



FOR IMMEDIATE RELEASE

30 June 2009

**Safestore Holdings plc**  
**("Safestore" or "the Company")**

Safestore Holdings plc is the largest self storage company in the UK and Paris.

**Interim Results Announcement for the six months ended 30 April 2009 (Unaudited)**

*'A good performance in challenging markets'*

- Revenue increase of 3.3% to £41.3 million (2008: £40.0 million)
- Underlying EBITDA<sup>1</sup> increase of 4.3% to £22.0 million (2008: £21.1 million)
- Cash inflow from operating activities increase of 11.3% to £24.9 million (2008: £22.3 million)
- Average rental rate up 7.2% to £25.24 per square foot ("sq ft")
- Closing occupancy as at 30 April 2009 broadly flat with October 2008 at 2.7 million sq ft
- Adjusted Earnings per share<sup>2</sup> ("EPS") increase of 7.5% to 4.30 pence (2008: 4.00 pence)
- Basic EPS<sup>2</sup> of (3.60) pence driven by the movement in the property valuations charged to the income statement (2008: 10.96 pence)
- As at 30 April 2009, Safestore's property portfolio was valued at £640.4 million, an increase of £1.7 million or 0.3% since October 2008
- Maintained interim dividend of 1.65 pence (2008: 1.65 pence)

Steve Williams, Safestore's Chief Executive, commented:

"It is encouraging that the business has performed well at a time of such economic uncertainty.

The first half has seen an increase in revenue and underlying EBITDA over the same period last year which has been mainly driven by a solid rental rate and improved occupancy movement performance.

The second half of the year has begun positively. We continue to make progress on the rate per sq ft and we have seen positive occupancy growth. We are encouraged by six consecutive months of occupancy growth and believe that our business model will show continued resilience.

Safestore is the UK's largest self storage company and with its strong balance sheet and cashflow generation the Company will continue to selectively acquire new sites. This along with the significant organic growth opportunities from the existing portfolio keeps us well positioned to take advantage of the favourable longer term trends for the self storage industry."

<sup>1</sup> EBITDA before exceptional item, movement on investment properties and derivative revaluations (underlying EBITDA)

<sup>2</sup> See note 9

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Steve Williams, Chief Executive  
Richard Hodsdon, Chief Financial Officer

**[www.safestore.com](http://www.safestore.com)**

**Hudson Sandler**

Tel: 020 7796 4133

Michael Sandler / Wendy Baker

**A presentation for analysts and investors will be held at 9.00am today at Hudson Sandler, 29 Cloth Fair, London EC1A 7NN.**

**For dial-in details of the presentation please contact Alix Haysom at [ahaysom@hudsonsandler.com](mailto:ahaysom@hudsonsandler.com) or telephone on 020 7796 4133.**

**Notes to Editors\***

- Safestore Holdings is the UK's largest self storage group with 93 stores throughout the UK, including 42 within the M25. In addition, it is the largest operator in central Paris with 21 stores.
- The Company provides storage facilities to around 38,000 domestic and business customers.
- Safestore has a maximum lettable area ("MLA") of 5.4 million sq ft (including the 9 expansion pipeline stores) of which 2.7 million sq ft is currently occupied.
- As the UK's only national self storage provider, Safestore is uniquely positioned to meet the needs of companies requiring a national service.
- A strong balance sheet and operational cash flow allow Safestore to invest in continual improvements in the operational performance of its stores, in new store development and acquisitions where appropriate.
- Safestore employs 487 people in total, 381 people in the UK, and 106 in Paris.

\* as at 30 April 2009

## Chief Executive's Review

### Introduction

We are pleased to present Safestore's results for the six months ended 30 April 2009. The business has performed well in the face of the unprecedented downturn in the economy, the housing market and consumer confidence and we are encouraged by the resilience of our operating model. The results show growth in both revenue and underlying EBITDA which reflects the Company's success in improving rental rate and controlling costs across the portfolio which has more than offset the marginal softening in like-for-like occupancy levels over the period.

Occupancy movement in the period was -11,200 sq ft, a considerable improvement on -73,100 sq ft for the same period last year. Closing occupancy at 30 April 2009 was broadly flat with 31 October 2008 at 2.7 million sq ft. Since the end of the first half occupancy has continued to grow and is now in positive territory for the year to date. The financial outcome for the period is summarised in the table below:

	Six months ended 30 April 2009 (unaudited) £'000	Six months ended 30 April 2008 (unaudited) £'000	Increase/ (decrease) %
Revenue	41,293	39,986	+3.3%
Like-for-like* revenue	38,348	38,805	-1.2%
Ancillary revenue	5,426	5,178	+4.8%
Underlying EBITDA <sup>1</sup>	22,033	21,128	+4.3%
Profit after Tax (adjusted) <sup>2</sup>	8,050	7,479	+7.6%
(Loss)/Profit after Tax <sup>2 &amp; 4</sup> ("Earnings")	(6,750)	20,522	
Earnings Per Share ("EPS") (adjusted) <sup>2</sup>	4.30p	4.00p	+7.5%
Basic EPS <sup>2 &amp; 4</sup>	(3.60p)	10.96p	
Net Asset Value ("NAV") per Share (adjusted) <sup>3</sup>	194.2p	214.6p	-9.5%
NAV per Share <sup>3</sup>	130.3p	144.7p	-10.0%
Dividend – Interim per Share	1.65p	1.65p	-

1 EBITDA before exceptional item, movement on investment properties and derivative revaluations

2 See note 9

3 See note 12

4 The decrease in Profit after Tax and Basic EPS is explained by the movement in the investment (loss)/gain and associated taxation

5 Like for like stores are those that have been open for two full financial years

The property portfolio was valued at £640.4 million at 30 April 2009 an increase of £1.7 million from October 2008. This increase in valuation includes the positive impacts of new stores opened in the period (£14.8 million) and foreign exchange gains (£13.4 million) neither of which are taken through the income statement. This explains why we have an investment loss of circa £30.0 million in the income statement but an overall valuation increase.

Our performance in the current economic environment has confirmed the resilience of our business model. Our strategy remains to 'cluster' stores in specific geographic locations throughout the UK ensuring that they are located in tight formations, facilitating management efficiency and increasing local awareness as well as seeking new under provided markets. This is allied to investing in marketing activities, especially in relation to online and search engine optimisation as the web is now the largest contributor to new enquiries and has been our main marketing focus over the past four years.

The sound financial structure of the business and our position as the UK's only national operator has enabled us to respond effectively to the current trading environment.

#### Business customers

Business customers are an important and growing part of a diverse customer base and now account for 31% of all customers (measured by customer numbers) but 56% when measured by space occupied. The growth in this sector reflects the proactive action of the management team in targeting the business customer and introducing additional services and initiatives specifically designed to attract business customers when it became apparent that the housing market was likely to suffer a significant reduction in the number of transactions. Safestore is ideally suited to businesses of all types and sizes from the start up entrepreneur to blue chip organisations. We provide a number of unique services to our business customers not least a single billing system covering all 93 of our UK stores. Business customers typically rent larger self storage rooms for longer periods of time but generally pay less per sq ft and purchase fewer ancillary products with the net result that the average revenue derived from business customers is broadly equal to the average revenue derived from domestic customers. This growing part of our business provides a stable customer base on a national level.

#### Domestic customers

Domestic customers continue to be a major contributor to the success of our business and account for 69% of all customers (measured by customer numbers) and 44% of the space occupied. Despite the very low level of housing transactions we have only experienced a relatively small drop in the number of domestic customers in 2008/09. This demonstrates that the drivers for self storage are numerous and diverse including people who cannot or will not move still requiring space to accommodate a growing family, a new home office or creating space to rent out a room. People selling their home and moving into smaller rented accommodation can rent the extra space needed with Safestore. Other drivers include marriage, divorce, death and travel. Students also form an important category during term breaks and gap years. In addition, macro economic factors such as increasing population, the slow down in house building and the fact that those new homes being built tend on average to be smaller all lead to self storage being an increasingly important 'necessity'.

#### Paris

Safestore trades under the brand Une Pièce en Plus ("UPP") in Paris which literally translated means 'the spare room'. We acquired the business in 2004 as a seven store chain and have expanded it to 22 stores through both M&A and organic new store growth. UPP is concentrated in central Paris where it commands a market leading position. It forms a very important part of our overall business and, as with our stores throughout the UK, adds a geographic diversity to the business and good defensive qualities as well as significant growth potential. This has been demonstrated since acquisition where we have seen consistently strong results year on year and this has continued during the half year to April 2009. The business is cash generative and EBITDA positive and accounts for just over 20% of the Group's revenues on a constant currency basis. We have an excellent management team led by Frederic Vecchioli. We continue to expand the business and have opened a further store since the period end bringing the total to 22 stores and have also approved an offer for a further property in central Paris which is planned to open in 2010.

## **Retail Store Portfolio**

Safestore has the largest number of self storage stores in the UK and central Paris. At the end of the half year, we had 93 stores located across the UK around two thirds of which are freehold/long leasehold. The balance is made up of short leaseholds which are defined as leases of 25 years or less. In France, we had 21 stores (one third freehold, two thirds short leasehold) which are well positioned in and around the central Paris area. Our strategy remains to “cluster” stores in specific geographic areas ensuring that they are located in tight formations, facilitating management efficiency and accelerating local awareness. London and Paris represent the best examples of this approach, creating market leading positions in both centres.

Safestore’s strategy continues to be to operate a balanced property portfolio including a mix of freehold and leasehold sites appropriate to the specific markets in which we operate. A key objective is to secure new stores in locations that we believe will enable us to drive earnings and generate value irrespective of tenure. The flexibility of our approach enables us to draw from a much wider selection of potential properties and locations and is we believe an appropriate and prudent strategy especially in the current economic environment giving the business a significant competitive advantage. Freehold stores continue to be the largest proportion of the estate but, from an operational perspective, leasehold sites also offer a highly attractive return on capital, EBITDA and cash flow. Safestore also has an excellent track record of achieving lease extensions and converting leaseholds to freeholds having never lost a lease we wished to retain.

Self storage yields continue to be more stable than the general commercial property market because of the different cash flow characteristics within the industry. We have seen general commercial property yields continue to rise and increasing pressure in the occupational market, which may provide opportunities for additional freehold development sites at more competitive prices and leasehold properties at reduced rental levels although the amount of activity in the commercial property market remains low at this time.

At the period end, the Group’s portfolio of 114 stores comprised a self storage MLA of circa 5.0 million sq ft of which 2.7 million sq ft was occupied.

## **Retail Store Expansion Programme**

In the first half of this financial year we opened two new stores; one at Clapham and one at a flagship location in Cardiff. Initial trading within these new stores has been encouraging. Since the end of April 2009 we have opened a further store in the Paris region and plan to open stores in Leicester and Ipswich during the second half of the financial year. This will result in five stores opening during the year adding around 278,000 sq ft to the portfolio.

As at 30 April 2009 we had 114 stores trading and nine pipeline stores which, when all are fully trading, will deliver around 5.4 million sq ft of self storage space. We plan to continue acquiring sites in priority locations and particularly in London and Paris as well as pre-identified relocation stores that meet our strict criteria and the required level of returns.

We consider the long term prospects for the UK and European self storage industry to be very good with the relatively low, but growing, levels of awareness of the product. We will continue to utilise our cash (circa £30 million as at 30 April 2009) and undrawn facilities in both the UK and France to selectively acquire new sites whilst carefully managing expenditure which we believe is the appropriate balance in the current environment. We do however see the opportunity to deliver substantial revenue and earnings growth, at minimal cost, from the existing portfolio and pipeline stores. When fully fitted out our existing stores and pipeline will have 5.4 million sq ft of self storage space and our primary focus will be on continuing to fill this out.

We will review any M&A opportunities on an individual basis.

## **Operational and Marketing Overview**

The executive team has consistently managed Safestore as a retail and customer led business, focused on delivering optimal operational cash flow. The business has developed first class management information systems that allow the management team to manage the stores at a micro level particularly in relation to customer service, price and space management, enquiry generation and conversion. We believe this approach, the depth of expertise, knowledge of the management team and our flexible business model clearly differentiates Safestore from its competitors. This will be crucial in maintaining our market leading position. Our strategy towards marketing has remained consistent over the last four years particularly in relation to the web and online traffic. This has delivered Safestore online market share leadership on a consistent and sustained basis. This is also reflected in search engine optimisation where Safestore consistently achieves the highest average natural ranking within Google under the main search terms for storage and self storage.

The awareness of self storage in the UK is still relatively low. Whilst our main effort to date has been focused at online marketing initiatives we have also been working on brand awareness and are pleased to report that Safestore has continued to increase in brand awareness within the industry but recognise we still have some way to go to attain brand leadership alongside our market leading position. We continue to invest heavily in the web and IT systems to ensure that Safestore remains at the forefront of self storage technology in the UK. Our aim is to continue to increase our market leading position across the UK and Paris whilst continuing to build the Safestore brand.

Our employees are our biggest asset and we will continue to lead the way in our comprehensive training and coaching programmes which have delivered around 1,000 training days during the first half of the year. We have also introduced Careerstore which is an online development programme specifically aimed at each level of employee and designed to prepare our people for the next step up in their career. Safestore has now held its 'Investors in People' status for over five years.

All our store teams have monthly incentive programmes based on the achievement of store specific 'Key Performance Indicators' ("KPI's") as well as an annual bonus scheme. A Save As You Earn scheme operates for all employees.

## **Financial Review**

### **Overview**

For the six months ended 30 April 2009, revenue grew to £41.3 million (six months ended 30 April 2008: £40.0 million), an increase of 3.3%. Like-for-like revenue was £38.3 million, 1.2% down on the same period last year (six months ended 30 April 2008: £38.8 million).

Average annual rate per sq ft increased by 7.2% to £25.24, whilst like-for-like rates increased by 8.1% to £25.68. The increase in rental rates is due to a combination of factors including planned annual increases in rates and ongoing pro-active re-configuration of our unit sizes and foreign exchange gains translating the results of UPP from Euro to Sterling.

Closing occupancy was broadly flat with October 2008 at 2.7 million sq ft.

Ancillary revenues for the period, derived from the sale of contents insurance, storage accessories and miscellaneous items, increased by 4.8% to £5.4 million (six months ended 30 April 2008: £5.2 million). This represents 16.2% of self storage revenues.

### **Margin**

The Company generated underlying EBITDA of £22.0 million, an increase of 4.3% over the same period last year (six months ended 30 April 2008: £21.1 million). The EBITDA margin has remained consistent with last year at 53%. The like for like EBITDA margin has increased from 64% last year to 65% this year.

## Finance costs

Finance expenses comprise interest on bank loans, amortisation of debt issuance costs and interest on finance lease obligations net of capitalised interest.

- Interest on bank loans has decreased by 10.7% to £7.9 million in the period driven, in the main, by the reduction in LIBOR compared to the same period last year.
- Amortisation of debt issuance costs have increased from £0.4 million for the six months to 30 April 2008 to £0.7m for the same period this year. This increase is primarily driven by the costs associated with the new French debt facility.
- Interest on finance leases has decreased by 12.1% to £2.8 million (six months ended 30 April 2008: £3.2 million) and reflects part of the rental payable under UK GAAP (the balance being charged through the investment (loss)/gain line in the income statement).
- Interest has been capitalised in accordance with IAS 23. Interest capitalised in the period was £0.5 million (six months ended 30 April 2008: £0.5 million).

## (Loss)/profit after Tax (“Earnings”) and EPS

The loss after tax was £6.8 million compared to a profit of £20.5 million in the comparative period last year. After adjusting for the (loss)/gain on the revaluation of the property portfolio, exceptional items, and the associated tax charges (see note 9), the Company made an adjusted profit after tax in the period of £8.0 million compared to £7.5 million for the same period last year. Adjusted and basic EPS were 4.30p and (3.60p) respectively for the period ended 30 April 2009 (six months ended 30 April 2008: 4.00p and 10.96p respectively).

Earnings have fallen by £27.3 million from a profit of £20.5 million for the six months ended 30 April 2008 to a loss of £6.8 million for the comparable period this year. The biggest component of this has been the movement on the investment property line which has gone from being an £18.2 million gain in the six months to 30 April last year to a loss of £30.0m this year. This movement has been driven, almost exclusively by the outward shift in the capital rates used in the property valuations. The prime cap rates used in the valuations have shifted out 87.5 basis points (“bps”) in the UK and 75bps in France between 30 April 2008 and 30 April 2009. The prime cap rates used in the valuation at 30 April 2009 were 6.50% in the UK and 7.25% in France.

## Debt financing/Covenants

As at 30 April 2009, the Group’s net borrowings totalled £273.7 million. Due to the material reduction in interest rates our overall interest payments have reduced significantly with the all-in cost of debt standing at around 4.88% at the end of April 2009. Approximately 65% of the net debt is covered by an interest rate swap at 5.21% running until July 2011. At this stage the Board has decided not to break the swap but will keep all options under review.

The Directors have reviewed both the loan to value and interest cover covenants and are satisfied that there is sufficient headroom for the foreseeable future. The Group also has a strong cash position of £29.2 million at the period end. The current debt facilities and projected cash flow provides sufficient funds to cover all existing commitments including the current pipeline as well as capacity for further new store acquisitions. The debt facilities do not mature until July 2011. The Board will continue to review the situation and will look to refinance the debt when it is considered the best time for the business and its shareholders.

## Property Valuation

Cushman & Wakefield LLP has again valued the Company's property portfolio. As at 30 April 2009, the total value of the Company's portfolio was £640.4 million.

This represents an increase of £1.7 million or 0.3% over the £638.7 million valuation as at 31 October 2008. Of this overall increase in value £14.8 million derives from the addition of two new stores.

There are several factors influencing the valuation movement of the existing store portfolio during the period and, as such, the UK and France are listed separately:

- Taking the UK first, the existing store valuation shows a £27.9 million valuation reduction compared to October 2008, the majority of which is driven by the outward shift in capital rates applied by the Valuer. We estimate that capital movements account for a £17.7 million reduction in the valuation with the balance of £10.2 million due to operational cash flow movements in the valuations.
- Around £13.4 million of the increase is directly attributable to foreign exchange movements translating the UPP valuations at 30 April 2009 and 31 October 2008 respectively.
- The French existing store valuation shows a same currency, year on year increase of €1.6 million, or £1.4 million. This has been driven by operational/cash flow movements which have, in France, more than offset the negative impact of the capital movements.

The Group freehold exit yield for the valuation at 30 April 2009 was 8.17% reflecting a further 29bps outward shift from 7.88% at 31 October 2008. The exit yield reflects a 25bps increase in prime yields in both the UK and France compared to October 2008, the balancing movement being made up of local conditions accounted for store by store.

The weighted average annual discount rate for the whole portfolio has followed a similar trend to exit yields.

At 30 April 2009, the Company's property portfolio consisted of 114 trading stores. The freehold/long leasehold stores were valued at £493.0 million and the short leasehold properties were valued at £147.0 million. Freehold/long leasehold stores which make up 57% of the stores by number account for 77% of the valuation. The remaining 23% of the valuation is attributable to the short leasehold portfolio.

The Company's pipeline of nine expansion stores is held at cost amounting to £23.6 million.

Overall, the valuation is down £4.4 million since April 2008 although this includes £30.3 million in respect of new stores opened in the year and £11.4 million from foreign exchange gains. The existing portfolio of stores has therefore decreased by £46.1 million (a decrease of 7.1%).

In their report to us, our Valuer has drawn attention to valuation uncertainty resulting from exceptional volatility in the financial markets and a lack of transactions in the property investment market. Please see note 11 for further details.

The adjusted NAV per share is 194.2 pence, down 4.0% on October 2008 and 9.5% on April 2008 driven by valuation and debt movements.

**Dividend**

The Board is pleased to announce that we will be paying an interim dividend of 1.65p per share which is in line with last year. The dividend will be paid on 12 August 2009 to share holders who are on the Company's register at the close of business on 10 July 2009. The ex-dividend date will be 8 July 2009.

**Directorate change**

Alan Lewis has been appointed a Non-Executive Director to succeed Vince Gwilliam who has served six years and is stepping down from the Board of Safestore. These changes take effect today. Alan has wide experience across the business sector and is an advisory partner of Bridgepoint. The Board would like to thank Vince for his significant contribution, particularly during the period of our flotation. There are no further disclosures under paragraph 9.6.13 of the Listing Rules.

**Outlook**

Trading has started positively in the second half of the year and early signs are that we are seeing improved trends in the level of customer enquiries. Occupancy growth continues to be positive with rates remaining relatively robust. Safestore will continue to increase its market share by fully leveraging its geographical spread and market leading position and will continue to utilise our current funding to selectively acquire new sites. However, we recognise that the economic outlook remains challenging and we will continue to manage the business accordingly; concentrating on a flexible strategy and balancing growth, expenditure and margin during the second half of the year. The Board remains confident of the outcome for the full year.

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

**Consolidated income statement  
for the six months ended 30 April 2009**

	Note	Six months ended 30 April 2009  (unaudited) £'000	Six months ended 30 April 2008  (unaudited) £'000	Year ended 31 October 2008  (audited) £'000
<b>Revenue</b>	4	<b>41,293</b>	39,986	82,875
Cost of sales		<b>(13,657)</b>	(13,108)	(25,640)
<b>Gross profit</b>		<b>27,636</b>	26,878	57,235
Administrative expenses		<b>(4,492)</b>	(5,814)	(12,233)
<b>EBITDA before exceptional item, movement on investment properties and derivative revaluations</b>		<b>22,033</b>	21,128	45,145
Exceptional item	4	<b>1,768</b>	-	-
Change in fair value of derivatives	4	<b>(582)</b>	-	-
Depreciation		<b>(75)</b>	(64)	(143)
<b>Operating profit before movement on investment properties</b>		<b>23,144</b>	21,064	45,002
(Loss)/gain on investment properties	10	<b>(29,988)</b>	18,199	(8,313)
<b>Operating (loss)/profit</b>	4	<b>(6,844)</b>	39,263	36,689
Finance income, excluding exceptional item		<b>140</b>	1,153	827
Recycling of foreign exchange gains	5	<b>5,942</b>	-	-
Total finance income		<b>6,082</b>	1,153	827
Finance expense	5	<b>(10,924)</b>	(11,938)	(22,589)
<b>(Loss)/profit before taxation</b>		<b>(11,686)</b>	28,478	14,927
Income tax credit/(expense)	6	<b>4,936</b>	(7,956)	(2,414)
<b>(Loss)/profit for the period attributable to equity shareholders</b>		<b>(6,750)</b>	20,522	12,513
<b>Basic and diluted earnings per share</b>	9	<b>(3.60)p</b>	10.96p	6.68p

All items in the income statement relate to continuing operations.

An interim dividend of 1.65 pence per ordinary share has been proposed for the period ended 30 April 2009 (30 April 2008: 1.65 pence).

**Consolidated balance sheet  
as at 30 April 2009**

	Note	30 April 2009 (unaudited) £'000	30 April 2008 (unaudited) £'000	31 October 2008 (audited) £'000
<b>Non-current assets</b>				
Investment properties	10	715,364	712,313	712,874
Development properties	10	23,647	25,062	31,483
Property, plant and equipment		1,761	1,495	1,692
Deferred tax assets	7	7,019	8,371	5,495
		<b>747,791</b>	747,241	751,544
<b>Current assets</b>				
Inventories		252	253	258
Trade and other receivables		14,860	15,023	12,800
Other financial assets		-	276	1,561
Derivative financial instruments		-	1,053	190
Cash and cash equivalents		29,196	8,900	11,143
		<b>44,308</b>	25,505	25,952
<b>Total assets</b>		<b>792,099</b>	772,746	777,496
<b>Current liabilities</b>				
Financial liabilities				
- Borrowings		(3,040)	(3,160)	(3,040)
- Derivative financial instruments		(15,362)	-	(3,647)
Trade and other payables		(36,064)	(41,196)	(38,726)
Obligations under finance leases		(11,279)	(9,774)	(10,610)
		<b>(65,745)</b>	(54,130)	(56,023)
<b>Non-current liabilities</b>				
Bank borrowings		(296,672)	(255,825)	(276,527)
Trade and other payables		(858)	(1,310)	(1,333)
Deferred tax liabilities	7	(119,648)	(131,202)	(123,070)
Obligations under finance leases		(64,728)	(58,818)	(64,608)
Provisions		(109)	(109)	(109)
		<b>(482,015)</b>	(447,264)	(465,647)
<b>Total liabilities</b>		<b>(547,760)</b>	(501,394)	(521,670)
<b>Net assets</b>		<b>244,339</b>	271,352	255,826
<b>Shareholders' equity</b>				
Ordinary shares	14	1,881	1,881	1,881
Share premium	13	28,349	28,349	28,349
Reserves	13	214,109	241,122	225,596
<b>Total Equity</b>	15	<b>244,339</b>	271,352	255,826

The notes on pages 16 to 26 form an integral part of this condensed consolidated interim financial information.

**Consolidated statement of recognised income and expense  
for the six months ended 30 April 2009**

	<b>Six months ended 30 April 2009 (unaudited) £'000</b>	Six months ended 30 April 2008 (unaudited) £'000	Year ended 31 October 2008 (audited) £'000
Currency translation differences net of tax	<b>12,391</b>	9,317	8,240
Cash flow hedges net of tax	<b>(5,562)</b>	(1,314)	(4,661)
Net income recognised directly in equity	<b>6,829</b>	8,003	3,579
Transferred to the income statement from translation reserve	<b>(5,942)</b>	-	-
	<b>887</b>	8,003	3,579
(Loss)/profit for the financial period/year	<b>(6,750)</b>	20,522	12,513
<b>Total recognised (expense)/income attributable to the equity shareholders of the Group</b>	<b>(5,863)</b>	28,525	16,092

**Consolidated cash flow statement  
for the six months ended 30 April 2009**

	<b>Six months ended 30 April 2009 (unaudited) £'000</b>	Six months ended 30 April 2008 (unaudited) £'000	Year ended 31 October 2008 (audited) £'000
(Loss)/profit before income tax	<b>(11,686)</b>	28,478	14,927
Loss/(gain) on the revaluation of investment properties	<b>29,988</b>	(18,199)	8,313
Change in the fair value of derivatives	<b>582</b>	-	-
Depreciation	<b>75</b>	64	143
Finance income	<b>(6,082)</b>	(1,153)	(827)
Finance expense	<b>10,924</b>	11,938	22,589
Decrease/(increase) in inventories	<b>6</b>	(1)	(6)
(Increase)/decrease in receivables	<b>(2,595)</b>	(2,428)	279
Increase in payables	<b>3,654</b>	3,667	200
Decrease in provisions	<b>-</b>	(21)	(21)
<b>Cash inflows from operating activities</b>	<b>24,866</b>	22,345	45,597
Interest paid	<b>(11,051)</b>	(14,222)	(24,451)
Interest received	<b>116</b>	1,418	477
Tax paid	<b>(41)</b>	(16)	(28)
<b>Net cash inflows from operating activities</b>	<b>13,890</b>	9,525	21,595
<b>Investing activities</b>			
Expenditure on investment and development properties	<b>(8,733)</b>	(26,807)	(50,280)
Net proceeds for disposal of investment properties	<b>-</b>	-	17
Purchase of property, plant and equipment	<b>(144)</b>	(57)	(357)
Sale/(purchase) of available for sale financial assets	<b>1,561</b>	(276)	(1,561)
<b>Net cash outflows from investing activities</b>	<b>(7,316)</b>	(27,140)	(52,181)
<b>Financing activities</b>			
Equity dividends paid	<b>(5,624)</b>	(5,624)	(8,717)
Net proceeds from issue of new borrowings	<b>26,145</b>	21,544	43,854
Finance lease principal payments	<b>(3,042)</b>	(1,988)	(3,991)
Repayment of borrowings	<b>(6,000)</b>	(6,000)	(8,000)
<b>Net cash inflows from financing activities</b>	<b>11,479</b>	7,932	23,146
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>18,053</b>	(9,683)	(7,440)
<b>Opening cash and cash equivalents</b>	<b>11,143</b>	18,583	18,583
<b>Closing cash and cash equivalents</b>	<b>29,196</b>	8,900	11,143

**Reconciliation of net cash flow to movement in net debt  
for the six months ended 30 April 2009**

	<b>Six months ended 30 April 2009 (unaudited) £'000</b>	Six months ended 30 April 2008 (unaudited) £'000	Year ended 31 October 2008 (audited) £'000
Net increase/(decrease) in cash and cash equivalents in the period/year	<b>18,053</b>	(9,683)	(7,440)
Increase in debt financing	<b>(20,934)</b>	(19,458)	(46,666)
<b>Movement in net debt in the period/year</b>	<b>(2,881)</b>	(29,141)	(54,106)
Net debt at start of period/year	<b>(343,642)</b>	(289,536)	(289,536)
<b>Net debt at end of period/year</b>	<b>(346,523)</b>	(318,677)	(343,642)

## **Notes to the interim report for the six months ended 30 April 2009**

### **1 General information**

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

The Company has its primary listing on the London Stock Exchange.

This condensed consolidated interim financial information was approved for issue on 30 June 2009.

This condensed consolidated interim financial information does not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. The full accounts of Safestore Holdings plc for the year ended 31 October 2008, which received an unqualified report from the auditors, and did not contain a statement under S.237(2) or (3) of the Companies Act 1985, have been filed with the Registrar of Companies on 30 March 2009.

The condensed consolidated interim financial information for 30 April 2009 and 30 April 2008 has been reviewed, not audited.

### **2 Basis of preparation**

The condensed consolidated interim financial information for the six months ended 30 April 2009 has been prepared in accordance with the Disclosure and Transparency Rules of the Financial Services Authority and with International Accounting Standard 34 'Interim Financial Reporting' (IAS 34) as adopted by the European Union.

The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 October 2008, which have been prepared in accordance with IFRS as adopted by the European Union.

The interest cost of finance leases of £6,691,000 for the year ended 31 October 2008 has been reclassified in the cash flow statement from financing activities to operating activities based upon industry best practice.

### **3 Accounting policies**

The condensed consolidated interim financial information have been prepared on the basis of the accounting policies expected to apply for the financial year to 31 October 2009 applicable to companies under IFRS. The IFRS and IFRIC interpretations as adopted by the European Union that will be applicable at 31 October 2009, including those that will be applicable on an optional basis, are not known with certainty at the time of preparing these interim financial statements. Thus the accounting policies adopted in these interim financial statements may be subject to revision to reflect further IFRS, IFRIC interpretations and pronouncements issued between 30 June 2009 and publication of the annual IFRS financial statements for the year ending 31 October 2009.

The accounting policies applied are consistent with those in the annual financial statements for the year ended 31 October 2008, as described in those financial statements.

The financial statements have been prepared under the historical cost convention as modified by the revaluation of investment properties and fair value of derivative financial instruments. The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in equity.

## Notes to the interim report for the six months ended 30 April 2009 (continued)

### 3 Accounting policies (continued)

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the condensed consolidated interim financial statements are disclosed within the Group's accounting policies as disclosed in the IFRS financial statements for the year ended 31 October 2008.

The following new standards and interpretations have been issued but are not effective for the year ending on 31 October 2009 and have not been adopted early;

- IAS 1 (revised), 'Presentation of financial statements'. The revised standard prohibits the presentation of items of income and expenses (that is 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity. All 'non-owner changes in equity' are required to be shown in a performance statement.
- IAS 39 (amendment), 'Financial instruments: Recognition and measurement'.
- IFRS 8, 'Operating segments', effective for annual periods beginning on or after 1 January 2009. IFRS 8 replaces IAS 14, 'Segment reporting', and requires a 'management approach' under which segment information is presented on the same basis as that used for internal reporting purposes.
- IFRIC 16, 'Hedges of a net investment in a foreign operation' (effective from 1 October 2008). The amendment to the interpretation is still subject to endorsement by the European Union. IFRIC 16 clarifies the accounting treatment in respect of net investment hedging.

The following new standards, amendments to standards and interpretations have been issued but are not currently relevant for the group;

- IFRIC 13, 'Customer loyalty programmes', effective for annual periods beginning on or after 1 September 2009.
- IFRIC 15, 'Agreements for construction of real estates' (effective from 1 January 2009).

### 4 Segmental information

Revenue represents amounts derived from the provision of self storage accommodation and related services which fall within the Group's ordinary activities after deduction of trade discounts and value added tax. The Group's revenue, profit before tax and net assets are attributable to one activity, the provision of self storage accommodation and related services. These all arise in the United Kingdom and France. The primary segment is based on geographic location and an analysis of revenues and operating profit is shown below.

## Notes to the interim report for the six months ended 30 April 2009 (continued)

### 4 Segmental information (continued)

	<b>Six months ended 30 April 2009 (unaudited) £'000</b>	Six months ended 30 April 2008 (unaudited) £'000	Year ended 31 October 2008 (audited) £'000
Revenue by geographical segment			
United Kingdom	<b>30,778</b>	32,140	65,723
France	<b>10,515</b>	7,846	17,152
	<b>41,293</b>	39,986	82,875
Operating (loss)/profit by geographical segment			
United Kingdom	<b>(13,502)</b>	36,315	18,425
France	<b>6,658</b>	2,948	18,264
	<b>(6,844)</b>	39,263	36,689

Operating profit of £6,658,000 for France includes £1,768,000 exceptional income arising from the commutation of an insurance policy related to the 2005 Access France acquisition and an expense of £582,000 for the valuation movement on currency derivative contracts.

### 5 Finance expense

	<b>Six months ended 30 April 2009 (unaudited) £'000</b>	Six months ended 30 April 2008 (unaudited) £'000	Year ended 31 October 2008 (audited) £'000
Interest payable on bank loans and overdrafts	<b>(7,908)</b>	(8,857)	(16,685)
Amortisation of debt issue costs on bank loans	<b>(716)</b>	(390)	(830)
Interest payable on other loans	<b>(17)</b>	-	(53)
Interest on finance lease obligations	<b>(2,831)</b>	(3,221)	(6,691)
Capitalised interest	<b>548</b>	530	1,670
<b>Finance costs</b>	<b>(10,924)</b>	(11,938)	(22,589)

Interest has been capitalised at an average rate of 4.0% (April 2008: 5.4%) for the period.

The exceptional item of £5.9m within finance income arises in respect of recycled foreign currency translation gains from the translation reserve which are now realised (see note 13).

Notes to the interim report for the six months ended 30 April 2009 (continued)

6 Income tax credit/(expense)

	Six months ended 30 April 2009 (unaudited) £'000	Six months ended 30 April 2008 (unaudited) £'000	Year ended 31 October 2008 (audited) £'000
Current tax – UK corporation tax at 28% (2008: 28%)	2	(11)	(24)
Deferred tax	4,934	(7,945)	(2,390)
	<b>4,936</b>	<b>(7,956)</b>	<b>(2,414)</b>

Income tax credit/(expense) is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year. The estimated average annual tax rate used for the year to 31 October 2009 is 28%; the estimated tax rate used for the six months ended 30 April 2008 was 28%.

7 Deferred income tax

	As at 30 April 2009 (unaudited) £'000	As at 30 April 2008 (unaudited) £'000	As at 31 October 2008 (audited) £'000
The amounts provided in the accounts are:			
Revaluation of investment properties and tax depreciation	117,781	128,070	121,773
Other timing differences	1,867	2,898	1,297
Interest rate swap instrument	-	234	-
Deferred tax liabilities	<b>119,648</b>	<b>131,202</b>	<b>123,070</b>
Tax losses	<b>(3,771)</b>	<b>(8,371)</b>	<b>(4,428)</b>
Interest rate swap instrument	<b>(3,248)</b>	-	<b>(1,067)</b>
Deferred tax assets	<b>(7,019)</b>	<b>(8,371)</b>	<b>(5,495)</b>
<b>Deferred tax – net</b>	<b>112,629</b>	<b>122,831</b>	<b>117,575</b>

Deferred tax assets/liabilities have been calculated using an effective rate of 28% (2008: 28%) which is the rate expected to be applied for the 2008/09 full year.

## Notes to the interim report for the six months ended 30 April 2009 (continued)

### 8 Dividends

An interim dividend of 1.65 pence per ordinary share (30 April 2008: 1.65 pence) has been declared. The ex-dividend date will be 8 July 2009 and the record date 10 July 2009, with an intended payment date of 12 August 2009. The interim dividend, amounting to £3.1m (30 April 2008: £3.1m), has not been included as a liability at 30 April 2009. It will be recognised in shareholders' equity in the year to 31 October 2009.

### 9 Earnings per ordinary share

	Six months ended 30 April 2009 (unaudited)			Six months ended 30 April 2008 (unaudited)			Year ended 31 October 2008 (audited)		
	Earnings £m	Shares million	Pence per share	Earnings £m	Shares million	Pence per share	Earnings £m	Shares million	Pence per share
<b>Basic and Diluted</b>	<b>(6.75)</b>	<b>187.47</b>	<b>(3.60)</b>	20.52	187.28	10.96	12.51	187.38	6.68
Adjustments:									
Movement on investment properties	<b>29.99</b>		<b>16.00</b>	(18.20)		(9.72)	8.31		4.44
Operating exceptional items	<b>(1.77)</b>		<b>(0.94)</b>	-		-	-		-
Revaluation of derivatives	<b>0.58</b>		<b>0.31</b>	-		-	-		-
Exceptional recycling of foreign exchange gains	<b>(5.94)</b>		<b>(3.17)</b>	-		-	-		-
Tax on adjustments	<b>(8.06)</b>		<b>(4.30)</b>	5.16		2.76	(2.40)		(1.28)
<b>Adjusted</b>	<b>8.05</b>	<b>187.47</b>	<b>4.30</b>	7.48	187.28	4.00	18.42	187.38	9.84

Earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

## Notes to the interim report for the six months ended 30 April 2009 (continued)

### 9 Earnings per ordinary share (continued)

#### Adjusted earnings per share

Tax on adjustments excludes the recycling of foreign exchange gains as there is no tax effect arising for the transaction.

Movement on investment properties is shown net of revaluations on leasehold properties of £3.04m (2008: £1.99m) and the related tax thereon of £0.85m (2008: £0.56m). EPRA earnings of £5.86m (2008: £6.05m) and EPRA earnings per share of 3.13p (2008: 3.24p) are calculated after further adjusting for these items.

### 10 Property portfolio

Investment properties, development properties and interest in leasehold properties

	Investment properties	Interest in leasehold properties	Total Investment properties	Development properties
	£'000	£'000	£'000	£'000
At 1 November 2008	637,656	75,218	712,874	31,483
Additions	3,854	1,716	5,570	3,025
Reclassifications	11,421	-	11,421	(11,421)
Revaluation	(26,946)	(3,042)	(29,988)	-
Exchange movements	13,372	2,115	15,487	560
<b>At 30 April 2009</b>	<b>639,357</b>	<b>76,007</b>	<b>715,364</b>	<b>23,647</b>

### 11 Valuations

	Deemed cost	Valuation	Revaluation on deemed cost
	£'000	£'000	£'000
<b>Freehold stores</b>			
As at 1 November 2008	254,262	488,881	234,619
Movement in period	15,086	3,354	(11,732)
<b>As at 30 April 2009</b>	<b>269,348</b>	<b>492,235</b>	<b>222,887</b>
<b>Leasehold stores</b>			
As at 1 November 2008	65,225	148,775	83,550
Movement in period	189	(1,653)	(1,842)
<b>As at 30 April 2009</b>	<b>65,414</b>	<b>147,122</b>	<b>81,708</b>
<b>All stores</b>			
As at 1 November 2008	319,487	637,656	318,169
Movement in period	15,275	1,701	(13,574)
<b>As at 30 April 2009</b>	<b>334,762</b>	<b>639,357</b>	<b>304,595</b>

## Notes to the interim report for the six months ended 30 April 2009 (continued)

### 11 Valuations (continued)

The freehold and leasehold investment properties have been valued as at 30 April 2009 by external valuers, Cushman and Wakefield LLP ("C&W"). The valuation has been carried out in accordance with the RICS Valuation Standards published by The Royal Institution of Chartered Surveyors ("the Red Book"). The valuation of each of the investment properties has been prepared on the basis of market value as a fully equipped operational entity, having regard to trading potential. The valuation has been provided for accounts purposes and as such, is a regulated purpose valuation as defined in the Red Book. In compliance with the disclosure requirements of the Red Book, C&W have confirmed that:

- The members of the RICS who have been the signatories to the valuations provided to the Company for the same purposes as this valuation have been so since October 2006.
- C&W do not provide other significant professional or agency services to the Company.
- In relation to the preceding financial year of C&W, the proportion of total fees payable by the Company to the total fee income of the firm is less than 5%.
- C&W have continuously been carrying out bi-annual valuations for accounts purposes on behalf of the Company since October 2006.

#### Market uncertainty

C&W's valuation report comments on valuation uncertainty resulting from exceptional volatility in the financial markets and a lack of transactions in the property investment market. C&W note that although there were a number of self storage transactions in 2007, the only significant transaction in the past 18 months was the sale of a 51% share in Shurgard Europe which was announced in January 2008 and completed on 31 March 2008. C&W observe that in order to provide a rational opinion of value at the present time it is necessary to assume that the property market will continue to trade in an orderly fashion. Accordingly, they have assumed that the self storage sector will continue to perform in a way not greatly different from that being anticipated prior to the 'credit crunch', however they have reflected negative sentiment in their capitalisation rates and they have reflected the current trading conditions in their cash flow projections for each property. C&W state that there is therefore greater uncertainty attached to their opinion of value than would be anticipated during normal market conditions.

#### Valuation method 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 each property reflecting estimated absorption, revenue growth and expense inflation. A discounted cash flow method of valuation based on these cash flow projections has been used to arrive at an opinion of market value for each property. C&W have adopted different approaches for the valuation of the leasehold and freehold assets as follows:

##### Freehold

The valuation is based on a discounted cash flow of the net operating income over a ten year period and notional sale of the asset at the end of the tenth year.

##### Leasehold

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 term.

## Notes to the interim report for the six months ended 30 April 2009 (continued)

### 11 Valuations (continued)

#### French Commercial Leasehold

In relation to the French commercial leases, C&W have valued the cash flow projections in perpetuity due to the security of tenure arrangements in that market and the potential compensation arrangements in the event of the landlord wishing to take possession. The valuation treatment is therefore the same as for the freehold properties. Our capitalisation rates on these stores reflect the risk of the landlord terminating the lease arrangements.

#### Prudent lotting

C&W have assessed the value of each property individually. However, with regard to recently opened stores with negative or low short term cash flow, C&W have prepared their valuation on the assumption that were these properties to be brought to the market then they would be lotted or grouped for sale with other more mature assets of a similar type owned by the Company in such a manner as would most likely be adopted in the case of an actual sale of the interests valued. This lotting assumption has been made in order to alleviate the issue of low or negative short term cash flow. C&W have not assumed that the entire portfolio of properties owned by the Company would be sold as a single lot and the value for the whole portfolio in the context of a sale as a single lot may differ significantly from the aggregate of the individual values for each property in the portfolio, reflecting prudent lotting as described above.

### 12 Net assets per share

	<b>As at 30 April 2009</b>	As at 30 April 2008	As at 31 October 2008
	<b>(unaudited)</b>	(unaudited)	(audited)
<b>Analysis of net asset value</b>	<b>£'000</b>	£'000	£'000
Net asset value	<b>244,339</b>	271,352	255,826
Adjustments:			
Deferred tax on revaluation	<b>119,648</b>	130,907	123,070
Adjusted net asset value	<b>363,987</b>	402,259	378,896
Basic and diluted net assets per share (pence)	<b>130.3</b>	144.7	136.5
Adjusted net assets per share (pence)	<b>194.2</b>	214.6	202.1
Basic and diluted shares used for calculation	<b>187,471,348</b>	187,471,348	187,471,348

Net assets per share are total shareholders' funds divided by the number of shares at the period end.

Adjusted net assets per share excludes deferred tax on the revaluation uplift on freehold and leasehold properties. The EPRA net asset value, which further excludes fair value adjustments for debt and related derivatives, was £376.1 million (2008: £401.5 million) giving EPRA net assets per share of 200.6 pence (2008: 214.2 pence).

Notes to the interim report for the six months ended 30 April 2009 (continued)

13 Share premium and reserves

	Share premium account	Reserves	Total
	£'000	£'000	£'000
At 1 November 2008	28,349	225,596	253,945
Loss for the period	-	(6,750)	(6,750)
Dividends	-	(5,624)	(5,624)
Change in value of interest rate swap	-	(7,744)	(7,744)
Deferred tax on interest rate swap movement	-	2,182	2,182
Currency translation differences	-	12,391	12,391
Recycling of balances in translation reserve to finance income in the income statement	-	(5,942)	(5,942)
<b>At 30 April 2009</b>	<b>28,349</b>	<b>214,109</b>	<b>242,458</b>

14 Share capital

	As at 30 April 2009 (unaudited) £'000	As at 31 October 2008 (audited) £'000
<b>Authorised</b>		
315,000,000 (2008: 300,000,000) ordinary shares of 1p each	<b>3,150</b>	3,000
<b>Called up, issued and fully paid</b>		
188,135,088 (2008: 188,135,088) ordinary shares of 1p each	<b>1,881</b>	1,881

**Notes to the interim report for the six months ended 30 April 2009 (continued)**

**15 Consolidated statement of changes in shareholders' equity**

	<b>Six months ended 30 April 2009 (unaudited) £'000</b>	<b>Year ended 31 October 2008 (audited) £'000</b>
Opening total shareholders' funds	<b>255,826</b>	247,943
(Loss)/profit for the period/year	<b>(6,750)</b>	12,513
Dividends	<b>(5,624)</b>	(8,717)
Adjustment in respect of share issue	-	(61)
Long term incentive plan share awards	-	1,543
Own shares	-	(974)
Currency translation differences	<b>12,391</b>	8,240
Recycling of balances in translation reserve to finance income in the income statement	<b>(5,942)</b>	-
Cash flow hedge net of tax	<b>(5,562)</b>	(4,661)
<b>Closing total shareholders' funds</b>	<b>244,339</b>	255,826

**16 Contingent liabilities**

As part of the Group banking, the Company has guaranteed the borrowings totalling £302.9 million (April 2008: £261.7 million) of fellow Group undertakings by way of a charge over all of its property and assets. There are similar cross guarantees provided by the Group companies in respect of any bank borrowings which the Company may draw under a Group facility agreement. The financial liability associated with this guarantee is considered remote and therefore no provision has been recorded.

## Notes to the interim report for the six months ended 30 April 2009 (continued)

### 17 Related party transactions

The group's shares are widely held with funds managed by Bridgepoint Capital (Nominees) Limited being the majority shareholder with a holding of 35% at 30 April 2009. The ultimate parent company of the group is Safestore Holdings plc.

During the period, the following transactions were carried out with related parties:

#### Bridgepoint Capital

	Six months ended 30 April 2009 (unaudited) £'000	Six months ended 30 April 2008 (unaudited) £'000	Year ended 31 October 2008 (audited) £'000
Director fees	13	13	25

#### The following amounts are due to Bridgepoint Capital:

	As at 30 April 2009 (unaudited) £'000	As at 30 April 2008 (unaudited) £'000	As at 31 October 2008 (audited) £'000
Trade payables	2	2	2

### 18 Capital commitments

The Group had capital commitments of £9.6 million as at 30 April 2009 (2008: £18.3 million).

### 19 Seasonality

Self storage revenues are subject to seasonal fluctuations, with peak sales occurring in the second and third quarters of the year. This is due to seasonal weather conditions and holiday periods leading to less demand for storage. For the six months ended 30 April 2008, the level of self storage revenues represented 48.3% (30 April 2007: 46.6%) of the annual level of self storage revenue in the year ended 31 October 2008.

## Principal risks and uncertainties

The principal risks and uncertainties which could affect the Group for the remainder of the financial year are consistent with those detailed on pages 22 and 23 of the Annual Report and Accounts for the year ended 31 October 2008, a copy of which is available at [www.safestore.com](http://www.safestore.com), and are:

- Self storage market risk
- Property risk
- Treasury risk
- Taxation risk
- Liquidity risk

The Company regularly assesses these risks together with the associated mitigating factors listed in the 2008 Annual Report. The levels of activity in the Group's markets and the level of financial liquidity and flexibility continue to be the areas designated as appropriate for added management focus.

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

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

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

## **Statement of directors' responsibilities for the six months ended 30 April 2009**

The directors' confirm that this condensed consolidated interim financial information has been prepared in accordance with IAS 34 as adopted by the European Union and that the interim management report includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8, namely:

- an indication of important events that have occurred during the first six months and their impact on the condensed set of financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- material related-party transactions in the first six months and any material changes in the related-party transactions described in the last annual report.

The directors of Safestore Holdings plc are listed in the Safestore Holdings plc Annual Report for 31 October 2008.

By order of the Board

Steve Williams  
30 June 2009  
Chief Executive Officer

Richard Hodsdon  
30 June 2009  
Chief Financial Officer

## **Independent review report to Safestore Holdings plc**

### **Introduction**

We have been engaged by the Company to review the condensed consolidated interim financial information in the half-yearly financial report for the six months ended 30 April 2009, which comprises the consolidated income statement, consolidated balance sheet, consolidated statement of recognised income and expense, consolidated cash flow statement, reconciliation of net cash flow to movement in net debt and related notes. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

### **Directors' responsibilities**

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

As disclosed in note 3, the annual financial statements of the group are prepared in accordance with IFRSs as adopted by the European Union. The condensed consolidated interim financial information included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting", as adopted by the European Union.

### **Our responsibility**

Our responsibility is to express to the Company a conclusion on the condensed consolidated interim financial information in the half-yearly financial report based on our review. This report, including the conclusion, has been prepared for and only for the Company for the purpose of the Disclosure and Transparency Rules of the Financial Services Authority and for no other purpose. We do not, in producing this report, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

### **Scope of review**

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) 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 condensed consolidated interim financial information in the half-yearly financial report for the six months ended 30 April 2009 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

PricewaterhouseCoopers LLP  
Chartered Accountants  
Birmingham  
30 June 2009

## **Notes:**

- a) The maintenance and integrity of the Safestore Holdings plc website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.
- b) Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.