



Full Year Results Presentation

22 January 2008

safestore self storage



**The largest self storage retailer
in the UK and Paris**

Results Highlights

- Strong Performance Across All Key Metrics
 - Occupancy growth up 7.4%
 - Average rate per sq ft up 8.3%
 - Ancillary sales up 23.0%
- EBITDA (pre exceptionals) increased by 21.7%
- EBITDA Margin increase of 2.8% to 54.8%
- Adjusted EPS increased by 104.6% to 8.08p
- Adjusted NAV increased by 43.6% to 198.8p
- Six new stores and two satellite stores opened
- 18 expansion stores contracted

New Stores Opened in 2007



Slough



Eastbourne



Hayes



Newcastle Wallsend



Guildford



Kremlin



Financial Review

Richard Hodsdon, Chief Financial Officer

Summary IFRS Profit and Loss Account



	Year ended 31 October 2007	Year ended 31 October 2006	Change
	£m	£m	
Revenue	74.3	64.3	+15.5%
Operating expenses (excluding exceptionals)	(33.6)	(30.8)	
EBITDA before exceptional items and investment gain	40.7	33.5	+21.7%
Exceptional items (net)	0.8	(6.2)	
Depreciation and goodwill impairment	(0.1)	(0.9)	
Operating profit before investment gain	41.4	26.3	+57.0%
Investment gain	81.3	63.6	+27.7%
Operating profit	122.6	90.0	+36.3%
Net financing costs	(19.0)	(29.0)	+34.4%
Profit/(loss) before tax	103.6	61.0	+69.9%
Income tax	(25.4)	(15.9)	
Profit/(loss) for the period	78.2	45.1	+73.2%
Basic EPS	43.02p	26.31p	+63.5%
Adjusted EPS*	8.08p	3.95p	+104.6%

* Adjusted EPS is after adding back investment gain, exceptionals, goodwill impairment and tax thereon

Summary IFRS Balance Sheet



	Year ended 31 October 2007	Year ended 31 October 2006
	£m	£m
Assets		
Non-current assets		
Investment properties	647.1	519.3
Development properties	31.9	7.9
Other non-current assets	9.9	11.1
Non-current assets	688.9	538.3
Non current assets held for resale	-	0.7
Current assets	34.6	28.4
Liabilities		
Current liabilities	(53.9)	(50.6)
Non-current liabilities		
Bank and institutional borrowings	(240.4)	(234.6)
Deferred tax liabilities	(124.0)	(101.6)
Obligations under finance leases	(55.5)	(41.9)
Other non-current liabilities	(1.8)	(2.2)
Non-current liabilities	(421.7)	(380.3)
Net assets	247.9	136.5
Adjusted NAV per share*	198.8p	138.4p

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

Summary - Net Debt



	Year ended 31 October 2007	Year ended 31 October 2006
	£m	£m
Total bank borrowings (gross of FRS 4 adjustment)	(246.2)	(237.0)
Cash	18.6	9.5
Net debt	(227.6)	(227.5)
Proportion of net debt covered by interest hedge	78%	78%

- Cost of debt is LIBOR plus Margin
- Interest hedge in place swapping LIBOR for 5.24% on £178m of debt with the balance floating
- Renegotiated terms with banks on existing debt:
 - Margin previously 125 bps on senior and higher on capex
 - Improved revised terms with a ratchet ranging from 90bps to 125bps.
 - At last covenant test margin would have been at 90 bps.
 - Have released any security over French assets to allow us to look at separate funding for the French operation in the future

Summary IFRS Cash Flow Statement



	Year ended 31 October 2007	Year ended 31 October 2006
	£m	£m
Operating profit (before investment gain)	41.5	26.3
Working capital and non-cash movements	(1.7)	6.8
Operating cash flow	39.8	33.1
Maintenance capex (incl signage)	(6.3)	(14.4)
Expansion capex	(39.2)	(12.8)
Acquisition of subsidiary	-	(4.1)
Asset disposal proceeds	-	11.6
Total capex	(45.5)	(19.7)
Net finance interest payments	(14.4)	(29.2)
UKGAAP rental payments	(9.1)	(8.8)
New cash raised/(borrowings repaid)	38.8	22.4
Net increase/(decrease) in cash	9.6	(2.2)

Property Portfolio Valuation – Cushman & Wakefield



Location	Tenure	Stores	Maximum Lettable Area ('000 sq ft)*	Valuation**	Uplift ***
UK	Freehold & Long Leasehold	52	2,312	£421m	£75m
	Short Leasehold	31	1,319	£98m	£22m
France	Freehold & Long Leasehold	5	206	£29m	£11m
	Short Leasehold	15	631	£36m	£5m
Total		103	4,467	£584m	£113m

* For valuation purposes MLA includes offices

** Valuation as at 31 October 2007

*** Uplift Since 31 October 2006

- Freehold exit yield of 7.12% at October 2007 in from 7.52% at October 2006 (but out from 7.03% at half year)
- Of the £113m uplift in the year £28m was delivered in H1 (mostly driven by yield compression) with £85m being delivered in H2
- The positive movement in H2 has been delivered by £67m of operational uplift and £18m of new stores (£nil from yield movement)
- Assumption of purchaser's costs of 2.75% rather than 5.75% would add a further £25.4m to the overall valuation – 13.6p to NAV per share

Portfolio Summary under IFRS



	October 2007				October 2006			
	New	Established	Mature	Total	New	Established	Mature	Total
Number of Stores	14	54	35	103	8	54	36	98
	Sq ft '000	Sq ft '000	Sq ft '000	Sq ft '000	Sq ft '000	Sq ft '000	Sq ft '000	Sq ft '000
MLA (self storage only)	660	2,101	1,566	4,326	316	2,101	1,587	4,004
Occupancy (self storage only)	256	1,429	1,226	2,911	109	1,383	1,218	2,711
Occupancy (%age)	38.8%	68.0%	78.3%	67.3%	34.5%	65.9%	76.8%	67.7%
For the year ended:	October 2007				October 2006			
	New	Established	Mature	Total	New	Established	Mature	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Average rate £ per sq ft	20.87	20.54	22.87	21.56	21.16	18.73	21.12	19.90
Self storage income	3,551	29,101	27,863	60,515	1,658	25,170	25,301	52,129
Ancillary income	794	5,444	4,051	10,289	377	4,463	3,511	8,351
Other income	45	1,810	1,644	3,499	3	1,911	1,919	3,833
Total income	4,390	36,355	33,558	74,303	2,038	31,544	30,731	64,313
Store EDITDA	1,803	22,211	22,723	46,737	568	18,449	20,962	39,979
Store EBITDA margin (%age)	41%	61%	68%	63%	28%	58%	68%	62%
Central overhead allocation	355	2,942	2,715	6,012	207	3,201	3,119	6,527
Store net operating income	1,448	19,269	20,008	40,725	361	15,248	17,843	33,452
NOI margin (%age)	33%	53%	60%	55%	18%	48%	58%	52%
<i>Memorandum Rent Charge</i>	<i>1,550</i>	<i>4,927</i>	<i>2,641</i>	<i>9,118</i>	<i>959</i>	<i>5,053</i>	<i>2,809</i>	<i>8,821</i>

Note

Mature: pre-1998

Established: >2 full financial years but post-1998

New: <2 full financial years

REITs

- Continue to examine the possibility of converting to a REIT
- Safestore currently benefits from carried forward tax losses
- As such unlikely to pay tax in the current financial year
- Continue to monitor our position and could convert to a REIT at such time as is financially advantageous to do so





Operational Review

Steve Williams, Chief Executive Officer

The Safestore Model – Retail & Customer Focus

- Retail focused business with significant property assets
- Continual investment in the fabric and ambience of the stores
- “Lowest Price Guarantee” – We will never be beaten on price
 - Industry beating offers
- Highly trained and incentivised staff
- Customer service visits (Mystery shoppers)
- Breadth and depth of management team unparalleled in UK self storage sector



The Safestore Model – Portfolio & Space Management

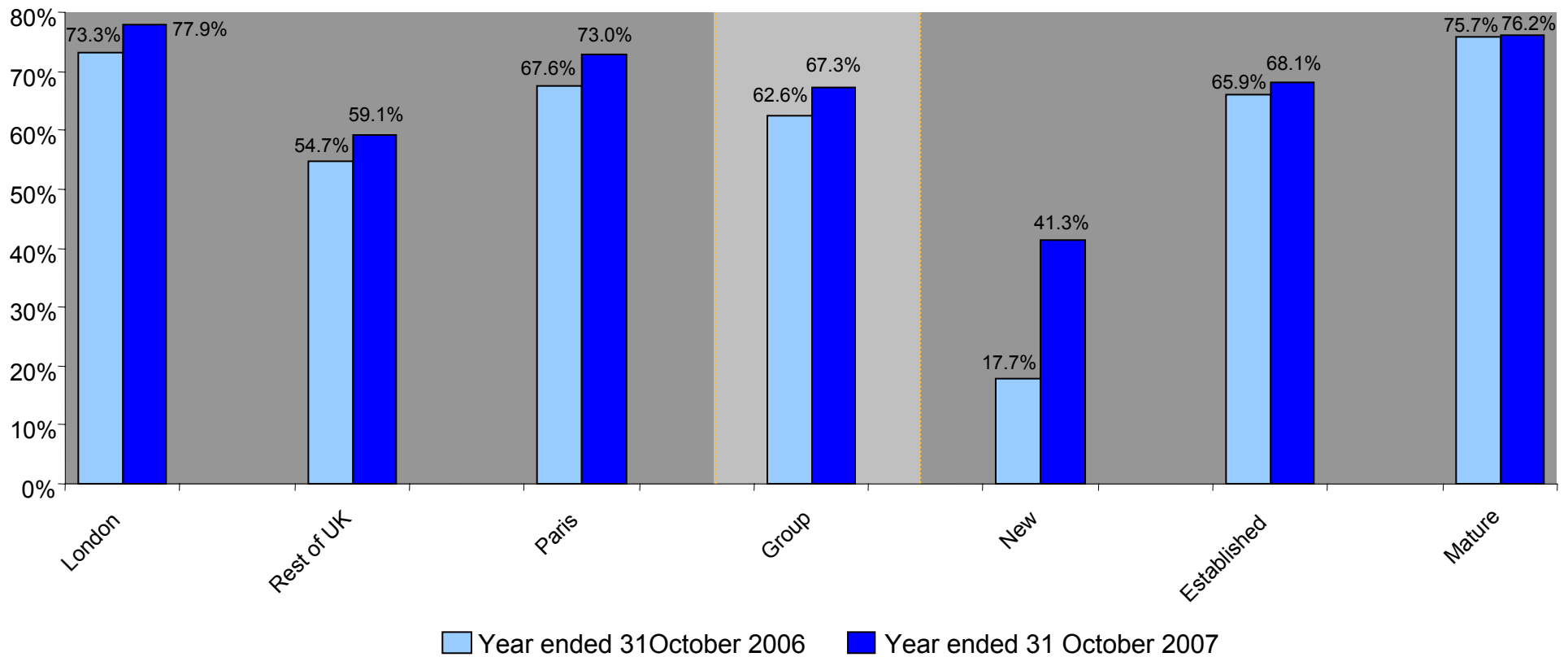
- Safestore will have over 5 million sq ft of self storage space from 119 stores
- Flexible property model in terms of store size & tenure
 - Portfolio includes stores of less than 20,000 sq ft and over 100,000 sq ft
- Site clustering strategy enhances operational efficiency and increases brand awareness
- Understanding of regional UK and European models
- Pricing & space management micro managed enabling consistent growth and optimal rates per sq ft



Driving Occupancy



Occupancy / MLA (sq ft.)



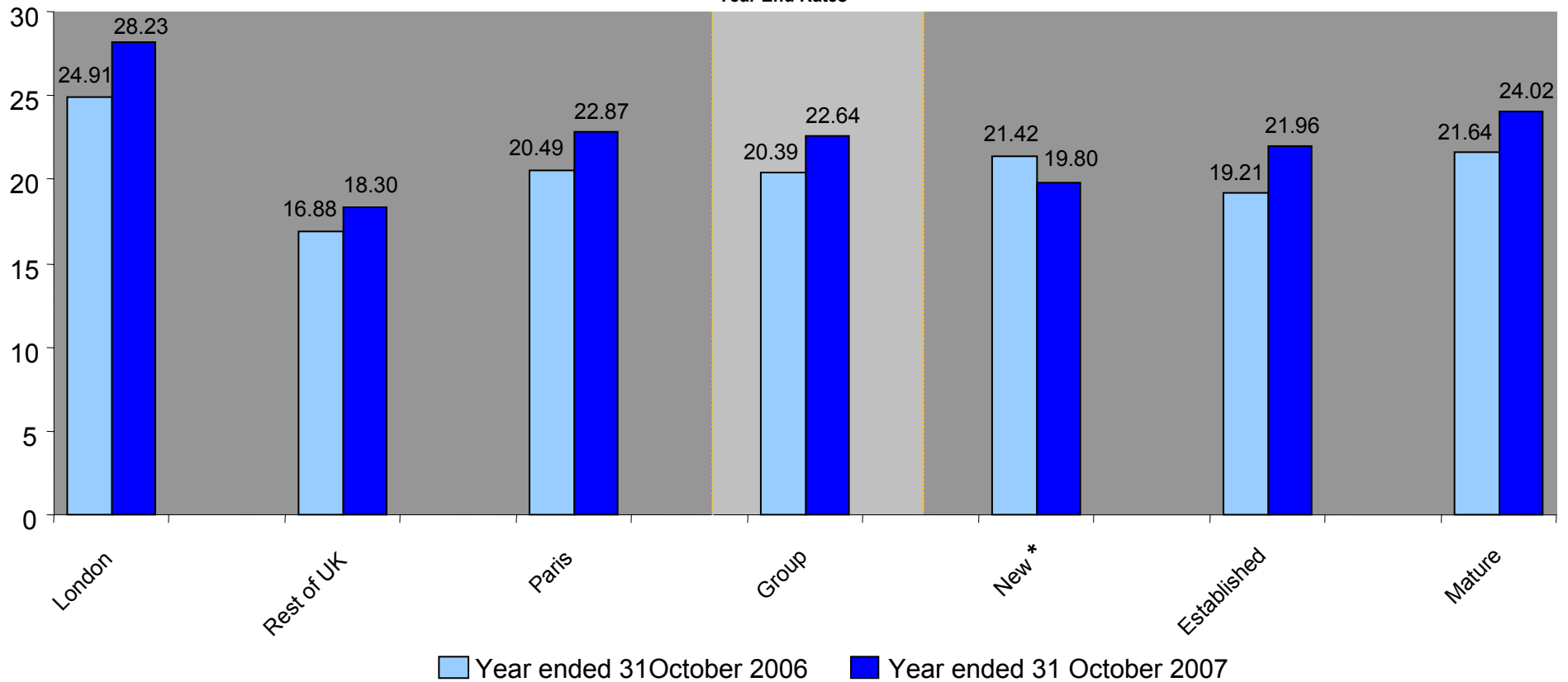
Note
 Mature: pre-1998
 Established: >2 full financial years but post-1998
 New: <2 full financial years

Driving Growth in Rates



Rate (GBP £ / sq ft.)

Year End Rates

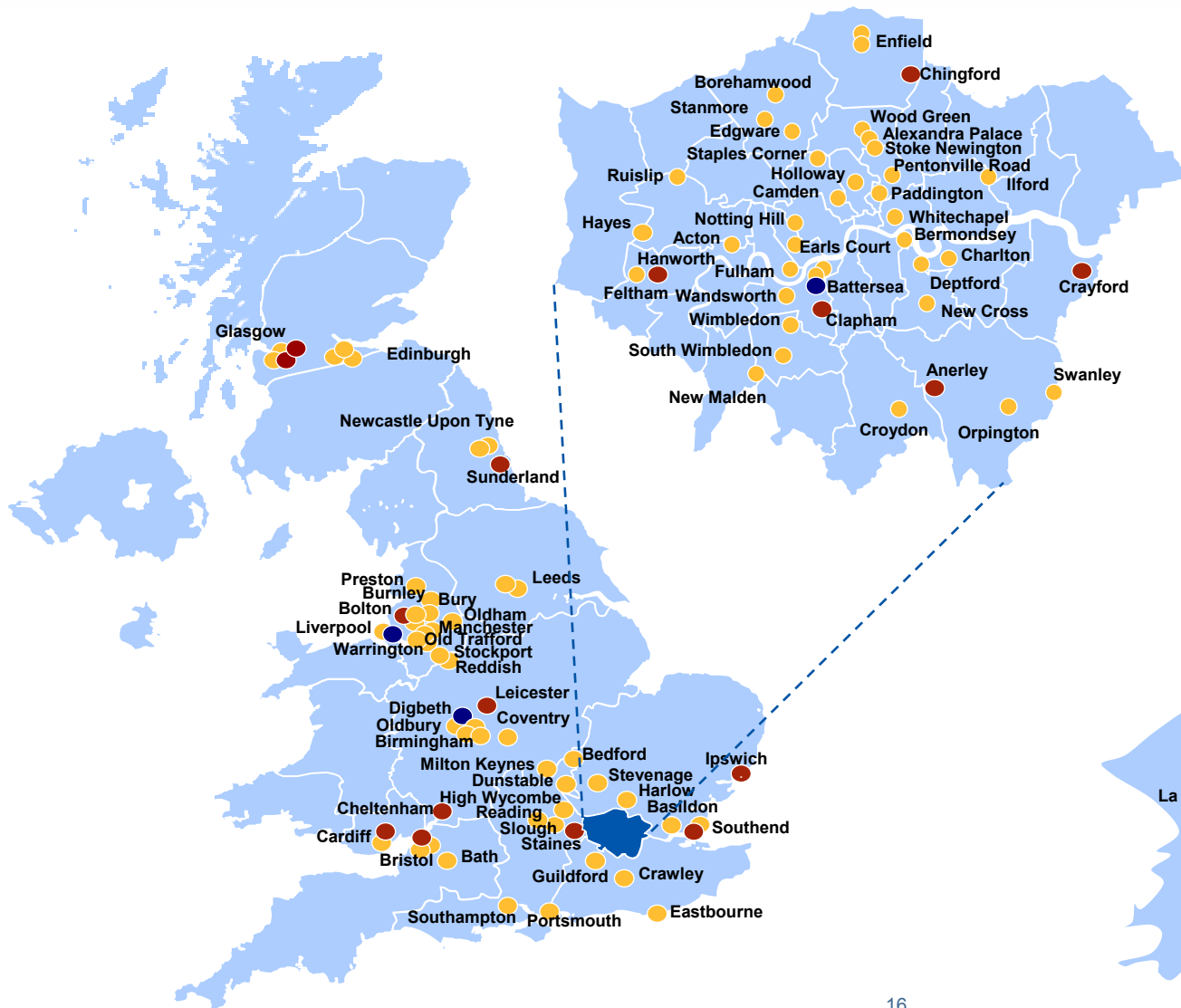


Inner London Stores: 8
 2007 £ 34.35
 2006 £ 30.28

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

* Rate difference due to the timing of the opening of new stores to the Group

Substantial Opportunity for Further Growth



- 103 stores (including 3 Business Centres), 18 expansion sites
- UK national coverage
- Market leader in Paris
- Cluster strategy
- Still many untapped markets

As at 31 October 2007:

- Current stores
- Current Business Centres
- Expansion stores



Expansion Stores



As at 31 October 2007	Tenure	Full Planning	Full Planning	Pipeline MLA Sq. ft	Opened MLA Sq ft	Estimated Opening
		Then	Now			
Development Stores acquired/under contract at the time of the Interim Results						
Glasgow (Dobbies Loan)	FH	✓	✓		77,000	Jan 2008
Glasgow (Rutherglen)	FH	✓	✓	54,000		2008
Cheltenham	LH	✓	✓	42,000		2008
Crayford	LH	✓	✓	42,000		2008
Cardiff	FH	-	-	70,000		2008
Bristol	FH	-	✓	54,000		2008
Total sq ft at IPO				262,000	77,000	
Development Stores acquired/under contract since the Interim Results						
Paris (Rocroy)	FH	N/A	✓	35,000		2008
Sunderland	LH	N/A	✓	49,000		2008
Clapham	FH	N/A	✓	52,000		2008
Paris (Montrouge)	FH	N/A	-	27,000		2008
Chingford	FH	N/A	✓	44,000		2008
Hanworth	LH	N/A	✓	35,000		2008
Leicester	LL	N/A	-	54,000		2009
Staines	FH	N/A	-	43,000		2009
Annerley	LL	N/A	-	42,000		2009
Bolton	FH	N/A	-	48,000		2009
Ipswich	FH	N/A	-	53,000		2009
Southend	FH	N/A	-	49,000		2010
Total sq ft since IPO				531,000	-	
Total Current Sq Ft				793,000	77,000	

- 18 exchanged expansion stores will add circa 900,000 sq ft of MLA by 2010
 - 10 with planning consent
 - 14 freehold / long leasehold
 - 4 short leasehold
 - 14 stores purpose built
- Associated Capex of £85m, of which £32m has been spent as at 31 October 2007
- Expanded UK & French acquisition teams



Brand and Marketing & Enquiry Drivers

- £3.0 million invested in advertising & marketing in 2007
- £0.5 million invested in improved signage
- The Web is the highest driver of enquiries, reflecting our targeted marketing spend
- Signage still contributes to the greatest volume of new business due to the higher conversion rate
- Overall enquiries increased by 28% and new lets by 21%
- Our focus in 2008 will continue to be targeted marketing



Outlook

- Trading in Q1 2008 consistent with historic seasonal trading patterns
 - Revenues in line with expectations
- Strong second and third quarters of the financial year
- Market leader in both UK and Paris to take advantage of growing sector:
 - Fundamentals of business remain robust
 - Increasing awareness of self storage
- Resilient business model, strong operating skills and high quality asset base to underpin performance during economic uncertainty





Appendix

Property Portfolio Valuation – Category Breakdown



	Stores	MLA	October 2007 Valuation	October 2007 % of value	October 2006 Valuation	Uplift	% of Uplift
			£m		£m	£m	
Mature	37	1,673	272	47%	231	42	37%
Established	52	2,116	251	43%	204	48	42%
New	14	678	60	10%	36	24	21%
Total Group	103	4,467	584		471	113	

Investment Property Valuation



£m	Deemed Cost	Revaluation on deemed cost	Valuation
Freehold Centres			
As at 1 November 2006	195.3	161.4	356.7
Movement in Period	<u>16.9</u>	<u>76.0</u>	<u>92.9</u>
As at 31 October 2007	212.2	237.4	449.6
Leasehold Centres			
As at 1 November 2006	47.7	65.3	113.0
Movement in Period	<u>9.1</u>	<u>11.1</u>	<u>20.2</u>
As at 31 October 2007	56.8	76.4	133.2
All Centres			
As at 1 November 2006	243.0	226.7	469.7
Movement in Period	<u>25.9</u>	<u>87.1</u>	<u>113.0</u>
As at 31 October 2007	268.9	313.8	582.7

Customer Average Length of Stay in the UK

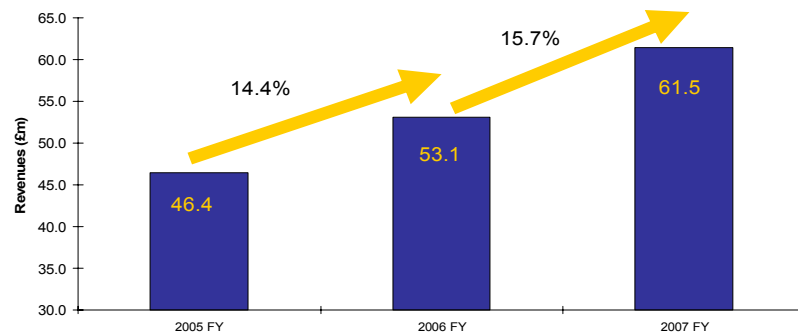


As at 31 October 2007		Stores (No. of Months)									
		< 1 Year		1-2 Years		2-5 Years		>5 Years		Portfolio	
Age of Store											
N° of Stores		5		3		9		64		81	
		(wks)	(mths)	(wks)	(mths)	(wks)	(mths)	(wks)	(mths)	(wks)	(mths)
Business	Existing	8	1.9	29	6.7	60	13.9	118	27.2	107	24.8
	Vacated	6	1.3	15	3.4	24	5.5	39	9.0	38	8.7
	Total	8	1.8	20	4.7	32	7.3	50	11.5	48	11.1
Domestic	Existing	8	1.8	22	5.1	41	9.4	78	17.9	69	16.0
	Vacated	8	1.7	14	3.1	20	4.6	30	6.9	29	6.6
	Total	8	1.8	17	3.8	23	5.4	35	8.0	33	7.7
All	Existing	8	1.8	24	5.4	46	10.7	89	20.6	80	18.5
	Vacated	7	1.7	14	3.2	21	4.8	32	7.4	31	7.1
	Total	8	1.8	17	4.0	25	5.8	38	8.9	37	8.5

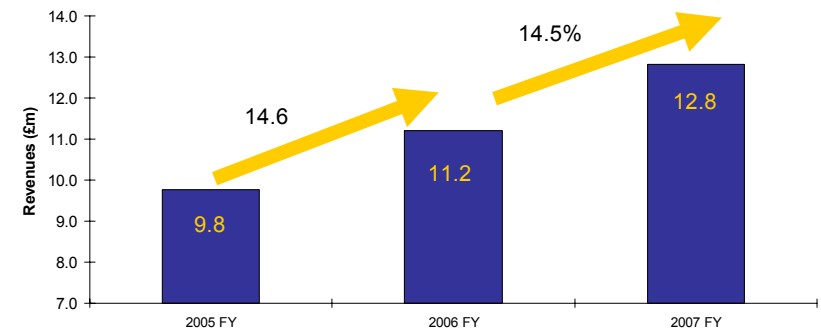
Sales Mix and Contribution Analysis



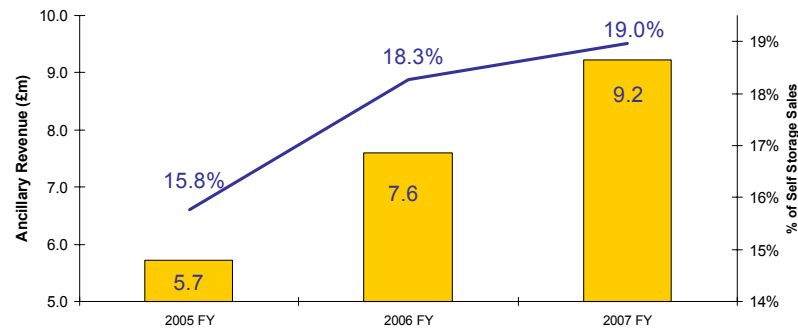
Total Revenue Growth – UK



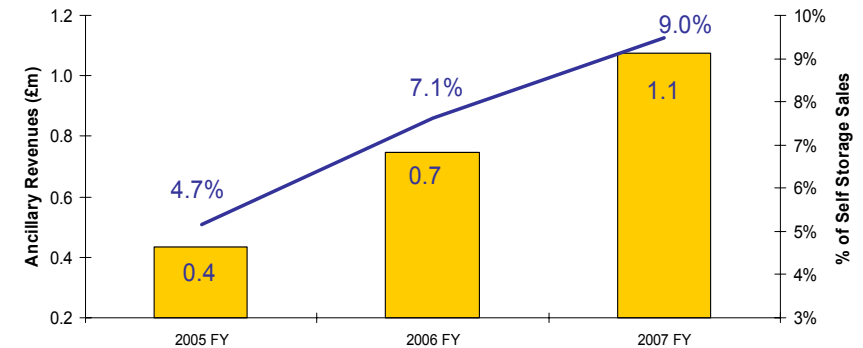
Total Revenue Growth – France



Ancillary Revenue Growth – UK



Ancillary Revenue Growth – France



■ Ancillary Revenue — Ancillary Revenue as % of Self Storage Sales

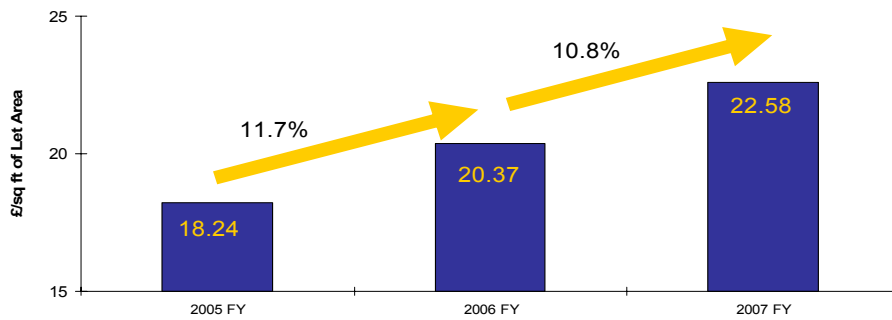
■ Ancillary Revenue — Ancillary Revenue as % of Self Storage Revenue

Strong Performance Indicators



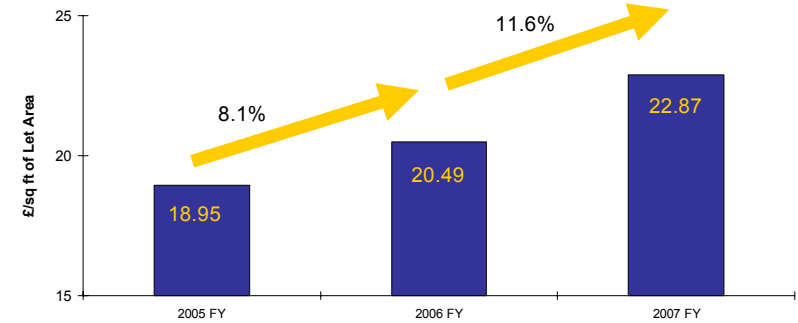
Price Improvements – UK Stores

Year End Rates

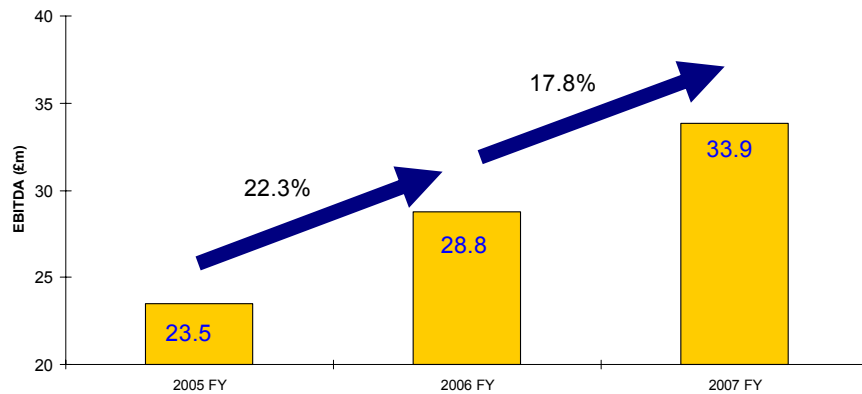


Price Improvements – French Stores

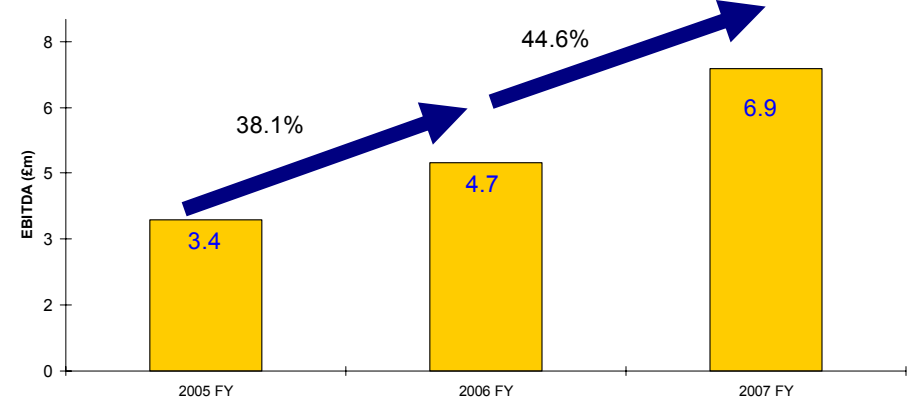
Year End Rates



IFRS EBITDA Growth – UK



IFRS EBITDA Growth – France



Operational Management



	New Stores (0 to 2 full financial years)	Established Stores (2 to 8 years)	Mature Stores (opened pre-1998)
Occupancy Growth	✓ ✓ ✓	✓ ✓	✓
Store Reconfiguration	✓	✓ ✓	✓
Rental Yield	✓	✓ ✓	✓ ✓ ✓
Operational Management	<ul style="list-style-type: none"> • Maximise occupancy growth • Occupancy growth is essential to achieve break-even 	<ul style="list-style-type: none"> • Manage according to specific growth and yield targets • Following occupancy increase, rental yield maximisation becomes focus <ul style="list-style-type: none"> • Progressive development of stores • Store reconfigurations • Quarterly review of rental charges • Price management techniques 	<ul style="list-style-type: none"> • Manage to maximise rental yields and maintain high mature occupancy levels <ul style="list-style-type: none"> • Price management techniques • Store extensions or store satellite opportunities

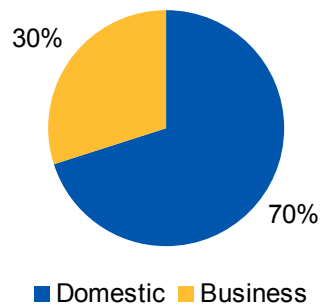
The Customers



Customer Information

- Domestic customers
 - Generally require smaller, higher yielding units
 - Price-inelastic demand
 - Less frequent visits
 - Event-driven customers and lifestyle customers
- Business customers are a mixture of national account customers, and SMEs
 - “Satellite” storage warehouses for business customers
 - Inventory, seasonal stock, display materials
 - Larger unit sizes, longer tenure
- Average length of stay historically for Safestore customers is 40 weeks (73 weeks for current customers)

UK Self Storage Market Customer Mix



Source: SSA Mintel, by number of customers (10 October 2007).

Domestic Customers: Why Self Storage?

House move
Short of space
De-cluttering
Renovation
Moving abroad

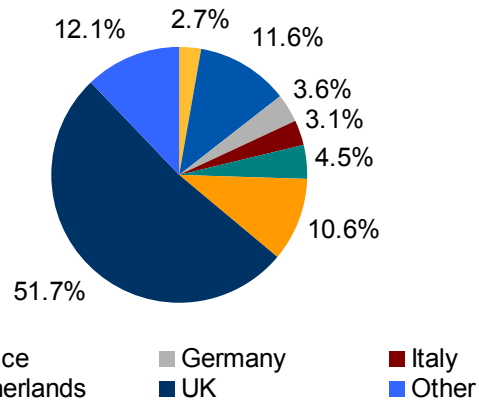
Business Customers: Why Self Storage?

Flexibility
Archiving
Stock
Trade supplies
Exhibition
Furniture
Moving
Disaster recovery planning

UK Self Storage Market: Still Immature



European Market Share by Country (Fedessa)

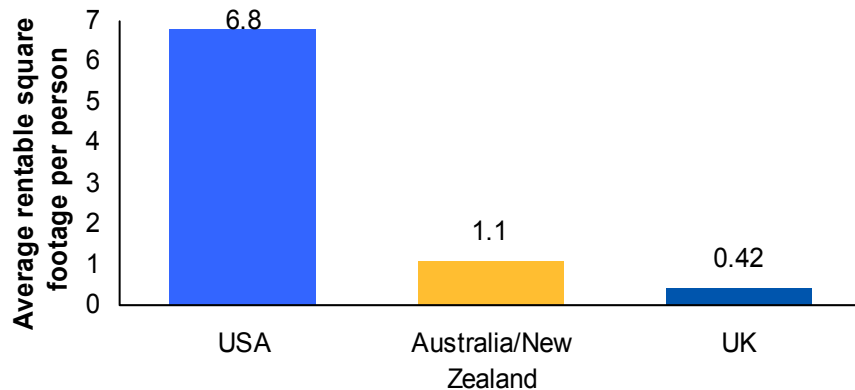


Source: Fedessa current web site (As at Dec 2007).
 Note: Based on Fedessa members' stores only.

Favourable Change in Demographic Factors

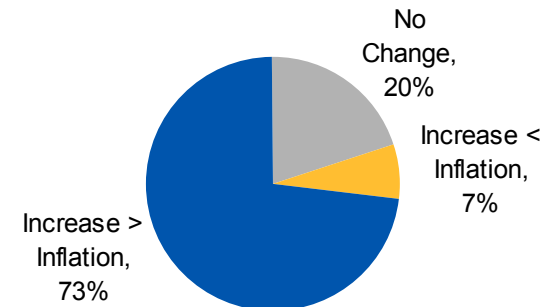
- UK self storage market has increased in size from 81 stores in 1996 to 680 stores in 2007
- According to SSA, UK self storage is growing at c.15% p.a. (in terms of space available for rental and the generation of revenues)
- France also has attractive growth prospects
- Proven growth through fluctuations in the housing market

Low Penetration per Capita in UK Self Storage Space



Source: SSA Mintel.

Positive Pricing Trends



Source: SSA Mintel.
 Note: Survey of Change in UK Self Storage Customer Room Rates, 2006-2007

Disclaimer



This document has been prepared by the Company solely for use at presentations held in connection with the announcement of its Preliminary Results for the year ended 31 October 2007. The information in this document has not been independently verified and no representation or warranty, express or implied, is made as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of the information or opinions contained herein. None of the Company or any of its affiliates advisors or representatives shall have any liability whatsoever (in negligence or otherwise) for any loss whatsoever arising from any use of this document, or its contents, or otherwise arising in connection with this document.

Information in this document relating to the price at which investments have been bought or sold in the past or the yield on investments cannot be relied upon as a guide to future performance.

Certain statements in this document 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 document 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 announcement.

Except as required by law, the Company is under no obligation to update or keep current the forward-looking statements contained in this document or to correct any inaccuracies which may become apparent in such forward-looking statements.