

# Interim Results

30 June 2009



# Interim Results Highlights



- A good performance across key metrics despite a difficult economic climate
- Revenue up 3.3% to £41.3m
  - Average rate per sq ft up 7.2% to £25.24
  - Occupancy movement of -12,000 sq ft compared to -73,000 sq ft for the same period last year
  - Ancillary sales up 4.8% to £5.4m
- Underlying EBITDA up 4.3% to £22.0m
- Adjusted EPS up 7.5% to 4.30 pence per share
- Adjusted NAV down 3.9% from October 2008 at 194.2 pence per share
- Interim dividend held at 1.65 pence per share
- Strong balance sheet, stable operating cash flow and bank facilities in place to July 2011
- Two new stores opened in the period
- A positive start to trading in H2

# Financial Review

Richard Hodsdon, Chief Financial Officer



# Summary IFRS Income Statement



	Six Months ended 30 April 2009	Six Months ended 30 April 2008
	£m	£m
Revenue	41.3	40.0
Operating expenses (excluding exceptionals)	(19.2)	(18.9)
<b>EBITDA before exceptional items and investment gain</b>	<b>22.0</b>	<b>21.1</b>
Exceptional items/FX swap	1.2	-
Depreciation	(0.1)	-
<b>Operating profit before investment (loss)/gain</b>	<b>23.1</b>	<b>21.1</b>
Investment (loss)/gain	(30.0)	18.2
<b>Operating (loss)/profit</b>	<b>(6.8)</b>	<b>39.3</b>
Net financing costs (underlying)	(10.8)	(10.8)
Exceptional forex gain	5.9	-
<b>Profit before tax</b>	<b>(11.7)</b>	<b>28.5</b>
Income tax	4.9	(8.0)
<b>Profit for the year</b>	<b>(6.8)</b>	<b>20.5</b>
Basic EPS	(3.60)p	10.96p
Adjusted EPS*	4.30p	4.00p

- Adjusted EPS is after adding back investment gain, exceptionals and tax thereon

# Cash Flow Reconciliation



	Six Months ended 30 April 2009	Six Months ended 30 April 2008
	£m	£m
Operating profit (before investment (loss)/gain)	23.3	21.1
Working capital and non-cash movements	1.6	1.2
<b>Operating cash flow</b>	<b>24.9</b>	<b>22.3</b>
<b>Non-discretionary cash flow</b>		
Maintenance capex (including signage)	(0.9)	(2.8)
Net interest payments	(8.1)	(9.6)
UK GAAP rental payments	(5.9)	(5.2)
Term facility repayments	(2.0)	(2.0)
<b>Total non-discretionary cash flow</b>	<b>(16.9)</b>	<b>(19.6)</b>
<b>Discretionary cash flow</b>		
Expansion capex	(6.4)	(18.1)
Acquisition of freehold interest of existing leasehold store	-	(5.9)
Dividends paid	(5.6)	(5.6)
New cash raised/Borrowings drawn	22.1	17.2
<b>Total discretionary cash flow</b>	<b>10.1</b>	<b>(12.4)</b>
<b>Net increase/(decrease) in cash</b>	<b>18.1</b>	<b>(9.7)</b>

# Net Debt



	Six Months ended 30 April 2009	Six Months ended 30 April 2008
	£m	£m
Available facilities at the year end*	<u>349.9</u>	<u>302.0</u>
Total bank borrowings (gross of FRS 4 Adjustment)	(302.9)	(261.7)
Cash	29.2	8.9
<b>Net debt</b>	<b>(273.7)</b>	<b>(252.8)</b>
Proportion of net debt covered by interest hedge	65%	70%

\* Includes €60m French facility translated at €1.114:£1 (year end rate)

- Both the UK and French facilities are term facilities and run to July 2011
- UK has a repayment profile of £4m per annum until July 2011
- French facilities have no repayment profile
- Significant cash balance at 30 April 2009 along with undrawn facilities in both the UK and France

# Existing Covenants



- Loan to Value Covenant (only tested annually at year end)
  - LTV (UK assets only) at 52% on 31 October 2008
  - Valuations at April 2009 broadly flat with October 2008
  - Theoretical LTV on UK only assets remains at 52%
  - LTV covenant moves to 65% from 31 July 2009 until July 2011
  
- Interest Cover Ratio Covenant
  - ICR in excess of 2.00x at 30 April 2009
  - ICR covenant set at 1.60x at 30 April 2009
  - ICR covenant moves to 1.75x from July 2009 until July 2011
  
- We consider that we have sufficient headroom on both covenants

# Cost of Banking Facilities



	Debt at June 2009	Weighted Average Interest at June 2009
	£m	%
Fixed rate debt (UK only)	177.5	6.11
Floating rate debt (UK only)	98.5	2.90
French Facility	26.9	4.02
	<hr/> 302.9	<hr/> 4.88

- UK margin at 90bps
- French margin at 175bps.
- €24m of €30m drawn on the French facility swapped at 2.27% until July 2011



# Portfolio Summary Under IFRS



	April 2009			April 2008		
	Developing	Established	Total	Developing	Established	Total
Number of Stores	17	97	114	15	94	109
	<b>Sq ft '000</b>	<b>Sq ft '000</b>	<b>Sq ft '000</b>	<b>Sq ft '000</b>	<b>Sq ft '000</b>	<b>Sq ft '000</b>
MLA (self storage only)	693	4,076	4,769	728	3,931	4,659
Occupancy (self storage only)	225	2,479	2,704	104	2,734	2,838
Occupancy (%age)	32%	61%	57%	14%	70%	61%
Average rate £ per sq ft	19.45	25.69	25.23	16.55	23.21	23.55
<b>For Six Months</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Self storage income	1,898	31,547	33,445	1,166	31,684	32,850
Ancillary income	490	4,876	5,366	292	4,821	5,113
Other income	35	2,447	2,482	6	2,017	2,023
<b>Total Income</b>	<b>2,423</b>	<b>38,870</b>	<b>41,293</b>	<b>1,464</b>	<b>38,522</b>	<b>39,986</b>
<b>Store EBITDA (IFRS)</b>	<b>441</b>	<b>25,110</b>	<b>25,551</b>	<b>6</b>	<b>24,764</b>	<b>24,770</b>
Store EBITDA margin (%age)	18%	65%	62%	0%	64%	62%
Central overhead allocation	206	3,312	3,518	136	3,570	3,706
<b>Store Net Operating Income</b>	<b>234</b>	<b>21,799</b>	<b>22,033</b>	<b>(130)</b>	<b>21,194</b>	<b>21,064</b>
NOI margin (%age)	10%	56%	53%	(9%)	55%	53%
Rent Charge	710	5,163	5,873	697	4,512	5,209
UK GAAP EBITDA	(476)	16,636	16,160	(827)	16,682	15,855

Notes: Developing: <2 full financial years - Established: >2 full financial years;

# Operational Review

Steve Williams, Chief Executive Officer



# Market Trends & Drivers



- Positive trends with the change of demand and use of self storage
  - Demand for smaller units has risen which results in a higher rate per square foot
  - Length of stay has increased and occupancy performance is improving
- Demand from business customers remains strong
  - Upsize or downsize to suit demand
  - Ability to offer a nationwide service to National Account Customers is a major competitive advantage
- Less demand from home movers but increasing demand from people who cannot/will not move
  - An extra room for an expanding family, to let or an office at home
  - De-clutter to provide more space around the home
- Rising demand from customers moving into rental accommodation
  - Downsizing & repossessions
  - Selling but currently not buying

# A Focused Business Model



- A customer led retail focused business
- The Safestore model provides vital flexibility to respond rapidly in current environment
- Clear but flexible operational strategy
- Balancing rate per sq ft and occupancy
- Innovative approach to USP's and strategic alliances
- Balanced portfolio with presence across all major UK markets and Paris

# The UK Market Leader



Safestore the No.1 self storage company in the UK

- 114 trading & 9 pipeline stores:- which will provide 5.4m sq ft of storage space when fully fitted out
- 93 UK stores, the only self storage operator with a geographically diverse spread across the UK
- More stores than any other competitor in all major cities including London
- Can leverage scale, size and market share to our advantage
- A well trained & highly motivated team delivering market leadership in many key areas
- Has a management team with a strength in depth
- The only self storage company with proven M&A and integration experience

# Une Pièce en Plus (“UPP”) – Paris

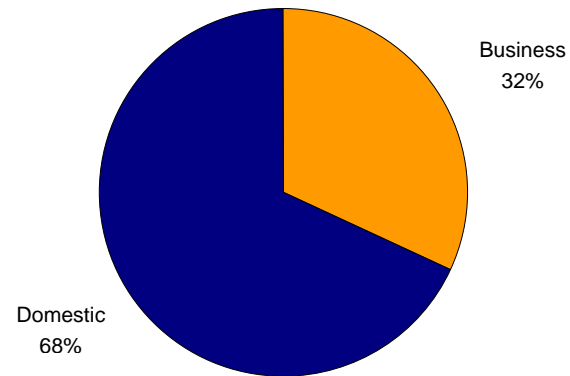


- Safestore is the biggest self storage company in central Paris trading as Une Pièce en Plus
- UPP has an excellent management team led by Frederic Vecchioli
- 22 stores mainly situated in central Paris (including one open since the half year end)
- A cash generative business with its own Euro debt
- Has seen excellent growth in all KPI's in each of the last five years
- Represents just over 20% of the group business
- UPP provides a platform for European expansion in the future
- UPP acquisition provides the template for future European expansion

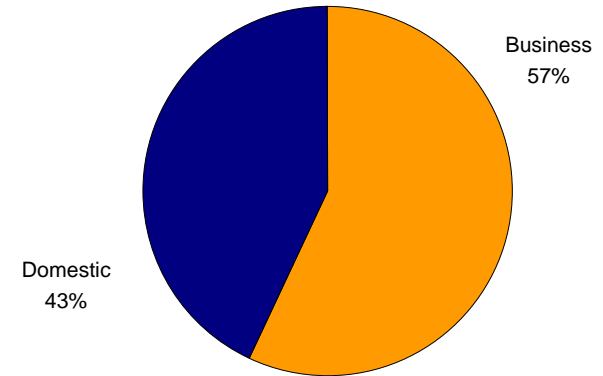
# Customer Mix – UK



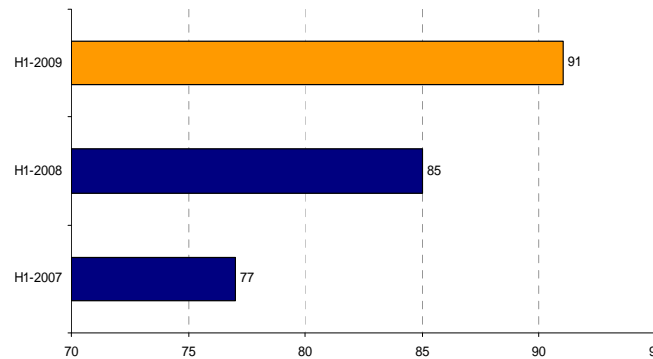
### Breakdown of Business and Domestic Customers



### Percentage of Space Occupied by Customer Type



### Average Length of Stay (in weeks)

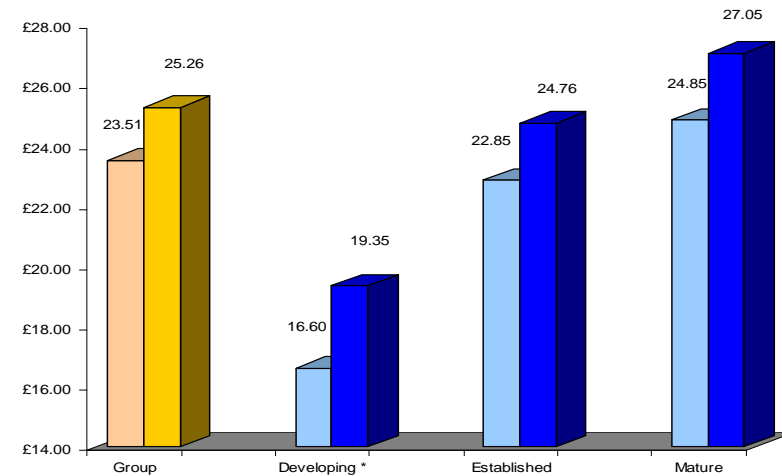


# Rate and Occupancy

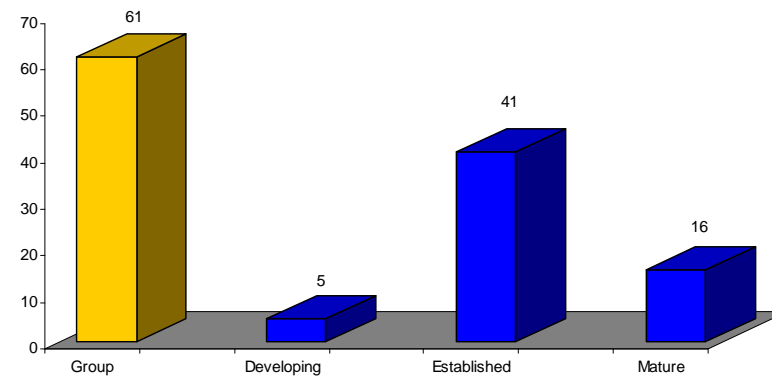


- Safestore continues to increase market share
- Good rate growth across all store classes
- Occupancy performance improved across all store classes
- Important to balance rate and occupancy

Rate (average) (£/sq ft)



Area Growth ('000 sq ft)



Note: MLA Increased from April 08 to April 09 by

Note  
 Mature: pre-1998  
 Established: >2 full financial years but post-1998  
 Developing: <2 full financial years





- We continue to see significant increases in awareness of Self Storage in the UK and of the Safestore brand
- Marketing spend targeted at online enquiry generation and will be circa 5% above last year
- Our strategy has been consistent for the last four years with particular focus given to two areas:
  - On-line leadership
    - The Safestore Website received more traffic than any other Self Storage Company
    - On average Safestore were in the top two positions for both natural and sponsored Google rankings
    - Direct entry i.e. visitors to the Safestore Website not using a search engine grew by 28%
    - New UK Website launched in April this year
  - Seeking out and establishing promotional alliances



# Illustrative Growth Potential from Existing Portfolio



- Potential outcome at 85% occupancy
  - Revenue at stabilisation in excess of £200m
  - EBITDA at stabilisation in excess of £140m
  - Total occupancy at stabilisation of circa 4.6m sq ft
- Key Assumptions
  - MLA of 5.4m sq ft (based on existing portfolio plus pipeline only)
  - Rate per sq ft to increase by circa 5% per annum
  - Costs increases at 3% per annum

# Cardiff Newport Road



# Clapham



# Property Review

Richard Hodsdon, Chief Financial Officer



# Property Portfolio Valuations



Key Variables	Apr-09	Oct-08	Apr-08
Average Rate per Sq Ft	£25.24	£24.06	£23.55
Exit Cap Rate	8.17%	7.88%	7.14%
Weighted average stabilised occupancy	78.38%	79.30%	80.15%
Average number of months to stabilised occupancy	47	43	31

- DCF based valuations
- Several key variables contrary to traditional property companies

## Freehold

- 10 year DCF assuming notional sale at year 10
- Purchasers costs – 5.75% assuming property sales

## Leasehold

- No asset sale in year 10 – DCF to lease expiry
- Average unexpired term at April 2009 of 14.3 years (April 2008: 15.1 years)
- There are three stores with less than 5 years on their leases

# Property Portfolio Valuation – Cushman & Wakefield



Location	Tenure	Stores	Maximum Lettable Area*	Valuation**	Movement since October 2008
			'000 sq ft	£m	£m
UK	Freehold	53	2,389	392	(4)
	Long Leasehold	5	280	39	-
	Short Leasehold	35	1,489	95	(9)
France	Freehold	7	292	62	8
	Short Leasehold	14	572	53	7
Total		114	5,022	640	2

\* For valuation purposes MLA includes offices

\*\* Valuation as at 30 April 2009

- Average exit yield has moved out 29bps since October 2008 reflecting underlying 25bps movement in prime yield in both the UK and France
- Foreign Exchange impact of £13.4m against Oct 2008 and £11.4m against Apr 2008 are included above although they do not go through the investment loss in the income statement.
- Like for like property values (excluding new stores and Foreign Exchange) down circa 4% since October 2008
- Like for like movement driven by -3% capital movements and -1% cash flow movements

# Revaluation Movement in the Year



	30 April 2009	31 October 2008	Movement
	£m	£m	£m
<b>Like for Like portfolio</b>			
UK portfolio	511	539	(28)
French portfolio	114	99	15
<b>Like for Like total</b>	625	638	(13)
New stores	15		15
Valuation	640	638	2

- UK like for like portfolio valuation down 5.2% since October 2008
- French like for like portfolio valuation up 1.3% (same currency) but 14.8% including impact of foreign exchange
- The addition of new stores and positive cash flow movements mostly offset impact of negative capital movements



# Expansion Stores



	Tenure	Full Planning	Pipeline MLA Sq. ft	Opened MLA Sq ft	Opened / Estimated Opening
<b>Stores opened year to date</b>					
Clapham	FH			52,000	Jan 2009
Cardiff	FH			78,000	Apr 2009
<b>Development Stores due to open H2</b>					
Paris (Longpont)	FH	✓	40,500		May 2009
Ipswich	FH	✓	53,600		Sept 2009
Leicester	FH	✓	54,000		Oct 2009
<b>Development Stores acquired/under contract</b>					
Bolton	FH	✓	48,900		2010/2011
Staines	FH	✓	43,450		2010/2011
Southend	FH	✓	49,400		2010/2011
Barking	LL	✓	48,000		2010/2011
Anerley	LL	✓	42,350		2010/2011
Friern Barnet	FH	✓	48,000		2010/2011
<b>Total Current Sq Ft</b>			<b>428,200</b>	<b>130,000</b>	

- Pipeline of 9 expansion stores which will add 428,200 sq ft of MLA. Of these:
  - 7 are freehold
  - 2 are long leasehold
  - All have planning permission
- Pipeline will increase store portfolio from 114 to 121 (Note: Southend & Bolton are relocations)
- Associated Capex for UK of £43.9m, of which £17.1m has been spent as at 30 April 2009
- Associated Capex for France of €5.9m of which €4.0m has been spent as at 30 April 2009

# Outlook

Steve Williams, Chief Executive Officer





- Trading conditions in H1 showing some encouraging signs which has continued into H2
- Safestore positioned to continue to increase market share and maintain competitive advantage due to:
  - Scale
  - Market leadership
  - Geographic spread
- A balanced approach to rate and occupancy will maintain margins
- A clear but flexible strategy is key
- Discretionary expenditure will be closely monitored
- Safestore has a strong and robust positive cash flow
- Utilisation of cash & facilities for selective new store acquisitions
- A highly cash generative business model with significant potential to grow revenue and EBITDA from within the current estate and pipeline

# Appendix



# Costs to Complete Pipeline



	Six months ended 30 April 2009
	£m
Costs of stores spent to date	20.7
Estimated costs to complete	28.4
Total Estimated Cost	49.1
Estimated net sq ft added	428,200
Cost per sq ft (freehold/long leasehold)	£115

- Relatively low risk pipeline in terms of cost per sq ft and EBITDA impact
- Development costs beyond 2008/09 discretionary in times of capital rationing
- Development pipeline will be financed through the combination of operational cash flow and existing bank facilities
- Cost per sq ft of short leaseholds circa £35 per sq ft

# Summary IFRS Balance Sheet



	Six months ended 30 April 2009	Six months ended 30 April 2008
	£m	£m
<b>Assets</b>		
<b>Non-current assets</b>		
Investment properties	715.4	712.3
Development properties	23.6	25.1
Other non-current assets	8.8	9.9
<b>Non-current assets</b>	<b>747.8</b>	<b>747.3</b>
<b>Current assets</b>	<b>44.3</b>	<b>25.5</b>
<b>Liabilities</b>		
<b>Current liabilities</b>	<b>(65.8)</b>	<b>(54.1)</b>
<b>Non-current liabilities</b>		
Bank and institutional borrowings	(296.7)	(255.8)
Deferred tax liabilities	(119.6)	(131.2)
Obligations under finance leases	(64.7)	(58.8)
Other non-current liabilities	(1.0)	(1.5)
<b>Non-current liabilities</b>	<b>(482.0)</b>	<b>(447.3)</b>
<b>Net assets</b>	<b>244.3</b>	<b>271.4</b>
Adjusted NAV per share*	194.2p	214.6p

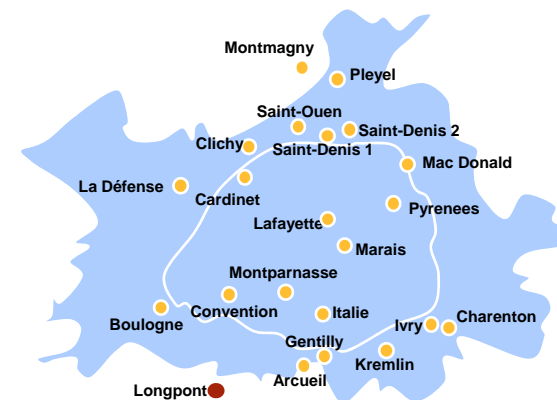
\* Adjusted NAV is after adding back the deferred tax on revaluation

# Market Leadership & Cluster Strategy



As at 30 April 2009:

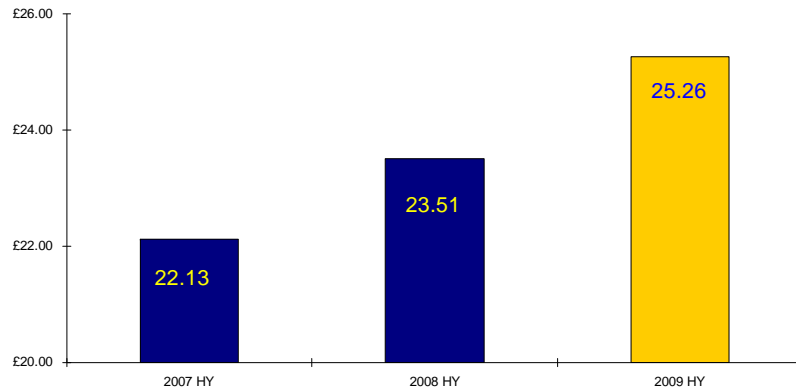
- 111 Current stores
- 3 Current Business Centres
- 9 Expansion stores



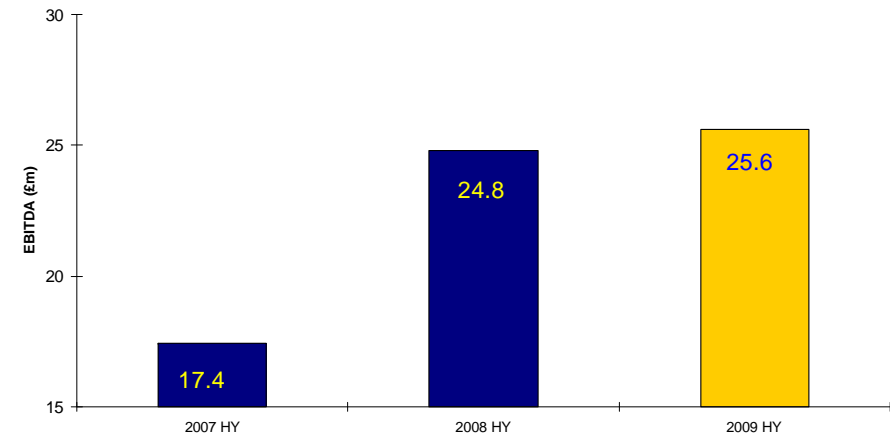
# Sales Mix and Contribution Analysis



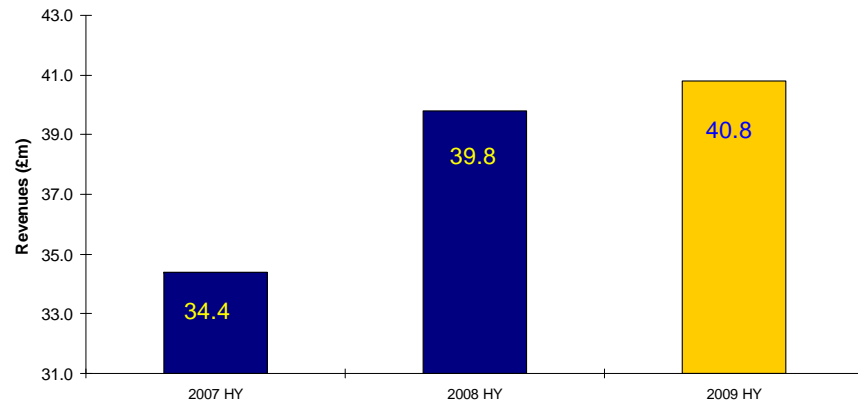
### Rental Rate Improvement – Group (average rate)



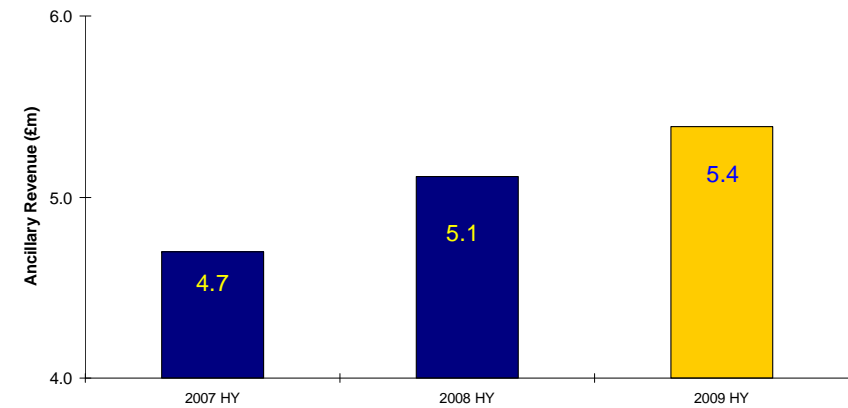
### EBITDA Growth – Group



### Total Revenue Growth - Group



### Ancillary Revenue Growth - Group





# Customer Average Length of Stay in the UK



Age of Store		< 1year		1-2 Years		2-5 Years		> 5 Years		Portfolio		As at 30/04/2008 Portfolio	
N <sup>o</sup> of Stores		4		10		9		67		90		86	
		(wks)	(mths)	(wks)	(mths)	(wks)	(mths)	(wks)	(mths)	(wks)	(mths)	(wks)	(mths)
<b>Business</b>	Existing	19	4.4	32	7.4	63	14.4	126	29.1	<b>112</b>	<b>25.8</b>	110	25.4
	Vacated	7	1.6	14	3.3	26	6.0	42	9.8	<b>41</b>	<b>9.5</b>	39	8.9
	Total	14	3.1	23	5.4	34	7.9	52	12.0	<b>50</b>	<b>11.6</b>	49	11.2
<b>Domestic</b>	Existing	18	4.2	26	6.1	49	11.4	94	21.6	<b>82</b>	<b>18.8</b>	74	17.1
	Vacated	12	2.7	14	3.3	20	4.6	30	7.0	<b>29</b>	<b>6.8</b>	29	6.7
	Total	15	3.5	18	4.2	24	5.6	35	8.1	<b>34</b>	<b>7.8</b>	34	7.8
<b>All</b>	Existing	18	4.2	28	6.4	54	12.4	104	24	<b>91</b>	<b>21.0</b>	85	19.5
	Vacated	11	2.4	14	3.3	21	4.9	33	7.6	<b>32</b>	<b>7.4</b>	31	7.2
	Total	15	3.4	19	4.4	27	6.1	39	9.0	<b>38</b>	<b>8.7</b>	37	8.6

**Notes:**

Age of store @30/04/2009

**Excluded:**

BC Queens Dock  
BC Digbeth  
BC Battersea

# Customer Average Length of Stay in France



Age of Store		< 1year		1-2 Years		2-5 Years		> 5 Years		Portfolio		As at 30/04/2008 Portfolio	
N° of Stores		1		1		2		17		21		20	
		(wks)	(mths)	(wks)	(mths)	(wks)	(mths)	(wks)	(mths)	(wks)	(mths)	(wks)	(mths)
<b>Business</b>	Existing	19	4.4	27	6.2	54	12.4	128	29.6	<b>120</b>	<b>27.6</b>	115	26.5
<b>25%</b>	Vacated	12	2.8	14	3.3	23	5.2	51	11.8	<b>50</b>	<b>11.6</b>	47	10.8
	Total	17	3.8	21	4.9	32	7.4	64	14.7	<b>62</b>	<b>14.4</b>	60	13.8
<b>Domestic</b>	Existing	18	4.2	28	6.4	52	12.2	123	28.5	<b>114</b>	<b>26.3</b>	109	25.2
<b>75%</b>	Vacated	10	2.4	14	3.2	23	5.2	49	11.3	<b>48</b>	<b>11</b>	46	10.6
	Total	15	3.5	20	4.6	31	7.1	61	14.0	<b>59</b>	<b>13.6</b>	59	13.6
<b>All</b>	Existing	19	4.3	28	6.4	53	12.3	125	28.7	<b>115</b>	<b>26.6</b>	111	25.6
	Vacated	11	2.5	14	3.2	23	5.2	50	11.4	<b>48</b>	<b>11.1</b>	46	10.6
	Total	16	3.6	20	4.7	31	7.2	61	14.2	<b>60</b>	<b>13.8</b>	59	13.6

**Notes:**

Age of store @30/04/2009

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