cause our business and reputation to suffer.***

In the ordinary course of our business, we collect and may store sensitive data, including intellectual property, our proprietary business information and that of our customers, suppliers and business partners, and personally identifiable information of our customers and employees.

As a larger portion of our customer interactions and bookings move online, the secure processing, maintenance and transmission of this information is an inherent part of our operations and business strategy. Despite our security measures, including policies on the handling of customer information and training programs for our employees, our information technology and infrastructure may be vulnerable to attacks by hackers or breached due to employee error, malfeasance or other disruptions. Any such breach could compromise our networks and the information stored there could be accessed, publicly disclosed, lost or stolen.

Any perceived or actual failure to protect our confidential data or any material non-compliance with privacy or data protection laws may harm our reputation and credibility, reduce our ability to attract and retain customers, or result in a loss of confidence in our services. Additionally, any access, disclosure or other loss of information could result in legal claims or proceedings, liability under laws that protect the privacy of personal information, regulatory penalties, disrupt our operations and the services we provide to customers, or fines, which could have a material adverse effect on our business, financial condition and results of operations.

***Data privacy compliance breaches or failure to protect confidential information could harm our reputation and expose us to litigation or other legal or regulatory actions.***

We are subject to a number of laws relating to privacy and data protection, including General Data Protection Regulation (Regulation (EU) 2016/679) (the “GDPR”) and certain other data protection and privacy laws. Such laws govern our ability to collect, use and transfer personal data relating to customers, as well as any such data relating to our employees and others.

While we strive to comply with all applicable laws and regulations relating to privacy and data protection, it is possible that such requirements may be interpreted and applied in a manner that is inconsistent from one jurisdiction to another or may conflict with other rules or our practices. That concern is particularly relevant for the GDPR given that it only recently came into force and that different Member State regulators may differ as to its interpretation and their approach to enforcement. Additionally, we rely on third parties and our employees for the collection and processing of personal data, and as a result are exposed to the risk that such data could be wrongfully appropriated, lost or disclosed, damaged or processed in breach of privacy or data protection laws.

***If we do not maintain occupancy levels and rental rates, we may not have sufficient revenues to cover our fixed cost base.***

Our profitability, like that of other self-storage providers generally, is closely tied to levels of occupancy and rental rates at our stores. Since costs associated with staffing, electricity, real estate and other taxes,



infrastructure, maintenance and property, plants and equipment constitute a significant portion of our operating costs, and these costs are mainly fixed, our ability to grow profitability is dependent on maintaining appropriate occupancy levels and rental rates to cover these costs. Our ability to improve or maintain occupancy levels and rental rates depends, among other things, on the general economic environment and the demand for use of our stores by existing and potential residential and business customers in the markets where we operate, and we may have only limited options to reduce costs during periods of significant economic volatility or fluctuations in demand.

Although we have maintained broadly stable Average Occupancy Rates across our Same Stores, of 88.4% for the six months ended June 30, 2018, as compared to 88.8%, 89.7% and 89.4% in 2017, 2016 and 2015, respectively, we have experienced periods of volatility and declining occupancy in certain markets in recent years. For example, Same Store Average Occupancy Rates in the United Kingdom fell from 91.8% in 2015 to 89.6% in 2016 and 89.2% in 2017, whereas in France Same Store Average Occupancy Rates increased from 90.6% in 2015 to 90.9% in 2016 before declining to 89.3% in 2017. In Germany, our Same Store Average Occupancy Rates decreased from 89.4% in 2015 to 86.9% in 2016, before rebounding to 89.0% in 2017. There can be no assurance that we will be able to maintain or increase occupancy levels across our stores in the future, in particular as we grow our store network through development and acquisition activities.

Similarly, although Average In-place Rents have increased across our operations in recent years, from €206.4 per square meter in 2015 to €212.8 in 2017, they have decreased moderately to €210.4 per square meter in the six months ended June 30, 2018. We may be unable to consistently maintain or increase these levels in the future if demand for self-storage facilities declines or competition increases significantly. We may also face difficulties in raising rental rates due to regulatory requirements, including in markets where we are required to provide justifications for individual increases in rental rates beyond pricing indexation, such as France. If we are not able to justify individual rental rate increases, this could limit our ability to improve operating results in these markets.

Since our cost base is relatively fixed, if we experience an extreme decline in occupancy levels or rental rates, and revenues are no longer sufficient to cover our fixed costs, we may be required to dispose of certain stores or undertake other actions to improve our operating performance.

***We may be subject to increased operating, upkeep and fixed costs which we may be unable to reflect in rental rates.***

We are subject to a number of operating costs and expenses that we may be unable to reflect in increased rental rates, in particular under circumstances where a store has low occupancy levels or we face risks that changes to prices would result in significant loss of existing customers. Although our costs are largely fixed, and we have historically covered the costs of operating a store at an occupancy rate of approximately 33%, there can be no assurance that these operating costs will not increase in the future. Certain operating costs or cost increases that we may be unable to reflect in rental rates include the following:

- increases in business rates, real estate taxes, VAT or other statutory charges, in any of the jurisdictions where we operate;
- increases in payroll expenses and energy costs;
- increases in the rate of inflation;
- currency fluctuations;
- changes in laws, regulations or government policies (including those relating to health, safety and environmental compliance), which increase the costs of compliance with such laws, regulations or policies;
- increases in insurance premiums;
- unforeseen increases in the costs of maintaining or repairing properties; and
- unforeseen capital expenditure that may arise as a result of defects affecting the properties which need to be rectified, failure to perform by sub-contractors, or increases in operating costs.

Historically, increases in costs due to changes in real estate tax rates or increases in income, service and other taxes, including VAT, generally have not been passed through to customers directly. As a result, our results have historically been adversely impacted during periods immediately following such increases, in particular as compared to those of our competitors that passed a portion of such increased costs on to their customers. Similarly, changes in laws increasing the potential liability for environmental conditions existing on properties

or increasing the restrictions on disposals or other conditions may result in significant unanticipated expenditures that we cannot reflect in rental rates in the near term, or at all. We carefully examine such cost and tax increases as against projected demand in the relevant market, however there can be no assurance that we will be successful in aligning any decision, whether to increase prices or not, with customer demand.

Although our fixed costs have remained relatively low in recent years, compared with our revenue, and we regularly analyze our break-even occupancy levels and rental rates as against our fixed-cost base, there can be no assurance that all or any of our stores will be profitable to operate in the future, in particular if costs rise significantly or if occupancy levels or rental rates decline. To the extent that any such increases in operating and other expenses are not in line with or below increases in our revenues, our profitability will be reduced and any such reduction in the medium- to long-term could have a material adverse effect on our business, financial condition and results of operations.

***If we are unable to let new storage units or to re-let existing storage units, or if the rental rates upon letting or re-letting are significantly lower than expected, our earnings, cash flow from operations and rental revenues would be adversely affected.***

The occupancy levels and rental rates of our stores are key indicators of the profitability of our stores, and achieving high occupancy levels and rental rates is crucial to our operating performance. Delays in letting new units or in re-letting existing units as vacancies arise, or letting open units at lower rental rates than were charged to prior customers or are anticipated for a particular store, would reduce our revenues and could adversely affect our results of operations. Unlike many other categories of real estate, our storage units are usually rented on a month to month basis. Although 58% of our current customers have, on average, rented their storage unit for over one year, and these customers stay for an average of approximately four and a half years, there can be no assurance this will be the case in the future. Accordingly, in the event of adverse economic or industry conditions, our results of operations could be negatively impacted more quickly than other real estate companies as we may need to reduce rental rates to attract new customers or to promptly retain existing customers.

In addition, lower than expected rental rates upon letting or re-letting would adversely affect our rental revenues and impede our growth. We modify local rental rates on a regular basis, based on our analysis of customer demand and projected availability at a particular store. Although we have established systems to monitor customer demand across a variety of in-store, online and call center interactions, there can be no assurance that our rental rates will accurately reflect demand in a particular market or for a specific store. If our rental rates are higher than those of our competitors in a given market, or these rates otherwise are not aligned with customer demand, this may result in lower occupancy levels at our stores. Should demand decrease or availability increase at a specific store, we may be required to reduce the rental rates we charge thereby reducing the revenues we receive. In the aggregate, such reductions in revenues could have a material adverse effect on our business, financial condition and results of operations.

***We depend in significant part on the contribution of our Senior Management and directors.***

Our Senior Management and directors make significant contributions to our strategy and operations. In addition, our ability to continue to identify and develop properties depends on Senior Management's knowledge and expertise in the property market. There is no guarantee that any members of the Senior Management team will remain employed by us. The failure to retain these individuals in key management positions could have a material adverse effect on our business. We do not have key man insurance on any of our directors or senior managers.

***We depend on our on-site personnel to maximize customer satisfaction at each of our stores. Difficulties in hiring, training and retaining skilled store personnel may adversely affect our occupancy and rental revenues.***

As of June 30, 2018, we had 585 store personnel involved in the management and operation of our stores. Our store managers' customer service, marketing skills and knowledge of local market demand and competitive dynamics are significant contributing factors to our ability to maximize our rental, insurance and ancillary revenue.

We also rely upon our store personnel to maintain clean and secure self-storage properties and to serve our customers. Although we have undertaken a variety of initiatives in recent years in order to provide a consistent and high-quality experience for customers across our network of 228 stores, including standardized training programs and uniforms throughout our operations, there can be no assurance that these efforts will be

successful. In particular, if customers have negative experiences in their interactions with our in-store staff or the appearance or cleanliness of our stores, they may cease storing items at our facilities or do so for a shorter period of time than anticipated.

We may face risks related to relations with our employees. Across our network, turnover of in-store personnel in recent years has been approximately 35% per year, which has historically been moderately higher in certain markets from year to year. Additionally, in certain markets, our employees have formed works or other advisory councils, or are party to collective bargaining agreements, including Belgium, Sweden and France. There can be no assurance that we will not face work stoppages or other labor disputes with our employees in the future or face significant changes in turnover in a given year at a particular store.

If we are unable to successfully recruit, train and retain a sufficient number of qualified local personnel, our occupancy levels could decrease and our rental revenues may be adversely affected, which could result in a material adverse effect on our business, financial condition, operating results and cash flows. In addition, strikes, work stoppages or slowdowns could have a material adverse effect on our business, financial condition and results of operations.

***We own substantially all of the stores through which we conduct our business and the value of these stores is dependent on several factors outside of our control.***

We own substantially all of the properties on which our stores are located. Property investments are subject to varying degrees of risks, and the value of these properties can fluctuate significantly when economic conditions are unfavorable or could be adversely affected by a downturn in the property market in terms of capital and/or rental values. In particular, rents and values are affected (among other things) by changing demand for self-storage, changes in general economic conditions, changing supply within a particular area of competing space and attractiveness of real estate relative to other investment choices. An increase in interest rates could also have a negative impact on our asset valuations. Our asset valuations could also be impacted by changes in capitalization rates. Changes in tax, real estate, zoning and environmental protection laws may also increase construction, operating and maintenance costs or lower the value of our properties. Significant changes in our property valuations could impact our share price.

***Our balance sheet and income statement may be significantly affected by fluctuations in the fair market value of our property as a result of revaluations.***

Our property portfolio is and has been externally valued, and any increase or decrease in its value is recorded as a revaluation gain or loss in our aggregated income statement for the period during which the revaluation occurs. As a result, we could have significant non-cash revenue gains and losses from period to period depending on the change in fair market value of our property portfolio, whether or not any properties are sold. If market conditions and the prices of comparable properties are unfavorable, revaluation losses from our existing properties could occur in the future. Conversely, our operating results may be significantly positively affected by increases in valuations of our properties, which would not be realized unless we sold the properties, which we do not have any plans currently to do. Any such positive valuation impacts may fail to recur, or be reversed, in subsequent periods. For example, we recorded net increases in the fair value of our property portfolio in the amount of €7.7 million in the six months ended June 30, 2018, and in the amounts of €136.6 million, €153.1 million and €94.9 million, in 2017, 2016 and 2015, respectively, that do not represent revenue from operating activities. Although such revaluation gains and losses do not directly impact our cash flows or underlying operating performance, they may lead to volatility in the price of our shares and impact our deferred tax liability levels from period-to-period, and significant valuation losses could impact our compliance with the covenants under our financing arrangements. In addition, the Group's borrowings or other leverage may increase the volatility of the Group's financial performance, which could amplify the effect of any change in the valuation of our property on our financial condition and results of operations.

***The estimated real estate values reflected in our financial statements are inherently subjective and uncertain and may not reflect what the properties could be sold for in an actual transaction.***

The valuation of property and property-related assets is inherently subjective. As a result, valuations are subject to uncertainty. Moreover, all property valuations, including the Cushman & Wakefield valuation report included in Annex A: "Valuation Report", are made on the basis of assumptions which may not prove to reflect the market value of a property portfolio. These assumptions include occupancy levels, rental rate evolution, operating cost evolution and estimated capital expenditure needed to maintain the properties. Additionally, the market for self-storage properties is relatively illiquid. As a result, there are a limited number of reference transactions available for purposes of valuing particular properties by comparison, and Cushman & Wakefield

highlights the level of judgment exercised in arriving their valuations. Additionally, although Cushman & Wakefield has inspected the properties within three months prior to the date of its Valuation Report, it does not visit our stores on an annual basis and did not visit development properties for purposes of the Valuation Report. There is no assurance that the valuations of our properties and property-related assets will reflect actual sale prices even if any such sales occur shortly after the relevant valuation date.

***We may face risks arising from the illiquidity of real estate investments.***

Our current strategy is to own, operate and develop self-storage properties. Although we have not historically undertaken significant disposals, we may in the future decide to sell one or more stores, or exit one or more markets, for a variety of reasons, including in response to changing economic, financial, competition and investment conditions. Properties such as those which we own and operate are relatively illiquid and planning or competition regulations may further reduce the numbers and types of potential buyers should we decide to sell certain properties.

The real estate market is affected by many factors, such as general economic conditions, availability of financing, interest rates and other factors, including supply of and demand for suitable locations and properties, that are beyond our control. Such illiquidity may affect our ability to vary our portfolio or dispose of or liquidate part of our portfolio in a timely fashion and at satisfactory prices in accordance with our strategy. We cannot predict whether we will be able to sell any property for the price or on the terms set by us or whether any price or other terms offered by a prospective purchaser would be acceptable to us. We also cannot predict the length of time needed to find a willing purchaser and to close the sale of any property.

In addition, we may be required to incur capital expenditures to correct defects or to make improvements before a property can be sold. We cannot provide any assurance that we will have funds available to correct those defects or to make any required improvements. In acquiring a property, we may agree to transfer restrictions that materially restrict us from selling that property for a period of time or impose other restrictions, such as a limitation on the amount of debt that can be placed or repaid on that property. These transfer restrictions would impede our ability to sell a property even if we deem it necessary or appropriate.

If we are unable to dispose of a number of properties at the price or on the timing expected, it could have a material adverse effect on our business, financial condition and results of operations.

***We face possible liability for environmental clean-up costs and damages for contamination related to our properties.***

Because we own and operate real property, various local and regional laws (including those of the European Union) might impose liability on us for the costs of removal or remediation of hazardous or toxic substances present on, in, or released from our property. These laws may impose liability whether or not we knew of or caused presence or release of such substances.

Before we acquired, developed or operated them, some of our properties may have been used for commercial and industrial activities including activities regulated under environmental laws. We obtain environmental assessment reports on the properties we acquire, develop and operate to evaluate their environmental condition and potential environmental liability associated with them. These assessments generally consist of an investigation of environmental conditions at the property (including soil or groundwater sampling or analysis), as well as a review of available information regarding the site and publicly available data regarding conditions at other sites in the vicinity. However, the environmental assessments that we have undertaken might not have revealed all potential environmental liabilities, or we may acquire properties subject to environmental or other liabilities and without, or with only limited, recourse with respect to unknown liabilities. Moreover, although we try to ensure that such matters are appropriately addressed upon development of a property, it is possible that the remedial measures subsequently prove to have been inadequate, or that former owners are found not to be liable or, even in situations where they are found to be liable, they are otherwise unable to compensate us fully for such liabilities.

It is also possible that environmental laws or permit regulations may change or be reinterpreted such that the condition of our properties is no longer acceptable under the new or revised law. Our general liability insurance covers damages resulting from sudden and accidental pollution incidents and our policy is to accrue environmental assessment and/or remediation costs when it is probable that such actions will be required and the related costs can be reasonably estimated. However, the presence of hazardous substances on, in, or released from a property, or the failure to properly remediate any resulting contamination, or the failure to meet environmental regulatory requirements may materially adversely affect our ability to sell, lease or operate the

property, or to use the property as collateral for borrowing, and may cause us to incur substantial remediation or compliance costs.

In addition, if hazardous substances are located on or in, or released from one of our properties, we could incur substantial liabilities through a private party personal injury claim, a claim by an adjacent property owner for property damage or a claim by a governmental entity. It is also possible that our customers will violate their lease agreements by introducing hazardous or toxic substances into the properties we own or manage and expose us to liability under environmental laws. The costs of defending these claims, conducting environmental remediation, resolving liabilities caused by tenants or to third parties or responding to changed conditions could have a material adverse effect on our business, financial condition and results of operations.

***We must comply with building codes and other land-use regulations, as well as health and safety regulations, labor codes and other regulatory requirements, all of which can require significant expenditures.***

We must operate our properties in compliance with numerous building codes and regulations and other land-use regulations, including fire and health and safety regulations, labor codes and other regulatory requirements, which may be adopted or changed from time to time. Such compliance, including the work involved in assessing our compliance, may entail significant expense. Some jurisdictions have regulations or permit requirements that apply to storage companies or operators of storage activities. It is not always clear to what extent these storage related regulations are applicable to us, as it is not always clear to what extent we qualify as a storage company or an operator of storage activities or are otherwise subject to these regulations. We cannot exclude the possibility that regulations that we currently view as inapplicable might be applied to us in the future. The burdens of regulatory compliance are exacerbated since we operate in seven different countries and numerous different jurisdictions and municipalities.

We must continually assess our compliance with numerous local fire and safety regulations, building codes and other land-use regulations in order to operate. Failure to comply with the applicable regulations could result in the imposition of substantial fines or require us to incur significant additional costs, or to limit or cease part of our operations, which could have a material adverse effect on our business, financial condition and results of operations.

***We may be held responsible for goods stored by our customers.***

We do not generally have access to our customers' storage units and cannot prevent our customers from storing hazardous materials, stolen goods, counterfeit goods, drugs or other illegal substances in our stores. Although the terms of our standard lease contracts for customers prohibit the storage of illegal and certain other goods on our premises, it is not possible to monitor goods stored by customers at our stores and we cannot exclude the possibility that we may be held ultimately liable with respect to the goods stored by our customers. In the event that a customer stores an item that is contrary to our customer terms and conditions, any subsequent damage to a third party caused by the item may not be covered by our insurance. In addition, unfavorable publicity as a result of illegal contents stored at one of our stores, or items that have been used or are planned to be used in crimes or for other illegal purposes, including terrorist attacks, could have a material adverse effect on our business, financial condition and results of operations.

***We face potential underinsured or uninsured losses on our investments.***

Our stores can be damaged or destroyed by acts of violence, natural disaster, civil unrest or terrorist attacks or accidents, including accidents linked to the goods stored. We maintain comprehensive liability cover for fire, flood, earthquake, extended coverage and rental loss insurance with respect to our properties, with policy specifications, limits and deductibles customarily carried for similar properties. Certain types of losses, however, may be either uninsurable or not economically insurable in some countries, such as losses due to hurricanes, tornadoes, riots, acts of war or terrorism. In such circumstances, we would remain liable for any debt or other financial obligation related to that property. Inflation, changes in building codes and ordinances, environmental considerations and other factors also might make insurance proceeds insufficient to cover the cost of restoring or replacing a property after it has been damaged or destroyed. In addition, even if any such loss is insured, we will be required to pay a significant deductible on any claim for recovery of such a loss prior to the insurer being obligated to reimburse us for the loss, or the amount of the loss may exceed our coverage for the loss. Our business, financial condition and results of operations could be materially and adversely affected in such circumstances.

Our stores that are located in areas where our competitors have also established a presence may be particularly vulnerable in the event of destruction or severe damage. In such cases, the presence of strong competition in the area could make rebuilding our store economically infeasible or, if we did rebuild, the competition could prevent us from achieving the occupancy levels and profitability we enjoyed prior to such damage or destruction. Although we maintain insurance for lost profits, this coverage is for a limited period only. If a profitable store in a prime location cannot be rebuilt or achieve former occupancy and profitability levels within the period of coverage, this could result in a material adverse effect on our future business, financial condition and results of operations.

***We may be liable for damage to customer goods stored in our facilities.***

We are also subject to potential liability relating to damage to customer goods. Such damage can arise from a variety of factors, such as fire, flooding, pest infestations and moisture infiltration, which can result in mold or other damage to our customers' property, as well as potential health concerns. Although we implement corrective measures and seek to work proactively with our customers to resolve issues, subject to our contractual limitations on liability for such claims, although there can be no assurance these efforts will be successful. We are not aware of any environmental contamination or moisture infiltration related liabilities that could be material to our overall business, financial condition or results of operations. However, we may not have detected all material liabilities, we could acquire properties with material undetected liabilities, or new conditions could arise or develop at our properties, any of which would result in a cash settlement or adversely affect our ability to sell, lease, operate or encumber affected facilities.

***We do not own the trademarks for the Shurgard name and the Shurgard logos.***

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, including highly visible store locations, site signage and architectural features. However, we do not own the trademarks for the Shurgard name and the Shurgard logos, which are held by Public Storage. We are party to a license agreement with Public Storage, which will be extended by the Relationship Agreement. The Relationship Agreement provides that Public Storage owns the rights to the Shurgard name and licenses these rights to us in a number of European countries, including in the jurisdictions in which we operate, for a fixed term of 25 years as from the date of the Admission to Trading extendable for two consecutive 25-year periods. The Relationship Agreement imposes certain requirements on the Company in respect of the use of the trademarks, which includes standards of quality that must be met. The Relationship Agreement also imposes certain restrictions on the use of any other trademarks. In consideration of the right to use the trademarks, we pay Public Storage monthly fees of 1% of the Group's gross revenues. See "*Principal Shareholders, Related Party Transactions and Group Structure—Agreements with shareholders—Relationship agreement.*"

The Relationship Agreement, and our right to the exclusive use of the Shurgard name in the jurisdictions in which we operate, will terminate after 75 years or earlier, if we do not extend the license after each 25 year-term. In the latter case we are required to purchase the ownership rights in the trademarks in the jurisdictions covered by the license. Public Storage may terminate the Relationship Agreement if we fail to timely and/or fully pay the payments due thereunder or if we are in material breach of the agreement. Upon termination of the Relationship Agreement for those events, we will no longer be able to use the Shurgard trademarks, which would materially adversely affect our ability to run our business.

Pursuant to the Relationship Agreement, we are responsible for all costs and expenses in relation to the filing, registration, and defense of the trademarks within the territories covered by the license. If we fail to protect the trademarks against infringements or misappropriation, our competitive position could suffer and we could suffer a decrease in demand for storage units, which could materially adversely affect our results of operations.

***We lease, from third parties, certain of the stores through which we conduct our business, and we may not be able to renew these leases on commercially reasonable terms, if at all, which may result in a loss of the revenues from such stores.***

We hold the freehold interest for 195 of the 228 stores we operate. Of our remaining stores, 19 are held under long leaseholds, with at least 80 years remaining as of June 30, 2018, and our 14 remaining stores are held under shorter term leases, with an average length of 19 years remaining. Leasehold properties present additional risks, including the potential for increased lease payments, substantial financial commitment at the expiration of the lease or the loss of stores. We may encounter problems when seeking to renew leasehold agreements, which could result in a material adverse effect on our business, financial condition and results of operations.

***We are subject to litigation and disputes with regulatory authorities, and we may become subject to additional or threatened litigation or disputes, which may divert management time and attention, require us to pay damages and expenses or restrict the operation of our business.***

From time to time, we are subject to disputes with tenants, commercial parties with whom we maintain relationships or other commercial parties in the self-storage or related businesses. Any such dispute could result in litigation between us and such commercial parties. We are also subject from time to time to disputes with tax or other governmental or regulatory bodies. Whether or not any dispute actually proceeds to litigation, we may be required to devote significant management time and attention to its successful resolution (through litigation, settlement or otherwise), which would detract from our management's ability to focus on our business. Any such resolution could involve the payment of damages or expenses by us, which may be significant. In addition, any such resolution could involve our agreement to terms that restrict the operation of our business. There is also some uncertainty in certain jurisdictions as to the procedures for dealing with customers in default and their stored items. Although litigation with defaulted customers has not led to material litigation in the past, either on a case-by-case basis or in the aggregate, there can be no assurance that such litigation will not be material in the future.

***A significant portion of our advertising activity is undertaken through a limited number of online services providers that may be able to unilaterally increase the cost and limit the availability of our advertising.***

We undertake a number of activities on social media and other websites to improve our brand awareness and direct potential customers to our website and stores. In recent years, targeted search engine advertising has become increasingly central to our advertising activities, in particular advertising to potential customers through Google. Although we believe that we will become less reliant on targeted search engine advertising as our brand awareness continues to rise, we anticipate these advertising methods will remain a key component of our marketing strategy for the foreseeable future. Since a significant amount of our targeted search engine advertising is placed through a limited number of online vendors, increases in their fees for placing targeted search engine advertisements could result in higher expenditure on marketing activities or require us to decrease the number or scope of advertisements we place, either of which could have a material adverse effect on our business, financial condition and results of operations.

***We may face risks related to our existing borrowings and potential future borrowings.***

We face risks related to the U.S. Private Placement Notes, the Bridge Facility Agreement and our entry into the new €250 million revolving facility (the "New RCF", and together with the U.S. Private Placement Notes and the Bridge Facility Agreement, the "Financings"). Under the terms of our Financings, we may not incur financial indebtedness unless it is incurred in certain permitted circumstances. Additionally, under the terms of these Financings, we are subject to certain customary affirmative, financial and negative covenants, which could affect, limit or prohibit our ability to undertake certain activities, including limitations on mergers, changes of business, disposal of assets and certain specific acquisitions and joint ventures.

The financial covenants imposed on us under the U.S. Private Placement Notes and the Bridge Facility Agreement are tested quarterly, and semi-annually under the New RCF. Although we do not believe there is a risk of our breaching any of the covenants contained in the Financings in the next 12 months, if we were to fail to comply with any of the financial or non-financial covenants in our Financings in the longer term (due, for example, to deterioration in financial performance), it could result in an event of default and the acceleration of our obligations to repay those borrowings, increased borrowing costs or cancellation of certain credit facilities.

If we decide to seek additional financing in the future, in particular in relation to development, redevelopment or acquisition activity, there can be no assurance that we will be able to do so on terms that we believe are acceptable, or at all, which could adversely impact our future growth potential. See "*—We may not be successful in identifying and consummating suitable acquisitions or redevelopment projects that meet our criteria, which may impede our growth and negatively affect our results of operations.*"

Although our existing debt is significantly comprised of fixed-rate borrowings, including all borrowings under the U.S. Private Placement Notes, we may in the future be exposed to risks associated with the effect of variations in interest rates, which could impact our earnings and cash flow.

***We expect to experience increased costs as a result of becoming a public company.***

We have never been a public company. We have been a subsidiary of Public Storage since 2006 and have been owned by both Principal Shareholders since 2008. We are likely to incur increased general and administrative expenses as a result of becoming a public company, such as remuneration costs for our board of directors, costs

of complying with other corporate governance requirements, additional audit fees and listing fees, as well as costs arising from ongoing reporting and disclosure requirements. Additionally, we have benefited from certain resources of our parent company including, among other things, access to its larger finance, legal, technology, information technology, operations and marketing departments and personnel. Although we will continue to have access to most of these resources under the terms of the Relationship Agreement going forward, we may lose access to some or all such parent resources (if, for example, the Relationship Agreement were to be terminated), or could otherwise encounter difficulties and incur additional costs in conducting our business following the Private Placement that could have a material adverse effect on our business, financial condition and results of operations. See “*Principal Shareholders, Related Party Transactions and Group Structure—Agreements with shareholders—Relationship agreement*”.

***Unfavorable foreign currency exchange rate fluctuations could adversely affect our earnings, fair market value and cash flow.***

We publish our financial statements in Euros as we conduct a significant portion of our business in Euros. However, we record revenue, expenses, assets and liabilities in a number of different currencies other than the Euro, specifically, the U.K. Pound Sterling, the Swedish Krona and the Danish Krone. As of June 30, 2018, 68.3% of our assets were denominated in Euros, while 15.5%, 12.8% and 3.4% were denominated in U.K. Pound Sterling, Swedish Krona and Danish Krone, respectively. Assets and liabilities denominated in local currencies are translated into Euros at exchange rates prevailing at the balance sheet date and revenues and expenses are translated at average exchange rates over the relevant period. Consequently, variations in the exchange rate of the Euro versus these other currencies will affect the amount of these items in our consolidated financial statements, even if their value remains unchanged in their original currency. We implement policies to protect against exchange rate risk only when required to do so by covenants contained in our debt agreements. These translation effects have resulted in the past and could result in the future in changes to our results of operations and balance sheet from period to period.

***We could be adversely affected by the vote by the United Kingdom to leave the European Union.***

On June 23, 2016, a majority of voters in the U.K. referendum on membership in the European Union voted for the United Kingdom to leave the European Union. Negotiations as to the specific timing and the form of future relationship between the United Kingdom and the European Union are still underway and the outcome of these discussions is uncertain. Following the U.K. referendum on membership in the European Union, we have experienced periods of volatility in the exchange rate between the Euro and the U.K. Pound Sterling, which has been reflected in our operating results during the periods under review. During the six months ended June 30, 2018, we derived 12.6% of our income from property (NOI) from our operations in the United Kingdom, as compared to 11.5% in 2017. Although we have not experienced any further material impact on our operations as a result of the referendum, and we do not expect to do so, there can be no assurance that this will be the case. For example, if new regulations develop in the United Kingdom as a result of a change in its relationship with the European Union, or if the regulatory regimes evolve, including in relation to data privacy and our ability to share customer data within our organization, it could have a material adverse effect on our business, financial condition and results of operations.

***Our operating environment and performance may, during the relevant period, differ from the principal assumptions that form the basis of our Profit Forecast.***

Our Profit Forecast has been made based on a number of principal assumptions about our operating environment and performance during the relevant period. These principal assumptions are distinguished between (i) the factors exclusively outside our influence or control, such as changes in foreign exchange rates, the macroeconomic environment or other economic factors (including interest rates, inflation, or tax or other regulation), which may change materially following the date of this Offering Circular or be incorrect for reasons we cannot currently anticipate or predict, and (ii) the factors within our influence or control, such as occupancy levels and rental rates, the impact of acquisition or disposal activity, the impact of development and remix activity or changes in strategy, which may change due to changes in circumstances in our operating environment or as a result of other competitive pressures. Since these principal assumptions are forward-looking, there can be no assurance that they will prove to be correct. If our operating environment and performance differ significantly from our projections or the principal assumptions are otherwise incorrect, the Profit Forecast may not be accurate.



## **Risks Related to Our Relationship with the Principal Shareholders**

***The Principal Shareholders will, if they act together, continue to be able to exercise control over matters requiring shareholder approval following the Private Placement.***

The Principal Shareholders will retain a significant equity stake in the Company following the Private Placement, which is expected to be (beneficially) 35.2% (for Public Storage) and 36.6% (for CRF) (based on expected gross proceeds from the Private Placement of €575 million, assuming that the Offering Price is at the low end of the Price Range). Through their direct and indirect stake, the Principal Shareholders will, if they act together, continue to have control over matters requiring approval of our shareholders, including, among others, the election and removal of directors, and other shareholders' power to influence such matters may be limited. The Principal Shareholders are expected, prior to closing of the Private Placement, to enter into the Shareholders' Agreement, addressing matters relating to the governance of the Company, such as the appointment of directors. Each of the Principal Shareholders has the right to designate two candidates for election as director on the Company's board, for so long as it has a direct and/or indirect interest in the Company of at least 15% (excluding treasury Shares). The Shareholders' Agreement provides for an undertaking by the Principal Shareholders to vote for each other's board designees. The voting undertaking in the Shareholders' Agreement does not extend to other matters.

In addition, the Chairman of our Board of Directors also serves as Chairman and Chief Executive Officer of Public Storage.

The Principal Shareholders' concentration of ownership and the other factors mentioned above may have the effect of delaying or deterring a change in control of the Company, could deprive shareholders of an opportunity to receive a premium for their Shares as part of a sale of the Company and might affect the market price and liquidity of the Shares.

For additional information regarding our relationship with the Principal Shareholders, see "*Principal Shareholders, Related Party Transactions and Group Structure*".

## **Risks Related to the Private Placement, the Shares and/or the Admission to Trading**

***There has been no prior public market for our Shares and an active trading market may not develop.***

Prior to the Private Placement, there has not been a public market for our Shares. We do not know the extent to which investor interest in our Shares will lead to the development of a trading market following Admission to Trading on the regulated market of Euronext Brussels. An active trading market for our Shares may never develop or be sustained, which could affect your ability to sell your Shares and could depress the market price of your Shares.

***Any negative perceptions of the self-storage industry generally may result in a decline in our Share price.***

To the extent that the investing public has a negative perception of the self-storage industry, the value of our Shares may be negatively impacted, which would result in our Shares trading at a discount below the inherent value of our assets as a whole.

***It is possible that the price of our Shares will experience volatility.***

The initial global Offering Price will be determined through negotiations between us and the Underwriters and may not be indicative of the market price of our Shares following the Private Placement. Following the Private Placement, the trading price of any shares may be subject to wide fluctuations in response to many factors, including those referred to in this section, as well as period-to-period variations in operating results or changes in revenue or profit estimates by us or industry participants, fluctuations in the value of our property portfolio, changes in earnings projections or failure to meet investors' and financial analysts' earnings expectations. The share price could also be adversely affected by changes in market conditions and regulatory changes, as well as developments unrelated to our operating performance such as operating and share price performance of other companies that investors may consider comparable to us and speculation about us in the press or the investment community or strategic actions by competitors, such as acquisitions and restructurings.

***Future sales of Shares by our Principal Shareholders or other shareholders with material ownership positions in the Private Placement could cause the market price of our Shares to decline.***

Shares held directly or indirectly by our Principal Shareholders is expected to be subject to lock-up arrangements, described in further detail in "*Plan of Distribution—Lock-up*". Sales of a substantial number of

our Shares following the expiry of the lock-up periods, or the perception that such sales could occur, could adversely affect the prevailing market price of our Shares in the public market, make it more difficult for holders to sell their shares, or impair our future ability to raise capital through an offering of equity securities at an appropriate time and price.

***Our ability to pay dividends is dependent on the availability of distributable reserves, and we may be unable or unwilling to pay any dividends in the future.***

As a matter of Luxembourg law, we can pay dividends only to the extent that we have funds available for distribution (i.e., net profits, premium or other reserves available for distribution within the meaning of Luxembourg law). As we are a group holding company with no independent operations, our ability to pay any dividends depends directly on the funds received, directly or indirectly, from our operating subsidiaries. Our ability to pay dividends to shareholders is therefore a function of our future profitability and the ability to distribute, to the extent allowed by the applicable provisions of Luxembourg law, the funds received from our operating subsidiaries. The funds available for distribution can be affected by reductions in profitability as well as by impairment of assets. In particular, a significant decline in property values could have a significant adverse effect on the funds available for distribution.

***The trading price of our Shares will fluctuate with market conditions, including volatility in the property market.***

The Offering Price for our Shares has been determined by market conditions that reflect a number of factors, including market expectations relating to interest rates, property prices, the performance of our business and the self-storage market generally, the performance of comparable companies, regulatory changes, events affecting the capital markets and shares traded on Euronext Brussels, general economic conditions, and other factors. Our Shares may trade at a price that exceeds or is a discount to valuations based on the aggregate appraised value of our properties. Investors should not assume that the aggregate appraised value of our properties implies a valuation that represents a floor for our share price. Changes in our share price may vary, perhaps considerably, from changes in the market price or the appraised value of our properties.

***Investors may not be able to exercise pre-emption rights.***

Under Luxembourg law, shareholders have a waivable and cancellable preferential subscription right to subscribe *pro rata* to their existing shareholdings to the issuance, against a contribution in cash, of Shares or other securities entitling the holder thereof to Shares. Certain shareholders may not be able to exercise their preferential subscription rights unless applicable securities law requirements are complied with or exemptions are available. In particular, there can be no assurance that we will be able to establish an exemption from registration under the U.S. Securities Act, and we are under no obligation to file a registration statement with respect to any such preferential subscription rights or underlying securities or to endeavor to have a registration statement declared effective under the U.S. Securities Act. Shareholders who are not able or not permitted to exercise their preferential subscription rights in the event of a future preferential subscription rights offering may suffer dilution of their shareholdings.

***Exchange rate fluctuations may adversely affect the value of our Shares.***

Our Shares will be quoted in Euros on the regulated market of Euronext Brussels and we expect that any dividends paid on our Shares will be in Euros. Fluctuations in the exchange rate between the Euro and the U.S. Dollar, Pound Sterling, Swedish Krona and other currencies will affect, among other things, the foreign currency value of the proceeds that a shareholder would receive upon sale of our Shares, as well as the foreign currency value of any dividends on our Shares. In particular, if the value of the Euro depreciates significantly as compared to an investor's local currency, the local currency amount of any dividend would decline as compared to if the relevant exchange rate had remained stable.

***Investors may not be able to recover in civil proceedings for U.S. securities law violations.***

The majority of our directors and members of Senior Management live outside the United States, and all of our assets and many of the assets of these individuals are located outside the United States. As a result, it may not be possible for investors to effect service of process within the United States upon these individuals or upon us or to enforce against them or us for judgments obtained in the United States based on the civil liability provisions of the U.S. securities laws. In addition, there is uncertainty as to the enforceability in Luxembourg of original actions or in actions for enforcement of judgments of U.S. courts of civil liabilities predicated solely upon the federal securities laws of the United States.

***Any sale, purchase or exchange of Shares may become subject to the Financial Transaction Tax.***

On February 14, 2013, the EU Commission adopted a proposal for a Council Directive (the “Draft Directive”) on a common financial transaction tax (“FTT”) in Austria, Belgium, Estonia, France, Germany, Greece, Italy, Portugal, Spain, Slovakia and Slovenia. In December 2015, Estonia withdrew from the group of states willing to introduce the FTT (the “Participating Member States”).

Pursuant to the Draft Directive, the FTT would be payable on financial transactions, provided at least one party to the financial transaction is established or deemed established in a Participating Member State and there is a financial institution established or deemed established in a Participating Member State which is a party to the financial transaction, or is acting in the name of a party to the transaction. The FTT would, however, not apply to (*inter alia*) primary market transactions referred to in Article 5(c) of Regulation (EC) No 1287/2006, including the activity of underwriting and subsequent allocation of financial instruments in the framework of their issue.

The rates of the FTT would be fixed by each Participating Member State but for transactions involving financial instruments other than derivatives would amount to at least 0.1% of the taxable amount. The taxable amount for such transactions would in general be determined by reference to the consideration paid or owed in return for the transfer. The FTT shall be payable by each financial institution established or deemed established in a Participating Member State which is either a party to the financial transaction, or acting in the name of a party to the transaction or where the transaction has been carried out on its account. Where the FTT due has not been paid within the applicable time limits, each party to a financial transaction, including persons other than financial institutions, would become jointly and severally liable for the payment of the FTT due.

Investors should therefore note, in particular, that any sale, purchase or exchange of Shares would be subject to the FTT at a minimum rate of 0.1%, provided the abovementioned prerequisites are met. The investor may be liable to pay this charge or reimburse a financial institution for the charge, and/or the charge may affect the value of the Shares. Any issuance of new Shares should not be subject to the FTT.

The Draft Directive is still subject to negotiation among the Participating Member States and therefore may be changed at any time. Moreover, once the Draft Directive has been adopted (the “Directive”), it will need to be implemented into the respective domestic laws of the Participating Member States and the domestic provisions implementing the Directive might deviate from the Directive itself.

Investors should consult their own tax advisers in relation to the consequences of the FTT associated with subscribing for, purchasing, holding and disposing of the Shares.

***The Shares will be listed and traded on Euronext Brussels on an “if-and-when-issued” basis from the Listing Date until the Closing Date. Euronext Brussels may annul all transactions effected in the Offer Shares if they are not issued and delivered on the Closing Date.***

From the Listing Date until the Closing Date, the Shares will be listed and traded on Euronext Brussels on an “if-and-when-issued” basis, meaning that trading of the Shares will begin prior to the closing of the Private Placement. The Closing Date is expected to occur on the first Euronext Brussels trading day following the Listing Date. Investors that wish to enter into transactions in the Offer Shares prior to the Closing Date, whether such transactions are effected on Euronext Brussels or otherwise, should be aware that the closing may not take place on the expected date, or at all, if certain conditions or events referred to in the Underwriting Agreement (as defined herein) are not satisfied or waived or do not occur on or prior to such date. In accordance with Rule 6801/2 of the Euronext Rule Book, Euronext Brussels may annul all transactions effected in the Shares if they are not issued and delivered on the Closing Date. Euronext Brussels cannot be held liable for any damage arising from the listing and trading on an “if-and-when-issued” basis as of the Listing Date until the Closing Date.

## IMPORTANT INFORMATION

### Important information in respect of the Offering Circular

#### Responsibility Statement

We, represented by our Board of Directors, assume responsibility for the completeness and accuracy of all of the contents of this Offering Circular. Having taken all reasonable care to ensure that such is the case, each of us (for the entirety of this Offering Circular) attest, to the best of its knowledge, and Cushman & Wakefield, pursuant to the following paragraph, that the information contained in this Offering Circular is in accordance with the facts and contains no omission likely to affect its import.

For the purposes of item 1.2 of Annex I of Commission Regulation (EC) No 809/2004 of 29 April 2004 implementing the Directive 2003/71/EC of the European Parliament and of the Council regarding information contained in prospectuses as well as the format, incorporation by reference and publication of such prospectuses and dissemination of advertisements (the Prospectus Regulation), Cushman & Wakefield is responsible for the Full Report and Valuation Report (as defined herein) and accept responsibility for the information contained in the Full Report and Valuation Report and confirm that to the best of its knowledge (having taken all reasonable care to ensure that such is the case), the information contained in the Full Report and Valuation Report is in accordance with the facts and contains no omissions likely to affect its import. The Full Report and Valuation Report complies with paragraphs 128 to 130 of the ESMA update of CESR recommendations on the consistent implementation of the Prospectus Regulation implementing the Prospectus Directive.

None of BNP PARIBAS, J.P. Morgan Securities plc, Société Générale, HSBC Bank plc and Kempen & Co N.V. (the “Underwriters”) makes any representation or warranty, express or implied, as to, or assumes any responsibility for, the accuracy or completeness or verification of the information in this Offering Circular, and nothing in this Offering Circular is, or shall be relied upon as, a promise or representation by the Underwriters, whether as to the past or the future. Accordingly, the Underwriters disclaim, to the fullest extent permitted by applicable law, any and all liability, whether arising in tort, contract or otherwise, which they might otherwise be found to have in respect of this Offering Circular or any such statement.

#### Notice to Investors

In making an investment decision, investors must rely on their own assessment, examination, analysis and enquiry of the Company, the terms of the Private Placement and the terms of this Offering Circular, including the merits and risks involved. Any purchase of the Offer Shares should be based on the assessments that the investor in question may deem necessary, including the legal basis and consequences of the Private Placement, and including possible tax consequences that may apply, before deciding whether or not to invest in the Offer Shares. In addition to their own assessment of the Company and the terms of the Private Placement, investors should rely only on the information contained in this Offering Circular, including the risk factors described herein, and any notices that we publish under applicable law or the relevant rules of Euronext Brussels.

Neither we, nor any of the Underwriters, or any of our or their respective representatives, is making any representation to any offeree or purchaser of the Shares regarding the legality of an investment in the Shares by such offeree or purchaser under the laws applicable to such offeree or purchaser. Each investor should consult with his or her own advisers as to the legal, tax, business, financial and related aspects of an investment in the Shares.

No person has been authorized to give any information or to make any representation in connection with the Private Placement other than those contained in this Offering Circular, and, if given or made, such information or representation must not be relied upon as having been authorized. Without prejudice to our obligation to publish supplements to the Offering Circular when legally required (as described below), neither the delivery of this Offering Circular nor any sale made at any time after the date hereof shall, under any circumstances, create any implication that there has been no change in our affairs since the date hereof or that the information set forth in this Offering Circular is correct as of any time since its date.

Each of the Underwriters is regulated by competent authorities. BNP PARIBAS and Société Générale are French credit institutions, authorized and supervised by the European Central Bank (ECB) and the *Autorité de Contrôle Prudentiel et de Résolution* and regulated by the *Autorité des Marchés financiers*. J.P. Morgan Securities plc and HSBC Bank plc are authorized by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and Prudential Regulation Authority. Kempen & Co N.V. is authorized by and regulated by the Dutch Authority for Financial Markets (*Autoriteit Financiële Markten*).

The Underwriters are acting exclusively for us and no one else in connection with the Private Placement. They will not regard any other person (whether or not a recipient of this document) as their respective clients in relation to the Private Placement and will not be responsible to anyone other than us for providing the protections afforded to their respective clients nor for giving advice in relation to the Private Placement or any transaction or arrangement referred to herein.

The Shares are subject to transfer restrictions in certain jurisdictions. Prospective purchasers should read the restrictions described in the section “*Transfer Restrictions*”. Each purchaser of the Shares will be deemed to have made the relevant representations described therein.

The distribution of this Offering Circular and the Private Placement may, in certain jurisdictions, be restricted by law, and this Offering Circular may not be used for the purpose of, or in connection with, any offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorized or to any person to whom it is unlawful to make such offer or solicitation. This Offering Circular does not constitute an offer to sell, or an invitation of an offer to purchase, any Offer Shares in any jurisdiction in which such offer or invitation would be unlawful. We and the Underwriters require persons into whose possession this Offering Circular comes to inform themselves of and observe all such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. Neither we, nor the Underwriters accept any legal responsibility for any violation by any person, whether or not a prospective purchaser of Shares, of any such restrictions. We and the Underwriters reserve the right in our and their own respective absolute discretion to reject any offer to purchase Shares that we, the Underwriters or our or their respective agents believe may give rise to a breach or violation of any laws, rules or regulations.

### **Offering Circular**

This Offering Circular has not been approved by any authority. A listing prospectus in connection with the Admission to Trading will be submitted for approval to the CSSF, in its capacity as competent authority under the Prospectus Law. Application will be made to notify the FSMA in accordance with the European passport mechanism set forth in the Prospectus Directive and the listing prospectus will be published in electronic form on the websites of the Luxembourg Stock Exchange (<http://www.bourse.lu>) and Euronext Brussels (<http://www.euronext.com>).

The information in this Offering Circular is current as of the date printed on the front of the cover, unless expressly stated otherwise. The delivery of this Offering Circular at any time does not imply that there has been no change in the Group’s business or affairs since the date hereof or that the information contained herein is correct as of any time subsequent to the date hereof.

### **Information to Distributors**

Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended (“MiFID II”); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures, and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any “manufacturer” (for the purposes of the product governance requirements) may otherwise have with respect thereto, the Shares have been subject to a product approval process, which has determined that the Shares are: (i) compatible with an end target market of investors who meet the criteria of retail investors and professional clients and eligible counterparties, each as defined in MiFID II; and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the “Target Market Assessment”). Notwithstanding the Target Market Assessment, distributors should note that: the price of the Shares may decline and investors could lose all or part of their investment; the Shares offer no guaranteed income and no capital protection; and an investment in the Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Private Placement.

For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the Shares.

Each distributor is responsible for undertaking its own target market assessment in respect of the Shares and determining appropriate distribution channels.

Furthermore, notwithstanding the Target Market Assessment, the Private Placement will be directed solely to professional clients and eligible counterparties.

### **Stabilization**

In connection with the Private Placement, J.P. Morgan Securities plc, 25 Bank Street, Canary Wharf, London E14 5JP, United Kingdom, as stabilization manager (the “Stabilization Manager”) (or any person acting for the Stabilization Manager), on behalf of the Underwriters, may, to the extent permitted by applicable law, for stabilization purposes, acquire Shares representing up to 13% of the number of Offer Shares subscribed for in the Private Placement (corresponding to the 15% Offer Shares over-allotted on the base part of the Private Placement) during a period of 30 calendar days following the Listing Date with a view to supporting the market price of the Shares at a level higher than that which might otherwise prevail. Such transactions may be effected on Euronext Brussels, in the over-the-counter markets or otherwise. The Stabilization Manager (or persons acting on its behalf) is not required to engage in any of these activities and, as such, there is no assurance that these activities will be undertaken; if undertaken, the Stabilization Manager (or persons acting on its behalf) may discontinue at any time any of these activities which in any case must be brought to an end 30 days after the Listing Date (the “Stabilization Period”).

During the Stabilization Period, the Stabilization Manager shall ensure adequate public disclosure of the details of all stabilization transactions no later than the end of the fifth working day following the date of execution of such transactions. Within one week of the end of the Stabilization Period, the following information will be made public in accordance with Article 5 of Regulation (EU) No 596/2014 of the European Parliament and of the Council of April 16, 2014 on Market Abuse (“MAR”) and Article 6 of the Commission Delegated Regulation No 1052/2016 of March 8, 2016 supplementing Regulation (EU) No 596/2014 of the European Parliament and of the Council with regard to regulatory technical standards for the conditions applicable to buy-back programs and stabilization measures: (i) whether or not the stabilization was undertaken; (ii) the date on which stabilization started; (iii) the date on which stabilization last occurred; (iv) the price range within which stabilization was carried out, for each of the dates during which stabilization transactions were carried out; and (v) the trading venue(s) on which the stabilization transactions were carried out, where applicable. The acquisition of the Shares by the Stabilization Manager may result in the repurchase of such Shares by the Company pursuant to the Put Option, if the Put Option is exercised by the Stabilization Manager. The Put Option is exercisable for a period of 30 days following the Listing Date. Any Shares so purchased by the Company pursuant to the Put Option will be held by the Company as treasury Shares.

### **Available Information**

#### **Availability of the Offering Circular**

Subject to selling restrictions, this Offering Circular is available in electronic form on our website (<https://corporate.shurgard.eu>).

Once approved, the listing prospectus will be made available in printed form, at no cost and during regular business hours, at our registered office, located at 6c, rue Gabriel Lippmann, L-5365 Munsbach, Grand Duchy of Luxembourg.

The listing prospectus will also be made available in electronic form on our website (<https://corporate.shurgard.eu>), on the website of the Luxembourg Stock Exchange (<http://www.bourse.lu>) and on the website of Euronext Brussels (<http://www.euronext.com>).

The posting of the listing prospectus on the internet will not constitute an offer to sell or a solicitation of an offer to buy any of the Shares to or from any person in any jurisdiction in which it is unlawful to make such offer or solicitation to such person.

### **Other Company Information and Documentation**

The following documents, or copies thereof, will be available for inspection for the life of the listing prospectus during regular business hours at our registered office at 6c, rue Gabriel Lippmann, L-5365 Munsbach, Grand Duchy of Luxembourg:

- our articles of association (the “Articles of Association”);
- the audited consolidated financial statements as of and for the years ended December 31, 2017, 2016 and 2015 (the “Audited Consolidated Financial Statements”);

- the unaudited interim condensed consolidated financial statements as of and for the six months ended June 30, 2018 and 2017 (the “Unaudited Interim Condensed Consolidated Financial Statements”); and
- the valuation report on the fair value of the properties held by Shurgard prepared by Cushman & Wakefield Debenham Tie Leung Limited (“Cushman & Wakefield”), with registered office at 125 Old Broad Street, London EC2N 1AR and dated September 28, 2018 (the “Full Report”), a short-form version of which is attached to this Offering Circular as Annex A (the “Valuation Report”) and which Valuation Report must be read in conjunction with the Full Report (which is incorporated herein by reference) and is subject to all conditions, assumptions and caveats contained in the Full Report. The Full Report was commissioned by the Company and Cushman & Wakefield has given its consent to include the Valuation Report in this Offering Circular and to incorporate the Full Report by reference herein. Cushman & Wakefield has no material interest in the Company.

In accordance with article 461-8 of the Luxembourg law of August 10, 1915 on commercial companies, as amended (*loi du 10 août 1915 sur les sociétés commerciales*, the “1915 Companies Act”), the annual financial reports will also be filed with the Luxembourg Trade and Companies Register (*Registre de Commerce et des Sociétés, Luxembourg*) and an extract is published in the Luxembourg central electronic platform of official publications for companies and associations (*Recueil Électronique des Sociétés et Associations*).

We have agreed that, for so long as any of the Shares are “restricted securities” within the meaning of Rule 144(a)(3) under the U.S. Securities Act, we will, during any period in which we are neither subject to Section 13 or 15(d) of the U.S. Securities Exchange Act of 1934 (the “U.S. Exchange Act”) nor exempt from reporting pursuant to Rule 12g3-2(b) under the U.S. Exchange Act, provide to any holder or beneficial owner of such restricted securities or to any prospective purchaser of such restricted securities designated by such holder or beneficial owner, on the request of such holder, beneficial owner or prospective purchaser, the information required to be provided to such persons pursuant to Rule 144A(d)(4) under the U.S. Securities Act. We are not currently subject to the periodic reporting requirements of the U.S. Exchange Act.

#### **Presentation of financial and other information**

Until September 28, 2017, the Company was governed by the laws of Guernsey. On that date, the Company transferred its domicile, registered office and central administrative seat without dissolution from Guernsey to the Grand Duchy of Luxembourg. As from that date, the Company has been governed by the laws of the Grand Duchy of Luxembourg. The historical financial information covered in this Offering Circular therefore relates to the same legal entity.

Our Unaudited Interim Condensed Consolidated Financial Statements and our Audited Consolidated Financial Statements have been prepared in accordance with IFRS. Our Audited Consolidated Financial Statements have been audited and our Unaudited Interim Condensed Consolidated Financial Statements have been reviewed by Ernst & Young S.A.

Rounding adjustments have been made in calculating some of the financial information included in this Offering Circular. As a result, figures shown as totals in some tables may not be exact arithmetic aggregations of the figures that precede them.

#### **Alternative Performance Measures**

In addition to the financial information prepared in accordance with IFRS, this Offering Circular includes certain alternative performance measures (“APMs”) as defined in the guidelines on Alternative Performance Measures issued by the European Securities and Markets Authority on October 5, 2015 (ESMA/2015/1415) (the “ESMA guidelines”). The ESMA guidelines define an APM as a financial measure of historical or future performance, financial position or cash flows, other than a financial measure defined or specified in the applicable financial reporting framework.

We use certain APMs, which have not been audited, to present a better understanding of our financial performance and financial condition. These measures are considered additional disclosures and in no case are intended to replace the financial information prepared under IFRS. Moreover, the way we define and calculate these measures may differ from the way these or similar measures are calculated by other companies. Accordingly, they may not be comparable to measures used by other companies in our industry sector. All measures that are calculated according to IFRS are considered not to be APMs.

In accordance with the ESMA guidelines, the following is a list of APMs that we believe to be useful indicators of our operating performance and financial condition. We believe that the following APMs are widely used by analysts and are helpful in understanding our financial position:

- NOI Margin, or net operating income margin, represents our income from property (NOI) divided by property operating revenue for the relevant period.
- EBITDA, which represents our reported 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.
- EBITDA Margin, which represents our EBITDA divided by real estate operating revenue for the relevant period.
- Net Financial Debt, which represents our long-term and short-term interest-bearing loans and borrowings, including finance lease obligations and excluding debt issuance costs, less cash and cash equivalents.
- EPRA earnings, which represents profit or loss for the period after income tax but excluding acquisition costs relating to business combinations (net of taxes and non-controlling interest), gains or losses on the revaluation of investment property (net of taxes and non-controlling interest), gains or losses on the sale of investment property, assets held for sale and property, plant and equipment (net of taxes and non-controlling interest), and presented on a diluted basis (for the historic impact of the equity component of the SEH LLC convertible shareholder loan repaid in 2016 as described in Note 15 to our Audited Consolidated Financial Statements).
- Adjusted EPRA earnings, which represents 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 (such as costs arising from the Private Placement and Admission to Trading).
- EPRA NAV, which represents the reported net asset value, plus deferred taxes on fair value adjustments of investment property.
- Adjusted EPRA NAV, which represents EPRA NAV, less the amount by which carrying value is lower than fair value, or plus the amount by which carrying value is higher than fair value, as the case may be.
- LTV, which stands for loan-to-value, which represents our Net Financial Debt divided by the fair value of investment properties (at the total value as per the external valuations carried out by Cushman & Wakefield on each of the investment properties, investment properties under construction and pre-development costs not valued by Cushman & Wakefield), expressed as a percentage.

For further detail on the calculation of these APMs, including reconciliations to their nearest IFRS equivalents, please see “*Selected Consolidated Financial Information—Alternative Performance Measures*”.

### Constant Exchange Rate Adjustments

We have presented certain financial information from our income statement using constant exchange rate translations of non-Euro amounts into Euros as a convenience to investors in comparing our period-to-period performance. Such constant exchange rate financial information has been estimated by applying the average exchange rate for each quarter during the reference period to the actual results for that period. For the six months ended June 30, 2017, the reference period is the two three-month periods during the six months ended June 30, 2018. For 2016 and 2015, the reference period is the four three-month periods during 2017.

The average Euro exchange rates<sup>(1)</sup> used for this purpose are as follows:

	Three months ended					
	June 30, 2018	March 31, 2018	December 31, 2017	September 31, 2017	June 30, 2017	March 31, 2017
Danish Krone . . . . .	7.4488	7.4470	7.4430	7.4382	7.4384	7.4353
Pound Sterling . . . . .	0.8764	0.8834	0.8872	0.8977	0.8599	0.8604
Swedish Krona . . . . .	10.3357	9.9669	9.7932	9.5585	9.6848	9.5096

Note:

(1) Historic foreign exchange rates are derived from the “mid-price” rate sourced from Oanda.

For a reconciliation of constant exchange rate measures used in this Offering Circular to our reported results, see “*Selected Consolidated Financial Information—Alternative Performance Measures*”.



## Non-financial Operating Measures

This Offering Circular contains the following measures, which we evaluate as indicators of our operating capabilities and performance:

- Number of stores in capital and major cities, which we define as the capital cities and significant population centers in the countries where we operate, including stores in their respective metropolitan areas.
- Net Rentable Square Meters, which we calculate 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.
- Net Rented Square Meters, which we calculate 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.
- Occupancy Rate, which we calculate as the Net Rented Square Meters divided by Net Rentable Square Meters as of the relevant date.
- Average Occupancy Rate, which we calculate as the average of the Net Rented Square Meters divided by the average of the Net Rentable Square Meters, each for the relevant periods.
- Average In-place Rent is presented in Euros per square meter and calculated as rental revenue, on a constant exchange rate basis, divided by average Net Rented Square Meters for the relevant period.
- RevPAM, which stands for revenue per available square meter, represents our rental revenue, on a constant exchange rate basis, divided by our average Net Rentable Square Meters, for the relevant period.

## Same Store and Non-Same Store

We monitor certain operating and financial measures on a “Same Store” and “Non-Same Store” basis, and consider “Same Store” and “Non-Same Store” to be our principal operating segments.

For each full-year period presented herein and in our Audited Consolidated Financial Statements, we classify 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 herein and in our Audited Consolidated Financial Statements 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.

For the six months ended June 30, 2018 and 2017 herein and in our Unaudited Interim Condensed Consolidated Financial Statements, in order to provide meaningful comparisons of our operations between the two periods, we present a stable Same Store segment of 214 self-storage facilities. These comprise (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, 2018 (rather than January 1 of the relevant year). For purposes of our operational and financial performance during a half-year period, any stores that are not classified as Same Stores as of January 1, 2018 are presented herein and in our Unaudited Interim Condensed Consolidated Financial Statements as Non-Same Stores.

Similarly, for our Same Store year-on-year revenue growth targets, we present revenue growth by applying a stable Same Store perimeter to the relevant prior year, for purposes of comparability and to reduce the impact of changes in the size of our network on these measures. See *“Operating and Financial Review—Significant Factors Affecting Our Results of Operations—Optimizing Rental and Occupancy Rates”* and *“Business—Business and Growth Strategy—Strengthen our brand and optimize our existing platform”*.

References to “All Stores” comprise our Same Stores and Non-Same Stores.

## Key Performance Indicators

To assist prospective equity investors in comparing our historical financial and operating performance from period to period, certain key performance indicators and other operating measures have been presented in this

Offering Circular. These key performance indicators are presented in the section “*Operating and Financial Review and Prospects—Key Performance Indicators*”. They are defined under “*Alternative Performance Measures*” or “*Non-financial Operating Measures*” above.

We consider these metrics when evaluating growth trends, establishing budgets and assessing operational performance and efficiencies. We believe that these key performance indicators provide an enhanced understanding of our results and related trends, therefore increasing transparency and clarity into the core results of our business.

## **Other Information**

In this Offering Circular, references to the “Company” are to Shurgard Self Storage SA and references to “Shurgard”, “we”, “us”, “our” or the “Group” are to the Company together with its consolidated subsidiaries.

References to “Euros” or “€” are to the common currency of the member states of the EU that are part of the Eurozone. References to the “United States” or the “U.S.” are to the United States of America and references to “U.S. Dollars” or “\$” are to the lawful currency of the United States. References to the “United Kingdom” or to the “U.K.” are to the United Kingdom of Great Britain and Northern Ireland and references to “Pounds Sterling” or “£” are to the lawful currency of the United Kingdom. References to “Danish Kroner” or “DKK” are to the Danish Kroner, the lawful currency of Denmark. References to “Swedish Krona” or “SEK” are to the Swedish Krona, the lawful currency of Sweden.

Certain of the Underwriters and/or their respective affiliates have or are currently engaged in, or may, in the future, from time to time, engage in, commercial banking, investment banking and financial advisory and ancillary activities in the ordinary course of their business with the Company or any parties related to it, in respect of which they have and may in the future, receive customary fees and commissions. As a result of these transactions, these parties may have interests that are not being aligned, or could possibly conflict with, the interests of investors.

In particular, (i) each of Société Générale, which is one of the Joint Global Coordinators, and BNP Paribas Fortis SA/NV, an affiliate of BNP PARIBAS which is one of the Joint Global Coordinators, is a lender under the Bridge Facility Agreement, which the Company intends to repay indirectly with proceeds of the Offering, and (ii) BNP Paribas Fortis SA/NV is a lender under the 2016 RCF, which the Company intends to repay with proceeds of the Offering. See “*Use of Proceeds*” and “*Operating and Financial Review and Prospects—Liquidity and Capital Resources—Borrowings*”.

In connection with the Offering, each of the Underwriters and any of their respective affiliates may take up a portion of the Offer Shares in the Offering as a principal position and, in that capacity, may retain, purchase or sell for its own account such securities and any securities of the Company or related investments, and may offer or sell such securities or other investments otherwise than in connection with the Offering. Accordingly, references in this Offering Circular to the Offer Shares being offered or placed should be read as including any offering or placement of securities to any of the Underwriters and any of their respective affiliates acting in such capacity. In addition, certain of the Underwriters or their affiliates may enter into financing arrangements (including swaps or contracts for differences) with investors in connection with which such Underwriters (or their affiliates) may from time to time acquire, hold or dispose of Offer Shares. The Underwriters do not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

## **Industry and market data**

This Offering Circular includes industry and market data we have obtained from industry publications and surveys, industry reports prepared by consultants and internal surveys. The third-party sources we have used generally state that the information they contain has been obtained from sources believed to be reliable. Some of these third-party sources also state, however, that the accuracy and completeness of such information is not guaranteed and that the projections they contain are based on significant assumptions. As we do not have access to the facts and assumptions underlying such market data, or the statistical information and economic indicators contained in these third-party sources, we have been unable to verify such information and, while we believe it to be reliable, we cannot guarantee its accuracy or completeness. Certain of this information includes projections and forward-looking statements, which are not guarantees of future performance, and actual events and circumstances could differ materially from current expectations.

The market, economic and industry data in this Offering Circular, in particular the information in “*Overview of Pan-European Self-Storage Market*”, have primarily been derived and extrapolated from a report produced

by Green Street Advisors (UK) Limited, 22 Grosvenor Square, 3<sup>rd</sup> Floor, London W1K 6LF, United Kingdom, (“Green Street Advisors”), an independent specialist real estate research and advisory firm commissioned by the Company. Green Street Advisors have no interest in the Company. Additional market, economic and industry data has been derived and extrapolated from the “*FEDESSA European Self Storage Annual Survey 2017*” prepared by the Federation of European Self Storage Associations (“FEDESSA European Self Storage Annual Survey 2017”), “*FEDESSA European Self Storage Annual Survey 2016*” prepared by the Federation of European Self Storage Associations (“FEDESSA European Self Storage Annual Survey 2016”), the “Hypostat 2017, A Review of Europe’s Mortgage and Housing Markets” review prepared by the European Mortgage Federation (“EMF Hypostat 2017”), the Eurostat online population projection database available at <http://appsso.eurostat.ec.europa.eu> (“Eurostat”), the United Nations, Department of Economic and Social Affairs, Population Division “World Urbanization Prospects: The 2018 Revision” report (“UN World Urbanization”).

In addition, certain information in this Offering Circular is not based on published data obtained from independent third parties or extrapolations therefrom, but is rather based upon our best estimates, which are in turn based upon information obtained from trade and business organizations and associations, consultants and other contacts within the industries in which we compete, information published by our competitors and our own experience and knowledge of conditions and trends in the markets in which we operate. These statements contain words such as “we believe”, “we expect”, “Shurgard believes” and “Shurgard expects” and as such do not purport to cite, refer or summarize any third party or independent source and should not be so read.

We cannot assure you that any of the assumptions that we have made while compiling this data from third-party sources are accurate or correctly reflect our position in the industry and none of our internal estimates have been verified by any independent sources. Neither we nor the Underwriters have independently verified this information. Accordingly, while we believe it to be reliable, neither we nor the Underwriters make any representation or warranty as to the accuracy or completeness of this information. We confirm that all third-party data contained in this Offering Circular has been accurately reproduced and, so far as we are aware and able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

#### **Enforcement of civil liabilities**

The Company is a public limited liability company (*société anonyme*) governed by the laws of the Grand Duchy of Luxembourg. The majority of our directors and members of our Senior Management live outside the United States. All or a substantial portion of our assets and of the assets of these individuals are located outside the United States. As a result, it may not be possible for investors to effect service of process within the United States upon the Company or such persons or to enforce against them or the Company judgments of courts of the United States, whether or not predicated upon the civil liability provisions of the federal securities laws of the United States or other laws of the United States or any state thereof.

#### **Forward-looking statements**

This Offering Circular contains “forward-looking statements” within the meaning of the securities laws of certain jurisdictions, including statements under the captions “*Summary*”, “*Risk Factors*”, “*Operating and Financial Review and Prospects*”, “*Overview of Pan-European Self-Storage Market*”, “*Business*” and in other sections. In some cases, these forward-looking statements can be identified by the use of forward-looking terminology, including the words “believes”, “estimates”, “anticipates”, “expects”, “intends”, “may”, “will”, “plans”, “continue”, “ongoing”, “potential”, “predict”, “project”, “target”, “guidance”, “seek” or “should” or, in each case, their negative or other variations or comparable terminology or by discussions of strategies, plans, objectives, targets, goals, future events or intentions. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this Offering Circular and include statements regarding our intentions, beliefs or current expectations concerning, among other things, our results of operations, financial condition, liquidity, prospects, growth, strategies and dividend policy and the industry in which we operate.

By their nature, forward-looking statements involve known and unknown risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance. Investors should not place undue reliance on these forward-looking statements. Any forward-looking statements are made only as of the date of this Offering Circular and the Company does not intend, and does not assume any obligation, to update forward-looking statements set forth in this Offering Circular.

Many factors may cause our results of operations, financial condition, liquidity and the development of the industries in which we compete to differ materially from those expressed or implied by the forward-looking statements contained in this Offering Circular, such as:

- risks relating to general economic conditions;
- risks affecting the development or growth of the self-storage market in Europe;
- the level of competition from new and existing storage and commercial facilities and other storage alternatives in the markets in which we operate;
- our ability to let new storage units and re-let existing storage units within our stores;
- difficulties affecting our ability to identify and acquire suitable sites for our stores;
- risks associated with developments and acquisitions, including failure to complete development and redevelopment projects on time and within budget, or the delay or failure of newly developed, redeveloped, or acquired stores to achieve expected levels of revenues and expenses;
- risks arising from any acquisition activities;
- changes in tax laws or regulations affecting our results;
- expectations with regard to our business, including our operating model and competitive environment, and growth strategies; and
- other risks and uncertainties described in this Offering Circular.

Many factors may cause our results of operations, financial condition, liquidity and the development of the industries in which we compete to differ materially from those expressed or implied by the forward-looking statements contained in this Offering Circular.

These risks are not exhaustive. Other sections of this Offering Circular describe additional factors that could adversely affect our results of operations, financial condition, liquidity and the development of the sectors in which we operate. New risks can emerge from time to time, and it is not possible for us to predict all such risks, nor can we assess the impact of all such risks on our business or the extent to which any risks, or combination of risks and other factors, may cause actual results to differ materially from those contained in any forward-looking statements. Given these risks and uncertainties, investors should not rely on forward-looking statements as a prediction of actual results.

## **REASONS FOR THE PRIVATE PLACEMENT AND USE OF PROCEEDS**

### **Reasons for the Private Placement**

The execution of Shurgard's growth strategy through the development, redevelopment and acquisition of new stores requires significant investments. The Private Placement will secure the financing needed to deliver our growth strategy and optimise our capital structure. Furthermore, the subsequent Admission to Trading on Euronext Brussels is expected to improve access to the capital markets.

### **Use of proceeds**

Based on expected gross proceeds from the Private Placement of €575 million, we estimate that we will receive net proceeds from the Private Placement of approximately €550.8 million, following the deduction of underwriting commissions in the amount of approximately €17.2 million (assuming the discretionary commission is paid in full and assuming the Put Option is not exercised), other estimated Private Placement-related fees and expenses in the amount of approximately €7.0 million.

We intend to use the net proceeds from the Private Placement for the following purposes:

- Repayment in full of borrowings under our €200.0 million Bridge Facility Agreement with BNP Paribas Fortis SA/NV and Société Générale;
- Repayment in full of outstanding borrowings under our bilateral revolving facility agreement with BNP Paribas Fortis SA/NV (also referred to as the 2016 RCF);
- Finance the anticipated acquisition of the Kensington store in London in October 2018;
- Support our ongoing growth strategy, including future development and redevelopment activity, as well as acquisition opportunities as they arise; and
- Any required repurchase of the Company's shares, to the extent that the Put Option in connection with the stabilization of the Private Placement is exercised by the Stabilization Manager.

## **DIVIDENDS AND DIVIDEND POLICY**

### **Dividends**

All Shares carry the right to receive dividends declared after the Closing Date, in respect of the financial year ending December 31, 2018 and future years. All Shares participate equally in our profits, if any.

The shareholders' share of profits is determined based on their respective interests in our share capital. In a Luxembourg public limited liability company (*société anonyme*), resolutions concerning the distribution of dividends for a given financial year, and the amount thereof, are adopted by the annual General Shareholders' Meeting related to such financial year.

The General Shareholders' Meeting decides on the allocation of the annual profit, if any. In accordance with the 1915 Companies Act every year at least 5% of our net profit will be set aside in order to build up the legal reserve. This allocation ceases to be compulsory when the legal reserve amounts to one-tenth of the issued share capital but shall again be compulsory if the reserve falls below such threshold of one-tenth. The remaining balance of the net profit will be at the disposal of the General Shareholders' Meeting.

The General Shareholders' Meeting shall determine how the remainder of the annual net profits shall be disposed of and it may decide to declare and pay dividends from time to time, as in its discretion it believes best suits the corporate purpose and policy and within the limits of the 1915 Companies Act. Dividends, when payable, will be paid in Euro or any other currency selected by our Board of Directors and will be paid at the time and place fixed by the Board of Directors within the limits of the decision of the annual General Shareholders' Meeting.

Furthermore, interim dividends may be declared by the Board of Directors and paid by us within the conditions provided for by article 461-3 of the 1915 Companies Act. Interim dividends may be declared and paid by the Board of Directors out of available net profits, premium or other available reserves subject to complying with conditions required by law subject to such dividend not exceeding the amount available for distribution which shall not exceed total profits made since the end of the last financial year for which the annual accounts have been approved, plus any profits carried forward and sums drawn from reserves available for this purpose, less losses carried forward and any sums to be placed to reserve pursuant to the requirements of the law or the Articles of Association.

No dividend distribution may be decided by the General Shareholders' Meeting when, on the closing date of the last financial year, the net assets as set out in the annual accounts are, or following such distribution would become, lower than the amount of the subscribed share capital plus the legal reserve or any other reserves that may not be distributed by virtue of the Articles of Association.

Dividend distributions that have not been claimed within five years as from the date that they have become available shall lapse in favor of us in accordance with the prevailing interpretation of article 2277 of the Luxembourg Civil Code. There are no specific dividend restrictions or procedures for non-resident shareholders.

### **Dividend History**

No dividends have been paid by the Company in respect of the financial years 2015, 2016 and 2017.

On July 10, 2018, the Board of Managers declared a distribution from distributable reserves in the amount of €255.0 million to the shareholders of the Company which was paid on July 13, 2018.

### **Dividend Policy**

Going forward, we expect to pay dividends in May and October of each year based on the consolidated financial statements prepared in accordance with IFRS for the previous financial year or the previous six (6) month period.

Subject to the availability of distributable reserves, we currently intend to declare and distribute an annual dividend based on a target pay-out ratio of 80% of adjusted EPRA earnings. The amount of any interim 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 and other factors considered important by the Board of Directors.

In respect of the current financial year ending December 31, 2018, we expect to pay a dividend of 25% of the target pay-out ratio of 80% of adjusted EPRA earnings.

## CAPITALIZATION AND INDEBTEDNESS

The following table sets forth our capitalization as of July 31, 2018 (i) on an actual basis and (ii) as adjusted to give effect to the Private Placement assuming that the Offering Price is at the low end of the Price Range, the Put Option is not exercised and the Bridge Facility and 2016 RCF are repaid in full. This table should be read in conjunction with our Unaudited Interim Condensed Consolidated Financial Statements and our Audited Consolidated Financial Statements, as well as “*Operating and Financial Review and Prospects*”.

	As of July 31, 2018	
	Actual	As Adjusted
	(€ millions, unaudited)	(€ millions, unaudited)
<b>Current Debt</b>		
Guaranteed . . . . .	200.00	—
Secured . . . . .	—	—
Unguaranteed/unsecured . . . . .	0.53	0.53
Total current debt . . . . .	200.53	0.53
<b>Non-current Debt</b>		
Guaranteed . . . . .	647.57	597.57
Secured . . . . .	—	—
Unguaranteed/unsecured . . . . .	5.77	5.77
Total non-current debt . . . . .	653.34	603.34
<b>Total indebtedness</b> . . . . .	853.87	603.87
<b>Equity</b>		
Issued Share capital . . . . .	45.63	63.47
Share premium . . . . .	—	536.57
Other comprehensive loss . . . . .	(89.07)	(89.07)
Retained earnings and other reserves . . . . .	1,167.03	1,163.40
Equity attributable to equity holders of the parent . . . . .	1,123.59	1,674.38
Non-controlling interest . . . . .	3.40	3.40
<b>Total equity</b> . . . . .	1,127.00	1,677.78
<b>Net Indebtedness</b>		
Cash . . . . .	22.89	323.67
Cash equivalents . . . . .	—	—
Trading securities . . . . .	—	—
<b>Liquidity</b> . . . . .	22.89	323.67
<b>Current financial receivables</b> . . . . .	—	—
Current bank debt . . . . .	200.00	—
Current portion of non-current debt . . . . .	0.53	0.53
Other financial debt . . . . .	—	—
<b>Current financial debt</b> . . . . .	200.53	0.53
<b>Net current financial indebtedness</b> . . . . .	177.64	(323.14)
Non-current bank loans . . . . .	50.00	—
Bonds issued . . . . .	597.57	597.57
Other current loans . . . . .	5.77	5.77
Non-current financial indebtedness . . . . .	653.34	603.34
<b>Net financial indebtedness</b> . . . . .	830.98	280.20

As of July 31, 2018, Shurgard did not have any indirect or contingent indebtedness.

There have been no material changes to our capitalization since July 31, 2018.

## SELECTED CONSOLIDATED FINANCIAL INFORMATION

The selected consolidated financial information presented below as of and for the six months ended June 30, 2018 and 2017 has been derived from our Unaudited Interim Condensed Consolidated Financial Statements. The selected consolidated financial information as of and for the years ended December 31, 2017, 2016 and 2015 has been derived from our Audited Consolidated Financial Statements, which have been audited by Ernst & Young S.A. The consolidated financial statements have been prepared in accordance with IFRS as adopted in the EU.

The selected consolidated financial information presented below should be read in conjunction with “Operating and Financial Review and Prospects” and our Unaudited Interim Condensed Consolidated Financial Statements and our Audited Consolidated Financial Statements, each included elsewhere in this Offering Circular.

### Consolidated Statement of Profit and Loss Data

	Six months ended June 30,		Year ended December 31,		
	2018	2017	2017	2016	2015
	(in € thousands)				
Real estate operating revenue . . . . .	119,510	117,391	238,561	232,116	218,120
Real estate operating expense . . . . .	(48,168)	(47,653)	(90,609)	(91,082)	(87,462)
<b>Net income from real estate operations . . . . .</b>	<b>71,342</b>	<b>69,738</b>	<b>147,952</b>	<b>141,034</b>	<b>130,658</b>
General, administrative and other expenses . . . . .	(4,033)	(5,599)	(10,834)	(17,744)	(12,794)
<i>Of which depreciation and amortization expense . . .</i>	<i>(830)</i>	<i>(777)</i>	<i>(1,527)</i>	<i>(1,498)</i>	<i>(1,450)</i>
Acquisition costs of business combinations . . . . .	(128)	(1,007)	(1,007)	(368)	(9,471)
Royalty fee expense . . . . .	(1,180)	(1,155)	(2,343)	(2,278)	(2,138)
<b>Operating profit before revaluation gain and loss on disposal of investment property, plant and equipment and assets held for sale . . . . .</b>	<b>66,001</b>	<b>61,977</b>	<b>133,768</b>	<b>120,644</b>	<b>106,255</b>
Valuation gain from investment property and investment property under construction . . . . .	7,668	32,321	136,621	153,079	94,934
(Loss) gain on disposal of investment property plant and equipment and assets held for sale . . . . .	—	(38)	(43)	43	97
<b>Operating profit . . . . .</b>	<b>73,669</b>	<b>94,260</b>	<b>270,346</b>	<b>273,766</b>	<b>201,286</b>
Finance cost . . . . .	(9,867)	(9,466)	(18,616)	(20,742)	(21,926)
<b>Profit before tax . . . . .</b>	<b>63,802</b>	<b>84,794</b>	<b>251,730</b>	<b>253,024</b>	<b>179,360</b>
Income tax expense . . . . .	(12,989)	(19,554)	(40,211)	(41,449)	(48,935)
<b>Attributable profit for the period . . . . .</b>	<b>50,813</b>	<b>65,240</b>	<b>211,519</b>	<b>211,575</b>	<b>130,425</b>



## Selected Consolidated Statement of Financial Position Data

	As of June 30,		As of December 31,		
	2018	2017	2017	2016	2015
	(in € thousands)				
<b>Assets</b>					
<b>NON-CURRENT ASSETS:</b>					
Investment property . . . . .	2,339,615	2,161,617	2,289,770	2,117,979	1,987,756
<b>Total non-current assets . . . . .</b>	<b>2,358,663</b>	<b>2,198,512</b>	<b>2,308,031</b>	<b>2,136,697</b>	<b>1,997,817</b>
<b>CURRENT ASSETS:</b>					
Trade and other receivables . . . . .	9,569	11,046	12,952	14,458	15,417
Cash and cash equivalents . . . . .	22,158	16,503	23,645	11,679	120,633
<b>Total current assets . . . . .</b>	<b>41,928</b>	<b>35,896</b>	<b>43,979</b>	<b>31,936</b>	<b>143,030</b>
<b>TOTAL ASSETS . . . . .</b>	<b>2,400,591</b>	<b>2,234,408</b>	<b>2,352,010</b>	<b>2,168,633</b>	<b>2,140,847</b>
<b>EQUITY AND LIABILITIES</b>					
<b>EQUITY:</b>					
Issued share capital . . . . .	800,629	800,629	800,629	800,629	800,629
Retained earnings . . . . .	659,467	462,773	608,835	397,700	186,571
Total equity attributable to equity holders of the parent . . . . .	1,366,718	1,199,862	1,336,326	1,146,418	992,425
<b>TOTAL EQUITY . . . . .</b>	<b>1,370,089</b>	<b>1,202,835</b>	<b>1,339,516</b>	<b>1,149,224</b>	<b>994,785</b>
<b>NON-CURRENT LIABILITIES:</b>					
Interest-bearing loans and borrowings . . . . .	597,546	621,188	597,347	623,995	781,685
Deferred tax liabilities . . . . .	337,995	326,868	335,028	314,366	290,466
<b>Total non-current liabilities . . . . .</b>	<b>942,003</b>	<b>955,517</b>	<b>939,021</b>	<b>946,095</b>	<b>1,080,562</b>
<b>CURRENT LIABILITIES:</b>					
Trade and other payables and deferred revenue . . . . .	78,572	71,024	64,718	67,395	60,458
Income tax payable . . . . .	9,402	4,548	8,251	5,455	4,615
<b>Total current liabilities . . . . .</b>	<b>88,499</b>	<b>75,056</b>	<b>73,473</b>	<b>73,314</b>	<b>65,500</b>
<b>TOTAL LIABILITIES . . . . .</b>	<b>1,030,502</b>	<b>1,031,573</b>	<b>1,012,494</b>	<b>1,019,409</b>	<b>1,146,062</b>
<b>TOTAL EQUITY AND LIABILITIES . . . . .</b>	<b>2,400,591</b>	<b>2,234,408</b>	<b>2,352,010</b>	<b>2,168,633</b>	<b>2,140,847</b>

## Selected Consolidated Statement of Cash Flows Data

	Six months ended June 30,		Year ended December 31,		
	2018	2017	2017	2016	2015
	(in € thousands)				
<b>Cash flows from operating activities . . . . .</b>	<b>70,371</b>	<b>59,461</b>	<b>119,216</b>	<b>121,913</b>	<b>99,069</b>
<b>Cash flows from investing activities . . . . .</b>	<b>(62,561)</b>	<b>(42,173)</b>	<b>(61,476)</b>	<b>(47,494)</b>	<b>(213,401)</b>
<b>Cash flows from financing activities . . . . .</b>	<b>(9,364)</b>	<b>(12,458)</b>	<b>(45,801)</b>	<b>(183,182)</b>	<b>175,749</b>
Net (decrease) increase in cash and cash equivalents . . . . .	(1,554)	4,830	11,939	(108,763)	61,417
Effect of exchange rate fluctuation . . . . .	67	(6)	27	(191)	(164)
Cash and cash equivalents at 1 January . . . . .	23,645	11,679	11,679	120,633	59,380
<b>Cash and cash equivalents at period end . . . . .</b>	<b>22,158</b>	<b>16,503</b>	<b>23,645</b>	<b>11,679</b>	<b>120,633</b>

## Alternative Performance Measures

The following table reconciles income from property (NOI) to NOI Margin, and provides a further reconciliation to EBITDA and EBITDA Margin.

	Six months ended June 30,		Year ended December 31,		
	2018	2017	2017	2016	2015
	(in € thousands except where indicated)				
Income from property (NOI) . . . . .	71,218	69,573	147,692	140,613	129,576
Divided by property operating revenue . . . . .	119,386	117,226	238,301	231,695	217,038
NOI Margin . . . . .	59.7%	59.3%	62.0%	60.7%	59.7%
Other revenue . . . . .	124	165	260	421	1,082
General, administrative and other expenses . . . . .	(4,033)	(5,599)	(10,834)	(17,744)	(12,794)
Acquisition costs of business combinations . . . . .	(128)	(1,007)	(1,007)	(368)	(9,471)
Royalty fee expense . . . . .	(1,180)	(1,155)	(2,343)	(2,278)	(2,138)
Operating profit before revaluation gain and loss on disposal of investment property, plant and equipment and assets held for sale . . . . .	66,001	61,977	133,768	120,644	106,255
Plus depreciation and amortization expense . . . . .	830	777	1,527	1,498	1,450
<b>EBITDA . . . . .</b>	<b>66,831</b>	<b>62,754</b>	<b>135,295</b>	<b>122,142</b>	<b>107,705</b>
Real estate operating revenue . . . . .	119,510	117,391	238,561	232,116	218,120
EBITDA Margin . . . . .	55.9%	53.5%	56.7%	52.6%	49.4%

The following table reconciles profit for the year attributable to ordinary equity holders of the parent to EPRA earnings and adjusted EPRA earnings. See Note 15 to our Audited Consolidated Financial Statements which describes the historic dilutive effect of a loan held by SEH LLC.

	Six months ended June 30,		Year ended December 31,		
	2018	2017	2017	2016	2015
	(in € thousands)				
Profit attributable to ordinary equity holders of the parent . . . . .	50,632	65,073	211,135	211,129	130,109
Loss (gain) on revaluation of investment properties, net of deferred taxes . . . . .	(6,051)	(24,494)	(104,966)	(113,098)	(71,844)
Loss (gain) on disposal of investment properties, assets held for sale and property, plant and equipment, net of taxes . . . . .	—	28	32	(16)	(57)
Acquisition costs of business combinations, net of taxes . . . . .	100	747	747	294	7,083
EPRA earnings (basic) . . . . .	44,681	41,354	106,948	98,309	65,291
Adjustment for dilutive effect of SEH LLC interest . .	—	—	—	2,141	5,795
<b>EPRA earnings . . . . .</b>	<b>44,681</b>	<b>41,354</b>	<b>106,948</b>	<b>100,449</b>	<b>71,086</b>
Deferred tax expense on items other than the revaluation of investment property . . . . .	1,668	4,902	(6,333)	(8,217)	18,186
<b>Adjusted EPRA earnings . . . . .</b>	<b>46,349</b>	<b>46,256</b>	<b>100,615</b>	<b>92,232</b>	<b>89,272</b>

The following table reconciles NAV attributable to ordinary equity holders of the parent to EPRA NAV and adjusted EPRA NAV. See Note 16 to our Audited Consolidated Financial Statements and Note 15 to our Unaudited Interim Condensed Consolidated Financial Statements.

	As of ended June 30,		As of December 31,		
	2018	2017	2017	2016	2015
	(in € thousands except where indicated)				
NAV attributable to ordinary equity holders of the parent . . . . .	1,370,089	1,202,835	1,339,516	1,149,224	1,179,776
Deferred taxes on fair value adjustments of investment property . . . . .	331,952	306,406	330,474	299,156	259,655
<b>EPRA NAV . . . . .</b>	<b>1,702,041</b>	<b>1,509,241</b>	<b>1,669,990</b>	<b>1,448,380</b>	<b>1,439,431</b>
Carrying value (lower) higher than fair value . . . . .	(38,648)	(38,213)	(47,255)	(38,266)	3,097
<b>Adjusted EPRA NAV . . . . .</b>	<b>1,663,393</b>	<b>1,471,028</b>	<b>1,622,735</b>	<b>1,410,113</b>	<b>1,442,528</b>

The following table reconciles our interest-bearing loans and borrowings to Net Financial Debt and LTV.

	As of June 30,		As of December 31,		
	2018	2017	2017	2016	2015
	(in € thousands except where indicated)				
Interest-bearing loans and borrowings . . . . .	(597,546)	(621,188)	(597,347)	(623,995)	(781,685)
Current finance lease obligations . . . . .	(525)	(484)	(504)	(464)	(427)
Non-Curent finance lease obligations . . . . .	(5,804)	(6,252)	(6,046)	(6,475)	(6,868)
Unamortized balance of debt issuance cost on notes issued . . . . .	(2,454)	(2,812)	(2,653)	(3,005)	(3,307)
Cash and cash equivalents . . . . .	22,158	16,503	23,645	11,679	120,633
<b>Net Financial Debt . . . . .</b>	<b>(584,171)</b>	<b>(614,234)</b>	<b>(582,905)</b>	<b>(622,260)</b>	<b>(671,654)</b>
Fair value of investment property and investment property under construction . . . . .	2,351,641	2,189,073	2,300,692	2,128,250	1,988,464
<b>LTV . . . . .</b>	<b>24.8%</b>	<b>28.1%</b>	<b>25.3%</b>	<b>29.2%</b>	<b>33.8%</b>

*Constant exchange rate measures*

The tables below show reconciliations from reported results to constant exchange rate results estimated by applying the applicable prior period average exchange rates to our reported performance in the relevant period.

Six months ended June 30, 2017			
	Reported	Foreign Exchange Fav / (Unfav)	Constant Exchange Rate Basis
	(in € thousands except where indicated)		
Real estate operating revenue	117,391	(1,461)	115,930
Property operating revenue	117,226	(1,459)	115,767
Rental revenue	100,612	(1,269)	99,343
Insurance revenue	11,430	(130)	11,300
Ancillary revenue	5,184	(60)	5,124
Same Store property operating revenue	115,386	(1,429)	113,957
Non-Same Store property operating revenue	1,840	(30)	1,810
Real estate operating expense	(47,653)	486	(47,167)
Payroll expense	(17,702)	192	(17,510)
Real estate and other taxes	(8,883)	60	(8,823)
Repairs and maintenance	(2,921)	25	(2,896)
Marketing expense	(2,642)	24	(2,618)
Doubtful debt expense	(2,199)	24	(2,175)
Income from property (NOI)	69,573	(973)	68,600
Same Store income from property (NOI)	69,071	(967)	68,104
Average In-place Rent (in € per square meter)	211.8	(2.7)	209.1
Same Store Average In-place Rent (in € per square meter)	211.6	(2.6)	209.0
RevPAM (in € per square meter)	184.0	(2.3)	181.7
Same Store RevPAM (in € per square meter)	186.8	(2.4)	184.4
EBITDA	62,755	(943)	61,812
Adjusted EPRA earnings	46,256	(478)	45,778

Year ended December 31, 2016			
	Reported	Foreign Exchange Fav / (Unfav)	Constant Exchange Rate Basis
	(in € thousands except where indicated)		
Real estate operating revenue	232,116	(2,734)	229,382
Property operating revenue	231,695	(2,699)	228,996
Rental revenue	199,766	(2,360)	197,406
Insurance revenue	21,633	(210)	21,423
Ancillary revenue	10,296	(129)	10,167
Same Store property operating revenue	214,520	(2,511)	212,009
Non-Same Store property operating revenue	17,175	(187)	16,988
Real estate operating expense	(91,082)	1,043	(90,039)
Payroll expense	(35,632)	304	(35,328)
Real estate and other taxes	(12,244)	286	(11,958)
Repairs and maintenance	(6,939)	63	(6,876)
Marketing expense	(5,533)	82	(5,451)
Utility expense	(4,060)	34	(4,026)
Other operating expense	(14,313)	116	(14,197)
Income from property (NOI)	140,613	(1,655)	138,958
Same Store income from property (NOI)	132,552	(1,643)	130,909
Average In-place Rent (in € per square meter)	212.8	(2.6)	210.2
Same Store Average In-place Rent (in € per square meter)	211.6	(2.7)	209.0
RevPAM (in € per square meter)	185.1	(2.2)	182.9
Same Store RevPAM (in € per square meter)	190.8	(2.2)	188.6
EBITDA	122,142	(1,574)	120,567
Adjusted EPRA earnings	92,232	65	92,297

	Year ended December 31, 2015		
	Reported	Foreign Exchange Fav / (Unfav)	Constant Exchange Rate Basis
	(in € thousands except where indicated)		
Real estate operating revenue	218,120	(6,340)	211,780
Property operating revenue	217,038	(6,157)	210,881
Rental revenue	188,211	(5,428)	182,783
Insurance revenue	19,185	(437)	18,748
Ancillary revenue	9,642	(291)	9,351
Same Store property operating revenue	204,961	(6,125)	198,836
Non-Same Store property operating revenue	12,077	(31)	12,046
Real estate operating expense	(87,462)	2,390	(85,072)
Payroll expense	(35,384)	759	(34,625)
Real estate and other taxes	(10,884)	607	(10,277)
Repairs and maintenance	(6,146)	118	(6,028)
Marketing expense	(5,686)	282	(5,404)
Utility expense	(3,585)	74	(3,511)
Income from property (NOI)	129,576	(3,766)	125,810
Same Store income from property (NOI)	123,712	(3,866)	119,846
New Store income from property (NOI)	(446)	77	(369)
Acquired Store income from property (NOI)	6,309	23	6,332
Average In-place Rent (in € per square meter)	212.6	(6.2)	206.4
Same Store Average In-place Rent (in € per square meter)	211.7	(6.5)	205.2
RevPAM (in € per square meter)	186.3	(5.4)	180.9
Same Store RevPAM (in € per square meter)	189.3	(5.8)	183.5
EBITDA	107,705	(3,751)	103,954
Adjusted EPRA earnings	89,272	(968)	88,304

## PROFIT FORECAST

### Profit forecast

The Company expects that, on the basis of preparation and the principal assumptions set out below, the adjusted EPRA earnings of Shurgard for the year ending December 31, 2018 will be at least €95 million (the “Profit Forecast”).

The Profit Forecast has been made in respect of adjusted EPRA earnings rather than in respect of profit before tax. Adjusted EPRA earnings represent profit or loss for the period after income tax presented on a diluted basis (for the historic impact of the equity component of the SEH LLC convertible shareholder loan repaid in 2016) but excluding (i) acquisition costs relating to business combinations (net of taxes and non-controlling interest), gains or losses on the revaluation of investment property (net of taxes and non-controlling interest), losses or gains on the sale of investment property, assets held for sale and property, plant and equipment (net of taxes and non-controlling interest), (ii) deferred tax expenses on items other than the revaluation of investment property and (iii) special items (“one-offs”) that are significant and arise from events or transactions distinct from regular operating activities. As such, the Profit Forecast does not include any costs associated with the Private Placement and Admission to Trading, known or unknown, which Shurgard may be required to incur or has incurred.

We consider adjusted EPRA earnings to be a more accurate reflection of the underlying business performance of Shurgard and believe that this measure provides additional useful information for prospective investors on Shurgard’s performance, enhances comparability from period to period, and is consistent with how business performance is measured internally. In particular, our operational performance and dividend distribution capacity are underpinned by the level of income arising from operational activities. This approach aligns with how European Public Real Estate Association (“EPRA”) calculates earnings reflecting certain non-cash components, on an after-tax basis, and this metric is widely used by industry and market participants.

As such, our adjusted EPRA earnings excludes non-cash components not relevant to our underlying net income performance, such as unrealized changes in valuation, gains or losses on disposals of properties and deferred taxes. These components have limited impact on our operational performance or dividend distribution capacity. We believe that adjusted EPRA earnings are therefore of most relevance to investors and improves transparency and comparability of the Profit Forecast.

### Basis of preparation

The Profit Forecast has been properly compiled on the basis of the assumptions stated below and on a basis consistent with the accounting policies adopted by Shurgard. The Profit Forecast is based on:

- (i) the unaudited interim condensed consolidated financial statements as of and for the six months ended June 30, 2018; and
- (ii) our forecast for the six months ending December 31, 2018.

### Principal assumptions

The principal assumptions upon which the Profit Forecast is based are distinguished between the factors exclusively outside our influence or control and the factors within our influence or control.

#### *Factors exclusively outside our influence or control:*

- There will be no changes in foreign currency exchange rates from the following rates prevailing at June 30, 2018 that have been used to prepare the forecast for the six-month period to December 31, 2018:

	<u>Currency exchange rate</u>
EUR/SEK . . . . .	10.452319
EUR/DKK . . . . .	7.450444
EUR/GBP . . . . .	0.884626

- There will be no fundamental changes to the current prevailing macroeconomic or political conditions in the countries in which Shurgard operates that will materially affect Shurgard.
- There will be no material change in interest rates, inflation indices, bases of taxes, or legislation in Shurgard’s principal markets compared with Shurgard’s budgeted estimates.

***Factors within our influence or control***

- The occupancy levels and rental rates at Shurgard's stores will not vary significantly from the forecast assumptions for the six-month period to December 31, 2018.
- There will be no trading impact from acquisitions, disposals or changes in the degree of control over assets by Shurgard, other than the anticipated acquisition of the Kensington store in London in October 2018.
- Our planned redevelopment and remix projects will be completed on time and within the forecasted budget.
- There will be no material change in the strategy, operation of the business or operational expenses of Shurgard

## **Independent auditor's assurance report on the compilation of the prospective financial information included in a prospectus**

Shurgard Self Storage S.A.  
6C, rue Gabriel Lippmann  
L-5365 Münsbach  
Grand Duchy of Luxembourg

We have completed our assurance engagement to report on the compilation of the accompanying profit forecast of Shurgard Self Storage S.A. (the “**Company**”) and its subsidiaries (together “**Shurgard**”), defined for the purposes of the forecast as the adjusted EPRA earnings for the year ending December 31, 2018 and the related notes (the “**Profit Forecast**”), prepared by the Company.

### *Responsibility of the Company*

The Company is responsible for compiling the Profit Forecast on the basis stated in the Profit Forecast including the statement of the principal assumptions, as required by items 13.1 and 13.3 of Annex I to the Commission Regulation (EC) No 809/2004, and that this basis is consistent with the accounting policies of the Company.

### *Auditor's responsibility*

Our responsibility is to express an opinion, as required by items 13.2 of Annex I to Commission Regulation (EC) No 809/2004 about whether the Profit Forecast has been properly compiled, in all material respects, by the Company on the basis stated in the Profit Forecast and whether this basis is consistent with the accounting policies of the Company. We are not required nor do we express an opinion on the assumption underlying the Profit Forecast.

### *Work performed*

We conducted our engagement in accordance with International Standard on Assurance Engagements 3000 “Assurance engagements Other than Audits or Reviews of Historical Financial Information”. We planned and performed our work to obtain reasonable assurance that the Profit Forecast has been properly compiled on the basis stated in the Profit Forecast and that this basis is consistent with the accounting policies of the Company.

Since the Profit Forecast and the assumptions upon which it is based relate to the future and may therefore be affected by unforeseen events, we express no opinion as to whether the actual results reported will correspond to those shown in the Profit Forecast and differences between actual results and the Profit Forecast may be material.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.





### *Opinion*

In our opinion the Profit Forecast has been properly compiled, in all material respects, on the basis stated in the Profit Forecast and that this basis of accounting is consistent with the accounting policies of Shurgard.

Ernst & Young  
Société anonyme  
Cabinet de révision agréé

Bruno Di Bartolomeo

Luxembourg, 26 September 2018

## OPERATING AND FINANCIAL REVIEW AND PROSPECTS

*This discussion includes forward-looking statements about the expectations of the Company and certain industry analyses of future developments, which involve risks and uncertainties. Actual results could differ materially from those anticipated in the forward-looking statements as a result of numerous factors, including the risks discussed in “Risk Factors” and “Important Information” appearing elsewhere in this Offering Circular. We undertake no obligation to update publicly any forward-looking statements, whether as a result of new information, future events or otherwise, save to the extent it is required to do so under applicable laws or regulations.*

*The financial information and discussion below cover selected historical information concerning Shurgard Self Storage SA and our consolidated subsidiaries as of and for the six months ended June 30, 2018 and 2017 and as of and for the years ended December 31, 2017, 2016 and 2015. They are based on, and should be read in conjunction with, our consolidated financial statements, including the notes thereto, prepared in accordance with IFRS and included elsewhere in this Offering Circular, as well as the unaudited interim condensed consolidated statements as of and for the six months ended June 30, 2018 and 2017 as included elsewhere in this Offering Circular.*

### Overview

We are the largest owner and operator of self-storage centers, which we refer to as stores, in Europe in terms of number of stores and net rentable square meters (FEDESSA European Self Storage Annual Survey 2017). We commenced operations in 1995 and are one of the pioneers of the self-storage concept in Europe. In total, our network of 228 stores comprises approximately 1.2 million Net Rentable Square Meters and serves more than 150,000 customers in the Netherlands, France, Sweden, the United Kingdom, Belgium, Germany and Denmark.

Across this network, we have developed an integrated self-storage company with local expertise in the seven countries where we operate, and have centralized in-house capabilities to design, develop, acquire and operate stores to provide a consistent experience to residential and commercial customers. We introduced the concept of self-storage into several key European markets and have worked successfully to build consumer awareness and acceptance of the self-storage product. The number of stores we own and operate has grown to a network of 228 stores, with 95% of our net square rentable area in stores that we wholly own or operate under long-term lease agreements of at least 80 years remaining life, as of June 30, 2018. We primarily operate in urban areas across Europe, with approximately 92% of our stores located in capital and major cities.

We have an established track record of developing, redeveloping and acquiring stores. Between December 31, 2014 and June 30, 2018, we developed seven new stores, completed redevelopment projects at 10 stores, and acquired 33 stores. We are targeting the completion of redevelopment projects at five stores during the remainder of 2018 and we expect to open a new store in Berlin and complete the purchase of a new store in London in October 2018. Our investment criteria are focused on acquiring and developing high-quality stores that are easily accessible by our customers in markets believed to have strong growth potential. We continue to focus on attractive and cycle-resilient urban areas that we anticipate will enjoy strong demand and provide attractive growth potential.

We generate revenue through the lease of storage units and related activities, including insurance referrals and the sale of storage products and packaging. Our real estate operating revenue and income from property, which we refer to as “income from property (NOI)”, have increased steadily in recent years, as we increased rental rates across our network while growing occupancy, alongside network growth from development, redevelopment and acquisition activity.

## Key Performance Indicators

	For the six months ended June 30,		For the year ended December 31,		
	2018	2017	2017	2016	2015
(in € millions except where indicated)					
<b>All Stores, at constant exchange rate</b>					
<b>At period end:</b>					
Number of stores	222	219	221	218	216
Net Rentable Square Meters (in thousands of square meters) <sup>(1)</sup>	1,121.9	1,094.6	1,115.5	1,088.7	1,074.3
Net Rented Square Meters (in thousands of square meters) <sup>(2)</sup>	993.9	966.9	955.8	936.8	919.9
Occupancy Rate <sup>(3)</sup>	88.6%	88.3%	85.6%	86.0%	85.6%
<b>For the period then ended:</b>					
Average Occupancy Rate <sup>(4)</sup>	86.6%	86.9%	87.5%	87.4%	87.6%
Average In-place Rent (in € per square meter) <sup>(5)</sup>	210.4	209.1	212.8	209.4	206.4
RevPAM (in € per square meter) <sup>(6)(7)</sup>	182.3	181.7	186.2	182.9	180.9
Property operating revenue <sup>(7)(8)</sup>	119.4	115.8	238.3	229.0	210.9
Income from property (NOI) <sup>(7)(9)</sup>	71.2	69.6	147.7	139.0	125.8
NOI Margin <sup>(7)(10)</sup>	59.7%	59.3%	62.0%	60.7%	59.7%
EBITDA <sup>(7)(11)</sup>	66.8	62.8	135.3	122.1	107.7
Adjusted EPRA earnings <sup>(7)(12)</sup>	46.3	46.3	100.6	92.2	89.3

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) 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 rental revenue, on a constant exchange rate basis, divided by the average Net Rentable Square Meters for the relevant period.
- (7) For a description of how we calculate constant exchange rate measures, see “Important Information—Available Information—Alternative Performance Measures”. For a reconciliation of constant exchange rate reported measures and APMs, see “Selected Consolidated Financial Information—Alternative Performance Measures”.
- (8) Property operating revenue represents our revenue from operating our stores, and comprises our rental revenue, insurance revenue and ancillary revenue.
- (9) Income from property (NOI) is calculated as property operating revenue less real estate operating expense for the relevant period.
- (10) NOI Margin is calculated as income from property (NOI) divided by property operating revenue for the relevant period. For a reconciliation from real estate operating revenue to NOI Margin, see “Selected Consolidated Financial Information—Alternative Performance Measures”.
- (11) 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. For a reconciliation from real estate operating revenue to EBITDA, see “Selected Consolidated Financial Information—Alternative Performance Measures”.
- (12) 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. For a reconciliation from profit for the year attributable to ordinary equity holders of the parent to adjusted EPRA earnings, see “Selected Consolidated Financial Information—Alternative Performance Measures”.

## Same Store and Non-Same Store

Our financial results during the periods under review, in particular our real estate operating revenue and property operating revenue, have been supported by the growth of our network due to the opening of newly developed stores and acquisition of stores during this time.

Due to the difference in performance levels of our recently developed and acquired stores on the one hand, which typically have lower occupancy levels, and consequently at which we charge lower rental rates, and our stabilized stores on the other, which are generally characterized by higher occupancy levels and higher rental rates, we evaluate the performance of our stores in two segments: “Same Store” and “Non-Same Store”, as described below.

References to “All Stores” comprise our Same Stores and Non-Same Stores. See “*Important Information—Available Information—Same Store and Non-Same Store*”.

### All Store

As of June 30, 2018, we owned or leased 222 stores (excluding the five Pelican Self Storage stores we acquired in Sweden on that date and one store we managed for a third party), as compared to 219 stores as of June 30, 2017 and 221 stores, 218 stores and 216 stores as of December 31, 2017, 2016 and 2015, respectively. The following table shows the development of our store network on a period-by-period basis.

	<u>As of June 30,</u>		<u>As of December 31,</u>		
	<u>2018</u>	<u>2017</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Same Stores . . . . .	214	214	213	192	187
Non-Same Stores . . . . .	<u>8</u>	<u>5</u>	<u>8</u>	<u>26</u>	<u>29</u>
<b>All Stores . . . . .</b>	<b><u>222</u></b>	<b><u>219</u></b>	<b><u>221</u></b>	<b><u>218</u></b>	<b><u>216</u></b>

As of June 30, 2018, we had eight Non-Same Stores (of which seven were New Stores and one was an Acquired Store), as compared to eight Non-Same Stores (of which six were New Stores and two were Acquired Stores), 26 Non-Same Stores (of which four were New Stores and 22 were Acquired Stores) and 29 Non-Same Stores (of which three were New Stores and 26 were Acquired Stores), as of December 31, 2017, 2016 and 2015, respectively. As of June 30, 2018, we acquired five stores in Sweden, however, they are not yet included in our financial results or the June 30, 2018 Non-Same Store or Acquired Store figures above.

### Same Store

For each full-year period presented herein and in our Audited Consolidated Financial Statements, we classify 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.

For the six-month periods ended June 30, 2018 and 2017 herein and in our Unaudited Interim Condensed Consolidated Financial Statements, in order to provide meaningful comparisons of our operations between the two periods, we present a stable Same Store segment of 214 self-storage facilities. These comprise (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, 2018 (rather than January 1 of the relevant year).

*Same Store—six months ended June 30, 2018 and June 30, 2017 trends*

The following table shows certain performance measures across our Same Store network during the six months ended June 30, 2018 as compared to the six months ended June 30, 2017.

Same Stores	For the six months ended June 30,		Percentage change (%)
	2018	2017	
	(in € millions except where indicated)		
At constant exchange rate			
At period end:			
Number of stores	214	214	—
Net Rentable Square Meters (in thousands of square meters) <sup>(1)</sup>	1,066.4	1,061.7	0.4
Net Rented Square Meters (in thousands of square meters) <sup>(2)</sup>	962.0	951.3	1.1
Occupancy Rate <sup>(3)</sup>	90.2%	89.6%	0.6ppt
For the period then ended:			
Average Occupancy Rate <sup>(4)</sup>	88.4%	88.3%	0.1ppt
Average In-place Rent (in € per square meter) <sup>(5)</sup>	211.0	209.0	1.0
RevPAM (in € per square meter) <sup>(6)(7)</sup>	186.6	184.4	1.2
Property operating revenue <sup>(7)(8)</sup>	116.1	114.0	1.9
Income from property (NOI) <sup>(7)(9)</sup>	69.9	68.1	2.7
NOI Margin <sup>(7)(10)</sup>	60.2%	59.8%	0.4ppt

Notes:

- (1) Net Rentable Square Meters for our Same Stores is presented in thousands of square meters, is calculated as the sum of unit space available for customer storage use at our owned and leased Same 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) Occupancy Rate for our Same Stores is presented as a percentage and calculated as the Net Rented Square Meters in our Same Stores divided by Net Rentable Square Meters in our Same Stores as of the relevant date.
- (4) Average Occupancy Rate for our Same Stores is presented as a percentage and is calculated as the average of the Net Rented Square Meters in our Same Stores divided by the average of the Net Rentable Square Meters in our Same Stores, each for the relevant periods.
- (5) Average In-place Rent for our Same Stores is presented in Euros per square meter and calculated as rental revenue in our Same Stores, on a constant exchange rate basis, divided by the average Net Rented Square Meters in our Same Stores for the relevant period.
- (6) RevPAM, which stands for revenue per available square meter, for our Same Stores is presented in Euros per square meter for the relevant period and calculated as rental revenue in our Same Stores, on a constant exchange rate basis, divided by the average Net Rentable Square Meters in our Same Stores for the relevant period.
- (7) For a description of how we calculate constant exchange rate measures, see “*Important Information—Available Information—Alternative Performance Measures*”. For a reconciliation of constant exchange rate reported measures and APMs, see “*Selected Consolidated Financial Information—Alternative Performance Measures*”.
- (8) Property operating revenue for our Same Stores represents our revenue from operating our Same Stores, and comprises our rental revenue, insurance revenue and ancillary revenue.
- (9) Income from property (NOI) for our Same Stores is calculated as property operating revenue less real estate operating expense for the relevant period.
- (10) NOI Margin for our Same Stores is calculated as income from property (NOI) divided by property operating revenue, each for our Same Stores, for the relevant period. For a reconciliation from real estate operating revenue to NOI Margin, see “*Selected Consolidated Financial Information—Alternative Performance Measures*”.

The following table shows our number of stores as of June 30, 2018 and 2017 and our property operating revenue during these periods:

	Six months ended June 30,		Percentage change
	2018	2017	
	(in € thousands)		(%)
Number of Same Stores <sup>(1)</sup>	214	214	—
Number of Non-Same Stores <sup>(1)</sup>	8	5	—
Same Store property operating revenue	116,113	115,386	0.6
Non-Same Store property operating revenue	3,273	1,840	77.9
<b>Property operating revenue</b>	<b>119,386</b>	<b>117,226</b>	1.8

Note:

(1) As of June 30, of the relevant year.

Same Store property operating revenue was broadly stable, at €115.4 million for the six months ended June 30, 2017 and €116.1 million for the six months ended June 30, 2018. On a constant exchange rate basis, Same Store property operating revenue increased by €2.1 million, or 1.9%, from €114.0 million for the six months ended June 30, 2017 to €116.1 million for the six months ended June 30, 2018. This was primarily due to an increase in Average In-place Rent, from €209.0 per square meter in the six months ended June 30, 2017 to €211.0 per square meter in the six months ended June 30, 2018, and stable Average Occupancy Rates between the two periods of 88.3% and 88.4%, respectively.

#### *Same Store—full-year trends*

Although our results for the six-month periods ended June 30, 2018 and 2017 present a stable Same Store segment of 214 stores, our full-year segmental financial results reflect the reclassification of Non-Same Stores, as they matured, to the Same Store segment. Our full-year segmental financial results have been significantly impacted by this reclassification, for purposes of period-on-period comparisons. See “—Segment Performance” below. For further detail regarding the development of our store network, please see “—Significant Factors Affecting Our Results of Operations—Real Estate Development and Store Acquisitions” and “—Capital expenditures”.

#### **Non-Same Store**

Any stores that are not classified as Same Stores for a given period are reported as “Non-Same Stores”, comprising (i) all developed stores that have been in operation for less than three full years (“New Stores”) and (ii) all acquired stores that we have owned for less than one full year (“Acquired Stores”), each measured as of January 1 of the relevant year (or, for the six months ended June 30, 2017, measured as of January 1, 2018). See “Important Information—Available Information—Same Store and Non-Same Store”.

These categories reflect the length of time that it has historically taken for operations to stabilize within New Stores and Acquired Stores. As a result, absent disposals or store closures, the number of our Same Stores increases from year to year.

#### *Non-Same Store—six months ended June 30, 2018 and June 30, 2017 trends*

Non-Same Store property operating revenue increased by €1.4 million, or 77.9%, from €1.8 million for the six months ended June 30, 2017 to €3.3 million for the six months ended June 30, 2018. On a constant exchange rate basis, Non-Same Store property operating revenue increased by €1.5 million, or 80.8%. This increase was due to the continued “ramp-up”, or stabilization in occupancy and rental rates, at our Non-Same Stores and the addition of three New Stores subsequent to June 30, 2017.

### **Significant Factors Affecting Our Results of Operations**

#### **Macroeconomic Conditions and Demographic Trends**

Our operating performance is significantly influenced by macroeconomic conditions and demographic trends in the markets where we operate, which influence demand for self-storage.

We believe the use of self-storage in Europe is significantly influenced by consumer awareness of the product, as well as a number of additional factors that have supported demand for self-storage, from economic factors such as job growth and increases in disposable income to cultural factors such as urbanization, higher divorce

rates and growth in overall and student populations. In particular, we believe the use of self-storage is being driven by increasing population density in urban areas and growth in the number of housing transactions in the markets where we operate.

We expect these macroeconomic and demographic trends, as well as under-penetration of self-storage in our markets, to contribute to further industry growth and support our performance in the coming years. We are anticipating evolving housing trends to further support demand for self-storage in urban areas, including smaller housing sizes due to increased population density and rising prices, as “open floor concept” apartments with smaller bedrooms and bathrooms and lack of basement and storage spaces become increasingly common. Additionally, we believe the self-storage industry in Europe is still in an early stage of development across our markets, creating a significant opportunity for growth. Self-storage penetration across Europe is relatively low at 0.018 square meters (0.194 square feet) per person, compared with 0.878 square meters (9.451 square feet) per person in the United States (FEDESSA European Self Storage Annual Survey 2017). Since European markets are still under-penetrated, we expect European demand to continue to grow as the industry matures, following broader industry development trends in the U.S. self-storage market since the mid-1990s.

These conditions influence the level of rental rates achieved for our storage units and the rate of occupancy for those units, and we expect that they will continue to do so in the future.

Our consolidated financial performance has also been influenced by fluctuations in exchange rates between our reporting currency and local currencies in certain of the countries where we operate, specifically from our U.K. operations (12.6% of our income from property (NOI) in the six months ended June 30, 2018) and our Swedish operations (18.7% of our income from property (NOI) during that period). Although our operating model provides a partial natural hedge for expenses incurred in these countries, since most of these costs are met using revenues earned in these jurisdictions, variations in the exchange rate of the Euro versus the U.K. Pound Sterling or the Swedish Krona affect our consolidated financial performance from period to period when in-country operating results are translated to Euro. In particular, since the United Kingdom vote to leave the EU, we have experienced periods of volatility in the exchange rate between the Euro and the U.K. Pound Sterling, which has been reflected in our operating results. Recent depreciation in the value of the Swedish Krona has, upon consolidation, negatively impacted our financial performance. Future volatility, or any decision to de-peg the Danish Krone from the Euro, could further affect our consolidated financial performance in future periods. Certain financial and operating measures are presented herein on a constant exchange rate basis, using the reference periods described in “*Important Information—Available Information—Constant Exchange Rate Adjustments*”.

### **Optimizing Rental and Occupancy Rates**

We carefully monitor demand across our store network in response to changes caused by broad industry trends, as well as at individual stores to track demand and other factors that may impact a particular market, city or catchment area, including seasonal changes in demand.

In order to manage occupancy around our targeted levels, and optimize revenue across our operations, we operate a unified price-setting mechanism and occupancy management system, across all stores and interfaced with our website. This centralized platform takes into account local market conditions and utilizes an in-house pricing algorithm, allowing us to regularly adjust rental rates at stores in response to changes in demand at a particular location. In particular, we carefully manage rental and occupancy rates at our New Stores during the “ramp-up” stages, as we work to stabilize operating performance in the periods after opening, and at Acquired Stores in order to bring performance in line with our operating targets following acquisition. In addition to these targeted efforts at Non-Same Stores, we also continuously monitor demand metrics at Same Stores in response to local conditions.

As a result of our operating activities during the six months ended June 30, 2018 and our projected operations during the remainder of the year, we are targeting property operating revenue growth in our Same Stores of 1.0–1.5% for 2018, calculated by applying a stable 2018 Same Store perimeter of 214 stores to the prior year. In the medium term, we are targeting property operating revenue growth in our Same Stores of 1.5–2.5% annually, in each case calculated by applying a stable Same Store perimeter to the relevant prior year, and across All Stores of 4–6% annually, driven by continued strong occupancy and rental rates, as well as ongoing redevelopment activity, new developments and acquisitions.

### ***Rental rates***

Across our store network, Average In-place Rent has generally increased during the periods under review, showing improvement in rental rates across our growing network as the store portfolio has matured, as we have

continued to optimize sales practices across our network and as occupancy stabilizes at New and Acquired Stores.

Our Average In-place Rent can be influenced period-to-period by rental rates at New Stores and Acquired Stores, which often differ from rental rates at our Same Stores. When a New Store first opens, we moderate rental rates and apply upfront move-in discounts to increase occupancy, and then closely monitor increases as operations stabilize over time, in what we refer to as the “ramp-up” process, which typically generates a gradual increase in Average Occupancy Rate and average In-place Rent. As a result, during the periods under review, average rental rates for our Same Stores have typically been higher than average rental rates for New Stores, due to the lower rental rates we typically receive at these stores in the months following opening. However, our All Store Average In-place Rent has also been impacted during the periods under review by high rental rates at certain Acquired Stores. In particular, our All Store Average In-place Rent in 2015 was impacted by a number of New Stores (including 21 stores purchased in the Netherlands and five stores purchased in Germany) that generally had higher rental rates than our Same Store average.

We plan to continue to raise rental rates in our stores in line with projected increases in demand generally across the network, although we may offer promotions or other pricing changes to respond to changes in market conditions, such as competitive pressures or seasonal demand fluctuations, where relevant.

### ***Occupancy rates***

Across our store network, occupancy has been broadly stable during the periods under review, supported by our operational processes, targeted rate setting and effective marketing, as well as broader industry trends.

Our Average Occupancy Rate has throughout the periods under review typically been higher for our Same Stores than for All Stores due to the ramp-up period we have historically observed after opening a new store or, in many cases, acquiring a store. As our operations continue to stabilize at stores developed and acquired during the periods under review, we anticipate continued improvement in occupancy rates across our network. Based on prior development activity, occupancy rates at New Stores can take from 28 to 48 months, or longer, to stabilize. In line with these trends, we are targeting a Same Store Occupancy Rate of 87% at the end of 2018, reflecting seasonality trends and additional redevelopment activity in the second half of 2018, and stabilization of the Average Occupancy Rate at approximately 92% in the medium term.

We experience seasonal fluctuations in the occupancy levels of our stores, with occupancies generally higher in the spring and summer months than in winter months. We believe that these fluctuations result in part from increased household and student moving activity during the late spring and throughout the summer, as compared to a lower number of moves in the winter and early spring. Across our network, these trends resulted in volatility in our occupancy rates. For example, our Same Store Occupancy Rate was 87.6%, 88.2% and 89.1% as of December 31, 2017, 2016 and 2015, respectively, as compared to 90.2% and 89.6% as of June 30, 2018 and 2017, respectively. During the periods under review, we observed these seasonal trends in most of our markets, with particularly strong fluctuations in the United Kingdom, France and Denmark.

### **Real Estate Development and Store Acquisitions**

Our results of operations are also supported by additions to our store network, which we have continued to grow in recent years through developments and acquisitions, as well as expansions at existing locations through redevelopment activities.

Between December 31, 2014 and June 30, 2018, we completed development projects to open seven New Stores, including 51.9 thousand square meters of new developments for a total investment of €80.8 million. During this time, we completed approximately 9.7 thousand square meters of redeveloped space at 10 existing stores, with redevelopment activities anticipated to be completed by the end of 2020 at 12 further stores, incurring further capital expenditure, which we expect to total €27.5 million.

We also acquired 33 stores during this period, which increased our net rentable storage space by approximately 161 thousand square meters. Recent acquisitions include the acquisition of five Secur stores in Germany in December 2014, 21 City Box stores in the Netherlands in July 2015, one Storage Specialist store in London in April 2016, the Box Stockage store in Paris in February 2017 and five Pelican Self Storage stores in Sweden in June 2018. Additionally, we expect to complete the purchase of one store in London in October 2018. The aggregate cost of these acquisitions, including the estimated cost of the October 2018 acquisition, is €283.4 million.

These development and acquisition activities have supported significant growth across our network. The following table shows our property operating revenue and other key metrics for 2015 and for 2017, according



to a stable categorization of our 187 Same Stores operated during 2015, highlighting growth through New Stores and Acquired Stores during that period:

Constant exchange rate	Same Stores		New Stores		Acquired Stores		All Stores	
	2015 <sup>(1)</sup>	2017	2015 <sup>(1)</sup>	2017	2015 <sup>(1)</sup>	2017	2015 <sup>(1)</sup>	2017
Number of Stores <sup>(2)</sup>	187	187	3	6	26	28	216	221
Average Rentable Square Meters <sup>(2)</sup>	936,423	942,507	5,658	30,514	68,262	132,280	1,010,342	1,096,302
Average Occupancy Rate <sup>(2)(3)</sup>	89.4%	89.5%	—	45.1%	69.1%	82.8%	87.6%	87.5%
Average In-place Rent <sup>(2)(4)</sup>	€ 205.2	€ 214.5	—	€ 177.8	€ 230.4	€ 203.4	€ 206.4	€ 212.8
RevPAM <sup>(2)(5)</sup>	€ 183.5	€ 192.0	—	€ 80.1	€ 159.2	€ 168.4	€ 180.9	€ 186.2
Rental revenue <sup>(1)(2)</sup>	€ 171.8m	€ 181.0m	€ 0.1m	€ 2.4m	€ 10.9m	€ 20.8m	€ 182.8m	€ 204.2m
Insurance revenue and ancillary revenue <sup>(1)(2)</sup>	€ 27.0m	€ 29.8m	€ 0.0m	€ 0.7m	€ 1.0m	€ 3.6m	€ 28.1m	€ 34.1m
Property operating revenue <sup>(1)(2)</sup>	€ 198.8m	€ 210.8m	€ 0.1m	€ 3.1m	€ 11.9m	€ 24.4m	€ 210.9m	€ 238.3m
Real estate operating expense <sup>(2)</sup>	€ (79.0m)	€ (78.8m)	€ (0.5m)	€ (2.4m)	€ (5.6m)	€ (9.5m)	€ (85.1m)	€ (90.6m)
Income from property (NOI) <sup>(2)</sup>	€ 119.8m	€ 132.1m	€ (0.4m)	€ 0.7m	€ 6.3m	€ 14.8m	€ 125.8m	€ 147.7m

Notes:

- (1) 2015 figures are presented on a constant exchange rate basis. For a description of how we calculate constant exchange rate measures, see “Important Information—Available Information—Alternative Performance Measures”. For a reconciliation of constant exchange rate reported measures and APMs, see “Selected Consolidated Financial Information—Alternative Performance Measures”.
- (2) As of or for the year ended December 31 of the relevant year, as applicable.
- (3) 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.
- (4) 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.
- (5) RevPAM, which stands for revenue per available square meter, is presented in Euros per square meter for the relevant period and calculated as rental revenue, on a constant exchange rate basis, divided by the average Net Rentable Square Meters for the relevant period.

Developments and acquisitions have supported significant revenue growth during the periods under review, including property operating revenue growth at a CAGR of 8.1% in our Same Stores and of 6.3% in All Stores between 2015 and 2017, each on a constant exchange rate basis.

Our All Store property operating revenue increased at a CAGR of 6.3% from €210.9 million in 2015 to €238.3 million in 2017, on a constant exchange rate basis. Of this €27.4 million increase, €12.5 million was driven by revenue from stores classified as Acquired Stores in 2015 (or acquired during this period) and €3.0 million from stores classified as New Stores in 2015 (or opened during this period), with the remaining €12.0 million from stores classified as Same Stores in 2015, each on a constant exchange rate basis. During this period, our income from property (NOI) increased at a CAGR of 8.3% from €125.8 million in 2015 to €147.7 million 2017, driven by €8.5 million in income from property (NOI) from stores classified as Acquired Stores in 2015 (or acquired during this period) and €1.1 million in income from property (NOI) from stores classified as New Stores in 2015 (or opened during this period), as well as €12.3 million from stores classified as Same Stores in 2015, each on a constant exchange rate basis. In particular, our successful integration of acquired City Box and Secur stores supported this growth, with property operating revenue growth of 14% and 19%, income from property (NOI) growth of 39% and 32%, and occupancy rate improvements of 15 percentage points and 11 percentage points, respectively, from each acquisition until the end of 2017. Our expected property yield from each of these acquisitions is 10.9% and 8.1%, respectively.

We also intend to acquire additional stores and development sites, and to redevelop certain existing sites and undertake remix activities at certain of our stores, as opportunities arise in the coming years. Our development and acquisition plans are based on our ability to source attractive operation locations and stores that meet our investment criteria, with a particular focus on London, Paris and Berlin, which we believe will continue to exhibit strong growth potential and customer demand, supported by high population density and urbanization rates. Our development pipeline includes secured sites for the planned opening of one additional store, in Berlin, in October 2018 and three additional stores, in London, Utrecht and Berlin, in 2019. We are targeting the development of at least five new stores per year in the medium term there-after. Across these development projects, we are targeting property yield (which we calculate as income from property (NOI) as a percentage of project costs) of 8-10%, once occupancy rates, rental rates and income from property (NOI) stabilize at these stores. Additionally, we expect to complete the purchase of one store in London in October 2018. In the medium term, we are targeting the acquisition, on average, of three stores per year.

## **Real estate operating expenses**

Our real estate operating expenses are a key driver of our results of operations and consist of operating expenses directly incurred by our stores and indirect expenses, including centralized costs related to support to, and supervisory management of, our management systems and store personnel. Our real estate operating expenses are comprised of payroll expense, real estate and other taxes, repairs and maintenance, marketing expense, utility expense, other operating expenses, doubtful debt expense, and costs of insurance and merchandise sales. See Note 8 to our Audited Consolidated Financial Statements and Note 8 to our Unaudited Interim Condensed Consolidated Financial Statements.

We believe our operating model and cost base provide strong operating leverage within each store, due to a relatively stable in-store fixed cost base across our store network, and taking into account our stable platform for central costs. In particular, the rental revenue of a newly developed store generally covers its real estate operating expenses (excluding depreciation) once the store has reached an occupancy level of approximately 33%, providing us with flexibility since any increases in occupancy rates above these levels, as well as increases in rental rates, will generally result in a store continuing to be profit accretive without incurring additional in-store costs for employees or facilities maintenance. Additionally, we continue to leverage the costs of our stable centralized platform as we grow the network. As a result of our stable in-store fixed cost base and our ability to leverage centralized costs in relation to operating costs across a growing network, we have seen a decrease in our real estate operating expenses as a percentage of real estate operating revenue from 40.1% in 2015 to 38.0% in 2017. For further detail on our operating platform, see *“Business—Key Strengths—Integrated, Optimized and Scalable Branded Platform”*.

Our most significant operating expenses arise from payroll costs. Our number of employees has increased as we have added New Stores and Acquired Stores to our network, however we believe that our centralized operating model and support system create operational leverage across our operations. This enables us to spread centralized payroll expenses across a growing network, with low headcount levels in each store. As a result, our payroll expense has been broadly stable throughout the periods under review. We are aiming to continue to leverage this model through future growth in our store network.

Real estate and other taxes also comprise a significant portion of our real estate operating expense. These taxes are determined by the relevant authorities in each of the markets where we operate, and so vary between different countries, and we have recently incurred increases in real estate taxes in excess of inflation in certain markets. We expect moderate pressure on local tax rates to continue in the coming years. Additionally, VAT charges on certain of our cost items are a significant expense in Sweden, Denmark, Germany and the Netherlands, where our revenues are not fully subject to VAT and so we incur a non-recoverable VAT cost. Changes in the VAT rates applied by the various relevant tax authorities or significant changes in VAT legislation that affect our VAT status could affect our costs of operation. Our revenues are fully subject to VAT in France, Belgium and the United Kingdom.

Our real estate operating expenses also include costs arising from repair and maintenance activities at our stores. These expenditures include ordinary course and discrete upkeep costs where needed, such as electrical and lighting repairs and elevator maintenance. Our repairs and maintenance expenditure has increased during the periods under review, primarily as a result of our growing network of stores.

Marketing is an important element in building up the awareness of our stores in their respective trading areas, and as a result it has been a significant component of our real estate operating expenses in recent years. Most of our marketing spend is on online advertising, including targeted search engine advertising and our website. Digital advertising comprises approximately 85% of our marketing budget. Our marketing expense has been relatively stable, as a percentage of property operating revenue, during the periods under review.

## **General, administrative and other expenses**

General, administrative and other expenses consist of certain centralized overhead costs in relation to financial consolidation and reporting, audit costs, real estate development costs, and certain legal costs related to the structure and risk management, including personnel in these functions, as well as depreciation and amortization expense. See Note 10 to our Audited Consolidated Financial Statements and Note 9 to our Unaudited Interim Condensed Consolidated Financial Statements.

Centralization of a variety of our operating functions has supported our operational leverage, as we have continued to grow through development and acquisition activity without requiring significant additional centralized costs. As a result, our general, administrative and other expenses, excluding depreciation and

amortization, declined from 5.2% of real estate operating revenue in 2015 to 3.9% of real estate operating revenue in 2017, and reached 2.7% of real estate operating revenue in the six months ended June 30, 2018.

Despite this broader improvement trend, our general, administrative and other expenses were volatile during the periods under review, as a result of an increase in acquisition costs and fluctuations in share-based compensation expenses. The increase in acquisition costs was related to our acquisition of 21 City Box stores in 2015, and fluctuations in share-based compensation expense were caused by exceptional share price movements in part due to the impact of the repayment of a convertible loan held by Shurgard European Holdings LLC in 2016.

### **Income taxes**

In Luxembourg, as well as Sweden and Denmark where we operate stores, tax and corporate laws do not accommodate formation as a real estate investment trust (or REIT) as would be available in other jurisdictions. Additionally, where organization as a REIT is permitted in certain countries where we operate, such as France, the Netherlands and Germany, the operation of self-storage activities may not qualify for REIT treatment, and many require public listing at the REIT level, rather than at a consolidated level. We believe that the unavailability of REIT status is partially mitigated by our operating model, since we do not actively trade in properties, and trends in various countries where we operate toward decreasing corporate tax rates.

In addition, the use of accumulated net operating losses (“NOLs”) has reduced the effective tax rate we would have otherwise been subject to during the periods under review, resulting in an effective tax rate of 13.1% for 2017, as compared to 9.9% for 2016 and 8.2% for 2015, based on current tax expense divided by adjusted EPRA earnings before tax for the relevant year.

As of June 30, 2018, we had reduced our NOLs to €53.6 million, primarily in relation to past operations in Belgium and development of activities in the Netherlands and Germany. The availability of NOLs to offset future taxable income may be restricted in certain circumstances and in certain jurisdictions. We anticipate use of NOLs from prior periods to be limited after 2018. This is likely to result in higher levels of cash tax burden on an annual basis, as compared to amounts of tax payable in recent years and our historic effective tax rate. As a result, we anticipate that our effective tax rate will stabilize at 18-20% of adjusted EPRA earnings before tax, based on current tax laws.

### **Valuation gain on property**

We are required by IFRS 13 to mark to market the value of our real estate as recorded in our financial statements at each period end. Changes in the value of our real estate from period to period, whether caused by macroeconomic conditions or otherwise, are recorded in our consolidated statement of profit and loss. We report these changes in the line “valuation gain from investment property and investment property under construction” in our consolidated statement of profit and loss. Although this is a non-cash item, it has an impact on our operating profit in each period. It is for this reason that we also present adjusted EPRA earnings, which, among other things, presents our earnings excluding the impact of this non-cash item. See Note 5, Note 15 and Note 18 to our Audited Consolidated Financial Statements.

### **Current Trading and Prospects**

We have continued our growth trajectory performing to management expectations since June 30, 2018. Our Same Store performance in France, the United Kingdom, Belgium, Germany and Denmark has been in line with our expectations. In the Netherlands, we are using intense yield management to bring our legacy City Box properties to target occupancy. In Sweden, approximately a third of our stores located in the Stockholm area have faced aggressive local competition. As a result, we expect Same Store property operating revenue growth for the quarter ending September 30, 2018 to be slightly positive on a constant exchange rate basis and we reiterate our 1.0-1.5% Same Store property operating revenue growth full-year 2018 guidance.

Separately, the additional five stores in Sweden acquired on June 30, 2018 that had been operated by Pelican Self Storage, were successfully integrated into our portfolio on July 2, 2018. The integration process comprised rebranding and IT integration of the properties into the Shurgard infrastructure and the stores have been fully operational from the first day of opening while contributing immediately to the performance of the Swedish portfolio. We believe that our integration expertise is a key aspect of Shurgard’s growth story, and that the stores are a complementary fit to our existing stores in Sweden. These stores had a starting occupancy level at 78%, lower than our existing stores, and we have already made progress in increasing this metric since the acquisition.

We completed the development of a new self-storage facility in Stockholm (Sweden) in March of this year. The new facility complements the current portfolio in Sweden with an additional 4,654 Net Rentable Square Meters and we believe it will further improve Shurgard's performance going forward as occupancy ramps up without any expected market share impact on the Company's existing stores in Sweden. We have also made substantial progress in the development of our new facility in Berlin (Germany) which is planned to be opened early October 2018 adding 7,235 Net Rentable Square Meters to the portfolio. We are particularly excited about this new location as it expands our presence in a growing market, is in an attractive catchment area, and will highlight our progress in Germany.

As set out in "*Business—Business and Growth Strategy*", we see opportunities to continue our growth through optimization of our existing operations, including leveraging our platform across planned redevelopment and development activities and bolt on acquisitions.

These trends are factored in our full-year 2018 and medium-term guidance as described in "*Business—Business and Growth Strategy—Strengthen our brand and optimize our existing platform*". In particular, we confirm our 2018 guidance of adjusted EPRA earnings for the year ending December 31, 2018, to be at least €95 million. Based on our evaluation of ongoing operations, including financial and operational performance during the eight months ended August 30, 2018 and our forecasts to the year ending December 31, 2018, as well as the principal assumptions described herein. For a description of the basis of preparation and principal assumptions underlying the Profit Forecast (as defined herein), see "*Profit Forecast*". There can be no assurance that the Profit Forecast will be accurate, including as a result of the risks described under "*Risk Factors*" or other future events as described in "*Important Information—Forward-Looking Statements*".

Except as set out above, there has been no significant change in the financial condition and results of operations of the Group during the period covered by the historical financial information of the Group set out in this Offering Circular, from January 1, 2015 to June 30, 2018, or after such date.

## Results of Operations

### Six months ended June 30, 2018 compared to six months ended June 30, 2017

	For the six months ended June 30,		Percentage change
	2018	2017	
	(in € thousands except where indicated)		(%)
Real estate operating revenue	119,510	117,391	1.8
Real estate operating expense	(48,168)	(47,653)	1.1
<b>Net income from real estate operations</b>	<b>71,342</b>	<b>69,738</b>	<b>2.3</b>
General, administrative and other expenses	(4,033)	(5,599)	(28.0)
<i>Of which depreciation and amortization expense</i>	<i>(830)</i>	<i>(777)</i>	<i>6.8</i>
Acquisition costs of business combinations	(128)	(1,007)	(87.3)
Royalty fee expense	(1,180)	(1,155)	2.2
<b>Operating profit before revaluation Loss and gain on disposal of investment property, plant and equipment and assets held for sale</b>	<b>66,001</b>	<b>61,977</b>	<b>6.5</b>
Valuation gain from investment property and investment property under construction	7,668	32,321	(76.3)
(Loss) gain on disposal of investment property plant and equipment and assets held for sale	—	(38)	—
<b>Operating profit</b>	<b>73,669</b>	<b>94,260</b>	<b>(21.8)</b>
Finance cost	(9,867)	(9,466)	4.2
<b>Profit before tax</b>	<b>63,802</b>	<b>84,794</b>	<b>(24.8)</b>
Income tax expense	(12,989)	(19,554)	(33.6)
<b>Attributable profit for the year</b>	<b>50,813</b>	<b>65,240</b>	<b>(22.1)</b>

### ***Real estate operating revenue***

Our real estate operating revenue is comprised of (i) property operating revenue, which includes rental revenue, insurance revenue and ancillary revenue, and (ii) other revenue, as detailed in Note 7 to our Audited Consolidated Financial Statements and Note 7 to our Unaudited Interim Condensed Consolidated Financial Statements.

Real estate operating revenue increased by €2.1 million, or 1.8%, from €117.4 million for the six months ended June 30, 2017 to €119.5 million for the six months ended June 30, 2018. On a constant exchange rate basis, real estate operating revenue increased by €3.6 million, or 3.1%, from €115.9 million for the six months ended June 30, 2017 to €119.5 million for the six months ended June 30, 2018 due to the reasons described below.

#### ***Rental revenue***

Rental revenue increased by €1.4 million, or 1.4%, from €100.6 million for the six months ended June 30, 2017 to €102.0 million for the six months ended June 30, 2018. On a constant exchange rate basis, rental revenue increased by €2.7 million, or 2.7%, from €99.3 million for the six months ended June 30, 2017 to €102.0 million for the six months ended June 30, 2018. This increase was primarily due to an increase of Average In-place Rent, from €209.1 per square meter in the six months ended June 30, 2017 to €210.4 per square meter in the six months ended June 30, 2018 and the continued operational ramp-up of our Non-Same Stores, including our three New Stores opened subsequent to June 30, 2017. Across our expanded network, our Net Rented Square Meters increased by 2.7% from 966.9 thousand square meters as of June 30, 2017 to 993.9 thousand square meters as of June 30, 2018.

#### ***Insurance revenue***

Insurance revenue increased by €0.7 million, or 5.6%, from €11.4 million for the six months ended June 30, 2017 to €12.1 million for the six months ended June 30, 2018. On a constant exchange rate basis, insurance revenue increased by €0.8 million, or 6.8%, from €11.3 million for the six months ended June 30, 2017 to €12.1 million for the six months ended June 30, 2018. This increase was primarily due to an increase in the proportion of new customers subscribing to insurance within our Same Store segment, as well as the continued ramp-up in operating performance at our Non-Same Stores.

#### ***Ancillary revenue***

Ancillary revenue increased by 1.7%, from €5.2 million for the six months ended June 30, 2017 to €5.3 million for the six months ended June 30, 2018. On a constant exchange rate basis, ancillary revenue increased by 2.9%, from €5.1 million for the six months ended June 30, 2017 to €5.3 million for the six months ended June 30, 2018. This increase was broadly in line with the increase in rental revenue between the two periods.

### ***Real estate operating expense***

Real estate operating expense increased by €0.5 million, or 1.1%, from €47.7 million for the six months ended June 30, 2017 to €48.2 million for the six months ended June 30, 2018.

On a constant exchange rate basis, real estate operating expense increased by €1.0 million, or 2.1%, from €47.2 million for the six months ended June 30, 2017 to €48.2 million for the six months ended June 30, 2018. This increase was primarily due to an increase in the size of our network. Within our real estate operating expense, we experienced an increase in repairs and maintenance expense of €0.5 million, or 16.6%, from €2.9 million in the six months ended June 30, 2017 to €3.4 million in the six months ended June 30, 2018, as a result of increased repair costs for property, health and safety measures, increased insurance case expense and expenses in relation to snow removal. The increase in real estate operating expense was also due to higher levels of marketing expense of €0.5 million, or 16.6%, from €2.6 million in the six months ended June 30, 2017 to €3.1 million in the six months ended June 30, 2018, as a result of our continued focus on internet advertising. These increases were partially offset by a €0.3 million, or 12.9%, decrease in doubtful debt expense from €2.2 million in the six months ended June 30, 2017 to €1.9 million in the six months ended June 30, 2018, as a result of improvements in operational performance.

### ***General, administrative and other expenses***

General, administrative and other expenses decreased by €1.6 million, or 28.0%, from €5.6 million for the six months ended June 30, 2017 to €4.0 million for the six months ended June 30, 2018. This decrease was primarily due to our receipt of an insurance indemnity in 2018 because of fire damage at two stores in France.

### ***Acquisition costs of business combinations***

Acquisition costs of business combinations decreased from €1.0 million for the six months ended June 30, 2017 to €0.1 million for the six months ended June 30, 2018. This decrease was primarily due to higher costs from our purchase of the Box Stockage store in Paris in the six months ended June 30, 2017, which incurred transfer tax, as compared to our purchase of five Pelican Self Storage stores in Sweden in the six months ended June 30, 2018, which did not incur transfer tax.

### ***Valuation gain from investment property and investment property under construction***

Valuation gain from investment property and investment property under construction was €7.7 million for the six months ended June 30, 2018, and contributed to the €50.9 million increase in the valuation of our investment property and investment property under construction to €2,351.6 million (December 31, 2017: €2,300.7 million). This valuation gain was primarily due to the appreciation in the fair value of our property portfolio that resulted from an increase in anticipated future cash flows of our properties, as well as improvements in market metrics, including capitalization rates and discount rates.

### ***Finance cost***

Finance cost increased by €0.4 million, or 4.2%, from €9.5 million for the six months ended June 30, 2017 to €9.9 million for the six months ended June 30, 2018. This increase was primarily due to increases in foreign exchange loss and other interest expense, of €0.3 million and €0.2 million, respectively, which more than offset a decrease in interest on bank and other loans of €0.1 million.

### ***Income tax expense***

Income tax expense decreased by €6.6 million, or 33.6%, from €19.6 million for the six months ended June 30, 2017 to €13.0 million for the six months ended June 30, 2018.

Current tax expense increased by €2.9 million, or 42.6%, from €6.9 million in the six months ended June 30, 2017 to €9.8 million in the six months ended June 30, 2018. The increase in current tax expense was due to the impact of reforms in Belgian tax law, as well as the utilization of all NOLs in France and the United Kingdom prior to the six months ended June 30, 2018. For further detail on our use of NOLs, see “—*Significant Factors Affecting Our Results of Operations—Income Taxes*”.

Our effective tax rate during the six months ended June 30, 2018 was 17.5%, as compared to 13.0% in the six months ended June 30, 2017, based on the current tax expense divided by adjusted EPRA earnings before tax for the relevant period.

Deferred tax expense in the six months ended June 30, 2018 amounted to €3.1 million. Deferred tax expense was impacted by a decrease in deferred tax liabilities, as a result of Swedish tax reform enacted in June 2018, which would decrease our future tax rate to 20.6% from the historic rate of 22%.

**Year ended December 31, 2017 compared to year ended December 31, 2016**

	Year ended December 31,		Percentage
	2017	2016	change
	(in € thousands)		(%)
Real estate operating revenue . . . . .	238,561	232,116	2.8
Real estate operating expense . . . . .	(90,609)	(91,082)	(0.5)
<b>Net income from real estate operations . . . . .</b>	<b>147,952</b>	<b>141,034</b>	<b>4.9</b>
General, administrative and other expenses . . . . .	(10,834)	(17,744)	(38.9)
<i>Of which depreciation and amortization expense . . . . .</i>	<i>(1,527)</i>	<i>(1,498)</i>	<i>1.9</i>
Acquisition costs of business combinations . . . . .	(1,007)	(368)	173.6
Royalty fee expense . . . . .	(2,343)	(2,278)	2.9
<b>Operating profit before revaluation Loss and gain on disposal of investment property, plant and equipment and assets held for sale . . . . .</b>	<b>133,768</b>	<b>120,644</b>	<b>10.9</b>
Valuation gain from investment property and investment property under construction . . . . .	136,621	153,079	(10.8)
(Loss) gain on disposal of investment property plant and equipment and assets held for sale . . . . .	(43)	43	(200.0)
<b>Operating profit . . . . .</b>	<b>270,346</b>	<b>273,766</b>	<b>(1.2)</b>
Finance cost . . . . .	(18,616)	(20,742)	(10.2)
<b>Profit before tax . . . . .</b>	<b>251,730</b>	<b>253,024</b>	<b>(0.5)</b>
Income tax expense . . . . .	(40,211)	(41,449)	(3.0)
<b>Attributable profit for the year . . . . .</b>	<b>211,519</b>	<b>211,575</b>	<b>—</b>

***Real estate operating revenue***

Real estate operating revenue increased by €6.5 million, or 2.8%, from €232.1 million in 2016 to €238.6 million in 2017. On a constant exchange rate basis, real estate operating revenue increased by €9.2 million, or 4.0%, from €229.4 million in 2016 to €238.6 million in 2017 due to the reasons described below.

***Rental revenue***

Rental revenue increased by €4.4 million, or 2.2%, from €199.8 million in 2016 to €204.2 million in 2017. On a constant exchange rate basis, rental revenue increased by €6.8 million, or 3.4%, from €197.4 million in 2016 to €204.2 million in 2017. This increase was primarily due to an increase in Average In-place Rent, from €209.4 per square meter in 2016 to €212.8 per square meter in 2017, combined with a stable Average Occupancy Rate of 87.4% and 87.5%, respectively, as well as the continued operational ramp-up of our Non-Same Stores, including the addition of one Acquired Store in February 2017 and the opening of two New Stores in December 2017. Across our expanded network, our Net Rented Square Meters increased by 2.0% from 936.8 thousand square meters as of December 31, 2016 to 955.8 thousand square meters as of December 31, 2017.

***Insurance revenue***

Insurance revenue increased by €1.8 million, or 8.3%, from €21.6 million in 2016 to €23.4 million in 2017. On a constant exchange rate basis, insurance revenue increased by €2.0 million, or 9.3%, from €21.4 million in 2016 to €23.4 million in 2017. This increase was primarily due to an increase in the proportion of new customers subscribing to insurance within our Same Store segment, as well as the ramp-up in operating performance at our Non-Same Stores.

***Ancillary revenue***

Ancillary revenue increased by €0.4 million, or 3.9%, from €10.3 million in 2016 to €10.7 million in 2017. On a constant exchange rate basis, ancillary revenue increased by €0.5 million, or 5.3%, from €10.2 million in 2016 to €10.7 million in 2017. This increase was due to in part to ramp-up at Non-Same Stores, growth in our network and improvements in our operational procedures.

### ***Real estate operating expense***

Real estate operating expense remained broadly stable, decreasing €0.5 million, from €91.1 million in 2016 to €90.6 million in 2017.

On a constant exchange rate basis, real estate operating expense increased by €0.6 million, or 0.6%, from €90.0 million in 2016 to €90.6 million in 2017. As between the two periods, our marketing expense increased by €0.4 million, or 6.4%, due to strategic increases in expenditure on internet advertising, and by €0.4 million, or 2.5% in other operating expenses, as a result of higher irrecoverable VAT and higher tax fees. These increases were partially offset by a decrease in payroll expense of €0.4 million, or 1.0%, as a result of lower bonuses.

### ***General, administrative and other expenses***

General, administrative and other expenses decreased by €6.9 million, or 38.9%, from €17.7 million in 2016 to €10.8 million 2017. This decrease was primarily due to a lower level of share-based compensation in 2017, which decreased by €6.5 million, or 77.5%, from €8.4 million in 2016 to €1.9 million in 2017, due to the non-recurrence of an exceptional increase in the value per share in 2016, which was in part due to the impact of repayment of a convertible loan held by Shurgard European Holdings LLC on the calculation of our share price during the year. For further detail on the repayment of this loan, see “—*Significant Factors Affecting our Results of Operations—General, administrative and other expenses*” and Note 28 to our Audited Consolidated Financial Statements.

### ***Acquisition costs of business combinations***

Acquisition costs of business combinations increased by €0.6 million, from €0.4 million in 2016 to €1.0 million in 2017. This increase was primarily due to the costs incurred in relation to our acquisition of the Box Stockage store in Paris in 2017, which as a result of transfer tax incurred exceeded our costs arising from our purchase of one Storage Specialist store in London in 2016.

### ***Valuation gain from investment property and investment property under construction***

Valuation gain from investment property and investment property under construction was €136.6 million in 2017 (€133.1 million of which was in respect of our existing property portfolio), and contributed to the €172.4 million increase in the valuation of our investment property and investment property under construction to €2,300.7 million (December 31, 2016: €2,128.3 million). The valuation gain on our existing property portfolio was primarily due to the appreciation of the fair value of our properties, driven by the increase in anticipated future cash flows as well as improvements in market metrics, including capitalization rates and discount rates. The valuation gain on properties under development was €3.6 million, in relation to developments in London, Stockholm and Berlin.

### ***Finance cost***

Finance cost decreased by €2.1 million, or 10.1%, from €20.7 million in 2016 to €18.6 million in 2017. This decrease was primarily due to the repayment of a loan from Shurgard European Holdings LLC on May 31, 2016, which resulted in a decrease in interest on bank and other loans of €2.1 million, or 81.2%, from €2.6 million in 2016 to €0.5 million in 2017.

### ***Income tax expense***

Income tax expense decreased by €1.2 million, or 3.0%, from €41.4 million in 2016 to €40.2 million in 2017.

Current tax expense increased by €5.0 million, or 49.8%, from €10.2 million in 2016 to €15.2 million in 2017. The increase in current tax expense was due to the full utilization of NOLs in France in 2017 and strong performance in our stores in the Netherlands. For further detail on our use of NOLs, see “—*Significant Factors Affecting Our Results of Operations—Income Taxes*”.

Our effective tax rate in 2017 was 13.1%, as compared to 9.9% in 2016, based on current tax expense divided by adjusted EPRA earnings before tax for the relevant year.

Deferred tax expense in 2017 amounted to €25.0 million and was impacted by a decrease in deferred tax liabilities, mainly as a result of French and Belgian tax reforms enacted in 2017 (leading to a reduction in our tax rate from 28% to 25% over the period 2017 to 2022 in France, and from 33.99% to 29.58% as from the



year ending December 31, 2018, with a further reduction to 25% as from the year ending December 31, 2020 in Belgium).

#### Year ended December 31, 2016 compared to year ended December 31, 2015

	Year ended December 31,		Percentage
	2016	2015	change
	(in € thousands)		(%)
Real estate operating revenue	232,116	218,120	6.4
Real estate operating expense	(91,082)	(87,462)	4.1
<b>Net income from real estate operations</b>	<b>141,034</b>	<b>130,658</b>	<b>7.9</b>
General, administrative and other expenses	(17,744)	(12,794)	38.7
<i>Of which depreciation and amortization expense</i>	(1,498)	(1,450)	3.3
Acquisition costs of business combinations	(368)	(9,471)	(96.1)
Royalty fee expense	(2,278)	(2,138)	6.5
<b>Operating profit before revaluation Loss and gain on disposal of investment property, plant and equipment and assets held for sale</b>	<b>120,644</b>	<b>106,255</b>	<b>13.5</b>
Valuation gain from investment property and investment property under construction	153,079	94,934	61.2
(Loss) gain on disposal of investment property plant and equipment and assets held for sale	43	97	(55.7)
<b>Operating profit</b>	<b>273,766</b>	<b>201,286</b>	<b>36.0</b>
Finance cost	(20,742)	(21,926)	(5.4)
<b>Profit before tax</b>	<b>253,024</b>	<b>179,360</b>	<b>41.1</b>
Income tax expense	(41,449)	(48,935)	(15.3)
<b>Attributable profit for the year</b>	<b>211,575</b>	<b>130,425</b>	<b>62.2</b>

#### Real estate operating revenue

Real estate operating revenue increased by €14.0 million, or 6.4%, from €218.1 million in 2015 to €232.1 million in 2016. On a constant exchange rate basis, real estate operating revenue increased by €17.6 million, or 8.3%, from €211.8 million in 2015 to €229.4 million in 2016 due to the reasons described below.

#### Rental revenue

Rental revenue increased by €11.6 million, or 6.1%, from €188.2 million in 2015 to €199.8 million in 2016. On a constant exchange rate basis, rental revenue increased by €14.6 million, or 8.0%, from €182.8 million in 2015 to €197.4 million in 2016. This increase was primarily due to an increase in Average In-place Rent, from €206.4 per square meter in 2015 to €209.4 per square meter in 2016, as well as the ramp-up in operating performance at our Non-Same Stores. Across our expanded network, our Net Rented Square Meters increased by 1.8% from 919.9 thousand square meters as of December 31, 2015 to 936.8 thousand square meters as of December 31, 2016.

#### Insurance revenue

Insurance revenue increased by €2.4 million, or 12.8%, from €19.2 million in 2015 to €21.6 million in 2016. On a constant exchange rate basis, Insurance Revenue increased by €2.7 million, or 14.3%, from €18.7 million in 2015 to €21.4 million in 2016. This increase was primarily due to an increase in the proportion of new customers subscribing to insurance within our Same Store segment, as well as the ramp-up in operating performance at our Non-Same Stores.

#### Ancillary revenue

Ancillary revenue increased by €0.7 million, or 6.8%, from €9.6 million in 2015 to €10.3 million in 2016. On a constant exchange rate basis, ancillary revenue increased by €0.8 million, or 8.7%, from €9.4 million in 2015 to €10.2 million in 2016. This increase was broadly in line with the increase in rental revenue between the two periods.

### ***Real estate operating expense***

Real estate operating expense increased by €3.6 million, or 4.1%, from €87.5 million in 2015 to €91.1 million in 2016. On a constant exchange rate basis, real estate operating expense increased by €4.9 million, or 5.8%, from €85.1 million in 2015 to €90.0 million in 2016. This increase was primarily due to growth in our store network between the two periods. The increase in our real estate operating expense was driven by an increase in real estate and other taxes of €1.7 million, or 16.4%, from €10.3 million in 2015 to €12.0 million in 2016, due to growth in our store network, as well as the tax impact of a revaluation of our property portfolio in the United Kingdom and new taxes and changes in tax rates in Denmark and France, respectively. We also experienced an increase of €0.8 million, or 14.1%, in repairs and maintenance expense due to growth in our store network, increased security costs in response to incidents in France and other miscellaneous expenses, and of €0.5 million, or 14.7%, in utility expense.

### ***General, administrative and other expenses***

General, administrative and other expenses increased by €4.9 million, or 38.7%, from €12.8 million in 2015 to €17.7 million 2016. This increase was primarily due to an exceptional increase in share-based compensation expense of €5.6 million, from €2.8 million in 2015 to €8.4 million in 2016, due to a rise in our value per share in 2016 as a result of the repayment of a convertible loan held by Shurgard European Holdings LLC in 2016.

### ***Acquisition costs of business combinations***

Acquisition costs of business combinations decreased by €9.1 million, from €9.5 million in 2015 to €0.4 million in 2016. This decrease was primarily due to our significant levels of acquisition activity during 2015, including our purchase of 21 City Box stores in the Netherlands, as compared to the acquisition of one store in 2016.

### ***Valuation gain from investment property and investment property under construction***

Valuation gain from investment property and investment property under construction was €153.1 million in 2016 (of which of €152.5 million was related to our existing property portfolio), and contributed to the €139.8 million increase in the valuation of our investment property and investment property under construction (December 31, 2015: €1,988.5 million). The valuation gain on our existing property portfolio was primarily due to the appreciation of the fair market value of our properties, driven by the increase in anticipated future cash flows, as well as improvements to market metrics, including capitalization rates and discount rates. The valuation gain on properties under development was €0.6 million, related to developments in London and Stockholm.

### ***Finance cost***

Finance cost decreased by €1.2 million, or 5.4%, from €21.9 million in 2015 to €20.7 million in 2016. This decrease in finance cost was primarily due to the repayment of a loan from Shurgard European Holdings LLC on May 31, 2016, which resulted in a decrease in interest on bank and other loans of €4.6 million, or 64.2%, from €7.1 million in 2015 to €2.6 million in 2016. In 2015, we also incurred a charge of €1.0 million arising from the early repayment of a bank loan, which was not repeated in 2016. These decreases in finance cost were partially offset by an increase in interest on senior guaranteed notes of €4.0 million, or 29.3%, following issuance of three tranches of U.S. Private Placement Notes in June 2015, on which interest is payable semi-annually.

### ***Income tax expense***

Income tax expense decreased by €7.5 million, or 15.3%, from €48.9 million in 2015 to €41.4 million in 2016.

Current tax expense increased by €2.3 million, or 28.1%, from €7.9 million in 2015 to €10.2 million in 2016. The increase in current tax expense was mainly due to the full utilization of NOLs in Sweden in 2015.

Our effective tax rate in 2016 was 9.9%, as compared to 8.2% in 2015, based on current tax expense divided by adjusted EPRA earnings before tax for the relevant year.

Deferred tax expense in 2016 amounted to €31.3 million, and was impacted by a decrease in deferred tax liabilities, as a result of French tax reform enacted in 2016 (future reduction of the tax rate from 33.33% to 28%).

## Segment Performance

Since our full-year segmental financial results reflect the reclassification of Non-Same Stores, as they matured, to our Same Store segment, any period-on-period comparison of our Same Store operating and financial measures can be significantly affected by the period-on-period increase in the number of Same Stores. For a summary of the number of our Same Stores and Non-Same Stores during these years and a discussion of the financial results of our Same Stores and Non-Same Stores for the six months ended June 30, 2018 and 2017, please see “—Same Store and Non-Same Store” above. For further detail regarding the development of our store network during these years, please see “—Significant Factors Affecting Our Results of Operations—Real Estate Development and Store Acquisitions” and “—Capital expenditures”.

The following table shows certain performance measures across our Same Store network during the years 2015 to 2017.

	For the year ended December 31,		
	2017	2016	2015
	(in € millions except where indicated)		
<b>At constant exchange rate</b>			
<b>At period end:</b>			
Number of stores	213	192	187
Net Rentable Square Meters (in thousands of square meters) <sup>(1)</sup>	1,057.1	970.2	939.6
Net Rented Square Meters (in thousands of square meters) <sup>(2)</sup>	926.2	855.8	837.1
Occupancy Rate <sup>(3)</sup>	87.6%	88.2%	89.1%
<b>For the year then ended:</b>			
Average Occupancy Rate <sup>(4)</sup>	88.8%	89.7%	89.4%
Average In-place Rent (in € per square meter) <sup>(5)</sup>	212.8	210.2	205.2
RevPAM (in € per square meter) <sup>(6)(7)</sup>	189.0	188.6	183.5
Property operating revenue <sup>(7)(8)</sup>	232.2	212.0	198.8
Income from property (NOI) <sup>(7)(9)</sup>	145.2	130.9	119.8
NOI Margin <sup>(7)(10)</sup>	62.5%	61.7%	60.3%

Notes:

- (1) Net Rentable Square Meters for our Same Stores is presented in thousands of square meters, is calculated as the sum of unit space available for customer storage use at our owned and leased Same 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) Occupancy Rate for our Same Stores is presented as a percentage and calculated as the Net Rented Square Meters in our Same Stores divided by Net Rentable Square Meters in our Same Stores as of the relevant date.
- (4) Average Occupancy Rate for our Same Stores is presented as a percentage and is calculated as the average of the Net Rented Square Meters in our Same Stores divided by the average of the Net Rentable Square Meters in our Same Stores, each for the relevant periods.
- (5) Average In-place Rent for our Same Stores is presented in Euros per square meter and calculated as rental revenue in our Same Stores, on a constant exchange rate basis, divided by the average Net Rented Square Meters in our Same Stores for the relevant period.
- (6) RevPAM, which stands for revenue per available square meter, for our Same Stores is presented in Euros per square meter for the relevant period and calculated as rental revenue in our Same Stores, on a constant exchange rate basis, divided by the average Net Rentable Square Meters in our Same Stores for the relevant period.
- (7) For a description of how we calculate constant exchange rate measures, see “Important Information—Available Information—Alternative Performance Measures”. For a reconciliation of constant exchange rate reported measures and APMs, see “Selected Consolidated Financial Information—Alternative Performance Measures”.
- (8) Property operating revenue for our Same Stores represents our revenue from operating our Same Stores, and comprises our rental revenue, insurance revenue and ancillary revenue.
- (9) Income from property (NOI) for our Same Stores is calculated as real estate operating revenue less real estate operating expense for the relevant period.
- (10) NOI Margin for our Same Stores is calculated as income from property (NOI) divided by property operating revenue, each for our Same Stores, for the relevant period. For a reconciliation from real estate operating revenue to NOI Margin, see “Selected Consolidated Financial Information—Alternative Performance Measures”.

## Segmental Property Operating Revenue

Year ended December 31, 2017 compared to year ended December 31, 2016

	Year ended December 31,	
	2017	2016
	(in € thousands)	
Number of Same Stores <sup>(1)</sup>	213	192
Number of Non-Same Stores <sup>(1)</sup>	8	26
Same Store property operating revenue	232,211	214,520
Non-Same Store property operating revenue	6,090	17,175
<b>Property operating revenue</b>	<b>238,301</b>	<b>231,695</b>

Note:

(1) As of December 31, of the relevant year.

Same Store Property Operating Revenue increased by €17.7 million from €214.5 million in 2016 to €232.2 million in 2017. On a constant exchange rate basis, Same Store property operating revenue increased by €20.2 million from €212.0 million in 2016 to €232.2 million in 2017, primarily due to an increase in the number of stores in the segment (reclassification of 21 City Box Acquired Stores from the Non-Same Store segment in 2016 to the Same Store segment in 2017).

Non-Same Store Property Operating Revenue decreased by €11.1 million from €17.2 million in 2016 to €6.1 million in 2017. On a constant exchange rate basis, Non-Same Store property operating revenue decreased by €10.9 million from €17.0 million in 2016 to €6.1 million in 2017, primarily due to the aforementioned segment reclassifications.

Year ended December 31, 2016 compared to year ended December 31, 2015

	Year ended December 31,	
	2016	2015
	(in € thousands)	
Number of Same Stores <sup>(1)</sup>	192	187
Number of Non-Same Stores <sup>(1)</sup>	26	29
Same Store property operating revenue	214,520	204,961
Non-Same Store property operating revenue	17,175	12,077
<b>Property operating revenue</b>	<b>231,695</b>	<b>217,038</b>

Note:

(1) As of December 31, of the relevant year.

Same Store property operating revenue increased by €9.5 million from €205.0 million in 2015 to €214.5 million in 2016. On a constant exchange rate basis, Same Store property operating revenue increased by €13.2 million from €198.8 million in 2015 to €212.0 million in 2016, primarily due to an increase in the number of stores in the segment (reclassification of five Secur Acquired Stores from the Non-Same Store segment in 2015 to the Same Store segment in 2016).

Non-Same Store property operating revenue increased by €5.1 million from €12.1 million in 2015 to €17.2 million in 2016. On a constant exchange rate basis, Non-Same Store property operating revenue increased by €5.0 million from €12.0 million in 2015 to €17.0 million in 2016. This increase was primarily due to the full-year impact in 2016 of our acquisition of 21 City Box stores during the course of the prior year, which was only partially reflected in our 2015 property operating revenue, as well as the ramp-up in operating performance at our New Stores.

## Liquidity and Capital Resources

### Liquidity

Our primary cash requirements are for payments of operating expenses, debt service, improvements to existing stores and developments and acquisitions of new stores. These requirements have been funded by operating cash flows and borrowings, including the U.S. Private Placement Notes, the 2015 RCF and the 2016 RCF. We expect to continue to fund these requirements with operating cash flow, proceeds from the Private Placement and future borrowings under bank credit facilities.

We maintain cash and cash equivalents (being instruments with original maturity of three months or less, which are subject to an insignificant risk of changes in value) balances at banking institutions in certain of the countries where we operate. In Sweden, the United Kingdom and Denmark, these balances are held in local currencies. It is our policy that investments of surplus funds are made only with approved counterparties with a minimum credit rating of A.

### **Cash Flows**

The following table sets forth the unaudited consolidated cash flows for the six months ended June 30, 2018 and 2017 and the audited consolidated cash flows for each of the years ended December 31, 2015, 2016 and 2017:

	Six months ended June 30,		Year ended December 31,		
	2018	2017	2017	2016	2015
	(in € thousands)				
<b>Cash flows from operating activities</b> . . . . .	70,371	59,461	119,216	121,913	99,069
<b>Cash flows from investing activities</b> . . . . .	(62,561 )	(42,173 )	(61,476)	(47,494)	(213,401)
<b>Cash flows from financing activities</b> . . . . .	(9,364)	(12,458 )	(45,801)	(183,182)	175,749
Net (decrease) increase in cash and cash equivalents	(1,554)	4,830	11,939	(108,763)	61,417
Effect of exchange rate fluctuation . . . . .	67	(6)	27	(191)	(164)
Cash and cash equivalents at January 1 . . . . .	23,645	11,679	11,679	120,633	59,380
<b>Cash and cash equivalents at period end</b> . . . . .	<u>22,158</u>	<u>16,503</u>	<u>23,645</u>	<u>11,679</u>	<u>120,633</u>

### **Cash flows from operating activities**

Our cash inflow from operating activities was €70.4 million for the six months ended June 30, 2018, compared to €59.5 million for the six months ended June 30, 2017, an increase of €10.9 million. The increase resulted mainly from a €8.9 million increase in cash from movements in working capital, primarily due to an increase in accrued expense and accounts payable. Net cash from operations contributed €4.1 million to the increase, mainly due to an increase in real estate operating revenue of €2.1 million, and decreases in general, administrative and other expenses and in acquisition costs of business combinations of €1.6 million and €0.9 million, respectively, as between the two periods. The aforementioned increases in cash generated were partially offset by an increase of €2.1 million in income taxes paid during the six months ended June 30, 2018 as compared to the same period in 2017.

Our cash inflow from operating activities was €119.2 million in 2017, compared to €121.9 million in 2016, a decrease of €2.7 million. The decrease resulted mainly from a €12.2 million decrease in cash from movements in working capital, primarily due to a decrease in accrued expense, VAT payable and accounts payable and accrued expense of €10.9 million, as well as a decrease of €1.3 million in trade receivables, other current and non-current assets and €3.6 million of increased income tax payments. These factors were partially offset by a €13.2 million increase in net cash from operations, primarily due to an increase of €6.9 million in net income from real estate operations, a decrease of €6.9 million in general, administrative and other expenses, as partially offset by an increase of €0.6 million in acquisition costs on properties we acquired.

Our cash inflow from operating activities was €121.9 million in 2016, compared to €99.1 million in 2015, an increase of €22.8 million. The increase resulted mainly from €14.4 million higher net cash from operations, due to an increase of €10.4 million in net income from real estate operations and a decrease of €9.1 million in acquisition costs on properties acquired, as partially offset by an increase of €5.0 million in general, administrative and other expenses. We also experienced an increase of €10.7 million in cash from movements in working capital, primarily due to an increase in accounts payable, VAT payable and accrued expense of €7.0 million and a decrease of €3.7 million in trade receivables, other current and non-current assets in 2016 as compared to 2015. These positive factors were partially offset by €2.3 million increased payments for income taxes.

### **Cash flows from investing activities**

Our cash outflow from investing activities was €62.6 million for the six months ended June 30, 2018, compared to €42.2 million for the six months ended June 30, 2017, an increase of €20.4 million. The increase resulted from cash expenditure, net of acquired cash, of €38.4 million on our acquisition of five Pelican Self Storage stores in Sweden during the six months ended June 30, 2018, as compared to cash expenditure, net of acquired cash, of €13.5 million on our acquisition of the Box Stockage store in Paris during the six months

ended June 30, 2017. Cash outflows in relation to capital expenditure on investment property under construction and completed investment property declined from €28.2 million in the six months ended June 30, 2017 to €24.6 million in the six months ended June 30, 2018, reflecting periodic fluctuations in construction expenditure depending on the current stage of development projects.

Our cash outflow from investing activities was €61.5 million in 2017, compared to €47.5 million in 2016, an increase of €14.0 million. The increase resulted from cash expenditure, net of acquired cash, of €13.5 million on our acquisition of the Box Stockage store in Paris during 2017, as compared to cash expenditure, net of acquired cash, of €5.6 million on our acquisition of one Storage Specialist store in London in 2016. Cash outflows in relation to capital expenditure on investment property under construction and completed investment property increased from €41.6 million in 2016 to €47.0 million in 2017, reflecting periodic fluctuations in construction expenditure depending on the current stage of development projects.

Our cash outflow from investing activities was €47.5 million in 2016, compared to €213.4 million in 2015, a decrease of €165.9 million. The decrease resulted from cash expenditure, net of acquired cash, of €179.3 million on our acquisition of 21 City Box stores in the Netherlands and five Secur stores in Germany in 2015, as compared to cash expenditure, net of acquired cash, of €5.6 million on our acquisition of one Storage Specialist store in London in 2016. Cash outflows in relation to capital expenditure on investment property under construction and completed investment property increased from €33.0 million in 2015 to €41.6 million in 2016, reflecting periodic fluctuations in construction expenditure depending on the current stage of development projects.

During the periods under review, we opened three new stores in 2015, one new store in 2016, two new stores in 2017 and one new store in the six months ended June 30, 2018. Since construction of New Stores can take from nine to 12 months, with purchase of the site occurring before that period, cash expenditure during a particular period does not always correspond directly to the number of New Stores opened during that period.

### ***Cash flows from financing activities***

Our cash outflow from financing activities was €9.4 million for the six months ended June 30, 2018, compared to €12.5 million for the six months ended June 30, 2017, a decrease of €3.1 million. The decrease resulted mainly from the repayment of €23.0 million in borrowings in relation to the 2016 RCF during the six months ended June 30, 2017, but was partially offset by cash inflows in relation to new borrowings of €20.0 million from the same facility during the period. We did not have any significant new borrowings or repayments of borrowings during the six months ended June 30, 2018. Cash outflows in respect of interest payments were broadly stable at €9.1 million in the six months ended June 30, 2018 and €9.2 million in the six months ended June 30, 2017.

Our cash outflow from financing activities was €45.8 million in 2017, compared to €183.2 million in 2016, a decrease of €137.4 million. The decrease resulted mainly from the repayment of €202.7 million in borrowings during 2016, in relation to the SEH LLC loan (€164.7 million) and the 2016 RCF (€38.0 million), as compared to the repayment of €47.0 million in borrowings in 2017, in relation to the 2016 RCF. These outflows were partially offset by proceeds of borrowings, which amounted to €65.0 million in 2016 and €20.0 million in 2017. Cash outflows in respect of interest payments decreased significantly between the two periods, from €45.0 million in 2016 to €18.3 million in 2017, as a result of our repayment of the loan payable to Shurgard European Holdings LLC on May 31, 2016, on which we paid €26.7 million of accrued interest in the year ended December 31, 2016.

Our cash outflow from financing activities was €183.2 million in 2016, compared to an inflow of €175.7 million in 2015. The outflow in 2016 resulted mainly from the repayment of €202.7 million in borrowings, in relation to the SEH LLC loan (€164.7 million) and the 2016 RCF (€38.0 million), as compared to the inflow in 2015 arising primarily from the issuance of three tranches of the U.S. Private Placement Notes, which were partially used during that year to repay historic borrowings, and borrowings under the 2015 RCF. Cash outflows in respect of interest payments increased significantly between the two periods, from €14.9 million in 2015 to €45.0 million in 2016, as a result of our full year of interest payments on the three tranches of U.S. Private Placement Notes issued during the course of 2015 and the payment of €26.7 million of accrued interest on the SEH LLC loan in 2016.

### **Borrowings**

We have historically used third-party borrowings, including the proceeds of the U.S. Private Placement Notes, the 2015 RCF, the 2016 RCF and the Bridge Facility, each as defined below, to support our operations.

We follow a conservative financial policy with respect to leverage levels, with an LTV of 24.8% as of June 30, 2018, as compared to 25.3% as of December 31, 2017. In the medium term, we are targeting a maximum LTV of 35%. In 2017, our Net Financial Debt to EBITDA ratio was 4.3x, as compared to 5.1x in 2016 and to 6.2x in 2015. Our average cost of borrowing as of December 31, 2017 and June 30, 2018 across existing debt was 3.0% (December 31, 2016: 2.9%; December 31, 2015: 3.1%). Our average cost of borrowing from the U.S. Private Placement Notes as of December 31, 2017 was 2.9%. As of December 31, 2017, the 2015 RCF and the 2016 RCF were undrawn. As at the date hereof, we comply with the financial covenants under our Financings.

As of June 30, 2018, we had outstanding borrowings of €597.5 million, which were comprised of the U.S. Private Placement Notes outstanding of €600 million and the unamortized balance of debt issuance cost on notes issued of €2.5 million. No amounts were outstanding under the 2015 RCF or the 2016 RCF as of that date. See Note 24 to our Unaudited Interim Condensed Consolidated Financial Statements.

The following table sets out the U.S. Private Placement Notes in issue as of June 30, 2018:

	As of June 30, 2018		
	Effective interest rate	Maturity	Amount Issued
Senior guaranteed notes—issued July 2014 <sup>(1)</sup>	2.83%	July 24, 2021	€100m
Senior guaranteed notes—issued July 2014 <sup>(1)</sup>	3.24%	July 24, 2024	€100m
Senior guaranteed notes—issued July 2014 <sup>(1)</sup>	3.38%	July 24, 2026	€100m
Senior guaranteed notes—issued June 2015 <sup>(1)</sup>	2.67%	June 25, 2025	€130m
Senior guaranteed notes—issued June 2015 <sup>(1)</sup>	2.86%	June 25, 2027	€110m
Senior guaranteed notes—issued June 2015 <sup>(1)</sup>	3.03%	June 25, 2030	€ 60m
U.S. Private Placement Notes	—	—	€600m

Notes:

(1) U.S. Private Placement Notes, as defined under “—U.S. Private Placement Notes” below.

(2) 2015 RCF and 2016 RCF, as defined under “—Credit Agreements” below.

In July 2018, Shurgard Luxembourg borrowed €50 million under the 2016 RCF, of which €10.0 million was repaid in August 2018. We intend to repay all amounts outstanding under this facility using the proceeds of the Private Placement.

On July 10, 2018, Shurgard Luxembourg borrowed €200 million under the Bridge Facility Agreement, which will also be repaid with the proceeds of the Private Placement, as described below under “—Bridge facility agreement”.

In addition, following the establishment of the New RCF immediately prior to the Private Placement, we plan to cancel the 2015 RCF and the 2016 RCF.

On Admission to Trading, we expect to have sufficient resources to fund our business plan, make strategic investments in the business, and thereby take advantage of acquisition and development opportunities when they arise. For further information, see “Reasons for the Private Placement and Use of Proceeds”.

## Description of our existing debt instruments

### U.S. Private Placement Notes

In July 2014 and June 2015, we issued Euro-denominated notes in two private placements through our Luxembourg subsidiary, Shurgard Luxembourg S.à r.l., (“Shurgard Luxembourg”), which are guaranteed by the Company (the “U.S. Private Placement Notes”). The terms and conditions of the U.S. Private Placement Notes are broadly similar and contain mostly standard private market terms.

In connection with the issuance of the U.S. Private Placement Notes, the Company was assigned a rating of NAIC, (National Association of Insurance Commissioners), 2-.

### Interest

Interest under the U.S. Private Placement Notes is payable by Shurgard Luxembourg semi-annually in arrears.

### *Covenants and events of defaults*

The note purchase agreements in respect of the U.S. Private Placement Notes (the “Note Purchase Agreements”) require us to observe (and, in some cases, Shurgard Luxembourg to observe and to ensure that certain other members of the Group observe) certain customary undertakings and negative covenants, including, among others, regarding transactions with affiliates, mergers, consolidations and sales of assets, limitations on subsidiary debt, negative pledge, compliance with sanctions regulations and limitations on dividends and share redemptions if one or more specified events of default are continuing.

Each of the Note Purchase Agreements requires us to comply with three principal financial covenants:

- (i) a senior leverage which must not exceed 0.55 to 1.00 on a rolling twelve-month basis;
- (ii) a fixed charge cover which must not be less than 1.25 to 1.00 on the last day of each twelve-month period (calculated on a quarterly basis); and
- (iii) a ratio of unencumbered (real property) asset value to the total unsecured liabilities which shall not at any time be less than 1.85 to 1.00.

The Note Purchase Agreements also contain customary events of default:

- certain events of default (including, *inter alia*, insolvency or other analogous events) result in the U.S. Private Placement Notes automatically becoming immediately due and payable in full;
- a default in the payment by Shurgard Luxembourg of any of interest or principal or make-whole amount due under any Note Purchase Agreement permits any Noteholder(s) under that Note Purchase Agreement to declare all U.S. Private Placement Notes held by it or them to be immediately due and payable; and
- any other continuing event of default under any Note Purchase Agreement permits any Noteholder(s) holding more than 50% in principal amount of U.S. Private Placement Notes under the affected Note Purchase Agreement to give notice declaring all such U.S. Private Placement Notes to be immediately due and payable.

Any amounts payable as a result of an event of default as described above shall include the payment of all accrued and unpaid interest and a make-whole amount (if applicable).

The cross-default provision in the Note Purchase Agreements contains a threshold figure of €5 million (or its equivalent in the relevant currency of payment).

### *Prepayment and make-whole*

The U.S. Private Placement Notes may be prepaid at any time in whole or in part (subject to a minimum amount of 5% of the aggregate principal amount of U.S. Private Placement Notes of all series then outstanding under any Note Purchase Agreement) at par plus all accrued and unpaid interest and a market make-whole premium (if any).

The make-whole amount is intended to compensate investors for the difference between the expected yield on the relevant U.S. Private Placement Notes and the yield if the principal is received earlier than scheduled and the reinvestment yield is lower than the interest rate of the relevant U.S. Private Placement Notes. A make-whole amount would typically be payable if the reinvestment yields have decreased between the time of the initial placement of the relevant U.S. Private Placement Notes and the date of prepayment. In general terms, the make-whole premium will be equal to the difference (but not less than zero) between (a) the present value of the remaining principal payments on the principal amount to be prepaid, discounted at a rate equal to the yield on the actively-traded German Bundesobligationen that most closely matches the maturity of the relevant U.S. Private Placement Notes plus 50 basis points (other than certain swapped U.S. Private Placement Notes which may have additional costs to compensate investors for any losses they incur upon breakage or modification of their swaps) and (b) the principal amount of the U.S. Private Placement Notes to be prepaid.

The U.S. Private Placement Notes may also be prepaid at any time in whole if Shurgard Luxembourg is or will become obligated to make additional payments in respect of interest on account of any U.S. Private Placement Notes as a result of a change in tax law (or interpretation thereof) at par plus all accrued and unpaid interest (and, if applicable, any net loss relating to swapped U.S. Private Placement Notes). No make-whole amount will be due in case of an early redemption for taxation reasons.

The U.S. Private Placement Notes are not subject to required prepayments prior to the final maturity date except (i) if within a period of 90 days following the occurrence of a change of control, the rating assigned to the U.S. Private Placement Notes or any other unsecured and unsubordinated indebtedness of Shurgard



Luxembourg having an initial maturity of five years or more immediately prior to the change of control is lowered below investment grade and/or withdrawn (or, in absence of any rated U.S. Private Placement Notes, Shurgard Luxembourg fails to obtain an investment grade rating of such rated debt instruments), or (ii) due to acceleration as a result of an event of default. A “change of control” shall be deemed to have occurred if any person or group of persons acting in concert (other than the Principal Shareholders at the date of this Offering Circular) gains direct or indirect control of the Company.

#### *Subordination Deed*

The U.S. Private Placement Notes have been issued subject to the terms of a subordination deed originally dated July 14, 2014, as amended and restated on June 25, 2015 and made between, amongst others, the Company, Shurgard Luxembourg and certain subsidiaries of the Company as original debtors, intra-group lenders and subordinated creditors (the “Subordination Deed”).

Pursuant to the Subordination Deed certain of our subsidiaries have agreed to subordinate their claims against other members of the Group under certain intra-group financing arrangements to the claims of the Noteholders. The Subordination Deed also provides for a consultation between the Noteholders and any bank debt providers (if any) prior to enforcement.

#### ***€250 million revolving facility agreement with, amongst others BNP Paribas Fortis SA/NV, HSBC Bank plc and Société Générale as mandated lead arrangers***

On September 26, 2018, Shurgard Luxembourg (acting as borrower and guarantor) and the Company (acting as guarantor) entered into a €250 million revolving facility agreement with, amongst others BNP Paribas Fortis SA/NV, HSBC Bank plc and Société Générale as mandated lead arrangers and BNP Paribas Fortis SA/NV as agent (the “New RCF”). The New RCF will enter into force upon closing of the Private Placement.

The New RCF has a term of 5 years, subject to two one-year extension options and will be used for general corporate purposes (including, without limitation, to refinance existing financial indebtedness and to finance acquisitions).

#### *Interest*

The interest rate under the New RCF is equal to the aggregate of the applicable margin plus the applicable EURIBOR rate for the relevant interest period. The initial margin will be 0.45% and can range between 0.45% and 0.95% per year depending on the LTV ratio (i.e. the ratio of total net debt to total market value).

#### *Covenants and events of default*

The New RCF contains certain representations and warranties, financial covenants and events of default customary for financings of this nature, including payment defaults and default for breach of financial covenants, breach of other obligations, breach of representations and warranties, cross-default, insolvency (or analogous event), creditors’ processes, unlawfulness, repudiation and material adverse change. The financial covenants include LTV ratio maintenance and fixed charge cover. If a change of control occurs, each individual lender under the New RCF may, by not less than 30 days’ notice, cancel its commitment and require repayment of its share in all outstanding loans under the New RCF. A “change of control” shall be deemed to have occurred if any person or group of persons acting in concert (other than the Principal Shareholders at the date of this Offering Circular) gains direct or indirect control of the Company.

#### ***€50 million bilateral revolving facility agreement between Shurgard Luxembourg and BNP Paribas Fortis SA/NV***

On September 28, 2015, Shurgard Luxembourg entered into a revolving credit facility agreement with BNP Paribas Fortis SA/NV in an amount up to €50 million (the “2015 RCF Agreement”). This facility (the “2015 RCF”) has been granted for general corporate purposes and matures on September 28, 2019.

We have issued a first demand guarantee in an amount up to €55 million guaranteeing the obligations of Shurgard Luxembourg under the 2015 RCF Agreement.

### ***€75 million bilateral revolving facility agreement between Shurgard Luxembourg and BNP Paribas Fortis SA/NV***

On May 23, 2016, Shurgard Luxembourg entered into a revolving credit facility agreement with BNP Paribas Fortis SA/NV in an amount up to €75 million (the “2016 RCF Agreement”). This facility (the “2016 RCF”) has been granted for general corporate purposes and matures on September 28, 2019.

We have issued a first demand guarantee in an amount up to €82 million guaranteeing the obligations of Shurgard Luxembourg under the 2016 RCF Agreement.

### ***Bridge facility agreement***

On July 10, 2018, Shurgard Luxembourg (acting as borrower and guarantor) and the Company (acting as guarantor) entered into a €200 million bridge facility agreement with Société Générale and BNP Paribas Fortis SA/NV as mandated lead arrangers and Société Générale as facility agent (the “Bridge Facility Agreement”).

The facility matures on January 10, 2019, which maturity date can be extended at the option of Shurgard Luxembourg for an additional period of six months.

As of August 31, 2018, €200 million was outstanding under the Bridge Facility Agreement. We intend to repay all outstanding balances under this facility using the proceeds of the Private Placement.

### ***Interest***

The interest rate under the Bridge Facility is equal to the aggregate of the applicable margin plus the applicable EURIBOR rate (subject to a 0.0% floor) for the relevant interest period. The margin is set at 0.40% per annum. Should the Bridge Facility be extended beyond its maturity, the margin would be set at 0.60% for the three-month period following the maturity date and at 0.90% for the subsequent three-month period.

### ***Covenants and events of default***

The Bridge Facility Agreement contains certain representations and warranties, financial covenants and events of default customary for financings of this nature, including payment defaults and default for breach of financial covenants, breach of other obligations, breach of representations and warranties, cross-default, insolvency (or analogous event), cessation of business, creditors’ processes, illegality, repudiation and material adverse change).

The same financial covenants (senior leverage, fixed charge cover and a ratio of unencumbered (real property) asset value to the total unsecured liabilities) as those applicable under the U.S. Private Placement Notes, the 2015 RCF Agreement and the 2016 RCF Agreement (as described above) apply.

### ***Voluntary prepayment***

Shurgard Luxembourg may at any time prepay the loan under the Bridge Facility Agreement, in whole or in part, by giving not less than five business days’ prior notice to the facility agent. In the event of a partial prepayment, the minimum amount to be prepaid shall be €10 million.

### ***Mandatory prepayment with proceeds of the Private Placement***

The Bridge Facility Agreement provides that the net issue proceeds of an issuance of equity or equity-linked instruments or a debt capital markets issue (whether by way of a public or private bond) must be applied towards the prepayment of the loan under the Bridge Facility Agreement.

Consequently, and as set out in more detail in the section “*Reasons for the Private Placement and Use of Proceeds*” above, part of the proceeds of the Private Placement will be applied by the Company and Shurgard Luxembourg towards the repayment of the loan under the Bridge Facility Agreement.

### ***Capital expenditures***

Our ongoing development programs for developments, redevelopments and acquisitions require significant amounts of capital, in addition to annual maintenance expenditure on our existing store network. Substantially all development since 2015 has been funded through proceeds of our operating activities, as supported by borrowings under the U.S. Private Placement Notes for the acquisition of City Box stores in 2015, and periodic drawings from the 2015 RCF and 2016 RCF for certain development, redevelopment and acquisition activity during the periods under review.

The following table shows our Acquisition Expenditure, Development Investment and Maintenance Capital Expenditure during the periods under review:

	Six months ended June 30,	Year ended December 31,		
	2018	2017	2016	2015
	(in € millions)			
Acquisition Expenditure <sup>(1)</sup>	38.4	13.5	5.6	179.3
Development Investment <sup>(2)</sup>	20.8	41.8	36.7	28.6
Maintenance Capital Expenditure <sup>(3)</sup>	3.8	5.7	5.4	4.9

Note:

- (1) Acquisition Expenditure represents our acquisition of businesses, net of cash acquired as per our consolidated statement of cash flows in our Audited Consolidated Financial Statements and our Unaudited Interim Condensed Consolidated Financial Statements.
- (2) Development Investment includes (i) capital expenditures on investment property under construction and completed investment property plus (ii) capital expenditures on property, plant and equipment less (iii) Maintenance Capital Expenditure.
- (3) Maintenance Capital Expenditure represents capital expenditures in relation to health and safety; roofing; property; elevators; heating, ventilation and air-conditioning; and on signage.

Between December 31, 2014 and 2015, we purchased 23 City Box stores in the Netherlands (which increased the size of our network by 21 stores, following the sale of one acquired store and the combination of another with an existing Shurgard store), at a cost of €114.8 million, and five Secur stores in Germany, at a cost of €64.5 million (cash payment in 2015, after transfer of properties on December 31, 2014). During 2015, we made Development Investments of €28.6 million, partially in relation to the completion of three New Stores, each located in the United Kingdom, and one redevelopment project in Sweden, in addition to other development and redevelopment activities at sites that were still under construction at the end of the year.

In 2016, we purchased the business of one store in the United Kingdom, for €5.6 million. During 2016, we made Development Investments of €36.7 million, partially in relation to one New Store that we opened in the United Kingdom and one redevelopment project that we completed in the United Kingdom, in addition to other development and redevelopment at sites that were still under construction at the end of the year. In 2016, our Development Investment included a signage and facelift program that we commenced during the year with the objective to meet new Shurgard standards on the entire facility portfolio. We completed the program for our stores in the Netherlands in 2016.

In 2017, we purchased one store in France, at a cost of €13.5 million. During 2017, we made Development Investments of €41.8 million, partially in relation to two New Stores that we opened in the United Kingdom and five redevelopment projects, including two in France, one in Sweden, one in Belgium and one in the United Kingdom, that we completed in 2017, in addition to other development and redevelopment at sites that were still under construction at the end of the year. Our Development Investment also included our continued signage and facelift program mainly in France and the United Kingdom.

As of the date of this Offering Circular, to date in 2018, we have purchased five Pelican Self Storage stores in Sweden, at a cost of €38.4 million. During the six months ended June 30, 2018, we made Development Investments of €20.8 million, partially in relation to one New Store that we opened in Sweden, in addition to other development and redevelopment at sites that were still under construction at the end of the period, including two stores in Germany expected to open in October 2018 and 2019. Our Development Investment also included our continued signage and facelift program, which we expect to complete during 2018.

Projected costs of our total development and redevelopment pipeline are €70.1 million. We currently have four development projects in our new store pipeline (following the opening of one New Store we opened in Stockholm earlier this year), with one in Germany targeted for completion this year, followed by three additional stores (in Germany, the Netherlands and the United Kingdom) in 2019. Our budgeted cost for these four development projects is €42.6 million. After 2019, we are targeting the development of at least five new stores per year in the medium term. Additionally, we have 12 redevelopment projects in respect of existing stores in our current pipeline, with five targeted for completion during the remainder of 2018 and the other seven before the end of 2020. The total budget for these redevelopment projects is €27.5 million. We also expect to complete the purchase of one new store in London, in October 2018, for a purchase price of

€36.5 million. We have historically managed this store for Public Storage, which achieved income from property (NOI) of approximately €1.0 million in the six months ended June 30, 2018.

### *Maintenance Capital Expenditure*

For 2015, 2016 and 2017, and the six months ended June 30, 2018, we spent €4.9 million, €5.4 million, €5.7 million and €3.8 million, respectively, on Maintenance Capital Expenditure. We operate our stores in a manner that requires relatively low and stable levels of capital expenditure for maintenance. When a tenant moves out, there are generally no improvement costs incurred. Capital expenditure for maintenance is typically limited to the replacement of paint, doors, roofs, security systems and pavement. We are currently completing a project to enhance intrusion protections, which resulted in elevated levels of Maintenance Capital Expenditure during the six months ended June 30, 2018. Occasionally, investments are made to increase the rentable surface of the property (redevelopment) or adjust the unit mix to satisfy local demand (remix). These activities are considered as investment capital expenditure, as they are intended to improve the revenue potential of the building. For accounting purposes, all of these expenditures are capitalized into the cost of the building.

### **Working Capital**

In the opinion of the Company, the Group has sufficient working capital for its present requirements, that is for at least the next 12 months following the date of this Offering Circular.

### **Contractual Obligations and Commitments**

The following table sets out our material contractual obligations and their maturity as of June 30, 2018.

	<b>Total</b>	<b>Payments due by period</b>			
		<b>Less than 1 year</b>	<b>1-3 years</b>	<b>5 years</b>	<b>Over 5 years</b>
		<b>(in € millions)</b>			
Finance lease obligations <sup>(1)</sup>	25.8	1.1	1.9	0.8	22.0
Operating leases <sup>(2)</sup>	112.4	3.4	7.0	3.1	98.9
Contractual Construction Commitments <sup>(3)</sup>	8.9	8.9	—	—	—
<b>Total Contractual Obligations</b>	<b>147.1</b>	<b>13.4</b>	<b>8.9</b>	<b>3.9</b>	<b>120.9</b>

Notes:

- (1) Our finance lease obligations relate to six properties in Belgium and the Netherlands. The liability under these finance leases as presented represents the future minimum lease payments. We have purchase options on one of the Belgian properties exercisable in 2022. The terms of the Dutch finance leases do not provide for any purchase option.
- (2) Our Operating Leases relate to leases we have entered into on our property portfolio, including ground leases with terms of up to 125 years.
- (3) Our Contractual Construction Commitments relate to existing agreements for construction activities at new sites or development or remix activities at existing stores.

### **Off-Balance Sheet Arrangements**

We did not have any off-balance sheet arrangements as of June 30, 2018 that have or are reasonably likely to have a current or future effect on our financial condition, change our financial condition, revenues, expenses, results, operating income, liquidity, capital expenditure or capital reserves that are material to investors.

### **Quantitative and Qualitative Disclosure about Market Risk**

For a summary of our financial risk management objectives and policies, including on foreign exchange risk, credit risk and liquidity risk, see “*Risk Factors*” in this Offering Circular and Note 36 to our Audited Consolidated Financial Statements.

### **Critical Accounting Policies and Estimates**

Our significant accounting policies are more fully described in Note 3 to our Audited Consolidated Financial Statements. Some of our accounting policies require the application of significant judgments and estimates by management that can affect the amounts reported in the financial statements. By their nature, these judgments are subject to a degree of uncertainty and are based on our historical experience, terms of existing contracts, management’s view on trends in the self-storage industry, information from outside sources and other

assumptions that management considers to be reasonable under the circumstances. Actual results could differ from these estimates under different assumptions or conditions.

**Future Accounting Pronouncements**

For further information regarding standards relevant to us that have been issued but are not yet effective, see Note 6 to our Audited Consolidated Financial Statements.

## OVERVIEW OF PAN-EUROPEAN SELF-STORAGE MARKET

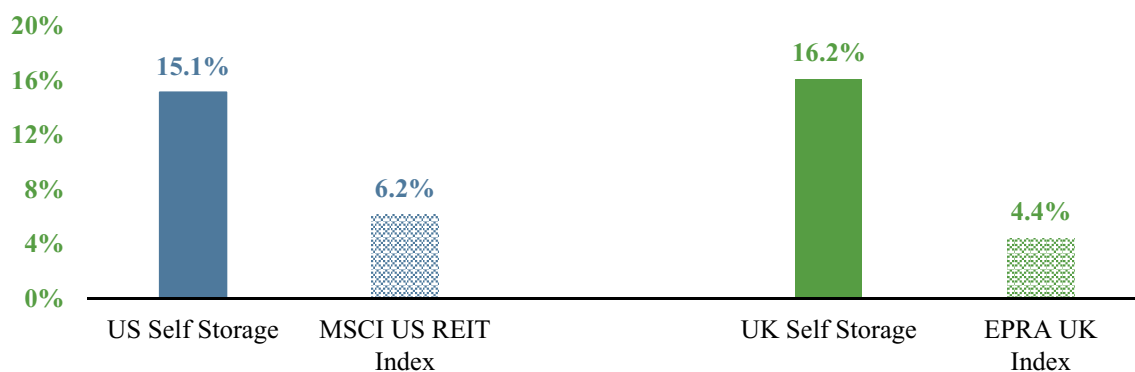
*This section of the Offering Circular has been prepared by Green Street Advisors, an independent specialist real estate research and advisory firm. It is for use by Professional Clients only. Green Street Advisors is not a member of the Royal Institute of Chartered Surveyors or similar professional organization and should not be deemed an expert. Certain information set forth in this section has been derived from external sources, as well as publicly available reports from, inter alia, real estate advisory and research firms. Industry surveys and publications generally state that the information contained therein has been obtained from sources believed to be reliable, but the accuracy and completeness of such information is not guaranteed. Green Street Advisors believes that these industry publications, surveys and forecasts are reliable but has not independently verified them and cannot guarantee their accuracy or completeness. The projections and forward-looking statements in this section are not guarantees of future performance and actual events and circumstances could differ materially from current expectations. Numerous factors could cause or contribute to such differences. None of the information contained herein constitutes Investment Advice as defined in the FCA Handbook.*

### Introduction

The U.S. self-storage space has been one of the most successful property sectors in the U.S. listed real estate market—outperforming the RMZ Index<sup>1</sup> on the basis of total returns to shareholders by circa 900 basis points over the last 10 years<sup>2</sup>.

In Europe, self-storage has also performed strongly, but remains at a much earlier stage of evolution. Only two sizeable listed companies<sup>3</sup> currently operate in the sector, comprising a tiny 1% fraction of Pan-European market cap<sup>4</sup>. Indeed, not a single institutionally focused REIT<sup>5</sup> is currently dedicated to Continental European self-storage.

### Exhibit 1: 10-year Total Shareholder Returns<sup>6</sup>: Self-Storage vs. Broader Market



Source: Green Street Advisors calculations; Bloomberg “Total Shareholder Returns” (May 31, 2008 to May 31, 2018)

The European self-storage industry is not only less mature, but also structurally different: Existing supply is focused more on urban agglomerations than in the United States, where self-storage penetration is higher in suburban locations. The European city-focus bodes well for the industry’s long-term supply/demand dynamics and has positive implications for barriers to new supply, capital expenditure requirements and expected long-term rental growth.

<sup>1</sup> Broad-based MSCI U.S. REIT index, including 152 U.S. REITs across all property sectors.

<sup>2</sup> May 31, 2008 to May 31, 2018. US Self Storage includes Public Storage (PSA), Extra Space (EXR), CubeSmart (CUBE) and Life Storage (LSI), weighted based on gross asset value. UK Self Storage includes Big Yellow (BYG) and Safestore (SAFE), weighted based on gross asset value.

<sup>3</sup> Big Yellow (BYG) and Safestore (SAFE).

<sup>4</sup> Big Yellow and Safestore market cap against Green Street Pan-European coverage. In the United States, four large REITs—Public Storage (PSA), Extra Space (EXR), CubeSmart (CUBE) and Life Storage (LSI)—contribute c.8% to total U.S. REIT market cap.

<sup>5</sup> About 25% of Safestore’s portfolio is located in Paris. Norwegian micro-cap Self Storage Group (SSG) has an asset base valued at €70 million focused on Norwegian, Swedish and Danish markets.

<sup>6</sup> May 31, 2008 to May 31, 2018. US Self Storage includes Public Storage (PSA), Extra Space (EXR), CubeSmart (CUBE) and Life Storage (LSI), weighted based on gross asset value. UK Self Storage includes Big Yellow (BYG) and Safestore (SAFE), weighted based on gross asset value.

## Self-Storage Basics

Self-storage is a niche real estate sector that rents storage units, typically on a monthly basis, to individuals (approximately 75%) and business users (approximately 25%). Individuals primarily use self-storage to store household goods, while businesses usually store excess inventory or archived records.

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. Higher tenant turnover than in other real estate sectors increases the importance of asset management, online marketing, and pricing strategies in this operationally intensive business.

The U.S. self-storage industry has become an established institutionalized sector and is nearing maturity, having grown rapidly over the past 30+ years. The self-storage sector in the United Kingdom and Continental Europe are currently at early stages of secular evolution.

*Storage units often differ in size and can range from 1 square meter to more than 50 square meters (see graphics below for examples).*



~1m<sup>2</sup>



~5m<sup>2</sup>



~15m<sup>2</sup>

## SELF STORAGE BASICS

### DEMAND

- Life changes (e.g. death, divorce, marriage, relocation, moving, university, military)
- Discretionary (i.e. long-term users who need more space to store belongings)—“Accumulators”
- Businesses—attracted by flexibility and service
- Seasonal—highest demand in spring/summer (i.e. the “rental season”)



### SUPPLY

- Relatively few barriers to entry in U.S. market increases appeal to “mom & pop” entrepreneurs. Urban focus of European self-storage industry may make for higher barriers to entry
- Relatively concentrated ownership across Continental Europe: 5 main players have c.40% market share (vs. United States at c.20%)
- Approximately 9 million square meters in Pan-Europe, or about 17 square meters per 1,000 inhabitants (vs. United States at about 650 square meters per 1,000 inhabitants)



### OPERATIONS

- Management-intense operating business, though tenant usage/wear and tear lower than hotel and residential
- Operating scale is critical, efficiencies can be achieved, especially on expenses
- Impressive NOI growth history versus other property types; this advantage is amplified by low capital expenditure
- Shift to internet-driven marketing strategies vs. “Yellow Pages” approach in the past (c.60% of European self-storage enquiries come from online)



### UNIT PRICING

- Tenants pay rent inclusive of rates and utilities (i.e. paid by the storage operator and recovered in the rent)
- Month-to-month leases; rate increases can come at any time usually 1-2x per year
- Like airlines and hotels, yield management systems lead to different tenants paying different rates
- Non-payers get their locks cut and stored goods sold (although rare)

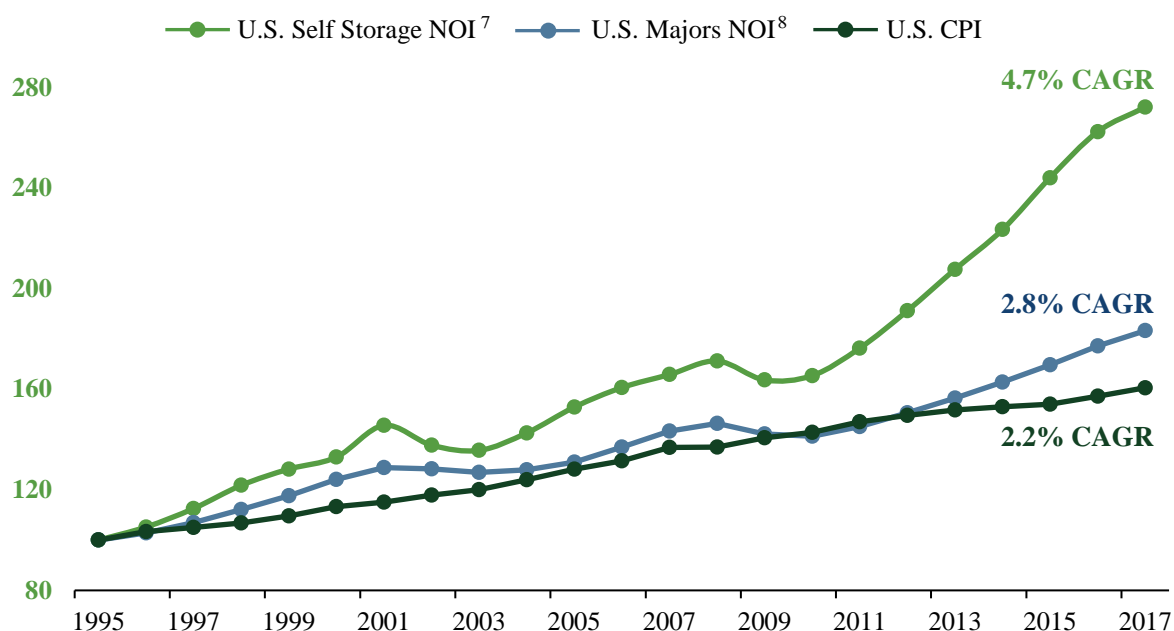


## Lessons From the United States: Mature Sector with Strong Returns

Self-storage has become an accepted institutional property type in the United States over its five decades of existence, growing from a supply base of 80 million square meters in the mid-1990s to 215 million square meters today.

Favourable macroeconomic trends and steadily increasing consumer awareness have supported strong growth in self-storage operating fundamentals: Same-store net operating income (NOI) grew at a compounded annual growth rate of 4.7% over the last 23 years—outpacing inflation and U.S. Majors by 250 and 190 basis points, respectively. Outperformance has been consistent since the mid-1990s, with self-storage NOI growth exceeding U.S. Majors in 18-of-23 years. The level of NOI outperformance has increased since 2010, even as the U.S. self-storage market matured.

### Exhibit 2: U.S. Same-Store NOI Growth vs. Inflation



Source: Green Street Advisors; U.S. Bureau of Labor Statistics—Consumer Price Index for All Urban Consumers (CPI-U) for the years 1995–2017

Numerous factors have shaped the evolution of the sector: Population growth, mobility, increasing personal wealth and a trend towards higher storable goods consumption, among them. One factor in particular underpins the *sustained* trajectory the sector has enjoyed—the utilization rate, i.e. the percentage of the U.S. population who are using self-storage.

Since the mid-1990s, the utilization rate has doubled from just under 4% to almost 8% of the U.S. population. This strong growth in market penetration has outweighed any negative impact from evolving consumption trends<sup>9</sup>, new supply of self-storage facilities and periodic macroeconomic headwinds. Same-store NOI growth averaged nearly 5% between 2006 and 2015, even as the global financial crisis and changing consumer demands reduced the storable goods<sup>10</sup> growth rate compared to the prior decade.

<sup>7</sup> U.S. Self-Storage NOI consists of all U.S. self-storage REITs in Green Street's coverage universe during the period 1995–2017—CubeSmart (formerly U-Store-It), Extra Space, Life Storage (formerly Sovran Storage Centers), Public Storage, Shurgard Storage Centers and Storage USA

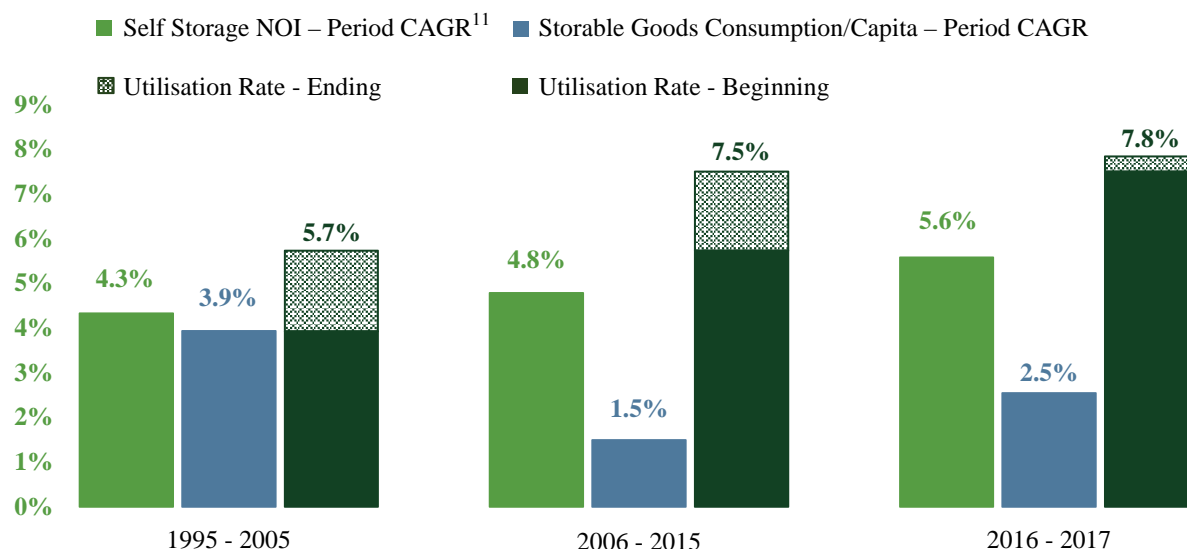
<sup>8</sup> U.S. Majors NOI consists of all REITs in Green Street's coverage universe during the period 1995–2017 in the following sectors: Apartments, industrials, office, malls and strip centers

<sup>9</sup> Since the 1990s, greater spending on services—e.g. healthcare, housing, education, experiential retail—has come at the expense of storable goods (as defined by Green Street Advisors: Furniture, appliances, clothing, other recreational items). In addition, advancing technologies are reducing the size of storable goods or replacing them altogether—LP records were initially replaced by cassette tapes and CDs, for example...CDs were in turn replaced by digitized music.

<sup>10</sup> U.S. Self-Storage NOI consists of all U.S. self-storage REITs in Green Street's coverage universe during the period 1995–2017—CubeSmart (formerly U-Store-It), Extra Space, Life Storage (formerly Sovran Storage Centers), Public Storage, Shurgard Storage Centers and Storage USA.



### Exhibit 3: U.S. Same-Store NOI Growth vs. Utilization Rate vs. Spending on Storable Goods



Source: Green Street Advisors; U.S. Self Storage Almanac for the years 1996-2017; U.S. Bureau of Economic Analysis—Storable goods consumption for the years 1996–2017

Changing consumer preferences may be a global phenomenon as IKEA’s Steve Howard suggests in his “peak stuff” thesis<sup>12</sup>. Notwithstanding, the slowdown in storable-goods consumption is likely more advanced in the United States than in Europe: For the European Union as a whole, growth for clothing, footwear and household furnishings is expected to be *higher* over the next 10 years than it has been since the year 2000, with economies like the Netherlands, Denmark, Belgium and Germany expected to grow quickest, while Sweden and the United Kingdom shrink<sup>13</sup>. Most importantly, the early stage of secular development of Europe’s self-storage industry suggests that awareness and utilization of the service should increase strongly over the medium and long term.

Strong direct-market fundamentals have been mirrored in long-term public market performance: Self-storage REITs have outperformed nearly every other sector, generating average annual shareholder returns of 15% over the last 15 years.

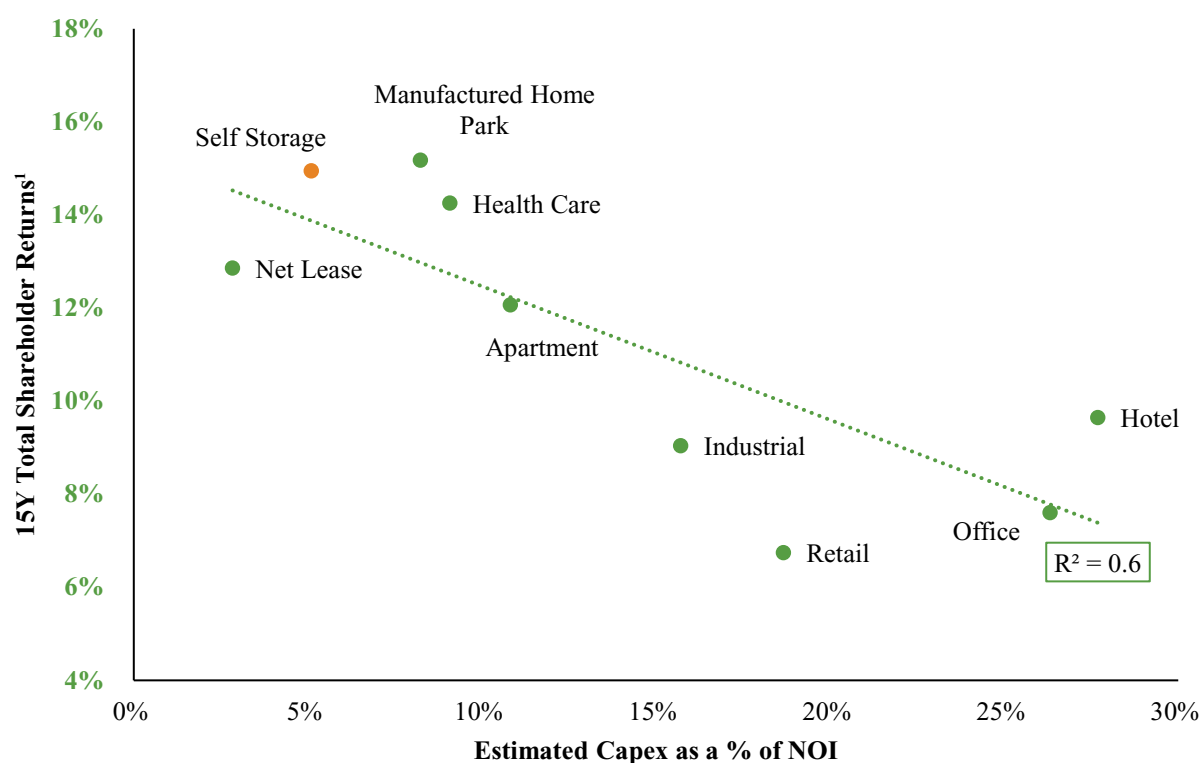
The sector’s low capital expenditure requirements help explain this strong performance. Long-term studies of REIT returns demonstrate a negative relationship with full-cycle capital expenditure requirements across different sectors: The higher the all-in cost to maintain economic viability of the asset base, the worse the long-term performance.

<sup>11</sup> U.S. Self-Storage NOI consists of all U.S. self-storage REITs in Green Street’s coverage universe during the period 1995-2017—CubeSmart (formerly U-Store-It), Extra Space, Life Storage (formerly Sovran Storage Centers), Public Storage, Shurgard Storage Centers and Storage USA.

<sup>12</sup> Steve Howard, IKEA’s Head of Sustainability, suggested at the Guardian Sustainable Business debate in early 2016 that “If we look on a global basis, in the west we have probably hit peak stuff. We talk about peak oil. I’d say we’ve hit peak red meat, peak sugar, peak stuff ... peak home furnishings”.

<sup>13</sup> Oxford Economics historical data for 2000 to 2017 and projections for 2018 to 2027. Storable goods growth for Shurgard Europe’s markets is expected to be roughly flat over the next 10 years versus the 2000–2017 period, whereby average growth is weighted by Shurgard Europe’s square meter portfolio exposure to the respective European markets.

#### Exhibit 4: U.S. Long-term Capital Expenditure vs. Total Shareholder Returns<sup>14</sup>



Source: Green Street Advisors estimates and calculations; Bloomberg "Total Shareholder Returns" (May 31, 2008 to May 31, 2018)

#### U.S. and Pan-European Comparison

The Pan-European<sup>15</sup> self-storage industry is much smaller and less developed than in the United States. The U.S. market currently comprises circa 215 million square meters of self-storage space—roughly 25x the size of the Pan-European industry. Differences in penetration per capita are similarly stark with approximately 650 square meters of self-storage space available per 1,000 U.S. inhabitants versus only about 17 square meters in Pan-Europe.

#### Exhibit 5: Comparing U.S., U.K. and Pan-Europe Self-Storage Markets

	As at December 2017		
	U.S.	U.K.	Selected Pan-EU Markets <sup>16</sup>
Total Lettable Area—000s Sqm	215,000	3,900	7,000
Total Number of Facilities	54,100	1,430	2,530
Average Facility Size—Sqm	4,000	2,700	2,800
Lettable Area Sqm per 1,000 Inhabitants	656	60	31
Industry Annual Turnover	\$ 40.0bn	£0.8bn	N/A

Source: Green Street Advisors; FEDESSA European Self Storage Annual Survey 2017; The Self Storage Association U.K. Annual Industry Report 2018; U.S. Self Storage Almanac 2018

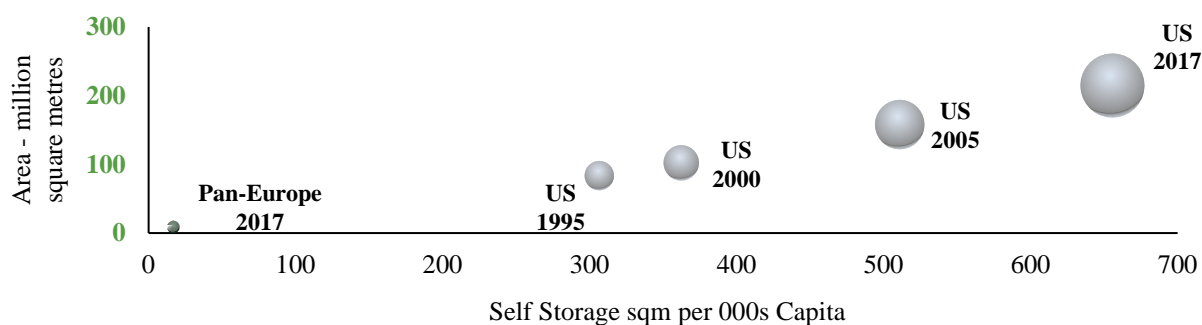
A historical review of growth in the U.S. self-storage market, both in absolute and per capita terms, highlights Europe's much earlier stage of evolution: Pan-European market size and penetration remains dramatically below where the United States was over 20 years ago. Relative under-penetration in Europe is unsurprising given more recent commencement of development efforts—the first self-storage assets were opened in Germany only in 2003, for example.

<sup>14</sup> Total shareholder returns as per Bloomberg for the period May 31, 2003 to May 31, 2018.

<sup>15</sup> The 28-member states of the European Union. Total Pan-European self-storage stock is estimated at 8.7 million square meters

<sup>16</sup> Includes Belgium, Denmark, France, Germany, the Netherlands, Sweden and the United Kingdom.

**Exhibit 6: Evolution of Size of the Self-Storage Market in the United States and Pan-Europe**



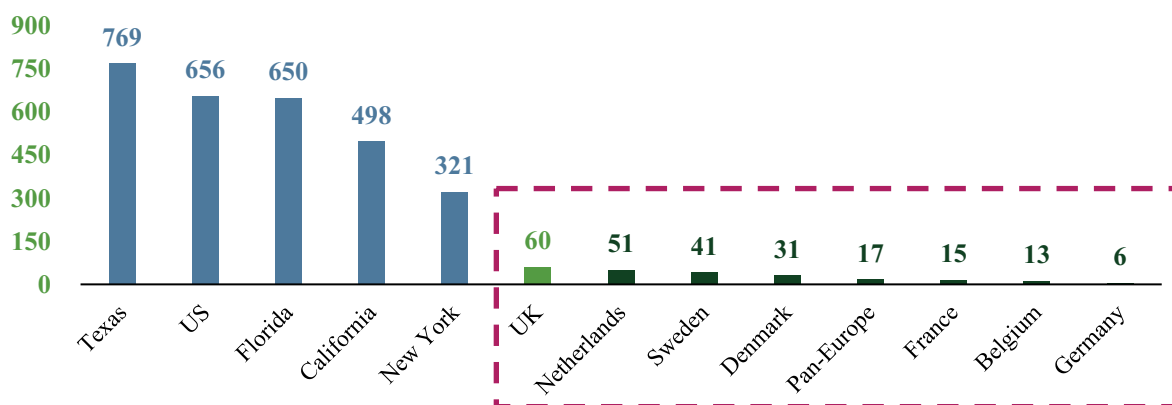
*Note: Bubble sizes reflect estimated turnover (e.g. U.S. turnover in 2017 equates to \$40 billion)*

*Source: Green Street Advisors; FEDESSA European Self Storage Annual Survey 2017; U.S. Self Storage Almanac 2018*

A comparison of U.S. states and European countries highlights significant differences in regional penetration on both sides of the Atlantic. In Texas, self-storage penetration is significantly above the U.S. national average, for example. Easy availability of development land and widespread construction of single-story bungalows and ranches in this market might help explain high self-storage penetration (this style of home generally does not include an attic or basement).

European penetration rates also vary widely by country. In the United Kingdom—the oldest and most established of Europe’s self-storage markets—about 60 square meters of self-storage space is available per 1,000 inhabitants. By contrast, in Germany where the concept of self-storage is still largely unknown, penetration is roughly 1/10 the U.K. level.

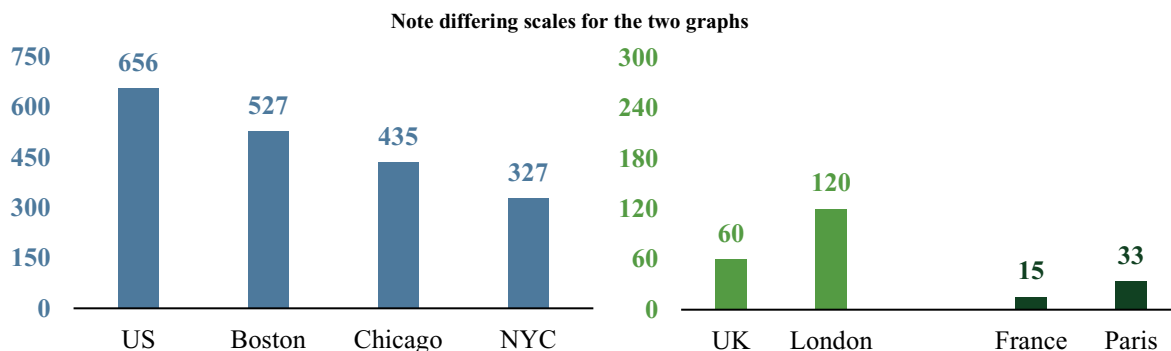
**Exhibit 7: Self-Storage Supply: Sqm per 1,000 Inhabitants**



*Source: Green Street Advisors calculations; FEDESSA European Self Storage Annual Survey 2017; U.S. Self Storage Almanac 2018*

The U.S. and Europe are different not only in terms of evolution, but also in terms of demographic structure: U.S. population density is less than one-third that of Europe and suburban living is more common. Self-storage supply is higher in the suburbs than in the cities, with New York City supply per capita at roughly one-half the level of the U.S. as a whole.

## Exhibit 8: City vs. Suburban: Sqm per 1,000 Inhabitants

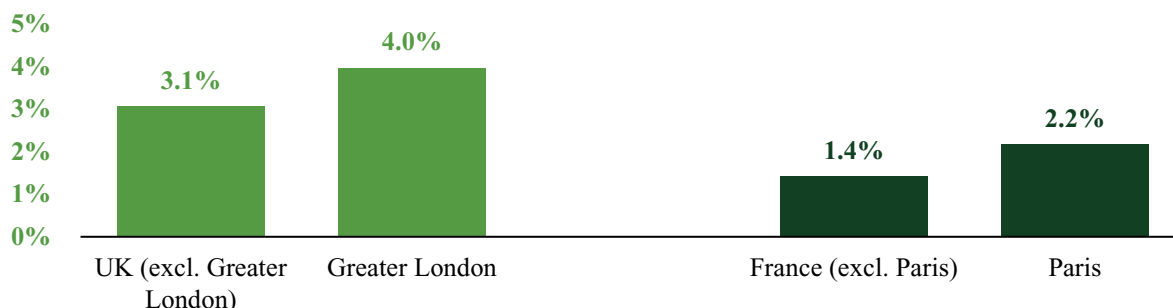


Source: Green Street Advisors calculations; FEDESSA European Self Storage Annual Survey 2017; U.S. Self Storage Almanac 2018; CBRE Self Storage New Construction Report—Q3 2017, Safestore Full Year Results Presentation—Jan 2018

In Europe, the reverse is true. Self-storage availability is higher *within* cities or on the outskirts of cities: Paris and London supply per capita are each twice the respective country averages. Even still, European cities remain dramatically undersupplied by comparison to the United States. London and New York City both have similar population density, while London has only about one-third the self-storage supply per capita. Paris is even more starkly undersupplied, with population density almost twice as high as New York City, but supply at only approximately 10% of the U.S. city's level.

Unsurprisingly, European operating fundamentals in urban locations have outpaced suburban locations. Greater London compounded annual Revenue per Available Square Meter (RevPAM)<sup>17</sup> growth was 90 basis points ahead of the U.K.-ex-London over the last four years. Parisian outperformance vs. regional growth was at a similar level.

## Exhibit 9: Urban / Suburban RevPAM<sup>18</sup> Growth Comparison—CAGR 2013–2017



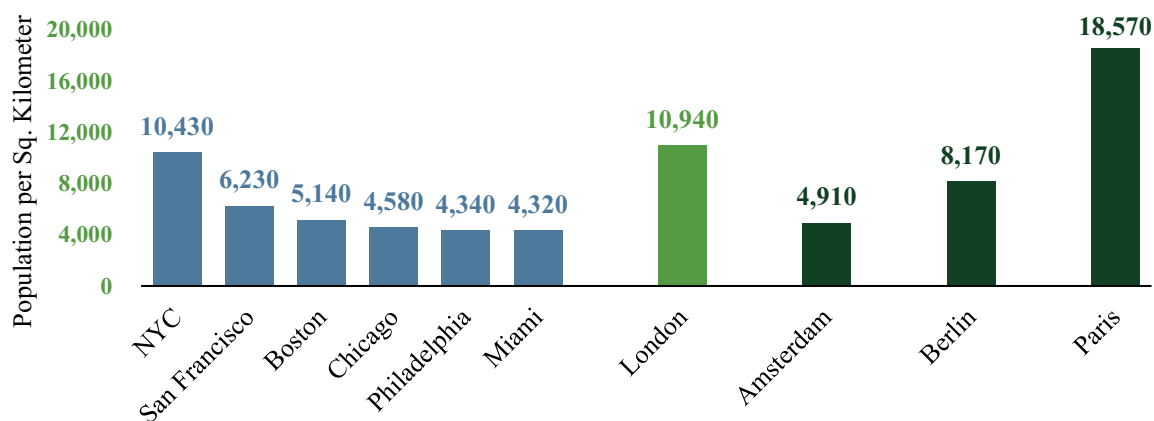
Source: Shurgard Europe Disclosure; Green Street calculations

The focus of European self-storage providers on high-density, urban markets may be particularly impactful in Continental virgin territory, like Germany and France, where supply per capita remains de minimis, yet urban density is high. Berlin is more densely populated than Boston, Chicago and many other large cities in the United States. Paris is almost twice as dense as New York City.

<sup>17</sup> Total store revenue divided by the total lettable area (square meters), including occupied and vacant space

<sup>18</sup> Total store revenue divided by the total lettable area (square metres), including occupied and vacant space

**Exhibit 10: Population Density—Pan-Europe vs. the United States**



Source: U.S. Census Bureau: 2010 U.S. Census, PBL Netherlands Environmental Assessment Agency: Cities in Europe—May 2016; World Population Review 2016

Urban-focus also has longer-term implications for self-storage supply/demand dynamics, as demographic tailwinds support rental demand, while scarcity of city-near development sites and an eventual rise in urban land costs helps insulate European early movers from future supply additions.

Land prices additionally impact capital expenditure requirements. Self-storage assets within or close to cities are likely to attract higher rents and cost more to develop than suburban assets: Urban land is more expensive than suburban land. Construction costs *excluding* land may be quite similar, however. The urban asset's depreciable base is therefore similar on an absolute basis, but lower when put in relationship with the asset's higher rents.

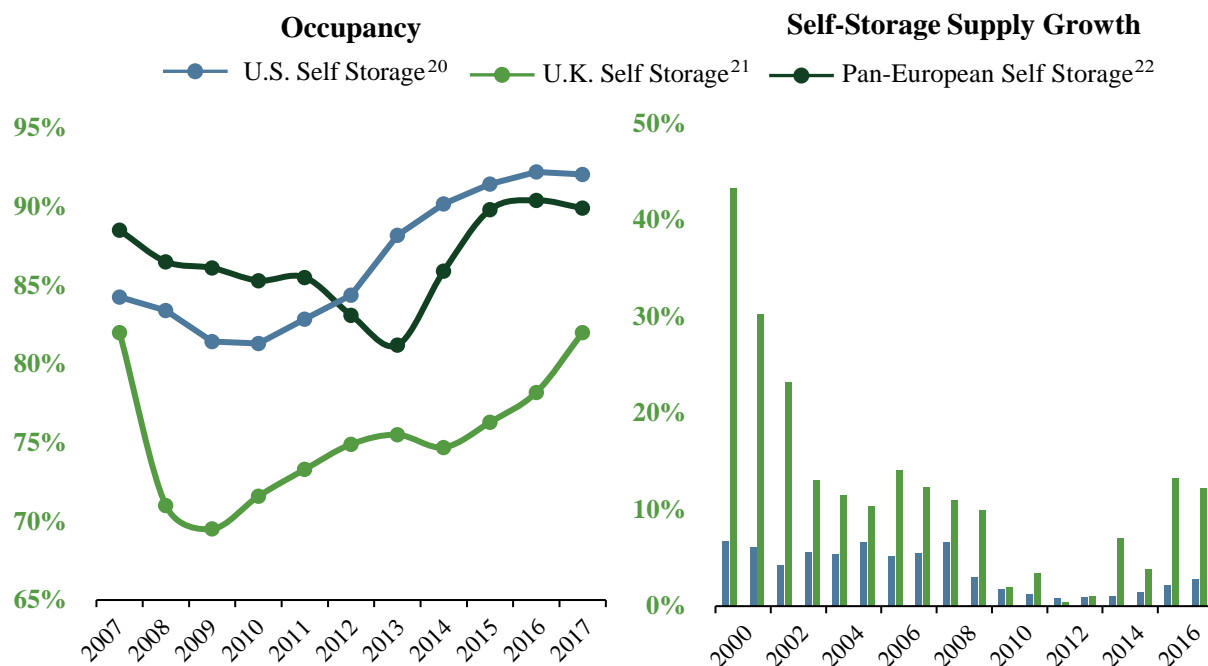
Demand trends over the last decade have been broadly positive for the United States, the United Kingdom and Continental Europe, though the global financial crisis impacted all three geographies differently. U.S. same-store occupancy dipped least and recovered quickest. The United Kingdom suffered most severely. And Continental Europe experienced the most prolonged downturn, as the Euro-crisis of 2012 continued to pressure real estate fundamentals, even as other geographies had begun to recover.

Supply additions are likely the single biggest factor explaining the development in occupational markets. In the United Kingdom, where same-store<sup>19</sup> occupancy dropped 12 percentage points during the global financial crisis, self-storage stock had *tripled* in the pre-crisis period up to 2007. Even during the deepest recessionary period of 2008 and 2009, U.K. supply additions continued at an average annual pace of around 10%. A second, smaller occupancy dip between 2013 and 2014 may be in part related to another factor: the introduction of a 20% Value-Added Tax ("VAT") to the self-storage industry, which was previously exempt. Some operators passed increased taxes through to customers in the form of double-digit rate hikes, which in turn depressed occupancy levels.

U.S. supply additions were more moderate by comparison, averaging around 6% per annum between 2000 and 2007. While reliable long-term supply data is unavailable for Continental Europe (complicating direct comparison with the United Kingdom and United States), the Continent's low current level of self-storage stock suggests that supply grew at a slower pace than in the United Kingdom.

<sup>19</sup> U.K. occupancy data based on Big Yellow "established" and "mature" stores. Big Yellow store-maturity definition changes during review period, complicating comparability of same-store occupancies with previous and following years and making U.K. data not fully comparable with U.S. and Pan-European data

## Exhibit 11: Occupancy in the United States, United Kingdom and Pan-Europe & Supply in the United States and United Kingdom



Source: Green Street Advisor, Public Storage Annual Reports for the years 2007–2017; Big Yellow Annual Reports for the years 2007–2017; U.S. Self Storage Almanac for the years 2000–2017

A second key factor affecting self-storage fundamentals is the level of residential housing transactions<sup>23</sup>. In the United Kingdom, a near-50% drop-off in housing transactions, coupled with the abovementioned glut in supply, contributed to the ‘07–’09 occupancy decline. U.K. operators<sup>24</sup> reacted by *boosting* average rates in an effort to mitigate the impact on overall revenue, exploiting inelastic demand<sup>25</sup> in some customer segments. It is notable that the U.S. occupancy decline was much milder than the United Kingdom’s, despite a similarly severe collapse in housing transactions—again underlining the potentially significant impact of *new supply* on crisis-period operating fundamentals.

In Continental Europe, housing transactions declined less severely during the global financial crisis than in the United States or the United Kingdom, but dipped again in 2013. Including both crises, the Continent’s 8 percentage point peak-to-trough occupancy decline was below the United Kingdom’s—but measured in the same order of magnitude. Similar to the United Kingdom, operators in some of the hardest-hit geographies—notably the Netherlands—initially raised rates, even as occupancies began to decline, before eventually cutting prices to regain occupancy.

<sup>20</sup> U.S. occupancy data is based on Green Street Advisors estimates and Pan-European occupancy data is based on Public Storage disclosures for same-store occupancy for the Shurgard Europe portfolio

<sup>21</sup> U.K. occupancy data based on Big Yellow “established” and “mature” stores. Big Yellow store-maturity definition changes during review period, complicating comparability of same-store occupancies with previous and following years and making U.K. data not fully comparable with U.S. and Pan-European data

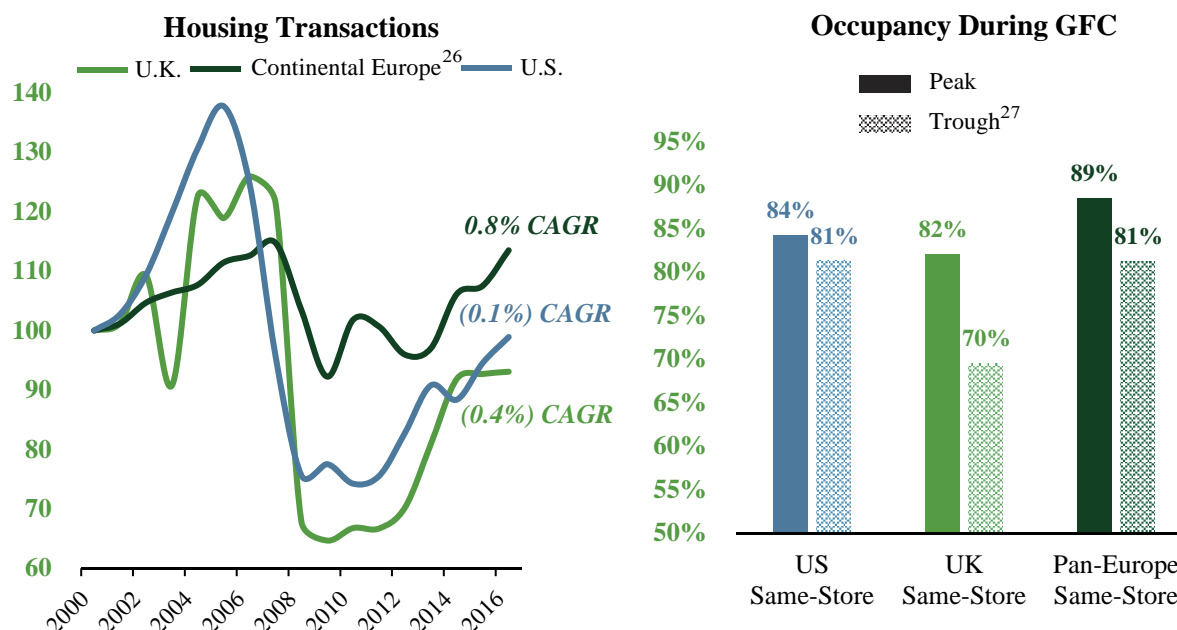
<sup>22</sup> U.S. occupancy data is based on Green Street Advisors estimates and Pan-European occupancy data is based on Public Storage disclosures for same-store occupancy for the Shurgard Europe portfolio

<sup>23</sup> 25–50% of self-storage demand is estimated to derive from residential activity, based on Big Yellow and Safestore disclosures

<sup>24</sup> Based on Big Yellow disclosures (March 2009)

<sup>25</sup> Based on Big Yellow disclosures (March 2009, March 2010), management maintained “the ability to manage rental yield through price increases”, despite occupancy losses in the owner-occupier customer segment (~30% of the tenant base)

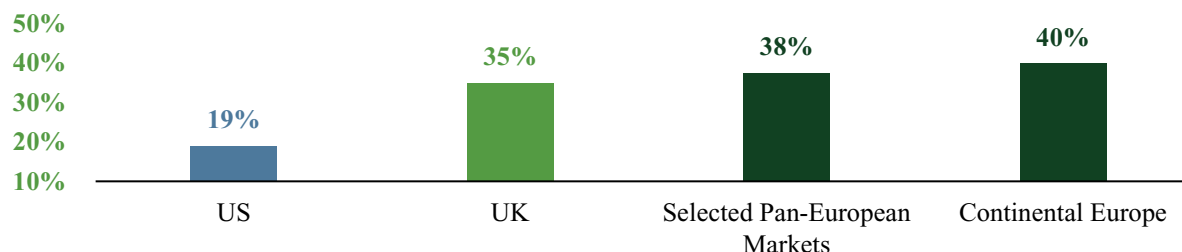
## Exhibit 12: Housing Transactions & Self-Storage Occupancy



Source: Green Street Advisors; European Central Bank “Statistical Data Warehouse” for Continental Europe; Office of National Statistics: UK Property Transaction Statistics—May 2018; Big Yellow Annual Reports for the years 2007–2010; Public Storage disclosure for Shurgard Europe for years 2007–2013

Concentration of ownership for self-storage facilities is significantly higher in Europe than in the United States—and in turn, higher on the Continent than in the United Kingdom. A more concentrated market suggests greater pricing power for larger operators in Europe, as local “mom and pop” competitors are less easily able to undercut prices.

## Exhibit 13: Five Largest Operators—Market Concentration in square meters



Note: Selected Pan-European Markets include Belgium, Denmark, France, Germany, Netherlands, Sweden and the United Kingdom, based on Shurgard’s portfolio exposure

Source: Green Street Advisors; FEDESSA European Self Storage Annual Survey 2017; U.S. Self Storage Almanac 2018; Public Storage ‘17 Annual Report

Pricing power is additionally driven by occupancy level: Once a given store (or portfolio) has reached stabilized occupancy<sup>28</sup> in the mid-80% to 90%-range, operators are more easily able to put through price increases. New tenants are typically price-sensitive before their initial move-in decision, but less so once they have taken up tenancy and are faced with a rate increase. An operator of a pre-stabilized asset, who aims to *fill* vacant space, must therefore cater to a large number of price-sensitive new tenants. By contrast, an operator of a stabilized asset, needs only to *replace* a smaller number of vacating tenants with price sensitive new tenants, and has the ability to raise rates for a larger number of in-place tenants. Based on current Continental occupancy levels in the 90% range, the prospect for medium-term rental growth therefore appears attractive.

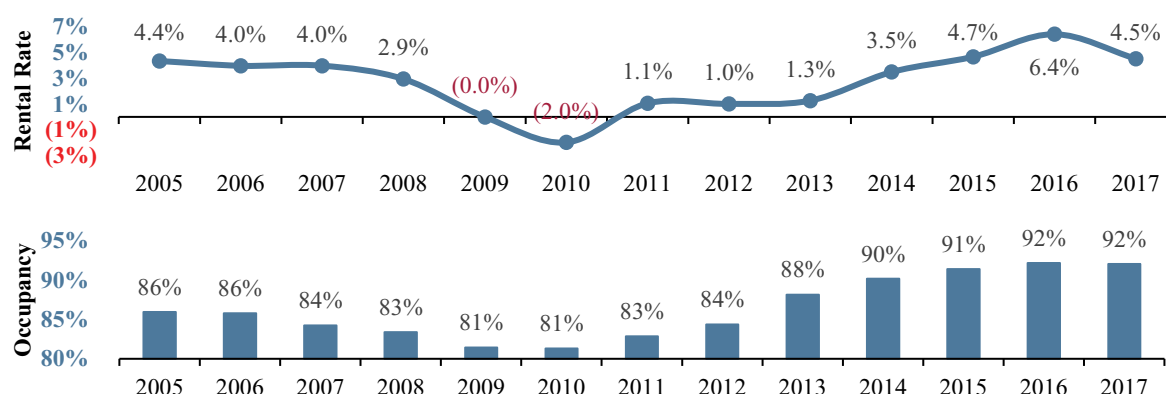
<sup>26</sup> Includes Belgium, France, the Netherlands and Sweden, equal-weighted

<sup>27</sup> Pan-Europe’s trough at 81% occurred in 2013 during the Euro-crisis

<sup>28</sup> Usually after 3–4 years, based on Big Yellow disclosures

This pricing-power “tipping point” stands out in U.S. self-storage operators’<sup>29</sup> historical results. Strong rate hikes between 4–6% occurred in 2005 to 2007 and 2015 to 2017. During both periods occupancies had risen to the mid-80% to low-90% range.

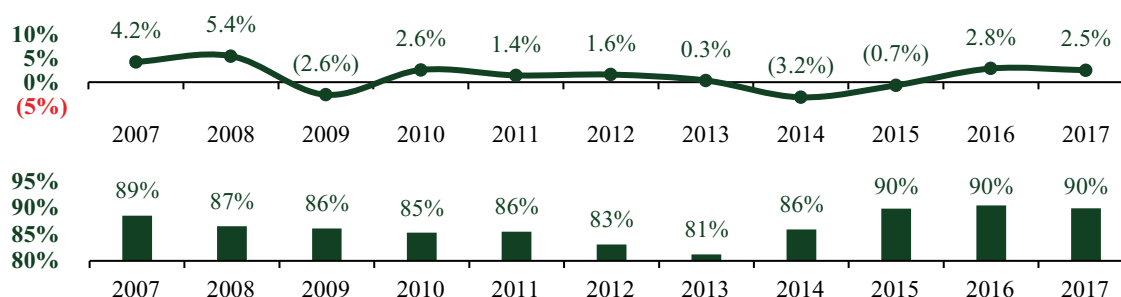
**Exhibit 14: U.S. Same-Store Evolution: Rental Rate Growth vs. Occupancy<sup>30</sup>**



Source: Green Street Advisors; U.S. company Annual Reports and 10Ks for the years 2005–2017 (Public Storage, Extra Storage, CubeSmart and Life Storage)

Similar to the U.S. rental rate evolution above, Pan-European same-store rates posted the strongest growth when occupancies were close to or in the 90%-range—i.e. in 2007/2008 and again in the most recent 2016/2017 period.

**Exhibit 15: Pan-European Same-Store Evolution: Rental Rate Growth vs. Occupancy**



Source: Green Street Advisors; Public Storage disclosure for Shurgard Europe

In the self-storage sector, tenants are often less sensitive to price increases once they have occupied their unit<sup>31</sup>—i.e. their “move out” / “stay” decision is sooner dictated by non-price factors, such as the time required to complete a home-move, than by rental rate.

In addition to market pricing power, larger operators also benefit from various scale/operating efficiencies vis-à-vis smaller platforms:

- Call centers offer a sales/service advantage
- Centralized and sophisticated pricing and yield-management systems
- Internet marketing capabilities

Beyond the ability to fund and implement complex technology and systems rollouts, larger platforms also benefit from “fixed-cost spreading”. As the chart below shows, larger portfolios are associated with higher operating margins and lower G&A load—i.e. corporate expense in relation to gross asset value. This relationship holds both in the United States as well as in Europe.

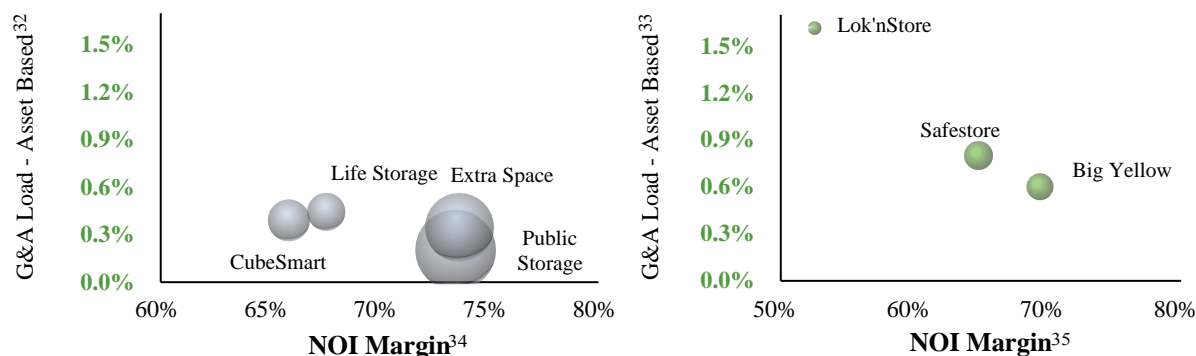
<sup>29</sup> Same-store data from Public Storage, Extra Storage, CubeSmart and Life Storage

<sup>30</sup> Same-store data from Public Storage, Extra Storage, CubeSmart and Life Storage

<sup>31</sup> Though initial “move in” decisions are more closely related to rental rates and rent-free periods/discounts offered



## Exhibit 16: G&A Load vs. Net Operating Margins



Note: Bubble sizes reflect managed area (Public Storage manages ~13 million sqm and Safestore manages approximately 0.5 million sqm)

Source: Green Street Advisors; Public Storage 10K 2017; Extra Space 10K 2017; CubeSmart 10K 2017; Life Storage 10K 2017; Big Yellow 2018 Annual Report; Safestore 2017 Annual Report; Lok'NStore 2017 Annual Report

## Pan-European Demand Drivers

The increase in utilization rate—from 4% in the mid-90s to 8% currently—has been the single biggest driver of favourable U.S. self-storage fundamentals. While comprehensive utilization data is not available for Europe, the U.K. Self Storage Association estimates that “less than 2% of the U.K. population are using self-storage”.

If the above estimate is broadly accurate, it suggests that the United Kingdom is decades behind the United States in terms of consumer awareness and utilization. Continental Europe—which lags the United Kingdom in terms of absolute and per capita market penetration—would be at an even earlier phase of evolution.

In addition to utilization rate, other macro and demographic factors are also important demand drivers. After a review of several potential factors, the following four appear to play an important role in determining the strength of historical self-storage operating fundamentals: Job growth, growth in household disposable income, urban population growth and growth in consumer spending on storable goods.

As shown in the table below, Sweden and the United Kingdom have posted the strongest performance on these factors during the past five years, while France and Belgium have experienced relatively lagging demand-driver growth.

## Exhibit 17: Economic & Demographic Demand Drivers

Trailing 5-Year CAGR	Weighting 25%	Weighting 25%	Weighting 25%	Weighting 25%
	Job Growth	Household Disposable Income Growth	Urban Population Growth	Consumer Spending on Storable Goods Growth
Belgium . . . . .	0.7%	0.6%	0.6%	0.4%
Denmark . . . . .	0.7%	2.2%	0.8%	1.9%
France . . . . .	0.5%	1.0%	0.8%	0.4%
Germany . . . . .	1.0%	1.6%	0.8%	1.0%
Netherlands . . . . .	0.6%	0.9%	1.1%	1.1%
Sweden . . . . .	1.6%	2.7%	1.2%	3.7%
United Kingdom . . . . .	1.8%	1.5%	1.0%	4.6%

Source: Green Street Advisors calculations; Oxford Economics “European Cities And Regional Forecasts” for the years 2013—2017; World Bank—Urban population growth for the years 2013—2017

<sup>32</sup> G&A load based on Green Street estimates for total asset value & 1-yr forward G&A, except for Lok'nStore. Lok'nStore G&A load based on reported total asset value (fair value basis) and reported G&A, including “general overheads” + a 26% allocation of reported “staff costs”, in line with Safestore’s percentage of “key management compensation” within “total staff costs”

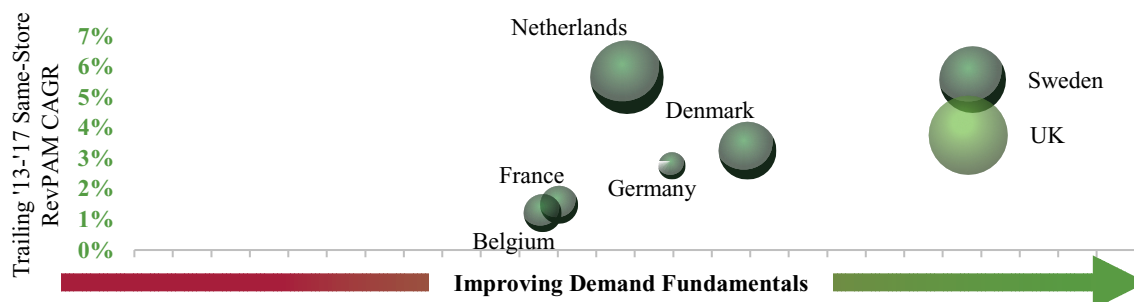
<sup>33</sup> G&A load based on Green Street estimates for total asset value & 1-yr forward G&A, except for Lok'nStore. Lok'nStore G&A load based on reported total asset value (fair value basis) and reported G&A, including “general overheads” + a 26% allocation of reported “staff costs”, in line with Safestore’s percentage of “key management compensation” within “total staff costs”

<sup>34</sup> U.S. NOI margins = (operating revenue—property opex or cost-of-operations, including real-estate taxes) / operating revenue

<sup>35</sup> Big Yellow & Safestore NOI margins = gross profit / revenue. Lok'nStore NOI margin = (revenue — property costs — distribution costs — retail products cost of sales — staff costs x 74%) / revenue. 74% staff-cost allocation to property opex in line with Safestore disclosure, which indicates 26% of total staff costs are attributable to “key management compensation”

Strength of operating fundamentals, in turn, is best described by RevPAM growth—a measure that captures both rental rate growth and occupancy gains. The chart below plots trailing RevPAM growth against a demand score composed of the four macro-demographic factors.

#### Exhibit 18: Economic & Demographic Demand Drivers



Note: Bubble sizes reflect size of the market in square meters per capita

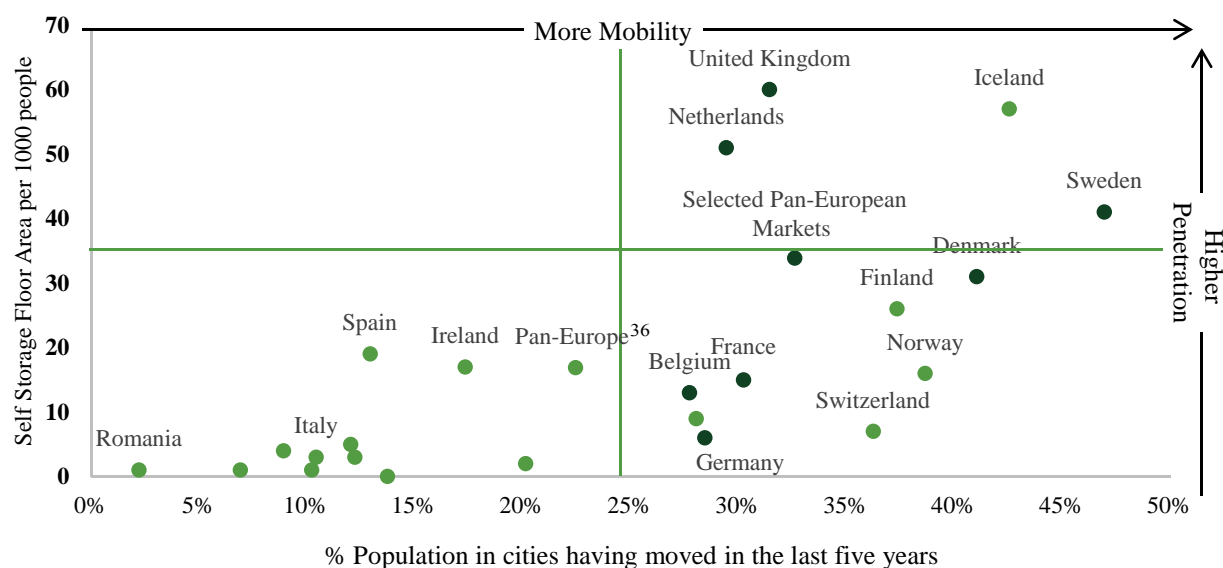
Source: Green Street Advisors calculations; Shurgard Europe disclosure; FEDESSA European Self Storage Annual Survey 2017; Oxford Economics “European Cities And Regional Forecasts” for the years 2013–2017; World Bank - Urban population growth for the years 2013–2017

Since 2013, RevPAM growth has been strongest in the Netherlands, Sweden and the United Kingdom. All three countries (together with Iceland) have the highest self-storage penetration in Europe. RevPAM growth in both Sweden and the United Kingdom were initially driven by strong occupancy gains, then boosted by rental rate hikes, once both markets had reached stabilized occupancies in the high-80% to low-90% range. Both economies were supported by a positive macro backdrop, with consumer spending on storable goods growing at 3.7% and 4.6% per annum, for Sweden and the United Kingdom, respectively during that period—well above the Pan-European average. In the Netherlands, RevPAM was boosted primarily by occupancy gains of more than 20 percentage points, starting from a low-60% level and reaching stabilization in the high-80s. Similar to the United Kingdom and Sweden, rental rate growth also accelerated in the Netherlands, once stabilized occupancies had been reached. By contrast, Italy showed flat-to-negative disposable household income growth and modest growth in consumer spending on storable goods.

Mobility—i.e. propensity to move home—is an additional factor contributing to self-storage demand, as higher mobility would typically indicate greater demand for self-storage. Markets in the bottom-right quadrant (like Denmark) screen particularly well on this metric, given high urban mobility but only moderate per capita self-storage penetration.

Note that the top-right “higher penetration” / “more mobility” quadrant does not necessarily imply oversupplied markets: Penetration for *all pan-European markets*, including the United Kingdom and the Netherlands, remains very low by comparison to the United States—which is more than 10x the United Kingdom’s per capita penetration level. A direct comparison to the United States on mobility is harder to make based on insufficient data availability, though Green Street believe that U.S. mobility would screen at the high-end of the European spectrum, roughly in line with Nordic countries such as Sweden or Denmark.

**Exhibit 19: Mobility vs. Storage Penetration**



Note: Selected Pan-European Markets include Belgium, Denmark, France, Germany, Netherlands, Sweden and the United Kingdom weighted based on Shurgard's portfolio exposure

Source: Green Street Advisors calculations; FEDESSA European Self Storage Annual Survey 2017; Eurostat: "People in the EU—who are we and how do we live?" published online in 2017 (data as of 2012)

### Self-Storage Outlook and Sector Comparison

The following discussion of the pan-European self-storage market contains forward-looking statements that involve risks and uncertainties as a result of various factors, including those described under "Risk Factors" and "Important Information—Forward-Looking Statements". Our look-forward return estimates should not be considered to be a valuation or fairness opinion.

Self-storage has notably low capital expenditure leakage versus other property types. Green Street estimates self-storage capital expenditure requirements of €5 to €7 per square meter per year and about 3.5% as a percentage of Net Rental Income<sup>37</sup> (NRI). By comparison, capital expenditure needs for hotels<sup>38</sup> are close to 30% as a percentage of NRI.

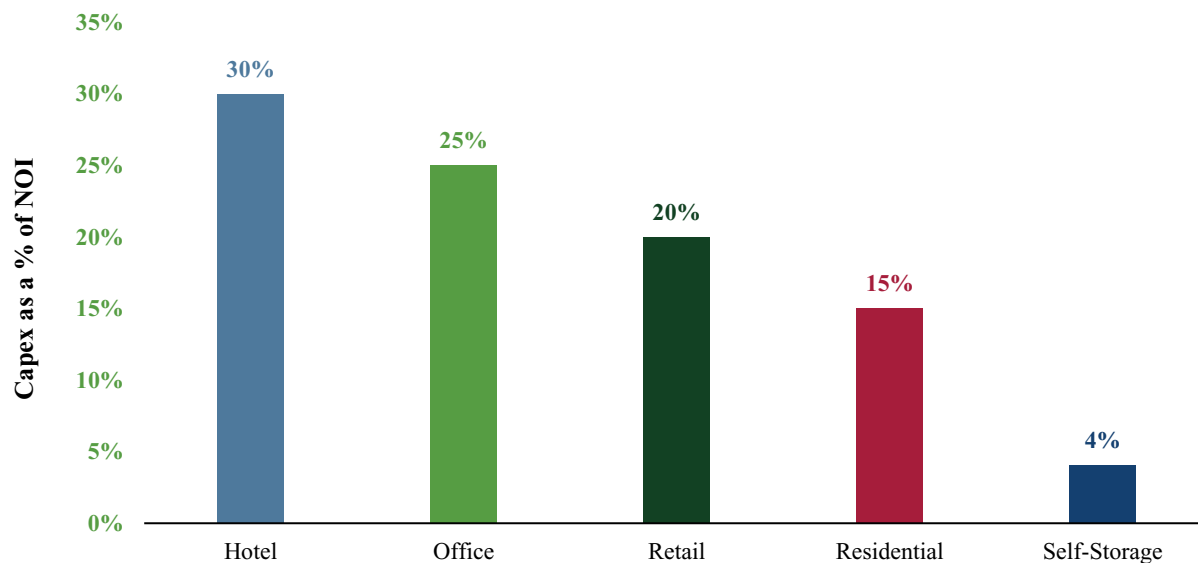
Estimates below reflect annual "capital expenditure reserves" presented as a percentage of NRI. Reserves include maintenance capital expenditure not captured in operating expenses plus an annual accrual for lumpy, full lifecycle, refurbishment initiatives such as lift, roof and HVAC replacement, interior refitting, parking lot re-pavement, etc.

<sup>36</sup> Pan-Europe includes the 28-member states of the European Union, but excludes Luxembourg, Croatia, Bulgaria, Malta, Slovenia, Cyprus and Slovakia

<sup>37</sup> Net Rental Income (NRI) is an IFRS accounting term used by most Pan-European property companies. The U.S. term NOI is similar, but adds back certain tenant-related costs (e.g. amortization of tenant improvement and leasing commissions). As a result, capital expenditure as a percentage of NRI tends to be materially lower than it would be on a NOI basis for most property types. For the self-storage sector, NRI and NOI are relatively similar, so the capital expenditure percentages are also similar under each method

<sup>38</sup> Based on Green Street estimates for Hispania SOCIMI's hotel portfolio

## Exhibit 20: Favourable Capital Expenditure Profile for Pan-European Self-Storage



Source: Green Street Advisors

Comparatively low capital expenditure versus other sectors is explained by several factors:

- Absence of customized tenant incentives (“TIs”): Self-storage TIs typically do not include customization of rental space, as is often the case for offices—where incentives can include moving walls, raising floors and providing bespoke fit-outs
- Lower usage intensiveness vs. other operational real estate: Self-storage is considered “operating intensive” based on short leases, meaningful non-rental income and specialized operating expertise required. From a tenant-usage perspective, self-storage assets experience relatively moderate wear and tear, however: Tenants may briefly visit their units once a month to deposit or retrieve goods, whereas a residential unit or hotel room experiences heavy daily usage
- Less “style-conscious” consumer: Quality of self-storage assets is primarily driven by location, security, convenience and—to a lesser extent—by the look & feel of the asset. Development and fit-out costs of self-storage assets are therefore lower than for other real estate sectors, such as hotels, residential or office assets. When repairs or refurbishments do have to be made, these are typically less costly

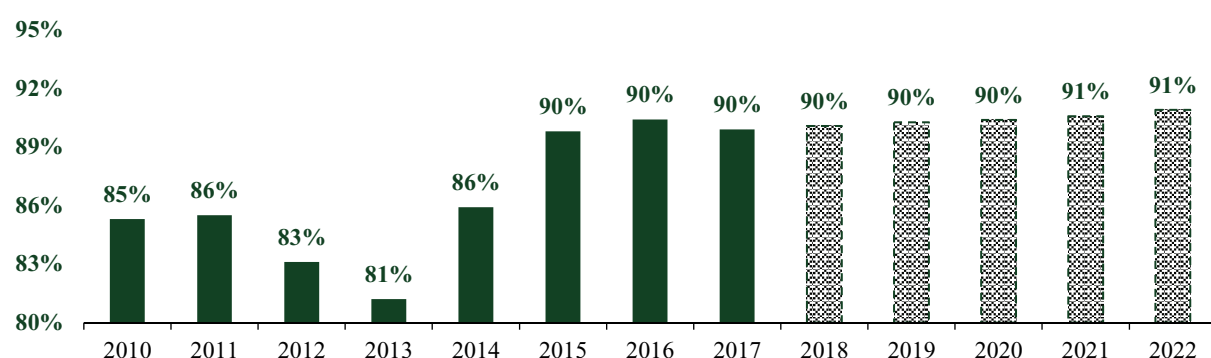
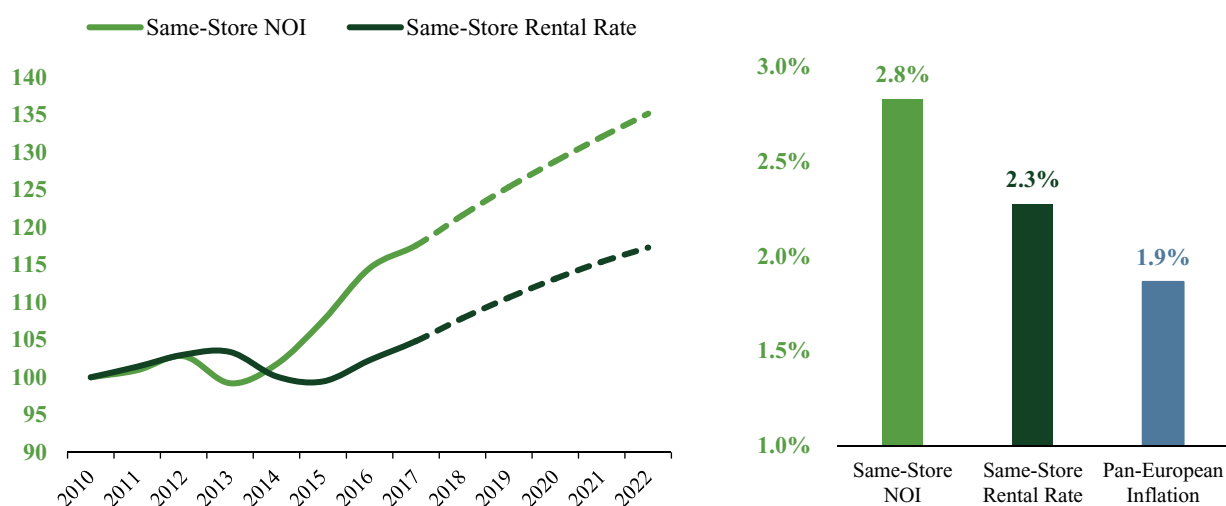
The urban focus of the European self-storage industry—as opposed to a more suburban U.S. landscape—also suggests lower capital expenditure requirements when measured as a percentage of NRI<sup>39</sup>.

Pan-European same-store rental rate growth has historically been below inflation, in part due to the occupancy decline during the Euro crisis in 2012-2013: In an effort to restore occupancy levels to the mid-80%-to-90% range, rate growth was sacrificed in 2014-2015. By contrast, Pan-European same-store NOI growth has been robust, averaging in the mid-2% range since 2010—despite the impact of the Euro crisis of 2012–2013. Modest operating margin expansion and occupancy gains in 2014-2016 contributed to the result.

If, as expected, supply remains limited, major operators should be able to build occupancy at existing stores to the low-90% range. Looking ahead, rental rates are expected to grow at 2.3% per annum over the medium term, as operators are more easily able to put through price increases at stabilized occupancies. Estimated medium-term NOI growth of circa 2.8% is additionally supported by modest NOI margin expansion of approximately 100 basis points.

<sup>39</sup> Refer to section—“U.S. and Pan-European Comparison” for more details

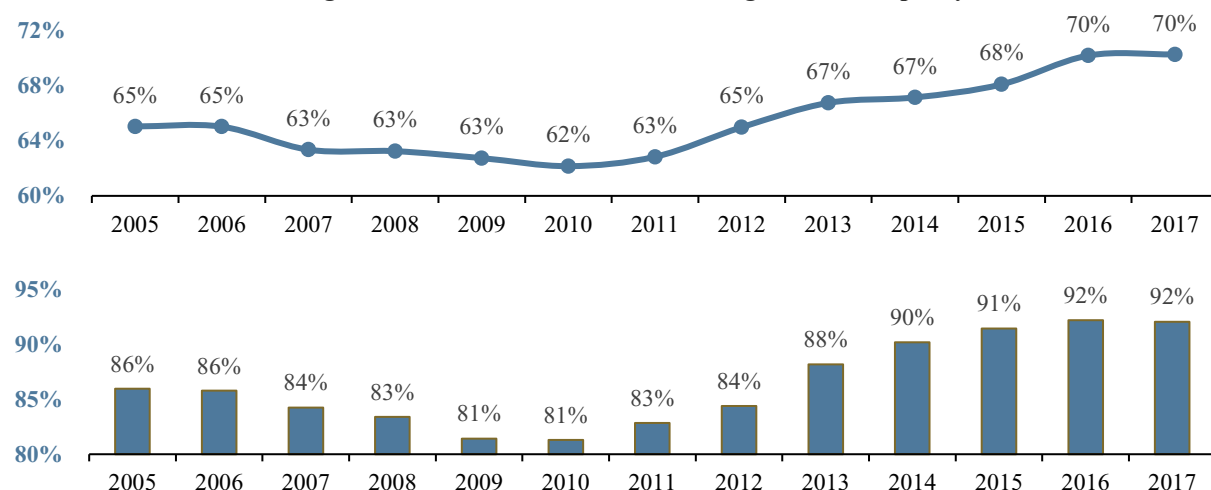
## Exhibit 21: Pan-European Self-Storage Operational Projections<sup>40</sup>



Source: Public Storage disclosure for Shurgard Europe for 2010–2017; Green Street Advisors estimates for 2018–2022

Green Street’s expectation of moderate NOI margin expansion is predicated upon assumed efficiency gains achievable at stabilized occupancies. For example, U.S. self-storage operators increased operating margins from mid-60% to the 70%-level over the last five years. Similarly, operating margins in the German residential sector<sup>41</sup> have increased from high-70% in 2013 to high-80% in 2017.

## Exhibit 22: U.S. Self-Storage Same Store Evolution: NOI Margins vs. Occupancy



Source: Green Street Advisors

<sup>40</sup> Weighted by Shurgard Europe’s square meter portfolio exposure to the respective European markets

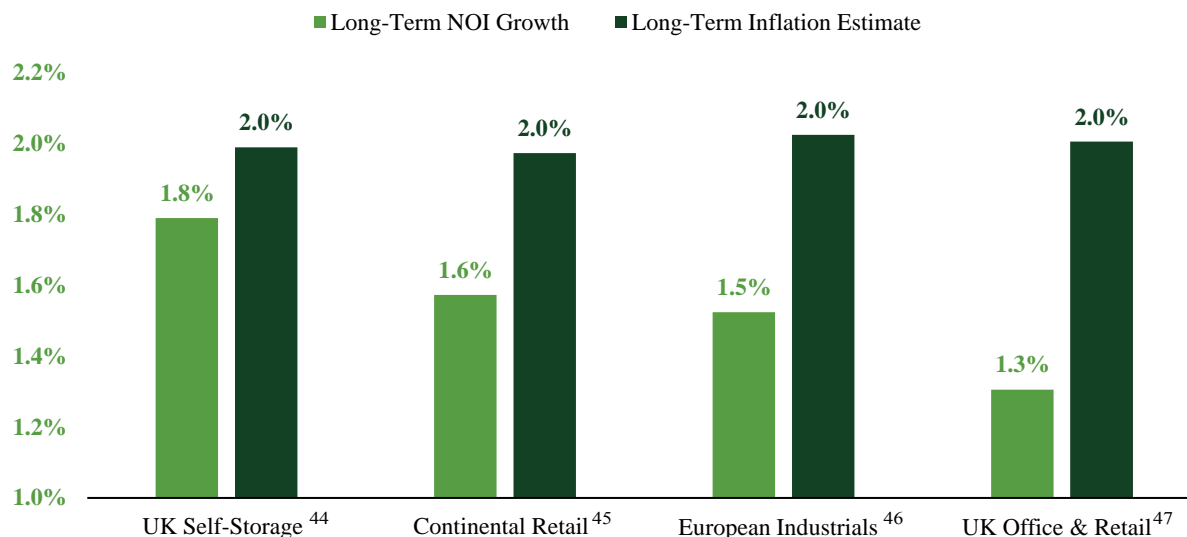
<sup>41</sup> Based on Vonovia SE disclosure

Green Street estimates long-term NOI growth in the Pan-European self-storage sector of 1.8%, about 20 basis points below long-term expected inflation of 2.0%<sup>42</sup>.

Long-term growth estimates (from year-5 onwards), reflect various factors, including: Expected demand, the long-term inflation outlook, physical or regulatory barriers to entry and the level of capital expenditure invested in the asset base. Long-term growth feeds into the estimated IRR to derive a perpetuity-based terminal value.

Long-term growth is typically estimated as a negative spread to long-term inflation. Based on Green Street's research over numerous property cycles and property types, same-store rental growth for aging assets usually does not keep pace with inflation, even after investment of structural capital expenditure.

### Exhibit 23: Projected Long-Term NOI Growth vs. Inflation<sup>43</sup>



Source: Green Street Advisors

The spread-below-inflation for self-storage is lower than the amounts by which other sectors are expected to lag inflation: U.K. office & retail, European industrials and Continental retail each have long-term growth rates between 40–70 basis points below inflation. Two factors in particular explain the more favourable long-term growth outlook:

- The European self-storage sector's early stage of evolution: Early movers into new property sectors often generate outsized returns. This has proven true repeatedly, for example in the manufactured housing, data centers, net lease and self-storage sectors. Above-average growth is related in part to operators' ability to cherry-pick the best assets and development sites before the market becomes competitive and pricing less attractive. Given the European self-storage sector's low penetration and comparatively benign competitive landscape, long-term growth should be expected to be higher than in more established sectors like office & retail.
- The European city-focus: Cities are more densely populated and urban land is scarcer than in out-of-town locations. Operators able to secure development sites within cities should therefore face a lower threat from new supply: Once the limited number of city-near sites have been snapped up, it becomes more difficult (or costly) to develop a new store. By contrast, suburban development sites are more abundant and demand growth can more easily be met with new supply.

<sup>42</sup> Weighted by Shurgard Europe's square meter portfolio exposure to the respective European markets; long-term inflation estimates as at July 2018

<sup>43</sup> Inflation represents an average based on the location of REIT properties for that sector as at July 2018

<sup>44</sup> Comprises Big Yellow (BYG) and Safestore (SAFE)

<sup>45</sup> Comprises Unibail-Rodamco-Westfield (URW), Klepierre (LI), Deutsche Euroshop (DEQ), Eurocommercial (ECMPA), Citycon (CTYIS), Mercialis (MERY), Wereldhave (WHA) and Vastned (VASTN)

<sup>46</sup> Comprises Segro (SGRO), Tritax Big Box (BBOX), LondonMetric (LMP) and Hansteen (HSTN)

<sup>47</sup> Comprises Landsec (LAND), British Land (BLND), Hammerson (HMSO) and INTU Properties (INTU)

## Country Overview

The following discussion of the pan-European self-storage market contains forward-looking statements that involve risks and uncertainties as a result of various factors, including those described under “Risk Factors” and “Important Information—Forward-Looking Statements”.

Presented below are the same demand-driver metrics discussed in “European Demand Drivers”, but here the metrics are shown on a look-forward basis. Looking ahead, Denmark and Sweden appear to have the strongest macro-demand drivers, while France and Germany appear relatively weaker.

Country	Est. 5-yr	Est. 5-yr	Est. 5-yr	Est. 5-yr
	Job Growth	Household Disposable Income	Urban Population Growth	Consumer Spending on Storables
Belgium . . . . .	0.3%	1.4%	0.4%	1.9%
Denmark . . . . .	0.5%	1.8%	0.4%	3.0%
France . . . . .	0.5%	1.2%	0.7%	0.9%
Germany . . . . .	0.2%	1.0%	0.1%	1.0%
Netherlands . . . . .	0.5%	1.3%	0.7%	1.3%
Sweden . . . . .	0.4%	1.7%	0.9%	2.3%
United Kingdom . . . . .	0.6%	1.6%	0.8%	2.4%
Wgt. Average <sup>48</sup> . . . . .	0.5%	1.4%	0.6%	1.6%

Source: Green Street Advisors estimates calculations, Oxford Economics “European Cities And Regional Forecasts” for the years 2018–2022, United Nations “World Urbanization Prospects 2018”

Expected future rental rate and RevPAM growth by country considers these factors, as well as other country-specific themes such as the observed pattern of past occupancy fluctuations. Note also that Green Street expects that, as clearly demonstrated in the United States (see “Lessons From the United States: Mature Sector with Strong Returns”), Pan-European self-storage utilization rates are expected to increase materially over the long-term, especially in countries like Germany where utilization is notably low at present. See additional country-specific commentary below the following tables.

Country	Historical 10-yr	Est. 5-yr	Est. 5-yr	Est. Long-term	Est. Long-term
	Rental Rate Growth	Rental Rate Growth	RevPAM Growth	Inflation	Growth
Belgium . . . . .	2.8%	2.1%	2.3%	2.0%	1.8%
Denmark . . . . .	1.1%	2.5%	2.5%	2.0%	1.8%
France . . . . .	1.1%	1.7%	1.9%	1.8%	1.6%
Germany . . . . .	4.9%	3.5%	3.5%	2.4%	2.2%
Netherlands . . . . .	–0.4%	2.1%	2.3%	1.6%	1.4%
Sweden . . . . .	3.1%	3.0%	3.0%	2.5%	2.3%
United Kingdom . . . . .	1.2%	2.5%	2.9%	2.2%	2.0%
Wgt. Average <sup>49</sup> . . . . .	1.5%	2.3%	2.5%	2.0%	1.8%

Note: Same-store data not available for all historical periods/countries and includes adjustments/estimates where required

Source: Shurgard Europe disclosure for 2007–2017, Green Street Advisors estimates for 2018–2022

Country	2007	10-yr	2017	Est. 5-yr
	Occupancy	Change in Occupancy	Occupancy	Change in Occupancy
Belgium . . . . .	83%	+400 bps	87%	+100–150 bps
Denmark . . . . .	87%	+300 bps	90%	0 bps
France . . . . .	80%	+900 bps	89%	+100–150 bps
Germany . . . . .	84%	+700 bps	91%	0 bps
Netherlands . . . . .	87%	+200 bps	89%	+100–150 bps
Sweden . . . . .	88%	+400 bps	92%	0 bps
United Kingdom . . . . .	86%	+300 bps	89%	+200–250 bps
Wgt. Average <sup>50</sup> . . . . .	85%	+500 bps	90%	+100 bps

Note: Same-store data not available for all historical periods/countries and includes adjustments/estimates where required. Occupancy figure of 85% for 2007 shown in table above differs from 90% Shurgard Europe occupancy shown in Exhibit 15; variance is explained by different store pools used to derive each figure

Source: Shurgard Europe disclosure for 2007–2017, Green Street Advisors estimates for 2018–2022

<sup>48</sup> Weighted by Shurgard Europe’s square meter portfolio exposure to the respective European markets

<sup>49</sup> Weighted by Shurgard Europe’s square meter portfolio exposure to the respective European markets

<sup>50</sup> Weighted by Shurgard Europe’s square meter portfolio exposure to the respective European markets

## **Belgium**

Stabilized occupancy appears to be in the high-80% range, slightly lower than in other markets, and never reaching the 90%-range over the last 10 years. Looking forward, Green Street estimates occupancies to remain close to current levels of high-80%. Rental growth at these stabilized occupancy levels was strong in 2009–2012 (4.5% on average), but weaker in the most recent two years around 2%. Rental rate growth will likely be robust based on recent performance at stabilized occupancy levels, but probably lower than growth achieved pre-2012. Our estimates are supported by above-average growth in consumer spending on storable goods, coupled with a relatively low absolute level of rent per square meter.

## **Denmark**

Stabilized occupancy has remained in the low-90s range for the last 3 years, and was accompanied by robust rental rate growth (mid-2% on average). Looking ahead, Green Street estimates occupancies will likely remain unchanged and rental rate growth will stay in line with the last 3-year average in the mid-2% range, supported by notably strong growth in disposable income and storable goods.

## **France**

Rental rate growth has historically been in line with inflation, as occupancy ramped up from the high-70% range in 2008–2009 to the high-80% range in 2017. Looking ahead, rental rate will likely be sensitive to occupancy changes, with current relatively stable occupancy in high-80s-to-low-90s range. Green Street estimates occupancy will increase slightly, and rental rate will grow in the high-1% range—roughly in-line with inflation, as job growth performs above average by comparison to other major European economies.

## **Germany**

Germany has made strong and consistent occupancy gains since troughing at 84% during the Euro-crisis (+7 percentage points from trough to current occupancy), making it hard to predict where stabilized occupancies will settle. Green Street believes that the current low-90% level may be where occupancy remains in the medium-term, though there may be upside to this estimate. Rental growth has been strong over the last two years (mid-3% on average) and Green Street expect this trend to continue, based on operators' improved ability to push rate at stabilized occupancies, despite Germany's below-average macro outlook vis-à-vis other European economies.

## **The Netherlands**

Rental rate growth has been negative over the last 10 years due to a large drop off in occupancy between 2008 and 2013. Despite a prolonged period of low occupancy, RevPAM growth has historically been slightly-above inflation. Look-forward macro-demographic statistics appear healthy, including job growth and urban population growth. Still, poor multi-year performance between 2008–2013 warrants caution and look-forward estimates are lower conviction than for other markets, based on only 2 years of stabilized/near-stabilized occupancy. We estimate rental rate will grow in the low-2% range over the next five years, with a small up-tick in occupancy. Continued strong growth in housing transactions (already at a high level compared to other Euro economies) could result in upside to Green Street estimates.

## **Sweden**

Both rental rate and RevPAM growth have historically been well-above inflation, driven in part by 400bps occupancy gains over the last 10 years. Look-forward macroeconomic statistics remain notably strong versus the European average, albeit weaker by historical comparison—e.g. look-forward storable goods growth is expected to decline versus the prior 5-year period. Looking ahead, Green Street estimates rental rate growth around 3% at stabilized occupancies (low-90%), slightly below the 10-year average given the less buoyant macro-outlook compared to the 10-year historic average.

## **United Kingdom**

RevPAM has historically been well-above inflation, driven in large part by occupancy gains from the 2010 trough in the mid-70% range. As a result of pushing occupancy to high-80% levels, historical rental rate growth has lagged inflation. Looking ahead, Green Street estimates rental rate will grow in the mid-2% range and occupancy levels will increase to the low-90% range. Green Street estimates are supported by above-average growth in all four of the macro-demographic drivers discussed, coupled with comparatively high self-storage awareness. Caveat, a “hard Brexit” could materially affect current macroeconomic and occupational forecasts.



## BUSINESS

### Overview

We are the largest owner and operator of self-storage centers, which we refer to as stores, in Europe in terms of number of stores and net rentable square meters (FEDESSA European Self Storage Annual Survey 2017). We commenced operations in 1995 and are one of the pioneers of the self-storage concept in Europe. In total, our network of 228 stores comprises approximately 1.2 million Net Rentable Square Meters and serves more than 150,000 customers in the Netherlands, France, Sweden, the United Kingdom, Belgium, Germany and Denmark.

Across this network, we have developed an integrated self-storage company with local expertise in the seven countries where we operate, and have centralized in-house capabilities to design, develop, acquire and operate stores to provide a consistent experience to residential and commercial customers. We introduced the concept of self-storage into several key European markets and have worked successfully to build consumer awareness and acceptance of the self-storage product. The number of stores we own and operate has grown to a network of 228 stores, with 95% of our net square rentable area in stores that we wholly own or operate under long-term lease agreements of at least 80 years remaining life, as of June 30, 2018. We primarily operate in urban areas across Europe, with approximately 92% of our stores located in capital and major cities.

We have an established track record of developing, redeveloping and acquiring stores. Between December 31, 2014 and June 30, 2018, we developed seven new stores, completed redevelopment projects at 10 stores, and acquired 33 stores. We are targeting the completion of redevelopment projects at five stores during the remainder of 2018 and we expect to open a new store in Berlin and complete the purchase of a new store in London in October 2018. Our investment criteria are focused on acquiring and developing high-quality stores that are easily accessible by our customers in markets believed to have strong growth potential. We continue to focus on attractive and cycle-resilient urban areas that we anticipate will enjoy strong demand and provide attractive growth potential.

We generate revenue through the lease of storage units and related activities, including insurance referrals and the sale of storage products and packaging. Our real estate operating revenue and net income from property, which we refer to as “income from property (NOI)”, have increased steadily in recent years, as we increased rental rates across our network while growing occupancy, alongside network growth from development, redevelopment and acquisition activity. The following table sets out our real estate operating revenue, net income from real estate operations and adjusted EPRA earnings for the six months ended June 30, 2018 and 2017, and for the years 2017, 2016 and 2015:

	Six months ended June 30,		Year ended December 31,		
	2018	2017	2017	2016	2015
	(in € millions)				
Real estate operating revenue . . . . .	119.5	117.4	238.6	232.1	218.1
Net income from real estate operations . . . . .	71.3	69.7	148.0	141.0	130.7
Adjusted EPRA earnings <sup>(1)</sup> . . . . .	46.3	46.3	100.6	92.2	89.3

Note:

(1) 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. For a reconciliation from profit for the year attributable to ordinary equity holders of the parent to adjusted EPRA earnings, see “Selected Consolidated Financial Information—Alternative Performance Measures”.

The fair value of our investment properties was €2.4 billion as of June 30, 2018, as compared to €2.3 billion as of December 31, 2017, €2.1 billion as of December 31, 2016 and €2.0 billion as of December 31, 2015. Our adjusted EPRA NAV was €1.7 billion as of June 30, 2018, as compared to €1.6 billion as of December 31, 2017, €1.4 billion as of December 31, 2016 and €1.4 billion as of December 31, 2015.

### Key Strengths

#### Secular Growth Trends

As an established operator of self-storage stores across a number of key urban areas, we believe we are uniquely positioned in an underserved and growing European market. We believe there are significant opportunities for continued expansion in the European self-storage market in the coming years, in particular in high-density major cities due to the low existing levels of self-storage availability and strong demand trends for flexible self-storage options.

Penetration of self-storage stores across Europe is relatively low at 0.018 square meters (0.194 square feet) per person, compared with 0.878 square meters (9.451 square feet) per person in the United States, which is approximately 49 times the European average (FEDESSA European Self Storage Annual Survey 2017). Since European markets are still under-penetrated, we expect European demand to continue to grow as the industry matures. The following table shows penetration of self-storage in the markets where we operate based on 2017 market data:

	Square Meters (per capita)	Square Feet (per capita)	Population (in millions)
United States . . . . .	0.878	9.451	324
Europe . . . . .	0.018	0.194	491
The Netherlands . . . . .	0.051	0.549	17
France . . . . .	0.015	0.161	65
Sweden . . . . .	0.041	0.441	10
The United Kingdom . . . . .	0.060	0.646	66
Belgium . . . . .	0.013	0.140	11
Germany . . . . .	0.006	0.065	82
Denmark . . . . .	0.031	0.334	6

Source: FEDESSA European Self Storage Annual Survey 2017

A variety of trends have simultaneously supported increases in demand for self-storage stores in Europe in recent years, across both residential and business customers. For residential self-storage users, which we estimate comprise approximately 75-80% of the self-storage market in Europe, these trends include increasing urbanization and density in cities, economic and job growth leading to increasing purchasing power, the scarcity of housing space in urban areas, higher levels of population mobility and frequency of moving homes, growth in student populations, life events (such as divorce, marriage, birth, death and bankruptcy) and rising consumer awareness of self-storage (FEDESSA European Self Storage Annual Survey 2017). Demand from business self-storage users, which we estimate comprise approximately 20-25% of the self-storage market in Europe, has also increased, in particular due to growth of new online retailers and small businesses, which require flexible and cost-effective storage options (FEDESSA European Self Storage Annual Survey 2017).

### Undisputed Leadership in Europe

We are currently the largest owner and operator of self-storage stores in Europe measured by number of stores and net rentable square meters (approximately the size of our two closest competitors combined) (FEDESSA European Self Storage Annual Survey 2017). We operate a network of 228 stores comprising approximately 1.2 million Net Rentable Square Meters in seven countries, approximately 1.6 times the number of stores and twice the net rentable space of our closest European competitor. We are also the market leader by number of stores in three of the seven countries in which we operate, namely the Netherlands, Sweden and Belgium, and we enjoy strong market positions in France, Germany, Denmark and the United Kingdom, in particular in the Paris, London and Copenhagen areas.

We believe that our leading position is supported by our strong presence in capital and major cities in the countries where we operate, including 39 stores in the Amsterdam-Randstad market, 36 stores in Paris and its surrounding suburbs, 22 stores around Stockholm and 28 stores in the greater London area. The location of our stores and size of our network provide a number of advantages. For example, we believe our leading market positions provide advantages that allow us to compete effectively, in particular in key urban areas where any new competitors would need to establish a large volume of stores and significant brand recognition. With approximately 92% of our properties in capital and major cities, none of our current competitors match the geographic range of our stores across Europe or our presence in major urban areas. Additionally, within these cities, we believe that our stores are well placed in visible locations in catchment areas with strong and growing demand. We believe that continued population growth, increases in population density in urban areas and easy access via major roads and transport links make the cities in which we operate cycle-resistant. Moreover, our geographic diversification helps mitigate risks associated with adverse operating conditions in any local market.

Additionally, we operate under a leading singular brand across our store network. According to Ipsos 2017, Shurgard brand recognition ranks first among self-storage providers in the Netherlands, France, Sweden, Belgium, Germany and Denmark, and ranks second in the greater London area. Our centralized approach to our branding and marketing efforts, including related activities such as facilities improvements, supports our efforts to create a consistent experience across our network. We anticipate completing a four-year program by the end of 2018 to standardize our branding throughout our store network, including at physical stores and on our

website, with an aim to improve visibility and unify our brand image across all seven of our markets. This comprehensive program targeted improvements in both major visual upgrades at a number of our existing stores, including better landmarking and modernizing store facades and signage, and more minor updates to our logo and branding where appropriate, with a total budget of €16 million.

Our store portfolio is largely wholly owned, purpose-built and branded to ensure efficient operations at each location. Across our network, 86% of our net rentable area is located at stores where we own the freehold interest, and an additional 9% of our net rentable area is located at stores that are subject to long leasehold agreements of at least over 80 years remaining, as of June 30, 2018, and we are party to commercial leases for the remaining 5% of our stores. Approximately 63% of our stores' total rentable area is comprised of purpose-built storage space, and 37% is located at stores converted from existing buildings, substantially all of which incorporate modern conveniences and security features. While purpose-built stores provide a number of built-in attributes, including optimized layouts for self-storage, relatively low staffing requirements and require less significant maintenance capital expenditure, we have proven expertise in operating at both developed and converted facilities. Across our markets, our stores consistently average over 5,000 square meters of rentable area, providing critical size at each store that outpaces the market average of approximately 2,800 square meters in the countries where we operate. Additionally, most of our stores are relatively new with an average age of 14 years since opening, as compared to a projected life of 60 years for store design (and longer for the building structure). As a result, they require low levels of capital expenditure for ongoing maintenance and upgrading.

### **Integrated, Optimized and Scalable Branded Platform**

We have developed an integrated and centralized operating platform that allows us to consolidate expertise, implement network-wide management and operational initiatives and operate a lean organization across our network that provides significant operational leverage. This approach utilizes our information management systems and centralized support center to manage operations across our network, including occupancy and pricing levels, providing significant advantages in implementing our operational and marketing strategies.

We aim to ensure consistent operations in our stores through our aligned “Way to Manage” practices, which cover a range of established market and district manager activities to build our in-store teams and to plan, monitor and optimize use of resources across our network, as well our standardized in-store “Way to Sell” activities, including ongoing performance monitoring and quality assurance, as well as scripts for face-to-face interactions and customer calls. As a result, we have put in place a standard set of management and sales practices in each of our markets, based on centralized oversight and a flat management structure, which supports strong conversion ratios and can be implemented as we develop and acquire new stores.

Our centralized operating platform relies on our use of aligned performance metrics and key support functions throughout our network, such as managing yield across occupancy and pricing levels, as well as operational matters and management initiatives, such as aligning sales processes, branding, shop design and supplier relations. Through our automated centralized information management systems, we can accumulate proprietary data sets on local conditions and monitor online traffic, conversion rates and other key metrics on a granular level. Therefore, we believe that our size, our strong presence across multiple store locations in key urban areas and our know-how and expertise in these markets gives us an advantage in monitoring and responding to changes in demand. Using this detailed market information, we manage periodic promotional pricing and aim to maintain consistent occupancy rates in our stores.

This automated platform enables us to implement a unified price-setting mechanism and occupancy management system that takes into account local market conditions to utilize an in-house pricing algorithm that centrally manages approximately 10,000 price changes on a weekly basis, with limited human override (approximately 10%). Additionally, these technologies are also interfaced with our website, which allows us to monitor online interactions and respond rapidly to changes in occupancy rates. Over 70% of current customers visited our website prior to renting storage space. Since we can monitor customer interest online, we believe this system will continue to provide us with significant insight into customer activity. By automating and centralizing these processes, we have created an efficient approach to IT that minimizes expenditure in individual markets and reduces head office staffing levels.

This operating platform and our size create a number of established economies of scale, allowing us to spread our centralized costs over all of our stores, from marketing and insurance costs to expenditure associated with our information management systems and our centralized support center. As a result, we have reduced our general, administrative and other expenses (excluding depreciation and amortization) from 5.2% to 3.9% of real estate operating revenue between 2015 and 2017, and improved our NOI Margin from 59.7% to 62.0% during

that period. As of December 31, 2017, we had 0.35 full-time equivalents (or FTEs) in head office and support roles, on a per-store average, across our network, providing centralized support that we can leverage as our store network grows, as shown by our decrease from 0.66 FTEs, on a per-store average, in 2007. Similarly, between 2007 and 2017, the growth in our store network supported a reduction in our centralized costs (being our general administration and other expenses, and other centralized management costs not directly related to store operations) from 11.7% of property operating revenue in 2007 to 9.1% in 2017. This scale also allows us to negotiate better terms with third parties, including for insurance premiums and the bulk purchasing of ancillary storage items sold in our stores, which we expect to help offset increased costs arising from operating as a public company following the Private Placement.

By aligning our operations across our store network, we are able to provide a consistent customer experience and support winning new customers and longer customer stays. This approach aims to cover all aspects of our operations, from brick-and-mortar stores to customer service and the digital experience. Our largely completed standardization program targeted higher visibility at our stores, while our centralized oversight of in-store staffing has aligned sales processes, uniforms and management. We have also ensured a consistent digital experience, from imaging to our pioneering online price transparency in each country where we operate. These systems have supported improvement in our RevPAM at a CAGR of 2.0% between 2014 and 2017 (at 2017 constant exchange rates), and broadly stable occupancy rates at optimized levels during that period. Additionally, in 2017, our occupancy levels exceeded the industry-wide in-country average in six of the seven markets where we operate. Moreover, our average occupancy across the network exceeded the industry-wide average across these countries by approximately 777 basis points in 2017.

As we continue to grow through further development and targeted acquisition activity, and as an increasing proportion of our sales and marketing activities migrate to online customer interactions, we believe that the scalability of our information management systems and centralized platform, supported by our aligned operations in each of our stores, will play a significant role in maintaining efficient operations across our network.

### **Track Record of Growth and Cash Generation**

Between 2014 and 2017, we experienced increases in property operating revenue at our stores at a CAGR of 7.8%, following growth at a CAGR of 2.8% between 2008 and 2014, each at 2017 constant exchange rates, and an increase of 3.1% during the six months ended June 30, 2018 compared with the same period in 2017. Our growth during this period was driven by (i) a continued focus on key demand and operating metrics across our portfolio, including expansions and improvements through redevelopment and remix projects, in order to effectively manage yield and better align customer demand with capacity, rental rates and the layout of our stores, as well as (ii) targeted acquisition activities. As a result, we have market-leading occupancy rates among listed self-storage service providers, which have been broadly stable in recent years and consistent across our markets, reaching 88.6% as of June 30, 2018. Our occupancy rates and pricing management system have also supported improvement in adjusted EPRA earnings, from €89.3 million in 2015 to €92.2 million in 2016 and €100.6 million in 2017.

Following our track record of growth and cash generation, coupled with our economies of scale, we have strong margins across all of our operations. In the six months ended June 30, 2018, our EBITDA Margin was 55.9%, as compared to 53.5% in the six months ended June 30, 2017, and 56.7% in 2017, 52.6% in 2016 and 49.4% in 2015. Our operating performance in each country has been consistent in recent years, with our NOI Margin in each market ranging from 52.8% to 68.3% for the six months ended June 30, 2018. We also carefully monitor Maintenance Capital Expenditure levels across our store network, in order to manage investment as against projected cash flows from our operations in a given period. In the six months ended June 30, 2018, our Maintenance Capital Expenditure was 3.2% of real estate operating revenue, due to a project to enhance intrusion-protection measures that we expect to complete during the course of the remainder of 2018, as compared to 2.4% in 2017, 2.3% in 2016 and 2.2% in 2015.

### **Robust Balance Sheet to Support Expansion**

We operate under a conservative financial policy, with a LTV of 25% as of December 31, 2017, and we are targeting further strengthening of our balance sheet through the Private Placement. We have access to multiple sources of capital and we generate significant cash from operations against a relatively low fixed-cost base. Our average cost of borrowing as of December 31, 2017 and June 30, 2018 across existing debt was 3.0%, comprised of fixed-rate funding from the U.S. Private Placement Notes of €600 million. Our existing borrowings under the U.S. Private Placement Notes have a staggered maturity profile, with an average maturity of approximately seven years and only a partial maturity repayment of €100 million, in 2021, due in the next

five years. The interest rate under the New RCF is equal to the aggregate of the applicable margin plus the applicable EURIBOR rate for the relevant interest period. The initial margin will be 0.45% and can range between 0.45% and 0.95% per year depending on the LTV ratio (i.e. the ratio of total net debt to total market value). Our net financial debt/EBITDA ratio is 4.3x as of December 31, 2017, and we do not have any encumbered assets.

On Admission to Trading, we expect to have sufficient resources to fund our business plan, make strategic investments in the business, and thereby take advantage of development, redevelopment and acquisition opportunities when they arise. For additional details on these borrowings, see “*Operating and Financial Review and Prospects—Liquidity and Capital Resources*”.

### **Growing with Existing Stores, New Openings and Targeted Acquisitions**

The experience we have gained through our various phases of development, from building our portfolio, to developing our platform and leveraging our network with further development and acquisition opportunities, has positioned us to continue optimizing our operations and expanding where opportunities arise. We have maintained a disciplined investment process for developing and acquiring stores based on our vast experience in key markets. These processes have supported a strong track record from our recent acquisitions, following successful integration of our acquisitions of stores in a variety of geographies, including five stores in Germany in December 2014 (income from property (NOI) growth at these stores of over 32% from 2015 to 2017), 21 stores in the Netherlands in July 2015 (income from property (NOI) growth at these stores of over 39% from 2015 to 2017), five stores in Sweden in June 2018, one store in London in April 2016 and one store in Paris in February 2017. In addition, we expect to complete one additional store purchase in London in October 2018.

Growth at existing and new locations comprises a key aspect of our strategy, with the experience and know-how and to continue improving our performance across our existing network. Additionally, we continue working to identify and establish avenues for future growth and expansion. Our Senior Management regularly monitors our existing markets for growth opportunities, with a lengthy track record of developing new stores and integrating acquired stores. We believe that this experience will enable continued growth from our leading position, which provides us with a unique opportunity to drive further consolidation in the markets where we operate. Our focus on solidifying our position in attractive urban areas, in particular London, Paris and Berlin, aligns our growth strategy with our existing stable centralized operating model to allow us to leverage existing operations when adding new stores to the network.

### **Seasoned and High-Performing Management Team**

Our Senior Management team has significant experience spanning a broad range of self-storage, retail and real estate-related and development capabilities with, on average, approximately 21 years of experience in these sectors. In addition, the members of our Senior Management team have, on average, approximately 7 years of experience at Shurgard, having been central to the development of the business and our operating model in recent years.

Our Senior Management team has a successful track record working together to develop and implement strategic initiatives across our business, including our strategy to build from our centralized operating model and support continued growth. Since 2015, our Senior Management team has worked to refocus our business on developing and further consolidating our existing markets. This strategy has supported a number of disciplined and successful development, redevelopment and acquisition activities in recent years, as we have effectively leveraged our centralized approach to managing our operating activities and our operating platforms across our growing store network. This approach takes advantage of our strengths and has continued to support our operating performance and growth in recent years. We believe the effective implementation of this strategy highlights the breadth and capabilities of our existing Senior Management team.

We also benefit from our access to Public Storage, the leader in the global self-storage market, which holds a strong capital interest in Shurgard. This allows our management to draw on sales and management expertise and best practices developed by Public Storage from its network of nearly 2,400 stores with approximately 159 million square feet of storage space, across a range of areas from operating and marketing strategies to information management.

## Business and 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 stores and providing a level of customer service designed to satisfy the requirements and priorities of both residential and business customers.

Our business model and growth strategy aim to provide a resilient base for continued growth. In particular, our stores have historically exhibited low break-even occupancy levels, typically around 33% occupancy rate, mainly due to fixed costs representing approximately 90% of total costs. Historically, thanks to dedicated management of the sites, occupancy has typically stabilized at approximately 90% and we seek to achieve an Average Occupancy Rate of 92% in the medium term with expected Same Store occupancy of 87% by year-end 2018. Once occupancy levels stabilize in a given store, our operations have generally been characterized by resilient revenues. We believe this is due to the growing demand for self-storage services, our diversified and granular customer base (with an average of approximately 650 customers per store) and high proportion of long term customers (with 58% of customers staying on average for more than one year). These factors have historically supported strong occupancy rates throughout economic cycles, with occupancy across our network remaining over 80% since 2009. Strong occupancy rates and efficient yield management also enable us to generate strong and predictable cash flows, with significant pricing flexibility from our fixed-cost base to respond to changes in demand and low Maintenance Capital Expenditure of less than 2.5% of property operating revenue per year.

- ***Strengthen our brand and optimize our existing platform:*** We manage our stores with the goal of increasing cash flows by optimizing revenue, containing costs and improving operational efficiency.
  - *Drive operational excellence to maximize revenue.* We seek to maximize revenue primarily by accelerating the increase in occupancy in All Stores and by actively and gradually increasing rental rates in our Same Stores. When a store's occupancy rate reaches approximately 90%, we generally consider it to be "stabilized" and seek to increase rental rates to drive revenue growth without significantly altering occupancy through best-in-class yield management. We regularly evaluate our stores' rental rates based on unit demand and unit availability and adjust our marketing and promotional activities and change rental rates as necessary to seek to enhance revenue. We are targeting Same Store property operating revenue growth of 1.0–1.5% in 2018 and 1.5–2.5% in the medium term with an All Store medium term annual growth rate of 4–6%. We believe we have demonstrated the ability to adapt the business model to customer needs and new consumption habits through marketing initiatives and new sales processes. We seek to constantly improve our offering, information technology, digital marketing and related services to enhance the customer experience while maintaining a lean organization and standardized processes. As a result of these factors, we seek to achieve at least 2 percentage points NOI Margin improvement in the medium term.
  - *Cost containment and economies of scale.* We seek to increase our cash flows by containing operating expenses. We have implemented automation initiatives, such as our web-based centralized insurance handling process, automated billing and our web-based customer interactive solution that have resulted in lower payroll and administrative costs. In addition, our standardization and centralization initiatives across our markets have supported operational leverage, as we continue to grow our store network, and led to decreases in marketing, insurance and information systems costs relative to revenues.
  - *Property optimization, remix and redevelopment.* We continuously monitor a variety of demand metrics across our store network, based on factors including occupancy rates for various unit sizes, customer visits to our website, online pricing searches, and in-store interactions with our customers. We will continue to analyze our operations for opportunities to undertake remix projects, where we feel we can improve occupancy levels or increase rental rates by better aligning our unit offerings at each store with customer demand for the particular market, and redevelopment projects, in locations where we can identify attractive opportunities to meet local demand by expanding the rentable area of our existing stores at attractive return levels.
- ***Leverage our platform for growth in the seven countries where we operate:*** We focus on expanding our position in the seven markets where we already operate and benefit from critical size and strong competitive position.
  - *Accelerate developments with new openings.* The opening of new stores has proven to be an important lever of our growth. As of June 30, 2018, we had a secured pipeline of development of five stores and 29,361 Net Rentable Square Meters, including two projects targeted for completion in

2018 and three in 2019. We are seeking at least five development projects per year in the medium term, with our reinforced development team of 14 dedicated development specialists (and two positions remaining to be filled). To do so, we focus on a set of clear selection criteria, both operational and financial, including attractive and cycle-resilient locations in our existing markets.

- *Positioning Shurgard as natural recurring consolidator in this fragmented industry by leveraging our platform.* We intend to continue to take advantage of the strong fragmentation of the self-storage market in Europe to pursue the acquisition of stores on a recurring basis across the seven countries where we operate, as well as strategic acquisitions where we deem appropriate. With our disciplined development approach and acquisition criteria, we focus on attractive locations and evaluate potential acquisitions according to projected demand. We seek to continue to grow our network of stores through acquisitions (five to-date in 2018, and an additional store acquisition expected in October 2018) and with a target of three stores acquired per year on average in the medium term and benefit from immediate operating leverage and additional economies of scale.
- *Focus on existing markets, particularly strategic capital cities (London, Berlin and Paris).* 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 primarily in the United Kingdom, Germany and France, with flexibility to develop in other markets and mitigate development risks.
- ***Maintain a solid and flexible balance sheet to fund growth and pay dividends using our own resources:***
  - *Keeping low leverage.* We benefit from a capital structure which is in line with an investment grade profile and provides flexibility to finance future growth in our portfolio. As of June 30, 2018, our LTV, based on the property valuation by Cushman & Wakefield and our net debt, was 25%. We target a LTV on a consolidated basis (including the appraised value of all our properties) below 35% in the long term. We expect that, immediately following the Private Placement, our loan to value ratio on a consolidated basis will be below 12% based on figures as of July 1, 2018 including the net proceeds of the Private Placement.
  - *Paying attractive dividends.* Our cash flow generation not only provides flexibility to fund future growth, but we believe also allows consideration of paying dividends to shareholders. We target to distribute 80% of our adjusted EPRA earnings as annual dividends with semi-annual payment.

## Our History

The Company is a public limited liability company (*société anonyme*) under the laws of Luxembourg under the name “Shurgard Self Storage SA”. It is registered with the Trade and Companies Register in Luxembourg (*Registre de Commerce et des Sociétés of Luxembourg*) under the registered number B218.238. The Company’s commercial name is Shurgard Self Storage. The principal legislation under which the Company operates is the 1915 Companies Act, as amended, and the regulations made thereunder.

We view our operating history through three stages: building our portfolio, from 1995 to 2008; creating our platform, from 2008 to 2014; and leveraging with mergers and acquisitions and development, since 2015.

Our early operations comprised a variety of store openings to build our portfolio, commencing in 1995 with the opening of three stores in Belgium. We opened a further three stores in Belgium in 1997. Having identified a market for high quality, purpose-built new self-storage space and having developed our product, we focused on expansion into other European markets. After conducting market research, we began a targeted expansion into France, where we acquired three existing stores in September 1997. We further expanded into Sweden in 1998, after which expanded into the United Kingdom and the Netherlands in 1999, Denmark in 2001 and Germany in 2003. By 2008, we had expanded our network to 178 stores.

During our second stage of development between 2008 and 2014, and following significant growth in the size of our store network, we focused on optimizing operations across our stores and creating an efficient operating platform. This phase included a number of initiatives to centralize management activities across our network in order to better utilize our expertise in customer demand and yield management, including occupancy and rental rates, as well as best practices in sales and marketing. We also undertook significant deleveraging during this period. Although the size of our network only grew from 178 stores to 187 stores during this time, we set the foundation during this period for our successful centralized operating model. Our property operating revenue increased at a CAGR of 2.8% from €162 million for 2008 to €190 million for 2014 (at constant exchange rates).

Since December 31, 2014, we have utilized these operational improvements to support continued growth, in particular through further acquisitions and the development of new stores. During this time, we have expanded our network through acquisitions in the Netherlands (21 stores), Germany (five stores), Sweden (five stores), the United Kingdom (one store) and France (one store), and we have opened new stores in various locations in London and one store in Stockholm. In addition, we expect to complete one additional store purchase in London in October 2018. This resulted in growth from 187 stores covering approximately 0.9 million Net Rentable Square Meters as of December 31, 2014 to 228 stores covering approximately 1.2 million Net Rentable Square Meters as of the date of this Offering Circular. Our property operating revenue increased at a CAGR of 7.8% from €190 million for 2014 to €238 million for 2017 (at constant exchange rates).

## **Our Stores**

### **Overview**

Our 228 stores comprise approximately 1.2 million Net Rentable Square Meters, and serve more than 150,000 customers in the Netherlands, France, Sweden, the United Kingdom, Belgium, Germany, and Denmark.

### **Description and Use of Stores**

Our stores are generally easily accessible and emphasize product quality. We aim to provide customers a welcoming, secure and consistent experience, with standardized design and branding across our stores. We believe our strategy of offering high-quality, convenient stores has strengthened the Shurgard brand image and is designed to attract and retain customers and to achieve and maintain market rents.

### ***Store location and hours***

Our stores are generally located in major cities along retail and high-traffic corridors for easy customer access and often have good visibility. As of June 30, 2018, approximately 92% of our stores are located in capital and major cities in the countries where we operate. Although office hours vary from country to country, customers at most stores can generally access their individual units from 6 a.m. to 11 p.m., seven days a week.

### ***One-stop convenience and related services***

Our strong know-how in managing operations across our network, including our ability to monitor new customer interest and inquiries, occupancy levels and other metrics, allows us to provide a number of additional services to make the self-storage process easier for our customers. These activities, which primarily include insurance referrals and sales of self-storage products, such as storage boxes and packing tape, diversify our revenues and support overall profit levels.

### ***Insurance***

We offer our customers the ability to insure their items stored at our stores, through a third-party broker. Customers can sign-up for this service at the time they complete their booking for a storage unit, making this one-stop option a convenient way for a customer to protect the value of their belongings while they are in storage. Customers declare the value of their goods. We estimate that approximately 85% of our customers have contents insurance, and approximately 94.9% of new customers take out the contents insurance we make available, as of December 31, 2017. In the six months ended June 30, 2018, our insurance revenue amounted to €12.1 million, or 10.1% of property operating revenue, as compared to €11.4 million, or 9.8% of property operating revenue, during the same period in 2017. Insurance revenue comprised 9.8% of our property operating revenue in 2017, as compared to 9.3% of our property operating revenue in 2016 and 8.8% in 2015. Our gross margin on these activities was 92.4% in 2017 as compared to 92.0% in 2016 and 91.3% in 2015.

### ***Merchandise***

Our stores also have retail operations that offer a range of storage products and related services for use when moving or storing items. These products include a variety of supplies, such as boxes, packing tape, bubble wrap and locks, that we believe conveniently and efficiently address customers' storage needs. By making these items available within the store, we believe that we can help provide a better experience for our customers. In the six months ended June 30, 2018, this ancillary revenue (merchandise sales and other revenue from real estate operations) amounted to €5.3 million, or 4.4% of property operating revenue, as compared to €5.2 million, or 4.4% of property operating revenue, during the same period in 2017. Ancillary revenue



comprised 4.5% of our property operating revenue in 2017, as compared to 4.4% of our property operating revenue in each of 2016 and 2015. Our gross margin on these merchandise sales was 49.2% in 2017.

### ***Store security***

We use a variety of measures at various of our stores, as appropriate, to enhance security. Such measures include, among others, on-site personnel, electronic devices such as intrusion and fire alarms, access controls, video surveillance devices, fencing and lighting. Such measures also include assigning customers a designated personal identification number for use in connection with a computerized gate access system, which only permits access to the section of the property where their space is located (as logged into a computer database).

### ***Store layout***

Our customers are responsible for delivering and retrieving their goods. Many units can be accessed directly by automobile or truck. Some stores, in particular those that are multi-story buildings, have separate loading docks and elevators available for delivery and retrieval of stored goods.

Our stores are generally divided into a number of self-enclosed rental units that typically range in size from approximately one to 20 square meters. The average unit size is approximately seven square meters, although unit sizes are typically smaller in major metropolitan areas at approximately five to six square meters. We have approximately 760 units at each store, and our stores have an average rentable area of over 5,000 square meters. In addition, a number of our stores offer heated and ventilated storage space.

Although the size of our stores ranges considerably, most consist of one or more single-story buildings. We have no specific policy as to the maximum size of any one particular store. However, no single store accounts for, or is expected to account for, 1% or more of our total assets, gross revenue or net income. Our smallest store, located in Kennington (United Kingdom), has approximately 1,600 Net Rentable Square Meters, while our largest store, located in Hilversum (the Netherlands) has approximately 10,200 Net Rentable Square Meters. Our stores are generally constructed with concrete block or tilt-up concrete panels, with steel columns or pre-cast concrete columns that rest on concrete footings and slabs, and have built-up tar roofs or pitched truss roofs with shingles or standing seam metal roofs. The parking areas and driveways are generally asphalt or concrete.

### **Structure of Storage Unit Leases, Setting Rental Rates and Delinquent Customer Procedures**

We seek to achieve the highest possible rental rate structure for our stores based on our analysis of demand and unit availability at a particular store. We regularly evaluate our stores' rental rates, based on unit demand and availability, to align rental rates and customer demand.

### ***Typical storage lease arrangements***

Storage units are usually rented on a month-to-month basis and rentals are renewed automatically unless notice to vacate is given. Customer agreements are substantively similar in each market, with minor differences, primarily where necessary to meet local requirements. Payments from customers are made by standing order, credit card, or cash, with a majority paying by direct debit. Occupancy periods range from one week to several years. The customer is required to give 15 days notice to vacate. As of May 31, 2018, approximately 58% of our existing customers are classified as long-term customers, meaning they have stayed for more than one year. The remainder of our customers are classified as short-term customers. As a result, we have a stable customer base, with an average of approximately 650 customers per store.

Our customers are required to represent that their items stored are not perishable and do not include any hazardous or toxic substances or living creatures. Each customer agrees to inform us of any special storage requirements and agrees not to store any items the possession or storage of which is illegal or would require us to comply with any additional rules.

### ***Method of setting rents***

We focus on maintaining and improving profitability at each of our stores by managing our pricing levels. Rental rates are based on a variety of factors, including local market demand and occupancy levels, and vary depending on market, store, unit size, unit features and location of unit within our store. Pricing decisions are made by centralized management, through our in-house pricing algorithm, based on a range of demand data from in-person interactions at our stores, visits to our website and demand and occupancy levels across our network. As a result, we are able to review rates for new and existing customers on an ongoing basis. Board

rates (rates charged to new customers) apply to all customers with no distinction between residential and business customers.

Our pricing strategies are driven by customer behavior, based on adjustments to rental rates as and when appropriate in response to changes in demand at specific stores. By managing our pricing process and demand metrics centrally, we aim to optimize rental income from each individual store. For example, we offer certain limited discount policies across all our geographic markets in an effort to attract customers and to increase occupancy levels—including for short-term customers and at specific properties, or specific unit types, to boost occupancy. In particular, these discounts are offered from time to time at existing stores based on changes in experienced or projected demand and occupancy levels, whether due to competitive dynamics at a particular location or other factors such as seasonality. Across our network, long-term customers (rental of at least 12 months) comprising approximately 58% of our customer base as of May 31, 2018, typically stay for an average of 54 months, providing a stable customer base across our network and at each store and flexibility to optimize revenue through average price increases of 8% to 10% on an annual basis. Short-term customers (rental of under 12 months) comprise approximately 42% of our customer base and stay for an average of five months, helping us retain flexibility across our store network.

### ***Delinquent customer procedures***

Taking each jurisdiction into account, we operate under procedures specifically developed for handling delinquent accounts that we believe are efficient and satisfactory. Each store manager is furnished with written procedures as to the approved approach and follow-up procedures in respect of vacating units in default. Form letters covering a variety of circumstances are also supplied to the store manager.

Store managers maintain a listing of delinquent customers and actions taken, which may include revocation of a delinquent customer's access to a storage unit, removal of the unit's lock and sale of stored items, in connection with delinquent customers. The procedures for dealing with delinquent customers vary from market to market, depending in part on legal requirements.

### **Store Operating Model**

Our operating performance is driven by the revenue we earn from customer rentals and the expenses we incur in operating our stores. The revenue we receive from our stores is directly related to the occupancy rate and the rent we are able to charge our tenants. We operate a business model that aims to achieve Same Store Average Occupancy Rate of 92% in the medium term, and we adjust rental rates in order to balance demand at a given store with these targeted occupancy levels.

Since our store operating expenses are generally fixed, including items such as employee costs, real estate and property taxes, repairs and maintenance, and marketing expenses, our operating performance has historically improved significantly as occupancy levels stabilize across our network and rental rates increase. Occupancy rates have been broadly stable in recent years, with moderate growth trends, due to various factors, including stable economic conditions within the countries in which our stores are located and other factors supporting demand for self-storage.

For a discussion of the impact of occupancy and rental rates on our real estate operating revenue, including the impact of new developments, redevelopments and acquisitions, see *“Operating and Financial Review and Prospects—Significant Factors Affecting Our Results of Operations—Real Estate Development and Store Acquisitions”*.

The following table shows the growth in our store network, Net Rentable Square Meters, Average Occupancy and Average In-place Rent since the end of 2015:

	June 30, 2018 <sup>(1)</sup>	December 31, 2015
Number of Stores <sup>(2)</sup>	222	216
Net Rentable Square Meters <sup>(3)</sup>	1,122	1,074
Occupancy Rate <sup>(2)</sup>	88.6%	85.6%
Average Occupancy Rate <sup>(4)(5)</sup>	86.6%	87.6%
Average In-place Rent <sup>(5)(6)</sup>	€210.4	€206.4

Notes:

- (1) Excluding the five Pelican Self Storage stores we acquired on that date and one store we managed for a third party.
- (2) Number of stores as of June 30, 2018 does not include one store managed but not owned by Shurgard in the United Kingdom and five Pelican Self Storage stores in Sweden acquired on that date. As of June 30, 2018 and December 31, 2015.
- (3) Net Rentable Square Meters is presented in thousands of square meters and is 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. As of June 30, 2018 and December 31, 2015.
- (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) For the six months ended June 30, 2018 and the year ended December 31, 2015.
- (6) 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. For a description of how we calculate constant exchange rate measures, see “*Important Information—Available Information—Alternative Performance Measures*”. For a reconciliation of constant exchange rate reported measures and APMs, see “*Selected Consolidated Financial Information—Alternative Performance Measures*”.

The following table shows our Average Occupancy Rate in 2017, as compared to market average in the countries where we operate:

	Shurgard <sup>(1)</sup>	Market <sup>(2)</sup>
The Netherlands	87%	84%
France <sup>(3)</sup>	89%	91%
Sweden	92%	83%
The United Kingdom <sup>(4)</sup>	89%	76%
Belgium	87%	86%
Germany	89%	75%
Denmark	90%	86%
<b>Total</b>	<b>88%</b>	<b>80%</b>

Notes:

- (1) Average Occupancy Rate in 2017.
- (2) European market 2017 occupancy rates. Weighted average by the total number of stores by country (FEDESSA European Self Storage Annual Survey 2017).
- (3) France 2016 occupancy rate (FEDESSA European Self Storage Annual Survey 2016).
- (4) U.K. Same-Store Average Occupancy Rate (2017 Non-Same Stores includes eight stores in the United Kingdom; All Store U.K. Average Occupancy Rate was 79% in 2017).

The following table presents our total number of stores, Average Occupancy Rate, Average In-place Rent, property operating revenue and NOI Margin, by market, as of and for the six months ended June 30, 2018:

	As of and for the six months ended June 30, 2018 <sup>(1)</sup>				
	Number of Stores <sup>(2)</sup>	Average Occupancy Rate <sup>(3)</sup>	Average In-place Rent <sup>(4)</sup>	Property operating revenue <sup>(5)</sup>	NOI Margin <sup>(6)</sup>
The Netherlands . . . . .	61	86.8%	€178.9	€ 26,446	62.3%
France . . . . .	56	87.8%	€222.4	€ 31,717	52.8%
Sweden . . . . .	31	90.6%	€239.6	€ 19,504	68.3%
The United Kingdom . . . . .	27	75.5%	€244.9	€ 15,986	56.0%
Belgium . . . . .	21	87.7%	€172.0	€ 10,359	58.6%
Germany . . . . .	16	89.7%	€207.7	€ 8,747	59.8%
Denmark . . . . .	10	91.2%	€236.5	€ 6,627	67.0%
<b>Total</b> . . . . .	<b>222</b>	<b>86.6%</b>	<b>€210.4</b>	<b>€119,386</b>	<b>59.7%</b>

Notes:

- (1) Excluding the five Pelican Self Storage stores we acquired on that date and one store we managed for a third party.
- (2) As of June 30, 2018.
- (3) 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 period.
- (4) Average In-place Rent is presented in Euros per square meter and calculated as rental revenue divided by the average Net Rented Square Meters for the relevant period.
- (5) In thousands, for the six months ended June 30, 2018.
- (6) NOI Margin is calculated as income from property (NOI) divided by property operating revenue for the relevant period. For a reconciliation from income from property (NOI) to NOI Margin, see “Selected Consolidated Financial Information—Alternative Performance Measures”.

## Operations

We operate a centralized model, relying on our information management system to support strategic price-setting decisions and operational initiatives across the network, supported by our centralized support center for functions including pricing, branding and marketing activities, facilities management, and by our information management systems such as customer relationship management systems and accounting services, as described under “—Operations support”.

### Operations management

From this model, our stores are managed on a store-by-store and district-by-district basis, taking into account local market characteristics. Operations at these levels are facilitated by our “Way to Manage” practices. This approach aims to align the management of activities across our network, utilizing a variety of standardized planning and monitoring techniques, from strategic planning for targeted sales, personnel development and in-store operational excellence techniques to proscribed monitoring and follow-up processes. These best practices allow our district management team to build and support our in-store teams and to plan, monitor and optimize use of resources across our network,

The management line is organized into the following levels:

- Store managers/Assistant store managers;
- District managers/Senior district managers;
- Market managers; and
- Vice president operations.

*Store managers/Assistant store managers:* Our store managers and assistant store managers oversee the performance of the individual store for which they are responsible. The store managers’ primary responsibility is local revenue generation through renting storage units and collecting rent. Each store manager is charged with obtaining new customers from inquiries received via our website, by telephone or from walk-ins. Store managers are also responsible for selling our self-storage related products on-site and for offering customers referrals for contents insurance. In addition, store managers are responsible for maintaining the condition, security and cleanliness of the store.

*District managers/Senior district managers:* Our district managers are each responsible for a number of stores within a geographic area. District managers manage employee expenses at individual stores by setting employee work schedules. From time to time, district managers provide our central office with information as to rental rates and unit size based on local market demand. Each district manager is responsible for carrying out a number of store visits each year in order to review and evaluate the performance of each individual store.

*Market managers:* Our market managers are responsible for overseeing district managers and senior district managers. Market managers have overall responsibility for directing store personnel, district managers and senior district managers to comply with operational standards and to maintain proper staffing and efficient store operations. The market managers report to the vice president operations.

### ***Marketing, promotion and advertising***

Marketing, promotion and advertising are important elements in enhancing the value of a store. They contribute to differentiating our stores and developing the appeal of our stores in order to attract and retain customers. To increase our share of specific self-storage markets, we undertake a range of branding and marketing initiatives, through targeted online advertising, our social media presence and the Shurgard website, as well as our in-store branding and promotion strategies. By promoting our branding and store visibility, around our single brand, we aim to continue increasing our customer conversion rates and maintaining high rental rates at our stores.

These initiatives have proven successful, as the Shurgard brand is a leader in the countries where we operate. Shurgard brand recognition ranks first in six of the markets where we operate, and second in the remaining market, based on a 2017 brand recognition survey measuring spontaneous and aided awareness produced by Ipsos Loyalty (Ipsos 2017).

*Digital marketing:* We undertake a variety of digital marketing initiatives to maintain strong brand awareness and help customers find information about Shurgard and use our storage facilities. These include search-engine advertising, targeted in each of the countries where we operate, on Google and other search websites, as well as efforts to optimize placement of our website in general customer search engine queries and other digital marketing efforts.

As the importance of content marketing continues to grow, we plan to continue growing our social media profiles on websites including YouTube, where we had over 270 thousand monthly views during the first half of 2018 and over 25 million video views across Europe since launching on this platform, as well as on Facebook, Twitter and LinkedIn to provide potential customers with information on self-storage and tips on packing and storing items. As a result, during the six months ended June 30, 2018, we increased our investment in social advertising over three-fold as compared to the same period in 2017. Customer rating sites also offer a significant platform to grow our brand, interact with our customers and ensure the brand is presented consistently. We enjoy an average Feefo rating of 4.6 stars, with national rankings from 4.5 stars to 4.7 stars.

We anticipate that digital marketing efforts, through search-engine advertising and social media interactions, will continue to play an increasingly significant role in our overall marketing and promotion strategies. Efforts to continue optimizing the user journey from initial advertising, to social media interactions and booking form the basis of our digital strategy going forward. These efforts also enable us to learn more about potential customers, allowing us to better target future customers and build stronger relationships with existing users of our facilities. We will also continue to develop our capabilities to monitor online interactions, including cold lead data capture, content and creative enrichment, social media interactions and other outreach programs, to better target these efforts and communicate with our customers.

We have put in place a talented, multicultural six-person team to implement our centralized digital marketing strategy across our search engine, social media, customer rating and website activities. We currently spend approximately 2.5% of our annual revenue on our website and digital marketing efforts, including optimized search engine advertising and our social media profile, to continue supporting online interactions with customers.

*Website:* Online booking has become increasingly popular in recent years, as customer demand for fast, real-time information on the availability and pricing of storage units has continued to grow. Over 60-70% of customers visit our website prior to renting a storage unit, a level we first reached in 2015. Online bookings have increased at a CAGR of 13.0%, from approximately 47 thousand in 2015 to over 60 thousand in 2017.

We are an industry innovator, and remain broadly unique among self-storage providers in the markets where we operate, in offering customers access to real-time pricing information on our website. Unlike many of our competitors, we offer customers full price transparency on our website, following the principle of “the price

you see is the price you pay”. Our website also provides customers with details of all available offers and other features of their selected unit. Customers can then reserve their selected unit online.

As a higher proportion of bookings move online, we have improved the tools available on our website, including a significant effort to strengthen our online media marketing through the launch of our new website design in 2016–2017, giving customers a consistent and high-level online experience across the countries where we operate. We operate one of the fastest websites in the sector, as measured by Google Speed Scorecard. The re-launched website also includes an interactive feature to assist customers in determining the amount of storage required, based on the type of room that is being packed and the furniture or other items that need to be stored. Customers can view additional information about nearby stores, including access information and local amenities, as well as virtual tours of the facility and details about a selected unit, such as whether it is accessible via an elevator.

Customers have access to additional services and information through the website, including details on how self-storage works and tips on packing and storing items. Customers can access further support through dedicated personal storage and business storage pages, which provide information on a range of topics from self-storage during a renovation project or to declutter a home, to archive and equipment storage for a business.

Mobile access to our website has become increasingly popular in recent years. In 2017, more than 50% of customer visits were from mobile devices, an increase from approximately 25% of customer visits in 2015. Our re-launched mobile website was designed to allow a straightforward and consistent customer experience on mobile devices. The mobile website offers customers the same functionality that is available on the traditional website, with a simple and easy-to-use layout.

*Premises:* We also seek to promote customer awareness of our stores through a consistent brand image across our stores. These efforts include strategies to locate stores in highly visible locations, with consistent store signage, architectural features and merchandise layouts. The design and colors of the brand are carried through our entire stores, from the exterior appearance, including signs and banners, to the internal design schemes and layout, as well as our standardized uniforms across our network.

We anticipate completing a project to standardize our branding across our network by the end of 2018, with an aim of improving our brand visibility in the markets where we operate. This four-year project aimed to align our branding across all stores with a total budget of approximately €16 million.

We regularly conduct focus group research and online surveys to identify the primary considerations in customers’ self-storage choices and satisfaction so that we can better attract and service customers.

### ***Operations support***

Our business model relies upon our ability to operate effectively across our broad store network and provide a consistent customer experience in each country where we operate. We utilize a number of centralized policies, procedures and support functions across our operating platform in order to implement this strategy.

*Group-wide policies and procedures:* We aim to ensure that customers receive the same high-level service at each store across our network. In order to support standardized services, we have harmonized all Group-wide policies and procedures at the operational level, including our “Way to Sell” best practices, which include standardized telephone and in-person sales scripts, modeled on feedback from our quality assurance processes, to ensure consistency of the customer experience and also cover a variety of in-store performance tracking and goal-setting practices. Doing so allows us to operate effectively across our broad store network, supporting higher levels of customer conversion from interactions with our in-store and telephone support personnel.

*Accounting and financial functions:* iPharos, our store-management system, is a centralized platform designed to enhance in-store management and the exchange of information with our central office by facilitating financial statement and budget preparation and managing detailed information with respect to in-store utilization and demand metrics in order to optimize revenue at each location. Our website is directly interfaced to iPharos, which enables us to provide real-time availability and pricing information to customers. In addition, iPharos is interfaced to JD Edwards, our accounting software. JD Edwards, along with consolidation system Hyperion Financial Management, supports our financial reporting functions.

*Employee training programs:* We believe the quality of customers’ interaction with our employees is critical to our long-term success. Accordingly, we emphasize customer service and teamwork in our employee training programs. Each in-store employee is required to complete a rigorous three-month training program that builds the foundation to assist our customers with their storage needs. Additionally, we have developed a “Shurgard Academy”, which helps each employee develop while progressing through their career at Shurgard.

*Information systems:* Our integrated information systems are designed to centralize real-time information on stores and customers as well as financial information for all our stores. This information plays a central role in our ability to deliver high-quality customer service. As a result, we have developed these systems to monitor sales activities across our network, including store rental rates and occupancy levels; demographics and tenant mix; customer interactions through store walk-ins and our website; and customer conversion rates. By tracking these measures across our stores, and maintaining clear management lines from in-store activities to broader oversight and strategic planning teams, we can ensure service staff have the tools they need to provide customers with a consistent and high-quality experience. We have undertaken a number of initiatives since 2010, recognizing the integral role these information systems play in our centralized operating model. These include early integration of telephony and our store management system and implementation of a full store virtualization system, to enable management to monitor pricing and occupancy activity, as well as back-office automation and periodic software and hardware upgrades to better enable the speed and performance of the system. Additionally, centralizing these functions has reduced our expenditure on information technology from 2.1% of property operating revenue in 2015 to 2.0% in 2016 and 1.8% in 2017. By directly interfacing with each store in our network through a standardized in-store screen, we are able to efficiently bring new stores onto the platform as quickly as one to two days after purchase.

*Facilities management:* We believe that the appearance and maintenance of our stores is important to our success. We have facility managers in each of our countries, who are responsible for all repair and maintenance. In turn, these facility managers report into the Facilities Director Europe, who ensures that all repair and maintenance across our markets is done consistently and to our internal standards and specifications, including in line with our standardized design and construction requirements. This includes *ad hoc* repairs, which have averaged €2.2 million per year between 2015 and 2017, as well as proactive maintenance expenditures, which have averaged €2.5 million per year during that period, and optimization-focused Maintenance Capital Expenditure, which has averaged €5.3 million annually during that period. Our facilities strategy focuses on security of our stores, compliance with applicable requirements, accessibility of units in our stores, good visual aspect and managing costs. Centralized facilities initiatives in recent years have included investment in electricity, heating and cooling, CO2 emissions and plumbing systems, as well as programs to implement protective walls and gates near elevators, installation of energy-saving sensors, landscaping works and security and fire protection upgrades. Of our most recent six store openings in the United Kingdom, five received BREEAM “excellent” ratings and one received a BREEAM “very good” rating.

*Human resources:* Our human resources department oversees our employees. The following table shows the number of our full-time equivalent employees as of June 30, 2018 and 2017 and December 31, 2017, 2016 and 2015:

	As of June 30, 2018	As of December 31, 2017 2016 2015		
<b>Category of Activity</b> . . . . .				
Store personnel . . . . .	539	520	531	527
Operational management . . . . .	46	48	47	43
Support function . . . . .	85	77	80	81
<b>Total</b> . . . . .	<b>670</b>	<b>645</b>	<b>657</b>	<b>651</b>

We monitor our employee growth rates to ensure an appropriate number of employees to support our continued expansion. By centralizing support functions, we believe that we are able to effectively manage growth in our store network while leveraging our existing management know-how and operating platform. As of December 31, 2017, we had 0.35 FTEs in head office and support roles, on a per-store average, across our network, as compared to 0.66 FTEs, on a per-store average, in 2007.

## Insurance

We maintain property-related insurance on all our stores pursuant to European insurance policies covering all jurisdictions where we are currently developing and operating our business. We exercise discretion in determining amounts, coverage limits and deductibility provisions of insurance relating to our properties, taking into account the estimated value of the property in each case to obtain appropriate insurance coverage at reasonable cost and on suitable terms. We currently carry the following types of insurance coverage in amounts and with deductible levels that we believe are reasonable for our business:

- general liability insurance, covering public liability and product liability relating to the rental of secure and private storage units for personal and business needs;
- property damage and business interruption insurance;

- cyber insurance;
- terrorism insurance, covering property damage and business interruption due to acts of terrorism;
- director and officers' insurance; and
- construction risk insurance, covering loss or damage to construction contracts.

We believe that each of our stores is covered by adequate general liability, property damage, business interruption, terrorism and construction risk insurance provided by reputable companies and with commercially reasonable deductibles and limits.

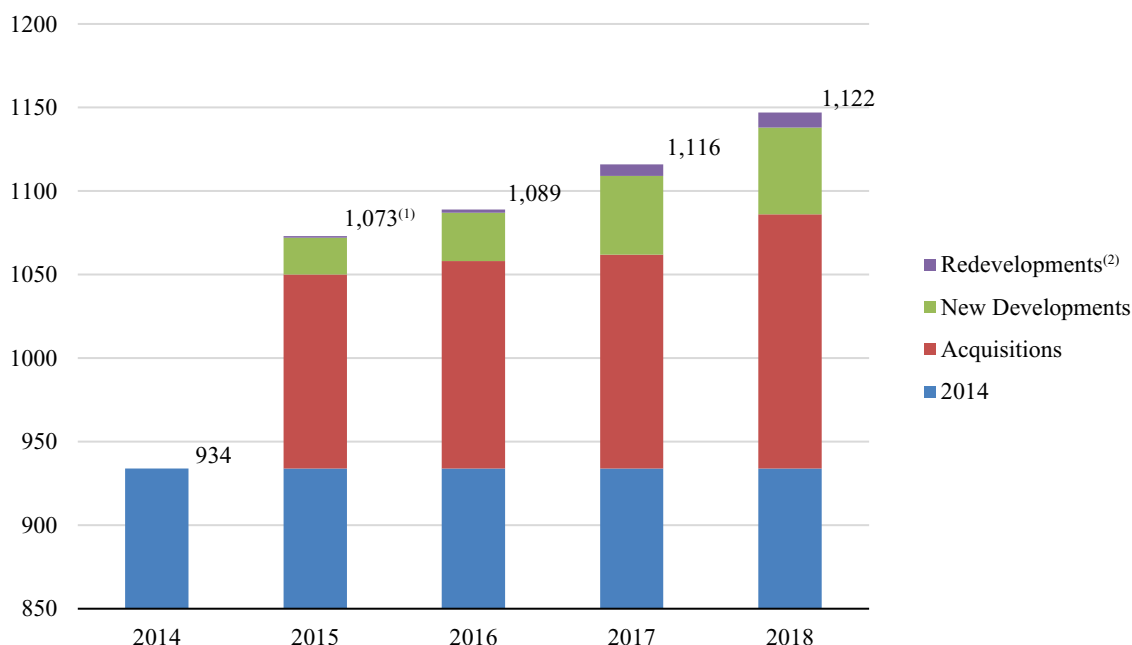
We expect to maintain comprehensive liability, all-risk property insurance coverage with respect to the stores with policy specifications, limits and deductibles customarily carried for in the industry.

## Real Estate Development and Acquisitions

We manage our portfolio of stores with a goal of maximizing revenue and effectively leveraging our operating expenses against a growing base of stores. As we increase the number of stores we own and operate, we believe we can achieve greater economies of scale. We believe that our management and operational procedures, which can be implemented over a large number of stores, enable us to add new stores quickly and with little disruption to our operations.

We have undertaken a number of development, redevelopment and acquisition activities in a variety of geographies in recent years, and have a successful track record of integrating these operations. Development projects completed since January 1, 2015 include six stores in the United Kingdom and one store in Sweden. Redevelopment projects completed since January 1, 2015 include three stores in the Netherlands, two stores in France, two stores in Sweden, two stores in the United Kingdom, and one store in Belgium, which together comprise a total of approximately 9.7 thousand square meters. Recent acquisitions in the Netherlands, Germany, Sweden, the United Kingdom and France have totaled 33 stores since December 31, 2014. The total estimated cost of these acquisitions is €283.4 million (including one acquisition in London expected to complete in October 2018).

As of June 30, 2018, we had a total of 1,121,899 Net Rentable Square Meters across stores we owned or leased (excluding five stores we acquired on that date and one store we managed for a third party). The following chart shows our growth in Net Rentable Square Meters across our network from December 31, 2014 to June 30, 2018, from development, redevelopment and acquisition activity during that period (and excluding stores managed for third parties during that time):



Notes:

(1) Includes five Secur stores acquired on December 31, 2014 that were consolidated with our operating results starting in 2015.

(2) Increases in Net Rentable Square Meters due to redevelopment activities are shown net of remix activities, which in some circumstances result in a loss of net rentable space due to the construction of new corridors and partitions during realignment of storage space during remix activities. The impact of this netting does not affect the total network net rentable area.



## Development and Acquisitions

Our growth strategy is to develop new, high-quality stores and to selectively acquire additional stores that meet, or can be upgraded to meet, our standards. In general, our growth plans involve developing new stores or acquiring existing stores primarily in our existing markets to create economies of scale for our current network of stores. We believe that the experience of our management team in developing and acquiring stores strengthens our ability to pursue our growth strategy.

We rely on internal and external local market personnel to target areas in which to develop new stores or acquire existing stores. We have developed market expansion plans for each of our target markets and use these plans as the basis for selecting new store locations and acquisition targets. Our market expansion plans use a demographic analysis of an area along with an evaluation of competitors' and our own locations, rates and product quality to determine an appropriate number and location of new stores.

The following table shows our development, redevelopment and acquisition activity, by country:

	Number of openings	Number of redevelopments	Number of acquired stores
The Netherlands . . . . .	39	8	22
France . . . . .	45	7	11
Sweden . . . . .	31	4	5
The United Kingdom . . . . .	26	6	2
Belgium . . . . .	21	7	—
Germany . . . . .	11	2	5
Denmark . . . . .	10	3	—
<b>Total . . . . .</b>	<b><u>183</u></b>	<b><u>37</u></b>	<b><u>45</u></b>

### Development

Development is a key aspect of our growth strategy, as we believe we maintain greater control of our quality and brand image by developing our own stores. The development of our own stores enables us to focus on high construction quality and standards and to implement a consistent and inviting building design. We believe our focus on quality and consistency has enabled us to obtain repeat business, to further strengthen awareness of the Shurgard brand, to maintain our rental rates, and to differentiate us from our competitors.

Projected costs of our existing development and redevelopment pipeline are €70.1 million.

#### *Development Team and criteria*

We have put in place a Development Team, including construction and design development roles, with significant know-how, in-depth knowledge of local specificities and development experience that is fully dedicated to identifying opportunities, including locating prospective locations and other development activities from across our markets. Our Development Team was initially formed as a two-person team in 2014 with a focus on development opportunities in London. Since that time, we have expanded this team to add further expertise, growing to 14 people, with two positions remaining to be filled, as of June 30, 2018, and geographic coverage to two additional focus areas in Berlin and Paris. This team evaluates development opportunities against rigorous planning criteria, based on projected operating performance at a particular location in light of projected demand at the store, trends in the relevant market and anticipated time to stabilization, among other factors.

We evaluate a range of factors when selecting development sites. We continue to focus on urban areas, in particular capital cities with high population density, strong purchasing power per capita and a high population per available storage unit.

Many of the sites we target for development are in urban areas and retail areas that often require complex development measures. We believe that the experience of our Development Team in overcoming these complexities gives us an advantage over new market entrants who lack the appropriate development expertise.

#### *Site selection*

The choice of a development location is driven by a number of factors, including affluence of the local market, regional demographics, population diversity and mobility and the visibility and accessibility of the location. We

continue to focus our site selection on areas where we already have an established presence to continue growing in these strategic markets.

Geographic searches are undertaken both internally and through external real estate consultants to identify possible sites on the basis of traffic, visibility and accessibility. We undertake advanced analyses based on geographical information system data to provide visibility on population density and purchasing power across potential catchment areas. This information is used to project anticipated performance against data for existing stores, and to support analyses when determining rate and storage unit mix for development projects. The Real Estate Investment Committee and/or the Board of Directors reviews potential sites identified by such studies and reviews the calculation of each site's potential based on estimated construction costs and rental income levels. We use proprietary evaluation and decision-making tools that allow us to target new developments in high-density residential locations with attractive market growth opportunities.

#### *Approval process*

Our Real Estate Investment Committee reviews and approves real estate acquisitions where the gross transaction value of the transaction or the series of related transactions does not exceed €50 million. Our Board of Directors approves any real estate acquisition in excess of €50 million. The Shareholders' Agreement requires the consent of the Principal Shareholders for acquisitions in excess of 20% of the enterprise value of the Group. Once a site has been approved, agreements are signed with vendors subject to receipt of permits and acceptable environmental assessments. Once a property has been purchased, the contracted builder is selected through a competitive bidding process.

Our profitability is dependent on our ability to develop stores on time and on budget, and to operate according to our targets. We have developed a series of investment metrics, including targeted store size, cost and yield, based on our experience developing and operating self-storage stores in our markets. For example, for a possible development in London, the key metrics we look for in a typical investment are a store size of approximately 5,000 to 7,000 square meters, land and construction costs of between £9.5 million to £13 million and a target yield on cost (calculated as stabilized income from property (NOI) including ancillary revenue divided by direct project costs and development fees, excluding absorption costs (capitalized interest and carry costs)) of between 8–10% once a store has achieved stabilized occupancy. In our experience, a typical development timetable will last approximately two years, from the date that contractual heads of terms are agreed until opening of a store. Generally, the stages of development can be summarized as follows:

- The site-search, project identification and due diligence processes will take three to six months, comprising our initial investment in a new development. At the end of this stage, we will typically exchange contracts for a new site.
- The second stage will take six to 15 months, during which time planning approvals will be sought and the discharge of contractual conditions will occur. At the end of this stage, the purchase of the new site is completed.
- The store is typically opened approximately nine to 12 months after the start of construction although construction of only part of the store may be complete. In some instances, construction of the rest of the store is then completed two to three months after opening.
- Once open, the store typically achieves operational break-even (being when revenue equals direct store operating expense and rental expense) at an occupancy rate of approximately 33% between 10 to 12 months after opening.
- Additionally, once open the store goes through a "ramp-up" period, which is the time needed for a store to reach a stable occupancy level of approximately 90% of Net Rentable Square Meters, which can vary from store to store and typically takes from 18 to 36 months following break-even occupancy levels.

Actual timetables may vary significantly from these estimates.

### Development projects

We have averaged two new store openings per year since 2015. The following table shows our development projects during this time:

	Net Rentable Square Meters (thousands of square meters)	Project Cost
<b>2015</b>		
London (Chingford) . . . . .	7.6	€11.2m
London (Park Royal) . . . . .	6.5	€12.9m
London (Woolwich) . . . . .	8.1	€11.9m
<b>2016</b>		
London (Romford) . . . . .	7.0	€12.2m
<b>2017</b>		
London (Deptford) . . . . .	8.4	€15.9m
London (Greenwich) . . . . .	9.4	€ 9.1m
<b>2018</b>		
Stockholm (Huddinge) . . . . .	4.7	€ 7.6m
<b>Total</b> . . . . .	<b>51.7</b>	<b>€80.8m</b>

The following table shows the development projects currently in our pipeline through 2019 and the stage of their development as of June 30, 2018. We plan to fund these development projects through our existing capital resources:

Project Name	Estimated Opening	Current Status	Net Rentable Square Meters	Number of Units	Estimated Project Cost
Berlin—Neukölln . . . . .	2018	under construction	7,235	1,233	€ 9.2m
Berlin—Oberschöneweide . . . . .	2019	under construction	5,661	998	€ 7.4m
Randstad—Utrecht Zuilen . . . . .	2019	planning	5,939	1,076	€ 9.6m
London—Herne Hill . . . . .	2019	planning	5,872	1,037	€16.4m
<b>Total</b> . . . . .	<b>—</b>	<b>—</b>	<b>24,707</b>	<b>4,344</b>	<b>€42.6m</b>

The development of certain of these stores is subject to significant contingencies, such as the receipt of satisfactory environmental and soil reports and building permits, and there is no assurance that all of them will be completed or as to the timing of their opening. The cost and completion date estimates are subject to change, and there is no assurance that the actual cost of development of these stores will not exceed these estimates. We are targeting yield of 8-10% on costs, once stabilized, for these new stores.

In the medium term, we plan to continue growing our store network through targeted development opportunities, in particular in London, Paris and Berlin. We are targeting at least five store openings per year in the medium term.

### Redevelopment activities

We have completed a number of redevelopment projects at existing stores across our network in recent years. We classify as redevelopment projects any works that increase the net rentable area of the relevant store by at

least 10%. The following table shows the Net Rentable Square Meters we have added to our store network, by year, from redevelopment activities, including the stores where these redevelopment activities were undertaken:

	<u>Net Rentable Square Meters</u>	<u>Total Cost<sup>(1)</sup></u>
2015 . . . . . Malmö (Lundavägen)	1,150	€ 0.6m
2016 . . . . . London (Gypsy Corner)	1,343	€ 2.3m
2017 . . . . . Stockholm (Vällingby) Bruxelles (Jette) Paris (Porte de Pantin) Marseille (Le Canet) London (Harrow)	4,968	€ 6.7m
2018 . . . . . Den Bosch Eindhoven (Centrum) Alkmaar (Oudorp)	2,206	€ 0.7m
<b>Total</b> . . . . .	<u><b>9,667</b></u>	<u><b>€10.3m</b></u>

Note:

(1) Total cost of all redevelopment projects that completed in the relevant year.

Additionally, we have 12 redevelopment projects at existing stores in our current pipeline, with five targeted for completion during the remainder of 2018 and the other seven before the end of 2020. The total budget for these redevelopment projects is €27.5 million, and we are targeting property yield of over 15% across these redevelopment projects, once occupancy rates, rental rates and income from property (NOI) stabilize at these stores.

### ***Acquisitions***

We have historically used acquisitions to supplement our development strategy. We take advantage of specific acquisition opportunities by utilizing our experience in identifying, evaluating and acquiring stores. We complete an analysis of each store that we intend to acquire, including a review of capital expenditures that will be required for the store to meet our standards.

Our acquisition decisions are focused on population density in the store's catchment area, ease of access to the store, quality of the building, whether the freehold interest is available, visibility of the location and the level of competition in the area.

In recent years, we have continued to acquire storage operations and individual stores as part of our broader growth strategies, and we have developed significant experience and an established track record of acquiring and integrating new stores. This includes the acquisition of 33 stores since 2015. The total estimated cost of these acquisitions is €283.4 million, including the planned acquisition of an additional store in London in

October 2018. These acquisitions will increase our net rentable area by over 150 thousand square meters, as set out in the table below:

	Number of Stores	Additional Net Rentable Area <sup>(1)</sup>	Acquisition Price	Date of Acquisition
Germany—Secur . . . . .	5	30	€ 65m	December 2014
The Netherlands—City Box <sup>(2)</sup> . . . . .	21	87	€115m	July 2015
The United Kingdom—Storage Specialist . . . . .	1	8	€ 14m	April 2016
France—Box Stockage . . . . .	1	4	€ 14m	February 2017
Sweden—Pelican Self Storage . . . . .	5	24	€ 38m	June 2018
The United Kingdom—Public Storage <sup>(3)</sup> . . . . .	1	8	€ 37m	October 2018
<b>Total</b> . . . . .	<b>34</b>	<b>161</b>	<b>€283m</b>	—

Notes:

(1) In thousands of square meters.

(2) Reflects the sale of one acquired City Box store and the combination of one City Box store with an existing Shurgard store.

(3) Expected completion date and estimated amount.

We intend to continue to pursue targeted acquisitions in our core development markets, as well as opportunistically elsewhere if we believe our operating efficiencies can create substantial synergies. We believe that the fragmented self-storage market in Europe will lead to recurring opportunity for further consolidation, and that we are well-positioned to be a leader in this process. We continue to monitor our existing and other European markets for acquisition opportunities, using robust evaluation criteria to target strong performance and financial uplift from any acquired stores.

## Ownership and Leasing Arrangements of Stores

### *Freehold or leased*

As of June 30, 2018, approximately 86% of the Net Rentable Square Meters across our store network was at stores where we had a freehold interest in the property and approximately 9% was at stores operated under leases that expire in 80 years or more, together comprising 95% of our net rentable area. The remaining 5% was located at stores that were held under shorter-term leases.

We aim to own the freehold interest in each of our stores, as it provides advantages including full control of the asset base, limits risks that may arise from rent negotiations at the end of a lease and provides us with the ability to undertake branding initiatives at our stores without requiring outside permission.

The following table shows our portfolio by country, as of June 30, 2018:

	Freehold and Long Leasehold	Net Rentable Square Meters	Number of Freehold Stores	Number of Long Leasehold Stores <sup>(1)</sup>
The Netherlands . . . . .	87%	290	41	12
France . . . . .	96%	272	53	0
Sweden . . . . .	96%	183	29	5
The United Kingdom . . . . .	97%	153	25	2
Belgium . . . . .	100%	118	21	0
Germany . . . . .	100%	83	16	0
Denmark . . . . .	100%	53	10	0
<b>Total<sup>(2)</sup></b> . . . . .	<b>95%</b>	<b>1,151</b>	<b>195</b>	<b>19</b>

Notes:

(1) Remaining term of at least 80 years at each store as of June 30, 2018.

(2) Average calculated as a weighted average by Net Rentable Square Meters.

## Additional Properties

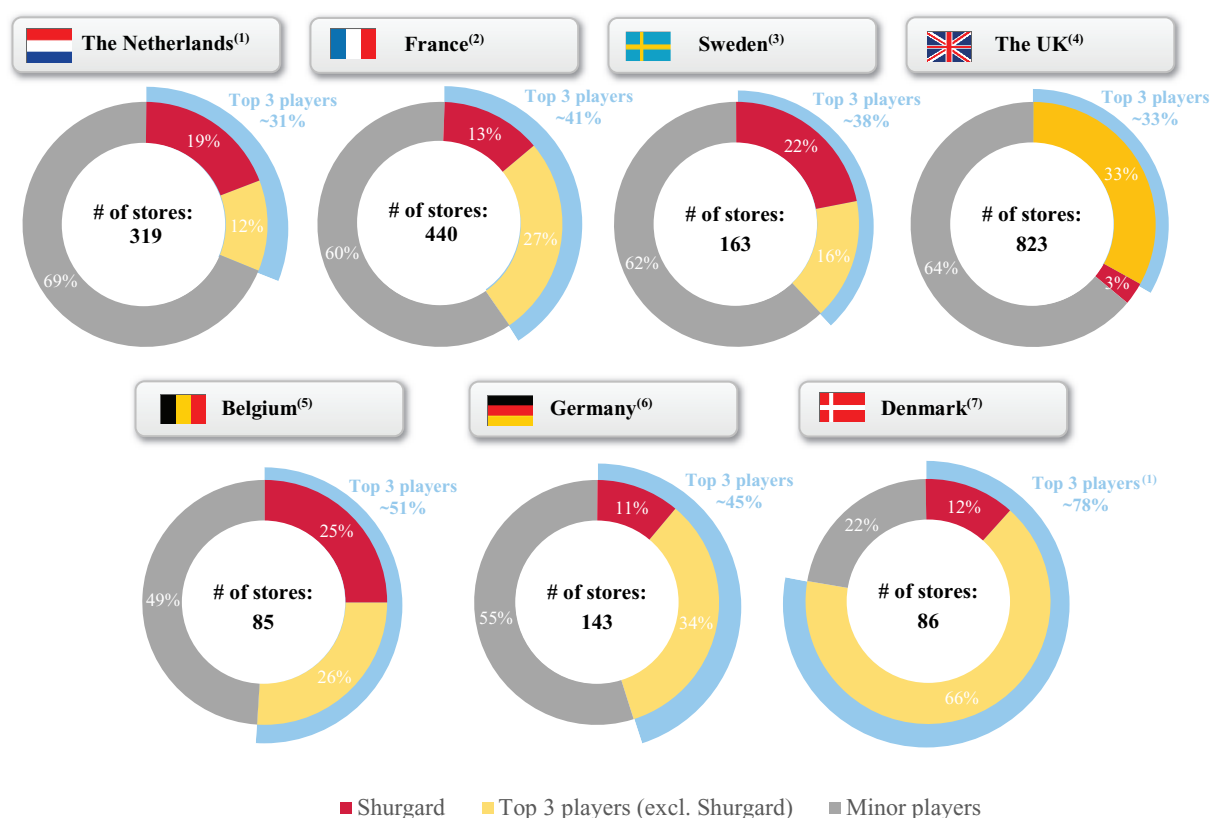
In addition to our stores, we have offices subject to operating leases located in Belgium, France and the United Kingdom. Our corporate office in Luxembourg is subject to an operating lease.

## Competitive Landscape

We operate stores in seven markets across Europe, with leading positions in each market where we operate. Across this network, we have the largest network by number of stores, with 1.6 times the number as the nearest operator, and twice the amount of net rentable space as the second largest operator.

The European self-storage industry remains characterized by operators with scale in particular markets but no single operator competing in more than two of the markets where we operate. The second largest operator by size, Safestore, only operates in the United Kingdom and France, and the third largest operator, Big Yellow, only operates in the United Kingdom. Similarly, Homebox operates a significant network in France and Germany, but does not operate in our other markets.

The following charts show the current competitive landscape in the markets where we operate:



Notes:

- (1) #1 self-storage provider by number of stores.
- (2) #1 self-storage provider in Paris region by number of stores. #2 self-storage provider in France by number of stores.
- (3) #1 self-storage provider in Sweden by number of stores.
- (4) #4 self-storage provider in London M25 by number of stores. #5 self-storage provider in the UK by number of stores.
- (5) #1 self-storage provider in Belgium by number of stores.
- (6) #2 self-storage provider at the regional level in the cities where Shurgard operates by number of stores. #3 self-storage provider in Germany by number of stores.
- (7) #2 self-storage provider in Copenhagen by number of stores. #3 self-storage provider in Denmark (*ex-aequo*) by number of stores.
- (8) Top #3 include Pelican Self Storage and Shurgard, which each operate ten properties.

Source: information based on Shurgard's analysis of the public disclosure of operators in these markets, as well as information collected by local personnel.

## Legal Proceedings

We are not currently, nor have been in the past 12 months, party to any governmental, legal or arbitration proceedings (including any such proceedings that are pending or threatened of which we are aware) that may have, or have had in the recent past, significant effects on our financial position or profitability.

## Intellectual Property

We have entered into a license agreement with Public Storage as owner of the Shurgard trademarks, covering our use of the Shurgard name and logos. The license will be extended by the Relationship Agreement, which is expected to be signed prior to the closing of the Private Placement. The principal terms of the license include a fixed term of 25 years (extendable at our option for an additional two terms of 25 years each), a fee of 1% of our gross revenues from store operations payable on a monthly basis by us for the exclusive use of the Shurgard trademarks in Austria, Belgium, Czech Republic, Denmark, Finland, France, Germany, Greece, Guernsey, Hungary, Ireland, Italy, Luxembourg, Netherlands, Norway, Poland, Portugal, Spain, Sweden, Switzerland and the United Kingdom.

The license will terminate when Public Storage's direct and/or indirect ownership percentage in the Company falls below 15% (excluding treasury Shares), at which point we will automatically purchase the Shurgard trademarks from Public Storage in respect of the territories covered by the license for no additional consideration. If the Relationship Agreement is terminated because we elect not to extend the term of the Relationship Agreement after the 25-year period, we will be required to purchase the ownership rights in the Shurgard trademarks in respect of the territories covered by the license for a fixed lump-sum payment equal to the product of twenty (20) multiplied by the annual projected fee that would be due for the next year following the year of termination. During the term of the agreement, Public Storage can in addition terminate the license if we fail to timely and/or fully pay the payments due thereunder or if we are in material breach of the agreement.

During the term of the agreement we are responsible for the costs of maintaining and defending the Shurgard trademarks in the territory covered by the license. The Relationship Agreement imposes certain requirements on the Company in respect of the use of the trademarks, which includes standards of quality that must be met. The Company shall be responsible for all costs and expenses in relation to the filing, registration, and defense of the trademarks within the territories covered by the license. The Relationship Agreement also imposes certain restrictions on the use of any other trademarks. See *"Principal Shareholders, Related Party Transactions and Group Structure—Agreements with shareholders—Relationship agreement"*.

## Regulation of the Self-Storage Market

Although the self-storage market is not subject to any industry specific regulation, we are subject to European, national and local regulations that apply to the ownership, management and development of real property, including regulations affecting both the construction and operation of stores. In particular, we are subject to building codes and other land-use regulations, as well as health and safety requirements and environmental permit regulations.

Generally, in assessing potential acquisition targets, developing stores and constructing improvements, we use environmental consultants to advise us of any recognized environmental concerns with respect to the property. If any such areas are identified, development and construction are planned in conformance with applicable environmental and land-use requirements.

Some jurisdictions have certain regulations or permit requirements that apply to storage companies or operators of storage activities. It is not always clear to what extent these storage related regulations are applicable to us, as it is not always clear to what extent we qualify as a storage company or an operator of storage activities. See *"Risk Factors—We must comply with building codes and other land-use regulations, as well as health and safety regulations, labor codes and other regulatory requirements, all of which can require significant expenditures"*.

We have not been notified of any current claims for personal injury or property damage by a private party in connection with environmental conditions at any of the stores we own or manage. We have obtained environmental assessment reports prepared by independent environmental consultants for the majority of the stores we own.

**Material Contracts****Financing Agreements**

For a summary of our financing agreements, see “*Operating and Financial Review and Prospects—Liquidity and Capital Resources—Borrowings*”, Note 28 to our Audited Consolidated Financial Statements and Note 24 to our Unaudited Interim Condensed Consolidated Financial Statements.

**Other Agreements with the Principal Shareholders**

See the section on “*Principal Shareholders, Related Party Transactions and Group Structure*” for more information on certain agreements entered into with the Principal Shareholders.



## MANAGEMENT AND CORPORATE GOVERNANCE

### Overview

The governing bodies of the Company are the Board of Directors and the General Shareholders' Meeting. The powers of these governing bodies are defined in the 1915 Companies Act and the Articles of Association. The Board together with the Senior Management manages the Company in accordance with applicable laws.

### Board of Directors

#### Powers and responsibilities of the Board

The Board of Directors is vested with the broadest powers to perform, or to cause to be performed, all acts of disposition and administration in our interest. All powers not expressly reserved by the 1915 Companies Act or by our Articles of Association to the general shareholders' meeting fall within the competence of the Board of Directors.

The Board members are liable towards the Company, in accordance with general Luxembourg law, for the execution of the mandate given to them and for any misconduct in the management of our business. They are jointly and severally liable towards us as well as to any third party for damages resulting from any violation of the law or the Articles of Association, but they may be discharged from such liability in the case of a violation in which they did not participate, provided no misconduct is attributable to them and they have reported any violation to the next General Shareholders' Meeting after having been made aware of it.

The responsibility of Board members may be asserted in our name following a decision by the Shareholders' Meeting.

It is possible for minority shareholders and holders of beneficial parts to commence judicial proceedings against members of the Board for our account. Such proceedings may be brought by one or several shareholders or owners of beneficial parts that hold at least 10% of votes attaching to instruments conferring the right to vote at any shareholders' meeting that has decided on a discharge of members of the Board.

The Company shall enter into an indemnification agreement with each Board member indemnifying her/him for any and all reasonable expenses incurred in connection with investigating, defending, being a witness in or participating in any proceeding or fines, penalties and amounts paid in settlement by reason of their duty as director for the Company. Exceptions to such indemnification include, among others, any acts, omissions or transactions from which a director may not be relieved of liability under applicable law or gross negligence, wilful misconduct, fraudulent acts or omission or deliberate dereliction of duty by the relevant director, as well as expenses incurred in connection with a proceeding brought by or in the right of the Company in which the relevant Board member is finally adjudicated to be liable to the Company.

Every shareholder has the right to ask questions related to items on the agenda of the General Meeting. The right to ask questions and our obligation to answer are subject to the measures to be taken by the Company to ensure the identification of shareholders, the good order of the General Shareholders' Meeting and its preparation as well as the protection of our confidentiality and business interests.

#### Composition of the Board

The Board of Directors must be composed of members who need not be shareholders. Our General Shareholders' Meeting shall determine the number of members of the Board of Directors, their remuneration and the terms of their office (which may not exceed one year). A member of the Board of Directors may be removed with or without cause and/or replaced, at any time, by a resolution adopted by the General Shareholders' Meeting.

As of the date of this Offering Circular, the Board of Directors comprises six members. In accordance with the Shareholders' Agreement, subject to and effective as of the closing of the Private Placement, the Board of Directors will consist of 11 members.

The Shareholders' Agreement provides that, following the closing of the Private Placement:

- Public Storage will be entitled to designate two candidates for election by the Board to stand for election, so long as it owns, directly or indirectly, at least fifteen percent (15%) of the outstanding Shares (excluding treasury Shares);

- CRF shall be entitled to designate two candidates for election by the Board to stand for election, so long as it owns, directly or indirectly, at least fifteen percent (15%) of the outstanding Shares (excluding treasury Shares);
- six independent directors will be elected following nomination by the Board after the Board receives the recommendation of the remuneration and nomination committee of the Board regarding such nominees of the outstanding Shares (excluding treasury Shares); and
- the Chief Executive Officer of the Company, as appointed by the Board, will be nominated to the Board by the General Shareholders' Meeting.

Furthermore, pursuant to the Shareholders' Agreement, Public Storage and CRF have agreed to vote in favour of the election of each other's designated candidates until the earlier of (i) Public Storage or CRF no longer owning at least 15% of the outstanding Shares (excluding treasury Shares) and (ii) 10 years from the date of Admission to Trading. The Shareholders' Agreement also provides that, if so requested by one of the Principal Shareholders, they will use their commercially reasonable efforts to cause at least one of the directors designated by each of them to be appointed to each committee of the Board of Directors.

### **Functioning of the Board of Directors**

The Board convenes whenever required by our affairs. The meetings are called by the chairperson of the Board (the "Chairperson"). The Chairperson presides at meetings of the Board, and in his absence the Board may appoint another Director as chairperson for the relevant meeting by a majority of the votes of the Directors present at such meeting.

The Board of Directors may appoint from among the independent directors a lead independent director (the "Lead Independent Director"), who is responsible for ensuring close compliance with the good governance rules and the information of independent directors.

The Chairperson shall prepare the agenda of the Board after consultation with the CEO and/or the Lead Independent Director, as the case may be.

The meetings of the Board shall be held at the location and the time indicated in the convening notice. Except in an instance of urgency or for regularly scheduled meetings, the meetings of the Board shall be announced in writing at least 48 hours in advance. A convening notice may be dispensed with if all members of the Board consent. The meetings of the Board and its committees may be held by using means of telecommunication (e.g. video or telephone conference) which are continuously online, enabling the identification of the members taking part in the meeting and enabling all persons taking part to communicate with each other on a continuous basis.

At least half of the Board members present at a Board meeting constitutes a quorum, and resolutions are adopted by the simple majority vote of the Board members present. The Board may also take decisions by means of circular resolutions in writing signed by all directors. As of the closing of the Private Placement, no Board member can mandate another Board member in writing to represent him. In case of a tie, the resolution shall not be approved. The Company shall be bound by the sole or joint signature(s) of any person(s) to whom the Board of Directors shall have delegated such signatory power. Such signatory power must be delegated by a majority of the Directors at a meeting of the Board of Directors or by unanimous written consent.

The Board of Directors may also appoint a secretary, who need not be a Director and who will be responsible for keeping the minutes of the meetings of the Board.

The resolutions of the Board of Directors shall be recorded in writing and the minutes of the meetings may be signed by the chairperson or by the secretary of the meeting. Copies or extracts of written resolutions or minutes may also be signed by the chairperson or by the secretary of the meeting.

The Board of Directors may also approve the regulations governing its internal functioning, containing provisions regarding handling of confidential information in accordance with the Luxembourg laws.

The Board of Directors may grant special powers of attorney or entrust permanent or temporary tasks to one or more persons or committees, who shall exercise the tasks entrusted to them under the supervision of the Board.

The Shareholders' Meeting elects directors for a term of one year. Directors may be re-elected. The Shareholders' Meeting may dismiss one or more directors at any time, with or without cause, by a resolution passed by simple majority vote, irrespective of the number of Shares present at such General Shareholders' Meeting. If the Board has a vacancy, the remaining directors have the right to appoint a replacement until the next General Shareholders' Meeting.

The business address of the Board members is that of our registered office is 6c, rue Gabriel Lippmann, L-5365 Munsbach, Grand Duchy of Luxembourg.

### Pre-Private Placement Board of Directors

On the date of this Offering Circular, the Board is composed of the following six members appointed by the General Shareholders' Meeting.

Name	Position	Age	Last appointed	Current mandate expires
Ronald L. Havner, Jr. . . .	Chairman	60	September 26, 2018	Closing of Private Placement
Marc Oursin . . . . .	Chief Executive Officer	56	September 26, 2018	Closing of Private Placement
Olivier Dorier . . . . .	Director	49	September 26, 2018	Closing of Private Placement
Todd Andrews . . . . .	Director	52	September 26, 2018	Closing of Private Placement
Jean Kreusch . . . . .	Director	54	September 26, 2018	Closing of Private Placement
Pascal Beckers . . . . .	Director	39	September 26, 2018	Closing of Private Placement

Short biographies of each Board member are set forth below:

**Ronald L. Havner, Jr.:** Mr Ronald L. Havner, Jr., has been Chairman and Chief Executive Officer of Public Storage since August 2011 and November 2002, respectively. Mr Havner joined Public Storage in 1986 and has held a variety of senior management positions. Mr Havner has been Chairman of the Board of Public Storage's affiliate, PS Business Parks, Inc. ("PSB") since March 1998 and previously served as PSB's Chief Executive Officer. Mr Havner has served as an independent director of many other companies, including his current service as a member of the Board of AvalonBay Communities, Inc. (NYSE: AVB) since September 2014 where he is also a member of the Audit Committee and the Investment and Finance Committee. Mr Havner was also the 2014 Chairman of the Board of Governors of the National Association of Real Estate Investment Trusts, Inc. (NAREIT). Mr Havner also serves as director at Huntington Hospital. Mr Havner holds a Bachelor of Arts in Economics from the University of California, Los Angeles. Effective January 1, 2019, Mr Havner will step down from his position as CEO of Public Storage. He will remain Chairman of the Board of Public Storage.

**Marc Oursin:** Mr Marc Oursin has been the Chief Executive Officer of the Company since January 2012. Mr Oursin has held different senior management positions for a number of major retailers. In 2010 and 2011, Mr Oursin managed the turnaround of Sport 2000 in France with the Private Equity firm Activa Capital. He started his professional career with Promodes from 1987 to 1995 in France and Switzerland, then transferred to Carrefour from 1995 to 2009 working in France, Thailand, South Korea, Taiwan and Belgium. Mr Oursin also served abroad on the boards of different French chambers of commerce. Mr Oursin holds an MBA from Essec Business School Paris and a degree in Agricultural Engineering from AgroParisTech.

**Olivier Dorier:** Mr Olivier Dorier has over 20 years' experience in corporate services and was a founding partner of MAS International. He has extensive experience in incorporation, management, accounting and liquidation of special purpose vehicles and acts as a board member in Luxembourg special purpose vehicles for large multinational groups. He has experience in private equity and real estate and occupies a position as a board member in various European countries including Luxembourg, Belgium, Germany, France and Spain.

**Todd Andrews:** Mr Todd Andrews has been employed by Public Storage since 1997 and has served as Vice President and Controller at Public Storage. Mr Andrews is a Certified Public Accountant and has extensive experience in multiple accounting and finance roles over a period of more than 20 years, in particular in the areas of financial reporting and analysis, treasury management, SEC reporting, internal controls and procedures and operational analysis. Since 2004, he has been a member of the board of directors of Bridgford Foods Corporation, a publicly held manufacturer and distributor of snack foods based in Anaheim, California. He has been a director of PS Insurance Company Hawaii, a wholly owned subsidiary of Public Storage, since 2017. He graduated cum laude with a Bachelor of Science degree in Business Administration from California State University, Northridge.

**Jean Kreusch:** Jean Kreusch joined Shurgard in 2003 as Group Controller. He has served as CFO from June 2005, and as such he is responsible for Finance, Business Analytics, Pricing, IT and Marketing. He also served as CEO ad interim from June 2010 until December 2011. Jean joined Shurgard from Latexia, where he worked from August 2000 and where his position was that of VP Finance & Administration. Before that, Mr Kreusch held the position of Group Reporting and Taxation Manager with European Vinyl Corporation from 1996 to 2000. He spent four years from 1992 to 1996 with Holiday Inn's Headquarters for Europe, Africa and the

Middle East as Financial Planning Manager and Director of Management Information. Jean holds a Master's Degree in Business Administration and Finance from ICHEC Business School.

**Pascal Beckers:** Mr Pascal Beckers has more than 10 years' experience in corporate services. He has experience in incorporation, management, accounting and liquidation of special purpose vehicles and acts as a board member in Luxembourg special purpose vehicles for multinational groups.

#### Post-Private Placement Board of Directors

An Extraordinary Shareholders' Meeting was held on September 26, 2018 to, among other matters, appoint members of the Board of Directors, each subject to and with effect as of the closing of the Private Placement. Four directors have tendered their resignation, two directors have been reappointed and seven new directors have been appointed, of which six are independent directors, each subject to and with effect as of the closing of the Private Placement. Prior to the Private Placement, the Company led the search for individuals qualified to be appointed as independent directors and to serve on the Board of Directors. It conducted these searches on the basis of candidate profiles that it had established in advance.

The post-Private Placement Board shall be composed of the following 11 members:

<u>Name</u>	<u>Position</u>	<u>Age</u>	<u>Last appointed</u>	<u>Current mandate expires</u>
Ronald L. Havner, Jr. <sup>(1)</sup> . . . . .	Chairman	60	Appointment will be effective as of closing of the Private Placement	Annual shareholders' meeting 2019
Marc Oursin . . . . .	Chief Executive Officer	56	Appointment will be effective as of closing of the Private Placement	Annual shareholders' meeting 2019
Z. Jamie Behar <sup>(2)</sup> . . . . .	Director	61	Appointment will be effective as of closing of the Private Placement	Annual shareholders' meeting 2019
Daniel C. Staton <sup>(1)</sup> . . . . .	Director	65	Appointment will be effective as of closing of the Private Placement	Annual shareholders' meeting 2019
John Carrafiell <sup>(2)</sup> . . . . .	Director	53	Appointment will be effective as of closing of the Private Placement	Annual shareholders' meeting 2019
Olivier Faujour . . . . .	Independent Director	53	Appointment will be effective as of closing of the Private Placement	Annual shareholders' meeting 2019
Frank Fiskers . . . . .	Independent Director	57	Appointment will be effective as of closing of the Private Placement	Annual shareholders' meeting 2019
Ian Marcus . . . . .	Lead Independent Director	59	Appointment will be effective as of closing of the Private Placement	Annual shareholders' meeting 2019
Padraig McCarthy . . . . .	Independent Director	58	Appointment will be effective as of closing of the Private Placement	Annual shareholders' meeting 2019
Isabelle Moins . . . . .	Independent Director	54	Appointment will be effective as of closing of the Private Placement	Annual shareholders' meeting 2019
MucH SPRL, represented by Muriel De Lathouwer . . . . .	Independent Director	46	Appointment will be effective as of closing of the Private Placement	Annual shareholders' meeting 2019

Notes:

(1) Director elected on the designation of Public Storage.

(2) Director elected on the designation of CRF.

Short biographies of each Board member are set forth below:

**Ronald L. Havner, Jr.:** see “*Pre-Private Placement Board*”.

**Marc Oursin:** see “*Pre-Private Placement Board*”.

**Z. Jamie Behar:** Ms Z. Jamie Behar was Managing Director, Real Estate & Alternative Investments, for GM Investment Management Corporation (GMIMCo) from 2005 to 2015, where she was responsible for the management of approximately \$12 billion (at peak portfolio value) in real estate, energy and timber investments on behalf of both General Motors Company and other unaffiliated clients. Ms Behar serves on the Board of Directors of Sunstone Hotel Investors, Inc., Gramercy Property Trust, Forest City Realty Trust and Broadstone Real Estate Access Fund. Ms Behar was a member of the Board of Directors of Desarrolladora Homex SAB de CV, Hospitality Europe, B.V., the Pension Real Estate Association (PREA) and the Real Estate Investment Advisory Council of the National Association of Real Estate Investment Trusts (NAREIT) from its inception through 2015. Ms Behar holds a BSE from The Wharton School, University of Pennsylvania, an MBA from Columbia University Graduate School of Business and the Chartered Financial Analyst (CFA) designation.

**Daniel C. Staton:** Mr Daniel C. Staton is an Independent Trustee of Public Storage. Mr Staton joined the Board of Directors of Public Storage in March 1999, and is Chairman of the compensation committee and a member of the audit committee. Mr Staton founded Staton Capital LLC, an investment and venture capital firm, in 2003 and serves as Chairman and Managing Director. Mr Staton is non-executive chairman of the board of ARMOUR Residential REIT Inc (NYSE: ARR). He has been the non-executive chairman of ARMOUR since November 2009 and was the President, Chief Executive Officer and Director of Enterprise Acquisition Corp. from its inception in 2007 until its merger with ARMOUR Residential REIT in November 2009. Mr Staton also served as non-executive chairman of Javelin Mortgage Investment Corp, a mortgage REIT, from 2012 until its merger with Armour Residential REIT in April 2016. Since January 2015, Mr Staton has indirectly owned a minority limited partnership interest in ACM. Mr Staton was chief operating officer and board member of Duke Realty (NYSE:DRE) from 1981 to 1999 and served as chairman of Storage Realty Trust from 1997 to 1999, when he led its merger with Public Storage (NYSE:PSA). Mr Staton has served as a director of Terran Orbital and Here Today and also served as chairman of FriendFinder Networks Inc.

**John Carrafiell:** Mr John Carrafiell co-founded GreenOak Real Estate in 2010, a global private equity and debt real estate investment management and advisory firm with \$11 billion in assets under management. Prior to that, Mr Carrafiell worked at Morgan Stanley from 1987 to 2009, holding various senior positions including Managing Director & Head of Real Estate Europe, a member of the European Investment Banking Division Operating Committee, Global Co-Head of Real Estate and a member of the Global Investment Banking Division's Operating Committee. In 2015, Mr Carrafiell joined the Supervisory Board and became a member of the Audit Committee of Klepierre, Europe's second largest REIT. In 2017, he was appointed Chairman of the Audit Committee of Klepierre. Mr Carrafiell's previous Board experience includes serving as a member of the Board of Directors and Chairman of the Audit Committee of Canary Warf Group Plc; a director of the Supervisory Board and member the Audit Committee of Corio N.V. (previously listed on the Amsterdam and Euronext Paris Stock Exchanges); a director of the Supervisory Board of Deutsche Immobilien Chancen AG & Co. (SDAX—Frankfurt Stock Exchange); a director of Grupo Lar; a director of the Executive Board of the European Public Real Estate Association; and a Trustee of the Urban Land Institute and member of its Finance and Endowment Committee. Mr Carrafiell is a Sterling Fellow of, and holds a Bachelor of Arts degree (BA) from, Yale University, where he serves as Chairman of the Yale School of Architecture Dean's Council.

**Olivier Faujour:** Mr Olivier Faujour worked at General Mills International from 2010 to 2018 and served in executive leadership roles that included Global CEO of Haagen-Dazs & Yoplait and President of General Mills France, Southern Europe, Benelux. Mr Faujour also served on the board of directors of the Yoplait joint venture as Executive Chairman. Mr Faujour is also an advisor for KKR & Co Inc. and for several digital companies with active consulting roles linked to the World Federation of Advertisers (WFA), Google, Amazon and other digital stakeholders. Prior to joining General Mills, Mr Faujour served in various roles at Michelin, Danone and Procter & Gamble. Mr Faujour holds a diploma from ESCP Europe Graduate Business School.

**Frank Fiskers:** Mr Frank Fiskers is a member of the board of directors of Scandic Hotels Group AB of which he was previously president and CEO. For two years, starting in 2010, Mr Fiskers served on the board of directors, as chairman, of Akademibokhandeln. Mr Fiskers also joined the board of directors of Norstedt, as chairman, where he served until 2013. Mr Fiskers has also served as a board member of the Swedish Hospitality Employers Association, Dame Thomas Foundation for Young People, and British Hospitality Association. Previously, Mr Fiskers served as Chief Executive Officer Scandinavian hotel chain First Hotels and of retailer Kooperativa Forbundet (KF), as well as in various management positions within Hilton Hotels

Corporation. Mr Fiskers attended William & Mary University, Cornell University, London School of Economics and IMD.

**Ian Marcus:** Mr Ian Marcus is a Crown Estate Commissioner, the senior independent non-executive director at Secure Income REIT PLC and a non-executive director at Town Centre Securities plc. He is a senior adviser to Eastdil Secured and Wells Fargo Securities, and to Elysian Residences Limited and Work.Life. Mr Marcus is also a Trustee of the Prince's Foundation, a member of Redevco NV's advisory board, chairman of the European advisory board of The Wharton Business School Real Estate Faculty, and vice-president, Cambridge University Land Society. Formerly, Mr Marcus was Chairman of the Bank of England's Commercial Property Forum, a member of the real estate advisory board of the department of land economy at the University of Cambridge, chairman of The Prince's Regeneration Trust and chairman of the European Real Estate Investment Banking division of Credit Suisse. He is a past president of the British Property Foundation and a past chairman of the Investment Property Forum.

**Padraig McCarthy:** Mr Padraig McCarthy is a member of the board of directors of NewSpace Capital Partners S.A. He has served on the board of directors of SES Astra, a fully owned subsidiary of SES and Europe's leading satellite operator, since 2013. He was an executive member of the board until April 2018. In 2013, Mr McCarthy also joined the board of directors of SES Insurance International and SES Insurance International Re, SES's insurance companies, which place satellite insurance both externally and through its captive company. Mr McCarthy has served in various financial leadership positions at SES during his 23-year tenure, including Chief Financial Officer from 2013 to 2018. He has also served on various other board roles with SES for wholly- and non-wholly-owned entities. Prior to joining SES, Mr McCarthy was Financial Director, Europe for Norton S.A. Mr McCarthy holds a Honours Bachelor of Commerce from University College Cork. He is a Fellow of the Irish institute of Chartered Accountants, and attended the Babson College U.A., Advanced Management Program and the INSEAD, Advanced Management Program.

**Isabelle Moins:** Ms Isabelle Moins leads April International Care France, an April Group company (APR—Euronext), which designs, manages and distributes insurance solutions for individuals, professionals and businesses. Between 2015 and 2018, she served in various leadership roles at Aviva France, prior to which she was the Chief Digital Officer at April Insurance, Vice President of Digital at SFR and Chief Executive Officer of [annoncejaunes.fr](http://annoncejaunes.fr) at Pages Jaunes. From 1994 to 2006 she held various positions at Orange Group (previously France Telecom), NEC corp in Japan and Squarus-Groupe EGOR. Ms Moins holds a degree from the Paris Institute of Political Studies and a Master's Degree in Japanese from National Institute for Oriental Languages & Civilizations.

**Muriel De Lathouwer** (representing Much SPRL): Ms Muriel De Lathouwer is an Independent Board Member of CFE (an industrial group) and Amoobi (a technology company focussing on retail store performance optimization solutions) and a Board Member of the International Association for Broadcast & Media Technology Suppliers (IABM). From 2014 to 2018 she served as CEO and managing director of EVS, (EVS—Euronext Brussels), an international company and the global leader in live outside broadcast digital video production systems. From 2012 to 2014 she served as co-founder of Ariade Carbone, an engineering and environmental consulting firm focussing on sustainable buildings. She owns Much, a consulting firm with a focus on sustainable real estate. She served as Chief Marketing Officer at Base, KPN Group Belgium from 2008 to 2009. She started her career as an IT consultant at Accenture and joined McKinsey & Company as an Associate Principal from 2001 to 2008 where she served clients internationally on issues in the Media, Telecom and High-Tech sectors. Ms De Lathouwer holds a Master's degree in Nuclear Physics Engineering from the University of Brussels and a MBA from INSEAD, Fontainebleau. She has presented at multiple global conferences and was a finalist in the 2017 manager of the year elections by the Belgian magazine Trends.

## Directorships Held by Board Members

Except as set forth below, no Board member has held any directorship of any company (other than companies in the Group and companies which are subsidiaries of companies of which the respective Board member is or was a member of its board of directors or other governing body) or partnerships within the past five years:

<u>Name</u>	<u>Current</u>	<u>Past</u>
Ronald L. Havner, Jr. . . . .	Public Storage, PS Business Parks, Inc., AvalonBay Communities, Inc., Huntington Hospital	National Association of Real Estate Investment Trusts, Inc. (NAREIT), California Resources Corp
Marc Oursin . . . . .	2MSP, Ugly Invest, Triangle Investissement	/
Z. Jamie Behar . . . . .	Sunstone Hotel Investors, Inc., Gramercy Property Trust, Forest City Realty Trust, Broadstone Real Estate Access Fund	GM Investment Management Corporation, Desarrolladora Homex SAB de CV, Pension Real Estate Association, National Association of Real Estate Investment Trusts
Daniel C. Staton . . . . .	Public Storage, Staton Capital LLC, ARMOUR Residential REIT Inc, ACM, Here Today, Terran Orbital	Javelin Mortgage Investment Corp
John Carrafiell . . . . .	GreenOak Real Estate, Klépierre, Yale School of Architecture Dean's Council, London's Chelsea and Westminster Hospital's Development Board, Development Board of the Anna Freud National Centre for Families and Children	Corio N.V., Grupo Lar
Olivier Faujour . . . . .	/	Häagen-Dazs & Yoplait, Yoplait Joint Venture, Häagen-Dazs Japan Joint Venture
Frank Fiskers . . . . .	Scandic Hotels Group AB	/
Ian Marcus . . . . .	Secure Income REIT PLC, Town Centre Securities plc, Prince's Foundation, Redevco NV, the Wharton Business School Real Estate Faculty, Cambridge University Land Society, Ian Marcus Consultants Limited.	Bank of England's Commercial Property Forum, Department of Land Economy at the University of Cambridge, Prince's Regeneration Trust, Credit Suisse, British Property Foundation, Investment Property Forum
Padraig McCarthy . . . . .	NewSpace Capital Partners S.A.	SES Astra, SESRe, SES Insurance International/Re, SES Platform Services, HD+, Astra Broadband Services, SES Techcom, AL Maisan Satellite Communications LLC, ND Satcom
Isabelle Moins . . . . .	April International Care France, Smile Corp (SAS), Innovaas	AVIVA France, Aviva Insurance, Aviva Vie, GIE Afer, Epargne Actuelle, April Insurance, SFR
Muriel De Lathouwer . . . . . (as representative of Much SPRL)	CFE, IABM, Coderdojo Belgium asbl, Amoobi, Much	EVS, Ariade Carbone

### **Share ownership and intention of the directors to participate in the Private Placement**

As of the date of this Offering Circular, no member of the Board directly holds any Shares in the Company or options on Shares in the Company, except for our CEO Marc Oursin who owns 180,000 options.

The Company has been advised that the following members of the Board intend to purchase Offer Shares in the Private Placement for an aggregate amount of approximately €0.76 million: Ronald L. Havner, Jr., Z. Jamie Behar, Frank Fiskers, Daniel C. Stanton, Marc Oursin, Ian Marcus, Olivier Faujour and Muriel De Lathouwer.

The intended investment by the CEO is described in “*Senior Management—Share Ownership and intention of the members of the Senior Management to participate in the Private Placement*”.

### **Certain information on the directors**

No member of the Board has, within the past five years, been convicted of any fraudulent offenses, publicly incriminated and/or sanctioned by statutory or regulatory authorities (including professional associations) or, acting in the capacity of a member of the administrative, management or supervisory entity or as a founder of an issuer, been associated with any bankruptcies and/or insolvencies, receiverships or liquidations. No member of the Board has, within the past five years, been deemed by a court to be unfit for membership in an administrative, management or supervisory entity of a company or to be unfit to exercise management duties or to manage the business of an issuer.

As of the date of this Offering Circular, we consider six of the members of our Board of Directors to be independent. We define an “independent board member” as a member who:

- a) is not an executive or managing director of the Company or an associated company;
- b) is not an employee of the Company or an associated company;
- c) does not receive significant additional remuneration from the Company or an associated company apart from a fee received as non-executive director;
- d) does not have an employee, contractual or managerial relationship with, is not an agent of, nor has a financial interest in or receive compensation from, the controlling shareholder(s) (i.e. a strategic shareholder with a 10% or larger holding);
- e) has no significant business relationship with the Company. Business relationships include the situation of a significant supplier of goods or services (including financial, legal, advisory or consulting services), of a significant customer, and of organisations that receive significant contributions from the Company or Group;
- f) is not a partner or employee of the external auditor of the Company or an associated company;
- g) is not an executive or managing director in another company in which an executive or managing director of the Company is non-executive or supervisory director, and not to have other significant links with executive directors of the Company through involvement in other companies or bodies; and
- h) is not a close family member of an executive or managing director, or of persons in the situations referred to in points (a) to (h).

None of the Board members are related to one another by blood or marriage.

We have not granted any Board members any loans, nor have we assumed any guarantees or sureties on their behalf.

### **Committees of the Board**

The Board may create from time to time one or several committees composed of Board members and/or external persons and to which it may delegate powers and roles as appropriate. Subject to and with effect as of the closing of the Private Placement, we have established three committees: the Audit Committee, the Nomination and Compensation Committee and the Real Estate Committee.



### ***Audit Committee***

The Audit Committee is responsible for all matters set forth in the Luxembourg law of July 23, 2016 on the audit profession, as amended (the “Audit Act”), the Audit Committee shall in particular perform the following activities:

- (a) inform the Board of Directors of the outcome of the statutory audit and explain how the statutory audit contributed to the integrity of financial reporting and what the role of the audit committee was in that process;
- (b) monitor the financial reporting drawing-up process and submit recommendations or proposals to ensure its integrity;
- (c) monitor the effectiveness of our internal quality control and risk management systems and, where applicable, its internal audit, regarding our financial reporting, without breaching its independence;
- (d) monitor the statutory audit of the annual and consolidated financial statements, in particular, its performance, taking into account any findings and conclusions by the CSSF pursuant to Article 26(6) of Regulation (EU) No 537/2014;
- (e) review and monitor the independence of the approved statutory auditor(s) (*réviseur(s) d’entreprises agréé(s)*), in particular the appropriateness of the provision of non-audit services to the audited entity in accordance with Article 5 of Regulation (EU) No 537/2014;
- (f) be responsible for the selection of the approved statutory auditor(s) (*réviseur(s) d’entreprises agréé(s)*) and recommend the approved statutory auditor(s) (*réviseur(s) d’entreprises agréé(s)*) for approval by the Company’s shareholders except when Article 16(8) of Regulation (EU) No 537/2014 is applied.

At least one member of the Audit Committee shall have competence in accounting and/or auditing.

The Audit Committee members as a whole shall have competence relevant to the sector in which we are operating.

A majority of the members of the Audit Committee shall be independent of the Company. The chairperson of the Audit Committee shall be appointed by its members and shall be independent of the Company.

The Audit Committee consists of three members: Padraig McCarthy (chairperson), Jamie Behar and Isabelle Moins, of which Padraig McCarthy and Isabelle Moins are considered to be independent.

According to the Internal Rules and Regulations to which the Audit Committee is subject, the committee convenes at appropriate times and whenever required by our affairs, but at least three times a year. The meetings are called by the chairperson or by two (2) members acting jointly. The meetings of the committee shall be held in the Grand Duchy of Luxembourg at the Company’s registered office, or at such other place as may from time to time be determined in the convening notice. Except in an instance of urgency or for regularly scheduled meetings, the meetings of the committee shall be announced in writing at least 48 hours in advance. The notice may be waived by properly documented consent of each member of the committee. No separate notice is required for meetings held at times and places specified in a time schedule previously adopted by resolution of the committee.

One or more members of the committee may participate in a meeting by conference call, video-conference or any similar means of communication enabling thus several persons participating therein to simultaneously communicate with each other. Such participation shall be deemed equivalent to a physical presence at the meeting. At least half of the committee members present or represented at a committee meeting constitutes a quorum, and resolutions are adopted by the simple majority vote of the committee members present or represented. In case of a tie, the resolution shall not be approved. The committee shall provide period reports to the Board of Directors and shall assess its own effectiveness on a yearly basis.

The Board of Directors has the right to amend or rescind the powers delegated to the Audit Committee as well as to amend the Internal Rules and Regulations to which the Audit Committee is subject.

### ***Nomination and Remuneration Committee***

The Nomination and Remuneration Committee is responsible for the following matters:

- (a) the review and approval of corporate goals and objectives relevant to the Senior Management’s compensation, and evaluate performance in light of these goals;

- (b) making recommendations to the Board with respect to incentive compensation plans and equity-based plans;
- (c) submitting proposals to the Board on the remuneration of members of the Senior Management;
- (d) making recommendations to the Board on the company's framework of remuneration for Senior Management and such other members of the executive management and assist the Board in drawing up the remuneration policy of the Company;
- (e) identifying candidates qualified to serve as members of the Board and executive officers;
- (f) recommending candidates to the Board for appointment by the General Meeting or for appointment by the Board to fulfil interim vacancies at the Board;
- (g) facilitating the evaluation of the Board and reporting to the Board on all matters relating to remuneration (including, for example, on internal pay disparity);
- (h) preparing a remuneration report (which shall contain, amongst others, disclosure on the remuneration of each executive officer) and which report shall be submitted to the advisory vote of the annual shareholders' meeting;
- (i) submitting a list of candidates to the Board on the appointment of new directors and Senior Management;
- (j) making an assessment of the existing and required skills, knowledge and experience for any post to be filled and prepare on that basis a description of the role, together with the skills, knowledge and experience required; and
- (k) making an assessment as to whether candidate directors meet the criteria of independence; and
- (l) assessing, together with the CEO, the way in which the Senior Management operates and the performance of its members at least once a year.

The Nomination and Remuneration Committee shall be composed of independent directors and non-executive directors of the Board of Directors. The Nomination and Remuneration Committee members as a whole shall have competence relevant to the sector in which we are operating.

The Nomination and Remuneration Committee consists of four members: Frank Fiskers (chairperson), Muriel De Lathouwer (as representative of Much SPRL), Ian Marcus and Padraig McCarthy.

According to the Internal Rules and Regulations to which the Nomination and Remuneration Committee is subject, the committee convenes at appropriate times and whenever required by our affairs. The meetings are called by the chairperson or by two (2) members acting jointly. The meetings of the committee shall be held in the Grand Duchy of Luxembourg at the Company's registered office, or at such other place as may from time to time be determined in the convening notice. Except in an instance of urgency or for regularly scheduled meetings, the meetings of the committee shall be announced in writing at least 48 hours in advance. The notice may be waived by properly documented consent of each member of the committee. No separate notice is required for meetings held at times and places specified in a time schedule previously adopted by resolution of the committee.

One or more members of the committee may participate in a meeting by conference call, video-conference or any similar means of communication enabling thus several persons participating therein to simultaneously communicate with each other. Such participation shall be deemed equivalent to a physical presence at the meeting. At least half of the committee members present or represented at a committee meeting constitutes a quorum, and resolutions are adopted by the simple majority vote of the committee members present or represented. In case of a tie, the resolution shall not be approved. The committee shall provide period reports to the Board of Directors and shall assess its own effectiveness on a yearly basis.

The Board of Directors has the right to amend or rescind the powers delegated to the Nomination and Remuneration Committee, as well as to amend the Internal Rules and Regulations to which the Nomination and Remuneration Committee is subject.

#### ***The Real Estate Investment Committee***

The Real Estate Investment Committee is authorized by the Board to review and approve all acquisition or disposal of assets, properties or subsidiaries, where the gross transaction value of the transaction or the series of related transactions does not exceed EUR 50 million.

The Real Estate Investment Committee shall be composed of members appointed by the Board of Directors.

The Real Estate Investment Committee consists of four members: Jamie Behar (chairperson), Olivier Faujour, Frank Fiskers and Daniel C. Staton.

According to the Internal Rules and Regulations to which the Real Estate Investment Committee is subject, the committee convenes at appropriate times and whenever required by our affairs. The meetings are called by the chairperson or by two (2) members acting jointly. The meetings of the committee shall be held in the Grand Duchy of Luxembourg at the Company's registered office, or at such other place as may from time to time be determined in the convening notice. Except in an instance of urgency or for regularly scheduled meetings, the meetings of the committee shall be announced in writing at least 48 hours in advance. The notice may be waived by properly documented consent of each member of the committee. No separate notice is required for meetings held at times and places specified in a time schedule previously adopted by resolution of the committee.

One or more members of the committee may participate in a meeting by conference call, video-conference or any similar means of communication enabling thus several persons participating therein to simultaneously communicate with each other. Such participation shall be deemed equivalent to a physical presence at the meeting. At least half of the committee members present or represented at a committee meeting constitutes a quorum, and resolutions are adopted by the simple majority vote of the committee members present or represented. In case of a tie, the resolution shall not be approved. The committee shall provide period reports to the Board of Directors and shall assess its own effectiveness on a yearly basis.

The Board of Directors has the right to amend or rescind the powers delegated to the Real Estate Investment Committee, as well as to amend the Internal Rules and Regulations to which the Real Estate Investment Committee is subject.

### **Senior Management**

The senior management of the Group (the "Senior Management") is made up of 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.

Subject to and with effect from closing of the Private Placement, the Board of Directors has delegated to the Chief Executive Officer the daily management of our business and the authority to represent us, as well as a number of ancillary specific powers. In addition, the Chief Executive Officer has been granted powers to approve any development or refurbishments of real estate assets.

The Board of Directors may also delegate its management powers and the representation of the Company to a general administrator (*directeur général*). Such delegation may not include the power to vary or set the general policy of the Company, or cover the matters expressly reserved by the Articles of Association or by the laws to the Board of Directors. As of the date of this Offering Circular, the Company does not have such delegation in place.

Persons and corporate bodies with delegated powers shall provide periodic reports to the Board of Directors.

The business address of each member of our Senior Management is 6c, rue Gabriel Lippmann, L-5365 Munsbach, the Grand Duchy of Luxembourg.

### **Members of Senior Management**

The following table shows the members of the Senior Management as of the date of this Offering Circular, their age, the date on which they were initially appointed, their current responsibilities, as well as their other

positions in administrative, management, and supervisory bodies, and as partners in companies/partnerships other than the Group during the past five years:

<u>Name</u>	<u>Age</u>	<u>Initial appointment</u>	<u>Current Responsibilities</u>	<u>Current and former membership of Board of Directors and comparable governing bodies or partnerships in the previous five years</u>
Marc Oursin . . . . .	56	January 9, 2012	Chief Executive Officer	2MSP, Ugly Invest, Triangle Investissement
Jean Kreusch . . . . .	54	November 1, 2003	Chief Financial Officer	Transforming Talent SPRL
Duncan Bell . . . . .	55	April 14, 2009	VP Operations	Self-Storage Association UK (SSAUK)
Ammar Kharouf . . . . .	48	March 17, 2014	General Counsel, VP Human Resources and Legal	/
Jean-Louis Reinalda . . . . .	50	October 1, 2015	VP Real Estate	Tekto BV (NL)

**Marc Oursin:** Mr Marc Oursin has been the Chief Executive Officer of the Company since January 2012. Marc has held different senior management positions for a number of major retailers. In 2010 and 2011, Marc managed the turnaround of Sport 2000 in France with the Private Equity firm Activa Capital. He started his professional career with Promodes from 1987 to 1995 in France and Switzerland, then transferred to Carrefour from 1995 until 2009 in France, Thailand, South Korea, Taiwan and Belgium. He also served abroad on the boards of the different French chambers of commerce. Marc holds an MBA from Essec Business School Paris and a degree in Agricultural Engineering from AgroParisTech.

**Jean Kreusch:** Mr Jean Kreusch joined Shurgard in 2003 as Group Controller. He has served as CFO from June 2005, and as such he is responsible for Finance, Business Analytics, Pricing, IT and Marketing. He also served as CEO *ad interim* from June 2010 until December 2011. Jean joined Shurgard from Latexia, where he worked from August 2000 and where his position was that of VP Finance & Administration. Before that, Jean held the position of Group Reporting and Taxation Manager with European Vinyl Corporation from 1996 to 2000. He spent four years from 1992 to 1996 with Holiday Inn's Headquarters for Europe, Africa and the Middle East as Financial Planning Manager and Director of Management Information. Jean holds a Master's Degree in Business Administration and Finance from ICHEC Business School.

**Duncan Bell:** Mr Duncan Bell joined Shurgard in April 2009 as the Market Manager for the United Kingdom. Throughout 2013 Duncan was also Market Manager for The Netherlands. Duncan joined Shurgard from the travel industry where he worked for Travelbag as Sales Director and then Head of Travelbag from 2006 to 2008. Prior to that role, Duncan worked as General Manager for Trailfinders in Manchester, Glasgow and London from 1992 to 2006. Duncan holds a BA (Hons) in Economic History from the University of Sheffield.

**Ammar Kharouf:** Mr Ammar Kharouf joined Shurgard in March 2014 as General Counsel, VP Human Resources and Legal. Ammar joined Shurgard from Public Storage where he served in the role of VP Chief Litigation and Operations Counsel for approximately nine years. Prior to Public Storage, Ammar worked for an international law firm. Ammar holds a B.A. in international relations from American University and a law degree from the University of California, Hastings College of the Law.

**Jean-Louis Reinalda:** Mr Jean-Louis Reinalda joined Shurgard in October 2015 as Vice President Real Estate. Jean-Louis joined Shurgard from Media Saturn Holding GmbH where he worked for five years as Director Real Estate Benelux and four years as Director Real Estate Netherlands. Prior to that, he was the Head of Real Estate at Leen Bakker Holding. Jean-Louis holds a Doctorate in Dutch Law and an Executive Master of Real Estate.

#### **Share Ownership and Intention of the Members of Senior Management to Participate in the Private Placement**

As of the date of this Offering Circular, no member of Senior Management directly holds any Shares in the Company. Each member of Senior Management holds options on Shares in the Company as described under

*“Management and Corporate Governance—Remuneration of Directors and Members of Senior Management—Employee Stock Option Plans”.*

The Company has been advised that all members of Senior Management (Marc Oursin, Jean Kreusch, Duncan Bell, Ammar Kharouf and Jean-Louis Reinalda) intend to purchase Offer Shares in the Private Placement: Marc Oursin for €200,000, Jean Kreusch for €150,000, Ammar Kharouf for €100,000, Jean-Louis Reinalda for €50,000 and Duncan Bell for €50,000.

#### **Certain Information on the Members of Senior Management**

No member of the Senior Management has, within the past five years, been convicted of any fraudulent offenses, publicly incriminated and/or sanctioned by statutory or regulatory authorities (including professional associations) or, acting in the capacity of a member of the administrative, management or supervisory entity or as a founder of an issuer, been associated with any bankruptcies and/or insolvencies, receiverships or liquidations. No member of the Senior Management has, within the past five years, been deemed by a court to be unfit for membership in an administrative, management or supervisory entity of a company or to be unfit to exercise management duties or to manage the business of an issuer.

None of the members of Senior Management are related to one another by blood or marriage.

We have not granted any members of Senior Management any loans, nor have we assumed any guarantees or sureties on their behalf.

#### **Remuneration of Directors and Members of Senior Management**

##### **Members of the Board of Directors**

As from the time of their appointment, each non-executive director of the Company will receive a yearly remuneration of €50,000. Each member who serves on a committee will instead receive an annual remuneration of €60,000. The Lead Independent Director will receive an additional €10,000 per year. Each member who serves as the chairperson of the committee will instead receive an annual remuneration of €65,000. The chairman of the board of directors will instead receive an annual remuneration of €75,000. An executive director of the Company will not receive any additional remuneration for its mandate as director.

##### **Members of Senior Management**

The compensation of the members of our Senior Management is determined by their contracts and consists of a fixed and a variable compensation component and additional benefits, such as company cars or allowances, insurance and pension benefits.

The fixed compensation component is represented by an annual base compensation that is determined in relation to the Senior Management members' respective position and responsibilities.

The variable compensation component consists of an annual performance bonus and periodic stock option grants.

The same compensation structure as above is expected to apply following the Private Placement. Approximately 65% of the compensation of the members of the Senior management will be tied to the achievement of performance goals that are key drivers to the Company's success. In addition, the members of the Senior Management will have to meet share ownership requirements. They will be requested to build up shareholdings in the Company proportional to their fixed compensation. This will be 2.5 times the fixed compensation for the CEO, 2.0 times for the CFO and 1.5 times for the other Senior Management members and will have to be accumulated over five years following the closing of the Private Placement.

The total aggregate compensation paid to the five members of the Senior Management—Marc Oursin, Jean Kreusch, Ammar Kharouf, Jean-Louis Reinalda and Duncan Bell—in the year ended December 31, 2017 amounted to € 7,605,145. This included the following:

Base compensation . . . . .	€1,411,278
Performance bonus . . . . .	€1,206,986
Pension benefits and life insurance coverage . . . . .	€ 94,704
Other benefits in kind . . . . .	€ 53,327
Share-based payments . . . . .	€4,838,850

At the closing of the Private Placement, the members of the Senior Management and certain other employees will be entitled to receive a one-off bonus. The total amount of this one-off bonus as offered to the members of the Senior Management will not exceed € 880,000.

In addition, to support retention and to further strengthen the link between compensation and our stock price development, a one-off stock option grant will be made to the members of the Senior Management and certain other employees at the closing of the Private Placement, under a new equity compensation plan (see “*Equity Compensation Plan*”). The exercise price will be equal to the Offering Price. A total of 680,000 stock options will be granted under this one-off grant to the members of the Senior Management.

The table below shows the outstanding stock options held by each of members of the Senior Management as at the date of this Offering Circular as well as the planned new options to be granted to them at the closing of the Private Placement.

Name	Position	Outstanding stock options			Planned stock options
		2015 Plan	2016 Plan	2017 Plan	New Plan
Marc Oursin . . . . .	Chief Executive Officer	120,000	0	60,000	230,000
Jean Kreusch . . . . .	Chief Financial Officer	80,000	0	40,000	150,000
Duncan Bell . . . . .	VP Operations	45,000	0	35,000	110,000
Ammar Kharouf . . . . .	General Counsel, VP Human Resources and Legal	40,000	0	30,000	100,000
Jean-Louis Reinalda . . . .	VP Real Estate	0	30,000	30,000	90,000

### ***Employee Stock Option Plans***

The Company granted stock options under three incentive plans which are still outstanding: (i) the 2015 equity incentive plan (the “2015 Plan”), (ii) the 2016 equity incentive plan (the “2016 Plan”) and (iii) the 2017 long-term incentive plan (the “2017 Plan”) (each an “Existing Plan” and together the “Existing Plans”). No stock options were granted in 2018 under the Existing Plans. No new grants may be made under the Existing Plans.

The key features of the stock options outstanding under the Existing Plans are as follows (subject to certain exceptions) as follows: (i) upon exercise, each stock option gives right to one ordinary share, (ii) the stock options were granted for free, (iii) the stock options may be exercised in tranches of 25% per year as from the first anniversary of the date of the grant, so that each grant is fully vested after 4 years, (iv) the stock options have a term of 10 years and (v) the stock options vest subject to customary service rules.

The exercise price of each stock option is as follows:

—2015 Plan: EUR 8.77

—2016 Plan: EUR 18.32

—2017 Plan: EUR 21.51.

These exercise prices, that are different from those presented in the financial statements, take into account the adjustment, which was made in order to economically neutralise the impact of the distribution from distributable reserves declared by the Company on July 10, 2018 and which adjustment will become effective subject to and as of the Closing Date.

The shares to be delivered by the Company upon exercise of stock options under the Existing Plans are treasury Shares (including, without limitation, Shares purchased on the stock exchange). The Private Placement and the Admission to Trading do not result in any accelerated vesting of the stock options.

The total number of stock options outstanding under the Existing Plans is 664,000.

### ***Equity Compensation Plan***

On September 26, 2018, the Company approved a new Equity Compensation Plan (the “New Plan”) to incentivise certain executives and employees of the Group. The New Plan enables the Company to grant stock options and, possibly, restricted stock units in 2018 and following years. The first grant of stock options under the New Plan is expected to take place at the closing of the Private Placement (see “*Remuneration of Directors and Members of Senior Management—Members of Senior Management*”). The maximum number of stock options and restricted stock units intended to be granted under the New Plan is 1,915,000. Such maximum number may, possibly, be revised from time to time.

The New Plan is non-dilutive, implying that treasury Shares (including, without limitation, shares purchased on the stock exchange) will be used upon the exercise of the stock options and, possibly, the vesting of the restricted stock units.

Subject to certain exceptions, the key features of the stock options granted under the New Plan are as follows: (i) upon exercise, each stock option gives right to one ordinary share, (ii) the stock options are granted for free, i.e. no consideration is due upon the grant of stock options, (iii) the exercise price of each stock option is equal to the stock exchange price of the underlying share at the time of the grant, (iv) the stock options are subject to a three-year cliff vesting, (v) the stock options have a term of 10 years and (vi) the stock options vest subject to customary service rules.

If granted, the key features of any restricted stock units granted under the New Plan will, subject to certain exceptions, be as follows: (i) upon vesting, each restricted stock units gives right to one ordinary share, for no consideration, (ii) the restricted stock units are granted for free, i.e. no consideration is due upon the grant of restricted stock units, (iii) vesting of the restricted stock units is subject to (a) the expiry of a vesting period, (b) if applicable, the achievement of a performance test and (c) customary service rules.

#### **Directors' and officers' insurance**

We maintain a directors and officers insurance policy covering claims that would be made against members of the Board of Directors and Senior Management of the Company in relation to their functions. The Company intends to enter into indemnification agreements with its directors supplementing this policy. The Company has also contracted a public offer of securities insurance policy in relation to the Private Placement and the Admission to Trading, which covers claims that would be made in relation to the Offering Circular and the listing prospectus against the Company, its directors and officers and the Principal Shareholders.

#### **Loan structures between the Board members and the Company.**

As of the date of this Offering Circular, no loans are outstanding between us and any member of the Board of Directors or member of Senior Management.

#### **Conflicts of Interest**

##### **Directors' and management conflicts of interest**

Members of Senior Management have employment agreements with an entity of the Group, other than the CEO who has a management contract. Certain members of Senior Management also serve on the boards of various Group companies. In addition, the CEO is a member of the Board of Directors of the Company. Therefore, conflicts of interest could arise for members of the Board of Directors and of Senior Management between their duties towards the Group, the relevant individual Group company and their duties as members of the Board of Directors of the Company or as a member of Senior Management, respectively.

At the date of this Offering Circular, the following members of the Board of Directors are partners, directors, representatives and/or employees of Public Storage or an affiliate thereof: Ronald L. Havner, Jr. and Daniel C. Staton. Jamie Behar and John Carrafiell are members of the Board of Directors elected on the designation of CRF. Apart from these potential conflicts of interest and the transactions and legal relations described in *"Principal Shareholders, Related Party Transactions and Group Structure—Related Party Transactions"*, there are no other actual or potential conflicts of interest between the obligations of the members of the Board of Directors or Senior Management toward the Company and their respective private interests or other obligations.

Pursuant to the 1915 Companies Act, in the event that a member of the Board of Directors has a conflicting interest of a financial nature to the interest of the Company in any transaction of the Company that is submitted to the approval of the Board of Directors, such member of the Board of Directors shall make known to the Board of Directors such conflicting interest at that meeting and shall cause a record of his statement to be included in the minutes of the meeting. The member of the Board of Directors may not take part in the deliberations relating to that transaction and may not vote on the resolutions relating to that transaction. At the next following General Shareholders' Meeting, before any other resolution is put to vote, a special report shall be made on any transactions in which any of the directors may have had an interest conflict with that of the Company.

#### **Statutory Auditor**

EY LLP, with registered office at 1 More London Place, London SE1 2AF, United Kingdom, was our auditor for the consolidated financial statements as of and for the years ended December 31, 2015 and 2016 and the

part of the year 2017 until we changed the Company's legal form and migrated from Guernsey to Luxembourg. Ernst & Young S.A. was our auditor for the consolidated financial statements as of and for the year ended December 31, 2017. The consolidated financial statements for these three years were prepared in accordance with United States generally accepted accounting principles. EY LLP is a member of ICAEW ("Institute of Chartered Accountants in England and Wales").

After the Company's migration to Luxembourg on September 28, 2017, we did not appoint any statutory auditor (*réviseur d'entreprises agréé*). As from September 26, 2018 when the Company was converted to a public limited liability company (*société anonyme*) under Luxembourg law, the Company's statutory auditor (*réviseur d'entreprise agréé*) is Ernst & Young S.A. Ernst & Young S.A. is registered with the CSSF as a *cabinet de révision agréé* and with the Luxembourg Trade and Companies Register (*Registre de Commerce et des Sociétés, Luxembourg*) under number B47771. The registered office of Ernst & Young Luxembourg S.A. is 35E, Avenue John F. Kennedy, L-1855 Luxembourg, Grand Duchy of Luxembourg. Ernst & Young S.A. is a member of the Luxembourg body of registered auditors (*Institut des Réviseurs d'Entreprises*).

For the purposes of the Admission to Trading, we have prepared our consolidated financial statements as of and for the years ended December 31, 2015, 2016 and 2017 in accordance with IFRS as adopted in the EU. Our Audited Consolidated Financial Statements have been audited and our Unaudited Interim Condensed Consolidated Financial Statements have been reviewed by Ernst & Young S.A.

### **Corporate Governance Regime**

As a Luxembourg public limited liability company (*société anonyme*) that will be traded on the regulated market of Euronext Brussels, the Company is not required to adhere to the Luxembourg corporate governance regime applicable to companies that are traded in Luxembourg or to the Belgian corporate governance regime applicable to listed companies in Belgium. The Company has opted to not apply the Ten Principles of Corporate Governance of the Luxembourg Stock Exchange on a voluntary basis either.



## PRINCIPAL SHAREHOLDERS, RELATED PARTY TRANSACTIONS AND GROUP STRUCTURE

### Shareholders

At the date of this Offering Circular and prior to the Private Placement, all of the Shares in the Company are held directly or indirectly by the Principal Shareholders, i.e. (i) Public Storage and (ii) CRF.

The following table sets forth the shareholders of the Company (i) at the date of this Offering Circular, (ii) following closing of the Private Placement assuming full exercise of the Put Option, and (iii) following closing of the Private Placement assuming no exercise of the Put Option:

	Shares Owned as at the date of this Offering Circular		Shares Owned as from the Closing Date Assuming Full Exercise of the Put Option <sup>(2)</sup>		Shares Owned as from the Closing Date Assuming No Exercise of the Put Option <sup>(2)</sup>	
	Number	%	Number	%	Number	%
Public Storage <sup>(1)</sup>	31,268,459	48.9	31,268,459	35.2	31,268,459	35.2
CRF <sup>(1)</sup>	32,544,722	50.9	32,544,722	36.6	32,544,722	36.6
Shurgard Self Storage SA (treasury Shares)	122,500	0.2	3,372,500	3.8	122,500	0.1
Public	—	—	21,750,000	24.5	25,000,000	28.1
<b>Total</b>	<b>63,935,681</b>	<b>100.0</b>	<b>88,935,681</b>	<b>100.0</b>	<b>88,935,681</b>	<b>100.0</b>

Notes:

- (1) Public Storage and CRF are the indirect beneficial owners of the number of Shares mentioned next to their name, which are all held of record by Shurgard European Holdings LLC, a Delaware limited liability company. Of the 31,268,459 Shares indirectly beneficially held by Public Storage, it is contemplated that, prior to the closing of the Private Placement, 27,652,379 Shares will be distributed by Shurgard European Holdings LLC to Public Storage.
- (2) The Put Option provides the Stabilization Manager with an option to resell to the Company up to 13% of the number of Offer Shares subscribed for in the Private Placement, which are purchased by the Stabilization Manager for stabilization purposes. Any Shares so purchased by the Company pursuant to the Put Option will be held by the Company as treasury Shares.

All of the Shares have the same voting rights except that voting rights are suspended when such Shares are held by the Company as treasury Shares. The Company has only issued Shares and has therefore no outstanding warrants or convertible bonds.

### Dilution

As a result of the issuance of the Offer Shares, the economic interest and the voting interest of the Principal Shareholders will be diluted. The dilution for the Principal Shareholders would be 28.11%, based on expected gross proceeds from the Private Placement of €575 million, assuming that the Offering Price is at the low end of the Price Range and no exercise of the Put Option.

As of June 30, 2018, the total equity of the Company, excluding non-controlling interests, amounted to €1,366.7 million or approximately €21.42 per Share based on 63,813,181 Shares (excluding treasury Shares). After giving effect to the issuance of the Offer Shares raising gross proceeds of €575 million, following the deduction of the commissions (assuming the discretionary commission is paid in full) and other estimated Private Placement related fees and expenses, our equity attributable to equity holders of the parent would have been approximately €21.63 per Share, corresponding to an increase of approximately €0.21 per Share, or approximately 1%, assuming that the Offering Price is at the low end of the Price Range and no exercise of the Put Option.

### Principal Shareholders

Set forth below is a brief description of our Principal Shareholders.

#### Public Storage

Public Storage is a real estate investment trust (“REIT”) organized under the laws of the State of Maryland, and listed on the New York Stock Exchange under the symbol “PSA”. Public Storage, a member of the S&P 500 and FT Global 500, primarily acquires, develops, owns and operates self-storage facilities. Public Storage’s headquarters are located in Glendale, California. As of June 30, 2018, Public Storage had interests in 2,402 self-storage facilities located in 38 states in the United States with approximately 160 million net rentable square feet in the United States, as stated in its periodic public filings. Public Storage also owns a

42% common equity interest in PS Business Parks, Inc. (NYSE:PSB) which owned and operated approximately 28 million rentable square feet of commercial space as of June 30, 2018 as per other publicly available information.

## **CRF**

CRF holds and invests the assets of a public pension fund headquartered in Albany, New York, USA. It invests on behalf of the New York State and Local Police and Fire Retirement System and the New York State and Local Employees' Retirement System, which provide pension, disability and death benefits to employees of participating public employers in the State of New York and their beneficiaries.

## **Agreements with shareholders**

### **Shareholders' Agreement**

It is expected that, prior to the closing of the Private Placement, the Principal Shareholders, Shurgard European Holdings LLC and the Company will enter into a shareholders' agreement (the "Shareholders' Agreement"). The Shareholders' Agreement addresses matters relating to the governance of the Company, and certain other matters.

Pursuant to the terms of the Shareholders' Agreement, the Company will be managed by a board of directors consisting of eleven members. Each of the Principal Shareholders has the right to designate two candidates for election as director to the Company's board, so long as such shareholder has a direct and/or indirect ownership interest in the Company of at least 15% (excluding treasury Shares). The Company's board will nominate the chief executive officer of the Company and six independent directors for election to the Company's board at each shareholders' meeting. Each of the Principal Shareholders has entered into a general undertaking to vote for each other's candidates to the board of directors, which undertakings will terminate at the latest after 10 years from the date of Admission to Trading. The Shareholders' Agreement further provides that, if so requested by one of the Principal Shareholders, they will also each use their commercially reasonable efforts to cause at least one of the directors designated by each of them to be appointed to each committee of the board of directors.

The Shareholders' Agreement requires the consent of the Principal Shareholders for acquisitions by the Company of equity or assets in excess of 20% of the enterprise value of the Group.

The Company has also agreed to cooperate with any future secondary sales of Shares by the Principal Shareholders or Shurgard European Holdings LLC. Under certain circumstances, Shurgard will bear certain fees and expenses in connection therewith.

Without prejudice to applicable legal provisions, the Shareholders' Agreement further provides for pre-emptive rights for the Principal Shareholders. The Company has granted each Principal Shareholder the right to participate in subsequent equity raises proportionate with its respective *pro rata* stake in the Company, for as long as such Principal Shareholder has the right to designate a director-candidate.

### **Relationship Agreement**

It is expected that, prior to the closing of the Private Placement, Public Storage and the Company will enter into a relationship agreement (the "Relationship Agreement"). The Relationship Agreement provides for the license of certain trademarks by Public Storage to the Company, and also provides for a non-compete undertaking by Public Storage. Pursuant to the Relationship Agreement, Public Storage also agrees to provide certain services to the Company.

Pursuant to the terms of the Relationship Agreement, Public Storage has granted the Company an exclusive licence for a number of European countries (including in the jurisdictions in which the Company currently operates) to use certain trademarks, including Shurgard, in relation to the properties operated by, and the products and services offered by, the Company. Public Storage is and will remain the registered and beneficial owner of these trademarks, until termination of the Relationship Agreement (as described below) in certain circumstances. The Relationship Agreement imposes certain requirements on the Company in respect of the use of the trademarks, which includes standards of quality that must be met. The Company shall be responsible for all costs and expenses in relation to the filing, registration, and defense of the trademarks within the territories covered by the license. The Relationship Agreement also imposes certain restrictions on the use of any other trademarks. In consideration of the license to the trademarks, the Company will pay Public Storage monthly fees of 1% of the Group's gross revenues earned in respect of any of the Company's properties.

The license is granted for a fixed term of 25 years, beginning from the date of the Admission to Trading and can be extended for two consecutive 25-year periods, at the option of the Company. The Relationship Agreement will terminate if (i) the Company elects not to extend the term of the Relationship Agreement or (ii) Public Storage's direct and indirect ownership percentage in the Company falls below 15% (excluding treasury Shares). If the Relationship Agreement is terminated because Public Storage's direct and indirect ownership percentage in the Company falls below 15% (excluding treasury Shares), the Company will have the option to acquire the licensed marks for no additional consideration. If the Relationship Agreement is terminated because we elect not to extend the term of the Relationship Agreement after the 25-year period, we will be required to purchase the ownership rights in the Shurgard trademarks in respect of the territories covered by the license for a fixed lump-sum payment equal to the product of twenty (20) multiplied by the annual projected fee that would be due for the next year following the year of termination. Public Storage may terminate the Relationship Agreement if we fail to timely and/or fully pay the payments due thereunder or if we are in material breach of the agreement. Upon termination of the Relationship Agreement for those events, we will no longer be able to use the Shurgard trademarks.

Public Storage has undertaken, subject to certain exceptions, not to engage in any competing business or own any interest in any competing entity with the Company in the territory covered by the trademark license for a period ending 6 months after Public Storage no longer has the right to designate two nominees to the Board.

During the period in which the non-compete is in effect, Public Storage will continue to provide certain support services to the Company, such as the sharing of certain software systems and the provision of training.

### **Related Party Transactions**

In accordance with IAS 24, transactions with persons or companies which are, *inter alia*, members of the same group as the Company or which are in control of or controlled by the Company must be disclosed, unless they are already included as consolidated companies in our Audited Consolidated Financial Statements. The disclosure requirements under IAS 24 also extend to transactions with associated companies (including joint ventures) as well as transactions with persons who have significant influence on our financial and operating policies, including close family members and intermediate entities.

Further information, including quantitative amounts, of related party transactions for the fiscal years ended December 31, 2017, 2016 and 2015 as well as for the for the six months ended June 30, 2018 are contained in the notes to our Audited Consolidated Financial Statements and in the notes to our Unaudited Interim Condensed Consolidated Financial Statements. We believe that such transactions with related parties were substantially on the same terms as for transactions of similar nature with third counterparts, and were thus in line with the arms-length principle. Business relationships between companies of the Group are not included.

In the course of our business we have entered into transactions with related parties including Public Storage or entities wholly or partially owned or controlled by Public Storage. Most of these transactions relate to the license to the Shurgard trademarks provided to us by Public Storage and services provided by us to these entities, or by these entities to us. Except as disclosed in the financial statements, none of such transactions resulted in material payment obligations during the fiscal years ended December 31, 2017, 2016 and 2015 and during the six months ended June 30, 2018. See also "*Principal Shareholders, Related party transactions and group structure—Agreements with Shareholders—Relationship Agreement*" for further information on the Relationship Agreement, which is expected to be entered into prior to the closing of the Private Placement.

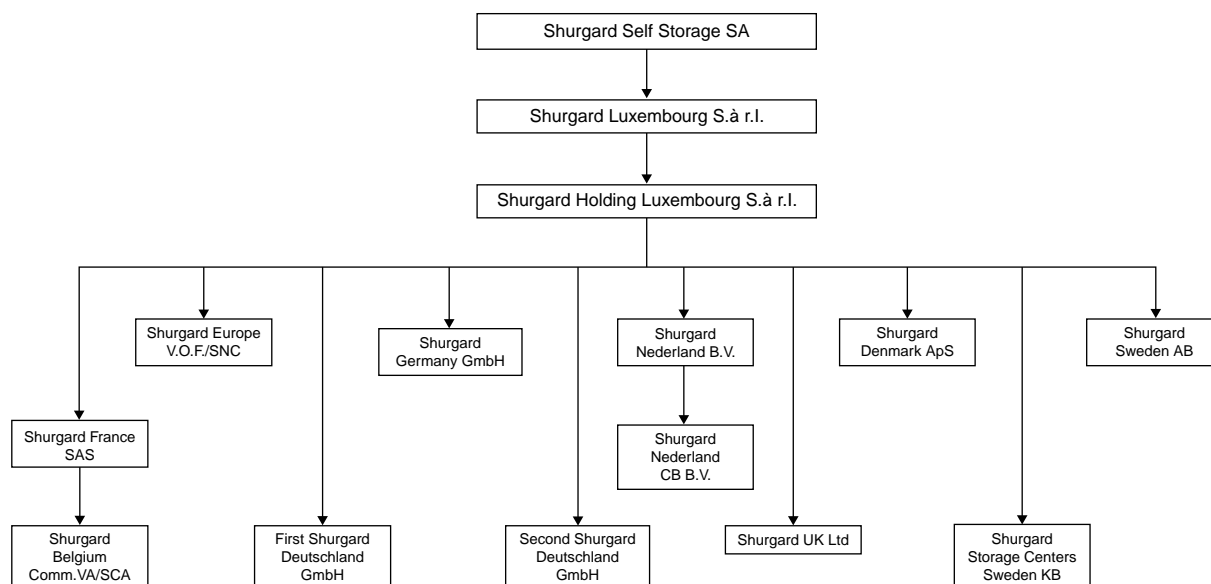
It is also expected that, in October 2018, we will enter into an agreement relating to, and complete, the purchase of the Kensington store in London from Public Storage. At the date of this Offering Circular, the Kensington store is owned by Public Storage and managed by Shurgard pursuant to a property management agreement.

### **Group Structure**

The Company is the parent company and principal holding company of the Group. It operates its business through its direct and indirect subsidiaries.

All the Company's subsidiaries are, directly and indirectly, wholly owned, except for First Shurgard Deutschland GmbH and Second Shurgard Deutschland GmbH. We own 94.80% of these two companies and the remaining 5.20% therein is held by our two Principal Shareholders through Shurgard German Holdings LLC.

The following diagram shows, in simplified form, the current structure of the Group:



Certain additional information in relation to the Company's significant subsidiaries as of the date of this Offering Circular appears below:

<u>Name</u>	<u>Jurisdiction</u>	<u>Registered Office</u>	<u>Percentage Ownership (directly or indirectly)</u>	<u>Balance Sheet (per 31/12/2017 EUR)</u>
Shurgard Luxembourg S.à r.l. . . . .	Luxembourg	6C, rue Gabriel Lippmann, 5365 Munsbach, Luxembourg	100%	1,448,753,146.00
Shurgard Holding Luxembourg S.à r.l. .	Luxembourg	6C, rue Gabriel Lippmann, 5365 Munsbach, Luxembourg	100%	1,032,504,433.00
Shurgard France SAS . . . . .	France	21 rue Clément Marot, 75008 Paris, France	100%	356,857,423.00
Shurgard Belgium Comm. VA/SCA . . .	Belgium	Zuiderlaan 14, 1731 Zellik, Belgium	100%	75,317,345.00
Shurgard Europe VOF/SNC . . . . .	Belgium	Breedveld 29, 1702 Groot-Bijgaarden Belgium	100%	11,246,583.00
Shurgard Germany GmbH . . . . .	Germany	Zeilweg 42, 60439 Frankfurt am Main, Germany	100%	80,121,400.14
First Shurgard Deutschland GmbH . . .	Germany	Zeilweg 42 60439 Frankfurt am Main, Germany <sup>38</sup>	94.80% <sup>39</sup>	35,063,260.06
Second Shurgard Deutschland GmbH .	Germany	Zeilweg 42 60439 Frankfurt	94.80% <sup>41</sup>	12,059,237.33

<sup>38</sup> The address mentioned is a "Geschäftsanschrift" (business seat), the registered office ("Sitz") is Kleve.

<sup>39</sup> The remaining 5.20% is held by our two Principal Shareholders through Shurgard German Holdings LLC.

<u>Name</u>	<u>Jurisdiction</u>	<u>Registered Office</u>	<u>Percentage Ownership (directly or indirectly)</u>	<u>Balance Sheet (per 31/12/2017 EUR)</u>
		am Main, Germany <sup>40</sup>		
Shurgard Nederland B.V. . . . . .	The Netherlands	Contactweg 30C, 1014 AN Amsterdam, the Netherlands <sup>42</sup>	100%	434,027,259.00
Shurgard Nederland CB BV . . . . .	The Netherlands	Contactweg 30C, 1014 AN Amsterdam, the Netherlands <sup>43</sup>	100%	168,474,899.00
Shurgard UK Ltd . . . . .	United Kingdom	2 A C Court, High Street, Thames Ditton, Surrey, KT7 0SR, UK	100%	219,614,495.99
Shurgard Denmark ApS . . . . .	Denmark	c/o Intertrust Denmark Harbour House Sundkrogsgade 21, Denmark <sup>44</sup>	100%	47,685,304.43
Shurgard Sweden AB . . . . .	Sweden	Norra Vallgatan 70, 211 22 Malmö, Sweden	100%	110,244,367.53
Shurgard Storage Centers Sweden KB . . . . .	Sweden	c/o Intertrust Sweden AB Norra Vallgatan 70 211 22 Malmö, Sweden <sup>45</sup>	100%	62,776,962.69

<sup>40</sup> The address mentioned is a “Geschäftsanschrift” (business seat), the registered office (“Sitz”) is Kleve.

<sup>42</sup> The address mentioned is a “bezoekadres” (physical address), the registered office is Amsterdam.

<sup>43</sup> The address mentioned is a “bezoekadres” (physical address), the registered office is Amsterdam.

<sup>44</sup> The address mentioned is a postal address, the registered office is Tårnby (Copenhagen).

<sup>45</sup> The address mentioned is a postal address, the registered office is Solna (Stockholm).

## DESCRIPTION OF SHARE CAPITAL AND ARTICLES OF ASSOCIATION

### History and Development of the Company. Important events.

#### (a) Initial entity

The Company was incorporated as a limited liability company in Guernsey on March 11, 2008 with the Guernsey Registry. Until September 28, 2017, its legal name was “Shurgard Self Storage Europe Limited” with its registered office at 1st and 2<sup>nd</sup> Floors, Elizabeth House, Les Ruettes Brayes, St. Peter Port, Guernsey, GY1 2JQ and with registered number 48630.

#### (b) Migration to the Grand Duchy of Luxembourg

The Company moved its registered office and central administration to the Grand Duchy of Luxembourg by decision of the General Shareholders’ Meeting dated September 28, 2017 and adopted the form of a private limited liability company (*société à responsabilité limitée*) under Luxembourg law and changed its legal name to “Shurgard Self Storage Europe S.à r.l.”. The Company was registered with the Luxembourg Trade and Companies Register (*Registre de Commerce et des Sociétés, Luxembourg*) under number B218238, on October 3, 2017, following the migration from Guernsey. Deletion of the Company’s registration in Guernsey was completed on 28 September 2017.

On November 27, 2017, the Company, as absorbing company, merged with Shurgard Self Storage Luxembourg S.à r.l., a private limited liability company (*société à responsabilité limitée*) incorporated under the laws of the Grand Duchy of Luxembourg, and formerly registered with the Luxembourg Trade and Companies Register (*Registre de Commerce et des Sociétés, Luxembourg*) under number B128040 as absorbed company.

#### (c) Conversion into public limited liability company

The Company was then converted to a public limited liability company (*société anonyme*) governed by the laws of the Grand Duchy of Luxembourg by decision of the General Shareholder’s Meeting dated September 26, 2018 and changed its legal name to “Shurgard Self Storage SA”.

This section summarizes information relating to our share capital, the Articles of Association and certain material rights of its shareholders under Luxembourg law. For a description of our group structure, see “Principal Shareholders, Related Party Transactions and Group Structure—Group Structure”. The contents of this section are derived primarily from the Luxembourg laws and the Articles of Association, which were adopted by the Shareholders’ Meeting on September 26, 2018.

The description provided hereafter is only a summary and does not purport to provide a complete overview of the Articles of Association or the relevant provisions of Luxembourg law.

### Corporate Purpose

According to article 3 of the Articles of Association, our corporate purpose is the following:

The object of the Company is the acquisition, holding and disposal of interests in the Grand Duchy of Luxembourg and/or in foreign companies and undertakings, as well as the administration, development and management of such interests.

The Company may provide loans and financing in any other kind or form, or grant guarantees or security in any other kind or form, for the benefit of the companies and undertakings forming part of the group of which the Company is a member.

The Company may also invest in real estate including self-storage centers, in intellectual property rights or any other movable or immovable assets in any kind or form.

The Company may borrow in any kind or form and issue bonds, notes or any other debt instruments as well as warrants or other share subscription rights.

In a general fashion, the Company may carry out any commercial, industrial or financial operation, which it may deem useful in the accomplishment and development of its object.

### Registered Office, Fiscal Year and Duration of the Company

Our domicile and registered office is at 6c, rue Gabriel Lippmann, L-5365 Munsbach, Grand Duchy of Luxembourg.

Our telephone number is + 352 26 35 50 1.

Our fiscal year begins on January 1 of each year and terminates on December 31 of the same year.

The Company is established for an unlimited period of time.

Our Legal Entity Identifier (“LEI”) code is 549300J0UEIKU81XO336.

## **Share Capital and Shares**

### ***Share capital***

As of the date of the Offering Circular, our share capital amounts to €45,628,936. It is divided into 63,935,681 Shares in dematerialized form, without nominal value. The share capital has been fully paid up. The Shares have been issued pursuant to Luxembourg law.

The Shares have been issued in dematerialized form only and shall be subject to the Luxembourg law of April 6, 2013 on dematerialized securities, as amended.

LuxCSD SA, 42, John F. Kennedy, L-1855 Luxembourg, Grand Duchy of Luxembourg has been appointed as Securities Settlement Organization. The Shares are in primary deposit with LuxCSD. The Shares will also be eligible for deposit and clearing with Euroclear SA/NV, 1, Boulevard du Roi Albert II, 1210 Brussels, Belgium, the Belgian central securities depository (“Euroclear Belgium”), as well as with, Euroclear Bank, SA/NV, 1, Boulevard du Roi Albert II, 1210 Brussels, Belgium (“Euroclear Bank”) and Clearstream Banking SA, 42 Avenue John F. Kennedy, L-1855 Luxembourg, Grand Duchy of Luxembourg (“Clearstream Luxembourg”).

Banque et Caisse d’Epargne de l’Etat (BCEE), with registered office at 1, place de Metz, L-2954 Luxembourg, Grand Duchy of Luxembourg has been appointed as paying agent and as LuxCSD’s principal agent for the recording of the book entries of the Shares and for all other formalities and actions related to the holding of dematerialized shares.

BNP PARIBAS has been appointed as listing agent for the Admission to Trading in connection with the Private Placement.

The following codes have been assigned to the Shares:

- ISIN: LU1883301340; and
- Common Code: 000188330134.

### ***Share capital history***

There have been no movements of our share capital between January 1, 2015 and the date of our migration to the Grand Duchy of Luxembourg. At the Shareholders’ Meeting of the Company held on September 28, 2017 in connection with our migration, our share capital amounted to €800,628,936, divided into 63,935,681 Shares without nominal value.

By resolution of the Shareholders’ Meeting of the Company held on July 6, 2018, our share capital was reduced by an amount of €755,000,000 from €800,628,936 to €45,628,936, without cancellation of Shares by allocation of the capital reduction amount to a freely distributable reserve account of the Company.

On October 11, 2018, the Board of Directors is expected to resolve (i) to approve the increase of the share capital of the Company and the issuance of the Offer Shares, using the powers granted to such Board of Directors under the Company’s authorized share capital and (ii) to grant each Director the right to accept and confirm the subscription of the Offer Shares and the right to issue the Offer Shares. Pursuant to these resolutions of the Board of Directors and prior to the closing of the Private Placement, a delegated Director will confirm the subscription of the Offer Shares and the issue of the Offer Shares, as a result of which the aggregate share capital will amount to €63,470,670 represented by 88,935,681 Shares (assuming that the maximum number of newly issued Shares is issued and that the Offering Price is at the low end of the Price Range).

### ***Authorized capital***

On September 26, 2018, the General Shareholders’ Meeting resolved to set the authorized capital of the Company (including, for the avoidance of doubt, our issued share capital) at € 95,800,729.98 divided into 134,236,856 Shares.

The Board of Directors is authorized, up to the maximum amount of the authorized capital, to (i) increase the issued share capital in one or several tranches with or without share premium, against payment in cash or in kind, by conversion of claims on the Company or in any other manner (ii) issue subscription and/or conversion rights in relation to new Shares or instruments within the limits of the authorized capital under the terms and conditions of warrants (which may be separate or linked to Shares, bonds, notes or similar instruments issued by us), convertible bonds, notes or similar instruments; (iii) determine the place and date of the issue or successive issues, the issue price, the terms and conditions of the subscription of and paying up on the new Shares and instruments and (iv) remove or limit the statutory preferential subscription right of the shareholders.

The Board of Directors may authorize any person to accept on behalf of the Company subscriptions and receive payment for Shares or instruments issued under the authorized capital.

The above authorization is valid for a period ending five years after the date of the General Shareholders' Meeting creating the authorized capital. The above authorization may be renewed, increased or reduced by a resolution of the General Shareholders' Meeting voting with the quorum and majority rules set for the amendment of the Articles of Association.

### ***General provisions governing changes in the share capital***

Our subscribed share capital of may be increased or decreased by a resolution passed at a General Shareholders' Meeting subject to the quorum and majority requirements for an amendment to the Articles of Association.

The General Shareholders' Meeting may also amend the Articles of Association for the purpose of authorizing the Board of Directors to increase the subscribed share capital within the limits of the authorized capital. As of the date of this Offering Circular, article 6 of the Articles of Association provides that our authorized capital is set at € 95,800,729.98 divided into 134,236,856 Shares. The Board of Directors is authorized for a period ending 5 years after the date of the General Shareholders' Meeting creating the authorized capital to include the authorized capital and to increase the current issued capital up to the amount of the authorized capital, in whole or in part from time to time.

In the event of a reduction of the share capital with a repayment to the shareholders or a waiver of their obligation to pay up their Shares, creditors whose claims predate the publication of the minutes of General Shareholders' Meeting may, within 30 days from such publication, apply for the constitution of a security interest to the judge presiding over the chamber of the District Court (*Tribunal d'Arrondissement*) dealing with commercial matters and sitting in urgency. The judge may only reject such an application if the creditor already has adequate safeguards or if such security is unnecessary having regard to our assets. No payment may be made or waiver given to the shareholders until such time as the creditors have obtained satisfaction or until the judge presiding over the chamber of the District Court (*Tribunal d'Arrondissement*) dealing with commercial matters has ordered that their application should not be granted.

No creditor protection rules apply in the case of a reduction in the subscribed capital for the purpose of offsetting losses incurred which are not capable of being covered by means of other own funds or to include sums in a reserve provided that such reserve does not exceed 10% of the reduced subscribed capital.

### ***Form and transferability of the Shares***

The dematerialized Shares will only be represented, and the ownership of such Shares will only be established by a record in the name of the shareholder in a securities account. LuxCSD may issue or request that we issue certificates relating to dematerialized Shares for the purpose of international circulation of securities.

The dematerialized Shares issued by the Company shall be recorded at all times in the single securities issuance account of LuxCSD, which shall indicate the identification elements of these dematerialized Shares, the quantity issued and any subsequent changes.

To allow the account keepers or, where applicable, the foreign account keepers to exercise their associational rights and their rights of action against the Company or third parties, they shall issue certificates to their account holders in exchange for written certification by the latter that they hold the securities concerned for own account or act pursuant to a right granted by the holder of the securities rights. Reference shall be made of it on the certificate.

The Shares will be freely transferable in accordance with the legal requirements for dematerialized Shares. The Board of Directors may, however, impose transfer restrictions for Shares that are registered, listed and admitted



to trading, quoted, dealt in or have been placed in certain jurisdictions in compliance with the requirements applicable therein.

The transfer of a dematerialized share occurs by book-entry.

For the purposes of identifying the shareholders, we may, at our expense, request from LuxCSD the name, nationality, date of birth or date of incorporation and the address of the holders of any Shares in their books which immediately confers or may confer in the future voting rights at our General Shareholders' Meetings, together with the number of Shares held by each of them and, where applicable, the limits the Shares may be subject to. LuxCSD shall provide us with the identification data in its books on the holders of the securities accounts in its books and the number of Shares held by each of them.

The same information on the shareholders for own account shall be gathered by the Company through the account holders, whether from the Grand Duchy of Luxembourg or abroad, who have a securities account with LuxCSD.

We may request the persons indicated on the lists given to us to confirm that they hold the Shares for their own account.

When a person who holds an account with LuxCSD or an account holder or a foreign account holder does not communicate the information requested by us in accordance with article 17 of the Luxembourg law of April 6, 2013, on dematerialized securities, as amended, within two months as from the request or, if he communicated incomplete or erroneous information relating to his quality or the quantity of the Shares held by him, we may suspend the voting rights up to the amount of the Shares for which the information requested was not received until we are provided with the requested information.

We will recognize only one holder per share. If a share were to be held by more than one person, the persons claiming ownership of the share must name a single proxy to represent the share vis-à-vis the Company. We have the right to suspend the exercise of all rights attached to such share until one person has been appointed in this way. The same rule applies in case of a conflict between a pledgor and a pledgee.

### ***Preferential subscription rights***

In the event of a capital increase in cash with the issuance of new shares, the existing shareholders have a preferential right to subscribe for the new shares, *pro rata* to the part of the share capital represented by the Shares that they already have. The Board of Directors determines the period within which the preferential subscription rights can be exercised. The period during which those rights can be traded and exercised may not be less than 14 days from the publication of the notice of the offer in the Luxembourg central electronic platform of official publications for companies and associations (*Recueil Électronique des Sociétés et Associations*) and in a newspaper published in the Grand Duchy of Luxembourg.

The preferential subscription rights are transferable throughout the exercise period, and no restrictions may be imposed on such transferability.

Pursuant to article 420-26 of the 1915 Companies Act, the preferential subscription rights of existing shareholders in case of a capital increase by means of a contribution in cash may not be restricted or withdrawn by the Articles of Association. Nevertheless, in accordance with the 1915 Companies Act, the Articles of Association authorize the Board of Directors to withdraw or restrict these preferential subscription rights in relation to an increase of capital made within the limits of the authorized capital. Such authorization is only valid for a maximum of five years from publication in the Luxembourg central electronic platform of official publications for companies and associations (*Recueil Électronique des Sociétés et Associations*) of the relevant amendment of the Articles of Association.

The Board of Directors must draw up a report to the General Shareholders' Meeting on the detailed reasons for the restriction or withdrawal of the preferential subscription rights which must include in particular the proposed issue price. Such authorization may be renewed on one or more occasions by the General Shareholders' Meeting, deliberating in accordance with the requirements for amendments to the Articles of Association, for a period which, for each renewal, may not exceed five years. As of the date of this Offering Circular, the Articles of Association authorize the Board of Directors to increase the capital and to restrict or withdraw the preferential subscription rights of shareholders in relation to an increase of capital made within the limits of the authorized capital (see "*Description of Share Capital and Articles of Association—Authorized capital*").

In addition, a General Shareholders' Meeting called upon to resolve, on the conditions prescribed for amendments to the Articles of Association, either upon an increase of capital or upon the authorization to

increase the capital, may limit or withdraw preferential subscription rights or authorize the Board of Directors to do so. Any proposal to that effect must be specifically announced in the convening notice. Detailed reasons therefore must be set out in a report prepared by the Board of Directors and presented to the General Shareholders' Meeting dealing, in particular, with the proposed issue price. This report must be made available to the public at our registered office, and on our website.

Without prejudice to applicable legal provisions, the Company has granted the Principal Shareholders and Shurgard European Holdings LLC in the Shareholders' Agreement the right to participate in subsequent equity raises proportionate with their respective *pro rata* stake in the Company, for as long as the relevant shareholder has the right to designate a director-candidate (see "*Principal Shareholders, Related Party Transactions and Group Structure—Agreements with shareholders—Shareholders' agreement*").

An issuance of Shares to banks or other financial institutions with a view to their Shares being offered to the shareholders of the Company in accordance with the decision relating to the increase of the subscribed capital does not constitute an exclusion of the preferential subscription rights pursuant to the 1915 Companies Act.

## **Right to Attend and Vote at Shareholders' Meetings**

### **General Shareholders' Meetings**

Luxembourg law distinguishes between ordinary resolutions and extraordinary resolutions. Extraordinary resolutions relate to proposed amendments to the articles of incorporation and certain other limited matters. All other resolutions are generally ordinary resolutions.

Extraordinary resolutions are generally required for any of the following matters, among others: (a) an increase or decrease of the authorized or issued capital, (b) a limitation or exclusion of pre-emptive rights, (c) approval of a statutory merger or de-merger (scission) or certain other restructurings, (d) dissolution of the Company (e) an amendment to the Articles of Association and (f) cancellation of treasury Shares.

Ordinary resolutions are generally required for any of the following matters: (a) approval of the annual accounts of the Company, (b) decision on the distribution of dividends (c) discharge of the directors of the Company and (d) removal of the existing directors of the Company and nomination of the new directors of the Company.

Our annual General Shareholders' Meeting shall be held within six (6) months of the end of the preceding financial year in the Grand Duchy of Luxembourg at our registered office, or at such other place as may be specified in the convening notice of the meeting. If such day is a legal holiday in the Grand Duchy of Luxembourg the annual General Shareholders' Meeting shall be held on the next following business day in the Grand Duchy of Luxembourg.

Other General Shareholders' Meetings may be called as often as the interest of the Company demands and be held at such place and time as may be specified in the respective convening notice of the meeting.

### **Notices convening Shareholders' Meetings**

As long as the Shares are admitted to trading on a regulated market within a European Union Member State, General Shareholders' Meetings will be convened in accordance with the provisions of the Luxembourg law of May 24, 2011 on the exercise of certain rights of shareholders in general meetings of the shareholders of listed companies and implementing Directive 2007/36/EC of the European Parliament and of the Council of July 11, 2007 on the exercise of certain rights of shareholders in listed companies, as amended (the "Luxembourg Shareholder Rights Law") and the Articles of Association.

In accordance with the Luxembourg Shareholder Rights Law, the convening notice is to be published at least thirty days before the day of the meeting in the Luxembourg central electronic platform of official publications for companies and associations (*Recueil Électronique des Sociétés et Associations*), and a Luxembourg newspaper and in any media which may reasonably be relied upon for the effective dissemination of information to the public throughout the European Economic Area, and which is accessible rapidly and on a non-discriminatory basis.

If a General Shareholders' Meeting is adjourned for lack of quorum, provided that the convening requirements of the Luxembourg Shareholder Rights Law have been complied with and no new item has been added to the agenda, the 30-day period is reduced to a 17-day period.

These convening notices must, *inter alia*, contain the precise date and location of the General Shareholders' Meeting and the proposed agenda. It must also set out the conditions for attendance and representation at the meeting.

If the entire issued share capital of the Company is represented at a General Shareholders' Meeting, no convening notice is required for the meeting to be held and the proceedings at such General Shareholders' Meeting will be deemed valid. The Board of Directors is obliged to call a General Shareholders' Meeting when a group of shareholders representing at least one-tenth of the issued and outstanding shares requests the convening of a General Shareholders' Meeting in writing indicating the agenda of the proposed meeting.

### **Formalities to attend Shareholders' Meetings**

To vote at meetings, shareholders entitled to vote must duly evidence their shareholdings as of the record date determined in accordance with the Luxembourg Shareholder Rights Law.

Each Share entitles the holder thereof to attend all General Shareholders' Meetings, either in person or by proxy, to address the General Shareholders' Meeting and to exercise voting rights. Each Share entitles the holder to one vote at a General Shareholders' Meeting. There is no minimum shareholding required to be able to attend or vote at a General Shareholders' Meeting.

### **Voting by proxy**

A shareholder may act at any General Shareholders' Meeting by appointing another person (who need not be a shareholder) as his/her/its proxy in accordance with the provisions of the Luxembourg Shareholder Rights Law.

### **Remote voting in relation to the Shareholders' Meeting**

The Articles of Association permit the Board of Directors to organise the participation General Shareholders' Meeting by means of a ballot paper (*formulaire*). A ballot paper shall be delivered by any means of communication allowing for the transmission of a written text.

A ballot paper must contain all of the following:

- Name and address of the registered office and/or residence of the relevant shareholder.
- Total number of Shares held by the relevant shareholder and, if applicable, total number of Shares of each class held by the relevant shareholder in the issued share capital of the Company.
- Agenda of the General Shareholders' Meeting.
- Confirmation with respect to each of the proposed resolutions, of the number of Shares for which the relevant shareholder is abstaining, voting in favour of or voting against such proposed resolution.
- Name, title and signature of the duly authorized representative of the relevant shareholder and the date of the ballot paper.

A ballot paper must be received by the Company no later than five (5) p.m. (Luxembourg time) on the day (other than a Saturday or Sunday) on which banks are generally open for business in Luxembourg immediately preceding the day of the General Shareholders' Meeting

A ballot paper shall be deemed to have been received by the Company:

- When delivered by hand with acknowledgment of receipt, by registered post or by special courier service using an internationally recognised courier company: at the time of delivery to the Company; or
- When sent by email, by fax or by mail with acknowledgement of receipt at the time of receipt indicated in the acknowledgement of receipt.

The Articles of Association also permit the Board of Directors to organise the participation in a General Shareholders' Meeting by electronic means.

### **Right to request items to be added to the agenda at the Shareholders' Meeting**

In accordance with the Luxembourg Shareholder Rights Law, shareholders holding individually or collectively at least 5% of our issued share capital (a) have the right to put items on the agenda of the General Shareholders' Meeting and (b) have the right to table draft resolutions for items included or to be included on the agenda of the General Shareholders' Meeting.

Those rights shall be exercised by the relevant shareholders by submitting a written request to the Company by postal services or electronic means. The request must be accompanied by a justification or a draft resolution to be adopted in the General Shareholders' Meeting and shall include the electronic or mailing address at which we can acknowledge receipt of the request. Any such request from shareholders must be received by us not later than on the twenty-second day prior to the date of the General Shareholders' Meeting.

### **Quorum and majorities**

For any extraordinary resolutions to be considered at a General Shareholders' Meeting, the quorum must generally be at least one-half of our issued share capital to which voting rights are attached under the Articles of Association or Luxembourg law, unless otherwise provided by the Articles of Association or mandatorily required by law. If such quorum is not present, a second General Shareholders' Meeting may be convened at a later date with no quorum according to the appropriate notification procedures.

Extraordinary resolutions must generally be adopted at a General Shareholders' Meeting (except as otherwise provided by mandatory law or the Articles of Association) by a two-thirds majority of the votes validly cast on such resolution. Abstentions are not considered "votes".

Any increases of the commitments of shareholders are subject to the unanimous approval of all shareholders.

No quorum is required for any ordinary resolutions to be considered at a General Shareholders' Meeting. Ordinary resolutions are adopted by a simple majority of votes validly cast on such resolution by shareholders present or represented, subject in certain circumstances to a different majority as required under the Articles of Association or Luxembourg law. Abstentions are not considered "votes".

### **Shareholder reserved matters**

In accordance with article 15 of the Articles of Association, the following matters are the exclusive competence of the General Meeting and require the positive vote of fifty (50%) plus one of the Shares attending or represented at the meeting, regardless of the number of Shares attending or represented:

- a material change in the Company's core business, or the Company entering into a material new line of business unrelated to the ownership and operation of self-storage centers and ancillary services;
- a material expansion of the Company's business outside the European Union and the United Kingdom, except as a result of an acquisition in respect of which less than twenty-five percent (25%) of the acquired business is located or operating outside such territories; and
- any material action which would cause a significant change in the assets, capital or other liabilities of the Company solely with a view to frustrating a public takeover bid on the Shares.

### **Amendment to the Rights of Shareholders**

Any amendment to the rights of the shareholders as set out in the Articles of Association require the amendment of the Articles of Association. An amendment to the Articles of Association must be adopted by extraordinary resolutions adopted at a General Shareholders' Meeting in front of a Luxembourg public notary, in accordance with the quorum and majority requirements applicable to an amendment of the Articles of Association. A two-thirds majority of the votes cast by the shareholders present or represented is required at any such General Shareholders' Meeting. The Articles of Association do not provide for any specific conditions that are stricter than required by Luxembourg law.

### **Information Rights**

In accordance with the Luxembourg Shareholder Rights Law, we shall make available to our shareholders on our website for a continuous period beginning on the day of publication of the convening notice of the General Shareholders' Meeting (which must be at least 30 days prior to the meeting) and including the day of the General Shareholders' Meeting, *inter alia*, such documents which need to be submitted to the General Shareholders' Meeting and the convening notice. Shareholders may upon request obtain a copy of the full, unabridged text of the documents to be submitted to the General Shareholders' Meeting by electronic means or at our registered office.

### **Right to ask questions at the Shareholders' Meeting**

In accordance with the Luxembourg Shareholder Rights Law, shareholders have the right to ask questions at the General Shareholders' Meeting related to items on the agenda. The right to ask questions and our obligation to

answer are subject to the measures to be taken by the Company to ensure the identification of shareholders, the good order of the General Shareholders' Meeting and its preparation as well as the protection of our confidentiality and business interests.

### **Dividend Rights**

For provisions governing the allocation of profits and the requirements and procedures for the payment of dividends, see "*Dividends and Dividend Policy*".

### **Liquidation and Bankruptcy**

The Company may only be voluntarily dissolved by a resolution passed at a General Shareholders' Meeting subject to the quorum and majority requirements for an amendment to the Articles of Association. The quorum is at least one-half (1/2) of all the shares issued and outstanding. In the event the required quorum is not reached at the first General Shareholders' Meeting, a second General Shareholders' Meeting may be convened, through a new convening notice, at which shareholders can validly deliberate and decide regardless of the number of shares present or represented. A two-thirds (2/3) majority of the votes cast by the shareholders present or represented is required at any such General Shareholders' Meeting.

In the event of a loss pursuant to which our net assets fall below half of our share capital, the Board of Directors must convene a General Shareholders' Meeting within two months as of the date on which the Board of Directors discovered or should have ascertained this loss. The Board of Directors shall set out the causes of that situation and shall justify its proposals in a special report which must be made available to the shareholders at our registered office 8 days before the General Shareholders' Meeting. If it proposes to continue to conduct business, it shall set out in its report the measures which it intends to take in order to remedy our financial situation. The report shall be announced in the agenda of the meeting. Any shareholder is entitled to obtain a copy of the report, free of charge, upon request and upon evidence of their title, 8 days before the meeting. A copy of the report shall be sent to the registered shareholders at the same time as the convening notice to the meeting. At this General Shareholders' Meeting, shareholders will resolve on the possible dissolution of the Company. The quorum is at least one-half (1/2) of all the shares issued and outstanding. In the event the required quorum is not reached at the first General Shareholders' Meeting, a second General Shareholders' Meeting may be convened, through a new convening notice, at which shareholders can validly deliberate and decide regardless of the number of shares present or represented. A two-thirds (2/3) majority of the votes cast by the shareholders present or represented is required at any such General Shareholders' Meeting. Where following the loss our net assets fall below one-quarter (1/4) of our share capital, the same procedure must be followed, it being understood, however, that the dissolution only requires the approval of shareholders representing 25% of the votes cast at the meeting.

The Company, once dissolved, is deemed to exist for as long as necessary for its proper liquidation.

If the Company is dissolved for any reason, the General Shareholders' Meeting will have the most extensive powers to appoint the liquidator(s), determine their powers and fix their remuneration. The powers of the Board of Directors in office will end at the time when the liquidators are appointed. In case the General Shareholders' Meeting fails to appoint the liquidator(s), the members of the Board of Directors then in office will, vis-à-vis third parties, be deemed to be the liquidators of the Company.

The principal duty of the liquidators consists of our winding up by paying our debts, realizing our assets and distributing them to the shareholders. If the financial situation so warrants, pre-payments of liquidation dividends may be made by the liquidator in accordance with the 1915 Companies Act.

After payment of all our debts and liabilities or deposit of any funds to that effect, the liquidation surplus will be used to reimburse in cash or securities the amount paid up on the shares. If all the shares are not equally paid up, the liquidator(s) shall restore equality either by a call for funds or a prior distribution. The balance of the liquidation surplus will be distributed equally between all shares.

Pursuant to the 1915 Companies Act, upon the termination of the liquidation, the liquidators report to a General Shareholders' Meeting, at which one or several special auditor(s) are appointed to report on the liquidation. This auditor's report is submitted for approval to a General Shareholders' Meeting, at which a resolution to close the liquidation of the Company is taken.

Neither the 1915 Companies Act nor the Articles of Association will provide for special rights of shareholders on a winding up immediately prior to closing of the Private Placement.

## Acquisition of Own Shares

According to article 430-15 of the 1915 Companies Act and subject to the provisions of the Regulation (EU) No 596/2014 of the European Parliament and of the Council of April 16, 2014 on Market Abuse, we may acquire our own shares either ourselves or through a person acting in our name but on our behalf subject to the following statutory conditions:

- (1) the authorization to acquire shares is to be given by the General Shareholders' Meeting, which determines the terms and conditions of the proposed acquisition and in particular the maximum number of shares to be acquired, the duration of the period for which the authorization is given and which may not exceed five years and, in the case of acquisition for value, the maximum and minimum consideration;
- (2) the acquisitions must not have the effect of reducing the net assets below the aggregate of the subscribed capital and the reserves which may not be distributed under law or the Articles of Association;
- (3) only fully paid-up shares may be included in the transaction;
- (4) the acquisition offer must be made on the same terms and conditions to all shareholders being in the same position, except for acquisitions which were unanimously decided by a General Shareholders' Meeting at which all shareholders were present or represented; in addition, we may repurchase our own shares on the stock exchange without an acquisition offer having to be made to the Shareholders.

At the time each authorized acquisition is carried out, the Board of Directors must ensure that the statutory conditions mentioned in the preceding paragraphs (2), (3) and (4) are complied with.

Where the acquisition of our shares is necessary in order to prevent serious and imminent harm to the Company, the condition under paragraph (1) above does not apply. In such a case, the next General Shareholders' Meeting must be informed by the Board of Directors of the reasons for and the purpose of the acquisitions made, the number and nominal values, or in the absence thereof, the accounting par value, of the shares acquired, the proportion of the subscribed capital which they represent and the consideration paid for them.

The condition under paragraph (1) likewise does not apply in the case of shares acquired either by the Company itself or by a person acting in his own name but on behalf of the Company for the distribution thereof to our staff or to the staff of a company with which we are in a control relationship. Control relationship means the relationship existing between a parent company and a subsidiary in the cases referred to in article 1711-1 of the 1915 Companies Act. The distribution of any such shares must take place within one year from the date of their acquisition. None of the abovementioned conditions, except for the condition described under paragraph (3) above, apply to:

- (a) shares acquired pursuant to a decision to reduce the capital or in connection with the issue of redeemable shares;
- (b) shares acquired as a result of a universal transfer of assets;
- (c) fully paid-up shares acquired free of charge or acquired by banks and other financial institutions pursuant to a purchase commission contract;
- (d) shares acquired by reason of a legal obligation or a court order for the protection of minority shareholders, in particular, in the event of a merger, the division of the Company, a change in the Company's object or form, the transfer abroad of its registered office or the introduction of restrictions on the transfer of shares;
- (e) shares acquired from a shareholder in the event of failure to pay them up;
- (f) fully paid-up shares acquired pursuant to an allotment by court order for the payment of a debt owed to the Company by the owner of the shares; and
- (g) fully paid-up shares issued by an investment company with fixed capital acquired at the investor's request by that company or by a person acting in his own name but on behalf of the Company.

Shares acquired in the cases indicated under (b) to (f) must, however, be disposed of within a maximum period of three years after their acquisition, unless the nominal value, or, in the absence of nominal value, the accounting par value of the shares acquired, including shares which we may have acquired through a person acting in its own name, but on our behalf, does not exceed 10% of the subscribed capital.

If the shares so acquired are not disposed of within the period prescribed, they must be cancelled. The subscribed capital may be reduced by a corresponding amount. Such a reduction is compulsory where the

acquisition of shares and their subsequent cancellation results in our net assets having fallen below the amount of the subscribed capital.

Any shares acquired in contravention of the abovementioned conditions must be disposed of within a period of one year after the acquisition. Have they not be disposed of within that period, they must be cancelled.

In those cases where the acquisition by the Company of its own shares is permitted in accordance with the foregoing, the holding of such shares is subject to the following conditions: (i) the voting rights in respect of the Company's own shares are suspended and the shares acquired by the Company are not taken into account for the purposes of the calculation of quorum and majority in shareholders' meetings; and (ii) if the said shares are included among the assets shown in the balance sheet, a non-distributable reserve of the same amount is to be created among the liabilities.

Where the Company acquires or disposes of its own shares, either itself or through a person acting in his own name but on the Company's behalf, it must make public the proportion of its own shares as soon as possible but not later than four trading days following such acquisition or disposal where that proportion reaches, exceeds or falls below the thresholds of 5% or 10% of the voting rights. The proportion is calculated on the basis of the total number of shares to which voting rights are attached.

Where the Company has acquired own shares in accordance with the abovementioned, the annual report of the Board of Directors must indicate: (i) the reasons for acquisitions made during the financial year, (ii) the number and the nominal value, or in the absence of nominal value, the accounting par value, of the shares acquired and disposed of during the financial year and the proportion of the subscribed capital which they represent, (iii) in the case of acquisition or disposal for value, the consideration for the shares, and (iv) the number and nominal value or, in the absence of nominal value, the accounting par value, of all the shares acquired and held in the Company's portfolio as well as the proportion of the subscribed capital which they represent.

On September 26, 2018 the General Shareholders' Meeting of the Company resolved to authorize the Board of Directors to effect on one or several occasions (i) repurchases of Shares pursuant to the Put Option, allowing the Stabilization Manager to sell to the Company at the Offering Price any Shares purchased by it in the context of its stabilization actions following the closing of the Private Placement, and (ii) repurchases and/or cancellations of Shares during a period of one year from the closing of the Private Placement for a maximum number of Shares of the Company, representing an aggregate amount of fifty million Euro (EUR 50,000,000) within a price range from:

- 15% below the Shares' official price reported in the trading session of the day before carrying out each individual transaction to
- 15% above the Shares' official price reported in the trading session of the day before carrying out each individual transaction.

## **Legislation and Jurisdiction**

### **Notification of significant shareholdings**

#### ***Luxembourg Transparency Law***

Further to the Admission to Trading of the Shares on a regulated market within a European Union Member State, the Grand Duchy of Luxembourg will be the home Member State of the Company pursuant to article 1(9)(a) the Luxembourg law of January 11, 2008 on transparency requirements regarding information about issuers whose securities are admitted to trading on a regulated market, as amended (the "Luxembourg Transparency Law"). Holders of the Shares and derivatives or other financial instruments linked to the Shares may be subject to notification obligations pursuant to the Luxembourg Transparency Law and the related Grand Ducal Regulation of January 11, 2008 on transparency requirements for issuers of securities, as amended (*Règlement grand-ducal du 11 janvier 2008 relatif aux obligations de transparence sur les émetteurs de valeurs mobilières*). The following description summarizes these obligations. The Company's shareholders are advised to consult with their own legal advisers to determine whether the notification obligations apply to them.

The Luxembourg Transparency Law provides that, if a person acquires or disposes of a shareholding in the Company, and if following the acquisition or disposal the proportion of voting rights held by the person reaches, exceeds or falls below one of the thresholds of 5%, 10%, 15%, 20%, 25%, 33<sup>1</sup>/<sub>3</sub>%, 50% or 66<sup>2</sup>/<sub>3</sub>% (each, a "Relevant Threshold") of the total voting rights existing when the situation giving rise to a declaration occurs, such person must simultaneously notify the Company and the CSSF of the proportion of voting rights held by it further to such event.

The voting rights shall be calculated on the basis of all the shares, including depositary receipts representing shares, to which voting rights are attached even if the exercise thereof is suspended. Moreover, this information shall also be given in respect of all the shares, including depositary receipts representing shares, which are in the same class and to which voting rights are attached.

A person must also notify the Company and the CSSF of the proportion of his or her voting rights if that proportion reaches, exceeds or falls below the abovementioned thresholds as a result of events changing the breakdown of voting rights and on the basis of the information disclosed by the Company.

The same notification requirements apply to a natural person or legal entity to the extent he/she/it is entitled to acquire, to dispose of, or to exercise voting rights in any of the following cases or a combination of them:

- (a) voting rights held by a third party with whom that person or entity has concluded an agreement, which obliges them to adopt, by concerted exercise of the voting rights they hold, a lasting common policy towards the management of the issuer;
- (b) voting rights held by a third party under an agreement concluded with that person or entity providing for the temporary transfer for consideration of the voting rights in question;
- (c) voting rights attaching to shares which are lodged as collateral with that person or entity, provided the person or entity controls the voting rights and declares his/her/its intention of exercising them;
- (d) voting rights attaching to shares in which that person or entity has the life interest;
- (e) voting rights which are held, or may be exercised within the meaning of points (a) to (d), by an undertaking controlled by that person or entity;
- (f) voting rights attaching to shares deposited with that person or entity which the person or entity can exercise at his/her/its discretion in the absence of specific instructions from the shareholders;
- (g) voting rights held by a third party in its own name on behalf of that person or entity;
- (h) voting rights which that person or entity may exercise as a proxy where the person or entity can exercise the voting rights at his/her/its discretion in the absence of specific instructions from the shareholders.

The notification requirements also apply to a natural person or legal entity who/which holds, directly or indirectly:

- (i) financial instruments that result in an entitlement to acquire, on such holder's own initiative alone, on maturity, give the holder, under a formal agreement, shares either the unconditional right to acquire or the discretion as to his right to acquire shares, to which voting rights are attached and, already issued, by the Company, or
- (ii) financial instruments which are not included in point (i) but which are referenced to the shares referred to in that point and with an economic effect similar to that of the financial instruments referred to in that point, whether or not they confer a right to a physical settlement.

The notification required shall include the breakdown by type of financial instruments held in accordance with point (i) above and financial instruments held in accordance with point (ii) above, distinguishing between the financial instruments which confer a right to a physical settlement and the financial instruments which confer a right to a cash settlement.

The number of voting rights shall be calculated by reference to the full notional amount of shares underlying the financial instrument except where the financial instrument provides exclusively for a cash settlement, in which case the number of voting rights shall be calculated on a 'delta-adjusted' basis, by multiplying the notional amount of underlying shares by the delta of the instrument. For this purpose, the holder shall aggregate and notify all financial instruments relating to the same underlying issuer. Only long positions shall be taken into account for the calculation of voting rights. Long positions shall not be netted with short positions relating to the same underlying issuer.

For the purposes of the above, the following shall be considered to be financial instruments, provided they satisfy any of the conditions set out in points (i) or (ii) above:

- (a) transferable securities;
- (b) options;
- (c) futures;
- (d) swaps;
- (e) forward rate agreements;



- (f) contracts for differences; and
- (g) any other contracts or agreements with similar economic effects which may be settled physically or in cash.

The notification requirements described above shall also apply to a natural person or a legal entity when the number of voting rights held directly or indirectly by such person or entity aggregated with the number of voting rights relating to financial instruments held directly or indirectly reaches, exceeds or falls below a Relevant Threshold. Any such notification shall include a breakdown of the number of voting rights attached to securities and voting rights relating to financial instruments.

Voting rights relating to financial instruments that have already been notified to that effect shall be notified again when the natural person or the legal entity has acquired the underlying shares and such acquisition results in the total number of voting rights attached to shares issued by the same issuer reaching or exceeding a Relevant Threshold.

The notification of voting rights to the Company and the CSSF must be effected as soon as possible, but not later than six trading days following a transaction or four trading days following receipt of information of an event changing the breakdown of voting rights by the issuer. Upon receipt of the notification, but no later than three trading days thereafter, the Company must make public all the information contained in the notification as regulated information within the meaning of the Luxembourg Transparency Law.

As long as the notifications have not been made to the Company in the manner prescribed, the exercise of voting rights relating to the shares exceeding the fraction that should have been notified is suspended. The suspension of the exercise of voting rights is lifted the moment the shareholder makes the notification.

Where within the 15 days preceding the date for which the General Shareholders' Meeting has been convened, the Company receives a notification or becomes aware of the fact that a notification has to be or should have been made in accordance with the Luxembourg Transparency Law, the Board of Directors may postpone the General Shareholders' Meeting for up to four weeks.

In accordance with article 8(4) of the Luxembourg Transparency Law, the disclosure requirements do not apply to the acquisition or disposal of a major holding by a market maker (*teneur de marché*) in securities insofar as the acquisition or disposal is effected in his capacity as a regulated market maker in securities and insofar as the acquisition is not used by the market maker to intervene in the management of the Company.

In accordance with article 8(6) of the Luxembourg Transparency Law, the disclosure requirements do not apply to voting rights attached to securities acquired for stabilization purposes as defined in Regulation (EU) 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse, as regards exemptions for buy-back programs and stabilization of financial instruments, provided that the voting rights attaching to these shares are not exercised or otherwise used to intervene in the management of the issuer.

In accordance with article 19 and 20 of the Luxembourg Transparency Law, the Company shall disclose its choice of home Member State to the CSSF and to the competent authorities of all the host Member States.

For further details, please refer to the Luxembourg Transparency Law and the related Grand Ducal regulation.

#### ***Disclosure of transactions of persons holding management responsibilities***

Pursuant to article 19 of MAR, persons discharging managerial responsibilities, as well as persons being closely associated with them (being "persons closely associated with a person discharging managerial responsibilities") must notify the CSSF and the Company of every transaction conducted on their own account relating to the shares or debt instruments of the Company or to derivatives or other financial instruments linked thereto. The disclosure must be made within three business days following the date of the transaction. Notification is not required if the total sum of all transactions involving a person holding managerial responsibilities and his or her related parties is less than €5,000 for the calendar year.

We shall ensure that the information that is notified in accordance with the above paragraph is made public promptly and no later than three business days after the transaction in a manner which enables fast access to this information on a non-discriminatory basis in accordance with the implementing technical standards referred to in point (a) of article 17(10) of MAR.

We shall use such media as may reasonably be relied upon for the effective dissemination of information to the public throughout the European Union, and, where applicable, it shall use the officially appointed mechanism referred to in article 21 of Directive 2004/109/EC of the European Parliament and of the Council on the harmonization of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market within a European Union Member State.

For the purpose of MAR, “persons discharging managerial responsibilities” means a person within the issuer who is (i) a member of the administrative, management or supervisory body of the Company or (ii) a senior executive who is not a member of the latter bodies, who has regular access to inside information relating, directly or indirectly, to the Company, and power to take managerial decisions affecting the future developments and business prospects of the Company. Persons closely associated with a person discharging managerial responsibilities within the Company include the following persons:

- a spouse of the person discharging managerial responsibilities, or a partner of that person considered by national law as equivalent to a spouse;
- according to national law, a dependent child of the person discharging managerial responsibilities;
- a relative of the person discharging managerial responsibilities, who has shared the same household as that person for at least one year on the date of the transaction concerned; or
- a legal person, trust or partnership, the managerial responsibilities of which are discharged by a person discharging managerial responsibilities or by a person closely associated with such person as referred to under the above bullet points, which is directly or indirectly controlled by such a person, or which is set up for the benefit of such a person, or the economic interests of which are substantially equivalent to those of such person.

## **Public takeover bids**

### ***Takeover***

The Takeover Bids Directive (European Directive 2004/25/EC of the European Parliament and the Council of April 21, 2004 on takeover bids) requires each Member State to ensure the protection of minority shareholders by obliging any person that acquires control of a company to make an offer to all the holders of that company’s voting securities for all their holdings at an equitable price.

The Takeover Bids Directive applies to all companies governed by the laws of a Member State of which all or some voting securities are admitted to trading on a regulated market in one or more Member States. The laws of the Member State in which a company has its registered office will determine the percentage of voting rights that is regarded as conferring control over that company.

Luxembourg has implemented the Takeover Bids Directive in the Luxembourg law of May 19, 2006 implementing the Takeover Bids Directive (the “Luxembourg Takeover Law”) and Belgium in the Belgian Law of April 1, 2007 on public takeover bids (the “Belgian Takeover Law”) and the Belgian Royal Decree of April 27, 2007 on public takeover bids (the “Belgian Takeover Royal Decree”).

The Luxembourg Takeover Law provides that if a person, acting alone or in concert, obtains voting securities of the Company which, when added to any existing holdings of the Company’s voting securities, give such person voting rights representing 33<sup>1</sup>/<sub>3</sub>% of all of the voting rights attached to the voting securities in the Company, this person is obliged to make an offer for the remaining voting securities in the Company at a fair price. In a mandatory bid situation, the “fair price” is in principle considered to be the highest price paid by the offeror or by the person acting in concert with the offeror for the voting securities during the 12-month period preceding the mandatory bid.

Following the implementation of the Takeover Bids Directive, any voluntary bid falling within the scope of the Luxembourg Takeover Law for the takeover of the Company and any mandatory bid will be subject to shared regulation by the CSSF pursuant to the Luxembourg Takeover Law and by the Belgian FSMA pursuant to the Belgian Takeover Law and the Belgian Takeover Royal Decree.

Under the shared regulation regime, the Belgian Takeover Law applies to the matters relating to the consideration offered, the bid procedure, the contents of the offer document and the procedure of the bid. The Belgian Takeover Royal Decree specifies the applicable provisions in more detail. Matters regarding company law (and related questions), such as, for instance, the question relating to the percentage of voting rights which give control over a company and any derogation from the obligation to launch a bid or regarding information to be provided to employees of the offeree company, will be governed by Luxembourg law.

The Luxembourg Takeover Law provides that, when an offer (mandatory or voluntary) is made to all of the holders for all the voting securities of the Company and if after such offer the offeror holds voting securities representing not less than 95% of the share capital that carry voting rights to which the offer relates and 95% of the voting rights in the Company, the offeror may require the holders of the remaining voting securities to sell those securities to the offeror at a “fair price”. The price offered in a voluntary offer would in principle be considered a “fair price” in the squeeze-out proceedings if not less than 90% of the securities representing the

share capital that carry voting rights to which the offer relates were acquired in such voluntary offer by acceptance of the offer. The price paid in a mandatory offer is in principle deemed a “fair price”. The consideration paid in the squeeze-out proceedings must take the same form as the consideration offered in the offer or consist solely of cash. Moreover, an all-cash option must be offered to the remaining shareholders of the Company. Finally, the right to initiate squeeze-out proceedings must be exercised within three months following the expiration of the acceptance period of the offer.

The Luxembourg Takeover Law provides that, when an offer (mandatory or voluntary) is made to all of the holders for all the voting securities of the Company and if after such offer the offeror (and any person acting in concert with the offeror) holds voting securities carrying more than 90% of the voting rights in the Company, the remaining security holders may require that the offeror purchase the remaining voting securities at a “fair price”. The price offered in a voluntary offer would in principle be considered “fair” in the sell-out proceedings if 90% of the securities representing share capital that carry voting rights of the Company to which the offer relates were acquired in such voluntary offer by acceptance of the offer. The price paid in a mandatory offer is in principle deemed a “fair price”. The consideration paid in the sell-out proceedings must take the same form as the consideration offered in the offer or consist solely of cash. Moreover, an all-cash option must be offered to the remaining shareholders of the Company. Finally, the right to initiate sell-out proceedings must be exercised within three months following the expiration of the acceptance period of the offer.

Where the Company has issued more than one class of voting securities, the rights of squeeze-out and sell-out described in the last two preceding paragraphs can be exercised only in the class in which the applicable thresholds have been reached.

### ***Mandatory Squeeze-Out and Sell-Out***

We may also be subject to the Luxembourg law of July 21, 2012 on mandatory squeeze-out and sell-out of securities of companies admitted or previously admitted to trading on a regulated market within a European Union Member State or having been offered to the public (the “Luxembourg Mandatory Squeeze-Out and Sell-Out Law”). This law provides that if any individual or legal entity, acting alone or in concert with another, becomes the owner directly or indirectly of a number of Shares or other voting securities representing at least 95% of the voting share capital and 95% of the voting rights of the Company (a “majority owner”), such owner may require the holders of the remaining Shares or other voting securities to sell those remaining securities (the “Mandatory Squeeze-Out”).

The Luxembourg Mandatory Squeeze-Out and Sell-Out Law also provides that where, through the acquisition of securities made alone or by persons acting in concert with her/him, a holder of Shares or other voting securities of the Company becomes a majority owner, or, if she/he is already a majority owner, acquires additional Shares or other voting securities of the Company, one or several holders of the remaining Shares or other voting securities of the Company may require this majority owner to buy their Shares or other voting securities subject to the timing conditions set out under the Luxembourg Mandatory Squeeze-Out and Sell-Out Law (the “Mandatory Sell-Out”). The Mandatory Squeeze-Out and the Mandatory Sell-Out must be exercised at a fair price according to objective and adequate methods applying to asset disposals. The procedures applicable to the Mandatory Squeeze-Out and the Mandatory Sell-Out must be carried out in accordance with the Luxembourg Mandatory Squeeze-Out and Sell-Out Law and under the supervision of the CSSF.

Pursuant to article 3 of the Luxembourg Mandatory Squeeze-Out and Sell-Out Law, any individual or legal entity, acting alone or in concert with another, who (i) becomes the owner directly or indirectly of a number of Shares or other voting securities representing at least 95% of the Company’s capital carrying voting rights and 95% of the voting rights of the Company, (ii) falls below one of the thresholds under (i) above or (iii) acquires additional Shares or other voting securities while having already crossed the thresholds under (i) above, such person must notify the Company and the CSSF of the exact percentage of its holding, the transaction that triggered the notification requirement, the effective date of such transaction, its identity and the ways the Shares or other voting securities are being held.

The notification to the Company and the CSSF must be effected as soon as possible, but not later than four working days, the first of which shall be the working day after that on which the holder of voting securities learns of the effective acquisition or disposal or of the possibility of exercising or not the voting rights, or on which the holders of the voting securities should have learnt of it, having regard to circumstances, regardless of the date on which the acquisition, disposal or possibility of exercising the voting rights takes effect. Upon receipt of the notification, but no later than three working days thereafter, the Company must make public all the information contained in the notification in a manner ensuring fast access to the information and on a non-discriminatory basis.

## TAXATION

### Luxembourg Taxation

The following is a general description of certain Luxembourg tax considerations relating to the purchasing, holding and disposing of the Company's shares. This description does not purport to be a complete analysis of all possible tax situations that may be relevant to a decision to purchase shares of the Company. Prospective purchasers should consult their own tax advisers as to the applicable tax consequences of the purchase and the ownership of shares, based on their particular circumstances. No conclusions should be drawn with respect to issues not specifically addressed by this description. This description is based on the laws, regulations and applicable tax treaties as in effect in Luxembourg on the date hereof, all of which are subject to change, possibly with retroactive effect. It is not intended to be, nor should it be construed to be, legal or tax advice. Prospective purchasers should therefore consult their own advisers as to the effects of any local laws, including Luxembourg tax law, to which they may be subject.

The residence concept used under the respective headings below applies for Luxembourg income tax assessment purposes only. Any reference in the present section to a tax, duty, levy, impost or other charge or withholding of a similar nature refers to Luxembourg tax law and/or concepts only. Also, a reference to Luxembourg income tax encompasses corporate income tax (*impôt sur le revenu des collectivités*), municipal business tax (*impôt commercial communal*), solidarity surcharge (*contribution au fonds pour l'emploi*) as well as personal income tax (*impôt sur le revenu*) generally. Investors may further be subject to net wealth tax (*impôt sur la fortune*) as well as other duties, levies or taxes. Corporate income tax, municipal business tax as well as the solidarity surcharge apply to most corporate taxpayers resident of Luxembourg for tax purposes. Individual taxpayers are generally subject to personal income tax and the solidarity surcharge. Under certain circumstances, where an individual taxpayer acts in the course of the management of a professional or business undertaking, municipal business tax may apply as well.

### **Taxation of Income Derived from, and Capital Gains Realized on, the Company's Shares by Luxembourg Resident Taxpayers**

#### ***Individual Holders of Shares***

Dividends derived from shares of the Company by resident individuals, who act in the course of the management of either their private wealth or their professional or business activity, are subject to income tax at progressive ordinary rates (with a current maximum marginal rate of 42% applicable for the part of the income exceeding EUR 200,004 (EUR 400,008 for couples taxed jointly). For solidarity surcharge purposes, such income tax rate is increased by 7% for income not exceeding EUR 150,000 for single taxpayers and EUR 300,000 for couples taxed jointly, and by 9% for income above these amounts. Under current Luxembourg tax laws, 50% of the gross amount of dividends derived from the Company's shares should be exempt from Luxembourg income tax, provided that the Company is subject in its state of tax residence to an income tax regime that is comparable to the Luxembourg corporate income tax (i.e. currently 9% assessed on a comparable taxable base) and meets the conditions laid out under article 115 15a of the Luxembourg income tax law, dated December 4, 1967, as amended. In addition, a total lump-sum of EUR 1,500 (which is doubled for couples taxed jointly) is deductible from the total of dividends received during the tax year.

Capital gains realized on the disposal of the Company's shares by resident individuals, who act in the course of the management of their private wealth, are not subject to income tax, unless said capital gains qualify either as speculative gains or as gains on a substantial participation. A disposal may include a sale, an exchange, a contribution or any other kind of alienation of shares. Capital gains are deemed to be speculative if the shares are disposed within six months after their acquisition or if their disposal precedes their acquisition. Speculative gains realized during the year that are equal to, or are greater than, EUR 500 are subject to income tax at ordinary rates. A participation is deemed to be substantial where a resident individual holder of shares holds, either alone or together with his spouse, his partner and/or minor children, directly or indirectly, at any time within the five years preceding the disposal, more than 10% of Share capital of the Company. A holder of shares is also deemed to alienate a substantial participation if he acquired free of charge, within the five years preceding the transfer, a participation that was constituting a substantial participation in the hands of the alienator (or the alienators in case of successive transfers free of charge within the same five-year period).

Capital gains realized on the disposal of the Company's shares by resident individual holders of shares, who act in the course of their professional or business activity, are subject to income tax at ordinary rates and to municipal business tax.

### ***Luxembourg Resident Corporate Holders of Shares***

Dividends derived from the Company's shares by a Luxembourg fully-taxable resident company are subject to corporation taxes at the rate of 18%, to municipal business tax at a rate depending on the location of the head office of the Luxembourg resident corporate Holders of Shares, and to a solidarity surcharge of up to 7% of the corporate income tax rate. The aggregate rate applicable in the Grand-Duchy of Luxembourg is 19.26%, excluding municipal business tax.

Such dividends may however be exempt from taxation in Luxembourg, provided the conditions to benefit from the Luxembourg participation exemption regime, as described below, are satisfied. Under current Luxembourg tax laws, 50% of the gross amount of dividends derived from the Company's shares should be exempt from Luxembourg income tax in the case where the conditions of the Luxembourg participation exemption regime are not met, provided that the Company is subject in its state of tax residence to an income tax regime that is comparable to the Luxembourg corporate income tax (i.e. currently 9% assessed on a comparable taxable base) and meets the conditions laid out under article 115 15a of the Luxembourg income tax law, dated December 4, 1967, as amended.

Under the Luxembourg participation exemption regime, dividends derived from the Company's shares by a fully-taxable Luxembourg collective entity (*organisme à caractère collectif*, *inter alia* a capital company) may be exempt from corporation taxes if, cumulatively,

- (i) the Company is either (a) subject in its state of tax residence to an income tax regime that is comparable to the Luxembourg corporate income tax (i.e. currently 9% assessed on a comparable taxable base), (b) a fully-taxable Luxembourg collective entity, or (c) a collective entity meeting the conditions set out in Article 2 of the EU Parent-Subsidiary Directive,
- (ii) the fully-taxable Luxembourg collective entity has held or commits itself to hold the shares for an uninterrupted period of at least twelve months,
- (iii) during this uninterrupted period of twelve months the shares represent a participation of at least 10% in the share capital of the Company or the shares were acquired for an acquisition price of at least EUR 1.2 million, and
- (iv) the dividend is put at the disposal at the time conditions (ii) and (iii) above are met. Liquidation proceeds are, under Luxembourg domestic law, assimilated to a received dividend and may be exempt under the same conditions. Shares held through a fiscally transparent entity are considered as being a direct participation proportional to the percentage held in the net assets of the transparent entity.

Capital gains realized by a Luxembourg fully-taxable collective entity (*organisme à caractère collectif*) on the Shares are subject to corporation taxes at ordinary rates, unless the conditions of the participation exemption regime, as described below, are satisfied.

Under the Luxembourg participation exemption regime, capital gains realized on the Company's Shares by a Luxembourg fully-taxable collective entity (*organisme à caractère collectif*) may be exempt from corporation taxes if, cumulatively,

- (i) the Company is either (a) subject in its state of tax residence to an income tax regime that is comparable to the Luxembourg corporate income tax (i.e. currently 9% assessed on a comparable taxable base), (b) a fully-taxable Luxembourg collective entity, or (c) a collective entity meeting the conditions set out in Article 2 of the EU Parent-Subsidiary Directive,
- (ii) the fully-taxable Luxembourg collective entity has held or commits itself to hold the shares for an uninterrupted period of at least twelve months, and
- (iii) during this uninterrupted period of twelve months the shares represent a participation of at least 10% in the Share capital of the Company or the shares were acquired for an acquisition price of at least EUR 6 million. Shares held through a fiscally transparent entity are considered as being a direct participation proportional to the percentage held in the net assets of the transparent entity.

### ***Luxembourg Resident Companies Benefiting from a Special Tax Regime***

Holders of the Company's Shares who are (i) undertakings for collective investment subject to the law of December 17, 2010 relating to undertakings for collective investment, as amended, or (ii) specialized investment funds subject to the law of February 13, 2007 relating to specialized investment funds, as amended, or (iii) private asset holding companies governed by the law of May 11, 2007 introducing a private family assets holding company, as amended, or (iv) reserved alternative investment funds (not opting for the treatment

as an investment company in risk capital) governed by the law of July 23, 2016 on reserved alternative investment funds are exempt from income tax in Luxembourg. Dividends derived from and capital gains realized on the shares are thus not subject to income tax in their hands. No tax credit is then available for withholding tax on dividends received from the Company.

## **Taxation of Income Derived from, and Capital Gains Realized on, the Company's Shares by Luxembourg Non-Resident Taxpayers**

### ***Individual Holders of Shares***

Non-resident individuals who have neither a permanent establishment nor a permanent representative in Luxembourg to which or whom the shares in the Company are attributable, are not liable to any Luxembourg income tax on income and gains derived from the shares in the Company.

### ***Corporate Holders of Shares***

Dividends derived from the Company's shares by non-resident corporate holders having a permanent establishment, a permanent representative or a fixed place of business in Luxembourg to which the shares are attributable are subject to income tax, unless the conditions of the Luxembourg participation exemption regime, as described below, are satisfied. Under current Luxembourg tax laws, 50% of the gross amount of dividends derived from the shares should be exempt from Luxembourg income tax, provided that the Company is subject in its state of tax residence to an income tax regime that is comparable to the Luxembourg corporate income tax (i.e. currently 9% assessed on a comparable taxable base) and meets the conditions laid out under article 115 15a of the Luxembourg income tax law, dated December 4, 1967, as amended.

Under the Luxembourg participation exemption regime, dividends derived from the Company's shares by a Luxembourg permanent establishment of (i) a collective entity (*organisme à caractère collectif*) meeting the conditions set out in Article 2 of the EU Parent-Subsidiary Directive, (ii) a capital company (*société de capitaux*) which is a resident in a state that has concluded a double tax treaty with Luxembourg or (iii) a capital company (*société de capitaux*) or a cooperative company which is resident in a state other than a EU Member State but which is part of the European Economic Area Agreement, may be exempt from income tax if, cumulatively,

- (i) the Company is either (a) subject in its state of tax residence to an income tax regime that is comparable to the Luxembourg corporate income tax (i.e. currently 9% assessed on a comparable taxable base), (b) a fully-taxable Luxembourg collective entity, or (c) a collective entity meeting the conditions set out in Article 2 of the EU Parent-Subsidiary Directive,
- (ii) the said Luxembourg permanent establishment has held or commits itself to hold the shares for an uninterrupted period of at least twelve months,
- (iii) during this uninterrupted period of twelve months the shares represent a participation of at least 10% in the Share capital of the Company or the shares were acquired for an acquisition price of at least EUR 1.2 million, and
- (iv) the dividend is put at the disposal at the time conditions (ii) and (iii) above are met. Liquidation proceeds are, under Luxembourg domestic law, assimilated to a received dividend and may be exempt under the same conditions. Shares held through a fiscally transparent entity are considered as being a direct participation proportional to the percentage held in the net assets of the transparent entity.

Capital gains realized on disposal of the Company's shares by non-resident corporate holders holding the shares through a permanent establishment, a permanent representative or a fixed place of business in Luxembourg, are subject to income tax at ordinary rates, unless the conditions of the participation exemption regime, as described below, are satisfied.

Under the Luxembourg participation exemption regime, capital gains realized on the Company's shares by a Luxembourg permanent establishment of (i) a collective entity (*organisme à caractère collectif*) meeting the conditions set out in Article 2 of the EU Parent-Subsidiary Directive or (ii) a capital company (*société de capitaux*) which is a resident in a state that has concluded a double tax treaty with Luxembourg or (iii) a capital company (*société de capitaux*) or a cooperative company which is resident in a state other than a EU Member State which is part of the European Economic Area Agreement may be exempt from income tax if, cumulatively,

- (i) the Company is either (a) subject in its state of tax residence to an income tax regime that is comparable to the Luxembourg corporate income tax (i.e. currently 9% assessed on a comparable taxable base), (b) a

fully-taxable Luxembourg collective entity, or (c) a collective entity meeting the conditions set out in Article 2 of the EU Parent-Subsidiary Directive,

- (ii) the said Luxembourg permanent establishment has held or commits itself to hold the shares for an uninterrupted period of at least twelve months, and
- (iii) during this uninterrupted period of twelve months the shares represent a participation of at least 10% in the share capital of the Company or the shares were acquired for an acquisition price of at least EUR 6 million. Shares held through a fiscally transparent entity are considered as being a direct participation proportional to the percentage held in the net assets of the transparent entity.

However, in the case the exemption laid out above does not apply, if a double tax treaty between Luxembourg and the country of residence of the holder of shares applies, the Luxembourg non-resident holder of shares may perhaps benefit from an exemption from Luxembourg tax upon disposal of its shares pursuant to the relevant provisions of such double tax treaty.

Non-resident shareholders (not having a permanent establishment in Luxembourg through which the Shares are held) will in principle not be subject to Luxembourg income tax on the dividends received from the Issuer (except for the withholding tax mentioned below, if applicable).

### **Withholding tax**

Under Luxembourg tax laws currently in force, dividends paid by the Company are in principle subject to a Luxembourg withholding tax equal to 15% of the gross dividend (17.65% of the net dividend if the Company bears the cost of the withholding tax, which is not mandatory under Luxembourg tax laws). Responsibility for the withholding of the tax is assumed by the Company.

However, if a double tax treaty between Luxembourg and the country of residence of the Shareholders applies, an exemption or a reduction of the Luxembourg withholding tax may be available pursuant to the relevant provisions of such double tax treaty.

In addition, pursuant to current Luxembourg tax laws, an exemption from Luxembourg dividend withholding tax may apply under the following conditions:

- the Holder of shares receiving the dividends is either (i) a fully taxable Luxembourg resident collective entity, (ii) a collective entity resident in a EU Member State and falling within the scope of article 2 of the EU Parent-Subsidiary Directive, (iii) the Luxembourg State, a Luxembourg municipality, an association of a Luxembourg municipality or an operation of Luxembourg public-law entity, (iv) a permanent establishment of an entity referred to at letters (i),(ii) or (iii) above, (v) a Swiss resident joint-stock company subject to corporate income tax in Switzerland without benefiting from any exemption, (vi) a joint-stock company or a cooperative company resident in an European Economic Area (“EEA”) country (other than a EU Member State) to the extent that such company is fully taxable and subject (in its country of residence) to a tax corresponding to Luxembourg corporate income tax, as well as a permanent establishment of such company, or (vii) a collective entity resident in a treaty country, to the extent that such entity is fully taxable and subject (in its country of residence) to a tax corresponding to Luxembourg corporate income tax, as well as a Luxembourg permanent establishment of such entity; and
- on the date on which the income is made available, the Holder of shares holds or commits to hold directly (or even indirectly under certain conditions) for an uninterrupted period of at least twelve months, a participation of at least 10% in the share capital of the Company (or with an acquisition price of at least EUR 1,200,000).

### **Net wealth taxation**

A corporate Holder of shares, whether it is resident of Luxembourg for tax purposes or, if not, it maintains a permanent establishment or a permanent representative in Luxembourg through which/whom such Shares are held, is subject to Luxembourg wealth tax on such Shares, except if the Shareholder is governed by the law of May 11, 2007 on the family estate management company, as amended, by the law of December 17, 2010 on undertakings for collective investment, as amended, by the law of February 13, 2007 on specialized investment funds, as amended, by the law of July 23, 2016 on reserved alternative investment funds, or is a securitization company governed by the law of March 22, 2004 on securitization, as amended, or is a capital company governed by the law of June 15, 2004 on venture capital vehicles, as amended.

The Shareholder which is (i) a Luxembourg resident fully taxable collective entity, (ii) a Luxembourg permanent establishment of an EU resident collective entity falling within the scope of article 2 of the EU

Parent-Subsidiary Directive, (iii) a domestic permanent establishment of a joint-stock company that is resident in a State with which Luxembourg has concluded a double tax treaty, or (iv) a domestic permanent establishment of a joint-stock company or of a cooperative company which is a resident of a EEA Member State (other than a EU Member State), may be exempt from Luxembourg net wealth tax on its Shares if it holds a participation of at least 10% in the share capital of the Company (or with an acquisition price of at least EUR 1,200,000).

An individual Shareholder, whether he/she is resident of Luxembourg or not, is not subject to Luxembourg wealth tax on his/her Shares.

### **Other taxes**

Under current Luxembourg tax laws, no registration tax or similar tax is in principle payable by the Shareholder upon the acquisition, holding or disposal of the Shares. However, a fixed registration duty of EUR 12 may be due in the case where the shares are physically attached to a public deed or to any other document subject to mandatory registration, as well as in the case of a registration of the Shares on a voluntary basis.

When the Shareholder is a Luxembourg resident for inheritance tax assessment purposes at the time of his/her death, the Shares are included in his/her taxable estate for Luxembourg inheritance tax assessment purposes.

Luxembourg gift tax may be due on a gift or donation of the Shares if embodied in a notarial deed signed before a Luxembourg notary or recorded in Luxembourg.

### **Belgian Taxation**

The paragraphs below present a summary of certain material Belgian federal income tax consequences of the ownership and disposal of Shares by an investor that purchases such Shares in connection with the Private Placement. The summary is based on laws, treaties and regulatory interpretations in effect in Belgium on the date of this Offering Circular, all of which are subject to change, including changes that could have retroactive effect.

Investors should appreciate that, as a result of evolutions in law or practice, the eventual tax consequences may be different from what is stated below.

This summary does not purport to address all tax consequences of the ownership and disposal of shares, and does not take into account the specific circumstances of particular investors, some of which may be subject to special rules, or the tax laws of any country other than Belgium. This summary does not describe the tax treatment of investors that are subject to special rules, such as banks, insurance companies, collective investment undertakings, dealers in securities or currencies, persons that hold, or will hold, Shares as a position in a straddle, share-repurchase transaction, conversion transactions, synthetic security or other integrated financial transactions. This summary does not address the local taxes that may be due in connection with an investment in the Shares, other than Belgian local surcharges which generally vary from 0% to 9% of the investor's income tax liability.

For purposes of this summary, a Belgian resident is an individual subject to Belgian personal income tax (that is, an individual who is domiciled in Belgium or has his seat of wealth in Belgium or a person assimilated to a resident for purposes of Belgian tax law), a company subject to the ordinary Belgian corporate income tax (that is, a corporate entity that has its statutory seat, its main establishment, its administrative seat or seat of management in Belgium and that is not excluded from the scope of the Belgian corporate income tax), an Organization for Financing Pensions subject to Belgian corporate income tax (i.e., a Belgian pension fund incorporated under the form of an Organization for Financing Pensions), or a legal entity subject to Belgian income tax on legal entities (that is, a legal entity other than a company subject to Belgian corporate income tax, that has its statutory seat, its main establishment, its administrative seat or seat of management in Belgium). A Belgian non-resident is any person that is not a Belgian resident.

Investors should consult their own advisors regarding the tax consequences of an investment in Shares in the light of their particular circumstances, including the effect of any state, local or other national laws.

### **Dividends**

For Belgian income tax purposes, the gross amount of all benefits paid on or attributed to the Shares is generally treated as a dividend distribution. By way of exception, the repayment of capital of the Company carried out in accordance with the applicable provisions of Luxembourg company law, is not treated as a



dividend distribution to the extent that such repayment is imputed to the fiscal capital. This fiscal capital includes, in principle, the actual paid-up statutory share capital and, subject to certain conditions, the paid-up issuance premiums. Note that as of 2018 (i.e. financial years starting on or after January 1, 2018), any reduction of fiscal capital is deemed to be paid out on a *pro rata* basis of the fiscal capital and certain reserves (i.e. and in the following order: the taxed reserves incorporated in the statutory capital, the taxed reserves not incorporated in the statutory capital and the tax-exempt reserves incorporated in the statutory capital). Only the part of the capital reduction that is deemed to be paid out of the fiscal capital may, subject to certain conditions, for Belgian withholding tax purposes, not be considered as a dividend distribution.

A Belgian withholding tax of 30% is normally levied on dividends, subject to such relief as may be available under applicable domestic or double tax treaty provisions.

In the case of a redemption of the Shares, the redemption distribution (after deduction of the part of the fiscal capital represented by the redeemed Shares) will be treated as a dividend subject to a Belgian withholding tax of 30%, subject to such relief as may be available under applicable domestic or double tax treaty provisions. No Belgian withholding tax will be triggered if this redemption is carried out on a stock exchange and meets certain conditions.

In case of liquidation of the Company, any amounts distributed in excess of the fiscal capital will in principle be subject to a 30% withholding tax, subject to such relief as may be available under applicable domestic or double tax treaty provisions.

Non-Belgian dividend withholding tax, if any, will neither be creditable against any Belgian income tax due nor reimbursable to the extent that it exceeds Belgian income tax due.

### ***Belgian resident individuals***

For Belgian resident individuals who acquire and hold Shares as a private investment, the Belgian dividend withholding tax fully discharges their personal income tax liability. They may nevertheless opt to report the dividends in their personal income tax return or even need to report them if no intermediary established in Belgium was in any way involved in the processing of the payment of the non-Belgian sourced dividends or even if an intermediary established in Belgium was in any way involved in the processing of the payment of the dividends but such intermediary did not withhold the Belgian dividend withholding tax due. Belgian resident individuals who report the dividends in their personal income tax return will normally be taxable at the lower of the generally applicable 30% Belgian withholding tax rate on dividends or at the progressive personal income tax rates applicable to their overall declared income. If the beneficiary reports the dividends, any income tax due on such dividends will not be increased by communal surcharges. In addition, if the dividends are reported, the Belgian dividend withholding tax levied at source may, in both cases, be credited against the personal income tax due and is reimbursable to the extent that it exceeds the personal income tax due, provided that the dividend distribution does not result in a reduction in value of or a capital loss on the Shares of the Company. The latter condition is not applicable if the individual can demonstrate that it has held Shares in full legal ownership for an uninterrupted period of 12 months prior to the payment or attribution of the dividends. For dividends paid or attributed as of January 1, 2018, an exemption from personal income tax could in principle be claimed by Belgian resident individuals in their personal income tax return for a first tranche of dividend income up to the amount of EUR 640 (for income year 2018; EUR 800 as of income year 2019), subject to certain formalities which are still to be determined in a Royal Decree. For the avoidance of doubt, all reported dividends are taken into account to assess whether said maximum amount is reached (and hence not only the amount of dividends paid or attributed on the Shares).

For Belgian resident individual investors who acquire and hold Shares for professional purposes, the Belgian withholding tax does not fully discharge their Belgian income tax liability. Dividends received must be reported by the investor and will, in such a case, be taxable at the investor's personal income tax rate increased with communal surcharges. Belgian withholding tax levied may be credited against the personal income tax due and is reimbursable to the extent that it exceeds the income tax due, subject to two conditions: (i) the taxpayer must own Shares in full legal ownership at the time the dividends are paid or attributed and (ii) the dividend distribution may not result in a reduction in value of or a capital loss on Shares. The latter condition is not applicable if the investor can demonstrate that it has held the full legal ownership of Shares for an uninterrupted period of 12 months prior to the payment or attribution of the dividends.

## ***Belgian resident companies***

### *Corporate income tax*

Dividends received by Belgian resident companies are exempt from Belgian withholding tax provided that the investor satisfies the identification requirements in Article 117, par 11 of the Royal Decree implementing the Belgian Income Tax Code 1992.

For Belgian resident companies, the dividend income (after deduction of any non-Belgian withholding tax but including any Belgian withholding tax) must be declared in the corporate income tax return and will be subject to a corporate income tax rate of 29.58% (including the 2% crisis surcharge) and 25% as of 2020 (i.e. for financial years starting on or after January 1, 2020). Subject to certain conditions, a reduced corporate income tax rate of 20.4% (including the 2% crisis surcharge) and 20% as of 2020 (i.e. for financial years starting on or after January 1, 2020) applies for Small and Medium Sized Enterprises (as defined by Article 15, §1 to §6 of the Belgian Companies Code) on the first EUR 100,000 of taxable profits.

Belgian resident companies can under certain conditions deduct 100% of the gross dividend received from their taxable income (the Dividend Received Deduction), provided that at the time of a dividend payment or attribution: (i) the Belgian resident company holds Shares representing at least 10% of the share capital of the Company or a participation in the Company with an acquisition value of at least EUR 2,500,000 (it being understood that only one out of the two tests must be satisfied); (ii) the Shares of the Company have been or will be held in full ownership for an uninterrupted period of at least one year immediately prior to the payment or attribution of the dividend; and (iii) the conditions relating to the taxation of the underlying distributed income, as described in Article 203 of the Belgian Income Tax Code (the Article 203 ITC Taxation Condition) are met (together, the Conditions for the application of the dividend received deduction regime).

Condition (i) and (ii) above are, in principle, not applicable for dividends received by an investment company within the meaning of art. 2, §1, 5°, f) ITC. The Conditions for the application of the dividend received deduction regime depend on a factual analysis and for this reason the availability of this regime should be verified upon each dividend distribution.

Any Belgian dividend withholding tax levied at source can be credited against the Belgian corporate income tax due and is reimbursable to the extent it exceeds such corporate income tax, subject to two conditions: (i) the taxpayer must own the Shares of the Company in full legal ownership at the time the dividends are paid or attributed and (ii) the dividend distribution does not result in a reduction in value of or a capital loss on the Shares of the Company. The latter condition is not applicable: (i) if the taxpayer can demonstrate that it has held the Shares in full legal ownership for an uninterrupted period of 12 months immediately prior to the payment or attribution of the dividends or (ii) if, during that period, the Shares never belonged to a taxpayer other than a Belgian resident company or a non-resident company that has, in an uninterrupted manner, invested the Shares in a Belgian permanent establishment (the PE) in Belgium.

### *Organizations for financing pensions*

For organizations for financing pensions (the OFPs), i.e., Belgian pension funds incorporated under the form of an OFP (*organismes de financement de pensions*) within the meaning of Article 8 of the Belgian Law of October 27, 2006, the dividend income is generally tax-exempt. Although there is no specific exemption from Belgian dividend withholding tax at source for dividends paid or attributed to OFPs, subject to certain limitations, the Belgian dividend withholding tax can be credited against the OFPs' corporate income tax and is reimbursable to the extent it exceeds the corporate income tax due.

### *Other taxable legal entities*

For taxpayers subject to the Belgium income tax on legal entities, the Belgian dividend withholding tax in principle fully discharges their Belgian income tax liability in this respect.

### *Belgian non-resident individuals and companies*

Dividend payments on the Shares through a professional intermediary in Belgium will, in principle, be subject to the 30% withholding tax, unless the Shareholder is resident in a country with which Belgium has concluded a double taxation agreement and delivers the requested affidavit. Non-resident investors can also obtain an exemption of Belgian dividend withholding tax if they are the owners or usufructors of the Shares and they deliver an affidavit confirming that (i) they are non-residents; (ii) they have not allocated the Shares to business activities in Belgium; and (iii) they are the full owners or usufructors of the Shares, provided that the dividend

is paid through a Belgian credit institution, stock market company or recognized clearing or settlement institution.

If Shares of the Company are acquired by a non-resident investor in connection with a business in Belgium, the investor must report any dividends received, which are taxable at the applicable Belgian non-resident individual or corporate income tax rate, as appropriate. Any Belgian withholding tax levied at source can be credited against the Belgian non-resident individual or corporate income tax and is reimbursable to the extent it exceeds the income tax due, subject to two conditions: (i) the taxpayer must own the Shares of the Company in full legal ownership at the time the dividends are paid or attributed and (ii) the dividend distribution does not result in a reduction in value of or a capital loss on the Shares. The latter condition is not applicable if (i) the non-resident individual or the non-resident company can demonstrate that the Shares were held in full legal ownership for an uninterrupted period of 12 months immediately prior to the payment or attribution of the dividends or (ii) with regard to non-resident companies only, if, during the said period, the Shares have not belonged to a taxpayer other than a resident company or a non-resident company which has, in an uninterrupted manner, invested the Shares in a Belgian PE.

Dividends paid or attributed as of January 1, 2018 to Belgian non-resident individuals who do not use the Shares in the exercise of a professional activity, may be exempt from Belgian non-resident individual income tax up to the amount of 640 EUR (for income year 2018). Consequently, if Belgian withholding tax has been levied on dividends paid or attributed to the Shares, such Belgian non-resident may request in his or her Belgian non-resident income tax return that any Belgian withholding tax levied on dividends up to the amount of EUR 640 (for income year 2018) be credited and, as the case may be, reimbursed. However, if no such Belgian income tax return has to be filed by the Belgian non-resident individual, any Belgian withholding tax levied on such an amount could in principle be reclaimed by filing a request thereto addressed to the tax official to be appointed in a Royal Decree. Such a request has to be made at the latest on December 31 of the calendar year following the calendar year in which the relevant dividend(s) have been received, together with an affidavit confirming the non-resident individual status and certain other formalities which are still to be determined in a Royal Decree. For the avoidance of doubt, all dividends paid or attributed to the Belgian non-resident individual are taken into account to assess whether the maximum amount of EUR 640 (for income year 2018; EUR 800 as of income year 2019) is reached (and hence not only the amount of dividends paid or attributed on the Shares).

Non-resident companies that have attributed their Shares in the Company to a Belgian permanent establishment can deduct 100% of the gross dividends included in their taxable profits if, at the date dividends are paid or attributed, the Conditions for the application of the Dividend Received Deduction regime are satisfied. Application of the Dividend Received Deduction regime depends, however, on a factual analysis to be made upon each distribution and its availability should be verified upon each distribution.

### ***Capital gains and losses on Shares***

#### ***Belgian resident individuals***

In principle, Belgian resident individuals acquiring Shares of the Company as a private investment should not be subject to Belgian income tax on capital gains realized upon the disposal of the Shares; capital losses are not tax deductible.

However, capital gains realized by a private individual are taxable at 33% (plus local surcharges) if the capital gain is deemed to be realized outside the scope of the normal management of the individual's private estate. Capital losses are, however, not tax deductible in such event.

Belgian resident individuals who hold Shares of the Company for professional purposes are taxable at the ordinary progressive personal income tax rates (plus local surcharges) on any capital gains realized upon the disposal of the Shares, except for Shares held for more than five years, which are taxable at a separate rate of 16.5% (plus local surcharges). Capital losses on the Shares incurred by Belgian resident individuals who hold the Shares for professional purposes are in principle tax deductible.

Gains realized by Belgian resident individuals upon the redemption of Shares of the Company or upon the liquidation of the Company are generally taxable as a dividend (see above).

#### ***Belgian resident companies***

Belgian resident companies are not subject to Belgian corporate income tax on capital gains realized upon the disposal of Shares of the Company provided that: (i) the Belgian resident company holds Shares representing at least 10% of the share capital of the Company or a participation in the Company with an acquisition value of at

least EUR 2,500,000 (it being understood that only one out of the two tests must be satisfied); (ii) the Article 203 ITC Taxation Condition is satisfied and (ii) the Shares have been held in full legal ownership for an uninterrupted period of at least one year.

If all of the above conditions except the last one, i.e. the one-year minimum holding condition, are satisfied, the capital gains realized upon the disposal of Shares of the Company by a Belgian resident company are taxable at a separate corporate income tax rate of 25.5% (including the 2% crisis surcharge) and as of 2020 (i.e. financial years starting on or after January 1, 2020) at the ordinary corporate income tax rate of 25%.

If the conditions (i) and/or (ii) above are not met, the capital gains realized upon the disposal of shares in the Company by a Belgian resident company will be taxable at the ordinary corporate income tax rate as applicable in the relevant financial year.

Capital gains realized by Belgian resident companies upon the redemption of Shares by the Company or upon the liquidation of the Company will, in principle, be subject to the same taxation regime as dividends (see above).

Capital losses on Shares of the Company incurred by resident companies are as a general rule not tax deductible.

Shares of the Company held in the trading portfolios of qualifying credit institutions, investment enterprises and management companies of collective investment undertakings are subject to a different regime. The capital gains realized by these investors will be subject to corporate income tax at the general rates, and capital losses are tax deductible. Internal transfers to and from the trading portfolio are assimilated to a realization.

#### *Organizations for financing pensions*

OFPs are, in principle, not subject to Belgian corporate income tax on capital gains realized upon the disposal of the Shares, and capital losses are not tax deductible.

#### *Other taxable legal entities*

Belgian resident legal entities subject to the legal entities income tax are, in principle, not subject to Belgian capital gains taxation on the disposal of Shares.

Capital gains realized by Belgian resident legal entities upon the redemption of Shares or upon the liquidation of the Company will in principle be taxed as dividends (see above).

Capital losses on Shares incurred by Belgian resident legal entities are not tax deductible.

#### *Belgian non-resident individuals*

Capital gains realized on the Shares of the Company by a non-resident individual that has not acquired the Shares in connection with a business conducted in Belgium through a fixed base in Belgium or a Belgian PE are in principle not subject to taxation in Belgium, unless the gain is deemed to be realized outside the scope of the normal management of the individual's private estate and the capital gain is obtained or received in Belgium. In such a case the gain is subject to a final professional withholding tax of 30.28% (to the extent that Articles 90,1° and 248 of the Belgian Income Tax Code 1992 are applicable). However, Belgium has concluded tax treaties with more than 95 countries which generally provide for a full exemption from Belgian capital gains taxation on such gains realized by residents of those countries. Capital losses are generally not tax deductible.

Capital gains realized by Belgian non-resident individuals upon the redemption of Shares or upon the liquidation of the Company will generally be taxable as a dividend (see above).

#### *Belgian non-resident companies or entities*

Capital gains realized by non-resident companies or other non-resident entities that hold the Shares in connection with a business conducted in Belgium through a Belgian PE are generally subject to the same regime as Belgian resident companies.

## **Tax on stock exchange transactions**

No tax on stock exchange transactions is due upon subscription to Shares (primary market transactions).

The purchase and the sale and any other acquisition or transfer for consideration of existing Shares (secondary market transactions) in Belgium through a professional intermediary is subject to the tax on stock exchange transactions (*taks op de beursverrichtingen/taxe sur les opérations de bourse*) of 0.35% of the purchase price, capped at €1,600 per transaction and per party.

Following the Law of December 25, 2016, the scope of application of the tax on the stock exchange transactions has been extended as of January 1, 2017 to secondary market transactions of which the order is, directly or indirectly, made to a professional intermediary established outside of Belgium by (i) a private individual with habitual residence in Belgium or (ii) a legal entity for the account of its seat or establishment in Belgium (both referred to as a “Belgian Investor”). In such a scenario, the tax on the stock exchange transactions is due by the Belgian Investor, unless the Belgian Investor can demonstrate that the tax on the stock exchange transactions due has already been paid by the professional intermediary established outside of Belgium. In the latter case, the foreign professional intermediary also has to provide each client (which gives such intermediary an order) with a qualifying order statement (*bordereau/borderel*), at the latest on the business day after the day the transaction concerned was realized. Alternatively, professional intermediaries established outside of Belgium could appoint a stock exchange tax representative in Belgium, subject to certain conditions and formalities (“Stock Exchange Tax Representative”). Such Stock Exchange Tax Representative will then be liable towards the Belgian Treasury for the tax on stock exchange transactions due and for complying with reporting obligations and the obligations relating to the order statement in that respect. If such a Stock Exchange Tax Representative would have paid the tax on stock exchange transactions due, the Belgian Investor will, as per the above, no longer be the debtor of the tax on stock exchange transactions.

No tax on stock exchange transactions is due on transactions entered into by the following parties, provided they are acting for their own account: (i) professional intermediaries described in Article 2,9° and 10° of the Belgian Law of August 2, 2002 on the supervision of the financial sector and financial services; (ii) insurance companies described in Article 2, § 1 of the Belgian Law of July 9, 1975 on the supervision of insurance companies; (iii) pension institutions referred to in Article 2,1° of the Belgian Law of October 27, 2006 concerning the supervision of pension institutions; (iv) collective investment institutions; (v) regulated real estate companies; and (vi) Belgian non-residents provided they deliver a certificate to their financial intermediary in Belgium confirming their non-resident status.

On February 14, 2013 the EU Commission adopted the Draft Directive on a Financial Transaction Tax (the FTT). The Draft Directive currently stipulates that once the FTT enters into effect, the Participating Member States shall not maintain or introduce any taxes on financial transactions other than the FTT (or VAT as provided in the Council Directive 2006/112/EC of November 28, 2006 on the common system of value added tax). For Belgium, the tax on stock exchange transactions should thus be abolished once the FTT enters into effect. The Draft Directive is still subject to negotiation between the Participating Member States and may, therefore, be further amended at any time.

## **Tax on securities accounts**

Pursuant to the law of February 7, 2018, Belgian resident and non-resident individuals are taxed at a rate of 0.15% on their share in the average value of qualifying financial instruments (such as shares, bonds, certain other type of debt instruments, units of undertakings for collective investment, warrants) held on one or more securities accounts with one or more financial intermediaries during a reference period of 12 consecutive months starting on October 1, and ending on September 30, of the subsequent year. However, the first reference period starts as of the day following the publication of the law in the Belgian State Gazette (i.e. March 10, 2018) and ends on September 30, 2018 (“Tax on Securities Accounts”).

No Tax on Securities Accounts is due provided the holder’s share in the average value of the qualifying financial instruments on those accounts amounts to less than EUR 500,000. If, however, the holder’s share in the average value of the qualifying financial instruments on those accounts amounts to EUR 500,000 or more, the Tax on Securities Accounts is due on the entire share of the holder in the average value of the qualifying financial instruments on those accounts (and hence, not only on the part which exceeds the EUR 500,000 threshold).

Qualifying financial instruments held by non-resident individuals only fall within the scope of the Tax on Securities Accounts provided they are held on securities accounts with a financial intermediary established or located in Belgium. Note that pursuant to certain double tax treaties, Belgium has no right to tax capital.

Hence, to the extent the Tax on Securities Accounts is viewed as a tax on capital within the meaning of these double tax treaties, treaty override may, subject to certain conditions, be claimed.

A financial intermediary is defined as (i) a credit institution or a stockbroking firm as defined by Article 1, §2 and §3 of the Law of April 25, 2014 on the legal status and supervision of credit institutions and stockbroking firms and (ii) the investment companies as defined by Article 3, §1 of the Law of October 25, 2016 on access to the activity of investment services and on the legal status and supervision of portfolio management and investment advice companies, which are pursuant to national law admitted to hold financial instruments for the account of customers.

The Tax on Securities Accounts is in principle due by the financial intermediary established or located in Belgium if (i) the holder's share in the average value of the qualifying financial instruments held on one or more securities accounts with said intermediary amounts to EUR 500,000 or more or (ii) the holder instructed the financial intermediary to levy the Tax on Securities Accounts due (e.g. in case such holder holds qualifying financial instruments on several securities accounts held with multiple intermediaries of which the average value of each of these accounts do not amount to EUR 500,000 or more but of which the holder's share in the total average value of these accounts exceeds EUR 500,000). Otherwise, the Tax on Securities Accounts needs to be declared and is due by the holder itself, unless the holder provides evidence that the Tax on Securities Accounts has already been withheld, declared and paid by an intermediary which is not established or located in Belgium. In that respect, intermediaries located or established outside of Belgium could appoint a Tax on the Securities Accounts representative in Belgium, subject to certain conditions and formalities ("Tax on the Securities Accounts Representative"). Such a Tax on the Securities Accounts Representative is then liable towards the Belgian Treasury for the Tax on the Securities Accounts due and for complying with certain reporting obligations in that respect.

Belgian resident individuals have to report in their annual income tax return their various securities accounts held with one or more financial intermediaries of which they are considered as a holder within the meaning of the Tax on Securities Accounts. Non-resident individuals have to report in their annual Belgian non-resident income tax return their various securities accounts held with one or more financial intermediaries established or located in Belgium of which they are considered as a holder within the meaning of the Tax on Securities Accounts.

Prospective Investors are strongly advised to seek their own professional advice in relation to the Tax on Securities Accounts.

### ***Common reporting standard***

Following recent international developments, the exchange of information will be governed by the Common Reporting Standard ("CRS"). On October 29, 2014, 51 jurisdictions signed the multilateral competent authority agreement (MCAA), which is a multilateral framework agreement to automatically exchange financial and personal information, with the subsequent bilateral exchanges coming into effect between those signatories that file the subsequent notifications.

More than 50 jurisdictions, including Belgium, have committed to a specific and ambitious timetable leading to the first automatic information exchanges in 2017, relating to income year 2016 ("early adopters").

Under CRS, financial institutions resident in a CRS country will be required to report, according to a due diligence standard, financial information with respect to reportable accounts, which includes interest, dividends, account balance or value, income from certain insurance products, sales proceeds from financial assets and other income generated with respect to assets held in the account or payments made with respect to the account. Reportable accounts include accounts held by individuals and entities (which includes trusts and foundations) with fiscal residence in another CRS country. The standard includes a requirement to look through passive entities to report on the relevant controlling persons.

On December 9, 2014, EU Member States adopted Directive 2014/107/EU on administrative cooperation in direct taxation ("DAC2"), which provides for mandatory automatic exchange of financial information as foreseen in CRS. DAC2 amends the previous Directive on administrative cooperation in direct taxation, Directive 2011/16/EU.

The mandatory automatic exchange of financial information by EU Member States as foreseen in DAC2 becomes effective on September 30, 2017 at the latest, except with regard to Austria. The mandatory automatic exchange of financial information by Austria will at the latest take place as of September 30, 2018.

The Belgian government has implemented said Directive 2014/107/EU, respectively the Common Reporting Standard, per the Law of December 16, 2015 regarding the exchange of information on financial accounts by Belgian financial institutions and by the Belgian tax administration, in the context of an automatic exchange of information on an international level and for tax purposes.

As a result of the Law of December 16, 2015, the mandatory automatic exchange of information applies in Belgium (i) as of income year 2016 (first information exchange in 2017) towards the EU Member States (including Austria, irrespective the fact that the automatic exchange of information by Austria towards other EU Member States is only foreseen as of income year 2017), (ii) as of income year 2014 (first information exchange in 2016) towards the US and (iii), with respect to any other non-EU States that have signed the MCAA, as of the respective date to be further determined by Royal Decree.

Investors who are in any doubt as to their position should consult their professional advisers.

### **Certain U.S. Federal Income Tax Considerations**

The following is a summary of certain U.S. federal income tax consequences of the acquisition, ownership and disposition of Shares by a U.S. Holder (as defined below). This summary deals only with initial purchasers of Shares that are U.S. Holders and that will hold the Shares as capital assets. The discussion does not cover all aspects of U.S. federal income taxation that may be relevant to, or the actual tax effect that any of the matters described herein will have on, the acquisition, ownership or disposition of Shares by particular investors (including consequences under the alternative minimum tax or net investment income tax), and does not address state, local, non-U.S. or other tax laws. This summary also does not address tax considerations applicable to investors that own (directly, indirectly or by attribution) 5 per cent. or more of the shares of the Company by vote or value, nor does this summary discuss all of the tax considerations that may be relevant to certain types of investors subject to special treatment under the U.S. federal income tax laws (such as financial institutions, insurance companies, individual retirement accounts and other tax-deferred accounts, tax-exempt organisations, dealers in securities or currencies, investors that will hold the Shares as part of straddles, hedging transactions or conversion transactions for U.S. federal income tax purposes, persons that have ceased to be U.S. citizens or lawful permanent residents of the United States, investors holding the Shares in connection with a trade or business conducted outside of the United States, U.S. citizens or lawful permanent residents living abroad or investors whose functional currency is not the U.S. dollar).

As used herein, the term “U.S. Holder” means a beneficial owner of Shares that is, for U.S. federal income tax purposes, (i) an individual citizen or resident of the United States, (ii) a corporation created or organised under the laws of the United States, any state thereof or the District of Columbia, (iii) an estate the income of which is subject to U.S. federal income tax without regard to its source or (iv) a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust, or the trust has validly elected to be treated as a domestic trust for U.S. federal income tax purposes.

The U.S. federal income tax treatment of a partner in an entity or arrangement treated as a partnership for U.S. federal income tax purposes that holds Shares will depend on the status of the partner and the activities of the partnership. Prospective purchasers that are entities or arrangements treated as partnerships for U.S. federal income tax purposes should consult their tax advisers concerning the U.S. federal income tax consequences to them and their partners of the acquisition, ownership and disposition of Shares by the partnership.

Except as otherwise noted, the summary assumes that the Company is not a passive foreign investment company (a “PFIC”) for U.S. federal income tax purposes. The Company’s possible status as a PFIC must be determined annually and therefore may be subject to change. If the Company were to be a PFIC in any year, materially adverse consequences could result for U.S. Holders.

This summary is based on the tax laws of the United States, including the U.S. Internal Revenue Code of 1986, as amended, its legislative history, existing and proposed regulations thereunder, published rulings and court decisions, as well as on the income tax treaty between the United States and Luxembourg (the “Treaty”), all as of the date hereof and all subject to change at any time, possibly with retroactive effect.

**THE SUMMARY OF U.S. FEDERAL INCOME TAX CONSEQUENCES SET OUT BELOW IS FOR GENERAL INFORMATION ONLY. ALL PROSPECTIVE PURCHASERS SHOULD CONSULT THEIR TAX ADVISERS AS TO THE PARTICULAR TAX CONSEQUENCES TO THEM OF ACQUIRING, OWNING, AND DISPOSING OF THE SHARES, INCLUDING THEIR ELIGIBILITY FOR THE BENEFITS OF THE TREATY, THE APPLICABILITY AND EFFECT OF STATE, LOCAL, NON-U.S. AND OTHER TAX LAWS AND POSSIBLE CHANGES IN TAX LAW.**

## **Dividends**

*General.* Distributions paid by the Company out of current or accumulated earnings and profits (as determined for U.S. federal income tax purposes), before reduction for any Luxembourg withholding tax paid by the Company with respect thereto, generally will be taxable to a U.S. Holder as dividend income, and will not be eligible for the dividends received deduction allowed to corporations. Distributions in excess of current and accumulated earnings and profits will be treated as a non-taxable return of capital to the extent of the U.S. Holder's basis in the Shares and thereafter as capital gain. However, the Company does not maintain calculations of its earnings and profits in accordance with U.S. federal income tax accounting principles. U.S. Holders should therefore assume that any distribution by the Company with respect to Shares will be reported as ordinary dividend income. U.S. Holders should consult their own tax advisers with respect to the appropriate U.S. federal income tax treatment of any distribution received from the Company.

Dividends paid by the Company generally will be taxable to a non-corporate U.S. Holder at the reduced rate normally applicable to long-term capital gains, provided the Company qualifies for the benefits of the Treaty, and certain other requirements are met. A U.S. Holder will not be able to claim the reduced rate on dividends received from the Company if the Company is treated as a PFIC in the taxable year in which the dividends are received or in the preceding taxable year. See “—*Passive Foreign Investment Company Considerations*” below.

Prospective purchasers should consult their tax advisers concerning the applicability of the foreign tax credit and source of income rules to dividends on the Shares.

*Foreign Currency Dividends.* Dividends paid in euros will be included in income in a U.S. dollar amount calculated by reference to the exchange rate in effect on the day the dividends are received by the U.S. Holder, regardless of whether the euros are converted into U.S. dollars at that time. If dividends received in euros are converted into U.S. dollars on the day they are received, the U.S. Holder generally will not be required to recognise foreign currency gain or loss in respect of the dividend income.

*Effect of Luxembourg Withholding Taxes.* As discussed in “*Taxation—Luxembourg Taxation*”, under current law payments of dividends by the Company to U.S. Holders are subject to Luxembourg withholding tax. For U.S. federal income tax purposes, U.S. Holders will be treated as having received the amount of Luxembourg taxes withheld by the Company, and as then having paid over the withheld taxes to the Luxembourg taxing authorities. As a result of this rule, the amount of dividend income included in gross income for U.S. federal income tax purposes by a U.S. Holder with respect to a payment of dividends may be greater than the amount of cash actually received (or receivable) by the U.S. Holder from the Company with respect to the payment.

A U.S. Holder generally will be entitled, subject to certain limitations, to a credit against its U.S. federal income tax liability, or a deduction in computing its U.S. federal taxable income, for Luxembourg income taxes withheld by the Company.

Dividends paid by the Company generally will constitute foreign source income. For purposes of the foreign tax credit limitation, foreign source income is classified in one of two “baskets”, depending on a Holder's particular circumstances, and the credit for foreign taxes on income in any basket is limited to U.S. federal income tax allocable to that income. Prospective purchasers should consult their tax advisers concerning the foreign tax credit implications of the payment of Luxembourg taxes and receiving a dividend from the Company that is eligible for the reduced rate described above under “*Dividends—General*”.

## **Sale or other Disposition**

Upon a sale or other disposition of Shares, a U.S. Holder generally will recognise capital gain or loss for U.S. federal income tax purposes equal to the difference, if any, between the amount realised on the sale or other disposition and the U.S. Holder's adjusted tax basis in the Shares. This capital gain or loss will be long-term capital gain or loss if the U.S. Holder's holding period in the Shares exceeds one year. In the case of non-corporate U.S. Holders, long-term capital gain generally is subject to U.S. federal income tax at preferential rates. The deductibility of capital losses is subject to limitations. Any gain or loss generally will be U.S. source. U.S. Holders should consult their own tax advisors about how to account for proceeds received on the sale or other disposition of Shares that are not paid in U.S. dollars.

## **Passive Foreign Investment Company Considerations**

A foreign corporation will be a PFIC in any taxable year in which, after taking into account the income and assets of the corporation and certain subsidiaries pursuant to applicable “look-through rules,” either (i) at least 75 per cent. of its gross income is “passive income” or (ii) at least 50 per cent. of the average value of its assets is attributable to assets which produce passive income or are held for the production of passive income.



The Company does not believe that it should be treated as a PFIC for U.S. federal income tax purposes but the Company's possible status as a PFIC must be determined annually and therefore may be subject to change. If the Company were to be treated as a PFIC, U.S. Holders of Shares would be required (i) to pay a special U.S. addition to tax on certain distributions and gains on sale and (ii) to pay tax on any gain from the sale of Shares at ordinary income (rather than capital gains) rates in addition to paying the special addition to tax on this gain. Additionally, dividends paid by the Company would not be eligible for the reduced rate of tax described above under "Dividends—General". Prospective purchasers should consult their tax advisers regarding the potential application of the PFIC regime.

A U.S. Holder who owns, or who is treated as owning, PFIC stock during any taxable year in which the Company is classified as a PFIC may be required to file IRS Form 8621. Prospective purchasers should consult their tax advisers regarding the requirement to file IRS Form 8621 and the potential application of the PFIC regime.

### **Backup Withholding and Information Reporting**

Payments of proceeds from the sale or other disposition of Shares, as well as dividends with respect to Shares, paid by a U.S. paying agent or other U.S. intermediary will be reported to the IRS and to the U.S. Holder as may be required under applicable regulations. Backup withholding may apply to these payments if the U.S. Holder fails to provide an accurate taxpayer identification number or certification of exempt status or fails to comply with applicable certification requirements. Certain U.S. Holders are not subject to backup withholding. U.S. Holders should consult their tax advisers about these rules and any other reporting obligations that may apply to the ownership or disposition of Shares, including requirements related to the holding of certain foreign financial assets.

## THE PRIVATE PLACEMENT

The following is the expected timeline for the Private Placement, which may be extended or shortened:

Date	Event
October 1, 2018 . . . . .	Start of Private Placement
October 11, 2018 . . . . .	End of Private Placement
October 11, 2018 . . . . .	Determination of the Offering Price and the final number of Offer Shares
October 12, 2018 . . . . .	Approval of a listing prospectus by the CSSF and notification to the FSMA
October 15, 2018 . . . . .	Listing Date (start of conditional trading)
October 16, 2018 . . . . .	Book-entry delivery of the Shares against payment of the Offering Price/Closing Date

### Conditions and nature of the Private Placement

The Private Placement relates to the issuance by the Company of approximately €575 million of newly issued Shares representing a maximum of 25,000,000 Shares (based on the low end of the Price Range), the Private Placement consists of (i) a private placement in the United States to persons who are reasonably believed to be (a) “qualified institutional buyers” (“QIBs”) (as defined in Rule 144A under the U.S. Securities Act) or (b) “accredited investors” as defined in Rule 501(a) under the U.S. Securities Act, in reliance on Rule 144A; and (ii) private placements in the rest of the world in compliance with Regulation S under the U.S. Securities Act. There is no public offering of the Shares in connection with the Private Placement or the Admission to Trading in any jurisdiction.

The Company reserves the right to withdraw the Private Placement or to reduce the maximum number of Offer Shares at any time prior to the allocation of the Offer Shares. There is no minimum size for the Private Placement.

The Private Placement will begin on October 1, 2018 and is expected to close on October 11, 2018, subject to the possibility of an early closing.

The actual number of Offer Shares to be issued by the Company in the Private Placement will only be determined after the Offering Period and is expected to be announced, simultaneously with the announcement of the Offering Price, on or about October 11, 2018 and in any event no later than the first business day after the end of the Offering Period.

### The Underwriters

BNP PARIBAS, J.P. Morgan Securities plc and Société Générale are acting as Joint Global Coordinators and Joint Bookrunners for the Private Placement and the Admission to Trading, HSBC Bank plc and Kempen & Co N.V. are acting as Joint Bookrunners.

### Admission to Trading and First Day of Trading

The Company has applied for admission of its entire issued and outstanding share capital to trading on the regulated market of Euronext Brussels. The Shares are expected to be listed under the symbol “SHUR” with an ISIN code of LU1883301340 and a Common Code of 000188330134.

Admission to Trading is expected to be approved on or about October 12, 2018, and trading of the Shares on Euronext Brussels is expected to commence, on an “if-and-when-issued” basis, on or about October 15, 2018 (the “**Listing Date**”).

### Offering Price

The Company and the Underwriters have set the Price Range for the Offer Shares at €23 to €28 per Offer Share. The Offering Price and the final number of Offer Shares has not yet been fixed as of the date of this Offering Circular.

The Company, after consultation with the Joint Global Coordinators, will determine the Offering Price and the final number of Offer Shares to be issued by the Company on the Closing Date. The Offering Price will be set on the basis of the purchase orders submitted by investors that have been collated in the order book prepared during the bookbuilding process.

The Price Range has been determined by the Company following recommendations from the Joint Global Coordinators, taking into account market conditions and factors including but not limited to:

- the condition of the financial markets;

- the Company's financial position;
- qualitative assessment of the demand for the Offer Shares; and
- all other factors deemed relevant.

The Company reserves the right to increase or decrease the lower limit of the Price Range or to decrease the upper limit of the Price Range.

### **Offering Period**

The Offering Period will begin on October 1, 2018 and is expected to end on October 11, 2018, subject to early closing. Any early closing of the Offering Period will be announced, and the subsequent dates will in such case be adjusted accordingly.

### **Proceeds of the Private Placement**

The Company will receive the proceeds of the Private Placement, which will be used as set out in "*Reasons of the Private Placement and Use of Proceeds*".

### **Cost of the Private Placement and the Admission to Trading**

The Company will bear all the costs of the Private Placement and the Admission to Trading. Investors will not be charged expenses by the Company or the Underwriters.

### **Settlement and Delivery**

The Offering Price must be paid by investors in full, in Euro, together with any applicable stock exchange costs. For further information about applicable taxes, see "*Taxation*".

The Closing Date is expected to be October 16, 2018. The Offering Price must be paid by investors by authorizing their financial institutions to debit their bank accounts with such amount for value on the Closing Date, unless the Private Placement has been withdrawn.

Delivery of the Shares sold in the Private Placement is expected to take place in book-entry form against payment therefor in immediately available funds on the Closing Date to investors' securities accounts in the relevant clearing systems.

All Offer Shares will be fully paid-up upon their delivery and freely transferable, subject to what is set forth under the "*Plan of Distribution*".

All Shares carry the right to receive dividends declared, if any, after the Closing Date, in respect of the financial year ending December 31, 2018 and future years. All Shares participate equally in the Company's profits, if any. For a further description of the Shares and the rights and benefits attached thereto see "*Description of the Company's Share Capital and Articles of Association*".

### **Authorizations**

The Private Placement was approved by the Board of Directors of the Company on September 12, 2018. This Offering Circular was approved by the Board of Directors of the Company on September 27, 2018. The issuance of the Offer Shares will be made pursuant to a resolution of the Board of Directors within the limits of the authorized capital expected to be adopted on October 11, 2018.

### **Interest of natural and legal persons involved in the Private Placement**

Certain of the Underwriters and/or their respective affiliates have or are currently engaged in, or may, in the future, from time to time, engage in, commercial banking, investment banking and financial advisory and ancillary activities in the ordinary course of their business with the Company or any parties related to it, in respect of which they have and may in the future, receive customary fees and commissions. As a result of these transactions, these parties may have interests that are not being aligned, or could possibly conflict with, the interests of investors. In particular, (i) each of Société Générale, which is one of the Joint Global Coordinators, and BNP Paribas Fortis SA/NV, an affiliate of BNP PARIBAS which is one of the Joint Global Coordinators, is a lender under the Bridge Facility Agreement, which the Company intends to repay indirectly with proceeds of the Offering, and (ii) BNP Paribas Fortis SA/NV is a lender under the 2016 RCF, which the Company intends to repay with proceeds of the Offering.

Except as disclosed above, no party other than the Company's management and the Company has a material interest in the Private Placement.

## PLAN OF DISTRIBUTION

### General

The Company and the Underwriters named below expect to enter into an underwriting agreement on or about October 11, 2018 (the “**Underwriting Agreement**”) with respect to the offer and sale of the Offer Shares in the Private Placement. Entering into the Underwriting Agreement may depend on various factors, including, but not limited to, market conditions and the result of the bookbuilding process. Subject to certain conditions set forth in the Underwriting Agreement, the Company will agree to issue the Offer Shares and the Underwriters will severally agree to subscribe, with a view to immediate placement with investors, the following percentage of the total number of the Offer Shares:

<u>Underwriters</u>	<u>Percentage of Offer Shares to be sold</u>
J.P. Morgan Securities plc . . . . .	35.00%
BNP PARIBAS . . . . .	24.50%
Société Générale . . . . .	24.50%
HSBC Bank plc . . . . .	8.00%
Kempen & Co N.V . . . . .	8.00%
<b>Total percentage of Offer Shares to be sold . . . . .</b>	<b>100.00%</b>

The Underwriters will be under no obligation to purchase any Offer Shares prior to the execution of the Underwriting Agreement (and then only on the terms and subject to the conditions set out therein). The Underwriting Agreement is expected to provide that if an Underwriter defaults, in certain circumstances, the purchase commitments of the non-defaulting Underwriters may be increased or the Underwriting Agreement may be terminated. The Underwriters will distribute the Offer Shares to investors, subject to prior sale, when, as and if they will have been delivered to them, subject to the satisfaction or waiver of the conditions that will be contained in the Underwriting Agreement, including the receipt by the Underwriters of certificates from the Company and certain legal opinions. In the Underwriting Agreement, the Company will make certain customary representations and warranties and the Company will agree to indemnify the Underwriters against certain liabilities, including liability under the U.S. Securities Act.

The actual number of Offer Shares to be sold in the Private Placement will only be determined after the Offering Period.

The Price Range set forth on the cover page of this Offering Circular is subject to change as a result of market conditions and other factors. There can be no assurance that an active trading market will develop for the Shares or that the Shares will trade in the public market after the Private Placement at or above the Offering Price. For further information, see “*Risk Factors—Risks Relating to the Shares and the Private Placement—There has been no prior public market for our Shares and an active trading market may not develop*”.

In connection with the Private Placement, J.P. Morgan Securities plc as stabilization manager (the “Stabilization Manager”) (or any person acting for the Stabilization Manager), on behalf of the Underwriters (as defined herein), may, for stabilization purposes, acquire Shares representing up to 13% of the number of Offer Shares subscribed for in the Private Placement (corresponding to the 15% Offer Shares over-allotted on the base part of the Private Placement) during a period of 30 calendar days following the Listing Date (as defined herein) with a view to supporting the market price of the Shares at a level higher than that which might otherwise prevail. The acquisition of the Shares by the Stabilization Manager may result in the repurchase of such Shares by the Company pursuant to the Put Option expected to be granted in the Underwriting Agreement, if the Put Option is exercised by the Stabilization Manager. The Put Option is exercisable for a period of 30 days following the Listing Date. Any Shares so purchased by the Company pursuant to the Put Option will be held by the Company as treasury Shares. For more information, see “*Stabilization*”.

The obligations of the Underwriters will be subject to various conditions, including, among other things, (i) the absence of breach by the Company of any representations and warranties, undertakings and covenants, (ii) the absence of a material adverse event, *e.g.*, a material adverse change in or affecting the business, prospects, management, consolidated financial position, shareholders’ equity, or results of operations of the Company, or a suspension or material limitation in trading of securities generally on Euronext Brussels, the London Stock Exchange or the New York Stock Exchange (iii) the receipt of customary certificates, legal opinions and (iv) the admission of the Shares to trading on Euronext Brussels on an “as-if-and-when-delivered” basis.

The Company is expected to agree in the Underwriting Agreement to indemnify the Underwriters against certain liabilities that may arise in connection with the Private Placement, including potential liabilities under applicable securities laws.

### **Commissions**

Pursuant to the Underwriting Agreement, the Company is expected to agree to pay the Underwriters a fee for underwriting the Offer Shares in the Private Placement, and may also pay the Underwriters a discretionary fee. Neither the Company nor investors in the Private Placement will be charged any fees or costs in connection with the Private Placement or the Admission to Trading.

### **Termination**

The Underwriting Agreement will provide that the Underwriters may, under certain circumstances, terminate the Underwriting Agreement, including after the Offer Shares have been allotted and listed, up to and including the Closing Date.

If the Underwriting Agreement is terminated, the Private Placement will not take place, in which case any allotments made to investors will be invalidated and investors will have no claim for delivery. Claims with respect to subscription fees already paid and costs incurred by an investor in connection with the subscription will be governed solely by the legal relationship between the investor and the financial intermediary to which the investor submitted its purchase order. Investors who engage in short-selling bear the risk of being unable to satisfy their delivery obligations.

### **Lock-up**

In the Underwriting Agreement, the Company is expected to agree with each of the Underwriters that during the period commencing on October 11, 2018 and ending 180 days after the date of signing of the Underwriting Agreement, it will not, without the prior written consent of the Joint Global Coordinators (acting on behalf of themselves and the Underwriters), directly or indirectly, offer, issue, lend, mortgage, assign, charge, pledge, sell or contract to sell or issue, issue or sell options in respect of, any Shares (or any interest therein or in respect thereof) or any other securities exchangeable for or convertible into, or substantially similar to, Shares or enter into any transaction with the same economic effect as, or agree to do, any of the foregoing, save that the above restrictions shall not apply in respect of (a) the issue of Shares pursuant to the Private Placement; (b) Shares issued pursuant to the exercise or vesting of options, awards or other rights to acquire Shares or an interest in Shares, or the grant of options or awards, under the employee share plans in existence or announced on the Admission to Trading (See “*Management and Corporate Governance—Remuneration of Directors and Members of Senior Management—Employee Stock Option Plans and—Equity Compensation Plan*”); or (c) Shares issued in the context of mergers, acquisitions, or other similar business transactions.

Each of Shurgard European Holdings LLC and Public Storage (to whom 27,652,379 Shares will be distributed by Shurgard European Holdings LLC prior to the closing of the Private Placement), is expected to agree with each of the Underwriters that, during the period commencing on October 11, 2018 and ending 180 days after the date of signing of the Underwriting Agreement, except with the prior written consent of the Joint Global Coordinators (acting on behalf of the Underwriters), neither it nor any of its respective subsidiaries or other affiliates (other than the Company and the entities controlled by the Company), nor any person acting on their behalf shall:

- (a) directly or indirectly, issue, offer, pledge, sell, contract to sell, sell or grant any option, right, warrant or contract to purchase, exercise any option to sell, purchase any option or contract to sell, or lend or otherwise transfer or dispose of any Shares of the Company held by such Shareholder, or any securities convertible into or exercisable or exchangeable for Shares; or
- (b) enter into any swap or any other agreement or any transaction that transfers, in whole or in part, directly or indirectly, the economic consequence of ownership of any Shares,

whether any such transaction described in (a) or (b) above is to be settled by delivery of Shares or other securities, in cash or otherwise; or

- (c) publicly announce such an intention to effect any such transaction.

The restrictions to which Shurgard European Holdings LLC and Public Storage are subject shall not prohibit the undersigned from (i) accepting a general take-over bid on all of the ordinary share capital of the Company, giving an irrevocable commitment to accept such an offer, or disposing of Shares to an offeror or potential

offeror during the period of such an offer; (ii) proceeding with any disposal required by law, regulation or a court of competent jurisdiction; and (iii) transferring Shares intra-group for legal entities or intra-family for natural persons, provided that each such transferee shall continue to be bound by the foregoing restrictions for the remainder of the lock-up period.

Each of the members of the Senior Management is expected to agree with each of the Underwriters that, during a period commencing on October 11, 2018 and ending 360 days from the Closing Date, he, she or it will not, without the prior written consent of the Joint Global Coordinators (acting on behalf of the Underwriters)

- (a) directly or indirectly, issue, offer, pledge, sell, contract to sell, sell or grant any option, right, warrant or contract to purchase, exercise any option to sell, purchase any option or contract to sell, or lend or otherwise transfer or dispose of any Shares of the Company held by him, her or it, or any securities convertible into or exercisable or exchangeable for Shares; or
- (b) enter into any swap or any other agreement or any transaction that transfers, in whole or in part, directly or indirectly, the economic consequence of ownership of any Shares,

whether any such transaction described in (a) or (b) above is to be settled by delivery of Shares or other securities, in cash or otherwise; or

- (c) publicly announce such an intention to effect any such transaction.

The restrictions to which the officers are subject shall not prohibit them from (i) accepting a general take-over bid on all of the ordinary share capital of the Company, giving an irrevocable commitment to accept such an offer, or disposing of Shares to an offeror or potential offeror during the period of such an offer; (ii) proceeding with any disposal required by law, regulation or a court of competent jurisdiction; (iii) transferring Shares intra-family for natural persons, provided that each such transferee shall continue to be bound by the foregoing restrictions for the remainder of the lock-up period and (iv) selling such number of Shares required for a cashless exercise of their stock options that would otherwise lapse following the termination of their employment or service agreement with the Company. For the avoidance of doubt, nothing in the lock-up agreement shall restrict the possibility of the officers to accept or exercise options giving right to acquire Shares.

#### **Other activities and relationships**

Some of the Underwriters and their affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial investment banking, financial advising, investment management, principal investment, hedging, financing and brokerage activities. Certain of the Underwriters and their respective affiliates have from time to time provided, and may in the future provide, commercial banking, investment banking and financial advisory or other services to the Company or its affiliates in the ordinary course of their respective businesses. The Underwriters have received and will receive customary fees and commissions for these transactions and services. Moreover BNP Paribas Fortis SA/NV and Société Générale are lenders under the Bridge Facility Agreement and the New RCF.

If the Underwriters or their affiliates have a lending relationship with us, they routinely hedge their credit exposure to us consistent with their customary risk management policies. The Underwriters and their affiliates may hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in our securities or the securities of our affiliates, including potentially the Company Shares. Any such short positions could adversely affect future trading prices of the Company Shares.

In the ordinary course of their various business activities, the Underwriters and certain of their affiliates may make or hold a wide range of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers, and such investment and securities activities may involve securities or instruments issued by us and our affiliates. The Underwriters and certain of their affiliates may also communicate independent investment recommendations, market colours or trading ideas and/or publish or express independent research views in respect of such securities or instruments and may at any time hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

In connection with the Private Placement and the Admission to Trading of the Shares, the Underwriters will form a contractual relationship with the Company.

## TRANSFER RESTRICTIONS

The Shares have not been and will not be registered under the U.S. Securities Act or the applicable securities laws of any state or other jurisdiction of the United States and may not be offered, sold, pledged or transferred within the United States, except pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws.

Each purchaser of the Shares outside the United States in compliance with Regulation S will be deemed to have represented and agreed that it has received a copy of this Offering Circular and such other information as it deems necessary to make an informed investment decision and that:

- (1) the purchaser is authorized to consummate the purchase of the Shares in compliance with all applicable laws and regulations;
- (2) the purchaser acknowledges that the Shares have not been and will not be registered under the U.S. Securities Act, or with any securities regulatory authority of any state of the United States, and, subject to certain exceptions, may not be offered or sold within the United States;
- (3) the purchaser and the person, if any, for whose account or benefit the purchaser is acquiring the Shares, was located outside the United States at the time the buy order for the Shares was originated and continues to be located outside the United States and has not purchased the Shares for the account or benefit of any person in the United States or entered into any arrangement for the transfer of the Shares or any economic interest therein to any person in the United States;
- (4) the purchaser is not an affiliate of the Company or a person acting on behalf of such affiliate;
- (5) the Shares have not been offered to it by means of any “directed selling efforts” as defined in Regulation S;
- (6) the purchaser acknowledges that the Company shall not recognize any offer, sale, pledge or other transfer of the Shares made other than in compliance with the above-stated restrictions;
- (7) if it is acquiring any of the Shares as a fiduciary or agent for one or more accounts, the purchaser represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account; and
- (8) the purchaser acknowledges that the Company, the Underwriters and their respective affiliates will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.

Each purchaser of the Shares within the United States purchasing pursuant to an exemption from the registration requirements of the U.S. Securities Act will be deemed to have represented and agreed that it has received a copy of this Offering Circular and such other information as it deems necessary to make an informed investment decision and that:

- (1) the purchaser is authorized to consummate the purchase of the Shares in compliance with all applicable laws and regulations;
- (2) the purchaser acknowledges that the Shares have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state of the United States and are subject to restrictions on transfer;
- (3) the purchaser: (i) is a qualified institutional buyer (as defined in Rule 144A under the U.S. Securities Act); (ii) is aware that the sale to it is being made pursuant to an exemption from the registration requirements of the U.S. Securities Act; and (iii) is acquiring such Shares for its own account or for the account of a qualified institutional buyer;
- (4) the purchaser is aware that the Shares are being offered in the United States in a transaction not involving any public offering in the United States within the meaning of the U.S. Securities Act;
- (5) if in the future, the purchaser decides to offer, resell, pledge or otherwise transfer such Shares, or any economic interest therein, such Shares or any economic interest therein may be offered, sold, pledged or otherwise transferred only: (i) to a person whom the beneficial owner and/or any person acting on its behalf reasonably believes is a qualified institutional buyer in a transaction meeting the requirements of Rule 144A; (ii) in compliance with Regulation S under the U.S. Securities Act; or (iii) in accordance with Rule 144 under the U.S. Securities Act (if available), in each case in accordance with any applicable securities laws of any state of the United States or any other jurisdiction;

- (6) the purchaser acknowledges that the Shares are “restricted securities” within the meaning of Rule 144(a)(3) under the U.S. Securities Act and no representation is made as to the availability of the exemption provided by Rule 144 for resales of any Shares;
- (7) the purchaser will not deposit or cause to be deposited such Shares into any depositary receipt facility established or maintained by a depositary bank other than a Rule 144A restricted depositary receipt facility, so long as such Shares are “restricted securities” within the meaning of Rule 144(a)(3) under the U.S. Securities Act;
- (8) the purchaser acknowledges that the Company shall not recognize any offer, sale, pledge or other transfer of the Shares made other than in compliance with the above-stated restrictions;
- (9) if it is acquiring any of the Shares as a fiduciary or agent for one or more accounts, the purchaser represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of such account; and
- (10) the purchaser acknowledges that the Company,
- (11) the Underwriters and their respective affiliates will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.

Each person in a Relevant Member State, who receives any communication in respect of, or who acquires any Shares under, the offers contemplated hereby will be deemed to have represented, warranted and agreed to and with each of the Underwriters and the Company that:

- (1) it is a qualified investor within the meaning of the law in that Relevant Member State implementing Article 2(1)(e) of the Prospectus Directive; and
- (2) in the case of any Shares acquired by it as a financial intermediary, as that term is used in Article 3(2) of the Prospectus Directive, (i) the Shares acquired by it in the offer have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any Relevant Member State other than qualified investors, as that term is defined in the Prospectus Directive, or in other circumstances falling within Article 3(2) of the Prospectus Directive and the prior consent of the Joint Global Coordinators has been given to the offer or resale; or (ii) where Shares have been acquired by it on behalf of persons in any Relevant Member State other than qualified investors, the offer of those Shares to it is not treated under the Prospectus Directive as having been made to such persons.

For the purposes of this provision, the expression an “offer” in relation to any of the Shares in any Relevant Member States means the communication in any form and by any means of sufficient information on the terms of the offer and any Shares to be offered so as to enable an investor to decide to purchase or subscribe for the Shares, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State.



## **LEGAL MATTERS**

Certain legal matters in connection with the Private Placement and the Admission to Trading have been passed upon for the Company by Linklaters LLP, with respect to the laws of the United States, England, Belgium and Luxembourg. Certain legal matters in connection with the Private Placement and the Admission to Trading have been passed upon for the Underwriters by Allen & Overy LLP, with respect to the laws of the United States and England, Allen & Overy (Belgium) LLP, with respect to the laws of Belgium, and Allen & Overy S.C.S., with respect to Luxembourg Law.

## **STATUTORY AUDITORS**

The Audited Consolidated Financial Statements of the Company have been audited by Ernst & Young S.A., whose address is at 35E, Avenue John F. Kennedy, L-1855 Luxembourg, Grand Duchy of Luxembourg.

The Unaudited Interim Condensed Consolidated Financial Statements of the Company have been subject to a limited review by Ernst & Young S.A., whose address is at 35E, Avenue John F. Kennedy, L-1855 Luxembourg, Grand Duchy of Luxembourg.

## GLOSSARY OF SELECTED TERMS

The following explanations are intended to assist the general reader to understand certain terms used in this document.

<b>\$</b> . . . . .	The lawful currency of the United States
<b>£</b> . . . . .	The lawful currency of the United Kingdom
<b>€</b> . . . . .	The common currency of the member states of the EU that are part of the Eurozone
<b>2015 Plan</b> . . . . .	2015 equity incentive plan
<b>2016 Plan</b> . . . . .	2016 equity incentive plan
<b>2017 Plan</b> . . . . .	2017 equity incentive plan
<b>2014 Note Purchase Agreement</b> . . . . .	Note purchase and guarantee agreement dated July 24, 2014, (i) €100,000,000 2.67% Series A Senior Notes due July 24, 2021, (ii) €100,000,000 3.11% Series B Senior Notes due July 24, 2024 and (iii) €100,000,000 3.26% Series C Senior Notes due July 24, 2026
<b>2015 Note Purchase Agreement</b> . . . . .	Note purchase and guarantee agreement dated June 25, 2015, (i) €130,000,000 2.62% Series A Senior Notes due June 25, 2025, (ii) €110,000,000 2.77% Series B Senior Notes due June 25, 2027 and (iii) €60,000,000 2.95% Series C Notes due June 25, 2030
<b>2015 RCF Agreement</b> . . . . .	Credit facility agreement with BNP Paribas Fortis SA/NV in an amount up to €50,000,000
<b>2016 RCF Agreement</b> . . . . .	Credit facility agreement with BNP Paribas Fortis SA/NV in an amount up to €75,000,000
<b>Accredited investors</b> . . . . .	Accredited investors, as defined in Rule 501(a) under the U.S. Securities Act
<b>Acquired Stores</b> . . . . .	Acquired stores that the Company has owned for less than one full year
<b>Adjusted EPRA earnings</b> . . . . .	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
<b>Adjusted EPRA NAV</b> . . . . .	EPRA NAV, less the amount by which carrying value is lower than fair value, or plus the amount by which carrying value is higher than fair value, as the case may be
<b>Admission to Trading</b> . . . . .	Admission to trading of the Shares
<b>All Stores</b> . . . . .	Same Stores and Non-Same Stores
<b>APM</b> . . . . .	Alternative performance measures
<b>Articles of Association</b> . . . . .	Our articles of association
<b>Audit Act</b> . . . . .	Luxembourg law of July 23, 2016 on the audit profession, as amended
<b>Audited Consolidated Financial statements</b> . . . . .	The audited consolidated financial statements as of and for the years ended December 31, 2017, 2016 and 2015
<b>Average In-Place Rent</b> . . . . .	Rental revenue, presented in Euros, on a constant exchange rate basis, divided by average net Rented Square Meters for the relevant period
<b>Average Occupancy Rate</b> . . . . .	Average of Net Rented Square Meters divided by the average of the Net Rentable Square Meters, each for the relevant periods

<b>Belgian Investor</b> . . . . .	(i) a private individual with habitual residence in Belgium or (ii) a legal entity for the account of its seat or establishment in Belgium
<b>Belgian Takeover Law</b> . . . . .	Belgian Law of April 1, 2007 on public takeover bids
<b>Belgian Takeover Royal Decree</b> . . . . .	Belgian Royal Decree of April 27, 2007, on public takeover bids
<b>Board</b> . . . . .	Board of directors of the Company
<b>Bridge Facility Agreement</b> . . . . .	€200,000,000 bridge facility agreement between Shurgard Luxembourg, acting as borrower and guarantor and the Company acting as guarantor and Société Générale and BNP Paribas Fortis NV as mandated lead arrangers and Société Générale as facility agent
<b>Chairperson</b> . . . . .	The chairperson of the Board
<b>Closing Date</b> . . . . .	Date on which delivery of the Offer Shares is expected to take place in book-entry form against payment therefor in immediately available funds on or about October 16, 2018
<b>Company</b> . . . . .	Shurgard Self Storage SA
<b>CRF</b> . . . . .	New York State Common Retirement Fund
<b>CRS</b> . . . . .	Common Reporting Standard
<b>CSSF</b> . . . . .	The Luxembourg <i>Commission de Surveillance du Secteur Financier</i>
<b>Cushman &amp; Wakefield</b> . . . . .	Cushman & Wakefield Debenham Tie Leung Limited, with registered office at 125 Old Broad Street, London EC2N 1AR
<b>D&amp;O</b> . . . . .	Directors and Officers
<b>DAC2</b> . . . . .	Directive 2014/107/EU of December 9, 2014 on administrative cooperation in direct taxation
<b>Danish Kroner</b> . . . . .	The Danish Kroner, the lawful currency of Denmark
<b>Directive</b> . . . . .	The adopted Draft Directive
<b>Dividend Received Deduction</b> . . . . .	Under certain conditions Belgian resident companies can deduct 100% of the gross dividend received from their taxable income
<b>DKK</b> . . . . .	The Danish Kroner, the lawful currency of Denmark
<b>EBITDA</b> . . . . .	Reported earnings of the Company 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
<b>EBITDA Margin</b> . . . . .	EBITDA divided by real estate operating revenue for the relevant period
<b>ECB Daily Reference Rate</b> . . . . .	Information regarding daily reference exchange rate, published by the ECB
<b>ECB</b> . . . . .	European Central Bank
<b>EEA</b> . . . . .	European Economic Area
<b>Elements</b> . . . . .	Disclosure requirements of which Summaries are made up of
<b>EMF Hypostat 2017</b> . . . . .	The “Hypostat 2017” review prepared by the European Mortgage Federation
<b>EPRA</b> . . . . .	European Public Real Estate Association
<b>EPRA earnings</b> . . . . .	Profit or loss for the period after income tax but excluding acquisition costs relating to business combinations (net of taxes and non-controlling interest), gains or losses on the revaluation of investment property (net of taxes and non-controlling interest), losses or gains on the sale of investment property, assets held for sale and property, plant and equipment (net of taxes and non-controlling interest) and presented on a diluted basis (for the historic impact

	of the equity component of the SEH LLC convertible shareholder loan repaid in 2016)
<b>EPRA NAV</b> . . . . .	Reported net asset value, plus deferred taxes on fair value adjustments of investment property
<b>ESMA guidelines</b> . . . . .	The guidelines on Alternative Performance Measures issued by the European Securities and Markets Authority on October 5, 2015 (ESMA/2015/1415)
<b>Euronext Brussels</b> . . . . .	Regulated market of Euronext Brussels
<b>European Self Storage Survey for 2016</b> . . . . .	Survey prepared by the Federation of European Self Storage Associations
<b>Euros</b> . . . . .	The common currency of the member states of the EU that are part of the Eurozone
<b>Eurostat</b> . . . . .	The Eurostat online population projection database available at <a href="http://appsso.eurostat.ec.europa.eu">http://appsso.eurostat.ec.europa.eu</a>
<b>Existing Plans</b> . . . . .	The 2015 Plan, the 2016 Plan and the 2017 Plan
<b>FEDESSA European Self Storage Annual Survey 2017</b> . . . . .	“ <i>FEDESSA European Self Storage Annual Survey 2017</i> ” prepared by the Federation of European Self Storage Associations
<b>FEDESSA</b> . . . . .	Federation of European Self-Storage
<b>Financings</b> . . . . .	The New RCF, U.S. Private Placement Notes and the Bridge Facility Agreement
<b>FSMA</b> . . . . .	Belgian Financial Services and Markets Authority
<b>FTT</b> . . . . .	Common financial transaction tax in Austria, Belgium, Estonia, France, Germany, Greece, Italy, Portugal, Spain, Slovakia and Slovenia
<b>FTT</b> . . . . .	Draft directive on a Financial Transaction Tax, adopted on February 14, 2013 by the EU Commission
<b>Full Report</b> . . . . .	The valuation report on the fair value of the properties held by Shurgard prepared by Cushman & Wakefield, commissioned by the Company
<b>GDPR</b> . . . . .	General Data Protection Regulation (Regulation (EU) 2016/679)
<b>Green Street Advisors</b> . . . . .	Green Street Advisors (UK) Ltd.
<b>Group</b> . . . . .	The Company together with its consolidated subsidiaries
<b>ICAEW</b> . . . . .	Institute of Chartered Accountants in England and Wales
<b>Joint Bookrunners</b> . . . . .	The Joint Global Coordinators, HSBC Bank plc and Kempen & Co N.V.
<b>Joint Global Coordinators</b> . . . . .	BNP PARIBAS, J.P. Morgan Securities plc and Société Générale
<b>LEI</b> . . . . .	Legal Entity Identifier Code
<b>Listing Date</b> . . . . .	Date on which Trading of the Shares is expected to commence, on or about October 15, 2018
<b>LTV</b> . . . . .	Loan-to-value: represents Net Financial Debt divided by the fair value of investment properties (at the total value as per the external valuations carried out by Cushman & Wakefield on each of the investment properties, investment properties under construction and pre-development costs not valued by Cushman & Wakefield), expressed as a percentage
<b>Luxembourg Mandate Squeeze-Out and Sell-Out Law</b> . . . . .	Luxembourg law of July 21, 2012 on mandatory squeeze-out and sell-out of securities of companies admitted or previously admitted to trading on a

regulated market within a European Union Member State or having been offered to the public

## **Luxembourg Shareholder**

<b>Rights Law</b> . . . . .	Luxembourg law of May 24, 2011 on the exercise of certain rights of shareholders in general meetings of the shareholders of listed companies and implementing Directive 2007/36/EC of the European Parliament and of the Council of July 11, 2007 on the exercise of certain rights of shareholders in listed companies, as amended
<b>Luxembourg Takeover Law</b> .	Luxembourg law of May 19, 2006 implementing the Takeover Bids Directive
<b>Luxembourg</b>	
<b>Transparency Law</b> . . . . .	Luxembourg law of January 11, 2008 on transparency requirements regarding information about issuers whose securities are admitted to trading on a regulated market, as amended
<b>Mandatory Sell-Out</b> . . . . .	When, through the acquisition of securities made alone or by persons acting in concert with her/him, a holder of Shares or other voting securities of the Company becomes a majority owner, or, if she/he is already a majority owner, acquires additional Shares or other voting securities of the Company, one or several holders of the remaining Shares or other voting securities of the Company may require this majority owner to buy their Shares or other voting securities subject to the timing conditions set out under the Luxembourg Mandatory Squeeze-Out and Sell-Out Law.
<b>Mandatory Squeeze-Out</b> . . .	If any individual or legal entity, acting alone or in concert with another, becomes the owner directly or indirectly of a number of Shares or other voting securities representing at least 95% of the voting share capital and 95% of the voting rights of the Company (a “majority owner”), such owner may require the holders of the remaining Shares or other voting securities to sell those remaining securities.
<b>MAR</b> . . . . .	Regulation (EU) No 596/2014 of the European Parliament and of the Council of April 16, 2014 on Market Abuse
<b>MCAA</b> . . . . .	Multilateral competent authority agreement
<b>Member State</b> . . . . .	Member state of the European Economic Area
<b>MIFID II</b> . . . . .	EU Directive 2014/65/EU on markets in financial instruments, as amended
<b>NAREIT</b> . . . . .	National Association of Real Estate Investment Trusts, Inc.
<b>Net Financial Debt</b> . . . . .	Represents the long-term and short-term interest-bearing loans and borrowings, including finance lease obligations and excluding debt issuance costs, less cash and cash equivalents
<b>Net Rentable Square Meters</b> .	Sum of unit space available for customer storage use at the Company’s owned and leased stores, measured in square meters, based on the Company’s unit size categories, as of the relevant date
<b>Net Rented Square Meters</b> . .	Sum of unit space rented by customers at the Company’s owned and leased stores, measured in square meters, based on the Company’s unit size categories, as of the relevant date
<b>New Plan</b> . . . . .	The Equity Compensation Plan approved by the Company on September 26, 2018, to incentivise certain executives and employees of the Group
<b>New RCF</b> . . . . .	The €250,000,000 revolving facility agreement with, amongst others BNP Paribas Fortis SA/NV, HSBC Bank plc and Société Générale as mandated lead arrangers and BNP Paribas Fortis SA/NV as agent
<b>New Stores</b> . . . . .	All developed stores that have been in operation for less than three full years

<b>NOI Margin</b> . . . . .	Net operating income margin: income from property (NOI) divided by property operating revenue for the relevant period
<b>NOLs</b> . . . . .	Accumulated net operating losses
<b>Non-Same Store</b> . . . . .	Any stores that are not classified as Same Store for a given year, compromising New Stores and Acquired Stores
<b>Note Purchase Agreements</b> . .	The 2015 Note Purchase Agreement together with the 2014 Note Purchase Agreement
<b>Noteholders</b> . . . . .	Holders of the U.S. Private Placement Notes
<b>Occupancy Rate</b> . . . . .	Presented as a percentage and calculated as the Net Rented Square Meters, divided by Net Rentable Square Meters as of the relevant date
<b>Offer Shares</b> . . . . .	Shares being offered by the Company in the context of the Private Placement
<b>Offering Period</b> . . . . .	Offering period beginning on October 1, 2018 and expected to end on October 11, 2018
<b>Offering Price</b> . . . . .	Price of the Offer Shares
<b>OFP</b> . . . . .	Organizations for financing pensions
<b>Order</b> . . . . .	The U.K. Financial Services and Markets Act 2000 (Financial Promotion) Order 2005
<b>Participating Member States</b>	Group of states willing to introduce the FTT
<b>PE</b> . . . . .	Permanent establishment
<b>PFIC</b> . . . . .	Passive foreign investment company
<b>Pounds Sterling</b> . . . . .	The lawful currency of the United Kingdom
<b>Price Range</b> . . . . .	€23 to €28 per Offer Share
<b>Principal Shareholders</b> . . . .	Public Storage and CRF
<b>Private Placement</b> . . . . .	The private placement by the Company of approximately €575 million newly issued Shares representing a maximum of 25,000,000 Shares (based on the low end of the Price Range)
<b>Profit Forecast</b> . . . . .	Expected adjusted EPRA earnings of Shurgard for the year ending December 31, 2018 of at least €95 million
<b>Prospectus Law</b> . . . . .	The Luxembourg law on prospectuses for securities of July 10, 2005 ( <i>Loi relative aux prospectus pour valeurs mobilières</i> ), as amended
<b>PSB</b> . . . . .	PS Business Parks, Inc.
<b>Public Storage</b> . . . . .	Public Storage, a NYSE-listed Maryland real estate investment trust
<b>Put Option</b> . . . . .	put option expected to be granted by the Company to the Stabilization Manager in connection with the stabilization
<b>QIB</b> . . . . .	Qualified institutional buyers, as defined in Rule 144A under the U.S. Securities Act
<b>Regulation S</b> . . . . .	Regulation S under the U.S. Securities Act
<b>REIT</b> . . . . .	Real-estate investment trust
<b>Relationship Agreement</b> . . . .	Agreement expected to be entered into prior the closing of the Private Placement by Public Storage and the Company
<b>Relevant Persons</b> . . . . .	(i) professionals falling within Article 19(5) of the Order, (ii) high net worth entities or other persons falling within Article 49(2)(a) to (d) of the Order, (iii) persons to whom such investment or investment activity may otherwise lawfully be made available

<b>Relevant Threshold</b> . . . . .	a transparency threshold of 5%, 10%, 15%, 20%, 25%, 33 <sup>1</sup> / <sub>3</sub> %, 50% or 66 <sup>2</sup> / <sub>3</sub> %
<b>RevPAM</b> . . . . .	Revenue per available square meter, represents our rental revenue, on a constant exchange rate basis, divided by the Company's average Net Rentable Square Meters, for the relevant period
<b>Same Store</b> . . . . .	(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
<b>SEK</b> . . . . .	Swedish Krona, the lawful currency of Sweden
<b>Senior Management</b> . . . . .	Senior management of the Group is made up of 5 members, which hold their positions through agreements with entities of the Group and are appointed (and may be removed) by the company's Board of Directors
<b>Shareholders' Agreement</b> . . . . .	Shareholders' agreement expected to be entered into prior to the closing of the Private Placement by Public Storage, New York State Common Retirement Fund, Shurgard European Holdings LLC and the Company
<b>Shares</b> . . . . .	Ordinary shares of the Company with no nominal value
<b>Shurgard Luxembourg</b> . . . . .	Shurgard Luxembourg S.à r.l.
<b>Shurgard</b> . . . . .	Shurgard Self Storage SA
<b>Stabilization Manager</b> . . . . .	J.P. Morgan Securities plc, acting in connection with the stabilization as stabilization manager on behalf of the Underwriters
<b>Stabilization Period</b> . . . . .	Period of up to 30 days after Listing Date during which stabilization by the Stabilization Manager might take place
<b>Stock Exchange Tax Representative</b> . . . . .	Stock exchange representatives in Belgium, subject to certain conditions and formalities, appointed by professional intermediaries established outside of Belgium  Stores in the capital cities and significant population centers in the countries where the Company operates, including stores in their respective metropolitan areas
<b>Subordination Deed</b> . . . . .	Subordination deed, originally dated July 14, 2014, as amended and restated on June 25, 2015 and made between, amongst other, the Company, Shurgard Luxembourg and certain subsidiaries of the Company as original debtors, intra-group lenders and subordinated creditors
<b>Swedish Krona</b> . . . . .	Swedish Krona, the lawful currency of Sweden
<b>Takeover Bids Directive</b> . . . . .	European Directive 2004/25/EC of the European Parliament and the Council of April 21, 2004 on takeover bids
<b>Target Market Assessment</b> . . . . .	Shares that are (i) compatible with an end target market of investors who meet the criteria of retail investors and professional clients and eligible counterparties, each as defined in MIFID II and (ii) eligible for distribution through all distribution channels as are permitted by MIFID II
<b>Tax on Securities Accounts</b> . . . . .	Law of February 7, 2018, taxing Belgian resident and non-resident individuals at a rate of 0.15% on their share in the average value of qualifying financial instruments (such as shares, bonds, certain other type of debt instruments, units of undertakings for collective investment, warrants) held on one or more securities accounts with one or more financial intermediaries during a reference period of 12 consecutive months starting on October 1, and ending on September 30, of the subsequent year
<b>TIs</b> . . . . .	Customized tenant incentives
<b>Treaty</b> . . . . .	The income tax treaty between the United States and Luxembourg



<b>U.S.</b> . . . . .	The United States of America
<b>U.S. Dollars</b> . . . . .	The lawful currency of the United States
<b>U.S. Exchange Act</b> . . . . .	U.S. Securities Exchange Act of 1934
<b>U.S. Holder</b> . . . . .	Beneficial owner of Shares that is, for U.S. federal income purposes, (i) an individual citizen or resident of the United States, (ii) a corporation created or organised under the laws of the United States, any state thereof or the District of Columbia, (iii) an estate the income of which is subject to U.S. federal income tax without regard to its source or (iv) a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust, or the trust has validly elected to be treated as a domestic trust for U.S. federal income tax purposes
<b>U.S. Private Placement Notes</b> . . . . .	Notes which are guaranteed by the Company, denominated in Euro, issued in July 2014 and June 2015 in the framework of a private placement through Shurgard Luxembourg
<b>U.S. Securities Act</b> . . . . .	U.S. Securities Act of 1933, as amended
<b>UN World Urbanization</b> . . . . .	The United Nations, Department of Economic and Social Affairs, Population Division World Urbanization Prospects: The 2018 Revision
<b>Unaudited Interim Condensed Consolidated Financial Statements</b> . . . . .	The unaudited interim condensed consolidated financial statements as of and for the six months ended June 30, 2018 and 2017
<b>Underwriters</b> . . . . .	BNP PARIBAS, J.P. Morgan Securities plc, Société Générale, HSBC Bank plc and Kempen & Co N.V.
<b>Underwriting Agreement</b> . . . . .	The underwriting agreement expected to be entered into between the Company and the Underwriters on or about October 11, 2018
<b>United States</b> . . . . .	The United States of America
<b>Valuation Report</b> . . . . .	Short-form version of the Full Report which is attached to the Offering Circular as Annex A
<b>VAT</b> . . . . .	Value Added Taxes

## **VALUATION REPORT**

The Valuation Report included in this Annex A must be read in conjunction with the Full Report and is subject to all conditions, assumptions and caveats contained in the Full Report. The Full Report is incorporated herein by reference. In particular, the Valuation Report and the Full Report are being made available to recipients of this Offering Circular on a non-confidential basis in connection only with the Admission to Trading, as described therein.

Valuation of:  
224 Self Storage Properties

Prepared for

Shurgard Self Storage  
Europe Sàrl

Valuation Date:

30 June 2018

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Strictly Confidential – For Addressee Only

## VALUATION RECORD

**To:** (i) Shurgard Self Storage Europe Sàrl; and  
(ii) BNP PARIBAS (16 boulevard des Italiens, 75009 Paris, France); J. P. Morgan Securities plc (25 Bank Street, Canary Wharf, London E14 5JP, United Kingdom); Société Générale (29 boulevard Haussmann, 75009 Paris, France); HSBC Bank plc (8 Canada Square, London E14 5HQ, United Kingdom) and Kempen & Co N.V. (Beethovenstraat 300, 1077 WZ Amsterdam, The Netherlands)  
((i) and (ii) together "**you**" or the "**Client**" or the "**Addressees**")

**Attention:** Jean Kreusch - Chief Financial Officer, Shurgard Self Storage Sàrl

**Property:** The address, tenure and property type of the property or each of the properties (the "Property") is included in Appendix 2.

**Report date:** 28/09/2018

**Valuation date:** 30/06/2018 ("Valuation Date")

**Our reference:** OWTC / 6 / 9

## Instructions

### Appointment

We are pleased to submit our report and valuation (the "**Valuation Report**"), which has been prepared in accordance with the engagement letter entered into between us dated 8 June 2018 (the "Engagement Letter"), a copy of which is to be found at the back of the Full Report and available for review upon request. This Engagement Letter and the terms set out therein, together with our Terms of Business, which were sent to you with our Engagement Letter, constitute the "**Engagement**", which forms an integral part of this Valuation Report.

Included in the Engagement Letter is the Valuation Services Schedule. It is essential to understand that the contents of this Valuation Report are subject to the various matters we have assumed, which are referred to and confirmed as Assumptions in the Valuation Services Schedule (which forms part of the Engagement). Where Assumptions detailed in the Valuation Services Schedule are also referred to within this Valuation Report they are referred to as an "assumption" or "assumptions". Unless otherwise defined, all capitalised terms herein shall be as defined in the Engagement.

We have valued the property interests detailed in the Property Summary in Appendix 2.

## Full Valuation Report

We have prepared a full detailed valuation report for the Addressees dated 28 September 2018 (the "Full Report") which is available for inspection, further details of which are set out under the heading "Important Information — Available Information — Other Company Information and Disclosure" in the Prospectus. This Prospectus report ("Prospectus Report" or "Valuation Report") is a summary of the Full Report. This Prospectus Report is to be read in conjunction with the Full Report and is subject to the same assumptions, conditions and caveats as detailed in the Full Report. This Prospectus Report also includes additional text or references which are specific to the Listings Requirements of Euronext and therefore may not appear within the Full Report.

## Compliance with RICS Valuation – Global Standards

We confirm that the valuation and Valuation Report have been prepared in accordance with the RICS Valuation – Global Standards, which incorporate the International Valuation Standards ("IVS") and the RICS UK Valuation Standards (the "RICS Red Book"), edition current at the Valuation Date. It follows that the valuations are compliant with IVS.

## Status of Valuer and Conflicts of Interest

We confirm that all valuers who have contributed to the valuation have complied with the requirements of PS1 of the RICS Red Book. We confirm that we have sufficient current knowledge of the relevant markets, and the skills and understanding to undertake the valuation competently. We confirm that Oliver Close has overall responsibility for the valuation and is in a position to provide an objective and unbiased valuation and is competent to undertake the valuation. Finally, we confirm that we have undertaken the valuation acting as an External Valuer as defined in the RICS Red Book.

As you are aware, we have recently provided valuations of the Property for your financial statements as at 31 December 2017 and 30 June 2018. Additionally, you requested us to provide retrospective valuations of the Property (as held by the Company at the relevant dates) as at December 2014, 2015 and 2016 and 30 June 2017, also for your financial statements. In connection with the same instruction you have further requested us to provide regular Mid-Year and Year End valuations for a period of 5 years.

Prior to this we have recently provided you with advice regarding Shurgard West London (albeit not held within the subject portfolio) and Rotterdam III for internal management purposes as at 31 December 2017 and 30 June 2017 respectively. We provided desktop valuation advice on the portfolio for loan security purposes in 2014 and we valued the portfolio as at March 2007 for a proposed initial public offering which did not take place.

Otherwise, to our knowledge, this company and any of its Partner, Directors and employees have no recent or foreseeable fee earning relationship concerning the Property or Shurgard Self Storage Europe Sàrl apart from the service pertaining to this instruction and the associated fee.

We are not aware of any conflict of interest in relation to this instruction. In the event of any conflict arising, we would advise you immediately.

## Purpose of Valuation

The purpose of this Valuation Report is for use in connection with the proposed initial public offering of the Client and application to list the shares of Client on the regulated market of Euronext Brussels (the "Purpose of Valuation").

## Basis of Valuation

In accordance with your instructions, we have undertaken our valuation on the following bases, as appropriate:

1. Market Value, subject to any existing leases and otherwise assuming vacant possession
2. Market Value as a fully-equipped operational entity, having regard to trading potential

## Special Assumptions

A Special Assumption is referred to in the Glossary in the RICS Red Book as an assumption that "either assumes facts that differ from the actual facts existing at the valuation date, or that would not be made by a typical market participant in a transaction on the valuation date", ("Special Assumption").

You have asked us to provide our opinion of value reflecting the following Special Assumption:

- Reflecting management fees at actual management costs (rather than management fees based on a market assumption)

We consider that a market assumption for management fees would give rise to a higher total cost than the Company's actual management costs and you will therefore appreciate that Market Value reflecting a market assumption for management fees would be correspondingly lower than Market Value on the Special Assumption of the Company's actual management costs.

## Definitions

### Market Value

The term "Market Value" as referred to in VPS4 Item 4 of the RICS Red Book and applying the conceptual framework which is set out in IVS 104: "The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."

## Valuation of Trade Related Properties

Certain property types are normally brought and sold based on their trading potential as they have usually been designed or adapted and fitted out for a specific use and the resulting lack of flexibility usually means that the value of the property interest is intrinsically linked to the returns that the owner can generate from that use.

As a result, our opinion of value of the Property has been assessed having regard to its trading potential based on an income approach to value unless there is a clear alternative use. Unless otherwise stated our opinion of value assumes the Property is a fully equipped operational entity and includes:

- The legal interest in the land and buildings.
- The trade inventory, usually comprising all trade fixtures, fittings, furnishings and equipment.
- The market's perception of the trading potential, together with the ability to obtain and renew existing licences, consents, certificates and permits.

For the avoidance of doubt our opinions of values do not include consumables and stock.



## Departures

We have made no Departures from the RICS Red Book.

## Reservations

The valuation is not subject to any reservation.

## Portfolio Premium

The properties have been valued individually and we have not assumed that the entire portfolio of properties owned by the Entity, or selected groups of assets, would be sold as a single lot. The value for the whole portfolio or selected groups of assets in the context of a sale as a single lot may, in current market conditions, achieve a material premium from the aggregate of the individual values of each property in the portfolio.

In particular, the individual property valuations reflect full Stamp Duty (or its local equivalent in each country considered) on the sale of each property whereas a sale of the whole portfolio or selected groups of assets would most likely be undertaken by way of a shares transaction, which would typically attract a lower level of stamp duty.

## Inspection

We have inspected the properties internally and externally from ground level within the three months prior to the date of this report. However, the Investment Properties Under Construction have not been inspected (including Herne Hill, Huddinge, Berlin Gradestrasse and Berlin Nalepastrasse).

## Measurement and Floor Areas

As a trading entity, self storage facilities are typically valued by reference to their earnings potential adopting an income approach to valuation.

The valuation is based on the maximum lettable areas (MLA's) and current lettable areas (CLA's) of the self storage facilities which have been provided by you and have not been checked by us. As agreed, C&W have not measured any floor areas.

## Sources of Information

In addition to information established by us, we have relied on the information obtained from you, and others listed in this Valuation Report.

We have made the assumption that the information provided by you and your respective professional advisers in respect of the Property we have valued is both full and correct. We have made the further assumption that details of all matters relevant to value within your and their collective knowledge, such as prospective lettings, rent reviews, outstanding requirements under legislation and planning decisions, have been made available to us, and that such information is up to date.



## Trade Related Properties

We have valued each property as a fully equipped operational entity having regard to trading potential. Trade related properties generally have one or more of the following characteristics:

- They are normally bought and sold on the basis of their trading potential.
- The valuation would normally be on the basis that the current trade related use of the property will continue.
- They have often been designed or adapted and fitted out for a specific use and the resulting lack of flexibility usually means that the value of the property interest is intrinsically linked to the returns that the owner can generate from that use. This is in contrast to generic property types that can be used by a range of different business types, such as standard office, industrial or retail property.
- Some trade related properties also require a licence to operate and have a commercial advantage over other types of equivalent property without a licence.
- Most commonly, the ownership of the property is linked with the business such that in the event of a sale of the business, the property would be sold too.
- There is often a strong connection between the trade related use (i.e. the existing customer base) and the physical location of the building.
- The customers of the business are typically occupying on short term, flexible and all-inclusive licenses or similar occupational arrangements.
- The operator of the business will be managing the assets to maximise revenues, typically through occupancy and rental rates, together with other potential sources of income.

The valuations made on the basis of trading potential assume that:

- a) The business will at all times be effectively and competently managed, operated and promoted; and
- b) The business will be properly staffed, stocked and capitalised

The properties are integral to the operation of the business and therefore, as with all classes of property valued by reference to trading potential, the underlying value of the property asset can fluctuate to a greater degree when that trading potential is altered, either up or down, than is normally the case with most other types of commercial property. Consequently, if the EBITDA were to fall substantially short of current levels, then this would have a detrimental effect on future value, conversely if the EBITDA were to rise substantially this would have a positive effect.

In accordance with our instructions the properties have been valued as fully equipped and operational entities and include reference to trade fixtures, fittings, furniture and furnishings and equipment necessary to sustain the business carried out. We have assumed unless otherwise instructed that all plant, machinery, fixtures and fittings are owned outright and not subject to finance leases or charges or are owned by third parties.

## General Comment

All valuations are professional opinions on a stated basis, coupled with any appropriate assumptions or Special Assumptions. A valuation is not a fact, it is an estimate. The degree of subjectivity involved will inevitably vary from case to case, as will the degree of certainty, or probability, that the valuer's opinion of value would exactly coincide with the price achieved were there an actual sale at the Valuation Date.

Property values can change substantially, even over short periods of time, and so our opinion of value could differ significantly if the date of valuation were to change. If you wish to rely on our valuation as being valid on any other date you should consult us first.

Should you contemplate a sale, we strongly recommend that the Property is given proper exposure to the market.

A copy of this Valuation Report should be provided to your solicitors and they should be asked to inform us if they are aware of any aspect which is different, or in addition, to that we have set out; in which case, we will be pleased to reconsider our opinion of value in the light of their advice and / or opinions.

### **Market Uncertainty – Self Storage Valuation**

Where uncertainty could have a material effect on an opinion of value, the Red Book requires the valuer to draw attention to this, indicating the cause of the uncertainty and the degree to which this is reflected in the valuation reported.

The market for self-storage properties is currently relatively thin and illiquid. However, we believe that this is due to a lack of supply of good quality stock rather than a weakness of demand for the same. Very few property transactions have taken place and most activity that has occurred in this sector has been corporate.

To the best of our knowledge, since Q1 2015 in Europe there have only been 21 transactions involving multiple assets and 12 single asset transactions, with the majority of these transactions taking place in the UK.

Due to the lack of comparable market information in the self storage sector, we have had to exercise more than the usual degree of judgement in arriving at our opinion of value.

It has been held that valuers may properly conclude within a range of values. This range is likely to be greater in an illiquid market where inherent uncertainty exists and a greater degree of judgement must therefore be applied. We strongly recommend that you keep the valuation of the subject portfolio under review. You should anticipate a longer marketing period than might be anticipated for more conventional property types in the event that the property is offered for sale.

### **Valuation of Investment Properties Under Construction**

We have valued the stores under development adopting the same methodology as for the trading stores but on the basis of the cashflow projection expected for the store at opening and allowing for the outstanding costs to take each scheme from its current state to completion and full fit out. We have allowed for carry costs and construction contingency, as appropriate.

There are two schemes as at 30 June 2018 (Berlin Gradenstrasse and Berlin Nalepastrasse) where planning consent has been granted and construction has commenced (or is about to commence). The development risk has been reflected in our valuation, as appropriate.

To form an opinion of value we have had to make certain assumptions for the input variables. We consider these assumptions are appropriate and reasonable, but they cannot be guaranteed. You should therefore satisfy yourself that our assumptions are appropriate and consistent with your own knowledge of the actual costs and input variables. If there is any difference, you should inform us as the value reported is only valid within the context of the assumptions that we have adopted.

In particular, we have relied entirely on the information provided by you in relation to the capital expenditure required for each property under development, or proposed for redevelopment.

You should also be aware that the residual value is highly sensitive to even small movements in the input variables. Accordingly, the result must be treated with caution, as a small correction to even a single input could have a disproportionately adverse effect on the outcome.

## Currency

The properties have been valued in local currency. Additionally, the valuations have been converted to the reporting currency (Euros), adopting spot management exchange rates as provided by you, which we detail below (to 5 decimal places) for the valuations as at 30 June 2018. We have not reflected any local realisation taxes.

Exchange Rate		30-Jun-18
Denmark DKK – Danish Krone	DKK / EUR	0.13422
Sweden SEK – Swedish Krona	SEK / EUR	0.09567
United Kingdom GBP – British Pound	GBP / EUR	1.13042

The converted values have been rounded to zero decimal places.

## Valuation

### Valuation of the Self Storage Interest

We have prepared our valuation of each property having regard to self-storage use. We have valued each asset as a fully equipped operational entity, having regard to trading potential.

We have taken account of the trading information that the operator has supplied to us and we have relied on this information as being correct and complete and on there being no undisclosed matters that could affect our valuation.

The valuation is based on our opinion as to future trading potential and the level of fair maintainable turnover and fair maintainable operating profit likely to be achieved by a reasonably efficient operator.

The valuation has been made on the following basis:

- that each property will be sold as a whole including all fixtures, fittings, furnishings, equipment, stock and goodwill required to continue trading;
- we have assumed that the new owner will normally engage the existing staff and the new management will have the benefit of existing and future bookings or occupational agreements (which may be an important feature of the continuing operation), together with all existing statutory consents, operational permits and licences;
- we have assumed that all assets and equipment are fully owned by the owner/operator and are not subject to separate finance leases or charges;
- we have excluded any consumable items, stock in trade and working capital; and
- we have assumed that all goodwill for the properties is tied to the land and buildings and does not represent personal goodwill to the operator.

In preparing our valuation we have relied upon our knowledge of the occupational and investment markets and the available evidence that is summarised in our market commentary.

We have prepared a cashflow projection for each property reflecting estimated absorption, revenue growth and expense inflation. We have arrived at our opinion of Market Value on the

Special Assumption detailed above by adopting the discounted cashflow method of valuation based on the results of our cashflow projections.

We have prepared 10-year projected cashflows with an assumed exit/sale at year 10.

Our valuation approach has been supported by a cashflow, incorporating projections of future income and expenditure, which are not predictions of the future, but are our best estimate of current market thinking on likely future cashflow. These estimates constitute our judgement as at the date of valuation and may be subject to change in the future, hence we make no warranty or representation that these projections of cashflow will materialise.

A summary of our valuation calculation parameters and valuation results for each Property is included in the Property Records in the Full Report.

With regard to yields, there is inadequate information on comparable property transactions to accurately confirm a market level. In the absence of adequate relevant transactional evidence, we have had regard to the location and specific attributes of these stores in comparison to other similar properties that we have valued and the available evidence of transactions that have taken place. These factors have influenced the yield we have applied to the properties in comparison to other self storage properties when compared with a benchmark, being the anticipated prime yield for this property sector in each country considered.

In assessing the prime yield for the self storage sector in each country, we have had regard to macro-economic factors including the prevailing bank base rate, the cost of 10-year money and inflation. We have also considered prime investment yields for other trading property types such as student housing and hotels, and prime yields for distribution/industrial and retail warehouse properties, for both the countries considered and the specific property locations, where available. We have reflected the yield levels and trends in these other sectors in refining the yield set. Finally, we have made adjustments to reflect perceived risks in relation to the property and cashflow projection for each location.

The benchmark rate (prime yield) for the individual countries for a prime freehold self storage facility with a stable track record as at 30 June 2018, is detailed below:

Country	Belgium	Denmark	France	Germany	Netherlands	Sweden	United Kingdom
<b>Prime SS Cap Rate</b>	6.500%	6.500%	6.100%	6.375%	6.400%	6.250%	5.500%

## Market Value

### Market Value Having Regard to Trading Potential

Subject to the foregoing and based on values current as at the Valuation Date, we are of the opinion that the aggregate Market Value as a fully equipped operational entity, having regard to trading potential, of the freehold and leasehold interests in the properties as set out in Appendix 2, is the total sum of:

**€ 2,307,191,727**

(Two Billion, Three Hundred and Seven Million, One Hundred and Ninety One Thousand, Seven Hundred and Twenty Seven Euros)

The figure quoted above is an aggregated figure of the individual values for each property in the portfolio which has been converted from local currency to Euros at the exchange rates provided above. If the portfolio were to be sold as a single lot or in groups of properties, the total value could differ significantly.

The aggregate value in Euros, split by country is as follows:

Country	Number of Stores	Total Market Value
Belgium	21	€ 174,850,000
Germany	18	€ 171,000,000
Denmark	10	€ 128,744,004
France	56	€ 561,210,000
Netherlands	61	€ 471,880,000
Sweden	31	€ 412,406,083
United Kingdom	27	€ 387,101,640
<b>Total</b>	<b>224</b>	<b>€ 2,307,191,727</b>

The two Investment Properties Under Construction as at 30 June 2018 (Berlin Gradenstrasse and Berlin Nalepastrasse) are included in the country totals provide above.

Appendix 1 provides a breakdown of the country totals given above.

Appendix 2 provides a summary table for each property.

### Valuation for a Regulated Purpose

This valuation is classified in the Red Book as a Regulated Purpose Valuation and we are therefore required to disclose the following information:

- This is the second occasion that the member of the RICS who has been a signatory to the valuation provided to the Company has done so for this purpose;
- This is the second occasion that C&W has carried out a valuation for this purpose;
- C&W do not provide other significant professional or agency services to the Company;

- C&W have been instructed to provide regular valuation advice for financial reporting purposes since December 2017. Prior to that C&W provided occasional valuation advice in relation to some of the properties for both loan security and internal management purposes;
- In relation to the preceding financial year of C&W, the proportion of the total fees payable by the Company to the total fee income of the firm is less than 5%; and
- The fee payable to C&W is a fixed amount per store, and is not contingent on the appraised value.

We can confirm that the valuation has been carried out with regard to comparable market transactions at arm's length. However, as described above, the property market in the self storage sector is thin and illiquid and there have been few comparable transactions. We perceive this to be due to a lack of vendors rather than any inadequacy on the demand side. Our valuations therefore rely more heavily on logical yield analysis than might normally be expected in other property sectors where comparable evidence is more readily available.

## Confidentiality

This Valuation Report is confidential to you, for your sole use only and for the Purpose of Valuation as stated. Other than as detailed below, we will not accept responsibility to any third party in respect of any part of its contents.

## Disclosure

Except for in connection with the Purpose of the Valuation set out above, you must not disclose the contents of this Valuation Report to a third party in any way, including where we are not referred to by name or if the Valuation Report is to be combined with other reports, documents or information, without first obtaining our written approval to the form and context of the proposed disclosure in accordance with the terms of the Engagement. We will not approve any disclosure that does not refer adequately to the terms of the Engagement and any Special Assumptions or Departures that we have made.

This Valuation Report or any part of it may not be modified, altered (including altering the context in which the Valuation Report is displayed) or reproduced without our prior written consent. Any person who breaches this provision shall indemnify us against all claims, costs, losses and expenses that we may suffer as a result of such breach.

To the extent permitted by law, we hereby exclude all liability arising from use of and/or reliance on this Valuation Report by any person or persons except as otherwise set out in the terms of the Engagement.

## Reliance

For the purposes of item 1.2 of Annex I of Commission Regulation (EC) No 809/2004 of 29 April 2004 implementing the Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in prospectuses as well as the format, incorporation by reference and publication of such prospectuses and dissemination of advertisements (the Prospectus Regulation), we are responsible for this Valuation Report and accept responsibility for the information contained in this Valuation Report and confirm that to the best of our knowledge (having taken all reasonable care to ensure that such is the case), the information contained in this Valuation Report is in accordance with the facts and contains no omissions likely to affect its import. This Report complies with paragraphs 128 to 130 of the ESMA update of CESR recommendations on the consistent implementation of the Prospectus Regulation implementing the Prospectus Directive.

Except as stated above, this Valuation Report may be relied upon only in connection with the Purpose of Valuation stated and only by:

- (i) the Addressees; and
- (ii) by such other parties who have signed a Reliance Letter.

Furthermore, the Addressees shall be entitled to rely on the Valuation Report as if they were a joint Client under, and subject to, the terms and conditions of this Engagement. In viewing and relying upon the Valuation Report the Addressees shall be deemed to have accepted the terms of such reliance. Save that Clauses 1.1, 1.3 (second sentence), 1.4, 3.1 to 3.13, 4.1, 4.4, 7.1 to 7.8, 12, 14.1 and 14.2 of the Terms of Business shall not apply to the Addressees. In addition, C&W and the Client agree that:

- (i) the Addressees will not be required to provide any information and it is acknowledged that any reference to the Client providing information in Clause 4.2 and 4.3 shall mean the Company;
- (ii) no Addressee will be deemed to breach Clause 6 of the Terms of Business by disclosing information to any of its affiliates (meaning a person that directly, or indirectly through one or more intermediaries, controls or is controlled by, or is under common control with, the relevant Addressee) to the extent reasonably necessary in connection with the proposed transaction;
- (iii) the words "*in connection with this Engagement*" shall be inserted in Clause 10.4 after "...procure that its employees will not," and before "*knowingly engage in any activity*"; and,
- (iv) in respect of the Addressees, the words "*Except as permitted under Clauses 6.4 and 6.5*" shall be added at the beginning of Clause 8.4.

No reliance may be placed upon this Valuation Report by any other party, or for any other purpose except in accordance with the terms of the Engagement.

For the avoidance of doubt, the total aggregate limit of liability specified in the terms of the Engagement (the "Aggregate Cap") shall apply in aggregate to (i) you and (ii) such other parties who have signed a Reliance Letter. Apportionment of the Aggregate Cap shall be a matter for you and such other third parties alone.

Signed for and on behalf of Cushman & Wakefield Debenham Tie Leung Limited

**Oliver Close MRICS**

Partner

RICS Registered Valuer

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Oliver.Close@cushwake.com

TABLE OF VALUES AS AT 30 JUNE 2018



## Appendix 1      Summary of Values by Country

## SHURGARD SELFSTORAGE


**REAL ESTATE VALUATION AS AT 30 JUNE 2018**  
**SUMMARY OF VALUES (IN LOCAL CURRENCY AND EUROS)**

	Country	Net rentable floor area maximum (fully built out) (SQ FT)	Market Value Having Regard to Trading Potential	Total additions	Total Market Value	Euro Exchange Rate	Total Market Value in Euros
Total Freeholds	BE	109,546	163,140,000	-	163,140,000	1.0000	163,140,000
Total Part FH/Part LLH	BE	3,926	3,580,000	-	3,580,000	1.0000	3,580,000
Total Long Leaseholds	BE	-	-	-	-	1.0000	-
Total Leaseholds	BE	4,437	8,130,000	-	8,130,000	1.0000	8,130,000
GRAND TOTAL :	BE	117,909	174,850,000	-	174,850,000	1.0000	174,850,000
Total Freeholds	DE	97,050	171,000,000	-	171,000,000	1.0000	171,000,000
Total Part FH/Part LLH	DE	-	-	-	-	1.0000	-
Total Long Leaseholds	DE	-	-	-	-	1.0000	-
Total Leaseholds	DE	-	-	-	-	1.0000	-
GRAND TOTAL :	DE	97,050	171,000,000	-	171,000,000	1.0000	171,000,000
Total Freeholds	DK	48,576	865,350,000	-	865,350,000	0.1342	116,147,439
Total Part FH/Part LLH	DK	4,535	93,850,000	-	93,850,000	0.1342	12,596,565
Total Long Leaseholds	DK	-	-	-	-	0.1342	-
Total Leaseholds	DK	-	-	-	-	0.1342	-
GRAND TOTAL :	DK	53,111	959,200,000	-	959,200,000	0.1342	128,744,004
Total Freeholds	FR	257,936	528,230,000	-	528,230,000	1.0000	528,230,000
Total Part FH/Part LLH	FR	4,183	13,210,000	-	13,210,000	1.0000	13,210,000
Total Long Leaseholds	FR	-	-	-	-	1.0000	-
Total Leaseholds	FR	10,347	19,770,000	-	19,770,000	1.0000	19,770,000
GRAND TOTAL :	FR	272,465	561,210,000	-	561,210,000	1.0000	561,210,000
Total Freeholds	NL	182,272	296,530,000	-	296,530,000	1.0000	296,530,000
Total Part FH/Part LLH	NL	-	-	-	-	1.0000	-
Total Long Leaseholds	NL	68,907	135,630,000	-	135,630,000	1.0000	135,630,000
Total Leaseholds	NL	39,029	39,720,000	-	39,720,000	1.0000	39,720,000
GRAND TOTAL :	NL	290,208	471,880,000	-	471,880,000	1.0000	471,880,000
Total Freeholds	SE	124,792	3,410,000,000	-	3,410,000,000	0.0957	326,243,387
Total Part FH/Part LLH	SE	3,222	127,400,000	-	127,400,000	0.0957	12,188,682
Total Long Leaseholds	SE	24,337	662,400,000	-	662,400,000	0.0957	63,373,495
Total Leaseholds	SE	6,397	110,800,000	-	110,800,000	0.0957	10,600,519
GRAND TOTAL :	SE	158,747	4,310,600,000	-	4,310,600,000	0.0957	412,406,083
Total Freeholds	UK	132,341	314,910,000	-	314,910,000	1.1304	355,981,128
Total Part FH/Part LLH	UK	-	-	-	-	1.1304	-
Total Long Leaseholds	UK	14,789	27,530,000	-	27,530,000	1.1304	31,120,512
Total Leaseholds	UK	-	-	-	-	1.1304	-
GRAND TOTAL :	UK	147,130	342,440,000	-	342,440,000	1.1304	387,101,640
Total Freeholds	ALL	952,511					1,957,271,954
Total Part FH/Part LLH	ALL	15,865					41,575,247
Total Long Leaseholds	ALL	108,033					230,124,007
Total Leaseholds	ALL	60,209					78,220,519
GRAND TOTAL :	ALL	1,136,618					2,307,191,727

note 1: Unless this information is provided in conjunction with a Valuation Report, it is for guidance purposes only and does not constitute a formal valuation. The information is confidential to the party to whom it is addressed and no liability is accepted to any other party.

note 2: The European Support Center space at Groot Bijgaarden (BE25) is excluded from the valuation of this property.

note 3: IPUCs are included in the country totals

note 4: Special Assumption: Management fees at actual management costs

06-Sept-18

## Appendix 2      Property Summary

**SHURGARD SELF STORAGE**  
**REAL ESTATE VALUATION AS AT 30 JUNE 2018**



**PROPERT SUMMARY**

	Country	Store Code	Store	Location Category	Same Store / New Store / Under Construction	Address	Tenure	Tenure - additional comment	Opening Date / Anticipated Opening Date / Acquisition date	Date of Last C&W Inspection	Site Area (hectares)	Gross Floor Area	Net rentable floor area maximum (fully built out)
1	BE	BE01	Bruxelles - Forest	Capital city	Same Store	Shurgard Forest Rue St.Denis 298, 1190 Forest	Freehold	Currently Leasehold with option to purchase Freehold in 2022.	May 1995	15 May 2018	0.19	7,363	4,437
2	BE	BE02	Bruxelles-Ouest	Capital city	Same Store	Shurgard Molenbeek Ch.de Ninove 240, 1080 Molenbeek	Freehold		Oct 1995	17 May 2018	0.19	4,768	2,827
3	BE	BE03	Waterloo	Capital city	Same Store	Shurgard Waterloo Ch.de Charleroi 16, 1420 Braine l'Alleud	Freehold		Oct 1995	23 May 2018	1.42	9,593	7,859
4	BE	BE04	Aartselaar	Major city	Same Store	Shurgard Aartselaar Boomsesteenweg 24, 2630 Aartselaar	Freehold		May 1997	17 May 2018	1.36	10,153	7,585
5	BE	BE05	Overijse	Capital city	Same Store	Shurgard Overijse Brusselsesteenweg 299, 3090 Overijse	Freehold		Dec 1998	25 May 2018	0.56	6,277	4,540
6	BE	BE06	Leuven	Other city	Same Store	Shurgard Leuven Tiensesteenweg 387, 3010 Kessel-lo	Freehold		Dec 1998	07 May 2018	0.68	8,149	5,845
7	BE	BE07	Zaventem	Capital city	Same Store	Shurgard Zaventem Leuvensesteenweg 504, 1930 Zaventem	Freehold		Oct 1996	22 May 2018	1.18	10,556	6,935
8	BE	BE08	Machelen - Vilvoorde	Capital city	Same Store	Shurgard Vilvoorde/ Machelen Woluwelaan 51, 1830 Machelen	Freehold		Apr 1997	22 May 2018	1.21	7,292	6,069
9	BE	BE09	Gent Sint-Denijs	Major city	Same Store	Shurgard Gent Kortrijksesteenweg 1040, 9051 Gent	Freehold		Dec 1998	08 May 2018	0.66	9,122	7,033
10	BE	BE10	Kortrijk	Other city	Same Store	Shurgard Kortrijk Ringlaan 38, 8500 Kortrijk	Freehold		Nov 1999	17 May 2018	0.55	8,075	5,770
11	BE	BE11	Brugge	Other city	Same Store	Shurgard Brugge Sint Pieterskaai 71-75, 8000 Brugge	Freehold		Dec 1999	17 May 2018	1.11	7,782	5,423
12	BE	BE15	Bruxelles - Jette	Capital city	Same Store	Shurgard Jette Av. De l'Exposition 250, 1090 Jette	Freehold		Oct 2000	17 May 2018	0.77	8,630	6,712
13	BE	BE18	Merksem	Major city	Same Store	Shurgard Merksem Oude Bareellei 7, 2170 Merksem	Freehold		Sep 2000	17 May 2018	1.44	10,136	7,163
14	BE	BE19	Liège	Major city	Same Store	Shurgard Liège Rue des Français 370, 4000 Rocourt	Freehold		Oct 2000	28 May 2018	0.59	6,603	4,988
15	BE	BE20	Antwerpen Linkeroever	Major city	Same Store	Shurgard Linkeroever Blancefloerlaan 179, 2050 Antwerpen	Freehold		Jul 2002	17 May 2018	0.48	6,735	4,954
16	BE	BE21	Antwerpen Centrum	Major city	Same Store	Shurgard Antwerpen Centrum Plantijn & Moretuslei 153, 2140 Borgerhout	Freehold	Leasehold for office but Freehold for the storage area	Mar 2002	17 May 2018	0.21	6,812	3,926
17	BE	BE22	Sint-Pieters-Leeuw	Capital city	Same Store	Shurgard St. Pieters-Leeuw Bergensesteenweg 69, 1651 Beersel (Lot)	Freehold		Dec 2001	23 May 2018	1.54	6,488	4,970
18	BE	BE23	Wavre	Capital city	Same Store	Shurgard Wavre Boulevard de l'Europe 129, 1301 Wavre	Freehold		Oct 2003	25 May 2018	0.47	7,728	5,552
19	BE	BE24	Bruxelles - Evere	Capital city	Same Store	Shurgard Evere Gemeenschappenlaan 3, 1040 Evere	Freehold		Dec 2006	23 May 2018	0.43	6,034	4,323
20	BE	BE25	Groot-Bijgaarden	Capital city	Same Store	Shurgard Groot-Bijgaarden Breedveld 31, 1702 Groot-Bijgaarden	Freehold		Dec 2005	17 May 2018	1.74	7,181	5,147
21	BE	BE26	Gent Oostakker	Major city	Same Store	Shurgard Gent Antwerpsesteenweg Antwerpsesteenweg 1001, 9041 Oostakker	Freehold		Dec 2006	14 May 2018	1.91	9,076	5,855
22	DE	DE01	Mönchengladbach Neuwerk	Major city	Same Store	Mönchengladbach - Krefelder Krefelderstr. 296, 41066 Mönchengladbach	Freehold		Sep 2003	09 May 2018	0.75	6,948	5,039
23	DE	DE02	Mönchengladbach Nordpark	Major city	Same Store	Mönchengladbach - Waldnieler Waldnielerstr. 52, 41068 Mönchengladbach	Freehold		Sep 2003	09 May 2018	0.31	7,379	4,974
24	DE	DE03	Essen	Major city	Same Store	Essen - Martin-Luther Martin-Luther-Str. 2, 45145 Essen	Freehold		Sep 2003	31 May 2018	1.03	11,206	7,040
25	DE	DE04	Düsseldorf Zentrum	Major city	Same Store	Düsseldorf - Erkrather Erkratherstr. 256, 40231 Düsseldorf	Freehold		Dec 2003	04 Jun 2018	0.85	6,201	4,606
26	DE	DE05	Düsseldorf Heerdt	Major city	Same Store	Düsseldorf - Heerdt Landstr Heerdt Landstr. 117, 40549 Düsseldorf	Freehold		Dec 2003	31 May 2018	0.62	7,722	5,174

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27	DE	DE06	Wuppertal	Major city	Same Store	Wuppertal - Friedrich-Engels-Allee Friedrich-Engels-Allee 341, 42283 Wuppertal	Freehold		Dec 2004	05 Jun 2018	0.41	7,704	4,385
28	DE	DE07	Krefeld	Major city	Same Store	Krefeld - Dießemer Bruch Dießemer Bruch 152, 47805 Krefeld	Freehold		Aug 2004	04 Jun 2018	0.71	6,161	4,455
29	DE	DE08	Bonn	Major city	Same Store	Bonn - Bornheimer Straße Bornheimerstr. 133, 53119 Bonn	Freehold		Aug 2004	30 May 2018	0.40	6,605	4,969
30	DE	DE09	Mülheim-Ruhr	Major city	Same Store	Mülheim/Ruhr - Düsseldorf Düsseldorf Str. 238, 45481 Mülheim/Ruhr	Freehold		Jul 2005	04 Jun 2018	0.39	6,256	4,497
31	DE	DE10	Köln Ehrenfeld	Major city	Same Store	Köln - Melatengürtel Melatengürtel 69, 50825 Köln	Freehold		Aug 2004	30 May 2018	0.34	6,515	4,536
32	DE	DE12	Köln Clevischer Ring	Major city	Same Store	Köln - Clevischer Ring Clevischer Ring 96-102, 51063 Köln	Freehold		Aug 2005	30 May 2018	0.14	6,416	4,182
33	DE	DE13	Hamburg Stellingen	Major city	Same Store	Hamburg Stellingen Kieler Strasse 339, 22525 Hamburg	Freehold		Jan 2015	24 May 2018	0.53	7,908	6,911
34	DE	DE14	Berlin Reinickendorf	Capital city	Same Store	Berlin Reinickendorf Holzhauser Strasse 88, 13509 Berlin	Freehold		Jan 2015	17 May 2018	0.22	7,481	4,192
35	DE	DE15	Hamburg Alsterdorf	Major city	Same Store	Hamburg Alsterdorf Alsterkrugchaussee 339, 22297 Hamburg	Freehold		Jan 2015	24 May 2018	0.30	8,583	6,026
36	DE	DE19	Hamburg Wandsbek	Major city	Same Store	Hamburg Wandsbek Wandsbeker Zollstrasse 81, 22041 Hamburg	Freehold		Jan 2015	15 May 2018	0.32	9,864	6,953
37	DE	DE20	Berlin Friedrichshain	Capital city	Same Store	Berlin Friedrichshain Stralauer Allee 39, 10245 Berlin	Freehold		Jan 2015	15 May 2018	0.34	8,937	6,278
38	DE	DE21	Berlin Neukölln	Capital city	Under construction	Berlin Neukölln, Gradestrasse 35, 12347 Berlin	Freehold		Oct 2018		0.58	9,732	7,178
39	DE	DE22	Berlin Oberschöneweide	Capital city	Under construction	Nalepastrasse 162, 12459 Berlin	Freehold		Jan 2019		0.48	8,106	5,661
40	DK	DK01	Hvidovre	Capital city	Same Store	Shurgard Hvidovre Bibliotekvej 70, 2650 Hvidovre	Freehold		Sep 2001	08 May 2018	1.53	9,344	6,119
41	DK	DK02	Ishøj	Capital city	Same Store	Shurgard Sydkysten Industridalen 1, 2635 Ishøj	Freehold		Dec 2001	15 May 2018	0.72	6,681	4,765
42	DK	DK03	Roskilde	Capital city	Same Store	Shurgard Roskilde Københavnsvej 141, 4000 Roskilde	Freehold		Dec 2002	15 May 2018	0.74	7,146	4,971
43	DK	DK04	Hørsholm	Capital city	Same Store	Shurgard Hørsholm Kokkedal Industripark 8, 2980 Kokkedal	Freehold		Dec 2002	15 May 2018	1.95	12,854	8,995
44	DK	DK05	Østerbro	Capital city	Same Store	Shurgard Østerbro Vingelodden 4, 2200 København N	Freehold		Jun 2003	15 May 2018	0.64	8,154	5,376
45	DK	DK06	Tårnby - Amager	Capital city	Same Store	Shurgard Tårnby Bjørnbaksvej 4, 2770 Kastrup	Freehold		May 2004	08 May 2018	0.53	6,301	4,592
46	DK	DK07	Herlev	Capital city	Same Store	Shurgard Herlev Herlev Hovedgade 193, 2730 Herlev	Freehold		Nov 2004	15 May 2018	0.48	6,669	4,817
47	DK	DK08	City	Capital city	Same Store	Shurgard City Laplandsgade 2, 2300 København S	Freehold	Leasehold for office but Freehold for the storage area	Apr 2005	08 May 2018	0.77	6,544	4,535
48	DK	DK09	Brøndby - Glostrup	Capital city	Same Store	Shurgard Brøndby Park Allé 291 B - 2605 Brøndby	Freehold		Jun 2007	15 May 2018	0.66	6,169	4,661
49	DK	DK10	Valby - Sydhavnen	Capital city	Same Store	Shurgard Valby Ellebjergvej 37 - 2450 København Sv	Freehold		Oct 2007	15 May 2018	0.31	6,046	4,282
50	FR	FR01	Paris - Porte de Châtillon	Capital city	Same Store	Shurgard Paris-Porte de Châtillon Ave P. Brossolette 95, 92120 Montrouge	Leasehold		Sep 1997	05 Jun 2018	0.22	10,039	5,588
51	FR	FR02	Paris - Gare de l'Est	Capital city	Same Store	Shurgard Paris-Gare de l'Est 21-23 rue Eugène Varlin - 75010 Paris	Leasehold		Sep 1997	06 Jun 2018	0.08	4,996	2,214
52	FR	FR03	Nice Saint-Isidore	Major city	Same Store	Shurgard Nice St Isidore Bd. des Jardiniers 138, 06200 Nice	Freehold		Sep 1997	22 May 2018	1.06	6,085	3,886

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53	FR	FR04	Osny - Cergy	Capital city	Same Store	Shurgard Osny-Cergy 19, route de Dieppe 95520 Osny	Freehold		Jun 2000	29 May 2018	0.78	6,968	4,987
54	FR	FR05	Nanterre - Colombes	Capital city	Same Store	Shurgard Nanterre A86 165, rue du 1er mai, 92737 Nanterre Cedex	Freehold		Jan 2000	05 Jun 2018	1.07	10,068	6,590
55	FR	FR06	Port-Marly	Capital city	Same Store	Shurgard Port-Marly 15-17, av de St-Germain 78560 - Port-Marly	Freehold		Dec 2000	28 May 2018	0.26	5,976	3,908
56	FR	FR07	Fresnes	Capital city	Same Store	Shurgard Fresnes 20, Ave.de Stalingrad , 94260 - Fresnes	Freehold		Nov 2000	23 May 2018	1.18	6,745	5,094
57	FR	FR08	Ballainvilliers - Monthéry	Capital city	Same Store	Shurgard Ballainvilliers-Monthlery Rte de la Grange aux Cercles - 91160 Ballainvilliers	Freehold		Nov 2000	22 May 2018	1.50	7,189	5,479
58	FR	FR09	Pontault-Combault	Capital city	Same Store	Shurgard Pontault Combault RN4 - La Tête du Buis - 77340 Pontault Combault	Freehold		Dec 1999	23 May 2018	0.43	6,793	5,028
59	FR	FR10	Les Ulis	Capital city	Same Store	Shurgard Villejust-Les Ulis Avenue de l'Océanie Zone de Courtaboeuf - 91140 Villejust	Freehold		Sep 2000	22 May 2018	0.62	7,926	5,688
60	FR	FR11	Asnières	Capital city	Same Store	Shurgard Asnières 17, Quai Aulagnier - 92600 Asnières	Freehold		Feb 2001	05 Jun 2018	0.50	9,823	5,695
61	FR	FR12	Rosny-sous-Bois	Capital city	Same Store	Shurgard Rosny sous Bois 117 Bd d'Alsace Lorraine 93110 - Rosny	Freehold		Dec 2000	29 May 2018	0.83	8,053	6,043
62	FR	FR13	Buchelay - Mantes-la-Jolie	Capital city	Same Store	Shurgard Buchelay-Mantes ZAC des meuniers - 78200 Buchelay	Freehold		Mar 2001	28 May 2018	1.04	6,926	5,075
63	FR	FR14	Coignières	Capital city	Same Store	Shurgard Coignières 1, route nationale 10 - 78310 Coignières	Freehold		Aug 2001	28 May 2018	1.19	6,111	5,140
64	FR	FR15	Grigny	Capital city	Same Store	Shurgard Grigny 74, Avenue Emile Aillaud - 91350 Grigny	Freehold		Oct 2001	22 May 2018	0.57	6,967	5,229
65	FR	FR16	Marseille Les	Major city	Same Store	Shurgard Marseille Les Arnavaux (Geze) 42, boulevard Capitaine Gèze - 13014 - Marseille	Freehold		Mar 2002	31 May 2018	0.32	8,432	4,840
66	FR	FR17	Epinay-sur-Seine	Capital city	Same Store	Shurgard Epinay-Cygne d'Enghien 145, av. du Maréchal de Lattre de Tassigny (RD 23) - 93800 Epinay	Freehold		Mar 2002	28 May 2018	0.49	6,998	5,152
67	FR	FR18	Thiais - Belle Epine	Capital city	Same Store	Shurgard Thiais-Belle Epine 10, rue des Alouettes - RN7 - 94320 Thiais	Freehold		Dec 2001	23 May 2018	1.41	7,077	4,998
68	FR	FR19	Vitrolles	Major city	Same Store	Shurgard Vitrolles Bd de l'Europe (ex- 1ère avenue) - 13127 Vitrolles	Freehold		Jun 2002	31 May 2018	0.48	7,359	5,059
69	FR	FR20	Toulon - La Seyne-sur-Mer	Other city	Same Store	Shurgard La Seyne sur Mer 2080 Chemin de Lagoubiran - 83500 - La Seyne	Freehold		Jul 2002	31 May 2018	0.75	7,926	5,096
70	FR	FR21	Sevran	Capital city	Same Store	Shurgard Sevran 4, Bd Westinghouse - 93270 Sevran	Freehold		Aug 2002	29 May 2018	0.73	6,793	5,004
71	FR	FR22	Noisy-le-Grand	Capital city	Same Store	Shurgard Noisy-le-Grand 36, route de Neuilly - 93160 Noisy le Grand	Freehold		Dec 2002	29 May 2018	0.81	7,430	5,043
72	FR	FR23	Eragny - Conflans	Capital city	Same Store	Shurgard Eragny - Conflans 244, rue de l'Ambassadeur - 95610 Eragny sur Oise	Freehold		Oct 2003	29 May 2018	0.61	6,995	4,917
73	FR	FR24	Lyon Gerland	Major city	Same Store	Shurgard Lyon Gerland 120, rue Challemel Lacour - 69007 Lyon	Freehold		Dec 2002	22 May 2018	1.02	7,404	5,016
74	FR	FR25	Marseille Bonneveine	Major city	Same Store	Shurgard Marseille Bonneveine 22 Bd des Océans- 13009 Marseille	Freehold		May 2003	31 May 2018	0.51	6,667	4,672
75	FR	FR26	Sucy-en-Brie	Capital city	Same Store	Shurgard Sucy en brie 1, ter rue de Paris - 94370 Sucy en Brie	Freehold		Jul 2003	05 Jun 2018	1.79	8,251	5,371
76	FR	FR27	Chambourcy	Capital city	Same Store	Shurgard Chambourcy 8 Rue du Clos de la famille - 78240 Chambourcy	Freehold		Dec 2003	28 May 2018	0.90	7,339	5,047
77	FR	FR28	Lille - Wattignies	Major city	Same Store	Shurgard Wattignies 37, rue Clémenceau - 59139 Wattignies	Freehold		Dec 2003	17 May 2018	0.74	6,873	5,142
78	FR	FR29	Bordeaux - Pessac	Major city	Same Store	Shurgard Pessac Bersol 2, bis avenue Gustave Eiffel - 33600 Pessac	Freehold		Dec 2004	05 Jun 2018	0.49	6,955	4,897



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79	FR	FR30	Lyon Vaise	Major city	Same Store	Shurgard Lyon Vaise 24 avenue Joannes Masset-- 69009 Lyon	Freehold		Dec 2003	22 May 2018	0.45	8,046	5,058
80	FR	FR31	Lille - Wambrechies	Major city	Same Store	Shurgard Wambrechies - Marquette 151 voie des Trams Ex 104 route Marquette - 59118 Wambrechies	Freehold		Dec 2003	17 May 2018	1.05	5,806	4,621
81	FR	FR32	Bordeaux - Mérignac	Major city	Same Store	Shurgard Mérignac Marron Ouest 43, rue Jacques Prévert- Parc d'Activités Marron ouest- 33700 Mérignac	Freehold		Oct 2004	05 Jun 2018	0.92	6,990	5,167
82	FR	FR33	Pierrefitte	Capital city	Same Store	Shurgard Pierrefitte 54 avenue Lénine - 93380 Pierrefitte	Freehold		Sep 2004	28 May 2018	0.49	6,618	5,126
83	FR	FR34	Avignon	Other city	Same Store	Shurgard Avignon Fontcouverte 28, avenue de Fontcouverte - 84000 Avignon	Freehold		Dec 2004	31 May 2018	0.79	6,682	4,944
84	FR	FR35	Choisy-le-Roi	Capital city	Same Store	Shurgard Choisy le Roi 120, Bd de Stalingrad 94 600 Choisy le Roi	Freehold		Feb 2007	23 May 2018	0.31	7,307	4,836
85	FR	FR36	Lille - Wasquehal	Major city	Same Store	Shurgard Wasquehal 4, Avenue Grand Cottignies - 59290 Wasquehal	Freehold		Jun 2005	17 May 2018	1.55	6,645	5,145
86	FR	FR37	Bordeaux - Lormont	Major city	Same Store	Shurgard Lormont Quatre Pavillons ZI des 4 Pavillons - Allée René Cassagne - 33310 Lormont	Freehold		Oct 2005	05 Jun 2018	0.54	6,790	5,062
87	FR	FR38	Lyon Etats-Unis	Major city	Same Store	Shurgard Lyon Etats-Unis 6 ter, rue Jean Sarrazin - 69008 LYON	Freehold		Nov 2005	22 May 2018	0.31	7,652	5,367
88	FR	FR39	Aix La Pioline	Major city	Same Store	Shurgard Aix en Provence 155, allée des platanes - La Pioline - 13546 Aix en Provence cedex 04	Freehold		Nov 2005	31 May 2018	0.41	6,738	4,765
89	FR	FR40	Paris - Porte de Clignancourt	Capital city	Same Store	Shurgard Paris-Porte de Clignancourt 96 rue des Poissonniers - 75018 Paris	Freehold		Dec 2005	06 Jun 2018	1.32	13,134	6,633
90	FR	FR41	Paris - Porte de Pantin	Capital city	Same Store	Shurgard Paris-Porte de Pantin 169 Avenue Jean Jaurès 75019 PARIS	Freehold	Leasehold for office but Freehold for the storage area	Dec 2006	06 Jun 2018	0.21	6,018	4,183
91	FR	FR42	Nanterre - La Défense	Capital city	Same Store	Shurgard Nanterre la Défense 50 rue Noel Pons 92 000 Nanterre	Freehold		Jan 2006	05 Jun 2018	0.59	7,808	4,745
92	FR	FR43	Bezons Centre	Capital city	Same Store	Shurgard Bezons - Pont 44-46 rue de Pontoise 95870 Bezons	Freehold		Jan 2006	29 May 2018	0.39	4,912	3,131
93	FR	FR44	Clichy	Capital city	Same Store	Shurgard Clichy - rond Point de la Républiq 27 Bis rue Madame de Sanzillon 92110 Clichy	Freehold		Jan 2006	05 Jun 2018	0.17	5,018	3,091
94	FR	FR45	Créteil	Capital city	Same Store	Shurgard Créteil- RN6 1 Avenue des petites Haies RN6- 94 000 Créteil	Freehold		Jan 2006	23 May 2018	0.45	7,090	4,461
95	FR	FR47	Paris - Porte de Charenton	Capital city	Same Store	Shurgard-Porte de Charenton 10 rue Camille Mouquet - 94220 Charenton	Leasehold		Jan 2006	23 May 2018	0.06	4,692	2,545
96	FR	FR49	Lyon Jean Macé	Major city	Same Store	Shurgard Lyon Jean Macé 13 rue de Toulon 69 007 Lyon	Freehold		Jan 2006	22 May 2018	0.23	5,946	3,382
97	FR	FR51	Bezons - Argenteuil	Capital city	Same Store	Shurgard Bezons Argenteuil 1 rue Carnot 95870 Bezons	Freehold		Dec 2006	31 May 2018	0.48	8,195	5,533
98	FR	FR53	Marseille Le Canet	Major city	Same Store	Shurgard Marseille Le Canet 162 Bd Danielle Casanova 13014 Marseille	Freehold		Apr 2006	23 May 2018	0.46	6,966	5,151
99	FR	FR54	Champigny-sur-Marne	Capital city	Same Store	Shurgard Champigny 285 Avenue du Général de Gaulle - 94500 Champigny sur Marne	Freehold		Jul 2007	22 May 2018	0.58	7,200	5,220
100	FR	FR55	Massy	Capital city	Same Store	Shurgard Massy Palaiseau Zac du Pérou - 13 Rue Pérou - 91300 - Massy	Freehold		Feb 2008	22 May 2018	0.80	7,080	5,314
101	FR	FR56	Villeneuve-Loubet	Major city	Same Store	Shurgard Villeneuve Loubet 56 Avenue des Cavaliers 06270 Villeneuve Loubet	Freehold		Oct 2007	22 May 2018	0.35	6,362	4,348
102	FR	FR57	Noisy-le-Sec	Capital city	Same Store	Shurgard Noisy Le Sec 10 Chemin des Groux 93130 Noisy Le Sec	Freehold		Dec 2007	29 May 2018	0.30	7,824	5,373
103	FR	FR58	Nice Aéroport	Major city	Same Store	Shurgard Nice Aeroport 48, Bd René Cassin 06200 Nice	Freehold		Mar 2008	22 May 2018	0.26	7,040	4,416
104	FR	FR59	Montigny-le-Bretonneux	Capital city	Same Store	Shurgard Montigny-le-Bretonneux 11 avenue des Prés - 78180 Montigny le Bretonneux	Freehold		Mar 2009	28 May 2018	0.90	7,347	5,295

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105	FR	FR60	Paris-Nation	Capital city	New Store	Shurgard Paris Nation 21 Rue de Toul, 75012 Paris	Freehold		Jan 2017	06 Jun 2018	0.23	6,899	3,667
106	NL	NL01	Den Haag Centrum	Capital city	Same Store	Shurgard Den Haag Verheeskade 329, 2521 Den Haag	Long Leasehold		Dec 1999	31 May 2018	0.40	8,628	5,535
107	NL	NL02	Rotterdam Alexander	Capital city	Same Store	Shurgard Rotterdam I (Alexander) Tinstraat 16, 3067 GP Rotterdam	Leasehold		Jun 2000	01 Jun 2018	0.41	6,576	4,794
108	NL	NL03	Nieuwegein	Capital city	Same Store	Shurgard Nieuwegein Ravenswade 1C, 3439 LD Nieuwegein	Freehold		Aug 2000	23 May 2018	0.71	7,768	5,628
109	NL	NL04	Maastricht Zuid	Major city	Same Store	Shurgard Maastricht Sint-Gerardusweg 50, 6224 LV Maastricht	Freehold		Nov 2000	08 May 2018	0.67	7,565	5,241
110	NL	NL05	Amsterdam Centrum	Capital city	Same Store	Shurgard Amsterdam (Centrum) Transformatorweg 24, 1014AK Amsterdam	Long Leasehold	Long Leasehold (perpetual) - (adapted - LH based on value 161K contract LH vs 72K contract FH) > freehold	Dec 2000	28 May 2018	0.43	9,677	7,401
111	NL	NL06	Zaandam	Capital city	Same Store	Shurgard Zaandam Pieter Liefthoeckweg 6, 1505 HX Zaandam	Freehold		May 2001	06 Jun 2018	0.22	7,015	4,748
112	NL	NL07	Amersfoort	Capital city	Same Store	Shurgard Amersfoort Nijverheidsweg Noord 104, 3812 PN Amersfoort	Leasehold		Dec 2000	01 Jun 2018	1.24	8,253	5,738
113	NL	NL08	Apeldoorn	Other city	Same Store	Shurgard Apeldoorn Nagelpoelweg 3, 7333 NZ Apeldoorn	Freehold		Aug 2001	07 May 2018	0.50	6,864	4,929
114	NL	NL09	Breda	Other city	Same Store	Shurgard Breda Trekpot 2, 4825 BN Breda	Freehold		Jun 2001	23 May 2018	0.57	8,244	6,013
115	NL	NL10	Rotterdam Spaanse Polder	Capital city	Same Store	Shurgard Rotterdam II (Sp. Polder) Schuttevaerweg 39, 3044 BA Rotterdam	Long Leasehold	Long Leasehold > Freehold	May 2001	01 Jun 2018	0.42	8,077	5,463
116	NL	NL11	Kerkrade	Other city	Same Store	Shurgard Kerkrade Wiebachstraat 79, 6466 NG, Kerkrade	Long Leasehold	Long Leasehold (perpetual) > freehold	Dec 2001	08 May 2018	0.35	6,980	4,895
117	NL	NL12	Heemstede	Capital city	Same Store	Shurgard Heemstede Cruquiusweg 29, 2102 LS Heemstede	Leasehold		Dec 2001	05 Jun 2018	0.57	7,737	5,106
118	NL	NL13	Rotterdam Stadionweg	Capital city	Same Store	Shurgard Rotterdam III Stadionweg 35A, 3077 AP, Rotterdam	Freehold		Dec 2001	01 Jun 2018	0.14	5,953	4,032
119	NL	NL14	Dordrecht de Staart	Major city	Same Store	Shurgard Dordrecht 2 Veerplaat 10, 3313 LJ, Dordrecht	Freehold		Dec 2001	07 Jun 2018	0.42	7,699	5,348
120	NL	NL15	Nijmegen Industrieweg	Major city	Same Store	Shurgard Nijmegen Industrieweg 50B, 6541 TW Nijmegen	Long Leasehold	Long Leasehold > Freehold	Dec 2001	08 May 2018	0.46	7,844	5,851
121	NL	NL16	Ede	Other city	Same Store	Shurgard Ede Galvanistraat 4, 6716 AE Ede	Freehold		Apr 2002	07 May 2018	0.46	7,631	5,036
122	NL	NL17	Diemen	Capital city	Same Store	Shurgard Diemen Sniep 21, 1112 AG Diemen	Freehold		Nov 2002	05 Jun 2018	0.41	6,785	4,903
123	NL	NL18	Rijswijk	Capital city	Same Store	Shurgard Rijswijk Visseringlaan 14, 2288 ER Rijswijk	Freehold		Aug 2002	07 Jun 2018	0.35	6,043	4,419
124	NL	NL19	Veldhoven	Major city	Same Store	Shurgard Veldhoven De Run 2174, 5503 LE Veldhoven	Freehold		Dec 2002	16 May 2018	0.71	6,904	4,991
125	NL	NL20	Dordrecht A16	Major city	Same Store	Shurgard Dordrecht 1 Amperestraat 5, 3316 AA Dordrecht	Freehold		Dec 2002	07 Jun 2018	0.22	7,063	4,859
126	NL	NL21	Delft Noord	Capital city	Same Store	Shurgard Delft Kleveringweg 16, 2616 LZ Delft	Freehold		Dec 2002	31 May 2018	0.31	7,003	4,965
127	NL	NL22	Rotterdam Spijkenisse	Capital city	Same Store	Shurgard Spijkenisse Misgomsseweg 1, 3208 LB Spijkenisse	Freehold		Nov 2003	01 Jun 2018	0.26	6,881	4,645
128	NL	NL23	Utrecht Cartesius	Capital city	Same Store	Shurgard Utrecht 3 (Cartesius) Nijverheidsweg 2, 3534 AM Utrecht	Freehold		Dec 2002	23 May 2018	0.29	7,150	4,764
129	NL	NL24	Utrecht Franciscus	Capital city	Same Store	Shurgard Utrecht II (Fransiscus) Fransiscusdreef 68-70, 3565 CD Utrecht	Freehold		Aug 2003	23 May 2018	0.36	6,447	4,740



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130	NL	NL25	Amsterdam West	Capital city	Same Store	Shurgard Amsterdam II (Sneevliet) Aletta Jacobslaan 3, 1066 BP, Amsterdam	Long Leasehold	Long Leasehold (perpetual) > freehold	Aug 2003	28 May 2018	0.35	6,902	4,842
131	NL	NL27	Tilburg	Other city	Same Store	Shurgard Tilburg Ringbaan Oost 114, 5013 CD Tilburg	Freehold		Dec 2003	16 May 2018	0.38	7,485	5,141
132	NL	NL28	Almere Stad	Capital city	Same Store	Shurgard Almere Zenderstraat 26, 1324 KS Almere	Freehold		Oct 2003	01 Jun 2018	0.68	6,895	4,715
133	NL	NL29	Eindhoven West	Major city	Same Store	Shurgard Eindhoven Hurksestraat 27, 5652 AH Eindhoven	Leasehold		Dec 2005	16 May 2018	0.45	6,693	4,849
134	NL	NL30	Amstelveen	Capital city	Same Store	Shurgard Amstelveen Zanderij 11, 1185 ZM Amstelveen	Leasehold		Dec 2003	28 May 2018	0.15	5,938	3,685
135	NL	NL31	Amsterdam Schiphol	Capital city	Same Store	Shurgard Badhoevedorp Tokyostraat 2, 1175 RB Lijnden	Freehold		Dec 2003	05 Jun 2018	0.44	6,116	4,488
136	NL	NL33	Den Haag Lozerlaan	Capital city	Same Store	Shurgard Den Haag 2 De Werf 46, 2544 EK Den Haag	Long Leasehold	Long Leasehold (perpetual) > Freehold	Dec 2005	31 May 2018	0.36	5,809	4,003
137	NL	NL35	Zoetermeer Bleiswijkseweg	Capital city	Same Store	Shurgard Zoetermeer Bleiswijkseweg 35A, 2712 PB Zoetermeer	Long Leasehold	Long Leasehold (perpetual) > Freehold	Dec 2005	07 Jun 2018	0.34	6,206	4,253
138	NL	NL36	Haarlem	Capital city	Same Store	Shurgard Haarlem Pieter Goedkoopweg 1, 2031 EL Haarlem	Freehold		Apr 2008	05 Jun 2018	0.12	6,845	4,156
139	NL	NL37	Almere Buiten	Capital city	Same Store	Shurgard Almere Koningbeltweg 2, 1329 AG Almere	Freehold		Dec 2007	01 Jun 2018	1.08	10,895	8,120
140	NL	NL38	Amsterdam Zuid-Oost	Capital city	Same Store	Shurgard Amsterdam Zuid-Oost Hoogoorddreef 69, 1101 BB AMSTERDAMZO	Long Leasehold	Long Leasehold (perpetual) > Freehold	Jun 2008	28 May 2018	0.21	6,775	4,670
141	NL	NL39	Capelle aan den IJssel	Capital city	Same Store	Shurgard Capelle Dalkruiddaan 41, 2908 KC CAPELLE AAN DEN IJSSEL	Freehold		Oct 2008	01 Jun 2018	0.25	8,065	5,583
142	NL	NL40	Wassenaar	Capital city	Same Store	Shurgard Wassenaar Rijksstraatweg 340, 2242 AB WASSENAAR	Freehold		Jul 2009	07 Jun 2018	0.50	6,434	4,286
143	NL	NL41	Delft Zuid	Capital city	Same Store	Shurgard Delft Zuid Karrepad 4, 2623 AE DELFT	Freehold		Dec 2008	31 May 2018	0.14	6,996	4,853
144	NL	NL42	Amsterdam Noord	Capital city	Same Store	Shurgard Amsterdam Noord Softwareweg 4, 1033 ML AMSTERDAM	Long Leasehold	Long Leasehold (perpetual) > Freehold	Feb 2009	28 May 2018	0.19	8,008	4,956
145	NL	NL44	Hilversum	Capital city	Same Store	Shurgard Hilversum Zuiderloswal 14, 1216 CJ HILVERSUM	Long Leasehold	Long Leasehold (perpetual) > Freehold (adapted - FH based on value 76K contract FH vs 12K contract LH)	Jul 2010	01 Jun 2018	0.24	20,814	10,218
146	NL	NL46	Den Haag Binckhorst	Capital city	Same Store	City Box Den Haag Binkhorst Saturnusstraat 36, 2516 AH Den Haag	Freehold		Jul 2015	31 May 2018	0.29	11,240	6,176
147	NL	NL47	Rotterdam	Capital city	Same Store	City Box Rotterdam Feijenoord Korte Stadionweg 107, 3077 ME Rotterdam	Freehold		Jul 2015	01 Jun 2018	0.52	9,024	4,971
148	NL	NL48	Groningen Peizerwe	Major city	Same Store	City Box Groningen Peizerweg Peizerweg 130, 9727 AN Groningen	Freehold		Jul 2015	28 May 2018	0.75	7,363	4,616
149	NL	NL49	Zoetermeer Industrieweg	Capital city	Same Store	City Box Zoetermeer Industrieweg 7, 2712 LA Zoetermeer	Freehold		Jul 2015	07 Jun 2018	0.70	5,365	5,701
150	NL	NL50	Utrecht Zuilen	Capital city	Same Store	City Box Utrecht Cartesiusweg 90, 3534 BD Utrecht	Leasehold		Jul 2015	23 May 2018	0.46	10,189	5,558
151	NL	NL51	Rotterdam Spaanse Polder	Capital city	Same Store	City Box Rotterdam Spaanse Polder Giessenweg 20, 3044 AL Rotterdam	Leasehold		Jul 2015	01 Jun 2018	0.75	9,756	4,975
152	NL	NL52	Arnhem	Major city	Same Store	City Box Arnhem Dr. C. Lelyweg 2, 6827 BH Arnhem	Freehold		Jul 2015	08 May 2018	0.41	7,805	4,683
153	NL	NL54	Nijmegen Energieweg	Major city	Same Store	City Box Nijmegen Energieweg 11, 6541 CW Nijmegen	Leasehold		Jul 2015	08 May 2018	0.58	8,976	4,325
154	NL	NL55	Eindhoven Acht	Major city	Same Store	City Box Eindhoven Acht Ambachtsweg 1, 5627 BZ Eindhoven	Freehold		Jul 2015	16 May 2018	0.79	6,308	3,494

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155	NL	NL56	Den Haag Wateringe	Capital city	Same Store	City Box Den Haag Wateringen s-Gravenzandseweg 24, 2291 PE Wateringen	Freehold		Jul 2015	31 May 2018	1.42	6,515	3,533
156	NL	NL57	Purmerend	Capital city	Same Store	City Box Purmerend Van IJsendijkstraat 379, 1442 LB Purmerend	Freehold		Jul 2015	04 Jun 2018	0.39	3,946	2,522
157	NL	NL58	Hoorn	Capital city	Same Store	City Box Hoorn (via Lelienstad) Protonweg 4, 1627 LZ Hoorn	Freehold		Jul 2015	04 Jun 2018	0.22	3,248	1,693
158	NL	NL59	Hengelo	Other city	Same Store	City Box Hengelo Wegtersweg 5, 7556 BP Hengelo	Freehold		Jul 2015	07 May 2018	0.26	5,907	2,745
159	NL	NL60	Amsterdam Amstel	Capital city	Same Store	City Box Amsterdam Zuid van Marwijk Kooystraat 11, 1096 BR Amsterdam	Long Leasehold	Long Leasehold (perpetual) > Freehold	Jul 2015	28 May 2018	0.24	11,390	6,823
160	NL	NL61	Eindhoven Centrum	Major city	Same Store	City Box Eindhoven Centrum Ruysdaelbaan 35b, 5613 DX Eindhoven	Freehold		Jul 2015	16 May 2018	0.19	4,318	2,647
161	NL	NL62	Alkmaar Oudorp	Capital city	Same Store	City Box Alkmaar Oudorp Madame Curieweg 11, 1821 BM Alkmaar (will be closed/combined)	Freehold		Jul 2015	08 May 2018	0.40	7,434	4,518
162	NL	NL63	Middelburg	Other city	Same Store	City Box Middelburg Klarinetweg 7, 4337 RB Middelburg	Freehold		Jul 2015	12 May 2018	0.73	6,120	2,491
163	NL	NL64	Maastricht Noord	Major city	Same Store	City Box Maastricht Galjoenweg 41, 6222 NS Maastricht	Freehold		Jul 2015	08 May 2018	0.49	7,750	3,759
164	NL	NL65	Den Bosch	Other city	Same Store	City Box Den Bosch Rietveldenweg 54 A, 5222 AS Den Bosch	Freehold		Jul 2015	16 May 2018	0.83	8,126	4,743
165	NL	NL66	Groningen Bornholmstraat	Major city	Same Store	City Box Groningen Bornholmstraat Bornholmstraat 62 B, 9723 AZ Groningen	Freehold		Jul 2015	28 May 2018	0.34	2,730	1,672
166	NL	NL67	Heerenveen	Other city	Same Store	City Box Heerenveen Industrieweg 7, 8444 AR Heerenveen	Freehold		Jul 2015	18 May 2018	0.47	3,774	1,715
167	SE	SE01	Kungens Kurva	Capital city	Same Store	Shurgard Kungens Kurva Lindvretsvägen 1-5, 143 46 Vårby	Freehold		May 1998	17 May 2018	1.39	8,411	6,477
168	SE	SE02	Täby	Capital city	Same Store	Shurgard Täby Kemistvägen 10, 183 79 Täby	Freehold		Jun 1998	17 May 2018	1.00	6,407	5,350
169	SE	SE03	Jakobsberg	Capital city	Same Store	Shurgard Jakobsberg Enköpingsvägen 120, 177 58 Järfälla	Freehold		Dec 1998	16 May 2018	1.08	7,044	5,327
170	SE	SE04	Rissne	Capital city	Same Store	Shurgard Rissne Madenvägen 13, 174 55 Sundbyberg	Long Leasehold	Long Leasehold (perpetual) > Freehold	Dec 1998	16 May 2018	0.93	8,133	6,071
171	SE	SE05	Solna	Capital city	Same Store	Shurgard Solna Solnavägen 19, 171 65 Solna	Freehold		Dec 1999	16 May 2018	0.76	9,645	6,460
172	SE	SE06	Uppsala	Major city	Same Store	Shurgard Uppsala Wretmansgatan 1, 754 50 Uppsala	Freehold		Mar 1999	17 May 2018	0.87	7,584	5,789
173	SE	SE07	Högdalen	Capital city	Same Store	Shurgard Högdalen Magelungsvägen 144, 124 59 Bandhagen	Freehold		May 2002	17 May 2018	0.81	6,574	4,844
174	SE	SE08	Handen	Capital city	Same Store	Shurgard Handen Nynäsvägen 3, 136 47 Haninge	Freehold		Dec 1999	01 Jun 2018	0.70	8,410	5,912
175	SE	SE09	Möndal	Major city	Same Store	Shurgard Möndal Skedebrogatan 2, 431 33 Möndal	Freehold		Dec 1999	30 May 2018	0.81	7,845	5,748
176	SE	SE10	Stockholm Södermal	Capital city	Same Store	Shurgard Södermalm Ringvägen 77, 118 61 Stockholm	Leasehold		Oct 1999	18 May 2018	0.79	6,771	3,718
177	SE	SE11	Upplands Väsby	Capital city	Same Store	Shurgard Upplands Väsby Släntvägen 2, 194 54 Upplands Väsby	Freehold		Jun 2001	17 May 2018	0.47	6,727	4,584
178	SE	SE12	Sköndal	Capital city	Same Store	Shurgard Sköndal Bogårdsvägen 47, 128 62 Sköndal	Long Leasehold	Long Leasehold (perpetual) > Freehold	Nov 2001	01 Jun 2018	0.45	6,664	4,741
179	SE	SE13	Malmö Lundavägen	Major city	Same Store	Shurgard Lundavägen Lundavägen 70, 212 25 Malmö	Freehold		Nov 2000	16 May 2018	1.10	19,484	8,411
180	SE	SE14	Södertälje	Capital city	Same Store	Shurgard Södertälje Klastorpsvägen 5, 152 42 Södertälje	Freehold		Dec 2000	05 Jun 2018	0.76	6,637	4,820

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181	SE	SE15	Lund	Major city	Same Store	Shurgard Lund Företagsvägen 48, 227 61 Lund	Freehold		Dec 2001	16 May 2018	1.51	6,166	4,887
182	SE	SE16	Malmö Ystadvägen	Major city	Same Store	Shurgard Ystadvägen Östra Hindbyvägen 26, 213 74 Malmö	Freehold		Oct 2001	16 May 2018	0.54	7,476	4,733
183	SE	SE17	Göteborg Backaplan	Major city	Same Store	Shurgard Backaplan Minelundsvägen 10, 417 05 Göteborg	Freehold		Oct 2001	29 May 2018	0.63	6,721	4,883
184	SE	SE18	Västra Frölunda	Major city	Same Store	Shurgard Västra Frölunda Traneredsvägen 114, 426 53 Västra Frölunda	Freehold		Dec 2001	30 May 2018	0.88	8,754	6,099
185	SE	SE19	Danderyd	Capital city	Same Store	Shurgard Danderyd Rinkebyvägen 29, 182 36 Danderyd	Freehold		Aug 2002	16 May 2018	0.52	6,326	4,391
186	SE	SE20	Stockholm Årstaberg	Capital city	Same Store	Shurgard Årstaberg Upplagsvägen 2, 117 43 Stockholm	Long Leasehold	Long Leasehold (perpetual) > Freehold	Dec 2002	17 May 2018	0.40	6,744	4,529
187	SE	SE21	Helsingborg	Major city	Same Store	Shurgard Helsingborg La Cours gatan 3, 252 31 Helsingborg	Freehold		Apr 2003	16 May 2018	0.48	6,765	4,954
188	SE	SE22	Vällingby - Bromma	Capital city	Same Store	Shurgard Vällingby Jämtlandsgatan 125, 162 60 Vällingby	Long Leasehold	Long Leasehold (perpetual) > Freehold	Dec 2003	16 May 2018	0.30	7,370	5,150
189	SE	SE23	Nacka	Capital city	Same Store	Shurgard Nacka Skvaltans väg 10, 131 39 Nacka	Freehold		May 2006	01 Jun 2018	0.43	5,832	3,878
190	SE	SE24	Stockholm Kungliga Tennishallen	Capital city	Same Store	Shurgard i Kungliga Tennishallen Lidingövägen 75, 115 41 Stockholm	Leasehold		Jun 2006	28 May 2018	2.23	3,948	2,679
191	SE	SE25	Göteborg Munkebäck	Major city	Same Store	Shurgard Munkebäck Torpavallsgatan 6A, 416 73 Göteborg	Long Leasehold	Long Leasehold (perpetual) > Freehold	Dec 2006	30 May 2018	0.44	5,599	3,847
192	SE	SE26	Högsbo	Major city	Same Store	Shurgard Högsbo J A Wettergrens gata 1B, 421 30 Västra Frölunda	Freehold		Feb 2007	30 May 2018	0.50	5,848	4,251
193	SE	SE27	Sollentuna	Capital city	Same Store	Shurgard Sollentuna Hovslagarevägen 6, 192 05 Sollentuna	Freehold		Mar 2008	17 May 2018	0.27	7,886	5,421
194	SE	SE28	Stockholm Vanadis	Capital city	Same Store	Shurgard Vanadis Vanadisvägen 4 - 113 46 Stockholm	Freehold	Leasehold for office but Freehold for the storage area (adapted - C&W	Mar 2009	23 May 2018	0.54	5,417	3,222
195	SE	SE29	Farsta - Trångsund	Capital city	Same Store	Shurgard Trångsund Dalarövägen 3 - 14266 Trångsund	Freehold		Aug 2009	01 Jun 2018	0.61	7,647	5,472
196	SE	SE30	Hägersten	Capital city	Same Store	Shurgard Hägersten Wendela Hebbes Gata 11 - 129 55 Hägersten	Freehold		May 2009	17 May 2018	0.56	10,423	7,453
197	SE	SE31	Huddinge	Capital city	New Store	Shurgard Huddinge Kräpplavägen 13 - 141 40 Huddinge	Freehold		Apr 2018	17 May 2018	0.31	6,548	4,655
198	UK	UK01	South Croydon	Capital city	Same Store	Shurgard Croydon 491, Brighton Rd, S. Croydon Surrey CR2 6EW	Freehold		Nov 1999	12 Jun 2018	0.57	8,277	6,189
199	UK	UK02	Norbury	Capital city	Same Store	Shurgard South Streatham 1264/1266 London Rd, Norbury London SW16 4EJ	Freehold		Nov 1999	12 Jun 2018	0.37	6,046	4,047
200	UK	UK03	Reading	Capital city	Same Store	Shurgard Reading 75/77 Caversham Road, Reading, RG1 8AN	Freehold		Mar 2000	15 Jun 2018	0.56	6,691	4,687
201	UK	UK04	Hayes	Capital city	Same Store	Shurgard Hayes Shurgard House, Uxbridge Road, Hayes, Middlesex UB4 0HD	Freehold		Dec 1999	12 Jun 2018	0.83	8,843	6,176
202	UK	UK05	Hanworth	Capital city	Same Store	Shurgard Hanworth 1 Popham Close, Hanworth, Middlesex TW13 6JE	Freehold		Feb 2000	15 Jun 2018	0.48	5,625	4,046
203	UK	UK06	Epsom	Capital city	Same Store	Shurgard Ewell 1 Beaufort Way, Ewell, Epsom KT19 7LP	Freehold		Mar 2001	15 Jun 2018	0.31	6,477	4,423
204	UK	UK07	Neasden	Capital city	Same Store	Shurgard Neasden 510 Neasden Lane North, London NW10 0EA	Freehold		Dec 2001	12 Jun 2018	0.45	7,408	4,756
205	UK	UK08	Putney	Capital city	Same Store	Shurgard Putney Shurgard House, 70 Putney Bridge Road, London SW18 1HR	Freehold		Dec 2002	12 Jun 2018	0.36	6,580	4,474
206	UK	UK10	Greenford	Capital city	Same Store	Shurgard Greenford 750-758 Greenford Road, Greenford, Middlesex UB6 8QQ	Freehold		Dec 2002	12 Jun 2018	0.47	8,616	5,706



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207	UK	UK11	Ruislip	Capital city	Same Store	Shurgard Ruislip 652 Victoria Road, Ruislip, Middlesex HA4 0LN	Long Leasehold	Long Leasehold > Freehold	Aug 2002	12 Jun 2018	0.58	7,454	5,355
208	UK	UK12	Gypsy Corner	Capital city	Same Store	Shurgard Gypsy Corner 3 Portal Way, Gypsy Corner, London, W3 6RT	Freehold		Dec 2003	12 Jun 2018	0.36	9,114	6,312
209	UK	UK13	Wokingham	Capital city	Same Store	Shurgard Wokingham Shurgard House, Milly Millars Lane, Wokingham, Berks RG41 2QB	Freehold		Apr 2003	15 Jun 2018	0.47	6,304	4,505
210	UK	UK14	Edgware	Capital city	Same Store	Shurgard Edgware 250 Burnt Oak Broadway, Edgware, Middlesex, HA8 0GA	Freehold		Dec 2003	12 Jun 2018	0.41	7,004	4,858
211	UK	UK15	Forest Hill	Capital city	Same Store	Shurgard Forest Hill 119-121 Stansted Road, Forest Hill, London, SE23 1HJ	Freehold		May 2005	21 Jun 2018	0.21	5,803	3,337
212	UK	UK16	Surbiton	Capital city	Same Store	Shurgard Surbiton Kingston House Estate, Surbiton, Surrey KT6 5QQ	Freehold		Apr 2010	15 Jun 2018	0.21	6,920	4,586
213	UK	UK18	Camberley	Capital city	Same Store	Shurgard Camberley 505 London Road, Camberley, Surrey, GU15 3JE	Freehold		Dec 2006	15 Jun 2018	0.24	6,258	3,987
214	UK	UK19	Croydon Fiveways	Capital city	Same Store	Shurgard Wallington 161 Stafford Road, Croydon, Surrey, CR0 4NN	Freehold		Jul 2005	12 Jun 2018	0.25	6,369	3,890
215	UK	UK21	Harrow	Capital city	Same Store	Shurgard Hatch End 3 Chantry Place, Harrow Middlesex, HAY 6NY	Freehold		Dec 2004	12 Jun 2018	0.49	8,146	5,632
216	UK	UK22	City Airport	Capital city	Same Store	Shurgard City Oriental Road, London, E16	Freehold		Dec 2007	21 Jun 2018	0.49	5,760	3,916
217	UK	UK23	Croydon Purley Way	Capital city	Same Store	Shurgard Croydon Purley Way 78 Purley Way, CRO 3JP Croydon	Freehold		Jan 2010	12 Jun 2018	0.56	12,540	7,680
218	UK	UK24	Kennington	Capital city	Same Store	Shurgard Kennington Kennington Road 381, London SE11 4PT	Freehold		Dec 2009	21 Jun 2018	0.15	2,927	1,557
219	UK	UK27	Chingford Highams Park	Capital city	New Store	Shurgard Chingford 13 Hickman Avenue, Chingford, E4 9JG	Freehold		Sep 2015	12 Jun 2018	0.78	10,745	7,543
220	UK	UK28	Alperton Park Royal	Capital city	New Store	Shurgard Park Royal North Circular Road, London, NW10 7QS	Freehold		Nov 2015	12 Jun 2018	0.22	9,646	6,559
221	UK	UK29	Woolwich	Capital city	New Store	Shurgard Woolwich 4/40 Nathan Way, West Thames, SE28 0AA	Freehold		Dec 2015	21 Jun 2018	0.53	11,243	8,043
222	UK	UK30	Deptford	Capital city	New Store	Shurgard Deptford Blackhorse Rd, London SE8 5HY	Freehold		Dec 2017	21 Jun 2018	0.39	12,355	8,444
223	UK	UK31	Romford	Capital city	New Store	Shurgard Romford - 3 Rush Green Road, London RM7 0QA	Freehold		Dec 2016	12 Jun 2018	0.37	10,289	6,994
224	UK	UK32	Greenwich	Capital city	New Store	Shurgard Greenwich 22 Horn Ln, London SE10 0RT	Long Leasehold	Long Leasehold > Freehold	Dec 2017	21 Jun 2018	0.36	12,644	9,434

note 1: Unless this information is provided in conjunction with a Valuation Report, it is for guidance purposes only and does not constitute a formal valuation. The information is confidential to the party to whom it is addressed and no liability is accepted to any other party. note 2: The European Support Center space at Groot Bijgaarden (BE25) is excluded from the valuation of this property.  
note 3: IPUCs are included in the table above  
note 4: Special Assumption: Management fees at actual management costs

## SOURCES OF INFORMATION

### Sources of Information

In addition to information established by us, we have relied on the information obtained from you, as listed below:

Information	Source / Author
Detailed Trading Data	Shurgard
Tenure Details	Shurgard
Occupancy Reports and Unit Mix	Shurgard
Business Plans (for IPUCs)	Shurgard
Planning Information (for IPUCs)	Shurgard
Capital Expenditure Forecast	Shurgard
Leasehold Details	Shurgard



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## CONSOLIDATED FINANCIAL STATEMENTS

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**SHURGARD SELF STORAGE EUROPE SÀRL AND ITS SUBSIDIARIES**  
**IFRS CONSOLIDATED FINANCIAL STATEMENTS**  
**AS OF AND FOR THE YEARS ENDED 31 DECEMBER 2017, 2016 AND 2015**

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## INDEPENDENT AUDITOR'S REPORT

To the Shareholders of  
Shurgard Self Storage Europe S.à r.l  
6C, rue Gabriel Lippmann  
L- 5365 Münsbach  
Luxembourg

### Opinion

We have audited the consolidated financial statements of Shurgard Self Storage Europe S.à r.l. and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2017, 31 December 2016 and 31 December 2015, and the consolidated statement of profit and loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows, for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2017, 31 December 2016 and 31 December 2015, and of its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS").

### Basis for Opinion

We conducted our audits in accordance with the Law of 23 July 2016 on the audit profession (the "Law of 23 July 2016") and with International Standards on Auditing ("ISAs") as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier" ("CSSF"). Our responsibilities under those Law and standards are further described in the "responsibilities of the "réviseur d'entreprises agréé" for the audits of the consolidated financial statements section of our report. We are also independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code") as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audits of the consolidated financial statements, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Other information

The Board of Managers is responsible for the other information. The other information comprises the information included in the consolidated management report but does not include the consolidated financial statements and our report of the "réviseur d'entreprises agréé" thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report this fact. We have nothing to report in this regard.

### **Responsibilities of the Board of Managers and those charged with governance for the consolidated financial statements**

The Board of Managers is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with IFRS as adopted by the European Union, and for such internal control as the Board of Managers determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Managers is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Managers either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

### **Responsibilities of the “réviseur d'entreprises agréé” for the audit of the consolidated financial statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of the “réviseur d'entreprises agréé” that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Managers.

- Conclude on the appropriateness of Board of Managers' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of the "réviseur d'entreprises agréé" to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report of the "réviseur d'entreprises agréé". However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Ernst & Young  
Société anonyme  
Cabinet de révision agréé

Bruno Di Bartolomeo

Luxembourg, 10 August 2018

## Consolidated statement of profit and loss for the year ended 31 December

All amounts in € '000 for the year ended 31 December	Note	2017	2016	2015
Real estate operating revenue	7,13,36	238,561	232,116	218,120
Real estate operating expense	8	(90,609)	(91,082)	(87,462)
<b>Net income from real estate operations</b>		<b>147,952</b>	<b>141,034</b>	<b>130,658</b>
General, administrative and other expenses	10	(10,834)	(17,744)	(12,794)
<i>Of which depreciation and amortization expense</i>		<i>(1,527)</i>	<i>(1,498)</i>	<i>(1,450)</i>
Acquisition costs of business combinations	14	(1,007)	(368)	(9,471)
Royalty fee expense	35	(2,343)	(2,278)	(2,138)
<b>Operating profit before revaluation gain and (loss) gain on disposal of investment property, plant and equipment and assets held for sale</b>		<b>133,768</b>	<b>120,644</b>	<b>106,255</b>
Valuation gain from investment property and investment property under construction	17,18	136,621	153,079	94,934
(Loss) gain on disposal of investment property plant and equipment and assets held for sale		(43)	43	97
<b>Operating profit</b>		<b>270,346</b>	<b>273,766</b>	<b>201,286</b>
Finance cost	11	(18,616)	(20,742)	(21,926)
<b>Profit before tax</b>		<b>251,730</b>	<b>253,024</b>	<b>179,360</b>
Income tax expense	12	(40,211)	(41,449)	(48,935)
<b>Attributable profit for the year</b>		<b>211,519</b>	<b>211,575</b>	<b>130,425</b>
Profit attributable to non-controlling interests	27	384	446	316
Profit attributable to ordinary equity holders of the parent		211,135	211,129	130,109
<b>Earnings per share in €, attributable to ordinary equity holders of the parent:</b>				
Basic, profit for the year	15	€ 3.31	€ 3.31	€ 2.04
Diluted, profit for the year	15	€ 3.30	€ 2.86	€ 1.53

The accompanying notes are an integral part of these consolidated financial statements.

## Consolidated statement of comprehensive income

All amounts in € '000 for the year ended 31 December	Notes	2017	2016	2015
<b>Profit for the year</b>		211,519	211,575	130,425
<b>Other comprehensive income</b>				
Items to be reclassified to profit or loss in subsequent periods:				
Foreign currency translation reserve		(21,393)	(52,845)	23,785
Net other comprehensive (loss) income, net of tax, to be reclassified to profit or loss in subsequent periods		(21,393)	(52,845)	23,785
Net other comprehensive income (loss), net of tax, not to be reclassified to profit or loss in subsequent periods		166	(35)	-
<b>Total comprehensive income for the year, net of tax</b>		<b>190,292</b>	<b>158,695</b>	<b>154,210</b>
Attributable to non-controlling interests		(384)	(446)	(316)
<b>Attributable to ordinary equity holders of the parent</b>	<b>27</b>	<b>189,908</b>	<b>158,249</b>	<b>153,894</b>

The accompanying notes are an integral part of these consolidated financial statements.

## Consolidated statement of financial position

All amounts in € '000 as of 31 December	Note	2017	2016	2015	As at 1 January 2015
<b>ASSETS</b>					
<b>NON-CURRENT ASSETS:</b>					
Investment property	17, 18	2,289,770	2,117,979	1,987,756	1,686,520
Investment property under construction	17, 18	10,922	10,271	708	15,031
Property, plant and equipment	19	1,145	1,023	896	644
Intangible assets	19	3,115	3,263	2,943	2,724
Deferred tax assets	12	1,468	2,479	3,175	3,616
Other non-current assets	20	1,611	1,682	2,339	1,393
<b>Total non-current assets</b>		<b>2,308,031</b>	<b>2,136,697</b>	<b>1,997,817</b>	<b>1,709,928</b>
<b>CURRENT ASSETS:</b>					
Trade and other receivables	21	12,952	14,458	15,417	12,057
Assets held for sale		3	5	2,156	147
Other current assets	22	7,379	5,794	4,824	5,371
Cash and cash equivalents	23	23,645	11,679	120,633	59,380
<b>Total current assets</b>		<b>43,979</b>	<b>31,936</b>	<b>143,030</b>	<b>76,955</b>
<b>TOTAL ASSETS</b>		<b>2,352,010</b>	<b>2,168,633</b>	<b>2,140,847</b>	<b>1,786,883</b>
<b>EQUITY AND LIABILITIES</b>					
<b>EQUITY</b>					
Issued share capital	24, 25	800,629	800,629	800,629	800,629
Equity component of financial instruments		-	-	4,256	4,256
Other comprehensive income		(73,138)	(51,911)	969	(22,816)
Retained earnings		608,835	397,700	186,571	56,462
<b>Total equity attributable to equity holders of the parent</b>		<b>1,336,326</b>	<b>1,146,418</b>	<b>992,425</b>	<b>838,531</b>
<b>Non-controlling interests</b>	<b>27</b>	<b>3,190</b>	<b>2,806</b>	<b>2,360</b>	<b>2,044</b>
<b>TOTAL EQUITY</b>		<b>1,339,516</b>	<b>1,149,224</b>	<b>994,785</b>	<b>840,575</b>
<b>NON-CURRENT LIABILITIES:</b>					
Interest-bearing loans and borrowings	28, 30	597,347	623,995	781,685	548,517
Deferred tax liabilities	12	335,028	314,366	290,466	233,983
Finance lease obligations	29, 30	6,046	6,475	6,868	4,445
Other non-current liabilities	30	600	1,259	1,543	1,880
<b>Total non-current liabilities</b>		<b>939,021</b>	<b>946,095</b>	<b>1,080,562</b>	<b>788,825</b>
<b>CURRENT LIABILITIES:</b>					
Interest-bearing loans and borrowings	28, 30	-	-	-	35,000
Finance lease obligations	29, 30	504	464	427	36
Trade and other payables and deferred revenue	32	64,718	67,395	60,458	118,960
Income tax payable	12	8,251	5,455	4,615	3,487
<b>Total current liabilities</b>		<b>73,473</b>	<b>73,314</b>	<b>65,500</b>	<b>157,483</b>
<b>TOTAL LIABILITIES</b>		<b>1,012,494</b>	<b>1,019,409</b>	<b>1,146,062</b>	<b>946,308</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>2,352,010</b>	<b>2,168,633</b>	<b>2,140,847</b>	<b>1,786,883</b>

The accompanying notes are an integral part of these consolidated financial statements.

## Consolidated statement of changes in equity

All amounts in € '000	Issued share capital (note 24)	Equity component of convertible loan payable to SEH LLC	Other Comprehensive Income (*)	Retained Earnings	Total	Non-controlling interests	Total equity
<b>As at 1 January 2015</b>	800,629	4,256	(22,816)	56,462	838,531	2,044	840,575
Net profit	-	-	-	130,109	130,109	316	130,425
Other comprehensive income	-	-	23,785	-	23,785	-	23,785
<b>At 31 December 2015</b>	800,629	4,256	969	186,571	992,425	2,360	994,785
Unwinding of equity component on subordinated, convertible loan payable to SEH LLC (note 28)	-	(4,256)	-	-	(4,256)	-	(4,256)
Net profit	-	-	-	211,129	211,129	446	211,575
Other comprehensive income	-	-	(52,880)	-	(52,880)	-	(52,880)
<b>At 31 December 2016</b>	800,629	-	(51,911)	397,700	1,146,418	2,806	1,149,224
Net profit	-	-	-	211,135	211,135	384	211,519
Other comprehensive income	-	-	(21,227)	-	(21,227)	-	(21,227)
<b>At 31 December 2017</b>	800,629	-	(73,138)	608,835	1,336,326	3,190	1,339,516

(\*) Other comprehensive income for all periods as of 1 January and 31 December 2015, 31 December 2016 and 31 December 2017 include €4.9 million comprehensive income the Company earned in connection with net investment hedges the Company entered into and that matured prior to the transition date.

The accompanying notes are an integral part of these consolidated financial statements.

## Consolidated statement of cash flows

All amounts in € '000 for the year ended 31 December	Note	2017	2016	2015
<b>Operating activities</b>				
Profit for the year before tax		251,730	253,024	179,360
Adjustments to reconcile profit before tax to net cash flows:				
Valuation loss (gain) on investment property and investment property under construction	17, 18	(136,621)	(153,079)	(94,934)
Loss (gain) on disposal of investment property, property, plant and equipment and assets held for sale		43	(43)	(97)
Depreciation and amortization expense	10, 19	1,527	1,498	1,450
Finance cost	11	18,616	20,742	21,926
Working capital movements:				
(Increase) decrease in trade receivables, other current and non-current assets	20, 21, 22	(494)	811	(2,872)
(Decrease) increase in other current and non-current liabilities and deferred revenue	31,32	(3,243)	7,695	652
Income tax paid	12	(12,342)	(8,735)	(6,416)
<b>Cash flows from operating activities</b>		<b>119,216</b>	<b>121,913</b>	<b>99,069</b>
<b>Investing activities</b>				
Capital expenditures on completed investment property and investment property under construction (*)	17	(46,963)	(41,566)	(33,029)
Capital expenditures on property, plant and equipment	19	(484)	(536)	(464)
Acquisition of businesses, net of cash acquired (**)	14	(13,500)	(5,638)	(179,319)
Proceeds from disposal of investment property, property, plant and equipment and assets held for sale and insurance recovery proceeds	17,19	503	1,704	744
Acquisition of intangible assets	19	(1,032)	(1,458)	(1,333)
<b>Cash flows from investing activities</b>		<b>(61,476)</b>	<b>(47,494)</b>	<b>(213,401)</b>
<b>Financing activities</b>				
Proceeds from borrowings	28, 30	20,000	65,000	340,000
Repayment of borrowings	28, 30	(47,000)	(202,734)	(147,500)
Repayment of finance lease obligations	29	(464)	(427)	(220)
Payments for debt financing costs	28, 30	-	(2)	(1,676)
Interest paid	30	(18,337)	(45,019)	(14,855)
<b>Cash flows from financing activities</b>		<b>(45,801)</b>	<b>(183,182)</b>	<b>175,749</b>
Net increase (decrease) in cash and cash equivalents		11,939	(108,763)	61,417
Effect of exchange rate fluctuation		27	(191)	(164)
Cash and cash equivalents at 1 January		11,679	120,633	59,380
<b>Cash and cash equivalents at 31 December</b>		<b>23,645</b>	<b>11,679</b>	<b>120,633</b>

(\*) Capital expenditure on completed investment property, investment property under construction and on property, plant and equipment are net of transfers to and from assets held for sale, respectively.

(\*\*) Acquisition of businesses, net of cash acquired for the year ended 31 December 2015 includes €114.8 million we paid for the acquisition of City Box (note 14) and €64.5 million for an acquisition the Company made in 2014 but that was paid early 2015 (note 31).

The accompanying notes are an integral part of these consolidated financial statements.



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## 1. Corporate information

Shurgard Self Storage Europe (referred to collectively with its consolidated subsidiaries, as the “Company”, “we”, “our”, or “us”) is organised under the laws of the Grand Duchy of Luxembourg. Our registered office and principal place of business is 6 C Rue Gabriel Lippmann, L-5365 Münsbach (Grand Duchy of Luxembourg). Our shareholders are Shurgard European Holdings LLC (“SEH LLC”), a limited liability company incorporated in 2008 in Delaware, United States (“U.S.”), which owns 99.99% of the interest in the Company and Shurgard Guernsey Investment LLC, which owns the remaining 0.01% interest in the Company. The New York Common Retirement Fund (“NYCRF”) and Public Storage (“PS”) own 51% and 49%, respectively, of the interest in SEH LLC. 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 self-storage facilities consisting primarily of sales of storage products and provide protection (insurance) via an independent insurance company for customers’ stored goods. Any claims in regard to customer insurance are directly handled by our insurance broker. As of 31 December 2017, we operate 221 self-storage facilities under the Shurgard brand name that we own or lease in Belgium, the Netherlands, France, Sweden, Denmark, the United Kingdom (the “U.K.”) and Germany. We also operate under the Shurgard brand name through a management contract one self-storage facility in the U.K. (see note 35).

## 2. Basis of preparation

The consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS).

The Company’s financial statements have been prepared on a historical cost basis, except for the following:

- i. Investment property and investment property under construction, which are measured at fair value;
- ii. Non-current assets held for sale, which are measured at the lower of its carrying amount and fair value less cost of disposal;
- iii. Cash-settled share-based compensation plans, for which the liability is measured at fair value; and
- iv. Defined benefit pension plans, for which the assets are measured at fair value. Pension plan liabilities are measured according to the projected unit credit method.

The consolidated financial statements are presented in euros and all values are rounded to the nearest million (€’000,000), except where otherwise indicated.

The financial statements were authorized for issue by the Board of Managers on 3 August 2018. The Board of Managers has the power to amend and reissue the financial statements.

### 3. Summary of significant accounting policies

#### Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at and for the years ended 31 December 2017, 2016 and 2015. Specifically, the Company controls an investee if, and only if, it has:

- i. Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- ii. Exposure, or rights, to variable returns from its involvement with the investee; and
- iii. The ability to use its power over the investee to affect its returns.

The Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Company gains control until the date the Company ceases to control the subsidiary.

Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Company and to the non-controlling interests. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Company's accounting policies. All intra-company assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Company are eliminated in consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Company loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

#### Property acquisitions

Where property is acquired, via corporate acquisitions or otherwise, management considers the substance of the assets and activities of the acquired entity in determining whether the acquisition represents the acquisition of a business.

Where such acquisitions are not judged to be an acquisition of a business, they are not treated as business combinations. Rather, the cost to acquire the corporate entity or assets and liabilities is allocated between the identifiable assets and liabilities (of the

entity) based on their relative values at the acquisition date.

#### Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Company elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with the changes in fair value recognised in the statement of profit or loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests) and any previous interest held over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Company re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

#### Foreign currencies

The Company's consolidated financial statements are presented in euros, which is also the parent company's functional currency. For each entity, the Company determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Company uses the direct method of consolidation and on disposal of a foreign operation the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.

#### i. Transactions and balances

Transactions in foreign currencies are initially recorded by the Company's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in profit or loss, with the exception of monetary items that are designated as part of the hedge of the Company's net investment of a foreign operation. These are recognised in other comprehensive income ("OCI") until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in OCI.

Non-monetary items that are measured in terms of historical cost in a foreign currency by the Company's entities are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured, by the Company's entities, at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of such non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

## ii. Subsidiaries

On consolidation, the assets and liabilities of foreign operations are translated into euros at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at average exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognised in profit or loss.

## Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker ("CODM"). The CODM is the executive committee and consist of CEO, CFO, VP Operations, VP Real Estate and VP Human Resources and Legal ("the Executive Committee").

## Investment property and investment property under construction

Investment property comprises completed property and property under construction or re-development that is held to earn rentals. Property held under a lease is classified as investment property when it is held to earn rentals, rather for use in production or administrative functions.

Investment property is measured initially at cost, including transaction costs. Transaction costs include transfer taxes, professional fees for legal services and initial leasing commissions to bring the property to the

condition necessary for it to be capable of operating. The carrying amount also includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met.

Subsequent to initial recognition, investment property is stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the period in which they arise, including the corresponding tax effect.

Transfers are made to (or from) investment property only when there is a change in use which can be evidenced, for example with the commencement or end of owner-occupation. However, a change in management's intentions on the property would not meet this criteria. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use.

Investment property is derecognised either when it has been disposed of or when it is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition.

## Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in the arrangement.

### i. Company as a lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and the reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to the statement of profit or loss.

Operating lease is a lease other than a finance lease. Operating lease payments, including upfront payments and lease incentives, are expensed in the statement of profit or loss within real estate operating expense on a straight-line basis over the lower of the lease term or a maximum of thirty years, except for contingent rental payments which are expensed when they arise.

## ii. Company as a lessor

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

### Property, plant and equipment

Our property, plant and equipment mainly consists of building improvements and office equipment in use at the local head offices in the countries in which we operate. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Property, plant and equipment is depreciated on a straight-line basis over an estimated five year economic useful life.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

When there is an impairment indicator, an asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

### Intangible assets

The Company's intangible assets mainly consists of internally developed computer software. Software development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Company are recognised as intangible assets when the criteria, as defined in IAS 38, are met.

Capitalised software development costs are recorded as intangible assets and amortised on a straight-line basis over their economic useful lives (of three to five years) from the moment at which the asset is ready for use.

Costs associated with maintaining software programmes are recognised as an expense as incurred. Research expenditure and development expenditure that do not meet the criteria for capitalisation above are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

### Borrowings

All borrowings are initially recognised at fair value less directly attributable transaction costs. After initial recognition, borrowings are subsequently measured at amortised cost using the effective interest method.

The fair value of the liability portion of a convertible debt is determined using a market interest rate for an equivalent non-convertible debt. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion or maturity of the debt. The remainder of the proceeds is allocated to the conversion option. This is recognised and included in shareholders' equity, net of income tax effects.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

### Borrowing costs

Borrowing costs directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

The interest capitalised is calculated using the Company's weighted average cost of borrowings. Interest is capitalised as from the commencement of the development work until the date of practical completion, i.e., when substantially all of the development work is completed. The capitalisation of finance costs is suspended if there are prolonged periods when development activity is interrupted. Interest is also capitalised on the purchase cost of a site of property acquired specifically for redevelopment, but only where activities necessary to prepare the asset for redevelopment are in progress.

### Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank and cash equivalents with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

### Rent and other receivables

Rent and other receivables are recognised at their original invoiced value except where the time value of money is material, in which case receivables are recognised at fair value and subsequently measured at amortised cost. A provision is made when there is objective evidence that the Company will not be able to recover balances in full. Based on our historic experience we determined a tenant receivable is impaired after being due for more than sixty days. Balances are written off and included in real estate operating expense when the probability of recovery is assessed as being remote.

### Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within thirty days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within twelve months after the reporting period.

### Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being received. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Company has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor, it has pricing latitude and is also exposed to inventory and credit risks.

The specific recognition criteria described below must also be met before revenue is recognised.

#### i. Rental income

The Company is the lessor in operating leases. Rental income arising from operating leases on investment property is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature, except for contingent rental income which is recognised when it arises. Initial direct costs incurred in negotiating and arranging an operating lease are recognised as an expense over the lease term on the same basis as the lease income.

Tenant lease incentives are recognised as a reduction of rental revenue on a straight-line basis over the term of the lease. The lease term is the non-cancellable period of the lease together with any further term for which the tenant has the option to continue the lease, where, at the inception of the lease, the managers are reasonably certain that the tenant will exercise that option.

Amounts received from tenants to terminate leases or to compensate for dilapidations are recognised in the statement of profit or loss when the right to receive them arises.

#### ii. Insurance revenue

Revenue from insurance is recognized on a straight-line basis over the period that a customer occupies its storage unit.

#### iii. Service charges, management charges and other expenses recoverable from tenants

Income arising from expenses recharged to tenants is recognised in the period in which the compensation becomes receivable. Service and management charges and other such receipts are included in real estate operating revenue gross of the related costs, as the managers consider that the Company acts as principal in this respect.

### Employee benefits

#### i. Short term employee benefits

Liabilities for wages and salaries that are expected to be settled wholly within twelve months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

Bonuses received by company employees and management are based on pre-defined Company and individual target achievements. The estimated amount of the bonus is recognized as an expense over the period the bonus is earned.

#### ii. Pension benefits

The Company has defined contribution plans in certain countries in which it operates whereby contributions by the Company are charged to real estate operating expense and general, administrative and other expense in our consolidated statements of profit and loss in the period in which services are rendered by the covered employees.

Because of the Belgian legislation applicable to the second pillar pension plans (the so-called "Law Vandenbroucke"), all Belgian pension plans that are structured as defined contribution plans are considered defined benefit plans under IFRS and are therefore accounted for as such.

Because of this minimum guaranteed return, the employer is exposed to a financial risk since further contributions could be required if the return on the assets is not sufficient to reach the minimum benefits to be paid. The Company has plans that are financed through insurance contracts. The projected unit credit method has been used as the actuarial technique to measure the defined benefit obligation. The related assumptions, the defined benefit obligation and related plan assets are further disclosed in note 33.

### iii. Other post-employment obligations

The Company does not have other post-employment obligations.

### iv. Termination benefits

Termination benefits are payable when employment is terminated by the Company before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Company recognises termination benefits at the earlier of the following dates: (a) when the Company can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of IAS 37 and involves the payment of terminations benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

## Share-based compensation

Employees (including senior executives) of the Company receive remuneration in the form of share-based options that are cash-settled (see note 34). A liability is recognised for the fair value of these share-based payment plans. The fair value is measured initially and at each reporting date up to and including the settlement date. The changes in the fair value are recognised in general, administrative and other expenses (see note 34). This fair value is expensed over the four-year period until the vesting date with recognition of a corresponding liability. The fair value is determined using a Black-Scholes model, further details of which are given in note 34.

## Income tax

Income tax expense comprises current and deferred tax. It is recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in OCI. Interest and penalties related to income taxes, including uncertain tax treatments, can be accounted for under IAS 12 Income taxes or under IAS 37 Provisions, Contingent Liabilities and Contingent Assets depending on whether the interest and penalties qualify as an income tax or not.

### i. Current income tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible.

The Group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

### ii. Deferred tax

Deferred tax is recognized for temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and their corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which deductible temporary differences and tax losses carried forward can be utilized.

Deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit or loss. In respect of taxable temporary differences associated with investments in subsidiaries and interests in joint arrangements:

- Deferred tax liabilities are not recognized when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future ;
- Deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The measurement of deferred tax reflects the tax consequences that would follow from the manner, in which the Group expects, at the reporting date, to recover or settle the carrying amount of assets and liabilities. For the purposes of measuring deferred tax liabilities or deferred tax assets arising from investment properties that are measured using the fair value model, the management has concluded that they are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, in determining the Group's deferred taxation on investment properties, the management has determined that the presumption that investment properties measured using the fair value model are recovered through sale is rebutted.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

## Earnings per share

### i. Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to equity holders of the company by
- the weighted average number of ordinary shares outstanding during the financial year, excluding treasury shares.

### ii. Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares (including outstanding share options).

## Non-GAAP financial information

The Board of Managers have identified certain measures that they believe will assist the understanding of the performance of our business. The measures are not defined under IFRS and they may not be directly comparable with other companies' non-GAAP measures. These non-GAAP measures are not intended to be a substitute for, or superior to, any IFRS measures of performance but they have been included as the Board of Managers consider them to be important key measures used within the business for assessing performance. The following are the key non-GAAP measures identified by the Company and are based on guidance as defined by the European Public Real Estate Association ("EPRA"), a not-for-profit association registered in Belgium, in their Best Practices Guidelines dated November 2016:

- (Adjusted) EPRA earnings – EPRA earnings is a measure of underlying operational performance to reflect the income return on investment. EPRA earnings is defined as profit or loss for the period after income tax but excluding acquisition costs relating to business combinations (net of taxes and non-controlling interest), gains or losses on the revaluation of investment property (net of taxes and non-controlling interest), gains or losses on the sale of investment property, assets held for sale and property, plant and equipment (net of taxes and non-controlling interest). Adjusted EPRA earnings is defined as EPRA earnings excluding (i) deferred tax expenses on items other than the

revaluation of investment property, and (ii) significant one-off items that arise from events and transactions distinct from the Company's regular operating activities.

- EPRA Net Asset Value (per share) – The objective of this metric is to provide information on the fair value of net assets on an ongoing, long-term basis. EPRA Net Asset Value is calculated based on Net Asset Value, but excludes the value of assets and liabilities measured at fair value that are not expected to crystallise in normal circumstance, and deferred taxes on such fair value adjustments.
- Adjusted EPRA Net Asset Value (per share) – The objective of this metric is to report net asset value including fair value adjustments in respect of material balance sheet items which are not reported at their fair value as part of the EPRA NAV.

## Fair value measurements

The Company measures investment property and investment property under construction at fair value at each reporting date. Fair value related disclosures for items measured at fair value or where fair values are disclosed, are summarised in the following notes:

- notes 17 and 18: Investment property and investment property under construction

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability  
Or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The Company must be able to access the principal or the most advantageous market at the measurement date.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.



## Notes to the consolidated financial statements

All assets and liabilities, for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy (described as follows), based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities

#### 4. First time adoption of IFRS

These financial statements, as of and for the year ended 31 December 2017 are the first the Company has prepared in accordance with IFRS. For periods up to and including the year ended 31 December 2017, the Company prepared its financial statements on an accrual basis in accordance with U.S. generally accepted accounting principles ("U.S. GAAP") as defined in the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC" or the "Codification"), which is the predecessor GAAP.

Accordingly, the Company has prepared financial statements that comply with IFRS applicable as at 31 December 2017, together with the comparative period data under IFRS for the years ended 31 December 2016 and 2015, as described in the summary of significant accounting policies. In preparing the financial statements, the Company's opening statement of financial position was prepared as at 1 January 2015, the Company's date of transition to IFRS. This note explains the principal adjustments made by the Company in converting its U.S. GAAP financial statements, including the statement of financial position as at 1 January 2015 and the financial statements for the year ended 31 December 2015.

#### Exemptions applied

IFRS 1 allows first-time adopters certain exemptions from the retrospective application of certain requirements under IFRS. However, the Company has not applied any of the following optional exemptions available under IFRS 1:

- Business combinations (IFRS 3);
- Share-based payment transactions (IFRS 2);
- Insurance contracts (IFRS 4);
- Deemed cost (IAS 16);
- Leases (IFRIC 4);
- Cumulative translation differences (IAS 21)

- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

- Investments in subsidiaries, joint ventures and associates;
- Assets and liabilities of subsidiaries, associates and joint ventures;
- Compound financial instruments (IAS 32);
- Designation of previously recognized financial instruments (IAS 39);
- Fair value measurement of financial assets or financial liabilities at initial recognition (IAS 39);
- Decommissioning liabilities included in the cost of property, plant and equipment (IFRIC 1);
- Financial assets or intangible assets accounted for under IFRIC 12;
- Borrowing costs (IAS 23);
- Designation of contracts to buy or sell a non-financial item;
- Sever hyper-inflation;
- Joint arrangements (IFRS 11);
- Stripping costs (IFRIC 20);
- Extinguishing financial liabilities with equity instruments (IFRIC 19);
- Regulatory deferral accounts (IFRS 14); and
- Transfers of assets from customers (IFRIC 18).

#### Estimates

The estimates at 1 January 2015 and at 31 December 2015 are consistent with those made for the same dates in accordance with U.S. GAAP (after adjustments to reflect any differences in accounting policies) apart from the following items where application of U.S. GAAP did not require or required a different type of estimation:

- Investment property;
- Compound financial instruments.

The estimates used by the Company to present these amounts in accordance with IFRS reflect conditions at 1 January 2015, the date of transition to IFRS and as at 31 December 2015.

## Company reconciliation of equity as at 1 January 2015 (date of transition to IFRS)

All amounts in € '000 as at 1 January 2015	Note	U.S. GAAP	Remeasurements	IFRS
<b>ASSETS</b>				
<b>NON-CURRENT ASSETS:</b>				
Investment property	A	781,353	905,167	1,686,520
Investment property under construction	A	10,988	4,043	15,031
Property, plant and equipment		644	-	644
Intangible assets	B	12,822	(10,098)	2,724
Deferred tax assets	E	30,144	(26,528)	3,616
Other non-current assets	C	9,458	(5,907)	1,393
	G		(2,158)	
<b>Total non-current assets</b>		<b>845,409</b>	<b>864,519</b>	<b>1,709,928</b>
<b>CURRENT ASSETS:</b>				
Trade and other receivables		12,057	-	12,057
Assets held for sale		147	-	147
Other current assets	C	5,704	(333)	5,371
Cash and cash equivalents		59,380	-	59,380
<b>Total current assets</b>		<b>77,288</b>	<b>(333)</b>	<b>76,955</b>
<b>TOTAL ASSETS</b>		<b>922,697</b>	<b>864,186</b>	<b>1,786,883</b>
<b>EQUITY AND LIABILITIES</b>				
<b>EQUITY</b>				
Equity attributable to equity holders of the parent	A	311,952	907,966	838,531
	B		(10,098)	
	C		(6,240)	
	E		(243,447)	
	F		(118,787)	
	G		(2,158)	
	D		(657)	
Non-controlling interests	A	1,193	1,244	2,044
	D		(388)	
	E		(5)	
<b>TOTAL EQUITY</b>		<b>313,145</b>	<b>527,430</b>	<b>840,575</b>
<b>NON-CURRENT LIABILITIES:</b>				
Interest-bearing loans and borrowings	F	429,730	122,965	548,517
	F		(4,256)	
	F		78	
Deferred tax liabilities	E	16,676	217,307	233,983
Finance lease obligations		4,445	-	4,445
Other non-current liabilities		1,880	-	1,880
<b>Total non-current liabilities</b>		<b>452,731</b>	<b>336,094</b>	<b>788,825</b>
<b>CURRENT LIABILITIES:</b>				
Interest-bearing loans and borrowings		35,000	-	35,000
Finance lease obligations		36	-	36
Trade and other payables and deferred revenue		118,960	-	118,960
Income tax payable	D	2,825	662	3,487
<b>Total current liabilities</b>		<b>156,821</b>	<b>662</b>	<b>157,483</b>
<b>TOTAL LIABILITIES</b>		<b>609,552</b>	<b>336,756</b>	<b>946,308</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>922,697</b>	<b>864,186</b>	<b>1,786,883</b>

In the statement of financial position presented under U.S. GAAP, certain amounts have been reclassified to conform the IFRS presentation.

## Company reconciliation of equity as at 31 December 2015

All amounts in € '000 as at 31 December 2015	Note	U.S. GAAP	Remeasure- ments	IFRS
<b>ASSETS</b>				
<b>NON-CURRENT ASSETS:</b>				
Investment property	A	924,829	1,062,927	1,987,756
Investment property under construction	A	708	-	708
Property, plant and equipment	A	896	-	896
Intangible assets	B	14,983	(12,040)	2,943
Deferred tax assets	E	23,666	(20,491)	3,175
Other non-current assets	C	10,017	(5,573)	2,339
	G	-	(2,105)	-
<b>Total non-current assets</b>		<b>975,099</b>	<b>1,022,718</b>	<b>1,997,817</b>
<b>CURRENT ASSETS:</b>				
Trade and other receivables		15,417	-	15,417
Assets held for sale		2,156	-	2,156
Other current assets	C	5,156	(332)	4,824
Cash and cash equivalents		120,633	-	120,633
<b>Total current assets</b>		<b>143,362</b>	<b>(332)</b>	<b>143,030</b>
<b>TOTAL ASSETS</b>		<b>1,118,461</b>	<b>1,022,386</b>	<b>2,140,847</b>
<b>EQUITY AND LIABILITIES</b>				
<b>EQUITY</b>				
Equity attributable to equity holders of the parent	A	390,390	1,061,322	992,425
	B		(12,040)	
	C		(5,905)	
	E		(279,805)	
	F		(160,053)	
	G		(2,105)	
	D		621	
Non-controlling interests	A	1,251	1,605	2,360
	D		5	
	E		(501)	
<b>TOTAL EQUITY</b>		<b>391,641</b>	<b>603,144</b>	<b>994,785</b>
<b>NON-CURRENT LIABILITIES:</b>				
Interest-bearing loans and borrowings	F	621,632	164,056	781,685
	F		(4,256)	
	F		253	
Deferred tax liabilities	E	30,651	259,815	290,466
Finance lease obligations		6,868	-	6,868
Other non-current liabilities		1,543	-	1,543
<b>Total non-current liabilities</b>		<b>660,694</b>	<b>419,868</b>	<b>1,080,562</b>
<b>CURRENT LIABILITIES:</b>				
Finance lease obligations		427	-	427
Trade and other payables and deferred revenue	D	60,444	14	60,458
Income tax payable	D	5,255	(640)	4,615
<b>Total current liabilities</b>		<b>66,126</b>	<b>(626)</b>	<b>65,500</b>
<b>TOTAL LIABILITIES</b>		<b>726,820</b>	<b>419,242</b>	<b>1,146,062</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,118,461</b>	<b>1,022,386</b>	<b>2,140,847</b>

In the consolidated statement of financial position presented under U.S. GAAP, certain amounts have been reclassified to conform the IFRS presentation.

## Company reconciliation of total comprehensive income for the year ended 31 December 2015

All amounts in € '000 for the year ended 31 December 2015	Note	U.S. GAAP	Remeasure- ments	IFRS
Real estate operating revenue		218,120	-	218,120
Real estate operating expense	C	(87,794)	332	(87,462)
<b>Net income from real estate operations</b>		<b>130,326</b>	<b>332</b>	<b>130,658</b>
General, administrative and other expense		(12,794)	-	(12,794)
<i>Of which depreciation and amortization expense</i>		<i>(1,450)</i>	-	<i>(1,450)</i>
Acquisition costs business combinations		(9,471)	-	(9,471)
Royalty fee expense		(2,138)	-	(2,138)
<b>Operating profit before revaluation loss and gain and loss and gain on disposal of investment property, plant and equipment and assets held for sale</b>		<b>105,923</b>	<b>332</b>	<b>106,255</b>
Valuation gain from investment property	A	-	94,934	94,934
Depreciation expense property, plant and equipment	A	(30,797)	30,797	-
Gain on sale on property, plant and equipment and investment property		97	-	97
Amortisation expense on intangible assets	B	(9,170)	9,170	-
<b>Operating profit</b>		<b>66,053</b>	<b>135,233</b>	<b>201,286</b>
Finance cost	F	(21,864)	(152)	(21,926)
	D		(14)	
	G	-	104	-
<b>Net profit before income taxes</b>		<b>44,189</b>	<b>135,171</b>	<b>179,360</b>
Income tax expense	D, E	(17,358)	(31,577)	(48,935)
<b>Attributable profit for the year</b>		<b>26,831</b>	<b>103,594</b>	<b>130,425</b>
Attributable to non-controlling interests		58	258	316
Attributable to equity holders of the parent		26,773	103,336	130,109
<b>Other comprehensive income</b>				
Other comprehensive income to be reclassified to profit or loss in subsequent periods:				
Movement in foreign currency translation reserve	17	10,551	13,234	23,785
<b>Net other comprehensive income to be reclassified to profit or loss in subsequent periods</b>		<b>10,551</b>	<b>13,234</b>	<b>23,785</b>
<b>Total comprehensive income for the year, net of tax</b>		<b>37,382</b>	<b>116,828</b>	<b>154,210</b>

In the consolidated statement of profit and loss presented under U.S. GAAP, certain amounts have been reclassified to conform the IFRS presentation.

**Notes to the reconciliation of equity as at 1 January 2015 and 31 December 2015 and total comprehensive income for the year ended 31 December 2015****A. Investment property and investment property under construction**

Under U.S. GAAP, the Company measured its entire property, plant and equipment, including its self-storage facilities, at historical cost, net of accumulated depreciation and impairment. Under IFRS, The Company has elected to measure its self-storage facilities at fair value as from the date of transition to IFRS, in accordance with IAS 40 *Investment property*. The remaining balance under property, plant and equipment, with a carrying value of €644 thousand as of 1 January 2015 (€896 thousand as of 31 December 2015) mainly concern assets located at our local head offices in the countries in which we operate. The difference between the aggregate carrying amount of the self-storage facilities and construction in progress under U.S. GAAP and their aggregate fair value as of 1 January 2015 and 31 December 2015 of €909,210 thousand and €1,062,927 thousand has been recognized against retained earnings and non-controlling interest. Additionally, following the transition to IFRS, the Company recognized, in 2015, a valuation gain from investment property and investment property under construction of €94,934 thousand and reversed the depreciation expense of €30,797 thousand previously recognized under U.S. GAAP.

**B. Intangible assets**

Under U.S. GAAP, the Company recognized tenant intangible assets in the context of its past business combinations. However, following the transition to IFRS, these tenant intangible assets have been derecognized, as the value of these tenant intangibles is included in the acquisition date fair value of the investment property recognized in accordance with IFRS 3 on the acquisition date. The carrying value of these tenant intangibles under U.S. GAAP was €10,098 thousand as of 1 January 2015 (€12,040 thousand as of 31 December 2015) and has been reversed on transition to IFRS. As a consequence, the subsequent U.S. GAAP amortization expense related to the tenant intangible of €9,170 thousand for the year ended 31 December 2015 has not been recognized under IFRS.

**C. Prepaid ground leases**

Under U.S. GAAP, the Company recognized in non-current and in current assets prepaid operating ground leases in connection with its Dutch and U.K. investment properties. These assets have been expensed as property lease expenses in real estate operating expense on our consolidated profit and loss statement on a straight line basis over the lower of the lease term or thirty years. However, following the transition to IFRS, these prepaid operating ground leases have been derecognized, as the value of these assets are included in the acquisition date fair value of the investment property recognized in accordance with IFRS 3 on the acquisition date. The carrying value of the Dutch prepaid operating ground leases under U.S. GAAP was €6,240 thousand as of 1 January 2015 (€5,905

thousand as of 31 December 2015) and has been reversed on transition to IFRS.

As a consequence, the subsequent corresponding U.S. GAAP property lease expense related to the Dutch prepaid operating ground leases of €332 thousand for the year ended 31 December 2015 has not been recognized under IFRS.

**D. Income taxes**

Under US GAAP, current tax assets and liabilities are generally measured using the enacted tax rates or laws that apply to current taxable income while under IFRS, current tax assets and liabilities are measured using the enacted or substantively enacted tax rates and laws that apply to current taxable income.

The accounting for uncertain tax positions ("UTP") under ASC740 requires a two-step process, separating recognition from measurement. If the recognition threshold is met, an ASC-740 reserve is computed based on a 'cumulative probability' approach. Under IFRS, when it is not probable that a taxation authority will accept an uncertain tax treatment, the amount of uncertainty to be recognized is calculated using either the most likely amount or the expected value, depending on which method the Group expects to better predict the resolution of the uncertainty. If there is a range of potential outcomes and the expected value method is determined as the best method to determine the outcome, the UTP reserve is determined based on the sum of the probability-weighted amounts in a range of possible outcomes.

As of 1 January and 31 December 2015, we recognised an increase of €662 thousand and a decrease of €640 thousand, respectively, in income tax payable, with offset against retained earnings and non-controlling interest.

**E. Deferred taxes**

Under US GAAP, all investment property is accounted for as property, plant and equipment and measured using the cost model as property, plant and equipment. Under IFRS, the Group has chosen to apply the fair value model for its investment property. For the purposes of measuring deferred tax liabilities or deferred tax assets arising from investment properties that are measured using the fair value model, the management has concluded that they are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Deferred tax has been measured reflecting the tax consequences of the expected manner of recovery.

The main differences between US GAAP and IFRS deferred tax amounts relate to the deferred tax for investment properties carried at fair value under IFRS (compared to the historical model at the level of US GAAP). This difference, amounts to €236,842 as of 1

January 2015 (€259,655 as of 31 December 2015) and is offset against retained earnings and non-controlling interest.

Under US GAAP, deferred tax assets and liabilities are generally measured using the enacted tax rates or laws that apply to taxable income in the periods in which the deductible or taxable temporary difference is expected to be realized or settled while under IFRS, deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates and laws that apply to taxable income in the periods in which the deductible or taxable temporary difference is expected to be realized or settled.

Under US GAAP, recognition of a deferred tax liability is required for taxable temporary differences between the carrying amount and tax basis of an investment in a foreign subsidiary if the net investment (including earnings) cannot be remitted tax-free. IFRS requires recognition of a deferred tax for all undistributed earnings associated with any form of investee except to the extent that (1) the parent is able to control the timing of the reversal of the temporary difference and (2) it is probable that the temporary difference will not reverse in the foreseeable future.

Under US GAAP, the key to the recognition of a deferred tax asset is the ability of the entity to recognize the benefits of the asset in future years. The ability of the entity to utilize the asset is determined by historical evidence showing that the entity has been profitable (e.g. cumulative profit over the prior three year period) and a projection of future profits. US GAAP requires an assessment of all available evidence, both positive and negative, to determine the amount of any required valuation allowance. Under IFRS, deferred tax assets arising from available tax losses carried forward are recognized if the entity has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available. The Group has decided to look forward for a number of three future accounting periods to determine whether it will have sufficient taxable profit to justify recognizing a deferred tax asset.

#### **F. Convertible loan**

Under U.S. GAAP, the in-the-money conversion feature of the convertible loan from SEH LLC was treated as a beneficial conversion feature. Upon initial recognition, the beneficial conversion feature was classified as equity and measured at its intrinsic value. The debt component was measured as the difference between the initial carrying value of the convertible loan and the intrinsic value of the conversion feature. Subsequently, the debt component was measured at amortised cost, using the effective interest rate method and the equity component was not subsequently remeasured. However, under IFRS, the issuer of a compound

financial instrument should first measure the liability component of a similar loan without the conversion feature at its fair value and the equity component should be measured as the residual amount that results from deducting the fair value of the liability component from the initial carrying amount of the instrument as a whole. As a result of the different accounting treatment of the convertible loan under IFRS, the Company derecognized the carrying value of the beneficial conversion feature of €122,965 thousand as of 1 January 2015 (€164,056 thousand as of 31 December 2015) recorded in equity and recognized an equity component with respect to the convertible loan of €4,256 thousand as of 1 January 2015 and 31 December 2015 under IFRS instead, and increased the embedded interest accrual by €77 thousand (€253 thousand as of 31 December 2015).

Consequently, as of 1 January 2015, the carrying value of the financial liability, amounting to €60,409 thousand under U.S. GAAP, has been adjusted by €118,787 thousand to arrive at a liability of €179,196 thousand under IFRS. As of 31 December 2015, the carrying value of the financial liability, amounting to €24,939 thousand under U.S. GAAP, has in addition been adjusted by €160,053 to arrive at a liability of €184,992 thousand under IFRS. The impact on the income statement for the year ended 31 December 2015 is an increase in the interest expense recognized on the financial liability for an amount of €152 thousand. See note 28 for more information on the unsecured, convertible loan payable to SEH LLC.

#### **G. Capitalized mortgage costs**

Under U.S. GAAP, the Company recognized in other non-current assets capitalised mortgage cost in regard to its Swedish and Danish investment properties. These mortgage costs were under U.S. GAAP amortised as finance costs over thirty years. However, following the transition to IFRS, these property mortgage assets have been derecognized, as their value is embedded in the acquisition date fair value of the investment property recognized in accordance with IFRS 3. The carrying value of these property mortgage costs under U.S. GAAP was €2,158 thousand as of 1 January 2015 (€2,105 thousand as of 31 December 2015) and has been reversed on transition to IFRS.

As a consequence, the subsequent U.S. GAAP amortization expense related to the capitalised property mortgage cost of €104 thousand embedded in finance cost for the year ended 31 December 2015 has not been recognized under IFRS.

#### **H. Statement of cash flows**

Other than significant differences in presentation, the transition from U.S. GAAP to IFRS did not have a material impact on the statement of cash flows.

## 5. Significant accounting judgements, estimates and assumptions

The preparation of the Company's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the assets or liabilities affected in future periods.

Other disclosures relating to the Company's exposure to risks and uncertainties includes:

- note 36: Financial risk management objectives and policies
- note 37: Capital management

The areas involving significant estimates or judgements are:

- **Business combinations (note 14):**  
The Company acquires entities that own real estate. At the time of acquisition, the Company considers whether each acquisition represents the acquisition of a business or the acquisition of an asset (a group of asset). The Company accounts for an acquisition as a business combination when the integrated set which includes the property contains also processes that have the ability to create output (mainly in the form of rental income). The company exercises judgement to which extent the property and the acquired processes have the ability of creating output.

When the acquisition does not represent a business, it is accounted for as an acquisition of assets and liabilities. The cost of the acquisition is allocated to the assets and liabilities acquired based upon their relative fair values, and no goodwill or deferred tax is recognized.

- **Fair value of investment property and investment property under construction (note 18):**

The fair value of investment property and investment property under construction is determined by external real estate valuation experts using recognized valuation techniques and the principles of IFRS 13 *Fair Value Measurement*. The significant methods and assumptions used by valuers in estimating the fair value of investment property are set out in note 18.

- **Income Tax (note 12):**

The Company operates in multiple jurisdictions with often complex legal and tax regulatory environments. The income tax positions are considered by the Company to be supportable and are intended to withstand challenge from tax authorities. However, it is accepted that some of the positions are uncertain and include interpretations of complex tax laws which could be disputed by tax authorities. The Company judges these positions individually on their technical merits with no offset or aggregation between positions and this on a regular basis using all the information available (legislation, case law, regulations, established practice and authoritative doctrine). A liability is recorded for each item that is not probable of being sustained on examination by the tax authorities based on all relevant information. The liability is calculated by the Company as the best estimate of the current tax it expects to pay using the Company's best judgement of the likely outcomes of such examinations. These estimates are based on facts and circumstances existing at the end of the reporting period.

- **Share based compensation expense (note 34)**

Estimates and judgements are continuously evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

## 6. Standards issued but not yet effective

The standards relevant to this Company that are issued but not yet effective up to the date of issuance of the Company's financial statements are disclosed below. This list of standards and interpretations issued are those that the Company reasonably expects to have an impact on the Company's financial statements when applied at a future date. The Company intends to adopt these standards when they become effective.

### IFRS 15 Revenue from Contracts with Customers

IFRS 15 was issued in May 2014 and amended in April 2016, and establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The new revenue standard supersedes all current revenue recognition requirements under IFRS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018. Early adoption was permitted. The Company adopted the new standard on 1 January 2018, using the modified retrospective transition approach, meaning that cumulative impacts are recognised in retained earnings as of 1 January 2018 and that comparatives are not restated. The standard has only been applied to contracts that are not completed as of the date of initial application.

During 2017, the Company performed and finalised its IFRS 15 impact assessment, except for the determination of the final IFRS 15 disclosures to be included in the consolidated financial statements and interim financial statements for 2018. These will be finalized in the coming months.

The only revenue streams of the Company that are in scope of IFRS 15 are insurance revenue and merchandise sales.

In addition, while not in the scope of IFRS 15, the disposal of properties previously held for rental will also be affected by the recognition and measurement requirements of IFRS 15.

IFRS 15 will not affect the recognition of lease income as this is still dealt with under IAS 17 *Leases*.

Following the assessment performed, the Company concluded that, with the exception of the determination of the final IFRS 15 disclosures to be included in the consolidated financial statements for 2018, the impact of the IFRS 15 adoption is not significant.

### IFRS 9 Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 *Financial Instruments* that replaces IAS 39 and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018 and early application was permitted. Except for hedge accounting, retrospective application is required but the provision of comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

The Company finalized the implementation of IFRS 9, except for the determination of the final IFRS 7 disclosures to be included in the next annual consolidated financial statements. These will be finalized in the coming months. The Company adopted the new standard on the required effective date and will not restate comparative information. During 2017, the Company performed a detailed impact assessment of all three aspects of IFRS 9. Overall, the Company expects no significant impact on its statement of financial position and equity.

#### (a) Classification and measurement

The Company noted no significant impact on its balance sheet or equity on applying the classification and measurement requirements of IFRS 9. Trade receivables are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest. Thus, the Company assessed that these will continue to be measured at amortised cost under IFRS 9.

#### (b) Impairment

The new impairment model requires the recognition of impairment provisions based on expected credit losses (ECL) rather than only incurred credit losses as is the case under IAS 39. The expected credit losses include forward-looking elements on all possible default events as well as historical loss data. It applies to financial assets classified at amortized cost, debt instruments measured at Fair Value Other Comprehensive Income ("FVOCI"), contract assets under IFRS 15 Revenue from Contracts with Customers, lease receivables, loan commitments and certain financial guarantee contracts. The Company will apply the simplified approach and record lifetime-expected losses on all trade receivables. Based on the assessments undertaken to date, the Company expects no material increase in the loss allowance for financial assets held at amortized cost.

#### (c) Hedge accounting

As the Company does not apply hedge accounting, IFRS 9 will not have any impact on the Company with respect to hedge accounting.



**IFRS 16 Leases**

IFRS 16 was issued in January 2016 and is endorsed by the EU. It will supersede IAS 17 Leases and a number of lease-related interpretations and will result in almost all leases being recognized on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognized. The only exceptions are short term and low-value leases.

The accounting for lessors will not change significantly.

With respect to leases, where the Company acts as a lessee, the Company is currently in the process of implementing and analysing the preliminary quantitative impact of IFRS 16.

The standard will affect primarily the accounting for the Company's operating leases. As at the reporting date,

the Company has non-cancellable operating lease commitments of €114.5 million (undiscounted) as of 31 December 2017 as further presented in note 9.

The Company has not yet assessed what adjustments, if any, are necessary, such as following the change in the definition of the lease term, the different treatment of variable lease payments, and of extension and termination options. It is therefore not yet possible to estimate the amount of right-of-use assets and lease liabilities that will have to be recognized on adoption of the new standard and how this may affect the Company's profit or loss and classification of cash flows going forward.

The standard is mandatory for financial years commencing on or after 1 January 2019. The Company decided not to adopt the standard before its effective date.

**7. Real estate operating revenue**

<i>All amounts in € '000</i>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Rental revenue	204,177	199,766	188,211
Insurance revenue	23,422	21,633	19,185
Ancillary revenue (*)	10,702	10,296	9,642
<b>Property operating revenue</b>	<b>238,301</b>	<b>231,695</b>	<b>217,038</b>
Other revenue (**)	260	421	1,082
<b>Real estate operating revenue</b>	<b>238,561</b>	<b>232,116</b>	<b>218,120</b>

(\*) Ancillary and other operating revenue consists of merchandise sales and other revenue from real estate operations.

(\*\*) Other revenue consists of management fee revenue, rental revenue derived from assets held for sale, partnership income from self-storage operations and rental revenue from stores under management contract.

**8. Real estate operating expense**

Real estate operating expense of investment property which generates property operating revenue consists of the following:

<i>All amounts in € '000</i>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Payroll expense	34,968	35,632	35,384
Real estate and other taxes	11,911	12,244	10,884
Repairs and maintenance	7,028	6,939	6,146
Marketing expense	5,802	5,533	5,686
Utility expense	3,872	4,060	3,585
Other operating expenses (*)	14,547	14,313	13,802
Doubtful debt expense	4,480	4,357	4,056
Cost of insurance and merchandise sales	4,315	4,298	4,312
<b>Real estate operating expense excluding property lease expense</b>	<b>86,923</b>	<b>87,376</b>	<b>83,855</b>
Property lease expense	3,686	3,706	3,607
<b>Real estate operating expense</b>	<b>90,609</b>	<b>91,082</b>	<b>87,462</b>

(\*) Other operating expenses mainly include: travel expenses, legal and consultancy fees, insurance expenses, non-deductible VAT and information system expenses.

## 9. Operating leases – Company as lessee

The Company has entered into leases on its property portfolio, including ground leases with terms of up to 125 years, under which we incurred property lease expenses of €3.7 million, €3.7 million and €3.6 million

for the years ended 31 December 2017, 2016 and 2015, respectively. These lease expenses are included in real estate operating expense on our consolidated statement of profit and loss.

Future minimum rentals payable under non-cancellable operating leases as at 31 December are as follows:

All amounts in € '000	2017	2016	2015
Within 1 year	3,500	3,382	3,446
After 1 year, but not more than 5 years	13,387	11,532	12,323
More than 5 years	97,649	85,268	88,410
<b>Operating leases – company as lessee</b>	<b>114,536</b>	<b>100,182</b>	<b>104,179</b>

## 10. General, administrative and other expenses

General, administrative and other expenses for the periods concerned consists of the following:

All amounts in € '000	Note	2017	2016	2015
Payroll expense		5,291	5,443	5,272
Share-based compensation expense (*)		1,891	8,421	2,843
Capitalisation of internal time spent on development of investment property		(1,125)	(926)	(666)
Depreciation and amortisation expense	19	1,527	1,498	1,450
Other general and administrative expenses (**)		3,250	3,308	3,895
<b>General, administrative and other expenses</b>		<b>10,834</b>	<b>17,744</b>	<b>12,794</b>

(\*) The increase in share-based compensation expense in the year ended 31 December 2016 as compared to the year ended 31 December 2015 is mainly driven by the increase in the Company's share value.

(\*\*) Other general and administration expenses mainly includes legal, consultancy and audit fees and non-deductible VAT.

## 11. Finance cost

Finance costs comprise the following:

All amounts in € '000	2017	2016	2015
Interest on bank and other loans	480	2,555	7,146
Interest on senior guaranteed notes	17,615	17,567	13,587
Interest on finance lease obligations	602	665	615
Capitalised borrowing costs	(481)	(173)	(587)
Other interest expense	75	21	11
<b>Total interest expense</b>	<b>18,291</b>	<b>20,635</b>	<b>20,772</b>
Loss on early extinguishment of debt (*)	-	-	1,014
Foreign exchange loss	325	107	140
<b>Finance costs</b>	<b>18,616</b>	<b>20,742</b>	<b>21,926</b>

(\*) In 2015 the Company early repaid a bank loan, resulting in a loss in early extinguishment of debt of €1.0 million.

## 12. Income tax

## Income tax expense

	2017	2016	2015
Current Tax Expense	15,225	10,165	7,937
Deferred Tax expense	24,986	31,284	40,998
<b>Income Tax Expense</b>	<b>40,211</b>	<b>41,449</b>	<b>48,935</b>
<b>Effective Tax Rate</b>	<b>16.0%</b>	<b>16.4%</b>	<b>27.3%</b>

The tax expenses as shown above have been calculated in conformity with local and international tax laws. The tax expense on the Company's profit (loss) before tax differs from the theoretical amount that would arise using the domestic rate in each individual jurisdiction (on the pretax profits/losses) of the consolidated companies as follows:

<i>All amounts in € '000</i>	31 December 2017	%	31 December 2016	%	31 December 2015	%
<b>Profit before tax</b>	<b>251,730</b>		<b>253,024</b>		<b>179,360</b>	
Expected tax based on local tax rates	64,591	25.7	69,790	27.6	38,187	21.3
Disallowed expenses	4,818	1.9	3,282	1.3	5,351	3.0
Notional interest deduction	(75)	-	(218)	-0.1	(264)	-0.2
Nontaxable income	(4,958)	-2.0	(9,792)	-3.8	(3,489)	-2.0
Change in unrecognized deferred taxes	(10,217)	-4.0	(254)	-0.1	14,262	8.0
Prior year adjustments	475	0.2	754	0.3	(976)	-0.5
Impact of changes to substantively enacted tax rates	(14,053)	-5.6	(22,492)	-8.9	(4,908)	-2.7
Other	(370)	-0.2	379	0.1	772	0.4
<b>Tax expense for the year</b>	<b>40,211</b>	<b>16.0</b>	<b>41,449</b>	<b>16.4</b>	<b>48,935</b>	<b>27.3</b>

Primary drivers that impacted the effective tax rates for 2017, 2016 and 2015 include the impact of changes to substantively enacted tax rates in France, the United Kingdom, Belgium and Denmark.

Tax expense for the year ended 31 December 2015 is mainly impacted by local GAAP impairment charges incurred by our Luxembourg subsidiaries in connection with the Group holding activity (an increase of €8.2 million in unrecognized losses), our acquisition in Germany at the end of 2014 (an increase of €4.2 million in unrecognized deferred tax assets related to investment property and an increase of €1.6 million in unrecognized start-up losses). The disallowed expenses have been impacted by a major acquisition in 2015 in the Netherlands, for which we incurred €2 million in non-deductible acquisition costs.

Due to a reduction in substantively enacted tax rates in the U.K. and Denmark, deferred tax liabilities that arose from our U.K. and Danish investment properties have been reduced by €3.2 million and €1.5 million, respectively.

The decrease by 10.9% to 16.4% in 2016 of the effective tax rate as compared to the 2015 effective tax rate is mainly explained by the €20.1 million decrease in deferred tax liabilities on our French investment property due to the (enacted) planned decrease of the tax rate in France. The decrease in tax rate in the U.K. in 2016 further reduced by €2.4 million the deferred tax liabilities related to the U.K. investment property. In addition, during the year ended 31 December 2016, the financial result (including foreign

exchange loss) at the level of our Luxembourg subsidiary linked to the Group financing activity resulted in an increased non-taxable income by €5.9 million which explains the higher amount in 2016.

The effective tax rate of 16% for the year ended 31 December 2017 is mainly explained by the further planned reduction of the French tax rates, i.e. resulting in €13.6 million decrease in deferred tax liabilities relating to French investment property, the (enacted) planned decrease of the tax rate in Belgium, i.e. resulting in €8.5 million decreased deferred tax liabilities arisen from our Belgian investment property, partially offset by the effect of the decrease in tax rate in Luxembourg, which reduces the deferred tax assets of our Luxembourg subsidiaries by €7million. Further, change in unrecognized deferred tax assets are also impacted by the decrease of the tax rate in Luxembourg (decrease of €7 million in unrecognized losses) and the impact on deferred tax assets of corporate restructuring (€2.1 million decrease in unrecognized losses). Other facts influencing the 2017 tax expense relate to the financial result (including foreign exchange loss) at the level of our Luxembourg subsidiary linked to the Group financing activity (an increase of €2.3 million in non-taxable income).

## Deferred Taxes

The movement in deferred tax assets and liabilities during the year ended 31 December 2017 is as follows:

<i>All amounts in € '000</i>	1 January 2017	(Charged)/credited to the statement of profit or loss	(Charged)/credited to other comprehensive income	31 December 2017
<b>Deferred tax assets:</b>				
Tax loss carry-forwards	22,786	(10,038)	(56)	12,692
Deductible temporary differences	1,137	19	-	1,156
<b>Total Deferred tax assets</b>	<b>23,923</b>	<b>(10,019)</b>	<b>(56)</b>	<b>13,848</b>
<b>Deferred tax liabilities:</b>				
Investment property	(335,687)	(14,227)	3,285	(346,629)
Other taxable temporary differences	(123)	(740)	84	(779)
<b>Total Deferred tax liabilities</b>	<b>(335,810)</b>	<b>(14,967)</b>	<b>3,369</b>	<b>(347,408)</b>
<b>Total Deferred Tax Asset/(Liabilities)</b>	<b>(311,887)</b>	<b>(24,986)</b>	<b>3,313</b>	<b>(333,560)</b>
Reflected in our statement of financial position as follows:				
Deferred tax assets	2,479	-	-	1,468
Deferred tax liabilities	(314,366)	-	-	(335,028)

Net deferred tax liabilities as of 31 December 2017 amount to €333.6 million, of which €12.7 million relates to recognized tax losses carried forward and €346.6 million relates to deferred tax liabilities arisen from investment property. Main changes impacting the deferred tax liabilities on investment property are the decrease in tax rates in France and in Belgium that are offset by a substantial increase of deferred tax liabilities in the Netherlands (related to our Dutch investment property) and increased

deferred tax liabilities in Germany, the U.K. and Sweden. Deferred tax assets and liabilities expressed in euros are also influenced by the exchange rate variations for the EUR/GBP and the EUR/SEK conversion rates. Main changes impacting the tax losses carried forward are the decrease in tax rates applied on the deferred tax liabilities in Belgium due to the Belgian tax reform and the utilization of tax losses carried forward by our French and Belgian subsidiaries.

The movement in deferred tax assets and liabilities during the year ended 31 December 2016 is as follows:

<i>All amounts in € '000</i>	1 January 2016	(Charged)/credited to the statement of profit or loss	(Charged)/credited to other comprehensive income	31 December 2016
<b>Deferred tax assets:</b>				
Tax loss carry-forwards	31,208	(8,167)	(255)	22,786
Deductible temporary differences	1,709	(569)	(3)	1,137
<b>Total Deferred tax assets</b>	<b>32,917</b>	<b>(8,736)</b>	<b>(258)</b>	<b>23,923</b>
<b>Deferred tax liabilities:</b>				
Investment property	(319,946)	(22,889)	7,148	(335,687)
Other taxable temporary differences	(262)	341	(202)	(123)
<b>Total Deferred tax liabilities</b>	<b>(320,208)</b>	<b>(22,548)</b>	<b>6,946</b>	<b>(335,810)</b>
<b>Total Deferred Tax Asset/(Liabilities)</b>	<b>(287,291)</b>	<b>(31,284)</b>	<b>6,688</b>	<b>(311,887)</b>
Reflected in our statement of financial position as follows:				
Deferred tax assets	3,175	-	-	2,479
Deferred tax liabilities	(290,466)	-	-	(314,366)

As of 31 December 2016, net deferred tax liabilities amount to €311.9 million, of which €22.8 million relate to recognized tax losses carried forward and €335.7 million relate to deferred tax liabilities arisen from investment property. The increase in deferred tax liabilities on investment property mainly relates to our Dutch and German properties (major acquisitions in 2015 and 2014, respectively) as well as to our Belgian investment property (increase of deferred tax liabilities related to Belgian

investment property), partially offset by the decrease in deferred tax liabilities on our French investment property due to a decrease in tax rate. Deferred tax assets and liabilities expressed in euros are also influenced by the exchange rate variations for the EUR/GBP and the EUR/SEK conversion rates. Main changes impacting the tax losses carried forward are the utilization of the tax losses carried forward by our French and Belgian subsidiaries.

The movement in deferred tax assets and liabilities during the year ended 31 December 2015 is as follows:

<i>All amounts in € '000</i>	1 January 2015	Acquired	(Charged)/credited to the statement of profit or loss	(Charged)/credited to other comprehensive income	31 December 2015
<b>Deferred tax assets:</b>					
Tax loss carry-forwards	36,128	1,157	(6,209)	132	31,208
Deductible temporary differences	1,464	-	217	28	1,709
<b>Total Deferred tax assets</b>	<b>37,592</b>	<b>1,157</b>	<b>(5,992)</b>	<b>160</b>	<b>32,917</b>
<b>Deferred tax liabilities:</b>					
Investment property	(267,651)	(13,435)	(35,240)	(3,620)	(319,946)
Other taxable temporary differences	(308)	-	234	(188)	(262)
<b>Total Deferred tax liabilities</b>	<b>(267,959)</b>	<b>(13,435)</b>	<b>(35,006)</b>	<b>(3,808)</b>	<b>(320,208)</b>
<b>Total Deferred Tax Asset/(Liabilities)</b>	<b>(230,367)</b>	<b>(12,278)</b>	<b>(40,998)</b>	<b>(3,648)</b>	<b>(287,291)</b>
Reflected in our statement of financial position as follows:					
Deferred tax assets	3,616	-	-		3,175
Deferred tax liabilities	(233,983)	-	-		(290,466)

As of 31 December 2015, net deferred tax liabilities amount to €287.3 million of which €31.2 million relate to recognized tax losses carried forward and €319.9 relate to deferred tax liabilities on investment property. Our Belgian subsidiaries account on aggregate for €20 million of the total tax losses carried forward. Deferred tax liabilities arisen from our

investment property are €320 million, of which €119 million and €71 million relates to our French and Swedish properties, respectively. Deferred tax liabilities on our Belgian, Dutch and U.K. investment properties are on average each €35 million.

The tax loss carry-forwards and temporary differences for which no deferred tax asset is recognized amounted to the following:

Year ended 31 December	2017	2016	2015	2014
<b>Tax Loss Carryforwards:</b>				
Non-forfeitable tax loss carryforwards	242,878	245,523	228,446	198,972
Deductible temporary differences	7,708	4,757	18,876	630
<b>Total unused tax losses and other deductible temporary differences not recognized</b>	<b>250,586</b>	<b>250,280</b>	<b>247,322</b>	<b>199,602</b>

Deferred tax assets have not been recognized in respect of the items above because it is not probable that future taxable profits will be available against which the Group can utilise the loss carryforwards or deductible temporary differences.

No deferred tax liability is recognized on the unremitted earnings of overseas subsidiaries. As the earnings are continually reinvested by the Group and there is no intention for these entities to pay dividends or repatriate from its foreign branches, no tax is expected to be payable

on them in the foreseeable future. If all earnings, were remitted, tax of €2.4 million for the year ended 31 December 2017 would be payable.

In Denmark, in the period 2014 to 2016, the corporate tax rate has been gradually reduced from 24.5% to 22%.

The main rate of corporation tax in the UK reduced from 23% to 21% from 1 April 2014, to 20% from 1 April 2015 and to 19% from 1 April 2017. A further reduction to 17%, effective 1 April 2020, was included in the Finance Act 2016 which was enacted on 15 September 2016.

Further to the Finance Bill 2017, it was announced that the corporate income tax rate in France will be progressively reduced from corporate income tax rate of 33.33% to 28% over the period 2017 to 2020. Further to the Finance Bill 2018, the French corporate income tax rate would be gradually reduced to 25% by 2022.

The Belgian tax reform included a reduction of the corporate tax rate from 33.99% to 29.58% as from the year ending 31 December 2018 with further reduction to 25% as from the year ending 31 December 2020.

### 13. Segment information

For earnings from investment property, discrete financial information is provided on an operating segment basis to the CODM. The individual properties are aggregated into operating segments which are defined as the individual countries where the Company operates stores and split between Same Store Facilities and Non Same Store Facilities.

The Same Stores Facilities segment for a given year comprises facilities in operations since more than three full years as of 1 January of that year in case of self-developed properties or facilities in operations for one full year as of 1 January of that year in case the properties have been acquired.

The Non-Same Store Facilities segment comprises any other self-storage facilities that we operate.

The operating segments (individual countries where the Company operates stores, split between Same Store Facilities and Non-Same Store Facilities) have been aggregated into two reportable segments which reflect the significant components of our operations. Therefore we present our self-storage operations in two reportable segments: "the Same Store Facilities" and "the Non-Same Store Facilities" because we believe that the individual

The corporate aggregate income tax rate for companies in Luxembourg-City has decreased from 29.22% to 27.08% in 2017 and will further decrease to 26.01% in 2018.

Accordingly, these rates have been applied in the measurement of the Group's deferred tax assets and liabilities at reporting date.

Further to the Belgian tax reform, the use of certain deductions will be limited to €1 million. Therefore, 30% of the tax base in excess of €1 million cannot be offset. The limitation applies to carried forward tax losses, carried forward participation exemption, carried forward innovation deduction and the carried forward notional interest deduction, as well as the new incremental notional interest deduction.

As a consequence, the Group has re-assessed the use of these tax attributes and decided to maintain the recognition of the related deferred tax assets.

countries exhibit similar economic characteristics and the operations are similar with respect to their main elements (e.g.: nature of products and services offered, the class of customers, the distribution method).

As of 31 December 2017, the Company operates 221 self-storage facilities (218 self-storage facilities as of 31 December 2016 and 216 self-storage facilities as of 31 December 2015) that it either owns or leases.

Based on the aforementioned criteria, Same Store Facilities provide meaningful comparisons for the years 2017, 2016 and 2015 for a pool of 213, 192 and 187 self-storage facilities, respectively.

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.

There are no assets or liabilities reported to the CODM on a segment basis.

The below table sets forth segment data for the years ended 31 December 2017, 2016 and 2015 based on the respective Same Store/Non-Same Store definitions of these years:

<i>All amounts in € '000</i>	<b>2017 Actual</b>	<b>2016 Actual</b>	<b>2015 Actual</b>
Same Store Facilities	232,211	214,520	204,961
Non-Same Store Facilities	6,090	17,175	12,077
<b>Property operating revenue (*)</b>	<b>238,301</b>	<b>231,695</b>	<b>217,038</b>
Same Store Facilities	148,816	136,132	127,269
Non-Same Store Facilities	2,562	8,187	5,914
<b>Net Income from real estate operations before property lease expense</b>	<b>151,378</b>	<b>144,319</b>	<b>133,183</b>
Same Store Facilities	(3,644)	(3,610)	(3,557)
Non-Same Store Facilities	(42)	(96)	(50)
<b>Property lease expense</b>	<b>(3,686)</b>	<b>(3,706)</b>	<b>(3,607)</b>
Same Store Facilities	145,172	132,522	123,712
Non-Same Store Facilities	2,520	8,091	5,864
<b>Income from property</b>	<b>147,692</b>	<b>140,613</b>	<b>129,576</b>

(\*) Property operating revenue is the primary measure to assess the performance of the segments.

The following table sets forth the reconciliation of income from property including property lease expense as presented in the above segment table and Net income from real estate operations presented in the consolidated statement of profit and loss:

<i>All amounts in € '000</i>	<b>2017 Actual</b>	<b>2016 Actual</b>	<b>2015 Actual</b>
<b>Income from property</b>	<b>147,692</b>	<b>140,613</b>	<b>129,576</b>
Add: Other revenue (*)	260	421	1,082
<b>Net income from real estate operations</b>	<b>147,952</b>	<b>141,034</b>	<b>130,658</b>

(\*) Other revenue comprises management fee revenue, rental revenue derived from assets held for sale, partnership income from self-storage operations and rental revenue from stores under management contract.

## Segment information by country for the year ended 31 December 2017

All amounts in € '000	The Netherlands	France	Sweden	U.K.	Belgium	Germany	Denmark	Total
Same Store Facilities	51,886	63,175	41,181	25,352	20,679	16,727	13,211	232,211
Non-Same Store Facilities	-	1,154	-	4,936	-	-	-	6,090
<b>Property operating revenue</b>	<b>51,886</b>	<b>64,329</b>	<b>41,181</b>	<b>30,288</b>	<b>20,679</b>	<b>16,727</b>	<b>13,211</b>	<b>238,301</b>
Same Store Facilities	33,718	38,584	29,497	15,290	13,448	10,158	8,121	148,816
Non-Same Store Facilities	-	697	-	1,865	-	-	-	2,562
<b>Net income from real estate operations before property lease expense</b>	<b>33,718</b>	<b>39,281</b>	<b>29,497</b>	<b>17,155</b>	<b>13,448</b>	<b>10,158</b>	<b>8,121</b>	<b>151,378</b>
Same Store Facilities	(1,334)	(1,150)	(958)	(174)	(8)	(7)	(13)	(3,644)
Non-Same Store Facilities	-	(42)	-	-	-	-	-	(42)
<b>Property lease expense</b>	<b>(1,334)</b>	<b>(1,192)</b>	<b>(958)</b>	<b>(174)</b>	<b>(8)</b>	<b>(7)</b>	<b>(13)</b>	<b>(3,686)</b>
Same Store Facilities	32,384	37,434	28,539	15,116	13,440	10,151	8,108	145,172
Non-Same Store Facilities	-	655	-	1,865	-	-	-	2,520
<b>Income from property</b>	<b>32,384</b>	<b>38,089</b>	<b>28,539</b>	<b>16,981</b>	<b>13,440</b>	<b>10,151</b>	<b>8,108</b>	<b>147,692</b>
Investment property	470,310	555,890	432,763	370,801	175,150	154,790	130,066	2,289,770
Investment property under construction	-	-	8,192	210	-	2,520	-	10,922
Property, plant and equipment and intangible assets	164	42	102	4	3,835	110	3	4,260
Deferred tax assets	-	-	-	308	1,160	-	-	1,468
Other non-current assets	886	298	10	232	5	-	180	1,611
<b>Non-current assets</b>	<b>471,360</b>	<b>556,230</b>	<b>441,067</b>	<b>371,555</b>	<b>180,150</b>	<b>157,420</b>	<b>130,249</b>	<b>2,308,031</b>



## Segment information by country for the year ended 31 December 2016

All amounts in € '000	The Netherlands	France	Sweden	U.K.	Belgium	Germany	Denmark	Total
Same Store Facilities	34,214	63,179	41,025	26,738	20,666	15,628	13,070	214,520
Non-Same Store Facilities	13,911	-	-	3,264	-	-	-	17,175
<b>Property operating revenue</b>	<b>48,125</b>	<b>63,179</b>	<b>41,025</b>	<b>30,002</b>	<b>20,666</b>	<b>15,628</b>	<b>13,070</b>	<b>231,695</b>
Same Store Facilities	22,088	38,242	29,548	16,278	13,004	8,833	8,139	136,132
Non-Same Store Facilities	7,200	-	-	987	-	-	-	8,187
<b>Net income from real estate operations before property lease expense</b>	<b>29,288</b>	<b>38,242</b>	<b>29,548</b>	<b>17,265</b>	<b>13,004</b>	<b>8,833</b>	<b>8,139</b>	<b>144,319</b>
Same Store Facilities	(1,222)	(1,167)	(993)	(191)	(13)	(2)	(22)	(3,610)
Non-Same Store Facilities	(96)	-	-	-	-	-	-	(96)
<b>Property lease expense</b>	<b>(1,318)</b>	<b>(1,167)</b>	<b>(993)</b>	<b>(191)</b>	<b>(13)</b>	<b>(2)</b>	<b>(22)</b>	<b>(3,706)</b>
Same Store Facilities	20,866	37,075	28,555	16,087	12,991	8,831	8,117	132,522
Non-Same Store Facilities	7,104	-	-	987	-	-	-	8,091
<b>Income from property</b>	<b>27,970</b>	<b>37,075</b>	<b>28,555</b>	<b>17,074</b>	<b>12,991</b>	<b>8,831</b>	<b>8,117</b>	<b>140,613</b>
Investment property	406,420	527,240	414,917	319,652	181,190	144,740	123,820	2,117,979
Investment property under construction	-	-	1,827	7,676	-	768	-	10,271
Property, plant and equipment and intangible assets	192	47	98	1	3,830	118	-	4,286
Deferred tax assets	-	-	-	414	2,065	-	-	2,479
Other non-current assets	900	310	46	245	-	-	181	1,682
<b>Non-current assets</b>	<b>407,512</b>	<b>527,597</b>	<b>416,888</b>	<b>327,988</b>	<b>187,085</b>	<b>145,626</b>	<b>124,001</b>	<b>2,136,697</b>

## Segment information by country for the year ended 31 December 2015

All amounts in € '000	The Netherlands	France	Sweden	U.K.	Belgium	Germany	Denmark	Total
Same Store Facilities	32,052	62,293	38,858	29,320	20,043	9,635	12,760	204,961
Non-Same Store Facilities	6,631	-	-	168	-	5,278	-	12,077
<b>Property operating revenue</b>	<b>38,683</b>	<b>62,293</b>	<b>38,858</b>	<b>29,488</b>	<b>20,043</b>	<b>14,913</b>	<b>12,760</b>	<b>217,038</b>
Same Store Facilities	19,789	36,819	26,654	18,480	12,149	5,307	8,071	127,269
Non-Same Store Facilities	3,266	-	-	(448)	-	3,096	-	5,914
<b>Net income from real estate operations before property lease expense</b>	<b>23,055</b>	<b>36,819</b>	<b>26,654</b>	<b>18,032</b>	<b>12,149</b>	<b>8,403</b>	<b>8,071</b>	<b>133,183</b>
Same Store Facilities	(1,245)	(1,107)	(944)	(229)	(9)	(1)	(22)	(3,557)
Non-Same Store Facilities	(50)	-	-	-	-	-	-	(50)
<b>Property lease expense</b>	<b>(1,295)</b>	<b>(1,107)</b>	<b>(944)</b>	<b>(229)</b>	<b>(9)</b>	<b>(1)</b>	<b>(22)</b>	<b>(3,607)</b>
Same Store Facilities	18,544	35,712	25,710	18,251	12,140	5,306	8,049	123,712
Non-Same Store Facilities	3,216	-	-	(448)	-	3,096	-	5,864
<b>Income from property</b>	<b>21,760</b>	<b>35,712</b>	<b>25,710</b>	<b>17,803</b>	<b>12,140</b>	<b>8,402</b>	<b>8,049</b>	<b>129,576</b>
Investment property	357,780	514,290	399,439	321,770	156,640	120,620	117,217	1,987,756
Investment property under construction	-	-	-	708	-	-	-	708
Property, plant and equipment and intangible assets	206	55	35	3	3,461	79	-	3,839
Deferred tax assets	-	-	-	-	2,651	524	-	3,175
Other non-current assets	969	341	51	800	-	-	178	2,339
<b>Non-current assets</b>	<b>358,955</b>	<b>514,686</b>	<b>399,525</b>	<b>323,281</b>	<b>162,752</b>	<b>121,223</b>	<b>117,395</b>	<b>1,997,817</b>

## 14. Business combinations

### 2017 acquisitions

On 26 January 2017, we paid in cash €13.5 million for the acquisition of the Box Stockage (Paris-France) self-storage facility and business. The acquisition has been accounted for as a business combination in accordance with IFRS 3 and the entire consideration paid has been accounted for as investment property. In addition, we incurred €1.0 million in costs of acquiring facilities in respect of this acquisition. The Box Stockage acquisition contributed property operating revenue of €1.1 million and income from property of €0.6 million to the Company for the period 27 January 2017 to 31 December 2017.

### 2016 acquisitions

On 31 March 2016, we paid in cash €5.6 million for the acquisition of the Croydon Purley Way business and self-storage fit-out from the tenant who owned and operated the business. The acquisition has been accounted for as a business combination in accordance with IFRS 3 and of the €5.6 million consideration paid, €5.7 million was accounted as investment property, €0.1 million in trade receivables and other current assets and €0.2 million in other current liabilities. In addition, we incurred €0.4 million in costs of acquiring facilities in respect of this acquisition. Croydon Purley Way contributed property operating revenue of €1.5 million and income from property of €0.8 million to the Company for the period 1 April 2016 to 31 December 2016.

If the acquisition of the Croydon Purley Way business had occurred on 1 January 2016, pro forma property operating revenue and income from property for the facility for the year ended 31 December 2016 would have been €2.0 million and €1.1 million respectively.

### 2015 acquisitions

On 30 June 2015 we paid in cash €114.8 million for the acquisition of 23 operating self-storage facilities located in

the Netherlands (86,793 net rentable sqm of storing space) through the acquisition of City Box. The acquisition was accounted for as a business combination in accordance with IFRS 3. The allocation of the purchase price is set forth in the below table. In addition, we incurred €9.5 million in costs of acquiring facilities in respect of this acquisition.

The assets and liabilities recognized as a result of the City Box acquisition are as follows:

<i>All amounts in € '000</i>	<b>30 June 2015</b>
Investment property	131,037
Deferred tax assets	1,157
Other non-current assets	1,202
Other current assets	1,521
<b>Total assets</b>	<b>134,917</b>
Deferred tax liabilities	13,435
Finance lease obligations	2,967
Other non-current liabilities	373
Trade and other payables and other current liabilities	3,334
<b>Total liabilities</b>	<b>20,109</b>
<b>Net assets</b>	<b>114,808</b>
Fair value of consideration paid on 30 June 2015	114,808
<b>Goodwill on acquisition of subsidiary</b>	<b>-</b>

City Box contributed property operating revenue of €6.6 million and income from property of €3.3 million to the Company for the period 1 July 2015 to 31 December 2015.

If the acquisition of City Box had occurred on 1 January 2015, pro forma property operating revenue and pro forma income from property of City Box for the year ended 31 December 2015 would have been €8.9 million and €4.1 million, respectively.

## 15. Earnings per share (EPS)

The table below provides a summarized overview of the Company's Earnings per share, (Adjusted) EPRA earnings and EPRA earnings per share:

<b>Summary overview</b>			
Amounts in € '000, except for earnings per share:	2017	2016	2015
Earnings per share (basic) €	3.31	3.31	2.04
Earnings per share (diluted) €	3.30	2.86	1.53
EPRA earnings (basic)	106,948	98,309	65,291
EPRA earnings per share (basic) €	1.68	1.54	1.02
EPRA earnings (diluted)	106,948	100,449	71,086
EPRA earnings per share (diluted) €	1.67	1.35	0.80
Adjusted EPRA earnings (diluted)	100,615	92,232	89,272
Adjusted EPRA earnings per share (diluted) €	1.57	1.24	1.00

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

### Earnings per share

Basic EPS amounts are calculated by dividing the profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is calculated by dividing the profit attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted

average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares (including outstanding share options) into ordinary shares. Due to dilutive instruments outstanding, basic and diluted earnings per share are not identical.

The following tables reflect the income and share data used in the basic and diluted EPS computations:

<i>All amounts in € '000, except for shares and earnings per share</i>	2017	2016	2015
<b>Profit attributable to ordinary equity holders of the parent for basic earnings</b>	<b>211,135</b>	<b>211,129</b>	<b>130,109</b>
Weighted average number of ordinary shares for basic EPS	63,813,181	63,813,181	63,813,181
<b>Earnings per share (basic) €</b>	<b>3.31</b>	<b>3.31</b>	<b>2.04</b>

<b>Effect of dilution</b>	2017	2016	2015
<b>Profit attributable to ordinary equity holders of the parent for dilutive earnings (*)</b>	<b>211,135</b>	<b>213,270</b>	<b>135,904</b>
Weighted average number of ordinary shares for basic EPS	63,813,181	63,813,181	63,813,181
Dilutive effect from share options	254,619	460,135	282,889
Dilutive effect from equity component on convertible SEH LLC loan	-	10,322,378	24,855,200
Weighted average number of ordinary shares adjusted for the effect of dilution	64,067,800	74,595,694	88,951,270
<b>Earnings per share (diluted) €</b>	<b>3.30</b>	<b>2.86</b>	<b>1.53</b>

(\*) The effect of dilution on profit attributable to ordinary equity holders of the parent in 2016 and 2015 consists of the interest on the SEH LLC loan, which is €2.1 million and €5.8 million, respectively.

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of authorisation of these financial statements.

**(Adjusted) EPRA earnings and EPRA earnings per share****EPRA earnings and EPRA earnings per share**

Amounts in € '000, except for earnings per share:

	2017	2016	2015
<b>Profit attributable to ordinary equity holders of the parent for basic earnings</b>	211,135	211,129	130,109
<b>Adjustments:</b>			
Loss (gain) on revaluation of investment properties, net of deferred taxes	(104,966)	(113,098)	(71,844)
Loss (gain) loss on disposal of investment properties, assets held for sale and property, plant and equipment, net of taxes	32	(16)	(57)
Acquisition costs of business combinations, net of taxes	747	294	7,083
<b>EPRA earnings (basic)</b>	<b>106,948</b>	<b>98,309</b>	<b>65,291</b>
<b>EPRA earnings per share (basic) €</b>	<b>1.68</b>	<b>1.54</b>	<b>1.02</b>
<b>EPRA earnings (basic)</b>	<b>106,948</b>	<b>98,309</b>	<b>65,291</b>
Adjustment for dilutive effect of SEH LLC interest	-	2,141	5,795
<b>EPRA earnings (diluted)</b>	<b>106,948</b>	<b>100,449</b>	<b>71,086</b>
<b>EPRA earnings per share (diluted) €</b>	<b>1.67</b>	<b>1.35</b>	<b>0.80</b>

**Adjusted EPRA earnings per share**

Amounts in € '000, except for earnings per share:

	2017	2016	2015
<b>EPRA earnings (diluted)</b>	<b>106,948</b>	<b>100,449</b>	<b>71,086</b>
<b>Adjustments:</b>			
Deferred tax expense on items other than the revaluation of investment property	(6,333)	(8,217)	18,186
<b>Adjusted EPRA earnings (diluted)</b>	<b>100,615</b>	<b>92,232</b>	<b>89,272</b>
<b>Adjusted EPRA earnings per share (diluted) €</b>	<b>1.57</b>	<b>1.24</b>	<b>1.00</b>

**16. Net asset value (NAV) per share**

The table below provides a summarized overview of the Company's (Adjusted) EPRA earnings and EPRA earnings per share:

**Summary overview**

Amounts in € '000, except for (Adjusted) NAV per share:

	2017	2016	2015
NAV	1,339,516	1,149,224	994,785
NAV per share (basic) €	20.99	18.01	15.59
NAV per share (diluted) €	20.92	17.90	13.26
EPRA NAV	1,669,990	1,448,380	1,439,431
EPRA NAV per share (diluted) €	26.08	22.56	16.17
Adjusted EPRA NAV (diluted)	1,622,735	1,410,414	1,442,558
Adjusted EPRA NAV per share (diluted) €	25.35	21.96	16.21

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

**Net Asset Value (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. Diluted

NAV per share amounts for the years ended 31 December 2016 and 2015 take into account the dilutive effect from the equity component on the convertible SEH LLC loan.

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

**NAV**

All amounts in € '000, except for number of shares and NAV per share

	2017	2016	2015
<b>NAV attributable to ordinary equity holders of the parent</b>	<b>1,339,516</b>	<b>1,149,224</b>	<b>994,785</b>
Number of ordinary shares at the reporting date	63,813,181	63,813,181	63,813,181
Number of diluted shares at the reporting date	210,201	392,185	25,190,118
<b>NAV per share (basic)</b>	<b>20.99</b>	<b>18.01</b>	<b>15.59</b>
<b>Diluted NAV per share (diluted) €</b>	<b>20.92</b>	<b>17.90</b>	<b>13.26</b>

**EPRA NAV (diluted)**

The objective of the EPRA NAV measure is to highlight the fair value of net assets on an ongoing, long-term basis. Assets and liabilities that are not expected to

crystallise in normal circumstances such as deferred taxes on property valuation surpluses are therefore excluded.

**EPRA NAV**

All amounts in € '000, except for NAV per share

	2017	2016	2015
<b>NAV attributable to ordinary equity holders of the parent (diluted) (*)</b>	<b>1,339,516</b>	<b>1,149,224</b>	<b>1,179,776</b>
Additions to NAV:			
Deferred taxes on fair value adjustments of investment property	330,474	299,156	259,655
<b>EPRA NAV</b>	<b>1,669,990</b>	<b>1,448,380</b>	<b>1,439,431</b>
<b>EPRA NAV per share (diluted) €</b>	<b>26.08</b>	<b>22.56</b>	<b>16.17</b>

(\*) Diluted NAV attributable to ordinary equity holders of the parent for as of 31 December 2015 includes the dilutive effect of the exercise of the unsecured convertible SEH LLC loan (€185 million).

**Adjusted EPRA NAV (diluted)**

The objective of the adjusted EPRA NAV measure is to report net asset value including fair value adjustments in respect of all material balance sheet items which are not reported at their fair value as part of the EPRA NAV.

**Adjusted EPRA NAV**

Amounts in € '000, except for NAV per share:

	2017	2016	2015
<b>EPRA NAV</b>	<b>1,669,990</b>	<b>1,448,380</b>	<b>1,439,431</b>
Additions to EPRA NAV:			
Carrying value higher (lower) than fair value	(47,255)	(38,266)	3,097
<b>Adjusted EPRA NAV</b>	<b>1,622,735</b>	<b>1,410,113</b>	<b>1,442,528</b>
<b>Adjusted EPRA NAV per share (diluted) €</b>	<b>25.35</b>	<b>21.96</b>	<b>16.21</b>

**17. Investment property and investment property under construction**

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

	Completed investment property Level 3	Investment property under construction Level 3	Total investment property Level 3
<b>31 December 2015</b>			
At 1 January	1,686,520	15,031	1,701,551
Exchange rate differences	26,373	1,452	27,825
Transfer from investment property under construction	40,023	(40,023)	-
Capital expenditure	8,873	26,020	34,893
Acquisition of businesses	131,037	-	131,037
Transfer to assets held for sale	-	(1,277)	(1,277)
Disposals	(4)	(495)	(499)
Net gain of fair value adjustment	94,934	-	94,934
<b>At 31 December</b>	<b>1,987,756</b>	<b>708</b>	<b>1,988,464</b>
<b>31 December 2016</b>			
At 1 January	1,987,756	708	1,988,464
Exchange rate differences	(59,314)	(1,201)	(60,515)
Transfer from investment property under construction	11,409	(11,409)	-
Capital expenditure	20,141	20,380	40,521
Acquisition of businesses	5,711	-	5,711
Transfer from assets held for sale	-	1,218	1,218
Disposals	(228)	-	(228)
Net gain of fair value adjustment	152,504	575	153,079
<b>At 31 December</b>	<b>2,117,979</b>	<b>10,271</b>	<b>2,128,250</b>
<b>31 December 2017</b>			
At 1 January	2,117,979	10,271	2,128,250
Exchange rate differences	(24,297)	(793)	(25,090)
Transfer from investment property under construction	26,678	(26,678)	-
Capital expenditure	22,877	24,572	47,449
Acquisition of businesses	13,500	-	13,500
Transfer to asset held for sale	(3)	-	(3)
Disposals	(35)	-	(35)
Net gain of fair value adjustment	133,071	3,550	136,621
<b>At 31 December</b>	<b>2,289,770</b>	<b>10,922</b>	<b>2,300,692</b>

The fair value of completed investment property is determined using a discounted cash flow (DCF) method.

Under the DCF method, fair value is estimated using assumptions regarding the benefits and liabilities of ownership over the asset's life including an exit or terminal value. This method involves the projection of a series of cash flows on a real estate property interest. To this projected cash flow series, an appropriate, market derived discount rate is applied to establish the present value of the income stream associated with the asset. The exit yield is normally separately determined and differs from the discount rate.

The duration of the cash flow and the specific timing of inflows and outflows are determined by events such as rent reviews, lease renewal and related re-letting, redevelopment, or refurbishment. The appropriate duration is typically driven by market behaviour that is a characteristic of the class of real estate property. Periodic

cash flow is typically estimated as gross income less vacancy, non-recoverable expenses, collection losses, lease incentives, maintenance cost, agent and commission costs and other operating and management expenses. The series of periodic net operating income, along with an estimate of the terminal value anticipated at the end of the projection period, is then discounted.

The valuations were performed by Cushman and Wakefield ("C&W"), an accredited independent valuer with a recognised and relevant professional qualification and with recent experience in the locations and categories of the investment property being valued. The valuation models in accordance with those recommended by the International Valuation Standards Committee have been applied and are consistent with the principles in IFRS 13.

More information about the fair value measurement is set out in note 18.

## 18. Fair value measurement – investment property

C&W's external valuation has been carried out in accordance with the RICS Valuation – Global Standards, published by The Royal Institution of Chartered Surveyors ("the Red Book"). The valuation of each of the investment properties and the investment properties under construction has been prepared on the basis of either Fair Value or Fair Value as a fully equipped operational entity, having regard to trading potential (as appropriate) subject to the Special Assumption referenced below in this note.

### Special Assumption – management costs

C&W were instructed to adopt the actual allocated management costs of the Company for each individual property, rather than a market assumption in this regard. The actual allocated management costs are lower than C&W's market assumption and this has resulted in a higher level of value being reported.

### Valuer disclosure requirements

C&W's valuation has been provided for accounts purposes and as such, is a Regulated Purpose Valuation as defined in the Red Book. In compliance with the disclosure requirements of the Red Book, C&W have confirmed that:

- This is the first occasion that the member of the RICS who has been a signatory to the valuation provided to the Company has done so for this purpose;
- This is the first occasion that C&W has carried out this annual valuation for this purpose;
- C&W do not provide other significant professional or agency services to the Company;
- C&W have previously provided valuation advice in relation to some of the properties for both loan security and internal management purposes. The previous valuation advice has been limited since May 2014 when C&W provided desktop valuation advice on 187 properties for loan security purposes;
- In relation to the preceding financial year of C&W, the proportion of the total fees payable by the Company to the total fee income of the firm is less than 5%; and
- The fee payable to C&W is a fixed amount per store, and is not contingent on the appraised value.

### Market uncertainty

C&W's valuation report comments on valuation uncertainty resulting from low liquidity in the market for self-storage property. C&W note that in Europe, since the first quarter of 2015, there have only been twenty one transactions involving multiple assets and twelve single asset transactions, with the majority of these transactions taking place in the UK. C&W state that due to the lack of comparable market information in the self-storage sector, there is greater uncertainty attached to their opinion of value than would be anticipated during more active market conditions.

### Currency and aggregate values reported

C&W's valuation report confirms that each property has been valued individually in local currency. C&W's valuation report then converts each property valuation to a Euro amount at the spot management exchange rates provided by the Company. The total value reported in Euro is the

aggregate amount for each individual value reported in Euro, but it does not reflect any potential portfolio premium, as referenced below in this note.

### Portfolio premium

C&W's valuation report confirms that the properties have been valued individually but that if the portfolio was to be sold as a single lot or in selected groups of properties, the total value could differ significantly. C&W state that in current market conditions they are of the view that there could be a material portfolio premium.

In particular, C&W's individual property valuations reflect full Stamp Duty (or its equivalent in each country considered) on the sale of each property whereas a sale of the whole portfolio or selected groups of assets would most likely be effected by way of a shares transaction, which would typically attract a lower level of stamp duty.

### Valuation methodology and assumptions

The valuation of the operational self-storage facilities has been prepared having regard to trading potential. Cash flow projections have been prepared for all of the properties reflecting estimated absorption, revenue growth and expense inflation. A discounted cash flow method of valuation based on these cash flow projections has been used by C&W to arrive at its opinion of fair value for each property.

C&W has adopted different approaches for the valuation of the leasehold and freehold assets as follows:

#### *Freehold and long leasehold*

The valuation is based on a discounted cash flow of the net operating income over a ten-year period and a notional sale of the asset at the end of the tenth year.

Assumptions:

A. Net operating income is based on projected revenue received less projected operating costs together with an allowance for a central administration charge (or management cost). As detailed above in this note, the valuation is made on the Special Assumption of actual allocated management costs of the Company for each individual property, rather than a market assumption. The initial net operating income is calculated by estimating the net operating income in the first twelve months following the valuation date.

B. The net operating income in future years is calculated assuming either straight-line absorption from day one actual occupancy or variable absorption over years one to four of the cash flow period, to an estimated stabilised/mature occupancy level. In the valuation the assumed stabilised occupancy level for the trading stores (both freeholds and all leaseholds) open at 31 December 2017 averages 90.28% (90.13% and 90.25% at 31 December 2016 and 2015, respectively). The projected revenues and costs have been adjusted for estimated cost inflation and revenue growth. The average time assumed for stores to trade at their maturity levels is 13.23 months (10.70 and 8.81 months in 2016 and 2015, respectively).

C. The capitalisation rates applied to existing and future net cash flows have been estimated by reference to the available evidence of transactions in the self-storage market



plus underlying yields for industrial and retail warehouse property, yields for other trading property types such as purpose-built student housing and hotels, bank base rates, ten-year money rates and inflation. The valuation included in the accounts assumes rental growth in future periods. If an assumption of no rental growth is applied to the external valuation, the net initial yield post-administration expenses for all of the open stores is 6.16% (6.49% in 2016 and 6.53% in 2015), rising to a stabilised net yield post-administration expenses of 6.84% (7.20% in 2016 and 7.36% in 2015).

D. The future net cash flow projections (including revenue growth and cost inflation) have been discounted at a rate that reflects the risk associated with each asset. The weighted average annual discount rate adopted (for both freeholds and all leaseholds) is 9.53% (9.84% for 2016 and 9.99% for 2015).

E. Purchaser's costs in the range of approximately 2.0% to 13.0% have been assumed initially, reflecting the stamp duty levels anticipated in each local market, and sales plus purchaser's costs totalling approximately 4.0% to 15.0% are assumed on the notional sales in the tenth year in relation to freehold and long leasehold stores.

#### *Short leaseholds*

The same methodology has been used as for freeholds, except that no sale of the assets in the tenth year is assumed but the discounted cash flow is extended to the expiry of the lease.

It should be noted that the Company hold a number of short leases which have been valued on the same basis as the freehold and long leasehold assets due to their security of tenure arrangements and the potential compensation provisions in the event of the landlord wishing to take possession at expiry. The capitalisation rates on these stores reflect the risk of the landlord terminating the lease at expiry.

#### **Investment properties under construction**

C&W has valued the stores in development adopting the same methodology as set out above but based on the cash flow projection expected for the store at opening and allowing for the outstanding costs to take each store from its current state to completion and full fit out. C&W has allowed for carry costs and construction contingency, as appropriate.

#### **Changes in valuation techniques**

There were no other changes in valuation techniques during the periods concerned.

#### **Highest and best use**

For all investment property that is measured at fair value, the current use of the property is considered the highest and best use.

#### **Fair value hierarchy**

Based on the significant unobservable inputs to the DCF model used for determining the fair value of all our investment property and investment property under construction that we recognised in our statement of financial position as of 31 December 2017, 2016 and 2015 and 1 January 2015, our investment property is a Level 3 fair market value measurement.

The geographical split of our investment property and investment property under construction is set forth in note 13.

Unrealised gains and (losses) for recurring fair value measurements relating to investment property held at the end of the reporting period categorised within Level 3 of the fair value hierarchy amount to €136.6 million in 2017, €153.1 million in 2016 and €94.9 million in 2015 and are presented in the consolidated statement of profit or loss in line item 'valuation (loss) gain from investment property'.

#### **Sensitivity of the valuation to assumptions**

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

For the year ended 31 December 2017:

All other factors being equal, a one percent increase in occupancy rates (real) would lead to an increase in the valuation of our store portfolio of €34.1 million (1.5%).

All other factors being equal, one percent decrease in occupancy rates would lead to a decrease in the valuation of our store portfolio of €35.8 million (1.6%).

All other factors being equal, a 0.25 percent increase (real) in both discount and capitalisation rate would lead to a decrease in the valuation of our store portfolio of €14.5 million (3.9%).

All other factors being equal, a 0.25 percent decrease (real) in both discount and capitalisation rate would lead to an increase in the valuation of our store portfolio of €15.7 million (4.2%).

## 19. Property, plant and equipment and intangible assets

Property, plant and equipment mainly consists of building improvements and office machinery and equipment in use in the local head offices located in the countries in which we operate.

<i>All amounts in € '000</i>	<b>Building</b>	<b>Equipment</b>	<b>Total property, plant and equipment</b>	<b>Intangible assets (*)</b>
<b>Cost or valuation</b>				
<b>At 1 January 2015</b>	<b>855</b>	<b>3,963</b>	<b>4,818</b>	<b>9,135</b>
Additions	92	410	502	1,333
Acquisition of a business	-	239	239	-
Disposals	(59)	(172)	(231)	-
Exchange differences	13	26	39	-
Transfer to assets held for sale	-	(37)	(37)	-
<b>At 31 December 2015</b>	<b>901</b>	<b>4,429</b>	<b>5,330</b>	<b>10,468</b>
Additions	174	362	536	1,458
Disposals	-	(61)	(61)	-
Exchange differences	(26)	(53)	(79)	-
<b>At 31 December 2016</b>	<b>1,049</b>	<b>4,677</b>	<b>5,726</b>	<b>11,926</b>
Additions	12	472	484	1,032
Disposals	-	(25)	(25)	(2,095)
Exchange differences	(10)	(18)	(28)	-
<b>At 31 December 2017</b>	<b>1,051</b>	<b>5,106</b>	<b>6,157</b>	<b>10,863</b>
<b>Depreciation and impairment</b>				
<b>At 1 January 2015</b>	<b>(620)</b>	<b>(3,554)</b>	<b>(4,174)</b>	<b>(6,412)</b>
Depreciation charge of the year	(39)	(298)	(337)	(1,113)
Disposals	59	56	115	-
Exchange differences	(13)	(25)	(38)	-
<b>At 31 December 2015</b>	<b>(613)</b>	<b>(3,821)</b>	<b>(4,434)</b>	<b>(7,525)</b>
Depreciation charge of the year	(28)	(332)	(360)	(1,138)
Disposals	-	13	13	-
Exchange differences	26	52	78	-
<b>At 31 December 2016</b>	<b>(615)</b>	<b>(4,088)</b>	<b>(4,703)</b>	<b>(8,663)</b>
Depreciation charge of the year	(29)	(318)	(347)	(1,180)
Disposals	-	14	14	2,095
Exchange differences	8	16	24	-
<b>At 31 December 2017</b>	<b>(636)</b>	<b>(4,376)</b>	<b>(5,012)</b>	<b>(7,748)</b>
<b>Net book value</b>				
At 31 December 2017	415	730	1,145	3,115
At 31 December 2016	434	589	1,023	3,263
At 31 December 2015	288	608	896	2,943
At 1 January 2015	235	409	644	2,724

(\*) Intangible assets consists of capitalised computer software.

**20. Other non-current assets**

Other non-current assets mainly consist of indemnification assets, deposits paid to vendors and VAT recoverable after more than one year.

**21. Trade and other receivables**

<i>All amounts in € '000</i>	31 December 2017	31 December 2016	31 December 2015	1 January 2015
Gross amount	16,958	20,948	21,166	18,154
Provision for doubtful debt	(4,006)	(6,490)	(5,749)	(6,097)
<b>Trade and other receivables</b>	<b>12,952</b>	<b>14,458</b>	<b>15,417</b>	<b>12,057</b>

Rent and service charge receivables are non-interest-bearing and are typically due within thirty days (note 36).

The receivables are due from local retail and business tenants.

**22. Other current assets**

<i>All amounts in € '000</i>	31 December 2017	31 December 2016	31 December 2015	1 January 2015
Prepayments	3,366	2,488	2,657	2,350
Receivables from tax authorities other than VAT	1,496	1,320	657	1,199
Other current assets (*)	2,517	1,986	1,510	1,822
<b>Other current assets</b>	<b>7,379</b>	<b>5,794</b>	<b>4,824</b>	<b>5,371</b>

(\*) Other current assets mainly consist of VAT recoverable in less than one year, Inventory and insurance compensation proceeds.

**23. Cash and cash equivalents**

<i>All amounts in € '000</i>	31 December 2017	31 December 2016	31 December 2015	1 January 2015
Cash	23,645	11,455	80,633	21,080
Cash equivalents	-	224	40,000	38,300
<b>Cash and cash equivalents</b>	<b>23,645</b>	<b>11,679</b>	<b>120,633</b>	<b>59,380</b>

There are no cash and cash equivalents which are restricted from withdrawal or general corporate use as of 31 December 2017, 2016, 2015 and 1 January 2015.

## 24. Issued share capital

Throughout all periods presented, the number of ordinary shares issued by the Company remained equals to 63,935,681 shares. All ordinary shares issued have been fully paid up.

Ordinary shares have no par value. They entitle the holder to participate in dividends, and to share in the proceeds of winding up the company in proportion to the number of and amounts paid on the shares held.

The Company does not have a limited amount of authorized capital.

## 25. Treasury shares

In 2012, 122,500 ordinary shares were issued, and then repurchased by the Company in connection with the exercise of employee stock options. The shares have not been retired and are currently still in possession of the Company. Throughout the periods presented, the treasury shares have been deducted from equity for an amount of €949,375.

## 26. Equity component of the convertible loan

The amount shown for the equity component of the convertible loan is the value of the conversion rights relating to the 3% convertible loan, details of which are shown in note 28.

## 27. Non-controlling interests

Non-controlling interests represent 5.2% ownership interests in certain of our subsidiaries located in Germany, owning an aggregate of 11 properties. We allocated €0.4 million, €0.4 million and €0.3 million of net income to non-controlling interests during the years ended 31 December 2017, 2016 and 2015, respectively, based upon their respective interest in the net income of the subsidiaries.

During the period starting 1 January 2015 and ending 31 December 2017, there were no transactions with non-controlling interests.

**28. Interest-bearing loans and borrowings**

All amounts in € '000		Effective interest rate (EIR)	Maturity	2017	2016	2015	1 January 2015
<b>Non-current</b>							
Senior guaranteed notes L8367# AA1 – issued July 2014		2.83%	24 July 2021	100,000	100,000	100,000	100,000
Senior guaranteed notes L8367# AB9 – issued July 2014		3.24%	24 July 2024	100,000	100,000	100,000	100,000
Senior guaranteed notes L8367# AC7 – issued July 2014		3.38%	24 July 2026	100,000	100,000	100,000	100,000
Senior guaranteed notes L8367# AD5 – issued June 2015		2.67%	25 June 2025	130,000	130,000	130,000	-
Senior guaranteed notes L8367# AE3 – issued June 2015		2.86%	25 June 2027	110,000	110,000	110,000	-
Senior guaranteed notes L8367# AF10 – issued June 2015		3.03%	25 June 2030	60,000	60,000	60,000	-
Loan note due to Wells Fargo bank (*)		2.33%	17 January 2018	-	-	-	107,500
Revolving loan facility BNP Paribas Fortis bank		3M Euribor + 0.8%	28 September 2019	-	27,000	-	-
		3.26% and	28 February 2027 and				
		3.23% (as from 25 June	28 February 2031				
		2015)	(as from 25 June 2015)	-	-	189,248	183,452
Unsecured subordinated loan payable to SEH LLC				<b>600,000</b>	<b>627,000</b>	<b>789,248</b>	<b>590,952</b>
<b>Nominal values</b>							
<b>Less:</b>							
Unamortized balance of debt issuance cost on Wells Fargo loan note				-	-	-	(987)
Unamortized balance of debt issuance cost on notes issued				(2,653)	(3,005)	(3,307)	(2,192)
Equity component of unsecured subordinated loan payable to SEH LLC				-	-	(4,256)	(4,256)
<b>Borrowings as reported on statement of financial position</b>				<b>597,347</b>	<b>623,995</b>	<b>781,685</b>	<b>583,517</b>
<b>Weighted average cost of debt as of 31 December</b>				<b>2.98%</b>	<b>2.89%</b>	<b>3.05%</b>	<b>3.04%</b>

(\*) The loan note due to Wells Fargo Bank was repaid on 25 June 2015 with the proceeds of the 2015 issuance of senior guaranteed notes, resulting in a loss of early extinguishment of debt of €1.0 million.

### Senior guaranteed notes

On 24 July 2014, the Company issued to certain European and U.S. investors three tranches of senior guaranteed notes each. The proceeds from the issuance were mainly utilised to repay, in full, a note payable to our shareholders in July 2014. The Company paid €2.3 million of placement and legal fees and other expenses that are being amortized as interest expense using the effective interest method. As of 31 December 2017, 2016 and 2015, the unamortized balances of the debt financing costs on the 2014 Issuance were €1.5 million, €1.8 million and €2.0 million, respectively.

On 25 June 2015, the Company issued to certain European and U.S. investors three tranches of senior guaranteed notes. The proceeds from the issuance were mainly utilised to repay the 2014 Wells Fargo Loan, the Revolving Loan Facility and to fund the City Box Transaction. The Company paid €1.4 million of placement and legal fees and other expenses that are being amortized as interest expense using the effective interest method. As of 31 December 2017, 2016 and 2015, the unamortized balances of the debt financing costs on the 2015 Issuance were €1.2 million, €1.2 million and €1.3 million, respectively.

The senior guaranteed notes (both principal amount and interest payments) are denominated in Euro.

The full and prompt performance and observance by Shurgard Luxembourg Sàrl of all its obligations under the 2014 and 2015 note purchase agreements is unconditionally guaranteed by Shurgard Self Storage Europe Sàrl as Parent Guarantor pursuant to the terms and conditions provided for under the respective note purchase agreements. The 2014 and 2015 Issuances are subject to certain customary covenants (including senior leverage, fixed charge cover and unencumbered asset value to total unsecured liabilities) that we test for compliance on a quarterly basis. As of 31 December 2017, 2016 and 2015, we are in compliance with all such covenants.

### Revolving loan facility BNP Paribas Fortis bank

On 28 September 2015, the Company entered into a €50.0 million revolving loan facility with BNP Paribas Fortis bank ("the BNP Revolving Loan Facility"). There are no mandatory repayments of principal debt due for the BNP Revolving Loan Facility before its maturity and a commitment fee of

0.28% applies to undrawn amounts. As of 31 December 2017 and 2016, the Company had no outstanding borrowings on the BNP Revolving Loan Facility.

On 23 May 2016, the BNP Revolving Loan Facility with its first tranche of €50.0 million was expanded with a second tranche of €75.0 million. As of December 31, 2017 and 2016, the Company had nil and €27.0 million respectively, in outstanding borrowings on this second tranche of the BNP Revolving Loan Facility.

The BNP Revolving Loan Facility is guaranteed by the Company pursuant to a guarantee that Shurgard Self Storage Europe Sàrl (the Parent Guarantor) has undertaken, irrevocably and unconditionally, to pay, on BNP Paribas Fortis bank's first demand, an amount of €137.5 million maximum.

### Unsecured subordinated convertible loan payable to Shurgard Europe Holdings LLC

At 17 July 2014, we owed €180.8 million loan, due 28 February 2027 to our direct shareholder Shurgard Europe Holding LLC. The terms of the loan agreement provide that this loan may be converted by Shurgard Europe Holding LLC into 24,855,200 ordinary shares of the Company at any time before the 28 February 2027 maturity date.

The convertible loan bears a fixed contractual interest of 3%, with interest added to the principal balance or, at the option of Shurgard, paid currently.

The initial fair value of the liability portion of the loan was determined using a market interest rate for an equivalent non-convertible loan on 17 July 2014. The liability is subsequently recognised on an amortised cost basis until extinguished or maturity of the convertible loan. The remainder of the proceeds was allocated to the conversion option and recognised in Shareholders' equity and not subsequently remeasured.

On 25 June 2015, the terms of the Shurgard Europe Holding LLC convertible loan were amended, resulting in an extended maturity date of 28 February 2031. The Company concluded that, based on a quantitative assessment, the amendment to the contractual terms of the convertible loan should be treated as a debt modification.

On 31 May 2016 the Company repaid the convertible loan in full.

<i>All amounts in € '000</i>	2017	2016	2015	2014
Carrying value including effective accrued interest, excluding equity component on 1 January	-	189,248	183,452	177,922
Equity component of convertible loan on 31 December	-	-	(4,256)	(4,256)
Interest expense (*)	-	2,451	5,796	5,530
Reversal of E.I.R. interest on 31 May	-	(311)	-	-
Repayment principal amount	-	(164,734)	-	-
Interest paid	-	(26,654)	-	-
<b>Interest-bearing loan on 31 December</b>	<b>-</b>	<b>-</b>	<b>184,992</b>	<b>179,196</b>

(\*) Interest expense is calculated using the effective interest rate of 3.26% up until the 25 June 2015 extension date and 3.23% after 25 June 2015 up until 31 May 2016, the date on which we repaid the convertible loan.

**29. Finance lease obligations**

The Company leases various investment properties with aggregate fair value of €34.4 million as of 31 December 2017 (€ 32.4 million, €30.1 million and €25.8 million as of 31 December 2016, 2015 and 1 January 2015, respectively) under finance leases. Finance lease obligations are related to six investment properties in Belgium and The Netherlands (four investment properties until 30 June 2015), with purchase option on one Belgian property exercisable in the

year 2022. The terms of the Dutch finance leases do not provide for any purchase options. The liability under finance leases at 31 December 2017 represents the future minimum lease payments, net of future interest expense totalling €19.8 million (€20.1 million, €21.3 million and €22.8 million as of 31 December 2016, 2015 and 1 January 2015, respectively).

At 31 December 2017, future minimum lease payments (including interest charges) under our finance leases totalling €26.3 million, are as follows:

<i>All amounts in € '000</i>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Due within one year	1,053	1,034	1,020	453
Due within two to five years	3,725	3,986	4,259	2,069
Thereafter	21,548	22,050	23,316	24,775
<b>Total future lease payments</b>	<b>26,326</b>	<b>27,070</b>	<b>28,595</b>	<b>27,297</b>
Amount representing interest	(19,776)	(20,131)	(21,300)	(22,816)
<b>Present value of minimum lease payments</b>	<b>6,550</b>	<b>6,939</b>	<b>7,295</b>	<b>4,481</b>

### 30. Analysis of movements in interest-bearing loans and borrowings

The below tables provide an analysis of financial debt and movements in financial debt for each of the periods presented.

<i>All amounts in € '000</i>	1 January 2017	Borrowing proceeds	Borrowings assumed in acquisition	Repayments of debt	Payments for debt financing cost	Interest payments	Non-cash movements	31 December 2017
Interest-bearing loans and borrowings	623,995	20,000	-	(47,000)	-	(17,735)	18,087	597,347
Finance lease obligations	6,939	-	-	(464)	-	(602)	677	6,550
<b>Total financial debt</b>	<b>630,934</b>	<b>20,000</b>	<b>-</b>	<b>(47,464)</b>	<b>-</b>	<b>(18,337)</b>	<b>18,764</b>	<b>603,897</b>
<i>All amounts in € '000</i>	1 January 2016	Borrowing proceeds	Borrowings assumed in acquisition	Repayments of debt	Payments for debt financing cost	Interest payments	Non-cash movements	31 December 2016
Interest-bearing loans and borrowings	781,685	65,000	-	(202,734)	(2)	(44,354)	24,400	623,995
Finance lease obligations	7,295	-	-	(427)	-	(665)	736	6,939
<b>Total financial debt</b>	<b>788,980</b>	<b>65,000</b>	<b>-</b>	<b>(203,161)</b>	<b>(2)</b>	<b>(45,019)</b>	<b>25,136</b>	<b>630,934</b>
<i>All amounts in € '000</i>	1 January 2015	Borrowing proceeds	Borrowings assumed in acquisition (*)	Repayments of debt	Payments for debt financing cost	Interest payments	Non-cash movements	31 December 2015
Interest-bearing loans and borrowings	583,517	300,000	-	(107,500)	(1,676)	(14,240)	21,584	781,685
Finance lease obligations (**)	4,481	-	2,967	(220)	-	(615)	681	7,295
<b>Total financial debt</b>	<b>587,998</b>	<b>300,000</b>	<b>2,967</b>	<b>(107,720)</b>	<b>(1,676)</b>	<b>(14,855)</b>	<b>22,265</b>	<b>788,980</b>

(\*) See note 14 on the acquisition of City Box in 2015.



**31. Other non-current liabilities**

Other non-current liabilities consist, almost exclusively, of VAT due after more than one year.

**32. Trade and other payables and deferred revenue**

<i>All amounts in € '000</i>	<b>31 December 2017</b>	<b>31 December 2016</b>	<b>31 December 2015</b>	<b>1 January 2015</b>
Liability in connection with the acquisition in 2014 of Secur	-	-	-	64,511
Accrued compensation and employee benefits	7,256	7,012	6,812	5,649
Accrued share-based compensation expense	5,449	8,946	4,968	2,126
Accounts payable (including accrued expenses)	23,883	23,363	19,022	19,750
Payables to affiliated companies	662	905	921	492
Deferred revenue	23,455	22,983	23,489	21,277
Other payables	4,013	4,186	5,246	5,155
<b>Trade and other payables and deferred revenue</b>	<b>64,718</b>	<b>67,395</b>	<b>60,458</b>	<b>118,960</b>

(\*) Other payables consists of VAT payable in less than one year and customer deposits.

**33. Pensions**

The Company has defined contribution plans in certain countries in which it operates, whereby contributions by the Company are historically charged to expense in the period in which services are rendered by the covered employees. As of 31 December 2017, 2016 and 2015, the Company incurred expense of €1.0 million, €0.9 million and €1.0 million, respectively. These amounts are included in property operating or general, administrative and other expenses in our consolidated statements of profit and loss.

The Company operates a Belgian pension plan that is structured as a defined contribution plan but that needs to be accounted for as a defined benefit plan in accordance with IFRS.

During each of the years ended 31 December 2017, 2016 and 2015, we contributed €0.4 million to Vivium, a reputable Belgian third party insurance company. The insurance company invests the majority of its funds in sovereign and corporate bonds. Investment decisions are based on strategic asset allocation studies and risk management best practices.

As of 31 December 2017, the defined benefit obligation amounted to €2.3 million, (€2.2 million as of 31 December 2016), offset by plan assets of €2.5 million as of 31 December 2017 (€2.2 million as of 31 December 2016).

The assumptions used in determining net benefit costs and benefit liabilities for our pension plans were as follows:

<i>All amounts in € '000</i>	<b>31 December 2017</b>	<b>31 December 2016</b>
Discount rate	1.75%	1.6%
Inflation	1.75%	1.75%
Rate of salary increases	2.75%	2.75%
Mortality tables	MR-5/FR-5	MR-5/FR-5

### 34. Share-based compensation expense

Under various share option plans, the Company granted to its employees options to purchase the Company's shares, with the exercise price equal to the fair value of the share at the respective grant dates. The terms of these grants are established by our Board of Managers. Options vest ratably over a four year period, and expire seven to ten years after the grant date.

Because employees exercising their share options can force the Company to settle the share options in cash, these share option plans are classified as cash-settled share-based payment plans. Accordingly, the fair value of the liability for the share options is remeasured at each reporting date and at the date of settlement. Any changes in the fair value are recognised in Administrative expenses.

Since the Company's shares are not traded publicly, our Board of Managers derives the fair value of our shares based on the estimated fair value of the Company under a going-concern approach.

The fair value of the share options for all plans is determined using the Black-Scholes option pricing model. Expected volatility of the Company's shares is determined based upon a combination of historical volatility and peer Company review, as determined from time to time by the Board of Managers. The risk-free interest rate is based upon the yield of European treasury securities with a remaining term equal to the expected remaining life of the related share option. We used historical data and trends to estimate future forfeitures as well as the expected life of the awards.

Except for the 2010 and 2012 share option plans, which have a seven year contractual term, all share option plans have a ten year contractual term and four years (25% per annum) graded vesting with no performance conditions. The fair market value of the options is determined by the Board of Managers as it deems appropriate and equitable, in accordance with the relevant section of the agreement, as long as the shares are not traded on a regulated securities exchange. Participants can only exercise the share options having vested subject to the respective provisions of the relevant share option plans and at the price set previously by the Board of Managers.

The Board of Managers of Shurgard Self Storage Europe granted in the second quarter of 2010 457,500 share options under the 2010 share option plan. The Board of Managers determined the exercise price of the share options granted to be €7.75. The fair market value of the options has been based on the valuation received from a third party valuation firm and as approved by the Board.

The Board of Managers of Shurgard Self Storage Europe granted in the second quarter of 2012 402,500 share options under the 2012 share option plan and also determined the exercise price of the share options grant to be €9.89. The fair market value of the options has been based on the valuation received from a third party valuation firm and as approved by the Board.

The Board of Managers of Shurgard Self Storage Europe granted in the first quarter of 2015 420,000 share options under the 2015 share option plan and also determined the exercise price of the grants to be €12.77. The fair market value of the options has been based on the valuation received from a third party valuation firm and as approved by the Board.

The Board of Managers of Shurgard Self Storage Europe granted in the third quarter of 2016 54,000 share options under the 2016 share option plan and also determined the exercise price of the share options granted to be €23.10. The fair market value of the options has been based on the valuation received from a third party valuation firm and as approved by the Board.

The Board of Managers of Shurgard Self Storage Europe granted in the third quarter of 2017 255,000 share options under the 2017 share option plan and also determined the exercise price of the share options granted to be €27.02. The fair market value of the options has been based on the valuation received from a third party valuation firm and as approved by the Board.

As of 31 December 2014, we used the following weighted average assumptions in the Black-Scholes option-pricing model to determine the fair value of the liability for the share options granted in 2010 and 2012:

	2010 grants		2012 grants	
Per-share fair value of Common shares	€	12.62	€	12.62
Expected volatility		25.00%		25.00%
Risk free interest rate		-0.02%		-0.12%
Expected remaining term (in years)		0.2		2.1
Dividend yield		-		-
Expected forfeiture rate per annum		3.00%		3.00%
Fair value per option	€	4.87	€	3.30

## Notes to the consolidated financial statements

As of 31 December 2015, we used the following weighted average assumptions in the Black-Scholes option-pricing model to calculate the fair value of the liability for the share options granted in 2010, 2012 and 2015:

	2010 grants	2012 grants	2015 grants
Per-share fair value of Shurgard Europe shares	€ 16.32	€ 16.32	€ 16.32
Expected volatility	25.00%	25.00%	25.00%
Risk free interest rate	-0.37%	-0.35%	0.18%
Expected remaining term (in years)	1.5	2.0	6.3
Dividend yield	-	-	-
Expected forfeiture rate per annum	3.00%	3.00%	3.00%
Fair value per option	€ 8.54	€ 6.53	€ 5.68

As of 31 December 2016, we used the following weighted average assumptions in the Black-Scholes option-pricing model to calculate the fair value of the liability for the share options granted in 2010, 2012, 2015 and 2016:

	2010 grants	2012 grants	2015 grants	2016 grants
Per-share fair value of Shurgard Europe shares	€ 27.02	€ 27.02	€ 27.02	€ 27.02
Expected volatility	25.00%	25.00%	25.00%	25.00%
Risk free interest rate	-0.88%	-0.80%	-0.46%	-0.14%
Expected remaining term (in years)	0.5	2.0	5.3	6.8
Dividend yield	-	-	-	-
Expected forfeiture rate per annum	3.00%	3.00%	3.00%	3.00%
Fair value per option	€ 19.24	€ 16.97	€ 14.45	€ 8.42

As of 31 December 2017, we used the following weighted average assumptions in the Black-Scholes option-pricing model to calculate the fair value of the liability for the options granted in 2015, 2016 and 2017:

	2015 grants	2016 grants	2017 grants
Per-share fair value of Shurgard Europe shares	€ 28.03	€ 28.03	€ 28.03
Expected volatility	20.00%	20.00%	20.00%
Risk free interest rate	-0.34%	-0.16%	-0.13%
Expected remaining term (in years)	4.3	5.8	6.8
Dividend yield	-	-	-
Expected forfeiture rate per annum	3.00%	3.00%	5.00%
Fair value per option	€ 15.17	€ 7.57	€ 6.27

We incurred €1.9 million, €8.4 million and €2.8 million in share-based compensation expense in the years ended 31 December 2017, 2016 and 2015 respectively. We had a liability for share-based compensation plans, included under Trade and other payables and deferred revenue in our statements of financial position, totalling €5.4 million, €8.9 million, €5.0 million and €2.1 million as at 31 December 2017, 2016, 2015 and 2014, respectively.

As of 31 December 2017, 2016 and 2015 we had, respectively, €1.8 million, €1.9 million and €1.4 million of

unrecognized share-based compensation expense, net of estimated pre-vesting forfeitures, related to unvested option awards. As of 31 December 2017, 2016, 2015 and 2014 the weighted average remaining vesting period of our share options was, respectively, 2.2 years, 1.5 years, 1.9 years and 1.5 years. As of 31 December 2017, 2016, 2015 and 2014 we estimate that the fair value of the non-exercised awards is, respectively, €7.3 million, €10.9 million and €6.2 million.

The following table sets forth the number of share options granted, forfeited, exercised and outstanding at 31 December 2017, 2016 and 2015:

	2017		2016		2015	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding, 01 January,	727,125	€ 12.45	946,875	€ 10.55	546,875	€ 8.92
Granted	255,000	€ 27.02	54,000	€ 23.10	420,000	€ 12.77
Forfeited	(10,000)	€ 23.10	-	-	(20,000)	€ 12.77
Exercised (a)	(318,125)	€ 10.28	(273,750)	€ 7.98	-	-
<b>Outstanding, 31 December,</b>	<b>654,000</b>	<b>€ 19.02</b>	<b>727,125</b>	<b>€ 12.45</b>	<b>946,875</b>	<b>€ 10.55</b>
Exercisable, 31 December,	166,000	€ 13.45	373,125	€ 10.64	471,875	€ 8.77

(a) Share options exercised in the years ended 31 December 2017 and 2016 had an aggregate intrinsic value at the date of exercise of €16.74 and €15.12 per option, respectively.

(b) The following table summarizes information about our share options outstanding at 31 December 2014 under the 2010 and 2012 plans:

As of 31 December 2014							
Options outstanding					Options exercisable		
Year of grant	Fair value per option at 31 December 2014	Number of Options	Weighted average exercise price	Weighted average remaining contractual life	Number of Options	Weighted average exercise price	Weighted average remaining contractual life
2010	€ 4.87	246,875	€ 7.75	2.5 years	246,875	€ 7.75	2.5 years
2012	€ 3.30	300,000	€ 9.89	4.5 years	150,000	€ 9.89	4.5 years
		<b>546,875</b>	<b>€ 8.92</b>	<b>3.6 years</b>	<b>396,875</b>	<b>€ 8.56</b>	<b>3.3 years</b>

The following table summarizes information about our share options outstanding at 31 December 2015 under the 2010, 2012 and 2015 plans:

As of 31 December 2015							
Options outstanding					Options exercisable		
Year of grant	Fair value per option at 31 December 2015	Number of Options	Weighted average exercise price	Weighted average remaining contractual life	Number of Options	Weighted average exercise price	Weighted average remaining contractual life
2010	€ 8.54	246,875	€ 7.75	1.5 years	246,875	€ 7.75	1.5 years
2012	€ 6.53	300,000	€ 9.89	3.5 years	225,000	€ 9.89	3.5 years
2015	€ 5.68	400,000	€ 12.77	9.3 years	-	€ 12.77	9.3 years
		<b>946,875</b>	<b>€ 10.55</b>	<b>5.3 years</b>	<b>471,875</b>	<b>€ 8.77</b>	<b>2.5 years</b>

The following table summarizes information about our share options outstanding at 31 December 2016 under the 2010, 2012, 2015 and 2016 plans:

As of 31 December 2016							
Options outstanding					Options exercisable		
Year of grant	Fair value per option at 31 December 2016	Number of Options	Weighted average exercise price	Weighted average remaining contractual life	Number of Options	Weighted average exercise price	Weighted average remaining contractual life
2010	€ 19.24	3,125	€ 7.75	0.8 years	3,125	€ 7.75	0.8 years
2012	€ 16.97	270,000	€ 9.89	2.8 years	270,000	€ 9.89	2.8 years
2015	€ 14.45	400,000	€ 12.77	8.5 years	100,000	€ 12.77	8.5 years
2016	€ 8.42	54,000	€ 23.10	9.8 years	-	-	-
		<b>727,125</b>	<b>€ 12.45</b>	<b>6.2 years</b>	<b>373,125</b>	<b>€ 10.64</b>	<b>4.0 years</b>

## Notes to the consolidated financial statements

The following table summarizes information about our share options outstanding at 31 December 2017 under the 2015, 2016 and 2017 plans:

As of 31 December 2017							
Year of grant	Fair value per option at 31 December 2017	Options outstanding			Options exercisable		
		Number of Options	Weighted average exercise price	Weighted average remaining contractual life	Number of Options	Weighted average exercise price	Weighted average remaining contractual life
2015	€ 15.17	355,000	€ 12.77	7.3 years	155,000	€ 12.77	7.3 years
2016	€ 7.57	44,000	€ 23.10	8.5 years	11,000	€ 23.10	8.5 years
2017	€ 6.27	255,000	€ 27.02	9.5 years	-	€ 27.02	9.5 years
		<b>654,000</b>	<b>€ 19.02</b>	<b>8.2 years</b>	<b>166,000</b>	<b>€ 13.45</b>	<b>7.3 years</b>

We expect to issue and repurchase shares upon the exercise of share options. Based on the number of vested and outstanding options as of 31 December 2017, and the number of options to vest in 2018, the maximum of shares to be issued and repurchased in 2018 will be 343,250 shares (€4.1 million in total repurchase cost).

### 35. Related party disclosures

For information on the shareholders of the Company, we refer to note 1. Ownership interests have not changed between 1 January 2015 and 31 December 2017.

#### Subsidiaries

Interests in subsidiaries are set out in note 39.

#### Key management personnel compensation

All amounts in € '000	2017	2016	2015
Short term employee benefits	2,672	2,307	2,046
Post-employment benefits	95	96	52
Share-based payments	4,839	2,622	-
<b>Total</b>	<b>7,606</b>	<b>5,025</b>	<b>2,098</b>

Key management personnel consists of the members of the executive committee.

#### Transactions with other related parties

Pursuant to a management agreement, we manage a self-storage facility owned by PS in exchange for a fee of 7.0% of revenues. For each of the years ended 31 December 2017, 2016 and 2015, we earned management fees of €0.2 million under this management agreement. These management fees are included in other operating revenue on our consolidated statements of profit and loss.

Additionally, we pay PS 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. During the years ended 31 December 2017, 2016 and 2015, we incurred royalty fees of €2.3 million, €2.3 million and €2.1 million, respectively.

#### Outstanding balances arising from transactions with related parties

At 31 December 2017, 2016 and 2015, trade and other payables and deferred revenue include short-term cash advances payable to a European affiliate entity wholly-owned by Public Storage totalling €67,000, €323,000 and €347,000, respectively.

At 31 December 2017, 2016 and 2015, trade and other payables and deferred revenue include short-term cash advances payable to Public Storage totalling €595,000, €582,000 and €574,000, respectively, comprised primarily of royalty fees and expenses incurred during each of the three months ended 31 December 2017, 2016 and 2015.

As described in notes 28 and 30, the Company had a note payable to SEH LLC until the end of May 2016.

### 36. Financial risk management objectives and policies

This note explains the Company's exposure to financial risks and how these risks could affect the Company's future financial performance. Current year profit or loss financial information has been included where relevant to add further context.

The Company has tenant and other receivables, trade and other payables, deferred revenue and cash and cash equivalents that arise directly from its operations.

The Company's principal financial liabilities consist of loans and borrowings. The main purpose of the Company's loans and borrowings is to finance the acquisition and development of the Company's property portfolio.

The Company is exposed to market risk (foreign exchange risk), credit risk and liquidity risk. The Company's risk management is carried out by senior management, under policies approved by the Board of Managers. The Board of Managers provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, real estate risk and credit risk, the use of derivative and non-derivative financial instruments and investment of excess liquidity. The Board of Managers reviews and agrees policies for managing each of these risks which are summarised below.

The Company is currently not exposed to significant interest rate risk, as it does not have any long term debt with variable interest rates.

#### Foreign exchange risk

We publish our financial statements in euros, however, we record revenue, expenses, assets and liabilities in a number of different currencies other than the euro, more specifically, the UK Pound Sterling (GBP), the Swedish Krona (SEK) and the Danish Krone (DKK). Assets and liabilities denominated in local currencies are translated into euros at exchange rates prevailing at the balance sheet date and revenues and expenses are translated at average exchange rates over the relevant period. Consequently, variations in the exchange rate of the euro versus these other currencies will affect the amount of these items in our consolidated financial statements, even if their value remains unchanged in their original currency. We implement policies to protect against exchange rate risk only when required to do so by covenants contained in our debt agreements. These translations have resulted in the past and could result in the future in changes to our results of operations, balance sheet and cash flows from period to period.

A breakdown of the foreign-exchange related amounts recognised in profit or loss and comprehensive income can be found in notes 11 and in the consolidated statements of equity, respectively.

The main statement of financial position items exposed to foreign exchange risk are cash and cash equivalents, trade and other receivables, assets held for sale, other current and non-current assets, trade and other payables and deferred revenue, finance lease obligations and other non-current liabilities.

As of 31 December 2017, 2016 and 2015 and 1 January 2015, the net assets (liabilities) exposure on our consolidated statement of financial position is as follows:

<i>All amounts in € '000</i>	EUR	GBP	SEK	DKK	Total
As of 31 December 2017	(22,319)	(5,923)	(5,311)	(976)	(34,529)
As of 31 December 2016	(34,576)	(4,607)	(7,378)	(869)	(47,430)
As of 31 December 2015	79,068	(3,324)	(3,858)	(428)	71,458
As of 1 January 2015	(45,065)	(1,416)	(2,717)	(1,262)	(50,460)

The following table presents the sensitivity analysis of the year end statement of financial position balances in EUR in case the euro would weaken by 10% versus the GBP, SEK and DKK, respectively.

<i>All amounts in € '000</i>	31 December 2017	31 December 2016	31 December 2015	1 January 2015
<b>GBP denominated</b>				
Changes in carrying amount of monetary assets and liabilities	592	461	332	141
<b>SEK denominated</b>				
Changes in carrying amount of monetary assets and liabilities	531	738	386	272
<b>DKK denominated</b>				
Changes in carrying amount of monetary assets and liabilities	98	87	43	126

The tables below show the sensitivity of profit or loss to changes in the GBP/EUR, SEK/EUR and DKK/EUR exchange rates:

#### Impact on profit after tax

All amounts in € '000 – (*)	2017	2016	2015
GBP/EUR exchange rate – increase 10%	2,591	1,649	833
SEK/EUR exchange rate – increase 10%	3,989	3,839	6,204
DKK/EUR exchange rate – increase 10%	917	860	1,380

(\*) Positive amounts represent an increase in profit after tax.

#### Impact on equity

All amounts in € '000 – (*)	31 December 2017	31 December 2016	31 December 2015	1 January 2015
GBP/EUR exchange rate – increase 10%	32,903	(787)	(2,901)	(3,500)
SEK/EUR exchange rate – increase 10%	35,466	22,165	19,074	12,368
DKK/EUR exchange rate – increase 10%	11,142	6,471	5,587	4,218

(\*) Positive amounts represent an increase in equity

#### Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risks from both its leasing activities (i.e. tenant receivables) and financing activities, which include cash equivalents with banks and financial institutions.

Credit risk from balances with banks and financial institutions is managed by the Company's senior management in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties with a minimum credit rating of A. The Company's maximum exposure to credit risk for the balances with banks and financial institutions at 31 December 2017 is the carrying value of the Cash and cash equivalents.

Credit risk is managed by requiring tenants to pay rentals in advance. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial asset. There are no significant concentrations of credit risk, whether through exposure to individual customers or regions.

Outstanding tenants' receivables are regularly monitored. An impairment analysis is performed at each reporting date

on an individual basis for all tenants. Individual receivables which are known to be uncollectible are written off by reducing the carrying amount directly. The other receivables are assessed collectively to determine whether there is objective evidence that an impairment has been incurred but not yet identified. For these receivables the estimated impairment losses are recognised in a separate provision for impairment. The Company considers that there is evidence of impairment if any of the following indicators are present:

- Significant financial difficulties of the debtor;
- Probability that the debtor will enter bankruptcy or financial reorganization; and
- Default or delinquency in payments (more than 60 days overdue).

Tenant receivables for which an impairment provision was recognised are written off against the provision when there is no expectation of recovering additional cash.

Impairment losses are recognised in profit or loss within real estate operating expense. Subsequent recoveries of amounts previously written off are offset against the previously recognised loss on debtors within real estate operating expense.

The ageing of gross trade debtors as of 31 December 2017, 2016 and 2015 and January 2015 is as follows:

All amounts in € '000	31 December 2017	31 December 2016	31 December 2015	1 January 2015
Not due	9,630	11,496	11,467	9,670
Overdue for less than thirty days	1,257	1,622	1,667	1,261
Overdue more than thirty days but less than sixty days	620	794	814	587
<b>Total not impaired</b>	<b>11,507</b>	<b>13,912</b>	<b>13,948</b>	<b>11,518</b>
<b>Impaired (partially)</b>	<b>5,451</b>	<b>7,036</b>	<b>7,217</b>	<b>6,638</b>
<b>Gross debtors</b>	<b>16,958</b>	<b>20,948</b>	<b>21,165</b>	<b>18,153</b>

The other classes within trade and other receivables and other current assets do not contain impaired assets and are not past due. It is expected that these amounts will be received when due. The Company does not hold any collateral in relation to these receivables.

#### Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due. The Company maintains flexibility in funding by maintaining availability under committed credit lines.

The operating activities of our subsidiaries and the resulting cash inflows are the main source of liquidity. Our cash pooling system enables us to benefit from surplus funds of

certain subsidiaries to cover the financial requirements of other subsidiaries. We invest surplus cash in interest-bearing current accounts and short term cash equivalents, selecting instruments with appropriate maturities or sufficient liquidity.

Management monitors rolling forecasts of the Company's liquidity reserve (comprising the undrawn credit facilities listed below) and cash and cash equivalents (see note 23) on the basis of expected cash flows.

The Company has access to the following undrawn borrowing facilities at the end of the reporting period:

<i>All amounts in € '000</i>	31 December 2017	31 December 2016	31 December 2015	1 January 2015
Expiring within one year (floating rate)	-	-	-	-
Expiring beyond one year (floating rate) (*)	125,000	98,000	125,000	130,000
<b>Total</b>	<b>125,000</b>	<b>98,000</b>	<b>125,000</b>	<b>130,000</b>

(\*) The 1 January 2015 undrawn borrowing facility consists of a revolving loan facility with Wells Fargo Bank.

The tables below analyse the Company's financial liabilities based on their contractual maturities.

The amounts disclosed in the table are the contractual undiscounted cash flows (including interest payments). Balances due within twelve months equal their carrying balances as the impact of discounting is not material.

#### Contractual maturities of financial liabilities at 31 December 2017

<i>All amounts in € '000</i>	Less than one year	Between 1 and 5 years	Over 5 years	Total contractual cash flows
Interest-bearing loans and borrowings	17,613	165,486	551,887	734,986
Finance lease obligations	717	3,699	25,581	29,997
Other non-current liabilities	275	325	-	600
Trade and other payables	41,249	-	-	41,249
<b>Total</b>	<b>59,854</b>	<b>169,510</b>	<b>577,468</b>	<b>806,832</b>

#### Contractual maturities of financial liabilities at 31 December 2016

<i>All amounts in € '000</i>	Less than one year	Between 1 and 5 years	Over 5 years	Total contractual cash flows
Interest-bearing loans and borrowings	17,754	195,750	566,480	779,984
Finance lease obligations	1,034	3,986	29,110	34,130
Other non-current liabilities	564	660	35	1,259
Trade and other payables	44,398	-	-	44,398
<b>Total</b>	<b>63,750</b>	<b>200,396</b>	<b>595,625</b>	<b>859,771</b>



**Contractual maturities of financial liabilities at 31 December 2015**

<i>All amounts in € '000</i>	<b>Less than one year</b>	<b>Between 1 and 5 years</b>	<b>Over 5 years</b>	<b>Total contractual cash flows</b>
Interest-bearing loans and borrowings	17,263	69,052	981,462	1,067,777
Finance lease obligations	1,020	4,259	26,395	31,674
Other non-current liabilities	933	572	37	1,542
Trade and other payables	36,955	-	-	36,955
<b>Total</b>	<b>56,171</b>	<b>73,883</b>	<b>1,007,894</b>	<b>1,137,948</b>

**Contractual maturities of financial liabilities at 1 January 2015**

<i>All amounts in € '000</i>	<b>Less than one year</b>	<b>Between 1 and 5 years</b>	<b>Over 5 years</b>	<b>Total contractual cash flows</b>
Interest-bearing loans and borrowings	45,916	110,441	604,582	760,939
Finance lease obligations	453	2,070	24,775	27,298
Other non-current liabilities	560	1,240	76	1,876
Trade and other payables	97,682	-	-	97,682
<b>Total</b>	<b>144,611</b>	<b>113,751</b>	<b>629,433</b>	<b>887,795</b>

**Fair values**

Management has assessed that the fair values of cash and cash equivalents, trade and other receivables, trade and other payables approximate their carrying amounts largely due to the short-term maturities of these instruments.  
The effect of fair value measurement of the finance lease obligations is not material.

Set out below is a comparison of the carrying amounts and fair value of the Company's guaranteed notes, which have a fixed interest rate:

<i>All amounts in € '000</i>	<b>31 December 2017</b>	<b>31 December 2016</b>	<b>31 December 2015</b>	<b>1 January 2015</b>
Carrying value	597,347	596,995	596,693	297,808
Fair values	644,602	635,261	593,596	319,460

The following methods and assumptions were used to estimate the fair values:

- The fair values of our senior guaranteed notes (level 3) consists of the discounted value of principal amounts and any future interest payments.
- The discount rates used take into account the various maturities of the notes issued and are based on risk free interest rates plus spreads that are in line with market spreads for private placements as of the respective reporting dates.

### 37. Capital management

The Company's executive committee reviews the capital structure on an ongoing basis. The primary objective of the Company's capital management is to ensure that it complies with its covenants and to maintain a strong loan-to-value ratio. The Company reviews each reporting period the appropriateness of the loan-to-value ratio. The Company is currently satisfied with its current loan-to-value ratio and the applicable covenants. For all periods disclosed, we are in compliance with the covenants.

The table below provides an overview of the evolution of the loan-to-value ratio from 1 January 2015 to 31 December 2017.

<i>All amounts in € '000</i>	<b>31 December 2017</b>	<b>31 December 2016</b>	<b>31 December 2015</b>	<b>1 January 2015</b>
Net financial debt	582,905	622,260	671,654	531,797
Investment property and investment property under construction	2,300,692	2,128,250	1,988,464	1,701,551
<b>Loan-to-value ratio</b>	<b>25,34%</b>	<b>29,24%</b>	<b>33,78%</b>	<b>31,25%</b>

Net financial debt is defined as long-term and short-term interest-bearing loans and borrowings, including finance lease obligations and excluding debt issuance costs less cash and cash equivalents.

### 38. Contingencies and commitments

#### Insurance and Loss Exposure

We have historically carried comprehensive insurance, including property/business interruption, general liability and workers compensation, through recognized insurance carriers, subject to customary levels of deductibles. Our insurance programs also insure affiliates of the Company. Our estimated maximum annual exposure for losses that are below the deductibles set forth in the third-party insurance contracts, assuming multiple significant events occur, is approximately €0.6 million. In addition, if losses exhaust the third-party insurers' limit of coverage of €25.0 million for property / business interruption coverage and €5.0 million for general liability (with excess coverage up to USD 102.0 million, or approximately €85.1 million at the 31 December 2017 exchange rate, under the PS general liability program), our exposure could be greater.

Our tenant insurance program provides insurance to certificate holders against claims for property losses due to specific named perils to goods stored by tenants at our self-storage facilities for individual limits up to a maximum of €20,000 per unit. We have third-party insurance coverage for our tenant insurance program. As of 31 December 2017, there were approximately 122,000 certificate holders participating in this program in Europe representing aggregate coverage of approximately €431.3 million. We rely on a third-party insurance company to provide the insurance and consider that under the exemption foreseen in the EU Directive 2002/92/CE on insurance mediation we are not subject to specific licensing requirements and regulations in any countries. For the year ended 31 December 2017, revenues earned under our tenant insurance program accounted for approximately 10.0% of our total revenues (9.5% for the year ended 31 December 2016).

We have historically carried property, earthquake, general liability, employee medical insurance and workers

compensation coverage through internationally recognized insurance carriers, subject to deductibles. Our deductible for general liability is €2,500 per occurrence. Our deductible for property losses is €2,500 per occurrence. Insurance carriers' aggregate limits on these policies of €20.0 million for property losses per occurrence (annual aggregate) USD 102.0 million for general liability losses (annual aggregate) are higher than estimates of maximum probable losses that could occur from individual catastrophic events determined in recent engineering and actuarial studies; however, in case of multiple catastrophic events, these limits could be exceeded.

#### Capital expenditure commitments

As of 31 December 2017, we had €6.8 million of outstanding capital expenditure commitments under contract in regard to certain self-storage facilities under construction.

#### Contingent Losses

We are a party to various legal proceedings and subject to various claims and complaints; however, we believe that the likelihood of these contingencies resulting in a material loss to the Company, either individually or in the aggregate, is remote.

#### Parental guarantee

The full and prompt performance and observance by Shurgard Luxembourg Sàrl of all its obligations under the 2014 and 2015 note purchase agreements and the revolving loan facility with BNP Paribas Fortis bank is unconditionally guaranteed by Shurgard Self Storage Europe Parent Guarantor pursuant to the terms and conditions provided for under the respective note purchase agreements.

## 39. List of consolidated entities

	Country of incorporation	As of 31 December 2017			As of 31 December 2016			As of 31 December 2015			As of 31 December 2014		
		Consolidated	% Ownership		Consolidated	% Ownership		Consolidated	% Ownership		Consolidated	% Ownership	
Shurgard Self Storage Europe Sàrl / Ltd (1) (2)	Luxembourg/Guernsey	Yes	100		Yes	100		Yes	100		Yes	100	
SSC Luxembourg Sàrl (1) (3)	Luxembourg	No	-		Yes	100		Yes	100		Yes	100	
SSS Luxembourg Sàrl (1) (3)	Luxembourg	No	-		Yes	100		Yes	100		Yes	100	
Shurgard C.V. (1) (3)	The Netherlands	No	-		Yes	100		Yes	100		Yes	100	
Shurgard Luxembourg Sàrl (1)	Luxembourg	Yes	100		Yes	100		Yes	100		Yes	100	
Shurgard Holding Luxembourg Sàrl (1)	Luxembourg	Yes	100		Yes	100		Yes	100		Yes	100	
Shurgard Luxembourg Investment Sàrl (1) (3)	Luxembourg	No	-		Yes	100		Yes	100		Yes	100	
Shurgard Luxembourg European Investment Sàrl (1) (3)	Luxembourg	No	-		Yes	100		Yes	100		No	-	
Shurgard Belgium Cva	Belgium	Yes	100		Yes	100		Yes	100		No	-	
Shurgard Europe Vof	Belgium	Yes	100		Yes	100		Yes	100		Yes	100	
Second Shurgard Belgium BVBA	Belgium	Yes	100		Yes	100		Yes	100		Yes	100	
Shurgard France Sasu	France	Yes	100		Yes	100		Yes	100		Yes	100	
Shurgard Nederland B.V.	The Netherlands	Yes	100		Yes	100		Yes	100		Yes	100	
Shurgard Nederland CB B.V.	The Netherlands	Yes	100		Yes	100		Yes	100		No	-	
Shurgard Germany GmbH	Germany	Yes	100		Yes	100		Yes	100		No	-	
First Shurgard Deutschland GmbH	Germany	Yes	94.8		Yes	94.8		Yes	94.8		Yes	94.8	
Second Shurgard Deutschland GmbH	Germany	Yes	94.8		Yes	94.8		Yes	94.8		Yes	94.8	
Shurgard Denmark ApS	Denmark	Yes	100		Yes	100		Yes	100		Yes	100	
Shurgard Real Estate ApS	Denmark	Yes	100		Yes	100		Yes	100		Yes	100	
Shurgard U.K. Ltd	UK	Yes	100		Yes	100		Yes	100		Yes	100	
First Shurgard U.K. Ltd	UK	Yes	100		Yes	100		Yes	100		Yes	100	
Second Shurgard U.K. Ltd	UK	Yes	100		Yes	100		Yes	100		Yes	100	
Second Shurgard U.K. Camberley Ltd	UK	Yes	100		Yes	100		Yes	100		Yes	100	
Shurgard Sweden AB	Sweden	Yes	100		Yes	100		Yes	100		Yes	100	
Shurgard Storage Centers Sweden KB	Sweden	Yes	100		Yes	100		Yes	100		Yes	100	
Shurgard Sweden Årstaberg KB	Sweden	Yes	100		Yes	100		Yes	100		Yes	100	
First Shurgard Sweden Invest KB	Sweden	Yes	100		Yes	100		Yes	100		Yes	100	
Second Shurgard Sweden Invest KB	Sweden	Yes	100		Yes	100		Yes	100		Yes	100	

(1) Holding and/or financing company with no operating activities.

(2) This entity was migrated from Guernsey to Luxembourg and became a Sàrl in 2017.

(3) These entities have either been merged with another holding company or liquidated in 2017.

#### 40. Events after the reporting period

##### Acquisition of Pelican facilities

On 29 June 2018, the Company paid €38.4 million to acquire the business, freehold and certain assets of a self-storage business that operates five self-storage facility (23,955 net rentable sqm of storing space) in Sweden under the Pelican brand name.

##### Creation of distributable reserves

On 6 July 2018, the Company reduced its share capital by €755,000,000 in connection with the creation of an equal amount of distributable reserves.

##### Distribution of distributable reserves

A board meeting of the Company was held on 10 July 2018 during which the board members declared an interim

distribution out of available distributable reserves in the amount of €255,000,000 to its shareholders.

On 10 July 2018, the Company entered into a €200,000,000 bridge loan agreement with Société Générale bank and BNP Paribas Fortis, with maturity of 10 January 2019 and bearing interest of EURIBOR + 40 basis points, and has drawn €50,000,000 on the second tranche of the BNP Paribas Fortis revolving loan facility to finance the contemplated dividend distribution.

On 13 July 2018, the Company distributed €255,000,000 in distributable reserves to its aforementioned shareholders.

**SHURGARD SELF STORAGE EUROPE SÀRL AND ITS SUBSIDIARIES**  
**UNAUDITED INTERIM CONDENSED CONSOLIDATED**  
**IFRS FINANCIAL STATEMENTS**  
**AS OF AND FOR THE SIX-MONTHS PERIOD ENDED 30 JUNE 2018**

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## **Report on the review of interim condensed consolidated financial statements**

To the Shareholders of  
Shurgard Self Storage Europe S.à r.l.  
6C, rue Gabriel Lippmann  
L-5365 Münsbach

### **Introduction**

We have reviewed the accompanying interim condensed consolidated financial statements of Shurgard Self Storage Europe S.à r.l. as at June 30, 2018 which comprise the interim condensed consolidated statement of financial position as at June 30, 2018 and the related interim condensed consolidated statements of profit or loss and comprehensive income (loss), changes in equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34 "Interim Financial Reporting" (IAS 34). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements 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 consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

Ernst & Young  
Société anonyme  
Cabinet de révision agréé

Bruno Di Bartolomeo

Luxembourg, August 17, 2018

## Unaudited interim condensed consolidated statement of profit and loss

All amounts in € '000 for the six-months periods ended 30 June	Notes	2018	2017
Real estate operating revenue	7,12	119,510	117,391
Real estate operating expense	8	(48,168)	(47,653)
<b>Net income from real estate operations</b>	12	<b>71,342</b>	<b>69,738</b>
General, administrative and other expenses	9	(4,033)	(5,599)
<i>Of which depreciation and amortization expense</i>		<i>(830)</i>	<i>(777)</i>
Acquisition costs of business combinations	13	(128)	(1,007)
Royalty fee expense	30	(1,180)	(1,155)
<b>Operating profit before revaluation gain and loss on disposal of investment property, plant and equipment and assets held for sale</b>		<b>66,001</b>	<b>61,977</b>
Valuation gain from investment property and investment property under construction	16	7,668	32,321
Loss on disposal of investment property plant and equipment and assets held for sale		-	(38)
<b>Operating profit</b>		<b>73,669</b>	<b>94,260</b>
Finance cost	10	(9,867)	(9,466)
<b>Profit before tax</b>		<b>63,802</b>	<b>84,794</b>
Income tax expense	11	(12,989)	(19,554)
<b>Attributable profit for the period</b>		<b>50,813</b>	<b>65,240</b>
Profit attributable to non-controlling interests		181	167
Profit attributable to ordinary equity holders of the parent		50,632	65,073
<b>Earnings per share in €, attributable to ordinary equity holders of the parent:</b>			
Basic, profit for the period	14	0.79	1.02
Diluted, profit for the period	14	0.79	1.01

The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements.

## Unaudited interim condensed consolidated statement of comprehensive income

All amounts in € '000 for the six-months periods ended 30 June	Notes	2018	2017
Profit for the period		50,813	65,240
Other comprehensive income			
Items to be reclassified to profit or loss in subsequent periods:			
Foreign currency translation reserve		(20,118)	(11,629)
Net other comprehensive loss, net of tax, to be reclassified to profit or loss in subsequent periods		(20,118)	(11,629)
Net other comprehensive loss, net of tax, not to be reclassified to profit or loss in subsequent periods		(122)	-
<b>Total comprehensive income for the period, net of tax</b>		<b>30,573</b>	<b>53,611</b>
Attributable to non-controlling interests	23	181	167
Attributable to ordinary equity holders of the parent		30,392	53,444

The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements.



## Unaudited interim condensed consolidated statement of financial position

All amounts in € '000 as at	Note	30 June 2018	31 December 2017	30 June 2017
<b>ASSETS</b>				
<b>NON-CURRENT ASSETS:</b>				
Investment property	16	2,339,615	2,289,770	2,161,617
Investment property under construction	16	12,026	10,922	27,456
Property, plant and equipment	17	949	1,145	883
Intangible assets	17	3,232	3,115	3,076
Deferred tax assets		1,270	1,468	3,823
Other non-current assets	18	1,571	1,611	1,657
<b>Total non-current assets</b>		<b>2,358,663</b>	<b>2,308,031</b>	<b>2,198,512</b>
<b>CURRENT ASSETS:</b>				
Trade and other receivables	19	9,569	12,952	11,046
Assets held for sale		3	3	5
Other current assets	20	10,198	7,379	8,342
Cash and cash equivalents		22,158	23,645	16,503
<b>Total current assets</b>		<b>41,928</b>	<b>43,979</b>	<b>35,896</b>
<b>TOTAL ASSETS</b>		<b>2,400,591</b>	<b>2,352,010</b>	<b>2,234,408</b>
<b>EQUITY AND LIABILITIES</b>				
<b>EQUITY</b>				
Issued share capital	21,22	800,629	800,629	800,629
Other comprehensive income		(93,378)	(73,138)	(63,540)
Retained earnings		659,467	608,835	462,773
<b>Total equity attributable to equity holders of the parent</b>		<b>1,366,718</b>	<b>1,336,326</b>	<b>1,199,862</b>
<b>Non-controlling interests</b>	23	<b>3,371</b>	<b>3,190</b>	<b>2,973</b>
<b>TOTAL EQUITY</b>		<b>1,370,089</b>	<b>1,339,516</b>	<b>1,202,835</b>
<b>NON-CURRENT LIABILITIES:</b>				
Interest-bearing loans and borrowings	24,26	597,546	597,347	621,188
Deferred tax liabilities		337,995	335,028	326,868
Finance lease obligations	25,26	5,804	6,046	6,252
Other non-current liabilities	27	658	600	1,209
<b>Total non-current liabilities</b>		<b>942,003</b>	<b>939,021</b>	<b>955,517</b>
<b>CURRENT LIABILITIES:</b>				
Finance lease obligations	25	525	504	484
Trade and other payables and deferred revenue	28	78,572	64,718	71,024
Income tax payable		9,402	8,251	4,548
<b>Total current liabilities</b>		<b>88,499</b>	<b>73,473</b>	<b>76,056</b>
<b>TOTAL LIABILITIES</b>		<b>1,030,502</b>	<b>1,012,494</b>	<b>1,031,573</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>2,400,591</b>	<b>2,352,010</b>	<b>2,234,408</b>

The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements.

Unaudited interim condensed consolidated statement of changes in equity

All amounts in € '000	Issued share capital	Other Comprehensive Income	Retained Earnings	Total	Non-controlling interests	Total equity
<b>At 1 January 2017</b>	800,629	(51,911)	397,700	1,146,418	2,806	1,149,224
Net profit	-	-	65,073	65,073	167	65,240
Other comprehensive income	-	(11,629)	-	(11,629)	-	(11,629)
<b>At 30 June 2017</b>	<b>800,629</b>	<b>(63,540)</b>	<b>462,773</b>	<b>1,199,862</b>	<b>2,973</b>	<b>1,202,835</b>
<b>At 1 January 2018</b>	800,629	(73,138)	608,835	1,336,326	3,190	1,339,516
Net profit	-	-	50,632	50,632	181	50,813
Other comprehensive income	-	(20,240)	-	(20,240)	-	(20,240)
<b>At 30 June 2018</b>	<b>800,629</b>	<b>(93,378)</b>	<b>659,467</b>	<b>1,366,718</b>	<b>3,371</b>	<b>1,370,089</b>

The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements.

## Unaudited interim condensed consolidated statement of cash flows

All amounts in € '000 for the six-months periods ended 30 June	Note	2018	2017
<b>Operating activities</b>			
Profit for the period before tax		63,802	84,794
Adjustments to reconcile profit before tax to net cash flows:			
Valuation gain on investment property and investment property under construction	16	(7,668)	(32,321)
Loss on disposal of investment property and assets held for sale		-	38
Depreciation and amortization expense		830	777
Finance cost	10	9,867	9,466
Working capital movements:			
(Increase) decrease in trade receivables, other current and non-current assets		(592)	798
Increase in other current and non-current liabilities and deferred revenue		12,602	2,293
Income tax paid		(8,470)	(6,384)
<b>Cash flows from operating activities</b>		<b>70,371</b>	<b>59,461</b>
<b>Investing activities</b>			
Capital expenditures on investment property under construction and completed investment property	16	(24,554)	(28,218)
Capital expenditures on property, plant and equipment		(15)	(47)
Acquisition of businesses, net of cash acquired	13	(38,380)	(13,500)
Proceeds from disposal of property, plant and equipment and insurance recovery proceeds		1,130	7
Acquisition of intangible assets	17	(742)	(415)
<b>Cash flows from investing activities</b>		<b>(62,561)</b>	<b>(42,173)</b>
<b>Financing activities</b>			
Proceeds from borrowings	24,26	-	20,000
Repayment of borrowings	24,26	-	(23,000)
Repayment of finance lease obligations	25,26	(260)	(240)
Interest paid	26	(9,104)	(9,218)
<b>Cash flows from financing activities</b>		<b>(9,364)</b>	<b>(12,458)</b>
Net (decrease) increase in cash and cash equivalents		(1,554)	4,830
Effect of exchange rate fluctuation		67	(6)
Cash and cash equivalents at 1 January		23,645	11,679
<b>Cash and cash equivalents at 30 June</b>		<b>22,158</b>	<b>16,503</b>

The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements.

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## 1. Corporate information

Shurgard Self Storage Europe (referred to collectively with its consolidated subsidiaries, as the “Company”, “we”, “our”, or “us”) is organised under the laws of the Grand Duchy of Luxembourg. Our registered office and principal place of business is 6 C Rue Gabriel Lippmann, L-5365 Münsbach (Grand Duchy of Luxembourg).

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 self-storage facilities consisting primarily of sales of storage products and insurance coverage for customers’ stored goods. As of June 30, 2018, we operate 222 self-storage facilities under the Shurgard brand name that we own or lease in Belgium, the Netherlands, France, Sweden, Denmark, the United Kingdom (the “U.K.”) and Germany. We also operate under the Shurgard brand name through a management contract one self-storage facility in the U.K.

## 2. Basis of preparation

The unaudited interim condensed consolidated financial statements as of and for the six months ended 30 June 2018 have been prepared in accordance with IAS 34 Interim Financial Reporting, as adopted by the European Union. They do not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the annual consolidated financial statements as of and for the year ended 31 December 2017.

The unaudited interim condensed consolidated financial statements are presented in euros and all values are rounded to the nearest thousand (€’000), except where indicated otherwise.

The financial statements were authorized for issue by the Board of Managers on 10 August 2018. The Board of Managers has the power to amend and reissue the financial statements.

## 3. Significant accounting judgements, estimates and assumptions

In preparing these unaudited condensed consolidated interim financial statements, the significant judgements made by management in applying the Company’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2017.

## 4. Summary of significant accounting policies

The accounting policies adopted in the preparation of the unaudited interim condensed consolidated financial statements are consistent with those followed in the preparation of the Company’s annual consolidated financial statements as of and for the year ended 31 December 2017, except for the adoption of new standards effective as of 1 January 2018. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The Company applies, for the first time, IFRS 15 Revenue from Contracts with Customers and IFRS 9 Financial Instruments. As required by IAS 34, the nature and effect of the changes resulting from the first time adoption of these standards are disclosed below.

Several other amendments and interpretations apply for the first time in 2018, but do not have an impact on the interim condensed consolidated financial statements of the Company.

### IFRS 15

Based on a detailed analysis of our revenue streams, we concluded that only insurance revenue, merchandise sales and property management revenue are in scope of IFRS 15 (rental revenue is in scope of IFRS 16), and furthermore concluded that the adoption of IFRS 15 does not have any material impact on our financial statements and relate footnote. We did not have to record any catch-up adjustments to the beginning balance of retained earnings in the 1 January 2018, and we did not have to implement any significant changes in our existing business processes, IT systems and controls as a result of the adoption of IFRS 15.

### IFRS 9

IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement, impairment, and hedge accounting.

#### i. Classification and measurement

The Company noted no significant impact on its balance sheet or equity on applying the classification and measurement requirements of IFRS 9. Trade receivables are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest. These will continue to be measured at amortised cost under IFRS 9.

#### ii. Impairment

The new impairment model requires the recognition of impairment provisions based on expected credit losses (ECL) rather than only incurred credit losses as is the case under IAS 39. The expected credit losses include forward-looking elements on all possible default events

as well as historical loss data. It applies to financial assets classified at amortized cost, debt instruments measured at FVOCI, contract assets under IFRS 15 Revenue from Contracts with Customers, lease receivables, loan commitments and certain financial guarantee contracts. In accordance with our credit risk policy, we define a trade receivable as default when it is sixty days past due. For these receivables, we recognise as provision the full amount of the exposure less the amounts that can be recovered from third parties (e.g. VAT). Further, the Company applies the simplified approach and records lifetime-expected losses on all trade receivables that are less than sixty days past due.

The lifetime expected credit loss was estimated by assessing the historical loss rate and when relevant was adjusted with forward-looking information. Based on the assessments undertaken to date, there is no material increase in the loss allowance for financial assets held at amortized cost.

### iii. Hedge accounting

As the Company does not apply hedge accounting, IFRS 9 will not have any impact on the Company with respect to hedge accounting.

## 5. Standards issued but not yet effective

IFRS 16 was issued in January 2016 and is endorsed by the EU. It will supersede IAS 17 Leases and a number of lease-related interpretations and will result in almost all leases being recognized on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay

rentals are recognized. The only exceptions are short term and low-value leases.

The accounting for lessors will not change significantly.

With respect to leases, where the Company acts as a lessee, the Company is currently in the process of implementing and analysing the preliminary quantitative impact of IFRS 16.

The standard will affect primarily the accounting for the Company's operating leases. As at the reporting date, the Company has non-cancellable operating lease commitments of €112.5 million (undiscounted).

The Company has not yet assessed what adjustments, if any, are necessary, such as following the change in the definition of the lease term, the different treatment of variable lease payments, and of extension and termination options. It is therefore not yet possible to estimate the amount of right-of-use assets and lease liabilities that will have to be recognized on adoption of the new standard and how this may affect the Company's profit or loss and classification of cash flows going forward.

The standard is mandatory for financial years commencing on or after 1 January 2019. The Company decided not to adopt the standard before its effective date.

## 6. Seasonality of operations

Under normal economic conditions, the Company's operations for the first six months of the year are not materially affected by seasonality.

**7. Real estate operating revenue**

<i>All amounts in € '000 for the six-months periods ended 30 June</i>	<b>2018</b>	<b>2017</b>
Rental revenue	102,040	100,612
Insurance revenue	12,073	11,430
Ancillary revenue (*)	5,273	5,184
<b>Property operating revenue</b>	<b>119,386</b>	<b>117,226</b>
Other revenue (**)	124	165
<b>Real estate operating revenue</b>	<b>119,510</b>	<b>117,391</b>

(\*) Ancillary revenue consists of merchandise sales and other revenue from real estate operations.

(\*\*) Other revenue consists of management fee revenue, rental revenue derived from assets held for sale and partnership income from self-storage operations.

**8. Real estate operating expense**

Real estate operating expense of investment property which generates rental income consists of the following:

<i>All amounts in € '000 for the six-months periods ended 30 June</i>	<b>2018</b>	<b>2017</b>
Payroll expense	17,701	17,702
Real estate and other taxes	9,224	8,883
Repairs and maintenance	3,378	2,921
Marketing expense	3,053	2,642
Utility expense	2,056	2,167
Other operating expenses (*)	6,901	7,120
Doubtful debt expense	1,895	2,199
Cost of insurance and merchandise sales	2,175	2,174
<b>Real estate operating expense excluding property lease expense</b>	<b>46,383</b>	<b>45,808</b>
Property lease expense	1,785	1,845
<b>Real estate operating expense</b>	<b>48,168</b>	<b>47,653</b>

(\*) Other operating expenses mainly include: travel expenses, legal and consultancy fees, insurance expenses, non-deductible VAT and information system expenses.

**9. General, administrative and other expenses**

General, administrative and other expenses for the interim periods concerned consists of the following:

<i>All amounts in € '000 for the six-months periods ended 30 June</i>	<b>2018</b>	<b>2017</b>
Payroll expense	2,824	2,815
Share-based compensation expense	803	844
Capitalisation of internal time spent on development of investment property	(527)	(540)
Depreciation and amortisation expense	830	777
Other general and administrative expenses (*)	103	1,703
<b>General, administrative and other expenses</b>	<b>4,033</b>	<b>5,599</b>

(\*) Other general and administration expenses mainly includes legal, consultancy and audit fees and non-deductible VAT.



## 10. Finance cost

Finance costs for the interim periods concerned comprise the following:

<i>All amounts in € '000 for the six-months periods ended 30 June</i>	<b>2018</b>	<b>2017</b>
Interest on bank and other loans	176	278
Interest on senior guaranteed notes	8,830	8,825
Interest on finance lease obligations	296	305
Capitalised borrowing costs	(97)	(181)
Other interest expense	217	46
<b>Total interest expense</b>	<b>9,422</b>	<b>9,273</b>
Foreign exchange loss	445	193
<b>Finance cost</b>	<b>9,867</b>	<b>9,466</b>

## 11. Income tax

The income tax expense for the interim periods concerned is comprised of the following:

<i>All amounts in € '000 for the six-months periods ended 30 June</i>	<b>2018</b>	<b>2017</b>
Current tax expense	9,842	6,903
Deferred tax expense	3,147	12,651
<b>Income tax Expense</b>	<b>12,989</b>	<b>19,554</b>
<b>Effective Tax Rate (*)</b>	<b>20.4%</b>	<b>23.1%</b>

(\*) The average effective current income tax rates based on adjusted EPRA earnings before tax are disclosed in note 14.

The tax expenses as shown above have been calculated in conformity with local and international tax laws. The tax expense on the Company's profit (loss) before tax differs from the theoretical amount that would arise using the domestic rate in each individual jurisdiction (on the pretax profits/losses) of the consolidated companies as follows:

<i>All amounts in € '000 for the six-months periods ended 30 June</i>	<b>2018</b>	<b>%</b>	<b>2017</b>	<b>%</b>
<b>Profit before tax</b>	<b>63,802</b>		<b>84,794</b>	
Expected tax based on local tax rates	16,433	25.8	19,443	22.9
Disallowed expenses	961	1.5	2,332	2.8
Notional interest deduction	(1)	-	(27)	-
Nontaxable income	(60)	(0.1)	(4,057)	(4.8)
Change in unrecognized deferred taxes	(605)	(0.9)	(5,562)	(6.6)
Prior year adjustments	1,612	2.5	(48)	-
Impact of changes to substantively enacted tax rates	(5,343)	(8.4)	8,089	9.5
Other	(8)	-	(616)	(0.7)
<b>Tax expense for the period</b>	<b>12,989</b>	<b>20.4</b>	<b>19,554</b>	<b>23.1</b>

The impact of changes to substantively enacted tax rates mainly relate to Sweden whereas the tax rates have been decreased from 22% to 20.6% during the second quarter of 2018.

## 12. Segment information

The Same Stores Facilities segment we present for the first six months of 2018 and 2017 comprises facilities in operations since more than three full years as of 1 January 2018 in case of self-developed properties or facilities in operations for one full year as of 1 January of 2018 in case the properties have been acquired.

The Non-Same Store Facilities segment comprises any other self-storage facilities that we operate.

The operating segments (individual countries where the Company operates stores, split between Same Store Facilities and Non-Same Store Facilities) have been aggregated into two reportable segments which reflect the significant components of our operations.

As of 30 June 2018, the Company operates 222 self-storage facilities (219 self-storage facilities as of 30 June 2017) that it either owns or leases.

Based on the aforementioned criteria, Same Store Facilities provide meaningful comparisons for the six-months periods ended 30 June 2018 and 2017 for a pool of 214 self-storage facilities.

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 below table sets forth segment data for the six-months periods ended 30 June 2018 and 2017 based on the 2018 Same Store/Non-Same Store definition.

<i>All amounts in € '000 for the six-months periods ended 30 June</i>	<b>2018</b>	<b>2017</b>
Same Store Facilities	116,113	115,386
Non-Same Store Facilities	3,273	1,840
<b>Property operating revenue</b>	<b>119,386</b>	<b>117,226</b>
Same Store Facilities	71,710	70,899
Non-Same Store Facilities	1,293	519
<b>Net income from real estate operations before property lease expense</b>	<b>73,003</b>	<b>71,418</b>
Same Store Facilities	(1,763)	(1,828)
Non-Same Store Facilities	(22)	(17)
<b>Property lease expense</b>	<b>(1,785)</b>	<b>(1,845)</b>
Same Store Facilities	69,947	69,071
Non-Same Store Facilities	1,271	502
<b>Income from property</b>	<b>71,218</b>	<b>69,573</b>

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

<i>All amounts in € '000 for the six-months periods ended 30 June</i>	<b>2018</b>	<b>2017</b>
<b>Income from property</b>	<b>71,218</b>	<b>69,573</b>
Add: Other revenue (*)	124	165
<b>Net income from real estate operations</b>	<b>71,342</b>	<b>69,738</b>

(\*) Other revenue comprises management fee revenue, rental revenue derived from assets held for sale and partnership income from self-storage operations.

Segment information by country as of and for the six-months period ended 30 June 2018

All amounts in € '000	The Netherlands	France	Sweden	U.K.	Belgium	Germany	Denmark	Total
Same Store Facilities	26,446	31,056	19,444	13,434	10,359	8,747	6,627	116,113
Non-Same Store Facilities	-	661	60	2,552	-	-	-	3,273
<b>Property operating revenue</b>	<b>26,446</b>	<b>31,717</b>	<b>19,504</b>	<b>15,986</b>	<b>10,359</b>	<b>8,747</b>	<b>6,627</b>	<b>119,386</b>
Same Store Facilities	17,122	16,966	13,787	8,073	6,072	5,241	4,449	71,710
Non-Same Store Facilities	-	390	(56)	969	-	(10)	-	1,293
<b>Net income from real estate operations before property lease expense</b>	<b>17,122</b>	<b>17,356</b>	<b>13,731</b>	<b>9,042</b>	<b>6,072</b>	<b>5,231</b>	<b>4,449</b>	<b>73,003</b>
Same Store Facilities	(655)	(586)	(418)	(89)	(3)	(1)	(11)	(1,763)
Non-Same Store Facilities	-	(21)	2	(3)	-	-	-	(22)
<b>Property lease expense</b>	<b>(655)</b>	<b>(607)</b>	<b>(416)</b>	<b>(92)</b>	<b>(3)</b>	<b>(1)</b>	<b>(11)</b>	<b>(1,785)</b>
Same Store Facilities	16,467	16,380	13,369	7,984	6,069	5,240	4,438	69,947
Non-Same Store Facilities	-	369	(54)	966	-	(10)	-	1,271
<b>Income from property</b>	<b>16,467</b>	<b>16,749</b>	<b>13,315</b>	<b>8,950</b>	<b>6,069</b>	<b>5,230</b>	<b>4,438</b>	<b>71,218</b>
Investment property	471,880	561,210	455,689	387,102	174,850	160,140	128,744	2,339,615
Investment property under construction	552	-	123	491	-	10,860	-	12,026
Property, plant and equipment and intangible assets	156	39	92	3	3,783	106	2	4,181
Deferred tax assets	-	-	-	245	1,025	-	-	1,270
Other non-current assets	845	297	10	233	5	-	181	1,571
<b>Non-current assets</b>	<b>473,433</b>	<b>561,546</b>	<b>455,914</b>	<b>388,074</b>	<b>179,663</b>	<b>171,106</b>	<b>128,927</b>	<b>2,358,663</b>

## Segment information by country as of and for the six-months period ended 30 June 2017

All amounts in € '000	The Netherlands	France	Sweden	U.K.	Belgium	Germany	Denmark	Total
Same Store Facilities	25,315	31,167	20,397	13,586	10,225	8,166	6,530	115,386
Non-Same Store Facilities	-	510	-	1,330	-	-	-	1,840
<b>Property operating revenue</b>	<b>25,315</b>	<b>31,677</b>	<b>20,397</b>	<b>14,916</b>	<b>10,225</b>	<b>8,166</b>	<b>6,530</b>	<b>117,226</b>
Same Store Facilities	15,678	17,515	14,418	8,282	6,359	4,728	3,919	70,899
Non-Same Store Facilities	-	296	-	223	-	-	-	519
<b>Net income from real estate operations before property lease expense</b>	<b>15,678</b>	<b>17,811</b>	<b>14,418</b>	<b>8,505</b>	<b>6,359</b>	<b>4,728</b>	<b>3,919</b>	<b>71,418</b>
Same Store Facilities	(667)	(571)	(474)	(91)	(8)	(6)	(11)	(1,828)
Non-Same Store Facilities	-	(17)	-	-	-	-	-	(17)
<b>Property lease expense</b>	<b>(667)</b>	<b>(588)</b>	<b>(474)</b>	<b>(91)</b>	<b>(8)</b>	<b>(6)</b>	<b>(11)</b>	<b>(1,845)</b>
Same Store Facilities	15,011	16,944	13,944	8,191	6,351	4,722	3,908	69,071
Non-Same Store Facilities	-	279	-	223	-	-	-	502
<b>Income from property</b>	<b>15,011</b>	<b>17,223</b>	<b>13,944</b>	<b>8,414</b>	<b>6,351</b>	<b>4,722</b>	<b>3,908</b>	<b>69,573</b>
Investment property	441,290	533,490	424,011	315,242	179,980	146,400	121,204	2,161,617
Investment property under construction	-	-	5,199	20,227	-	2,030	-	27,456
Property, plant and equipment and intangible assets	172	43	106	2	3,522	114	-	3,959
Deferred tax assets	-	-	-	355	3,468	-	-	3,823
Other non-current assets	886	310	45	234	1	-	181	1,657
<b>Non-current assets</b>	<b>442,348</b>	<b>533,843</b>	<b>429,361</b>	<b>336,060</b>	<b>186,971</b>	<b>148,544</b>	<b>121,385</b>	<b>2,198,512</b>

### 13. Business combinations

#### Acquisition 2018

On 29 June 2018 we paid in cash €38.4 million for the acquisition of 5 operating self-storage facilities located in Sweden (23,957 net rentable sqm of storing space) that we acquired from Pelican Group. The acquisition was accounted for as a business combination in accordance with IFRS 3 and of the €38.4 million consideration paid, €43.9 million was accounted as

investment property, €0.1 million in other current assets, €0.9 million in other current liabilities and €4.7 million in deferred tax liabilities. In addition, we incurred €0.1 million in costs of acquiring facilities in respect of this acquisition. The results of operations of the facilities acquired will be included in our consolidated financial statements as from July 1, 2018. These facilities are included in the Non-Same Store Facilities segment.

### 14. Earnings per share (EPS)

The table below provides a summarized overview of the Company's Earnings per share, (Adjusted) EPRA earnings and EPRA earnings per share:

#### Summary overview

Amounts in € '000 (except for earnings per share) for the six-months periods ended 30 June 2018:

	2018	2017
Earnings per share (basic) €	0.79	1.02
Earnings per share (diluted) €	0.79	1.01
EPRA earnings (basic)	44,681	41,354
EPRA earnings per share (basic) €	0.70	0.65
EPRA earnings (diluted)	44,681	41,354
EPRA earnings per share (diluted) €	0.70	0.64
Adjusted EPRA earnings (diluted)	46,349	46,256
Adjusted EPRA earnings per share (diluted) €	0.72	0.72

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

#### Earnings per share

Basic EPS amounts are calculated by dividing the profit for the period attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the period.

Diluted EPS is calculated by dividing the profit attributable to ordinary equity holders of the parent by

the weighted average number of ordinary shares outstanding during the period plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares (including outstanding share options) into ordinary shares.

The following table reflects the income and share data used in the basic and diluted EPS computations:

All amounts in € '000 (except shares and earnings per share) for the six-months periods ended 30 June

	2018	2017
<b>Profit attributable to ordinary equity holders of the parent for basic earnings</b>	50,632	65,073
Weighted average number of ordinary shares for basic EPS	63,813,181	63,813,181
<b>Earnings per share (basic) €</b>	<b>0.79</b>	<b>1.02</b>

#### Effect of dilution

All amounts in € '000 (except shares and earnings per share) for the six-months periods ended 30 June

	2018	2017
<b>Profit attributable to ordinary equity holders of the parent for dilutive earnings</b>	50,632	65,073
Weighted average number of ordinary shares for basic EPS	63,813,181	63,813,181
Dilutive effect from share options	211,201	305,395
Weighted average number of ordinary shares adjusted for the effect of dilution	64,024,482	64,118,576
<b>Earnings per share (diluted) €</b>	<b>0.79</b>	<b>1.01</b>

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of authorisation of these financial statements.

#### (Adjusted) EPRA earnings and EPRA earnings per share

##### EPRA earnings and EPRA earnings per share

Amounts in € '000 (except for shares and earnings per share) for the six-months periods ended 30 June:

	2018	2017
Profit attributable to ordinary equity holders of the parent for basic earnings	50,632	65,073
Adjustments:		
Loss (gain) on revaluation of investment properties, net of deferred taxes	(6,051)	(24,494)
Loss (gain) loss on disposal of investment properties, assets held for sale and property, plant and equipment, net of taxes	-	28
Acquisition costs of business combinations, net of taxes	100	747
<b>EPRA earnings (basic and diluted)</b>	<b>44,681</b>	<b>41,354</b>
<b>EPRA earnings per share (basic) €</b>	<b>0.70</b>	<b>0.65</b>
<b>EPRA earnings per share (diluted) €</b>	<b>0.70</b>	<b>0.64</b>

##### Adjusted EPRA earnings per share

Amounts in € '000 (except for shares and earnings per share) for the six-months periods ended 30 June:

	2018	2017
EPRA earnings (diluted)	44,681	41,354
Adjustments:		
Deferred tax expense on items other than the revaluation of investment property	1,668	4,902
<b>Adjusted EPRA earnings (diluted)</b>	<b>46,349</b>	<b>46,256</b>
<b>Adjusted EPRA earnings per share (diluted) €</b>	<b>0.72</b>	<b>0.72</b>

The average effective current income tax rates based on adjusted EPRA earnings before tax (note 14) is 17.5% for the six months ended 30 June 2018 and 13.0% for the six months ended 30 June 2017.

#### 15. Net asset value (NAV) per share

The table below provides a summarized overview of the Company's (Adjusted) EPRA earnings and EPRA earnings per share:

Summary overview	30 June 2018	31 December 2017	30 June 2017
Amounts in € '000 (except for (Adjusted) NAV per share) as at:			
NAV	1,370,089	1,339,516	1,202,835
NAV per share (basic) €	21.47	20.99	18.85
NAV per share (diluted) €	21.40	20.92	18.79
EPRA NAV	1,702,041	1,669,990	1,509,241
EPRA NAV per share (diluted) €	26.58	26.08	23.58
Adjusted EPRA NAV (diluted)	1,663,393	1,622,735	1,471,028
Adjusted EPRA NAV per share (diluted) €	25.98	25.35	22.98

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

## Net Asset Value (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. Diluted

NAV per share amounts for the years ended 31 December 2016 and 2015 take into account the dilutive effect from the equity component on the convertible SEH LLC loan.

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

### NAV

<i>All amounts in € '000, except number of shares and NAV per share as at:</i>	30 June 2018	31 December 2017	30 June 2017
NAV attributable to ordinary equity holders of the parent	1,370,089	1,339,516	1,202,835
Number of ordinary shares at the reporting date	63,813,181	63,813,181	63,813,181
Number of diluted shares at the reporting date	210,394	210,201	201,513
<b>NAV per share (basic)</b>	<b>21.47</b>	<b>20.99</b>	<b>18.85</b>
<b>Diluted NAV per share (diluted) €</b>	<b>21.40</b>	<b>20.92</b>	<b>18.79</b>

### EPRA NAV (diluted)

The objective of the EPRA NAV measure is to highlight the fair value of net assets on an ongoing, long-term basis. Assets and liabilities that are not expected to

crystallise in normal circumstances such as deferred taxes on property valuation surpluses are therefore excluded.

### EPRA NAV

<i>All amounts in € '000, except number of shares and NAV per share as at:</i>	30 June 2018	31 December 2017	30 June 2017
NAV attributable to ordinary equity holders of the parent (diluted)	1,370,089	1,339,516	1,202,835
Additions to NAV:			
Deferred taxes on fair value adjustments of investment property	331,952	330,474	306,406
<b>EPRA NAV</b>	<b>1,702,041</b>	<b>1,669,990</b>	<b>1,509,241</b>
<b>EPRA NAV per share (diluted) €</b>	<b>26.58</b>	<b>26.08</b>	<b>23.58</b>

### Adjusted EPRA NAV (diluted)

The objective of the adjusted EPRA NAV measure is to report net asset value including fair value adjustments in respect of all material balance sheet items which are not reported at their fair value as part of the EPRA NAV.

### Adjusted EPRA NAV

<i>Amounts in € '000, except for NAV per share as at:</i>	30 June 2018	31 December 2017	30 June 2017
EPRA NAV	1,702,041	1,669,990	1,509,241
Additions to EPRA NAV:			
Carrying value higher (lower) than fair value	(38,648)	(47,255)	(38,213)
<b>Adjusted EPRA NAV</b>	<b>1,663,393</b>	<b>1,622,735</b>	<b>1,471,028</b>
<b>Adjusted EPRA NAV per share (diluted) €</b>	<b>25.98</b>	<b>25.35</b>	<b>22.98</b>

**16. Investment property and investment property under construction measured at fair value**

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

*All amounts in € '000*

	Completed investment property Level 3	Investment property under construction Level 3	Total investment property Level 3
<b>30 June 2017</b>			
At 1 January	2,117,979	10,271	2,128,250
Exchange rate differences	(12,854)	(514)	(13,368)
Capital expenditure	13,057	15,342	28,399
Acquisition of businesses	13,506	-	13,506
Disposals	(35)	-	(35)
Net gain on fair value adjustment	29,964	2,357	32,321
<b>At 30 June 2017</b>	<b>2,161,617</b>	<b>27,456</b>	<b>2,189,073</b>
<b>30 June 2018</b>			
At 1 January	2,289,770	10,922	2,300,692
Exchange rate differences	(24,847)	(422)	(25,269)
Transfer from investment property under construction	8,770	(8,770)	-
Capital expenditure	14,233	10,418	24,651
Acquisition of businesses	43,899	-	43,899
Net gain (loss) on fair value adjustment	7,790	(122)	7,668
<b>At 30 June 2018</b>	<b>2,339,615</b>	<b>12,026</b>	<b>2,351,641</b>

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.

The valuations were performed by C&W. The same valuation models in accordance with those

recommended by the International Valuation Standards Committee have been applied and are consistent with the principles in IFRS 13 for the six months ended 30 June 2018 and 30 June 2017 as compared to the year ended 31 December 2017.

**Valuation methodology and assumptions**

The valuation of the operational self-storage facilities has been prepared having regard to trading potential. Cash flow projections have been prepared for all of the properties reflecting estimated absorption, revenue growth and expense inflation. A discounted cash flow method of valuation based on these cash flow projections has been used by C&W to arrive at its opinion of fair value for each property. C&W has adopted different approaches for the valuation of the leasehold and freehold assets as follows:

*Freehold and long leasehold*

The valuation is based on a discounted cash flow of the net operating income over a ten-year period and a notional sale of the asset at the end of the tenth year. Assumptions:

A. Net operating income is based on projected revenue received less projected operating costs together with an allowance for a central administration charge (or management cost). As detailed above in this note, the valuation is made on the Special Assumption of actual allocated management costs of the Company for each individual property, rather than a market assumption. The initial net operating income is calculated by

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

B. The net operating income in future years is calculated assuming either straight-line absorption from day one actual occupancy or variable absorption over years one to four of the cash flow period, to an estimated stabilised/mature occupancy level. In the valuation the assumed stabilised occupancy level for the trading stores (both freeholds and all leaseholds) open at 30 June 2018 averages 90.37% (90.28% and 90.43% at 31 December 2017 and 30 June 2017, respectively). The projected revenues and costs have been adjusted for estimated cost inflation and revenue growth. The average time assumed for stores to trade at their maturity levels as of 30 June 2018 is 8.81 months (13.23 months and 9.59 months as of 31 December 2017 and 30 June 2017, respectively).

C. The capitalisation rates applied to existing and future net cash flows have been estimated by reference to the available evidence of transactions in the self-storage market plus underlying yields for industrial and retail warehouse property, yields for other trading property types such as purpose-built student housing and hotels, bank base rates, ten-year money rates and inflation. The valuation included in the accounts assumes rental growth in future periods. If an assumption of no rental



growth is applied to the external valuation, the net initial yield post-administration expenses for all of the open stores as of and for the period ending 30 June 2018 is 6.01% (6.16% for the year ended 31 December 2017 and 6.36% for the six months ended 30 June 2017), rising to a stabilised net yield post-administration expenses of 6.79% (6.84% for the year ended 31 December 2017 and 7.06% for the six months ended 30 June 2017).

D. The future net cash flow projections (including revenue growth and cost inflation) have been discounted at a rate that reflects the risk associated with each asset. The weighted average annual discount rate adopted (for both freeholds and all leaseholds) is 9.48% (9.53% for the 31 December 2017 valuation and 9.74% for the 30 June 2017 valuation).

E. Purchaser's costs in the range of approximately 2.0% to 13.0% have been assumed initially, reflecting the stamp duty levels anticipated in each local market, and sales plus purchaser's costs totalling approximately 4.0% to 15.0% are assumed on the notional sales in the tenth year in relation to freehold and long leasehold stores.

#### *Short leaseholds*

The same methodology has been used as for freeholds, except that no sale of the assets in the tenth year is assumed but the discounted cash flow is extended to the expiry of the lease.

It should be noted that the Company hold a number of short leases which have been valued on the same basis as the freehold and long leasehold assets due to their security of tenure arrangements and the potential compensation provisions in the event of the landlord wishing to take possession at expiry. The capitalisation rates on these stores reflect the risk of the landlord terminating the lease at expiry.

#### **Investment properties under construction**

C&W has valued the stores in development adopting the same methodology as set out above but based on the cash flow projection expected for the store at opening and allowing for the outstanding costs to take each store from its current state to completion and full fit out. C&W has allowed for carry costs and construction contingency, as appropriate.

Unrealised gains and (losses) for recurring fair value measurements relating to investment property and investment property under construction held at the end of the reporting period categorised within Level 3 of the fair value hierarchy amount to €7.7 million for the six months ended 30 June 2018 and €32.3 million for the six months ended 30 June 2017 and are presented in the consolidated statement of profit or loss in line item "valuation gain from investment property".

#### **Sensitivity of the valuation to assumptions**

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

absorption rate, rental rate and other revenue, and a lower assumption for operating costs, would result in an increase in projected net operating income, and thus an increase in valuation.

For the six months ended 30 June 2018:

All other factors being equal, a one percent increase in occupancy rates (real) would lead to an increase in the valuation of our store portfolio of €35.6 million (1.6%). All other factors being equal, one percent decrease in occupancy rates would lead to a decrease in the valuation of our store portfolio of €36.5 million (1.6%).

All other factors being equal, a 0.25% percent increase (real) in both discount and capitalisation rate would lead to a decrease in the valuation of our store portfolio of €15.3 million (4.0%).

All other factors being equal, a 0.25% percent decrease (real) in both discount and capitalisation rate would lead to an increase in the valuation of our store portfolio of €16.7 million (4.3%).

**17. Property, plant and equipment and intangible assets**

Property, plant and equipment mainly consists of building improvements and office machinery and equipment in use in the local head offices located in the countries in which we operate.

Intangible assets consists of capitalised computer software.

**18. Other non-current assets**

Other non-current assets mainly consist of indemnification assets, deposits paid to vendors and VAT recoverable after more than one year.

**19. Trade and other receivables**

<i>All amounts in € '000</i>	<b>30 June 2018</b>	<b>31 December 2017</b>	<b>30 June 2017</b>
Gross amount	13,202	16,958	16,791
Provision for doubtful debt	(3,633)	(4,006)	(5,745)
<b>Trade and other receivables</b>	<b>9,569</b>	<b>12,952</b>	<b>11,046</b>

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

**20. Other current assets**

<i>All amounts in € '000</i>	<b>30 June 2018</b>	<b>31 December 2017</b>	<b>30 June 2017</b>
Prepayments (*)	8,213	3,366	5,729
Receivables from tax authorities other than VAT	615	1,496	1,649
Other current assets (*)	1,370	2,517	964
<b>Other current assets</b>	<b>10,198</b>	<b>7,379</b>	<b>8,342</b>

(\*) Prepayments as of 30 June 2018 comprise €2.3 million of expense incurred in connection with the contemplated initial public offering.

**21. Issued share capital**

Throughout all periods presented, the number of ordinary shares issued by the Company remained equals to 63,935,681 shares. All ordinary shares issued have been fully paid up.

Ordinary shares have no par value. They entitle the holder to participate in dividends, and to share in the proceeds of winding up the company in proportion to the number of and amounts paid on the shares held.

The Company does not have a limited amount of authorized capital.

**22. Treasury shares**

In 2012, 122,500 ordinary shares were issued, and then repurchased by the Company in connection with the exercise of employee stock options. The shares have not been retired and are currently still in possession of the Company. Throughout the periods presented, the

treasury shares have been deducted from equity for an amount of €949,375.

**23. Non-controlling interests**

Non-controlling interests represent 5.2% ownership interests in certain of our subsidiaries located in Germany, owning an aggregate of 11 properties. During the first six months of 2018, there were no transactions with non-controlling interests.

## 24. Interest-bearing loans and borrowings

All amounts in € '000		Effective interest rate (EIR)	Maturity	30 June 2018	31 December 2017	30 June 2017
<b>Non-current</b>						
Senior guaranteed notes L8367# AA1 – issued July 2014		2.83%	24 July 2021	100,000	100,000	100,000
Senior guaranteed notes L8367# AB9 – issued July 2014		3.24%	24 July 2024	100,000	100,000	100,000
Senior guaranteed notes L8367# AC7 – issued July 2014		3.38%	24 July 2026	100,000	100,000	100,000
Senior guaranteed notes L8367# AD5 – issued June 2015		2.67%	25 June 2025	130,000	130,000	130,000
Senior guaranteed notes L8367# AE3 – issued June 2015		2.86%	25 June 2027	110,000	110,000	110,000
Senior guaranteed notes L8367# AF10 – issued June 2015		3.03%	25 June 2030	60,000	60,000	60,000
Revolving loan facility BNP Paribas Fortis bank		3M Euribor + 0.8%	28 September 2019	-	-	24,000
<b>Nominal values</b>				<b>600,000</b>	<b>600,000</b>	<b>624,000</b>
<b>Less:</b>						
Unamortized balance of debt issuance costs on notes issued				(2,454)	(2,653)	(2,812)
<b>Borrowings as reported on statement of financial position</b>				<b>597,546</b>	<b>597,347</b>	<b>621,188</b>
<b>Weighted average cost of debt</b>				<b>2.98%</b>	<b>2.98%</b>	<b>2.90%</b>

**25. Finance lease obligations**

The Company leases various investment properties with a carrying amount of €32.9 million as of 30 June 2018 (€34.4 million and €32.8 million as of 31 December 2017 and 30 June 2017, respectively) under finance leases.

At 30 June 2018, future minimum lease payments (including interest charges) under our finance leases totalling €25.8 million, are as follows:

<i>All amounts in € '000</i>	30 June 2018	31 December 2017	30 June 2017
Due within one year	1,045	1,053	1,073
Due within two to five years	4,312	3,725	4,749
Thereafter	20,412	21,548	20,766
<b>Total future lease payments</b>	<b>25,769</b>	<b>26,326</b>	<b>26,588</b>
Amount representing interest	(19,440)	(19,776)	(19,852)
<b>Present value of minimum lease payments</b>	<b>6,329</b>	<b>6,550</b>	<b>6,736</b>

**26. Analysis of movements in interest-bearing loans and borrowings**

The below table provides an analysis of financial debt and movements in financial debt.

<i>All amounts in € '000</i>	1 January 2017	Proceeds of debt	Repayments of debt	Interest payments	Non-cash movements	30 June 2017
Interest-bearing loans and borrowings	623,995	20,000	(23,000)	(8,913)	9,106	621,188
Finance lease obligations	6,939	-	(240)	(305)	342	6,736
<b>Total financial debt</b>	<b>630,934</b>	<b>20,000</b>	<b>(23,240)</b>	<b>(9,218)</b>	<b>9,448</b>	<b>627,924</b>

<i>All amounts in € '000</i>	1 January 2018	Proceeds of debt	Repayments of debt	Interest payments	Non-cash movements	30 June 2018
Interest-bearing loans and borrowings	597,347	-	-	(8,808)	9,007	597,546
Finance lease obligations	6,550	-	(260)	(296)	335	6,329
<b>Total financial debt</b>	<b>603,897</b>	<b>-</b>	<b>(260)</b>	<b>(9,104)</b>	<b>9,342</b>	<b>603,875</b>

**27. Other non-current liabilities**

Other non-current liabilities consist, almost exclusively, of VAT due after more than one year.

**28. Trade and other payables and deferred revenue**

<i>All amounts in € '000</i>	30 June 2018	31 December 2017	30 June 2017
Accrued compensation and employee benefits	6,730	7,256	6,778
Accrued share-based compensation expense	6,251	5,449	4,659
Accounts payable (including accrued expenses)	35,868	23,883	31,395
Payables to affiliated companies	821	662	1,590
Deferred revenue	23,483	23,455	22,809
Other payables (*)	5,419	4,013	3,793
<b>Trade and other payables and deferred revenue</b>	<b>78,572</b>	<b>64,718</b>	<b>71,024</b>

(\*) Other payables consists of VAT payable in less than one year and customer deposits.

## 29. Share-based compensation expense

Under various share option plans, the Company granted to its employees options to purchase the Company's shares, with the exercise price equal to the fair value of the share at the respective grant dates. The terms of these grants are established by our Board of Managers. Options vest ratably over a four year period, and expire seven to ten years after the grant date.

Because employees exercising their share options can force the Company to settle the share options in cash, these share option plans are classified as cash-settled share-based payment plans. Accordingly, the fair value of the liability for the share options is remeasured at each reporting date and at the date of settlement. Any changes in the fair value are recognised in Administrative expenses.

Since the Company's shares are not traded publicly, our Board of Managers derives the fair value of our shares based on the estimated fair value of the Company under a going-concern approach.

The fair value of the share options for all plans is determined using the Black-Scholes option pricing model. Expected

volatility of the Company's shares is determined based upon a combination of historical volatility and peer Company review, as determined from time to time by the Board of Managers. The risk-free interest rate is based upon the yield of European treasury securities with a remaining term equal to the expected remaining life of the related share option. We used historical data and trends to estimate future forfeitures as well as the expected life of the awards.

All our share option plans outstanding as of 30 June 2018 have a ten year contractual term and four years (25% per annum) graded vesting with no performance conditions. The fair market value of the options is determined by the Board of Managers as it deems appropriate and equitable, in accordance with the relevant section of the agreement, as long as the shares are not traded on a regulated securities exchange. Participants can only exercise the share options having vested subject to the respective provisions of the relevant share option plans and at the price set previously by the Board of Managers.

As of 30 June 2018, we used the following weighted average assumptions in the Black-Scholes option-pricing model to determine the fair value of the liability for the share options granted in 2015, 2016 and 2017:

	2015 grants	2016 grants	2017 grants
Per-share fair value of Shurgard Europe shares	€ 28.20	€ 28.20	€ 28.20
Expected volatility	20.00%	20.00%	20.00%
Risk free interest rate	-0.43%	-0.27%	-0.12%
Expected remaining term (in years)	3.8	5.3	6.3
Dividend yield	-	-	-
Expected forfeiture rate per annum	3.00%	3.00%	5.00%
Fair value per option	€ 15.28	€ 7.43	€ 5.98

We incurred €0.8 million in share-based compensation expense in the each of the six months periods ended 30 June 2018 and 2017. We had a liability for share-based compensation plans, included under Trade and other payables and deferred revenue in our statements of financial position, totalling €6.3 million and €5.4 million at 30 June 2018 and 31 December 2017.

As of 30 June 2018, we had €1.1 million of unrecognized share-based compensation expense, net of estimated pre-vesting forfeitures, related to unvested option awards. As of 30 June 2018, the weighted average remaining vesting period of our share options was 1.8 years. As of 30 June 2018, we estimate that the fair value of the non-exercised awards to be €7.3 million.

The following table summarizes information about our share options outstanding at 30 June 2018 under the 2015, 2016 and 2017 plans:

As of 30 June 2018							
Options outstanding					Options exercisable		
Year of grant	Fair value per option at 31 December 2017	Number of Options	Weighted average exercise price	Weighted average remaining contractual life	Number of Options	Weighted average exercise price	Weighted average remaining contractual life
2015	€ 15.28	355,000	€ 12.77	6.8 years	255,000	€ 12.77	7.3 years
2016	€ 7.43	44,000	€ 23.10	8.0 years	11,000	€ 23.10	8.5 years
2017	€ 5.98	265,000	€ 27.02	9.0 years	-	€ 27.02	9.5 years
		<b>664,000</b>	<b>€ 19.14</b>	<b>7.7 years</b>	<b>266,000</b>	<b>€ 13.20</b>	<b>6.8 years</b>

During the six months ended June 30, 2018, no options were forfeited or exercised, and 10,000 options were granted under the 2017 plan. During the six months ended June 30, 2017, 303,125 options were exercised and 10,000 options were forfeited.

### 30. 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 31 December 2017.

#### Key management personnel compensation

<i>All amounts in € '000 for the six-months periods ended 30 June</i>	<b>2018</b>	<b>2017</b>
Short term employee benefits	1,943	1,924
Post-employment benefits	48	47
Share-based payments	-	4,625
<b>Total</b>	<b>1,991</b>	<b>6,596</b>

Key management personnel consists of the members of the executive committee.

#### Transactions with other related parties

During the six-months period ended 30 June 2018, we earned management fees of €95,000 under this management agreement (€90,000 during the six months ended 30 June 2017). These management fees are included in other operating revenue on our consolidated statements of operations.

During the six-months period ended 30 June 2018, we incurred royalty fees of €1.2 million (€1.2 million during the six month ended 30 June 2017) due to Public Storage for the use of the "Shurgard" trade name. Such fees are recorded in real estate operating expenses in our consolidated income statement.

#### Outstanding balances arising from transactions with related parties

At 30 June 2018, trade and other payables include short-term cash advances payable to a European affiliate entity wholly-owned by Public Storage totalling €232,000.

### 31. Financial risk management

The Company's activities expose it to a variety of financial risks: market risk (i.e. foreign exchange risk), credit risk and liquidity risk. There have been no changes in the risk management function or in any risk management policies since 31 December 2017.

#### Foreign exchange risk

The main statement of financial position items exposed to foreign exchange risk are cash and cash equivalents, trade and other receivables, assets held for sale, other current and non-current assets, trade and other payables and deferred revenue, finance lease obligations and other non-current liabilities.

As of 30 June 2018, 31 December 2017 and 30 June 2017, the net assets (liabilities) exposure on our consolidated statement of financial position is as follows:

<i>All amounts in € '000</i>	<b>EUR</b>	<b>GBP</b>	<b>SEK</b>	<b>DKK</b>	<b>Total</b>
As at 30 June 2018	(35,147)	(7,970)	(6,611)	(1,734)	(51,462)
As at 31 December 2017	(22,319)	(5,923)	(5,311)	(976)	(34,529)
As at 30 June 2017	(30,053)	(8,169)	(6,496)	(1,246)	(45,964)

The following table presents the sensitivity analysis of the 30 June 2018, 31 December 2017 and 30 June 2017 statement of financial position balances in EUR in case the euro would weaken by 10% versus the GBP, SEK and DKK, respectively.

<i>All amounts in € '000 for the periods ended</i>	<b>30 June 2018</b>	<b>31 December 2017</b>	<b>30 June 2017</b>
<b>GBP denominated</b>			
Changes in carrying amount of monetary assets and liabilities	797	592	816
<b>SEK denominated</b>			
Changes in carrying amount of monetary assets and liabilities	661	531	650
<b>DKK denominated</b>			
Changes in carrying amount of monetary assets and liabilities	173	98	125

The tables below show the sensitivity of profit or loss to changes in the GBP/EUR, SEK/EUR and DKK/EUR exchange rates:

#### Impact on profit after tax

<i>All amounts in € '000 for the six months periods ended</i>		
<i>30 June – (*)</i>	<b>30 June 2018</b>	<b>30 June 2017</b>
GBP/EUR exchange rate – increase 10%	1,343	100
SEK/EUR exchange rate – increase 10%	1,047	1,711
DKK/EUR exchange rate – increase 10%	187	(16)

(\*) Positive amounts represent an increase in profit after tax.

#### Impact on equity

<i>All amounts in € '000 as at (*)</i>	<b>30 June 2018</b>	<b>31 December 2017</b>	<b>30 June 2017</b>
GBP/EUR exchange rate – increase 10%	34,354	32,903	(665)
SEK/EUR exchange rate – increase 10%	34,400	35,466	26,656
DKK/EUR exchange rate – increase 10%	11,322	11,142	6,453

(\*) Positive amounts represent an increase in equity

#### Fair value

Management has assessed that the fair values of cash and cash equivalents, trade and other receivables, trade and other payables approximate their carrying amounts largely due to the short-term maturities of these instruments. The effect of fair value measurement of the finance lease obligations is not material.

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

<i>All amounts in € '000 for the periods ended</i>	<b>30 June 2018</b>	<b>31 December 2017</b>	<b>30 June 2017</b>
Carrying value	597,546	597,347	597,188
Fair values	636,194	645,227	635,402

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

## 32. Contingencies and commitments

#### Capital expenditure commitments

As of 30 June 2018, we had €8.9 million of outstanding expenditure commitments under contract in regard to certain self-storage facilities under construction.

### 33. Events after the reporting period

#### Creation of distributable reserves

On 6 July 2018, the Company reduced its share capital by €755,000,000 in connection with the creation of an equal amount of distributable reserves.

#### Distribution of distributable reserves

A board meeting of the Company was held on 10 July 2018 during which the board members declared an Interim distribution out of available distributable reserves in the amount of €255,000,000 to its shareholders.

On 10 July 2018, the Company entered into a €200,000,000 bridge loan agreement with Société Générale bank and BNP Paribas Fortis, with maturity of 10 January 2019 and bearing interest of EURIBOR + 40 basis points, and has drawn €50,000,000 on the second tranche of the BNP Paribas Fortis revolving loan facility to finance the contemplated dividend distribution.

On 13 July 2018, the Company distributed €255,000,000 in distributable reserves to its aforementioned shareholders.



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