

SAFESTORE HOLDINGS PLC

TERMS OF REFERENCE
OF THE AUDIT COMMITTEE

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(as approved by the Board of Directors
of Safestore Holdings plc (the "Company") on 11 December 2009)

The Audit Committee is a sub-committee of the Board appointed in accordance with the Company's articles of association and the Financial Reporting Council's Combined Code on Corporate Governance, whose purpose is to assist the board in the effective discharge of its responsibilities for corporate governance, financial reporting and corporate control. The Audit Committee has no executive powers with regard to its recommendations and does not relieve the directors of their responsibilities for these matters.

1. Membership

- 1.1 The Audit Committee comprises not fewer than three non-executive directors of the Company, to be selected by the Board on the recommendation of the Nomination Committee in consultation with the chairman of the Audit Committee, who are all independent in character and judgement and free from any relationships or circumstances which are likely to affect, or could appear to affect, the Committee member's judgement. At least one member of the Audit Committee has recent and relevant financial experience. The chairman of the Board can be a member of the Audit Committee provided that he or she was considered independent on appointment as Chairman. Appointments to the Committee shall be for a period of up to three years which may be extended by two further three year periods, provided the member remains independent.
- 1.2 No one other than a Committee member is entitled to attend meetings of the Audit Committee but others may attend by invitation. The chief financial officer, the head of internal audit (if appointed) and a representative of the Company's external auditors must attend all or part of any meeting of the Audit Committee whenever requested by the Audit Committee. At least once a year the Audit Committee must meet the Company's external auditors without any executive directors present.
- 1.3 If any member of the Audit Committee is unable to act for any reason, the chairman of the Audit Committee may appoint any other independent non-executive director of the company to act as his alternate.

- 1.4 The chairman of the Audit Committee shall be appointed by the Board. In the absence of the chairman of the Audit Committee, the remaining members present shall elect one of their number to chair the meeting.

2. Secretary

- 2.1 The Company Secretary is the secretary of the Audit Committee.

3. Quorum

- 3.1 The quorum for meetings of the Audit Committee is any two of its members. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.

4. Frequency of Meetings

- 4.1 The Committee shall meet at least three times a year at appropriate times in the reporting and audit cycle and otherwise as required.

5. Notice of Meetings

- 5.1 Meetings of the Committee shall be arranged by the secretary at the request of any of the Committee members, the chief financial officer or at the request of external or internal auditors if they consider it necessary.
- 5.2 Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, shall be forwarded to each Committee member and any other person required to attend, no fewer than five working days before the date of the meeting. Supporting papers shall be sent to Committee members and to other attendees as appropriate, at the same time.

6. Minutes of Meetings

- 6.1 The Audit Committee's secretary shall note the existence of any conflicts of interest declared at any meeting and minute them accordingly.
- 6.2 The Audit Committee's secretary must send the minutes of meetings of the Audit Committee to all Audit Committee members and, once agreed, to all members of the Board.

7. Annual General Meeting

- 7.1 The Audit Committee Chairman of the Committee should attend the Company's annual general meeting to be available to answer shareholders' questions.

8. Duties

The Committee should carry out the duties below for the parent company, major subsidiary undertakings and the group as a whole, as appropriate.

- 8.1 Financial Reporting

8.1.1 The Committee shall monitor the integrity of the financial statements of the company, including its annual and interim reports, preliminary results' announcements and any other formal announcement relating to its financial performance, reviewing significant financial reporting issues and judgements which they contain. The Committee shall also review summary financial statements, significant financial returns to regulators and any financial information contained in other relevant documents, such as announcements of a price sensitive nature.

8.1.2 The Committee shall submit the above documents referred to in paragraph 8.1.1 above to the Board for its approval and to determine what information should be brought to the Board's attention in connection with that submission. The Committee shall review and challenge where necessary:

8.1.2.1 the consistency of, and any changes to, accounting policies both on a year on year basis and across the company/group;

8.1.2.2 the methods used to account for significant or unusual transactions where different approaches are possible and any important areas where judgement must be exercised;

8.1.2.3 whether the company has followed appropriate accounting standards and made appropriate estimates and judgements, taking into account the views of the external auditor;

8.1.2.4 the going concern assumption;

8.1.2.4 the clarity of disclosure in the company's financial reports and the context in which statements are made; and

8.1.2.5 all material information presented with the financial statements, such as the operating and financial review and the corporate governance statement (insofar as it relates to the audit and risk management);

8.2 Internal Controls and Risk Management Systems

The Committee shall:

8.2.1 Keep under review the effectiveness of the company's financial reporting, internal controls and risk management systems; and

8.2.2 Review and approve the statements to be included in the annual report concerning internal controls and risk management before submission to the Board for its approval.

8.3 Whistleblowing

The Committee shall review the company's arrangements for its employees to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters. The Committee shall ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate follow up action.

8.4 Internal Audit

The Committee shall:

- 8.4.1 Monitor and review the effectiveness of the company's internal audit function in the context of the company's overall risk management system; or if there is no such function, the appropriateness for having one.
- 8.4.2 Approve the appointment and removal of any head of the internal audit function;
- 8.4.3 Consider and approve the remit of any internal audit function and ensure it has adequate resources and appropriate access to information to enable it to perform its function effectively and in accordance with the relevant professional standards. The Committee shall also ensure that any such function has adequate standing and is free from management or other restrictions;
- 8.4.4 Review and assess any annual internal audit plan;
- 8.4.5 Review promptly all reports on the company from any internal auditors;
- 8.4.6 Review and monitor management's responsiveness to the findings and recommendations of any internal auditor; and
- 8.4.7 Meet any head of internal audit at least once a year, without management being present, to discuss their remit and any issues arising from the internal audits carried out. In addition, any head of internal audit shall be given the right of direct access to the Chairman of the board and to the Committee.

8.5 External Audit

The Committee shall:

- 8.5.1 Consider and make recommendations to the board, to be put to shareholders for approval at the AGM, in relation to the appointment, re-appointment and removal of the company's external auditors. The Committee shall oversee the selection process for new auditors and if an auditor resigns the Committee shall investigate the issues leading up to this and decide whether any action is required.
- 8.5.2 Oversee the relationship with the external auditor including (but not limited to):
 - 8.5.2.1 approval of their remuneration, whether fees for audit or non-audit services and that the level of fees is appropriate to enable an adequate audit to be conducted;
 - 8.5.2.2 approval of their terms of engagement, including any engagement letter issued at the start of each audit and the scope of the audit;
 - 8.5.2.3 assessing annually their independence and objectivity taking into account relevant UK professional and regulatory requirements and the relationship with the auditors as a whole, including the provision of any non-audit services;
 - 8.5.2.4 satisfying itself that there are no relationships (such as family, employment, investment, financial or business) between the auditor and the company (other than in the ordinary course of business);
 - 8.5.2.5 agreeing with the board a policy on the employment of former employees of the company's auditor, then monitoring the implementation of this policy;

- 8.5.2.6 monitoring the auditor's compliance with relevant ethical and professional guidance on the rotation of audit partners, the level of fees paid by the company compared to the overall fee income of the firm, office and partner and other related requirements; and
- 8.5.2.7 assessing annually their qualifications, expertise and resources and the effectiveness of the audit process which shall include a report from the external auditor on their own internal quality procedures;
- 8.5.2.8 considering the risk of the withdrawal of the company's present auditor from the market.
- 8.5.3 Meet regularly with the external auditor, including once at the planning stage before the audit and once after the audit at the reporting stage. The Committee shall meet the external auditor at least once a year, without management being present, to discuss their remit and any issues arising from the audit;
- 8.5.4 Review and approve the annual audit plan and ensure that it is consistent with the scope of the audit engagement;
- 8.5.5 Review the findings of the audit with the external auditor. This shall include but not be limited to, the following;
 - 8.5.5.1 a discussion of any major issues which arose during the audit (in the absence of executive directors, where necessary),
 - 8.5.5.2 any accounting and audit judgements, and
 - 8.5.5.3 levels of errors identified during the audit. The Committee shall also review the effectiveness of the audit.
- 8.5.6 Review any representation letter(s) requested by the external auditor before they are signed by management;
- 8.5.7 Review the external auditors' management letter and response; and
- 8.5.8 Develop and implement a policy on the engagement of the external auditor to supply non-audit services and to keep under review and report to the Board on the nature and extent of non-audit services supplied by the external auditors, identifying any matters in respect of which action or improvement is needed and making recommendations as to the steps to be taken;
- 8.6 Reporting Responsibilities
 - 8.6.1 The Committee Chairman shall report formally to the board on its proceedings after each meeting.
 - 8.6.2 The Committee shall make whatever recommendations to the board it deems appropriate on any area within its remit where action or improvement is needed.
 - 8.6.3 The Committee shall arrange for a report to shareholders on its activities to be included in the company's annual report.

8.7 Other Matters

The Committee shall:

- 8.7.1 Have access to sufficient resources in order to carry out its duties, including access to the company secretariat for assistance as required;
- 8.7.2 Be provided with appropriate and timely training, whether in the form of an induction programme for new members and/or on an ongoing basis for all members;
- 8.7.3 Give due consideration to laws and regulations, the provisions of the Combined Code and the requirements of the UK Listing Authority's Listing Rules as appropriate;
- 8.7.4 Be responsible for supervising the co-ordination of the internal and external auditors;
- 8.7.5 Consider other matters as referred to the Audit Committee by the Board, and
- 8.7.6 At least once a year, review its own performance, constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the board for approval.

9. Authority

The Committee is authorised:

- 9.1 To investigate any activity within its terms of reference;
- 9.2 To seek any information it requires from any employee of the Company or any of its subsidiary undertakings (together the "Group" and each a "Group Company") (and all employees are directed to co-operate with any request made by the Audit Committee);
- 9.3 To obtain, at the company's expense, such legal or independent professional advice as it deems necessary to fulfil its responsibilities; and
- 9.3 To secure the attendance of other persons at its meetings if it considers this necessary.

The Audit Committee should make available these terms of reference explaining its role and the authorities delegated to it by the Board.