Safestore Holdings plc
Interim report for the six months ended 30 April 2012

More Space℠

safestore™

Safestore is the market leader in self-storage for the UK and Paris. We operate 122 wholly owned stores under the Safestore and Une Pièce en Plus brands, with a further 12 stores under management in the UK.

Contents

Highlights

for the six months ended 30 April 2012

Peter Gowers, Safestore's Chief Executive Officer, commented:

"We are encouraged by the good performance in each of our main regions and by the early progress from our strategic focus on driving yield through investments in branding, marketing and operational efficiency. Self-storage demand remains resilient, fuelled by families unable to move home and businesses looking for flexibility and value. We continue to benefit from our market leadership position and will look to further leverage our scale as we make further progress on our strategic plan.

Our good first half performance has carried over into a solid start to the third quarter. Although the economy remains challenging and we face headwinds from the continued movement in the Euro exchange rate and the UK Government's proposed introduction of VAT on self-storage, the Board remains confident that the Group is well positioned, with a strong and resilient operating model and strategic opportunities to create further value."

Operational

- RevPAF[1] up 7.6%[2] with good growth in London, Paris and the UK regions
- Closing occupancy[3] up 11.8% on prior year, to 3.26 million sq ft as at 30 April 2012
- Occupancy up 5.4 percentage points to 64.4% of MLA[4]
- Ancillary revenues up 14.6% to £7.0 million
- Encouraging early results from strategic investments in brand, marketing and call centres
- Opened three new stores and successfully renegotiated leases on two other stores
- Full re-financing completed with maturities now extended to 2016, 2019 and 2024

Financial

- Revenues up 6.4% to £48.4 million
- Store EBITDA[5] up 4.7%[2] to £29.9 million
- Underlying EBITDA[5] up 0.9% to £24.5 million
- EPRA[6] adjusted Earnings Per Share ("EPS") down 6.6% to 3.70 pence per share
- Interim dividend up 5.7% to 1.85 pence per share

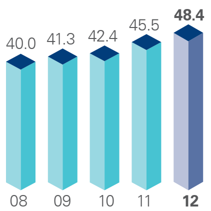
There has been a £24.0 million (3.4%) reduction in the total value of our property portfolio compared to 31 October 2011. This reduction has largely been driven by the Valuer's estimate of the impact of the proposed introduction of VAT on UK self-storage from 1 October 2012 and adverse foreign exchange movements. The following results reflect the non-cash adjustments made in connection with this reduction:

- Loss before taxation of £11.8 million
- Basic EPS a loss of 3.31 pence per share

1 Revenue per Available Foot ("RevPAF").
2 Excluding the four stores opened since 1 May 2011.
3 Closing occupancy excludes offices but includes 72,000 sq ft of bulk tenancy as at 30 April 2012 (30 April 2011: 56,000 sq ft).
4 Maximum Lettable Area ("MLA").
5 EBITDA before exceptional items, contingent rent, fair value movement of derivatives and movement in investment properties ("underlying EBITDA").
6 European Public Real Estate Association ("EPRA").
7 Mature store portfolio is the 84 stores open for more than five financial years. (page 2)

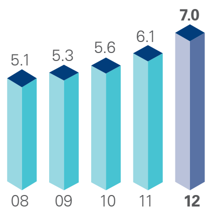
Total revenue (£m)

£48.4m +6.4%



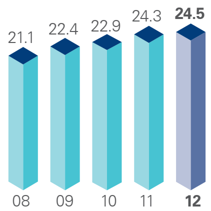
Ancilliary revenue (£m)

£7.0m +14.6%



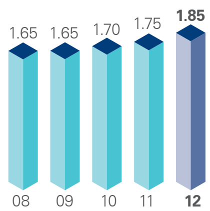
Underlying EBITDA[5] (£m)

£24.5m +0.9%



Interim dividend (p)

1.85p +5.7%



Chief Executive Officer's review

> "Safestore has continued to build on its strengths during the first half of the financial year, using our scale to drive continued improvements in operational performance and maintaining our selective investment programme to drive future growth."

Peter Gowers
Chief Executive Officer

Introduction

Safestore has begun implementing the More Space[SM] strategy outlined in January 2012. We have driven good results in the first half of the year and seen encouraging early progress on our strategic plan.

Our strategy is based on a greater emphasis on customer marketing and leveraging our scale as market leader to drive performance. Our focus has been on maximising yield through strategic investments in brand, marketing and operational efficiency.

Operating review

Safestore driving performance through market leadership

Safestore has continued to build on its strengths during the first half of the financial year, using our scale to drive continued improvements in operational performance and maintaining our selective investment programme to drive future growth.

We have a straightforward business model. We identify attractive sites for personal and business storage. We use our scale to market those sites to customers and create enquiries. We use our customer insight and operating skill to convert enquiries into occupancy and we manage pricing and business mix to drive the self-storage rate and ancillary revenues.

During the first half of the year, as set out in our strategic plan, we focused on maximising Revenue per Available Foot ("RevPAF") by striking the right balance between occupancy and rate growth. RevPAF grew by 7.6% (excluding the four stores opened since 30 April 2011).

Operating and financial performance

	Six months ended 30 April 2012 (unaudited) £'000	Six months ended 30 April 2011 (unaudited) £'000	Movement %
Revenue	**48,434**	45,528	+6.4
Ancillary revenue	**6,992**	6,103	+14.6
Underlying EBITDA[1]	**24,483**	24,275	+0.9
EPRA profit after tax (adjusted)[2]	**6,937**	7,410	–6.5
Profit after tax ("earnings")	**(6,204)**	4,466	
EPRA earnings per share (adjusted)[2]	**3.70p**	3.96p	–6.5
Basic EPS[2]	**(3.31)p**	2.38p	
EPRA net asset value ("NAV") per share (adjusted)[3]	**192.8p**	204.8p	–5.9
NAV per share[3]	**135.1p**	144.6p	–6.6
Dividend – interim per share	**1.85p**	1.75p	+5.7

1 EBITDA before exceptional items, contingent rent, fair value movement of derivatives and loss in investment properties ("underlying EBITDA").

2 See note 10.

3 See note 13.

As at 30 April 2012 our wholly-owned portfolio included 122 stores, 98 in the UK and 24 in Paris, giving us a market leadership position in both the UK and Paris markets. The closing occupancy across the portfolio at 30 April 2012 is 11.8% or 345,000 sq ft higher than a year ago at 3.26 million sq ft. This equates to 64.4% of our Maximum Lettable Area ("MLA") a 5.4 percentage point increase from 30 April 2011. The closing occupancy of the mature store portfolio[7] was 68.1%, a 3.3 percentage point increase on a year ago. The average self-storage rental rate was down 4.7% at £25.09 (H1 FY2011: £26.33) driven by our decision to balance rate and occupancy growth to better drive RevPAF yield, the changing business mix as we open new stores and by adverse foreign exchange movements affecting the translation of our Parisian rates, which are typically higher than those in the UK.

Geographically we have experienced robust trading in all our markets. London and the South-East also performed strongly, with RevPAF up 8.6% for stores open for more than one year as at 30 April 2012. In constant currency terms, Paris was our next strongest performing market, with RevPAF up 7.5% on the same basis. Encouragingly, our yield strategy is showing early results in the UK regions, where RevPAF was up 6.4%, a very pleasing result in an area which faces challenging economic conditions.

The mix of occupancy between business and personal customers has remained at

Highlights

- RevPAF grew by 7.6% (excluding the four stores opened since 30 April 2011)
- The closing occupancy across the portfolio at 30 April 2012 is 11.8% or 345,000 sq ft higher than a year ago at 3.26 million sq ft
- The focus on RevPAF and the strong occupancy performance has resulted in revenues being up 6.4% year-on-year to £48.4 million (H1 FY2011: £45.5 million)
- A full re-financing of our debt facilities was completed in May 2012. As a result the Group now benefits from £400 million in borrowing facilities, with maturities ranging from 2016 until 2024 on terms that match the needs of the business

50:50 although the average length of stay for business customers is significantly longer at 122 weeks compared to 90 weeks for personal customers.

The focus on RevPAF and the strong occupancy performance has resulted in revenues being up 6.4% year-on-year to £48.4 million (H1 FY2011: £45.5 million).

Our costs remain tightly controlled. However, as set out in January 2012, we are selectively investing in further strengthening our market leading position. During the first half of the year we commenced our planned investments in marketing and the development of call centres in the UK and France. We also continued to selectively expand, opening two new stores in London at New Southgate and Staines and one in Paris at Gonesse. As expected, these investments have led to an increase in our cost base and an impact on EBITDA.

As a result of our good operating performance, offset by our strategic investments and foreign exchange movements, underlying EBITDA was up 0.9% to £24.5 million (H1 2011: £24.3 million).

EPRA Profit after Tax decreased by 6.5% to £6.9 million (H1 2011: £7.4 million).

The total property portfolio valuation, prior to an adjustment for the estimated impact of the imposition of VAT on self-storage in the UK, was broadly flat at £713.4 million. This includes the impact of a reduction of £12.0 million or 1.6% due to adverse foreign exchange movements at the relevant balance sheet dates.

The Valuer has also made an adjustment to reflect the potential impact of the imposition of VAT on self-storage. This has reduced the total valuation to £690.4 million. The change in value, together with movements in the underlying portfolio valuation, is reflected in a non-cash reduction of £32.4 million, included in the "investment loss on investment properties" line of the income statement. This compares to an investment loss of £13.8 million in H1 FY2011.

As a result, statutory reported loss after tax was £6.2 million (H1 2011: a profit of £4.5 million).

A full re-financing of our debt facilities was completed in May 2012. As a result the Group now benefits from £400 million in borrowing facilities, with maturities ranging from 2016 until 2024 on terms that match the needs of the business. These new arrangements replace the previous £385 million facilities which were all due to expire in August 2013. Further detail is given in the Financial review.

In March 2012 the UK Government announced its proposal to remove the long-standing exemption from VAT afforded to self-storage. This would have the effect of requiring the Company to charge 20% VAT on all UK customer bills for self-storage with effect from 1 October 2012. We regard this as an unnecessary change, at odds with both the prevailing legal position and the UK Government's stated agenda to drive growth. Together with other industry bodies and companies, we have made representations to the UK Government to this effect and have responded formally to the consultation process which is still ongoing.

If the UK Government goes ahead with the measure, we believe it will be an unwelcome headwind. However, Safestore is in a relatively strong position to deal with the change, as the revenues from our French business and our UK ancillary sales are completely unaffected by the proposed VAT increase. This accounts for approximately 40% of our total revenues. Approximately a further 20% of our revenues are driven by VAT registered UK businesses, who may be able to reclaim the VAT payable. However, we expect that a VAT increase would have an impact on the remaining 40% of the business, either by affecting occupancy growth or by requiring us to absorb part of the cost increase on behalf of our customers in the form of reduced rates or greater discounts. Our initial estimates are that the impact of the proposed VAT change may be in the order of a net £2-3 million at the underlying EBITDA line, taking into account our initial thoughts as to how we would manage the VAT increase and the expected potential reclaims of VAT presently payable on our operating costs but which will be eligible for reclaim under the new proposed position. The cash position may be closer to neutral in the early years, as we expect to also be eligible to reclaim amounts we have already paid on the development of our new stores over the past ten years under the Capital Goods Scheme, and these would be reported in our cash flow and balance sheet.

These initial estimates are based on current economic conditions and our initial appraisal of the issues. We will continue to monitor the situation and provide updates to shareholders.

Operating review continued

Dividend

The Board is pleased to announce that we will be paying an interim dividend of 1.85 pence per share, an increase of 5.7% compared to the 1.75 pence per share paid last year. This will amount to £3.5 million (April 2011: £3.3 million). The dividend will be paid on 8 August 2012 to shareholders who are on the Company's register at the close of business on 13 July 2012. The ex-dividend date will be 11 July 2012.

This dividend is in line with our progressive dividend policy and reflects our confidence in the underlying performance of the business and encouraging progress against our strategic plan.

Outlook

We have seen a solid start to the third quarter, building on our positive first half results. New lets, measured by sq ft let, were up 12.3% in May 2012 compared to May 2011.

In the UK we continue to see growth and are benefiting from our national scale. In France, trading also remains solid in an uncertain economic environment. We remain confident that we will continue to benefit from our strategic position in Paris together with the limited competition we enjoy in this market.

Factors affecting the second half of the year include:

— continued focus on driving RevPAF through yield management;

— expected changes to the blended average rate as a result of increasing occupancy in our newer stores, many of which are in suburban areas with lower average price points than their more mature counterparts;

— challenging sales comparisons to last year, when we were carrying out price experiments that led to an all-time record level of occupancy growth;

— the full-year impact of our previously announced strategic investments, which will increase our cost base ahead of their contribution to sales;

— continued pressure on the Euro exchange rate, which while substantially hedged in cash terms, will impact reported levels of EBITDA and valuation; and

— the proposed introduction of VAT on self-storage in the UK with effect from 1 October 2012.

Notwithstanding these factors, we expect full-year performance to be broadly in line with expectations, after taking into account the movement in blended average rate from the changing business mix and movements in foreign exchange rates.

We will continue to closely monitor the wider economic picture in both the UK and Paris and will issue a further update with our Q3 Interim Management Statement.

Looking beyond this year, we remain confident that the combined benefits of our market leading position and the strategic investments we have chosen to make in the business will continue to drive operating leverage in the business.

Strategy update – progress on our More Space^{SM} plan to leverage our market leadership and scale

In January this year, we introduced the More Space℠ strategy, the aim of which is to deliver More Space℠ for our customers to store the things that matter most, to generate growth for our shareholders and for our teams to develop their careers.

Strategic opportunity to grow the self-storage market

We believe there are significant strategic opportunities to grow the self-storage industry itself and strengthen our performance.

We estimate, based on data from the UK Office for National Statistics ("ONS") and proprietary research, that more than 8 million individuals and businesses in the UK could potentially benefit from self-storage, either because changes in their lives create a need for more space (for example, major events like marriage, the birth of a child, divorce and bereavement), or in connection with a home move (either between rented properties or the owner-occupied sector) or because there are opportunities to expand their business or optimise property and logistics costs.

In contrast, the self-storage market in the UK presently consists of approximately 400,000 customers and penetration of the product is at a fraction of the level already reached in the United States, even in the more developed London and Paris markets.

We believe that a greater emphasis on customer marketing, segment-specific product offers and a greater focus on yield management will enhance our ability to take advantage of this market opportunity.

"The Board is pleased to announce that we will be paying an interim dividend of 1.85 pence per share, an increase of 5.7% compared to the 1.75 pence per share paid last year."

Strategy based on capitalising on our market leadership and scale
Our strategy in the UK is straightforward. We develop our self-storage product, create specific offers for specific customer segments and use our scale to maximise the yield on our property portfolio.

We set out our three year strategic plan in January 2012 and we have made encouraging progress during the first half of the year, on each of our four strategic priorities:

1. Strengthen the brand
2. Build a powerful team
3. Drive operational excellence
4. Create value

These priorities are driven and measured across the business and this focus has been enhanced with the introduction in January 2012 of our new "Space Specialist Scorecard". This "balanced scorecard" measures performance on the four strategic priorities and has specific measures in four areas – customer service, new let sq ft, RevPAF and EBITDA. The priorities and scorecard drive the personal objectives and incentives for all our team members from Chief Executive through to store team members enabling everyone within the organisation to understand our strategic priorities, focus on our customers and maximise yield.

This clear focus has helped us deliver strong positive movements in the customer service, new let sq ft and RevPAF measures during the first half of the year, although the impact of our strategic investments has meant that while store EBITDA has been growing, overall EBITDA has been impacted by the short-term increases in the cost base.

Progress on each strategic area is set out below:

Strengthen the brand – strengthened brand identity and industry leading website delivering enquiry growth
We have been strengthening our brand image to create a more premium feel and greater visibility, with the aim of driving improved quantity and quality of enquiries. During the half year, Safestore grew enquiries by 28%. The enquiry growth was largely driven by Safestore's digital channels with online enquiries now accounting for 75% of all Safestore enquiries. This enquiry growth is a step-change reflecting our upgraded web presence and we would expect growth rates to become more stable in the second half.

During the first half of the year, we drew on the findings from our customer segmentation research, which highlighted the opportunity to further raise the profile of the Safestore brand and make the brand more visually appealing.

Within the stores we have updated our customer materials and advertising imagery. We have also commenced work to improve the external image of stores which have high visibility and can therefore act as billboards for our brand, initially at five London stores – Chingford, Borehamwood, Fulham, Pentonville Road and Holloway Road. Our roll-out programme will extend to further high profile, high visibility stores on an ongoing basis, in line with normal planned maintenance.

With the majority of self-storage bookings now beginning online, we are committed to maintaining our leading online position. We therefore launched a new, industry leading website during the first half of the financial year. The new website delivers faster and more user friendly navigation with a simplified quote process that has the ability to display prices for multiple stores.

During the first half of the year we also continued to grow our highly successful National Accounts offer. Safestore led the industry in establishing national accounts, reflecting our position as UK market leader. Customers in this segment are typically national or international businesses that use Safestore as a partner to manage field team storage, national logistics needs and seasonal expansion needs. More than 170,000 sq ft of space is now occupied in our stores by national accounts which equates to 6.7% of Safestore's UK occupancy and over 13% of the UK business occupancy. Storage rates for national accounts are typically in line with the national averages. National Accounts store in all Safestore locations with 71% of the occupancy outside of London.

Since the end of the half year, we commenced our first television advertising campaign in May 2012, focused on improving brand awareness and web traffic, with a concentration on the London area. Our television advertisement, "I will return", features a small boy and his family storing his belongings in our London – New Southgate store, with the end-line "Safestore the things you love". While the campaign is just a few weeks old, early signs are encouraging, with gains in brand awareness, web site visits and enquiries, as well as more than 500,000 viewings of the advertisement to date on the "YouTube" internet video site.

Operating review continued

Build a powerful team – strategic investments in training, call centres showing encouraging early results

We have continued to focus on converting enquiries into new lets. Safestore operates a multi-channel sales process, with customers able to book online, through our call centre and direct to store. New lets were up 9.9% in H1 2012 compared to H1 2011. This reflects improvement in sales conversion across our sales channels (store, call centre and internet) and shifting mix as more new lets are driven through the internet.

In-store, we continued to focus on our successful "Space Specialist" customer service and sales approach, with encouraging gains in customer service and new lets. Our Space Specialist programme remains critical to our service approach and H1 2012 has seen us introduce a range of podcasts, support materials and blogs in order to ensure everyone has access to the development tools they need to deliver their very best and that they can easily feedback and share their ideas. To drive consistency, we also introduced "The Safestore Way" at the start of the financial year. This is a detailed operational system setting out our guiding principles of delivering the right standards and levels of customer care.

At the call centre, we have been investing in growing the team and expanding the opening hours and reach of the centres. We have now made the first investments in recruiting further team members and established a successful team to handle internet sourced enquiries. While it is early days for the expansion, we have seen encouraging gains in sales conversion and this has helped fuel new let growth.

Driving operational excellence – focusing on yield with intelligent pricing

In our January 2012 preliminary results announcement, we set out our intention to focus the business on driving yield, as measured by RevPAF. This is a similar approach to airlines, hotels and telecoms providers and a more sophisticated method of ensuring the business maximises free cash flow generation and property yield, rather than the traditional focus on either occupancy or rate. We were pleased to see good performance on this strategy during the first half of the year, with gains in all markets. We were also pleased to see that the wider UK industry is now following our lead in adopting the metric, which should ensure this still relatively young sector focuses on rational pricing.

Our actions during H1 2012 have been underpinned by lessons from our customer segmentation and pricing trials in the latter part of last year. In essence, we have followed a store by store approach, under the umbrella of three broad strategies:

— in Paris, where we have a strong position, mature stores and limited competition, we have followed a more rate-led balanced strategy, with real increases in price levels;

— in London, where we have a strong position and greater competition, we have balanced rate and occupancy to secure long-term customers and build on our position; and

— in the UK regions, where the economy is challenging and we have a good product with many small competitors, we have sought to optimise occupancy, trading rate to drive occupancy growth.

We expect to continue to customise strategies for local markets in the months ahead to maximise RevPAF.

Create value – internal property company mentality driving asset management and growth

We continue to review our portfolio for asset management opportunities and strengthen our portfolio in our key markets of London and Paris.

As part of our ongoing asset management programme we have renegotiated two UK leasehold stores to deliver significant financial benefit. Our Sunderland store, which opened in 2008, had an option to break the lease in 2013 and we took this opportunity to renegotiate the terms. We secured a significant rent reduction but have retained tenant-only break clauses in the lease generating a valuation uplift of circa £0.8 million. The lease of our Croydon store was due to expire in November 2013 but we have negotiated a new reversionary lease which will expire in 2028 and commence from the expiry of the current lease. This has increased the value of this store by £1.1 million.

We also opened two new stores in the UK in the first half of the financial year at New Southgate and Staines in our London region.

New Southgate is located in a prominent position in North London, on the main North Circular Road. The store opened in November 2011 and is a freehold with a maximum lettable area of 48,000 sq ft. We initiated the first elements of our new branding at this store and it is the setting for our television advertisement. A new feature at the store is a lounge which is available to customers for business

"New lets were up 9.9% in H1 2012 compared to H1 2011."

meetings, to catch up on work or to relax in comfort. The store also has offices available with or without storage space and a separate unloading area for business customers with wider aisles and access to larger size units.

Staines is located to the south-west of London, on the main A30 road close to London Heathrow Airport. The store opened in February 2012 and is a freehold with a maximum lettable area of 43,100 sq ft. This store is the first to be branded in full with our new visual identity. The store also features a customer lounge and we have trialled new style single-item storage units which provide customers with an excellent entry price point to try storage. All of these units have been let.

Both stores have made strong progress since opening and we expect these stores to be highly successful additions to our national network.

Details on the property valuation are given in the Financial review.

Une Pièce en Plus – continued strong performance with rapid growth in the newly opened suburban stores

We now have 24 stores in France, giving us a leading presence in the Paris region, a market with close to 12 million people, attractive socio-demographics for self-storage and high barriers to entry due to the lack of available land and the competition with other uses, as well as new planning restrictions.

Une Pièce en Plus benefits from a unique trading position with eight stores located in the very heart of the Ile de France region inside the City of Paris and an additional eleven stores located at the edge of it in the first belt. That is more than three times the number of stores of our nearest competitor in that same area which is by far the wealthiest and the densest of the entire region.

During the half year we continued to drive strong performance, with enquiries up 20% on the same period last year. The web has become a significant channel for potential customers to enquire about self-storage solutions and we now receive 55% of our enquiries from online sources. In constant currency terms, Parisian revenues were up 7.8% compared to the same period last year.

We opened a further suburban store, at Paris Gonesse, in January 2012. The store is located to the north of the City of Paris, close to Charles de Gaulle airport. This extends our reach to the northern suburbs. Trading in the store has been strong, with half of its initially available space filled within the first four months of opening.

Financial review

Overview

For the six months ended 30 April 2012, revenue grew to £48.4 million (six months ended 30 April 2011: £45.5 million), an increase of 6.4%.

Revenues in the markets of London and the South-East and the Rest of the UK have increased by 6.9% and 6.1% respectively. Revenue in Paris increased by 7.8% on a constant currency basis but this increase is reduced to 5.6% when the impact of adverse foreign exchange movements is taken into account.

RevPAF for the portfolio of stores which existed at 30 April 2011 (excluding the four opened since that date) grew by 7.6% to £19.99. New stores, which bring in an immediate MLA increase but very little revenue, are significantly dilutive to RevPAF in the short term as a result of which the RevPAF increase for all stores was diluted down to 3.6%.

The closing occupancy was 345,000 sq ft up on April 2011 and 51,000 sq ft up on October 2011 at 3.26 million sq ft.

The average self-storage rate per sq ft fell by 4.7% to £25.09 (six months ended 30 April 2011: £26.33). This has been partly driven by an adverse foreign exchange movement on translating the trading of Une Pièce en Plus but is largely a result of the changes to our pricing strategy required to maximise RevPAF and the changing business mix as we open new stores.

Ancillary revenues for the period, derived from the sale of contents insurance, storage accessories and miscellaneous items, increased by 14.6% to £7.0 million (six months ended 30 April 2011: £6.1 million). This represents 17.8% of self-storage revenues (six months ended 30 April 2011: 16.4%).

"Ancillary revenues for the period, derived from the sale of contents insurance, storage accessories and miscellaneous items, increased by 14.6% to £7.0 million (six months ended 30 April 2011: £6.1 million)."

The increase in RevPAF by region is set out in the table below:

	RevPAF (incl new stores[1])	RevPAF (excl new stores[1])
London & South-East	+4.3%	+8.6%
Rest of UK	+6.4%	+6.4%
Paris (in constant currency)	–1.4%	+7.5%
Total	**+3.6%**	**+7.6%**

1 New stores are the four stores opened since April 2011: New Southgate and Staines in London and Torcy and Gonesse in Paris.

Underlying EBITDA

The Group generated underlying EBITDA of £24.5 million, an increase of 0.9% over the same period last year (six months ended 30 April 2011: £24.3 million). The components of the underlying EBITDA in the periods under review are set out in Table 1 opposite.

Underlying EBITDA growth has been impacted by increases in costs which are analysed in further detail in Table 2 opposite.

After adjusting for the impact of our planned strategic expenditure, new store cost and one off costs, the underlying costs have increased broadly in line with inflation at 4.2% for cost of sales and 4.3% for the underlying administrative expenses.

The underlying EBITDA margin has reduced to 50.5% (six months ended 30 April 2011: 53.3%) as a result of the above factors and in particular, the lower margins in recently opened new stores while they continue to fill.

Table 1

	H1 2012 £m	H1 2011 £m	Variance £m	Variance %
Revenue	48.4	45.5	2.9	6.4
Cost of sales	(17.0)	(15.1)	(1.9)	12.2
Gross profit	**31.5**	**30.4**	**1.1**	**3.5**
Underlying administrative expenses	(7.0)	(6.1)	(0.9)	13.9
Underlying EBITDA	**24.5**	**24.3**	**0.2**	**0.9**

Table 2

	Cost of sales £m	Underlying administrative expenses £m
Variance above	(1.9)	(0.9)
– Strategic expenditure	0.2	0.6
– New store costs	0.8	—
– Non-recurring VAT rebate last year	0.3	—
Underlying year-on-year increase	(0.6)	(0.3)
Underlying year-on-year increase in %	**4.2%**	**4.3%**

Finance costs

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

- Interest on bank loans has increased by 4.3% to £8.3 million in the period.
- Amortisation of debt issuance costs was £1.2 million (six months ended 30 April 2011: £1.1 million).
- Interest on finance leases has reduced by 14.6% to £2.2 million (six months ended 30 April 2011: £2.5 million) and reflects part of the rental payable under UK GAAP (the balance being charged through the investment loss line in the income statement and contingent rent under IFRS).
- Interest has been capitalised in accordance with IAS 23. Interest capitalised in the period was £0.1 million (six months ended 30 April 2011: £0.1 million).

Finance income includes fair value movement of derivatives of £2.4 million (April 2011: £3.6 million). This is driven solely by interest rate movements relative to the contractual rates of derivatives held.

Profit after tax ("earnings") and EPS

	Six months to 30 April 2012 £ million	Six months to 30 April 2011 £ million	Movement £ million
Earnings for the six months ended 30 April 2011			4.5
Underlying loss on investment properties	**(9.5)**	(13.8)	4.3
Impact of VAT assumptions on property valuations	**(23.0)**	—	(23.0)
Fair value movements on derivatives (net)	**3.1**	3.3	(0.2)
Income tax	**5.6**	3.5	2.1
Exceptional items (see note 5)	**5.2**	(1.1)	6.3
Increase in underlying EBITDA	**24.5**	24.3	0.2
Other movements not separately identified			(0.4)
Earnings for the six months ended 30 April 2012			(6.2)

Financial review continued

Profit after tax ("earnings") and EPS

The loss after tax was £6.2 million compared to a profit of £4.5 million for the same period last year. After adjusting for various items set out in note 10, the Company made an EPRA adjusted profit after tax in the period of £6.9 million compared to £7.4 million for the same period last year. EPRA adjusted and basic EPS were 3.70 pence and a loss of 3.31 pence respectively for the period ended 30 April 2012 (six months ended 30 April 2011: 3.96 pence and 2.38 pence respectively).

Earnings have decreased by £10.7 million from £4.5 million for the six months ended 30 April 2011 to a loss of £6.2 million for the comparable period this year. The main components of this movement are set out in the table above.

Debt financing/covenants

On 9 May 2012, the Group completed a full re-financing of its borrowing arrangements with total facilities of £400 million to replace the previous facilities of £385 million which were all due to expire in August 2013. The new bank facilities of £270 million and €70 million run to June 2016 and a new £73 million US private placement note issue of seven and twelve years has maturities extending to 2019 and 2024.

The blended cost of interest on the overall debt is expected to be between 5.00% and 5.50% per annum. The bank facilities attract a margin over LIBOR/EURIBOR ratchet operated by reference to the Group's performance against its interest cover covenant. The margin ratchets between 2.5% and 3.5%, with an initial margin of 3.5% for the first six months of the facilities. Approximately two-thirds of the drawn bank facilities have been hedged at 2.08% (LIBOR) and 1.36% (EURIBOR). The Company has issued USD 67 million 5.52% Series A Senior Secured Notes due 2019 and USD 48 million Series B Senior Secured notes due 2024. The proceeds of the US private placement have been fully swapped into fixed Sterling.

The costs associated with the full re-financing of the Company's facilities in May 2012 are in the region of £7 million. It is likely that, in accordance with the accounting requirements of IAS 39, we will write these costs off as exceptional finance charges in the second half of the financial year along with the costs being carried forward from the previous bank facilities as an exceptional charge of circa £10 million. The costs associated with the US Private Placement will however be amortised over the life of the facilities.

> *"On 9 May 2012, the Group completed a full re-financing of its borrowing arrangements with total facilities of £400 million to replace the previous facilities of £385 million which were all due to expire in August 2013."*

Property valuation

	UK £m	France £m	Total £m	France €m
Value as at 1 November 2011	**546.6**	**167.8**	**714.4**	**191.1**
New stores opened in the period	13.3	4.1	17.4	5.1
Adverse currency translation movement	—	(12.0)	(12.0)	—
Revaluation of like-for-like portfolio	(7.4)	1.0	(6.4)	1.2
Value as at 30 April 2012 pre special VAT assumptions	**552.5**	**160.9**	**713.4**	**197.4**
Impact of special VAT assumptions	(23.0)	—	(23.0)	—
Value as at 30 April 2012	**529.5**	**160.9**	**690.4**	**197.4**

Property valuation
Cushman & Wakefield LLP has again valued the Company's property portfolio. As at 30 April 2012, the total value of the Company's portfolio was £713.4 million prior to the adjustment made to estimate the impact of the proposed implementation of VAT on self-storage in the UK with effect from 1 October 2012.

This represents a decrease of £1.0 million or 0.1% from the £714.4 million valuation as at 31 October 2011.

The full valuation is now £690.4 million, including the impact of the proposed implementation of VAT from 1 October 2012. Details are set out below:

The table above summarises the movement in the valuations:

— new stores opened in the period have increased the valuations by £17.4 million; £13.3 million in the UK for London – New Southgate and London – Staines and £4.1 million for Paris – Gonesse;

— the exchange rate at 30 April 2012 was €1.226:£1 compared to €1.139:£1 at 31 October 2011. This movement in the foreign exchange rate has resulted in a £12.0 million adverse currency translation movement in the period. This will impact Net Asset Value ("NAV") but has no impact on the Loan to Value ("LTV") covenant as the assets in Paris are tested in Euro;

— the revaluation of the like-for-like properties is down £6.4 million for the period, being a reduction of £7.4 million in the UK partly offset by a £1.0 million uplift in Paris;

— the assumptions applied by the valuer in respect of the proposed implementation of VAT with effect from 1 October 2012 reduced the value of the UK assets by £23.0 million; and

— the Group freehold exit yield for the valuation at 30 April 2012 was 7.88% which is broadly consistent with the exit yield of 7.83% adopted at 31 October 2011 and 7.88% adopted at 30 April 2011.

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

The Company's pipeline of expansion stores is valued at £9.0 million as at 30 April 2012.

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 12 for further details.

The adjusted EPRA NAV per share is 192.3 pence, down 9.0% on October 2011. The main contributory factors in this movement are the adverse impacts of the Euro exchange rate and assumptions relating to the potential imposition of VAT on self-storage in the UK.

Statement of Directors' responsibilities
for the six months ended 30 April 2012

The Directors' confirm that, to the best of their knowledge, 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 4.2.7R and DTR 4.2.8R, namely:

— an indication of important events that have occurred during the first six months of the financial year 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.

No changes have taken place to the Directors of Safestore Holdings plc listed in the Safestore Holdings plc Annual Report for 31 October 2011.

By order of the Board

P D Gowers
Chief Executive Officer
27 June 2012

R D Hodsden
Chief Financial Officer
27 June 2012

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 Interim Report for the six months ended 30 April 2012, which comprises the consolidated income statement, the consolidated statement of comprehensive income, the consolidated balance sheet, the consolidated statement of changes in equity, the consolidated cash flow statement and related notes. We have read the other information contained in the Interim 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 Interim Report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the Interim Report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

As disclosed in note 2, the annual financial statements of the Group are prepared in accordance with IFRS as adopted by the European Union. The condensed consolidated interim financial information included in this Interim 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 Interim 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 Interim Report for the six months ended 30 April 2012 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
27 June 2012

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.

Consolidated income statement

for the six months ended 30 April 2012

	Notes	Six months ended 30 April 2012 (unaudited) £'000	Six months ended 30 April 2011 (unaudited) £'000	Year ended 31 October 2011 (audited) £'000
Revenue	4	**48,434**	45,528	95,060
Cost of sales		**(16,963)**	(15,118)	(31,222)
Gross profit		**31,471**	30,410	63,838
Administrative expenses		**(1,643)**	(7,866)	(15,476)
EBITDA before exceptional items, fair value movement of derivatives, contingent rent and loss on investment properties	4	**24,483**	24,275	50,512
Exceptional items	5	**5,239**	(1,062)	(1,332)
Fair value movement of derivatives		**637**	(325)	(8)
Contingent rent and depreciation		**(531)**	(344)	(810)
Operating profit before loss on investment properties		**29,828**	22,544	48,362
Loss on investment properties before exceptional item		**(32,436)**	(11,540)	(16,187)
Impairment of investment property – exceptional	11	**—**	(2,262)	(2,230)
Total loss on investment properties		**(32,436)**	(13,802)	(18,417)
Operating (loss)/profit		**(2,608)**	8,742	29,945
Finance income before change in fair values of derivatives		**31**	110	212
Fair value movement of derivatives		**2,438**	3,629	1,825
Total finance income		**2,469**	3,739	2,037
Finance expense	6	**(11,620)**	(11,508)	(23,435)
(Loss)/profit before income tax	4	**(11,759)**	973	8,547
Income tax credit*	7	**5,555**	3,493	4,481
(Loss)profit for the period		**(6,204)**	4,466	13,028
(Loss)/earnings per share for profit attributable to the equity holders				
– basic (pence)	10	**(3.31)**	2.38	6.95
– diluted (pence)	10	**(3.31)**	2.33	6.92

* Includes an exceptional credit of £3,165,000 (FY11: £3,293,000) (see note 7).

All items in the income statement relate to continuing operations.

An interim dividend of 1.85 pence per ordinary share has been declared for the period ended 30 April 2012 (30 April 2011: 1.75 pence).

Consolidated statement of comprehensive income
for the six months ended 30 April 2012

	Six months ended 30 April 2012 (unaudited) £'000	Six months ended 30 April 2011 (unaudited) £'000	Year ended 31 October 2011 (audited) £'000
(Loss)/profit for the period	**(6,204)**	4,466	13,028
Other comprehensive income:			
Currency translation differences	**(9,089)**	2,543	1,100
Total other comprehensive income, net of tax	**(9,089)**	2,543	1,100
Total comprehensive income for the period	**(15,293)**	7,009	14,128

Consolidated balance sheet
as at 30 April 2012

	Notes	**30 April 2012 (unaudited) £'000**	30 April 2011 (unaudited) £'000	31 October 2011 (audited) £'000
Non-current assets				
Investment properties	11	**689,733**	692,810	713,564
Interests in leasehold properties	11	**59,638**	66,781	62,534
Investment properties under construction	11	**9,046**	14,638	15,059
Property, plant and equipment		**3,150**	1,915	2,856
Derivative financial instruments		**—**	—	78
Deferred tax assets	8	**4,304**	6,238	7,031
		765,871	782,382	801,122
Current assets				
Inventories		**223**	253	242
Trade and other receivables		**21,333**	20,748	17,018
Derivative financial instruments		**1,557**	359	6
Cash and cash equivalents		**17,197**	15,690	14,674
		40,310	37,050	31,940
Total assets		**806,181**	819,432	833,062
Current liabilities				
Financial liabilities				
– Borrowings	14	**(12,643)**	(2,643)	(10,143)
– Derivative financial instruments		**—**	(1,294)	(92)
Trade and other payables		**(35,203)**	(39,148)	(35,048)
Obligations under finance leases		**(9,727)**	(10,081)	(10,040)
		(57,573)	(53,166)	(55,323)
Non-current liabilities				
Bank borrowings	14	**(335,698)**	(316,571)	(326,883)
Derivative financial instruments		**(4,654)**	(3,751)	(6,164)
Trade and other payables		**—**	(624)	(529)
Deferred tax liabilities	8	**(105,040)**	(117,470)	(116,510)
Obligations under finance leases		**(49,911)**	(56,700)	(52,494)
		(495,303)	(495,116)	(502,580)
Total liabilities		**(552,876)**	(548,282)	(557,903)
Net assets		**253,305**	271,150	275,159
Shareholders' equity				
Ordinary shares	15	**1,881**	1,881	1,881
Share premium		**28,349**	28,349	28,349
Reserves		**223,075**	240,920	244,929
Total equity		**253,305**	271,150	275,159

The notes on pages 20 to 31 form an integral part of this condensed consolidated interim financial information.

Consolidated statement of changes in equity
for the six months ended 30 April 2012

	Share capital £'000	Share premium £'000	Retained earnings £'000	Other reserves £'000	Total equity £'000
At 1 November 2011	1,881	28,349	233,114	11,815	275,159
Total comprehensive income for the period	—	—	(6,204)	(9,089)	(15,293)
Transactions with owners in their capacity as owner:					
Dividends (note 9)	—	—	(6,656)	—	(6,656)
Employee share options	—	—	95	—	95
At 30 April 2012	**1,881**	**28,349**	**220,349**	**2,726**	**253,305**

Consolidated statement of changes in equity
for the six months ended 30 April 2011

	Share capital £'000	Share premium £'000	Retained earnings £'000	Other reserves £'000	Total equity £'000
At 1 November 2010	1,881	28,349	229,244	10,715	270,189
Total comprehensive income for the period	—	—	4,466	2,543	7,009
Transactions with owners in their capacity as owner:					
Dividends (note 9)	—	—	(6,093)	—	(6,093)
Employee share options	—	—	45	—	45
At 30 April 2011	1,881	28,349	227,662	13,258	271,150

Consolidated statement of changes in equity
for the year ended 31 October 2011

	Share capital £'000	Share premium £'000	Retained earnings £'000	Other reserves £'000	Total equity £'000
At 1 November 2010	1,881	28,349	229,244	10,715	270,189
Total comprehensive income for the period	—	—	13,028	1,100	14,128
Transactions with owners in their capacity as owner:					
Dividends (note 9)	—	—	(9,375)	—	(9,375)
Employee share options	—	—	217	—	217
At 31 October 2011	1,881	28,349	233,114	11,815	275,159

Consolidated cash flow statement

for the six months ended 30 April 2012

	Six months ended 30 April 2012 (unaudited) £'000	Six months ended 30 April 2011 (unaudited) £'000	Year ended 31 October 2011 (audited) £'000
(Loss)/profit before income tax	**(11,759)**	973	8,547
Loss on the revaluation of investment properties	**32,436**	13,802	18,417
Impairment of non-current assets	**—**	265	382
Change in fair value of derivatives	**(637)**	325	8
Depreciation	**154**	84	168
Finance income	**(2,469)**	(3,739)	(2,037)
Finance expense	**11,620**	11,508	23,435
Employee share options	**95**	45	217
Decrease in inventories	**14**	3	12
Increase in receivables	**(4,867)**	(4,262)	(950)
Increase/(decrease) in payables	**2,291**	3,048	(1,410)
Cash inflows from operating activities	**26,878**	22,052	46,789
Interest paid	**(11,646)**	(10,291)	(21,528)
Interest received	**132**	—	404
Tax paid	**(408)**	(8)	(16)
Net cash inflows from operating activities	**14,956**	11,753	25,649
Investing activities			
Expenditure on investment and development properties	**(13,727)**	(10,445)	(35,037)
Purchase of property, plant and equipment	**(476)**	(470)	(1,612)
Proceeds from sale of property, plant and equipment	**28**	—	—
Net cash outflows from investing activities	**(14,175)**	(10,915)	(36,649)
Financing activities			
Equity dividends paid	**(6,656)**	(6,094)	(9,375)
Proceeds from borrowings	**17,000**	8,000	25,000
Repayment of borrowings	**(5,000)**	—	—
Finance lease principal payments	**(2,883)**	(2,720)	(5,518)
Net cash inflows/(outflows) from financing activities	**2,461**	(814)	10,107
Net increase/(decrease) in cash and cash equivalents	**3,242**	24	(893)
Exchange (losses)/ gains on cash and cash equivalents	**(719)**	185	86
Opening cash and cash equivalents	**14,674**	15,481	15,481
Closing cash and cash equivalents	**17,197**	15,690	14,674

Reconciliation of net cash flow to movement in net debt

for the six months ended 30 April 2012

	Six months ended 30 April 2012 (unaudited) £'000	Six months ended 30 April 2011 (unaudited) £'000	Year ended 31 October 2011 (audited) £'000
Net increase/(decrease) in cash and cash equivalents in the period/year	**2,523**	209	(807)
Increase in debt financing	**(8,419)**	(7,354)	(20,919)
Movement in net debt in the period/year	**(5,896)**	(7,145)	(21,726)
Net debt at start of period/year	**(384,886)**	(363,160)	(363,160)
Net debt at end of period/year	**(390,782)**	(370,305)	(384,886)

Notes to the Interim Report

for the six months ended 30 April 2012

1. General information

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

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

This Interim Report was approved for issue on 27 June 2012.

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 2011, which received an unqualified report from the auditors and did not contain a statement under S.498(2) or (3) of the Companies Act 2006, have been filed with the Registrar of Companies on 27 April 2012.

This condensed consolidated interim financial information for 30 April 2012 and 30 April 2011 is unaudited. The interim financial information for 30 April 2012 has been reviewed by the auditors and their Independent Review report is included within this financial information.

2. Basis of preparation

The condensed consolidated interim financial information for the six months ended 30 April 2012 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 2011, which have been prepared in accordance with IFRS as adopted by the European Union.

3. Accounting policies

The condensed consolidated interim financial information has been prepared on the basis of the accounting policies expected to apply for the financial year to 31 October 2012 applicable to companies under IFRS. The IFRS and IFRIC interpretations as adopted by the European Union that will be applicable at 31 October 2012, 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 27 June 2012 and publication of the annual IFRS financial statements for the year ending 31 October 2012.

The accounting policies applied are consistent with those in the annual financial statements for the year ended 31 October 2011, as described in those financial statements. The following accounting standards are applicable for the first time in the year ended 31 October 2012:

- IAS 24 (Revised) – 'Related party disclosures';
- Amendments to IFRIC 14 – 'Prepayment of a minimum funding requirement';
- Annual improvements 2010;
- Amendments to IFRS 7 – 'Financial instruments; transfer of financial assets'; and
- Amendment to IFRS 1 on hyperinflation and fixed dates.

There has been no significant impact from the adoption of these accounting standards.

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 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 2011.

4. Segmental information

The segmental information for the six months ended 30 April 2012 is as follows:

	United Kingdom £'000	France £'000	Total operating segments £'000	Central activities £'000	Total £'000
Revenue from external customers	36,441	11,993	48,434	—	48,434
Underlying EBITDA	19,483	5,637	25,120	(637)	24,483
Reconciliation from EBITDA before exceptional items, change in fair value of derivatives, contingent rent and loss on investment properties to (loss)/profit before tax					
Underlying EBITDA	19,483	5,637	25,120	(637)	24,483
Contingent rent and depreciation	(315)	(216)	(531)	—	(531)
Loss on investment properties before exceptional item	(32,322)	(114)	(32,436)		(32,436)
Fair value movement of derivatives	—	—	—	637	637
Exceptional items	(121)	5,360	5,239	—	5,239
Net finance expense	—	—	—	(9,151)	(9,151)
(Loss)/profit before tax	**(13,275)**	**10,667**	**(2,608)**	**(9,151)**	**(11,759)**

The segmental information for the six months ended 30 April 2011 is as follows:

	United Kingdom £'000	France £'000	Total operating segments £'000	Central activities £'000	Total £'000
Revenue from external customers	34,162	11,366	45,528	—	45,528
Underlying EBITDA	16,800	7,150	23,950	325	24,275
Reconciliation from EBITDA before exceptional items, change in fair value of derivatives, contingent rent and loss on investment properties to profit/(loss) before tax					
Underlying EBITDA	16,800	7,150	23,950	325	24,275
Contingent rent and depreciation	(239)	(105)	(344)	—	(344)
(Loss)/gain on investment properties before exceptional item	(11,549)	9	(11,540)	—	(11,540)
Impairment on investment properties – exceptional	—	(2,262)	(2,262)	—	(2,262)
Fair value movement of derivatives	—	—	—	(325)	(325)
Exceptional items	(716)	(346)	(1,062)	—	(1,062)
Net finance expense	—	—	—	(7,769)	(7,769)
Profit/(loss) before tax	4,296	4,446	8,742	(7,769)	973

5. Exceptional items

	Six months ended 30 April 2012 (unaudited) £'000	Six months ended 30 April 2011 (unaudited) £'000	Year ended 31 October 2011 (audited) £'000
Impairment of non-current assets	**—**	(346)	(382)
Costs relating to retirement of CEO	**—**	(716)	(702)
Costs relating to relocation of French head office	**—**	—	(248)
Insurance proceeds	**5,360**	—	—
Restructuring costs	**(121)**	—	—
Total exceptional items	**5,239**	(1,062)	(1,332)

An amount of £5,360,000 was received in the six months ended 30 April 2012 relating to the settlement of the insurance claim for building damage arising from the fire at the La Défense store in Paris on 30 December 2010. An impairment charge of £265,000 and cost of relocation £81,000 were recognised at 30 April 2011. These were incurred in addition to an impairment charge for the investment property of £2.3 million (as shown in note 11).

Restructuring costs of £121,000 (April 2011: £nil) were incurred in respect of organisational changes during the six months ended 30 April 2012.

6. Finance expense

	Six months ended 30 April 2012 (unaudited) £'000	Six months ended 30 April 2011 (unaudited) £'000	Year ended 31 October 2011 (audited) £'000
Interest payable on bank loans and overdrafts	**(8,328)**	(7,986)	(16,642)
Amortisation of debt issue costs on bank loans	**(1,192)**	(1,085)	(2,248)
Interest on finance lease obligations	**(2,171)**	(2,544)	(4,883)
Capitalised interest	**71**	107	338
Total finance expense	**(11,620)**	(11,508)	(23,435)

Interest has been capitalised at an average rate of 3.5% (April 2011: 3.5%) for the period.

Included within interest payable of £8.3 million (April 2011: £8.0 million) is £1.6 million (April 2011: £2.2 million) of interest relating to derivative financial instruments that are economically hedging the Group's borrowings. The total change in fair value of derivatives for the period is £0.8 million (April 2011: £3.6 million).

7. Income tax credit

	Six months ended 30 April 2012 (unaudited) £'000	Six months ended 30 April 2011 (unaudited) £'000	Year ended 31 October 2011 (audited) £'000
Current tax – overseas	**(919)**	(9)	(365)
Deferred tax	**6,474**	3,502	4,846
	5,555	3,493	4,481

Income tax credit is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year. The deferred tax credit of £6,474,000 for the six months ended 30 April 2012 includes an exceptional credit of £3,165,000 (FY11: £3,293,000) arising as a result of the impact on deferred tax of the UK tax rate change from 25% to 24%.

In addition to the changes in rates of Corporation tax disclosed above a number of further changes to the UK Corporation tax system were announced in the March 2012 UK Budget Statement.

Legislation to reduce the main rate of corporation tax from 24% to 23% from 1 April 2013 is expected to be included in the Finance Act 2012. Further reductions to the main rate are proposed to reduce the rate to 22% from 1 April 2014. These further changes had not been substantively enacted at the balance sheet date and, therefore, are not included in these financial statements.

7. Income tax credit continued

The effect of the changes expected to be enacted in the Finance Act 2012 would be to reduce the net deferred tax liability provided at the balance sheet date by £2.9 million. This decrease in the net deferred tax liability is due to the reduction in the corporation tax rate from 24% to 23% with effect from 1 April 2013.

The proposed reduction of the main rate of corporation tax to 22% from 1 April 2014 is expected to be enacted separately. The overall effect of this further change, if it applied to the deferred tax balance at the balance sheet date, would be to further reduce the net deferred tax liability by an additional £2.9 million.

8. Deferred income tax

	As at 30 April 2012 (unaudited) £'000	As at 30 April 2011 (unaudited) £'000	As at 31 October 2011 (audited) £'000
The amounts provided in the accounts are:			
Revaluation of investment properties and tax depreciation	**105,040**	117,978	116,895
Other timing differences	**—**	(508)	(385)
Deferred tax liabilities	**105,040**	117,470	116,510
Tax losses	**(3,440)**	(5,020)	(5,429)
Interest rate swap instrument	**(864)**	(1,218)	(1,602)
Deferred tax assets	**(4,304)**	(6,238)	(7,031)
Deferred tax – net	**100,736**	111,232	109,479

UK deferred tax has been provided at 24% (FY11: 25%), the tax rate enacted at the balance sheet date and applicable from 1 April 2012. French deferred tax has been provided at the Corporation tax rate in France of 33% (FY11: 33%).

9. Dividends

On 8 April 2012, a final dividend of 3.55 pence (2011: 3.25 pence) per ordinary share, amounting to £6,656,000 (2011: £6,093,000), was paid to shareholders in respect of the year ended 31 October 2011.

An interim dividend of 1.85 pence per ordinary share (30 April 2011: 1.75 pence) has been declared. The ex-dividend date will be 11 July 2012 and the record date 13 July 2012, with an intended payment date of 8 August 2012. The interim dividend, amounting to £3.5 million (30 April 2011: £3.3 million), has not been included as a liability at 30 April 2012. It will be recognised in shareholders' equity in the year to 31 October 2012.

10. (Loss)/earnings per ordinary share

Basic (loss)/earnings per share is calculated by dividing the profit/(loss) attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year excluding ordinary shares held as treasury shares. Diluted earnings per share are calculated by adjusting the weighted average numbers of ordinary shares to assume conversion of all dilutive potential shares. The Company has one category of dilutive potential ordinary shares: share options. For the share options, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market price of the Company's shares) based on the monetary value of the subscription rights attached to the outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

	Six months ended 30 April 2012 (unaudited)			Six months ended 30 April 2011 (unaudited)			Year ended 31 October 2011 (audited)		
	(Loss)/ earnings £m	**Shares million**	**Pence per share**	(Loss)/ earnings £m	Shares million	Pence per share	(Loss)/ earnings £m	Shares million	Pence per share
Basic	**(6.20)**	**187.49**	**(3.31)**	4.47	187.49	2.38	13.03	187.50	6.95
Dilutive share options	**—**	**5.29**	**—**	—	3.97	—	—	0.64	—
Diluted	**(6.20)**	**192.78**	**(3.31)**	4.47	191.46	2.33	13.03	188.14	6.92

As the basic EPS in the current year is a loss per share, the above adjustments would not be dilutive.

10. (Loss)/earnings per ordinary share continued

Adjusted earnings per share

Adjusted earnings per share represents profit after tax adjusted for the loss on investment properties, exceptional items, change in fair value of derivatives and the associated tax thereon. The Directors consider that these alternative measures provide useful information on the performance of the Group.

	Six months ended 30 April 2012 (unaudited)			Six months ended 30 April 2011 (unaudited)			Year ended 31 October 2011 (audited)		
	(Loss)/ earnings £m	**Shares million**	**Pence per share**	(Loss)/ earnings £m	Shares million	Pence per share	(Loss)/ earnings £m	Shares million	Pence per share
Basic	**(6.20)**	**187.49**	**(3.31)**	4.47	187.49	2.38	13.03	187.49	6.95
Adjustments:									
Loss on investment properties	**32.44**	**—**	**17.30**	13.80	—	7.36	18.42	—	9.82
Operating exceptional items	**(5.24)**	**—**	**(2.79)**	1.06	—	0.57	1.33	—	0.71
Fair value movement of derivatives	**(3.08)**	**—**	**(1.64)**	(3.30)	—	(1.76)	(1.83)	—	(0.98)
Exceptional tax credit	**(3.16)**	**—**	**(1.69)**	(3.29)	—	(1.75)	(6.60)	—	(2.35)
Tax on adjustments	**(5.79)**	**—**	**(3.09)**	(3.41)	—	(1.82)	(4.41)	—	(3.52)
Adjusted	**8.97**	**187.49**	**4.78**	9.33	187.49	4.98	19.94	187.49	10.63
EPRA adjusted									
Depreciation of leasehold properties	**(2.88)**	**—**	**(1.54)**	(2.72)	—	(1.45)	(5.52)	—	(2.93)
Tax on adjustment	**0.85**	**—**	**0.46**	0.80	—	0.43	1.66	—	0.88
EPRA – basic	**6.94**	**187.49**	**3.70**	7.41	187.49	3.96	16.08	187.49	8.58

11. Property portfolio

	Investment properties £'000	Interest in leasehold properties £'000	Investment properties under construction £'000	Total investment properties £'000
At 1 November 2011	713,564	62,534	15,059	791,157
Additions	4,048	973	7,721	12,742
Reclassifications	14,381	—	(14,381)	—
Revaluation	(30,318)	—	765	(29,553)
Depreciation	—	(2,883)	—	(2,883)
Exchange movements	(11,942)	(986)	(118)	(13,046)
At 30 April 2012	**689,733**	**59,638**	**9,046**	**758,417**

	Investment properties £'000	Interest in leasehold properties £'000	Investment properties under construction £'000	Total investment properties £'000
At 1 November 2010	686,178	69,130	18,360	773,668
Additions	1,788	—	8,611	10,399
Impairments	(2,262)	—	—	(2,262)
Reclassifications	10,571	—	(10,571)	—
Revaluation	(7,058)	—	(1,762)	(8,820)
Depreciation	—	(2,720)	—	(2,720)
Exchange movements	3,593	371	—	3,964
At 30 April 2011	692,810	66,781	14,638	774,229

The impairment charge of £2.3 million was recognised as a result of a fire at the La Défense store in Paris on 30 December 2010.

12. Valuations

	Deemed cost £'000	Valuation £'000	Revaluation on deemed cost £'000
Freehold stores			
As at 1 November 2011	332,895	575,719	242,824
Movement in period	10,824	(35,665)	(46,489)
As at 30 April 2012	**343,719**	**540,054**	**196,335**
Leasehold stores			
As at 1 November 2011	74,954	137,845	62,891
Movement in period	(2,683)	11,834	14,517
As at 30 April 2012	**72,271**	**149,679**	**77,408**
All stores			
As at 1 November 2011	407,849	713,564	305,715
Movement in period	8,141	(23,831)	(31,972)
As at 30 April 2012	**415,990**	**689,733**	**273,743**

	Deemed cost £'000	Valuation £'000	Revaluation on deemed cost £'000
Freehold stores			
As at 1 November 2010	297,034	541,181	244,147
Movement in period	14,008	9,974	(4,034)
As at 30 April 2011	311,042	551,155	240,113
Leasehold stores			
As at 1 November 2010	72,760	144,997	72,237
Movement in period	1,943	(3,342)	(5,285)
As at 30 April 2011	74,703	141,655	66,952
Investment properties under construction			
As at 1 November 2010	25,588	18,360	(7,228)
Movement in period	(1,959)	(3,722)	(1,763)
As at 30 April 2011	23,629	14,638	(8,991)
All stores			
As at 1 November 2010	395,382	704,538	309,156
Movement in period	13,992	2,910	(11,082)
As at 30 April 2011	409,374	707,448	298,074

The valuation of £689.7 million excluded £0.7 million in respect of owner occupied property.

The freehold and leasehold investment properties have been valued as at 30 April 2012 by external valuers, Cushman & Wakefield LLP ("C&W"). The valuation has been carried out in accordance with the RICS Valuation – Professional 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 Fair Value as a fully equipped operational entity, having regard to trading potential. Two non-trading properties were valued on the basis of Fair Value. 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 Group for the same purposes as this valuation have been so since October 2006;

— C&W has been carrying out bi-annual valuations for the same purpose as this valuation on behalf of the Group since October 2006;

— C&W does not provide other significant professional or agency services to the Group;

— in relation to the preceding financial year of C&W, the proportion of total fees payable by the Group 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.

12. Valuations continued

Market uncertainty

C&W's valuation report comments on valuation uncertainty resulting from the recent global banking crisis coupled with the economic downturn, which have caused a low number of transactions in the market for self-storage property. C&W note that, although there were a number of self-storage transactions in 2007, the only significant transactions since 2007 are:

1. the sale of a 51% share in Shurgard Europe which was announced in January 2008 and completed on 31 March 2008;
2. the sale of the former Keepsafe portfolio by Macquarie to Alligator Self-storage which was completed in January 2010; and
3. the purchase by Shurgard Europe of the 80% interests held by its joint venture partner (Arcapita) in its two European joint venture vehicles, First Shurgard and Second Shurgard. The price paid was €172 million and the transaction was announced in March 2011. The two joint ventures owned 72 self-storage properties.

Four further smaller transactions took place in 2011 at West Molesey, Cambridge, Dartford and St Albans.

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.

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 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 their opinion of Fair Value for these properties.

C&W has adopted different approaches for the valuation of the leasehold and freehold assets as follows:

Freehold and long leasehold (UK and France)
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.

Assumptions:

— Net operating income is based on projected revenue received less projected operating costs together with a central administration charge of 6% of the estimated annual revenue subject to a cap and collar. The initial net operating income is calculated by estimating the net operating income in the first twelve months following the valuation date.

— The net operating income in future years is calculated assuming straight line absorption from day one actual occupancy 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 April 2012 averages 78.80% (31 October 2011: 78.72%). 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 33.42 months (31 October 2011: 31.61 months).

— The capitalisation rates applied to existing and future net cash flows have been estimated by reference to underlying yields for industrial and retail warehouse property, yields for other trading property types such as student housing and hotels, bank base rates, ten year money rates, inflation and the available evidence of transactions in the sector. 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 pre-administration expenses for the 110 mature stores (i.e. excluding those stores categorised as "developing") is 7.26% (31 October 2011: 7.48%) rising to a stabilised net yield pre-administration expenses of 9.98% (31 October 2011: 9.81%).

— 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 leaseholds) is 12.15% (31 October 2011: 12.14%).

— Purchaser's costs of 5.8% (UK) and 6.2% (France) (see below) have been assumed initially and sales plus purchaser's costs totalling 7.8% (UK) and 8.2% (France) are assumed on the notional sales in the tenth year in relation to freehold and long leasehold stores.

Short leaseholds (UK)
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. The average unexpired term of the Group's UK short-term leasehold properties is 12.46 years (31 October 2011: 12.50 years). The average unexpired term excludes the French commercial leases.

Short leaseholds (France)
In relation to the French commercial leases, C&W has 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. The capitalisation rates on these stores reflect the risk of the landlord terminating the lease arrangements.

Investment properties under construction (UK and France)
C&W has valued the stores in development adopting the same methodology as set out above but on the basis of 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.

12. Valuations continued

Immature stores: value uncertainty

C&W have assessed the value of each property individually. However, twelve of the stores in the portfolio are relatively immature and have low initial cash flow. C&W have endeavoured to reflect the nature of the cash flow profile for these properties in their valuation, and the higher associated risks relating to the as yet unproven future cash flow, by adjustment to the capitalisation rates and discount rates adopted. However, immature low cash flow stores of this nature are rarely, if ever, traded individually in the market, unless as part of a distressed sale or similar situation. Although, there is more evidence of immature low cash flow stores being traded as part of a group or portfolio transaction.

Please note C&W's comments in relation to market uncertainty in the self-storage sector due to the lack of comparable market transactions and information. The degree of uncertainty relating to the twelve immature stores is greater than in relation to the balance of the properties due to there being even less market evidence that might be available for more mature properties and portfolios.

C&W state that in practice, if an actual sale of the properties were to be contemplated then any immature low cash flow stores would normally be presented to the market for sale lotted or grouped with other more mature assets owned by the same entity, in order to alleviate the issue of negative or low short-term cash flow. This approach would enhance the marketability of the group of assets and assist in achieving the best price available in the market by diluting the cash flow risk.

C&W have not adjusted their opinion of Fair Value to reflect such a grouping of the immature assets with other properties in the portfolio and all stores have been valued individually. However, they highlight the matter to alert the Group to the manner in which the properties might be grouped or lotted in order to maximise their attractiveness to the market place.

C&W consider this approach to be a valuation assumption but not a Special Assumption, the latter being an assumption that assumes facts that differ from the actual facts existing at the valuation date – and which, if not adopted, could produce a material difference in value.

C&W have not assumed that the entire portfolio of properties owned by the Entity 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 (either higher or lower) from the aggregate of the individual values for each property in the portfolio, reflecting the lotting assumption described above.

Valuation assumption for purchaser's costs

The Group's investment property assets have been valued for the purposes of the financial statements after deducting notional purchaser's costs of 5.8% (UK) and 6.2% (France) of gross value, as if they were sold directly as property assets. The valuation is an asset valuation which is entirely linked to the operating performance of the business. They would have to be sold with the benefit of operational contracts, employment contracts and customer contracts, which would be very difficult to achieve except in a corporate structure.

This approach follows the logic of the valuation methodology in that the valuation is based in a capitalisation of the net operating income after allowing a deduction for operational cost and an allowance for central administration costs. Sale in a corporate structure would result in a reduction in the assumed Stamp Duty Land Tax but an increase in other transaction costs reflecting additional due diligence resulting in a reduced notional purchaser's cost of 2.75% of gross value. All the significant sized transactions that have been concluded in the UK in recent years were completed in a corporate structure. The Group therefore instructed C&W to prepare additional valuation advice on the basis of purchaser's cost of 2.75% of gross value.

Proposed VAT change

The Government has announced in the Budget Statement a proposed change to the VAT status of self-storage from 1 October 2012. The rental of self-storage units is currently exempt from VAT as a licence to occupy land in the same way as the rental of commercial property. The Government are proposing that self-storage will be subject to standard rate VAT (20%).

C&W have prepared their valuation reflecting the potential impact of the proposed VAT change.

We also instructed C&W to prepare a valuation on the Special Assumption that the proposed VAT change is not reflected in the valuation.

13. Net assets per share

	As at 30 April 2012 (unaudited) £'000	As at 30 April 2011 (unaudited) £'000	As at 31 October 2011 (audited) £'000
Analysis of net asset value			
Basic and diluted net asset value	**253.3**	271.2	275.2
Adjustments:			
Fair value of derivatives (net of tax)	**2.3**	3.5	4.5
Deferred tax liabilities	**105.0**	117.4	116.5
EPRA net asset value	**360.6**	392.1	396.2
Basic net assets per share (pence)	**135.1**	144.6	146.8
EPRA basic net assets per share (pence)	**192.3**	209.1	211.3
EPRA NAV (as above) (£'000)	**360.6**	392.1	396.2
Capital goods scheme adjustment	**11.0**	—	—
Adjusted net asset value	**371.6**	392.1	396.2
Adjusted basic net assets per share (pence)	**198.2**	209.1	211.3
Adjusted diluted net assets per share	**192.8**	204.8	210.6

	Number	Number	Number
Shares in issue	**187,495,348**	187,495,348	187,495,348
Dilutive share options	**5,292,546**	3,971,455	640,834
Diluted shares used for calculation	**192,787,894**	191,466,803	188,136,182

Basic net assets per share are shareholders' funds divided by the number of shares at the period end. Diluted net assets per share are shareholders' funds divided by the number of shares at the period end, adjusted for dilutive share options. As an industry standard measure, European Public Real Estate Association ("EPRA") net asset values are presented.

As described in note 12, the investment property valuations have been adjusted to reflect the impact of VAT being introduced and the Board considers it appropriate to reflect the estimated amounts due back to the Group from HMRC following the introduction of VAT in the calculation of adjusted net assets per share. This amount, which is subject to agreement from HMRC, cannot be recognised as an asset at the balance sheet date as the legislation to introduce VAT had not been substantially enacted at 30 April 2012.

14. Borrowings

Current	**As at 30 April 2012 (unaudited) £'000**	As at 30 April 2011 (unaudited) £'000	As at 31 October 2011 (audited) £'000
Bank loans and overdrafts due within one year or on demand			
Secured – bank loan	**15,000**	5,000	12,500
Debt issue costs	**(2,357)**	(2,357)	(2,357)
	12,643	2,643	10,143

Non-current	**As at 30 April 2012 (unaudited) £'000**	As at 30 April 2011 (unaudited) £'000	As at 31 October 2011 (audited) £'000
Bank loans			
Secured	**336,462**	319,714	328,838
Debt issue costs	**(764)**	(3,143)	(1,955)
	335,698	316,571	326,883

14. Borrowings continued

The current drawn down amounts are now repayable £7.5 million in September 2012, £7.5 million in March 2013 and £336.5 million in August 2013.

The loan has a floating rate of interest, with £350.0 million of the facility being denominated in Sterling and £33 million being denominated in Euros. The loan is carried at amortised cost.

The bank loans and overdrafts are secured by a fixed charge over the Group's investment property portfolio.

After the balance sheet date the Group restructured its financing arrangements. Full details of the new facilities are disclosed in note 19.

The maturity profile of the carrying amount of the Group's liabilities was as follows:

	Less than one year £'000	One to two years £'000	Two to five years £'000	More than five years £'000
As at 30 April 2012 (unaudited)				
Borrowings	28,649	343,291	—	—
Derivative financial instruments	3,085	1,542	—	—
Contractual interest payments and finance lease charges	10,115	10,071	24,407	47,168
Trade and other payables	35,203	—	—	—
	77,052	**354,904**	**24,407**	**47,168**
As at 31 October 2011 (audited)				
Borrowings	25,620	341,960	—	—
Derivative financial instruments	3,384	3,384	—	—
Contractual interest payments and finance lease charges	10,637	10,597	25,133	51,267
Trade and other payables	35,048	529	—	—
	74,689	356,470	25,133	51,267
As at 30 April 2011 (unaudited)				
Borrowings	16,458	26,458	310,444	—
Derivative financial instruments	4,431	4,431	2,215	—
Contractual interest payments and finance lease charges	10,645	10,678	26,544	55,394
Trade and other payables	39,151	624	—	—
	70,685	42,191	339,203	55,394

Bank loans are stated before unamortised issue costs of £3,121,000 (FY2011: £5,500,000). Bank loans are repayable as follows:

	Group		
	As at 30 April 2012 (unaudited) £'000	As at 30 April 2011 (unaudited) £'000	As at 31 October 2011 (audited) £'000
In one year or less	**15,000**	5,000	12,500
Between one and two years	**336,462**	15,000	328,838
Between two and five years	**—**	304,714	—
Bank loans	**351,462**	324,714	341,338
Unamortised issue costs due within one year	**(2,357)**	(2,357)	(2,357)
Unamortised issue costs due after one year	**(764)**	(3,143)	(1,955)
	348,341	319,214	337,026

The effective interest rates at the balance sheet date were as follows:

	As at 30 April 2012 (unaudited)	As at 30 April 2011 (unaudited)	As at 31 October 2011 (audited)
Bank loans	**Quarterly LIBOR plus 2.75%**	Quarterly LIBOR plus 2.75%	Quarterly LIBOR plus 2.75%
	Quarterly EURIBOR plus 2.75%	Quarterly EURIBOR plus 2.75%	Quarterly EURIBOR plus 2.75%

14. Borrowings continued

Borrowing facilities

The Group has the following undrawn committed borrowing facilities available at 30 April in respect of which all conditions precedent had been met at that date:

	Floating rate		
	As at 30 April 2012 (unaudited) £'000	As at 30 April 2011 (unaudited) £'000	As at 31 October 2011 (audited) £'000
Expiring beyond one year	**34,154**	60,904	43,778

15. Share capital

	As at 30 April 2012 (unaudited) £'000	As at 30 April 2011 (unaudited) £'000	As at 31 October 2011 (audited) £'000
Called up, issued and fully paid			
188,135,088 (2011: 188,135,088) ordinary shares of 1 pence each	**1,881**	1,881	1,881

16. Related party transactions

The Company's shares are widely held.

The ultimate parent company of the Group is Safestore Holdings plc.

No transactions that required disclosure were carried out during the period.

17. Capital commitments

The Group had capital commitments of £5.1 million as at 30 April 2012 (30 April 2011: £27.0 million).

18. 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 April 2012, the level of self-storage revenues represented 47.9% (April 2011: 51.0%) of the annual level of self-storage revenue in the year ended 31 October 2011.

19. Events after the reporting period

On 9 May 2012, the Group completed a full re-financing of its borrowing arrangements with total facilities of £400 million to replace the previous facilities of £385 million which were all due to expire in August 2013. The new bank facilities of £270 million and €70 million run to June 2016 and a new £73 million US private placement note issue of seven and twelve years has maturities extending to 2019 and 2024.

The blended cost of interest on the overall debt is expected to be in the order of 5.5% per annum. The bank facilities attract a margin over LIBOR/EURIBOR ratchet operated by reference to the Group's performance against its interest cover covenant. The margin ratchets between 2.5% and 3.5%, with an initial margin of 3.5% for the first six months of the facilities. Approximately two-thirds of the drawn bank facilities have been hedged at 2.08% LIBOR and 1.36% EURIBOR. The Company has issued USD 67 million 5.52% Series A Senior Secured Notes due 2019 and USD 48 million Series B Senior Secured Notes due 2024. The proceeds of the US private placement have been fully swapped into fixed Sterling.

The Company expects the costs associated with the re-financing exercise to be in the region of £7 million. It is likely in H2 that, in accordance with IAS 39, we will write these costs off as exceptional finance charges along with the costs being carried forward from the previous bank facilities. In total this will create an exceptional charge of circa £10 million in H2 2012.

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 page 32 of the Annual Report and Accounts for the year ended 31 October 2011, a copy of which is available at www.safestore.com, and are:

— Strategy risk
— Finance risk
— Treasury risk
— Property risk
— Valuation risk
— Occupancy risk

The Company regularly assesses these risks together with the associated mitigating factors listed in the 2011 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.

Forward-looking statements

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.

Directors and advisers

Directors

R S Grainger	(Non-Executive Chairman)
P D Gowers	(Chief Executive Officer)
R D Hodsden	(Chief Financial Officer)
F Vecchioli	(Executive Director)
A H Martin	(Non-Executive Director)
A S Lewis	(Non-Executive Director)
K G Edelman	(Non-Executive Director)

Company Secretary

S Ahmed

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Hertfordshire WD6 2BT

Registered company number

4726380

Websites

www.safestore.co.uk
www.safestore.com

Bankers

National Westminster Bank Plc
HSBC Bank Plc
Lloyds TSB Bank Plc
Alliance & Leicester Plc
BRED BanquePopulaire
Cathay United Bank
Chang Hwa Commercial Bank Ltd

Legal advisers

Travers Smith LLP
10 Snow Hill
London EC1A 2AL

Eversheds LLP
115 Colmore Row
Birmingham B3 3AL

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Cornwall Court
19 Cornwall Street
Birmingham B3 2DT

Shareholder information

Registrars
Capita Registrars
Northern House
Woodsome Park
Fenay Bridge
Huddersfield HD8 0GA

Telephone (in UK) 0871 664 0300
(Calls cost 10 pence per minute plus network extras)

Telephone (from overseas) +44 (0)20 8639 3399

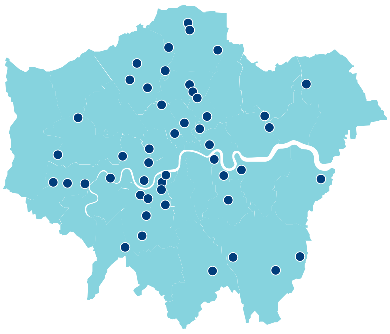
Fax: +44 (0)1484 600 911
E-mail: ssd@capitaregistrars.com
Web: www.capitashareportal.com
Share Portal: www.capitashareportal.com

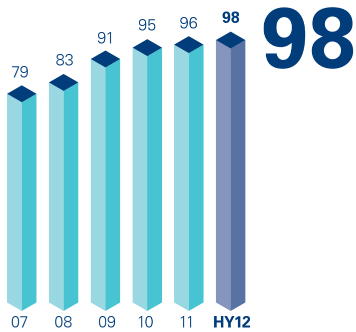
Through the website of our Registrar, Capita Registrars, shareholders are able to manage their shareholding by registering for the Share Portal, a free, secure, online access to their shareholding.

Our store network

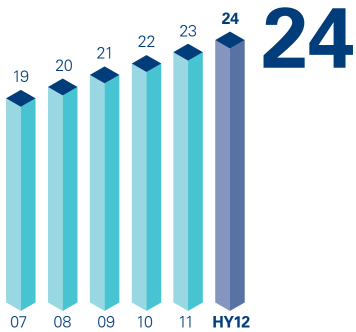
Safestore is well represented in the main markets across the UK and Paris

UK and London total stores



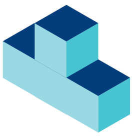


Paris total stores



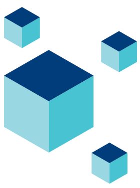
Safestore at a glance

#1



We have more stores in the UK and Paris than any other self-storage provider

134

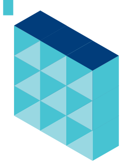


We have 134 trading stores spread across the UK and Paris including 12 Spacemaker stores

4

...and we have four more stores in the pipeline...

5.24m



...giving us a total of 5.24 million sq ft of available storage space

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