16 June 2016

Safestore Holdings plc

Interim Results for the 6 months ended 30 April 2016

A good first half, continued strong earnings and cash flow growth

Key measures

	6 months ended 30 April 2016	6 months ended 30 April 2015	Change	Change-CER[1]
Underlying and Operating Metrics				
Revenue	£54.1m	£50.4m	7.3%	7.3%
Underlying EBITDA[2]	£29.3m	£26.9m	8.9%	8.9%
Revenue- like-for-like[3]	£54.1m	£49.0m	10.4%	10.4%
Underlying EBITDA- like-for-like[3]	£29.3m	£26.0m	12.7%	12.7%
Cash Tax Adjusted Earnings per Share[4]	9.0p	7.6p	18.4%	n/a
Dividend per Share	3.6p	3.0p	20.0%	n/a
Free Cash flow[5]	£19.7m	£15.7m	25.5%	n/a
Closing Occupancy[6]	70.9%	68.9%	+2.0ppts	n/a
Average Storage Rate	£26.02	£24.86	4.7%	4.7%
EPRA basic NAV per share	£2.78	£2.34	18.8%	n/a
Statutory Metrics				
Profit before tax[7]	£49.1m	£62.2m	(21.1%)	n/a
Basic Earnings per Share	22.0p	28.8p	(23.6%)	n/a

Highlights

Strong Financial Performance

- Group like-for-like revenue up 10.4% with UK up 11.7% and Paris up 6.8%
- Cash Tax Adjusted Earnings per Share up 18.4% at 9.0p
- Free Cash Flow up 25% to £19.7m
- Interim dividend of 3.6p, increased by 20% compared to April 2015

Further Operational Progress

- Closing occupancy up 2.0ppts at 70.9%
- Average rate growth of 4.7% in the period with UK up 5.6%
- Successful transition to new consumer website

Attractive and growing pipeline of new sites

- Net additional new space of c.217,000 square feet to be added
  - Five new stores in Chiswick, Wandsworth, Birmingham, Altrincham and Emerainville (Paris)
  - Extensions to our stores in Acton and Longpont (Paris)
- Option to acquire the 12 store Space Maker portfolio

Strong and Flexible Balance Sheet

- Group Loan to Value[8] ("LTV") at 30%, Interest Cover Ratio of 5.1x
- Underlying finance costs reduced by 14% year-on-year

Frederic Vecchioli, Safestore's Chief Executive Officer, commented:

"I am pleased to report another strong six months of progress across the business. Our continued focus on optimising operational performance through a combination of occupancy and rate growth, has again delivered double digit like-for-like revenue growth. When combined with tight cost control, this has resulted in an 18% improvement in cash tax adjusted earnings per share and strong free cash flow, up 25% on the prior year.

"As we enter the second half of the year I look forward to the opening of five new stores which will enhance our existing strong portfolio and I also hope to be able to confirm the addition of a further twelve stores to the portfolio with the completion of the acquisition of Space Maker.

"Our main focus will, however, continue to be on the opportunity presented by our 1.44m square feet of currently unlet space, the equivalent of around 30 stores.

"Initial trading in the second half of the year continues to be robust and the Board now expects full year earnings to be modestly above the top end of current market expectations[9]."

Notes

1 – CER is Constant Exchange Rates (Euro denominated results for the current period have been retranslated at the exchange rate effective for the comparative period, and the impact of foreign exchange swaps has been reversed, in order to present the reported results on a more comparable basis). The average Euro exchange rate for the current period was €1.325:£1, the same as for the comparative period, so CER retranslation has had only a negligible impact on the reported results.

2 – Underlying EBITDA is defined as operating profit before exceptional items, corporate transaction costs, change in fair value of derivatives, gain/loss on investment properties, contingent rent and depreciation. Underlying profit before tax is defined as underlying EBITDA less leasehold rent, depreciation charged on property, plant and equipment and net finance charges relating to bank loans and cash.

3 – Like-for-like numbers exclude Whitechapel and New Malden from the prior year numbers. In addition, Wandsworth, which is currently closed for redevelopment, has been excluded from the prior year.

4 – Cash tax adjusted earnings per share is defined as profit or loss for the period before exceptional items, corporate transaction costs, change in fair value of derivatives, gain/loss on investment properties and the associated tax impacts as well as exceptional tax items and deferred tax charges, divided by the weighted average number of shares in issue (excluding shares held by the Safestore Employee Benefit Trust).

5 – Free cash flow is defined as cash flow before investing and financing activities but after leasehold rent payments.

6 – Closing occupancy excludes offices but includes 37,750 sq ft of bulk tenancy as at 30 April 2016 (30 April 2015: 69,072 sq ft).

7 – Includes a gain on investment properties of £28.2m in 2016 (30 April 2015: £43.9m).

8 – Loan to Value is calculated as gross debt (excluding finance leases) as a proportion of the valuation of investment properties and properties under construction (excluding finance leases).

9 - As of today's date, based on the forecasts of 9 analysts, the consensus range for cash tax adjusted earnings per share for the year ended October 2016 is 17.5p to 18.0p

10 – Includes the openings of new stores in Chiswick, Birmingham, Wandsworth and Altrincham later this year.

11 – Based on unaudited EBITDA before the impact of management charges for the year ended 30 April 2016 and including the impact of estimated cash to be acquired with the business.

12 – Includes the impact of a property valuation subsequently performed but which was not reflected in the April 2015 UK GAAP statutory accounts, but excludes interests in leasehold properties estimated at c.£10m, which would be offset in the balance sheet by an equal and opposite finance lease liability. UK GAAP gross assets at April 2015, before adjustment, were £17.1m.

13 – MLA is Maximum Lettable Area. Group MLA is currently 4.925m sq ft.

Summary

Safestore has delivered a strong financial performance in the first half of the year. Group revenue increased 10.4% on a like-for-like basis with the UK growing by 11.7% and our Parisian business by 6.8% on a constant currency basis[1]. The Group's occupancy increased by 2.0 percentage points (ppts) to 70.9% with the average storage rate up 4.7%.

The operational progress across the UK has continued in the period. Further to the transition to our newly developed website in the period, enquiry growth remained healthy with improving momentum as we exited the half year. New lets in the first half grew by 4% and, as a result, occupancy in the UK was up 1.8ppts to 68.6%. At the same time our UK rate grew by 5.6%.

In Paris, our market leading portfolio has delivered a robust performance resulting in increases in occupancy, rate and like-for-like revenue. Occupancy ended the period at 79.4%, a 2.2ppts increase compared to the prior year and rate grew by 1.9% (CER[1]). The Paris business has grown revenue every year since its inception and that trend continued in the first half of 2016.

As a result, Group revenue increased 7.3% to £54.1m. Given the partially fixed cost nature of the business, Group underlying EBITDA, at £29.3m, increased by £2.4m or 8.9% on the prior year despite the non-repetition of the £0.4m of hedge income received in 2015. Cash tax adjusted EPS grew 18.4% in the period to 9.0p (2015: 7.6p) reflecting the strong EBITDA performance and the reduced finance costs following the amendment and extension of the bank facilities completed in August 2015.

Our property portfolio valuation, including investment properties under construction, increased by £57.1m since October 2015 to £838.6m. On a CER basis the portfolio valuation increased by 5.0% with the UK portfolio up £30.7m to £634.3m and the French portfolio up €11.5m to €260.8m.

As a result of the continued improvements to our business and the strong growth in earnings and free cash flow during the period, the Board is pleased to announce a 20% increase in the interim dividend to 3.6p per share (2015: 3.0p) in line with its policy to grow the dividend at least in line with earnings. The interim dividend has now increased by 67% over the last two years.

Outlook

We are pleased with the continued progress achieved in the first half of the financial year. Early trading in the second half is encouraging and accordingly we are confident that the business will deliver a strong performance for the year as a whole.

In keeping with our strategy we will continue to focus on leveraging our scale and strong market positions in both the UK and Paris to fill the 1.44m sq ft of currently unoccupied space. We look forward to growing our portfolio with the addition of five new stores and two store extensions adding net space of c.217,000 sq ft before the end of the calendar year and aim to complete the acquisition of Space Maker in a similar time period. Underpinned by our strong and flexible balance sheet, we continue to review further selected development and acquisition opportunities that meet our strict investment criteria.

The Self Storage Association 2015 Survey (released June 2016) confirmed that the number of people that had never heard of self-storage reduced by 33% since the previous year. This contributes to our confidence that, with increasing consumer awareness, the industry remains well positioned for future growth.

For further information, please contact:

Safestore Holdings PLC

Frederic Vecchioli, Chief Executive Officer Andy Jones, Chief Financial Officer	Tel: 020 7457 2020 on Thursday 16 June and thereafter on 0208 732 1565

www.safestore.com

Instinctif Partners

Mark Reed/ Tom Davies	Tel: 020 7457 2020

A presentation for analysts will be held at 9.30am today at:

Instinctif Partners, 65 Gresham Street, London, EC2V 7NQ

For dial-in details of the presentation please contact:

Tom Davies (thomas.davies@instinctif.com or telephone on Tel: 020 7457 2020).

Notes to Editors

- Safestore is the UK's largest self-storage group with 119 stores, comprising 95 wholly owned stores in the UK (including 56 in London and the South East with the remainder in key metropolitan areas such as Manchester, Birmingham, Glasgow, Edinburgh, Liverpool and Bristol) and 24 wholly owned stores in the Paris region. In addition, Safestore has 12 Space Maker stores under management in the UK.

- Safestore operates more self-storage sites inside the M25 and in central Paris than any competitor providing more proximity to customers in the wealthiest and densest UK and French markets.

- Safestore was founded in the UK in 1998. It acquired the French business "Une Pièce en Plus" ("UPP") in 2004 which was founded in 1998 by the current Safestore Group CEO Frederic Vecchioli.

- Safestore has been listed on the London Stock Exchange since 2007. It entered the FTSE 250 index in October 2015.

- The Group provides storage to around 48,300 personal and business customers.

- Safestore (excluding Space Maker) has a maximum lettable area ("MLA") of 4.925 million sq ft (excluding the expansion pipeline stores) of which 3.490 million sq ft is currently occupied.

- Safestore employs around 525 people in the UK and France.

Our Strategy

We are confident that the Group has a well located asset base, management expertise, infrastructure, scale and balance sheet strength to exploit the current healthy industry dynamics and the macro-economic environment. Over the last two and a half years we have made significant progress on the strategy set out in January 2014. As we look forward, we consider that the Group has the potential to significantly increase its earnings per share by:

- Optimising the trading performance of the existing portfolio;
- Maintaining a strong and flexible capital structure; and
- Taking advantage of selective portfolio management and expansion opportunities.

Optimisation of Existing Portfolio

We have a high quality, fully invested estate in both the UK and Paris. Of our 119 stores, 80 are in London and the South East of England or in Paris with 39 in the other major UK cities. Accordingly, we operate more stores inside the M25 than any other competitor.

However, at the current occupancy level of 70.9% we have 1.44m sq ft of unoccupied space, of which 1.23m sq ft is in our UK stores and 0.21m sq ft in Paris. This is the equivalent of around 30 empty stores located across the estate. The available space is fully invested and the related operating costs are largely fixed and already included in the Group cost base. Our ongoing focus will be on ensuring that we drive occupancy to utilise this capacity at carefully managed rates as well as continuing to drive revenue growth through the yield management of our existing customer base.

There are three elements that are critical to the optimisation of our existing portfolio.

- Enquiry generation through an effective and efficient marketing operation;
- Strong conversion of enquiries into new lets through a motivated and dynamic store team; and
- Disciplined central revenue management and cost control.

Effective and Efficient Marketing Operation

Over the last 12 months, our marketing team performed well, demonstrating the clear benefit of scale in the generation of customer enquiries. Safestore has developed a leading digital marketing platform that has generated 47% enquiry growth over the last four years. Towards the end of 2015, the Group launched a new dynamic and mobile-friendly website designed to provide the customer with an even clearer, more efficient experience.

Enquiry growth was slower in the first quarter as we transitioned to our new website but exited the half year at a strong rate averaging at 4.5% for the period.

Awareness of self-storage is progressing each year but remains relatively low. In the UK over 70% of our new customers are using self-storage for the first time. It is essentially a brand-blind product with only 12% of respondents in the recent Self Storage Association Annual Survey stating that a brand would influence their purchase decision. Typically customers requiring storage start their journey by conducting detailed online research using generic keywords in their locality.

Online enquiries now represent 80% of our enquiries in the UK and 62% in France. 52% of our online enquiries in the UK originate from mobiles or tablets, an increase of 24% in the last 12 months. It is, therefore, critically important to appear on the top rankings of customer searches made through the internet. The ranking in the search pages is a result of a complex function that combines the budget invested directly into the paid search and the capacity to allocate it efficiently on a real time basis, with the budget invested indirectly into the numerous actions that optimise the website, which, together with its size and traffic, determines its relevance and quality score for the search engines. Our in-house expertise and skills and an annual budget of c. £5m (£4m in the UK and £1m in Paris) enable us to achieve the above results.

A key objective of our marketing team has been to improve the volume of organic enquiries generated by the business and we will continue to invest in our Search Engine Optimisation (“SEO”) capabilities. In November 2015 we launched a new dynamic customer website designed to further improve our industry leading web offering with enhanced search engine performance, optimisation for mobile devices and to allow for improved bespoke management of our rich website content. The website features a more responsive design and a social hub featuring a new blog and, since its launch, enquiry capture has improved by 6%.

Motivated and Dynamic Store Team

In what is still a relatively immature and poorly understood product, customer service and selling skills at the point of sale are both essential in earning the trust of the customer and in driving the appropriate balance of volumes and unit price in order to optimise revenue growth in each store.

Over the last two years we have established a dynamic, well trained and appropriately incentivised store team. Our Director of Operations, Head of HR, 60% of our UK Regional Managers and 50% of our UK Store Managers have joined the business in that period. In addition, we are merging our Sales Assistant and Assistant Manager roles into the new Sales Consultant role and 55% of this transition has already taken place with over 100 colleagues currently in this role.

New recruits to the business benefit from enhanced induction and training tools which have been developed in-house, enabling us to quickly identify high potential individuals. All new recruits receive individual performance targets within 4 weeks of joining the business and certain new recruits are placed on the ‘pay-for-skills’ programme which allows accelerated basic pay increases dependent on success in demonstrating specific and defined skills. An aim of our program is to ensure that close to 100% of our store managers are promoted internally.

All store staff continue to benefit from on-going training and development and our internally developed Learning Management System enables us to continually enhance our sales process, compliance monitoring and customer service.

Over the last 18 months we have developed a customised coaching programme for Store Managers. The training is delivered by Regional Managers and is focused on continual improvement in sales performance.

The performance of all team members is monitored closely via a series of daily, weekly and monthly Key Performance Indicators. Bonuses of up to 50% of basic salary can be earned monthly based on performance against new lets, occupancy, ancillary sales and pricing targets. In addition, a Values and Behaviours framework is overlaid on individuals’ financial performance in order to assess team members’ performance and development needs on a quarterly basis.

Further, Feefo, the independent merchant review system, which allows customers to leave their feedback on the quality of our customer service, has been integrated into our website since 2013. Over this period, our customer satisfaction score has not dropped below 93%.

The benefit of these initiatives is reflected in an improving performance by the stores in converting enquiries into new lets. A further 4% growth in new lets was achieved in the period which we believe to be an industry leading performance.

Central Revenue Management and Cost Control

We aim to optimise revenue by improving the utilisation of the available space in our portfolio at carefully managed rates. Our central pricing team is responsible for the management of our dynamic pricing policy, the implementation of promotional offers and the identification of additional ancillary revenue opportunities. Whilst price lists are managed centrally and can be adjusted on a real time basis when needed, the store sales teams have the ability to offer a Lowest Price Guarantee in the event that a local competitor is offering a lower price. The reduction in the level of discount offered over the last two years is linked to store team variable incentivisation and is monitored closely by the central pricing team.

During the last 18 months, the implementation of new Business Intelligence software has enhanced the team's ability to identify pricing opportunities, monitor competitive pricing in local markets and to establish optimal unit mix in individual stores.

Our strategy of revenue optimisation is implemented by continually reviewing the appropriate mix of occupancy and rate growth targets, store by store. The work of the central pricing team has contributed to average year-on-year rate increases of 5.6% in the UK and 1.9% in Paris in the last six months, while increasing occupancy at the same time by 1.8ppts and 2.2ppts respectively.

Rate growth is predominantly influenced by:

- The store location and catchment area;
- The volume of enquiries generated online;
- The store team skills at converting these enquiries into new lets at the expected price; and
- The pricing policy and the confidence provided by analytical capabilities.

We believe that Safestore has a very strong proposition in each of these areas.

Costs are managed centrally with a lean structure maintained at the Head Office. Enhancements to cost control are continually considered and, in the last year, a central Maintenance Service Centre has been established to improve the coordination, sourcing and control of maintenance work required in the stores.

Strong and Flexible Capital Structure

We believe we have a capital structure that is appropriate for our business and which provides us with the flexibility to take advantage of carefully evaluated development and acquisition opportunities. We will keep under review our optimal capital structure.

Our current Loan to Value ratio ("LTV") of 30% and our Interest Cover Ratio of 5.1x provides us with significant headroom against our banking covenants. The August 2015 refinancing extended our UK banking facilities to June 2020, reduced the margin on our UK and Euro debt to 1.5%, removed the requirement for mandatory debt repayments of £30m over the next three years and provided us with an additional uncommitted £60m credit facility (of which £45m has subsequently been committed). Including the uncommitted facility, we now have undrawn facilities of £140.5m. The Group aims to maintain LTV of between 30% and 40% for the foreseeable future.

The Group's balance sheet and trading performance should allow for the generation of sufficient free cash after dividends to fund the building of one to two new stores per annum depending on location and availability of land.

The Group evaluates development and acquisition opportunities in a careful and disciplined manner against rigorous investment criteria. Our investment policy requires certain Board approved hurdle rates to be considered achievable prior to progressing an investment opportunity.

Portfolio management

Our targeted approach to store development and acquisition in the UK and Paris continues to be pragmatic, flexible and returns focused and complementary to our core focus on optimising the existing portfolio.

Our property team is continually seeking investment opportunities in new sites to add to the store pipeline. However, investments will only be made if they meet our disciplined and strict investment criteria.

Over the coming months the Group plans to open, on time and on budget, five new sites in Chiswick, Wandsworth, Birmingham, Altrincham and Paris Emerainville. All stores have planning permission and work is progressing on four of the sites. Construction work will commence at our new Altrincham site as soon as the site acquisition has been completed which is anticipated in the coming weeks. Overall, the five new sites will provide gross new MLA of 226,000 sq ft (190,000 sq ft net of existing space in Wandsworth and the conditional disposal of our Birmingham Central site).

The Chiswick site is located on the A4 in West London and will provide a new flagship freehold store of 42,500 sq ft which is planned to open in the fourth calendar quarter of 2016. The estimated cost to completion of this freehold store is £3.8m.

In Wandsworth, we have an existing 10,000 sq ft store on Garratt Lane in South West London as well as an additional adjoining 0.25 acre parcel of land. We closed our existing store at the end of 2015 and are in the process of redeveloping the site to include a new purpose-built 33,200 sq ft freehold store which is scheduled to open in the third calendar quarter of 2016 and is estimated to cost £3.3m.

In Birmingham, we are currently constructing a new flagship store on the A34 North of the centre of Birmingham which is due to open in the fourth calendar quarter of 2016. The long leasehold store will provide 51,000 sq ft of space and estimated costs of this build are £3.8m.

We recently exchanged contracts in May 2016 on the sale of our Birmingham Central store for £3.6m to Unite, subject to the purchaser receiving planning permission. Birmingham Central is a 26,000 sq ft store with occupancy at 72.8% at April 2016. We anticipate transferring our Birmingham Central customers to our new Birmingham store on completion of the build.

We also recently exchanged contracts on the freehold purchase of a building located on an easily accessible site opposite Altrincham Retail Park. Altrincham and Sale is an affluent area with a population of 206,000 and significant inward investment. The total cost of this project is estimated to be c.£3.2m with a planned opening before the end of the calendar year. We are confident that the new 39,000 square foot store will be a valuable addition to our portfolio.

In Paris, where regulatory barriers are likely to continue to restrict new development inside the city, we will continue our policy of segmenting our demand and encouraging the customers who wish to reduce their storage costs to utilise the second belt stores., We will also manage occupancy and rates upwards in the more central stores and ensure that pricing recognises the value customers place on the convenience of physical proximity. The strong selling organisation and store network established by Une Pièce en Plus in Paris uniquely enables it to implement this commercial policy.

As we announced in February 2016, we have acquired a freehold site in eastern Paris adjacent to the A4 motorway at Marnes-la-Vallée in the town of Emerainville for €4.2m. The site contains an existing warehouse which will be converted into a c.60,000 sq ft self-storage facility and c.8,000 sq ft of serviced offices. The planned costs of conversion are c.€2.4m. We anticipate that the new store will open in late Summer 2016.

During the period we extended the lease on our Burnley store. We have now extended the leases on 18 stores or c.57% of our leased store portfolio in the UK since FY2012 and our average lease length remaining now stands at 13.7 years, up from 13.4 years at H1 2015.

Finally, we are extending our stores at Acton and Longpont to add, in aggregate, a further 27,500 sq ft of space. Prior to commencing works on these sites, our Acton store was 89% occupied and our Longpont store was at 83%.

We continue to seek asset management opportunities to develop our store portfolio. Further lease re-gearing and income generation opportunities will be explored on an ongoing basis. Looking forward, our approach to store development and potential acquisition opportunities in the future will be pragmatic, flexible and returns focused.

Acquisition of Space Maker

In March 2016 we announced that we have entered into a put and call option agreement to acquire Space Maker Stores Ltd (“SMS”) from Allodial Capital Ltd and James Elton (the “Vendors”). An initial consideration of £43.0m less certain downward adjustments to the enterprise value (“initial consideration”) will be payable in cash on completion of the acquisition. Up to £1.4m of deferred consideration (“deferred consideration”) may become payable in cash between six months and three years from the date of completion, subject to the SMS business achieving certain performance targets during that period.

SMS is the ninth largest self-storage portfolio in the UK with 12 stores located in Bournemouth (two stores), Colchester, Redhill, Romford, Brentford, Chelmsford, Exeter, Leeds, Plymouth, Portsmouth and Poole, and has a fully invested built out lettable area of c.496,000 sq ft. Six of the SMS stores are freehold or long leasehold and six are leasehold stores with an average remaining lease length of 16.4 years at 30 April 2016.

Safestore has a strong operational knowledge of the SMS portfolio, having managed the business since 2010 under a management services agreement (“MSA”). The MSA, for which Safestore received £0.6m per annum, was due to expire at the end of April 2016. It will now continue until completion of the acquisition.

This acquisition will reinforce Safestore’s position as the leading operator in the UK by number of stores with a combined total of 110 stores[10], 63 of which will be in London and the South East. The SMS portfolio was operating at 62% occupancy (of built out lettable area) at the end of April 2016 which Safestore believes it can improve once fully integrated into its own operational platform.

In the year to 30 April 2016, SMS delivered EBITDA (before management fees) of £3.9m (unaudited) on turnover of £8.7m. At the initial consideration price, the SMS portfolio has an implied first year net operating income yield of c.9.4%[11] before the impact of management charges which would rise to c.12% if the SMS stores achieve 80% occupancy at today's rental rate levels.

The SMS business, which had pro forma gross assets[12] of £45.6m at 30 April 2015, will be acquired on a debt free basis with the total consideration (comprising the initial consideration and, if applicable, the deferred consideration) expected to be c.£44.4m. The acquisition will be funded from the Group’s existing debt facilities, with £45m of the Group’s £60m accordion facility converted into a committed revolving credit facility. On a pro forma basis, the Group’s Loan to Value ratio post completion of this acquisition would be c.34% compared to 30% at 30 April 2016.

The acquisition is expected to be immediately accretive to Group earnings per share from completion and will support the Group’s future dividend capacity.

The call option can be exercised by Safestore at any time until March 2018 and, similarly, the put option can be exercised by the Vendors at any time over the same period, conditional upon the conclusion of certain property related matters which are expected to be finalised in due course. A further announcement will be made following exercise of the call option by Safestore or the put option by the Vendors.

Trading Performance

Group

Group Operating Performance	H1 2016	H1 2015	Change	Change-CER[1]
Revenue- like-for-like (£'m)[3]	54.1	49.0	10.4%	10.4%
Revenue (£'m)	54.1	50.4	7.3%	7.3%
EBITDA (£'m)[2]	29.3	26.9	8.9%	8.9%
EBITDA (after leasehold costs) (£'m)	25.4	22.4	13.4%	13.4%
Closing Occupancy (let sq ft- million)[6]	3.49	3.47	0.6%	n/a
Closing Occupancy (% of MLA)[13]	70.9%	68.9%	+2.0ppts	n/a
Average Storage Rate (£)	26.02	24.86	4.7%	4.7%

Group revenue was up 10.4% on a like-for-like basis[3]. Occupancy increased by 2.0ppts compared with a year ago. Our average rate has again performed strongly and is 4.7% ahead of the prior half year.

Whilst occupancy has improved by 2.0ppts over the period, we still have 1.23 million sq ft of space that is currently unlet in the UK and 0.21 million sq ft in Paris. Our operational focus is on continuing to grow revenue by striking the right balance between occupancy and rate growth.

UK – another strong performance

UK Operating Performance	H1 2016	H1 2015	Change
Revenue- like-for-like (£'m)[3]	41.1	36.8	11.7%
Revenue (£'m)	41.1	38.2	7.6%
Store EBITDA (£'m)	25.7	22.9	12.2%
Store EBITDA Margin	62.5%	59.9%	+2.6ppts
EBITDA (£'m)[2]	20.8	18.8	10.6%
EBITDA (after leasehold costs) (£'m)	18.7	16.2	15.4%
Closing Occupancy (let sq ft- million)[6]	2.69	2.69	=
Closing Occupancy (% of MLA)[13]	68.6%	66.8%	+1.8ppts
Average Storage Rate (£)	24.82	23.51	5.6%

Our UK revenue was up 11.7% on the prior year on a like-for-like basis.

EBITDA was £2.0m ahead of H1 2015 driven by the strong revenue performance and control of costs.

Our UK business ended the period with closing occupancy of 2.69m sq ft or 68.6% of our Maximum Lettable Area, an increase of 1.8ppts. The absolute sq ft occupied was in line with H1 2015 despite the subsequent planned permanent closures of our New Malden and Whitechapel stores and the temporary closure of our Wandsworth store which is being developed into a new, enlarged, purpose-built facility. These three stores had an occupancy of 83,000 sq ft at H1 2015. Excluding the impact of these closures, closing occupancy grew by 3.2%. In H1 2016 we saw an occupancy outflow of 69,000 sq ft as compared to a small inflow in H1 2015. During the period we vacated c.30,000 sq ft of low rate bulk customers in order to fit out the space with new, more profitable smaller units which contributed to the occupancy outflow. Excluding the impact of these planned vacates, occupancy growth would have been 2.6ppts.

Pricing remained strong in the period and our average rate for the first half of 2016 was up 5.6% on H1 2015. We are encouraged by the positive rate trends although we expect the rate of growth to slow as we move forward in line with our medium term growth guidance of 2-4% rate growth per annum.

Our store cost base in the UK was strictly controlled in the period and was broadly in line with the prior year, and combined with the strong revenue performance, resulted in Store EBITDA margins increasing to 62.5% (H1 2015: 59.9%).

Paris – a robust performance in a challenging environment

Paris Operating Performance	H1 2015	H1 2015	Change
Revenue- like-for-like (€'m)[3]	17.3	16.2	6.8%
Revenue (€'m)	17.3	16.2	6.8%
Store EBITDA (€'m)	12.5	11.3	10.6%
Store EBITDA Margin	72.3%	69.8%	+2.5ppts
EBITDA (€'m)[2]	11.3	10.3	9.7%
EBITDA (after leasehold costs) (€'m)	8.8	7.8	12.8%
Closing Occupancy (let sq ft- million)[6]	0.80	0.78	2.6%
Closing Occupancy (% of MLA)[13]	79.4%	77.2%	2.2ppts
Average Storage Rate (€)	39.71	38.97	1.9%
Revenue- like-for-like (£'m)[3]	13.0	12.2	6.6%
Revenue (£'m)	13.0	12.2	6.6%

Our Parisian business has performed robustly during the period. Euro denominated revenue has increased by 6.8% over H1 2015 to €17.3m (2015: €16.2m). The average exchange rate in the period was £1: €1.325 which was in line with H1 2015. As a result, the impact of movements in the exchange rate on revenue is negligible. For the purposes of the above analysis, the £0.4m hedge income received in H1 2015, which did not repeat in H1 2016 as a result of our allowing the hedge arrangements to lapse, has been excluded from the EBITDA figures.

Closing occupancy was 0.80m sq ft, 2.6% ahead of the closing half year position in 2015. This represents 79.4% of MLA[13] at 30 April 2016, an increase of 2.2ppts.

The average self-storage rate per sq ft for H1 2016 in Paris was €39.71, 1.9% higher than at H1 2015. Rate growth was within the range of our medium term guidance of 1-3% of rate growth per annum.

Store costs in the period were well controlled and slightly down year-on-year with variable incentivisation costs lower than in the prior year. As a result Store EBITDA margins increased by 2.5ppts to 72.3% (H1 2015: 69.8%).

Portfolio Summary

The self-storage market has been growing in the last 15 years across many European countries but few regions offer the unique characteristic of London and Paris, both of which consist of large, wealthy and densely populated markets. In the London region, the population is 13 million inhabitants with a density of 5,200 inhabitants per square mile in the region, 11,000 per square mile in the city of London and up to 32,000 in the densest boroughs.

The population of the Paris urban area is 10.7 million inhabitants with a density of 9,300 inhabitants per square mile in the urban area but 54,000 per square mile in the City of Paris and first belt, where 75% of our French stores are located and which has one of the highest densities in the western world. 85% of the Paris region population live in central parts of the city versus the rest of the urban area which compares with 60% in the London region. There are currently c. 200 storage centres within the M25 as compared to only c. 85 in the Paris urban area.

Further development in these two important city markets is difficult due to land values and limited availability of sites as well as planning regulation. This is particularly the case for Paris and its first belt, which inhibits new development possibilities.

Our combined operations in London and Paris, with 65 stores, £34.8m revenue and £19.8m EBITDA, offer a unique exposure to the two most attractive European self-storage markets.

Owned Store Portfolio by Region	**London & South East**	**Rest of UK**	**UK Total**	**Paris**	**Group Total**
Number of Stores	56	39	95	24	119
Let Square Feet (m sq ft)	1.53	1.16	2.69	0.80	3.49
Maximum Lettable Area (m sq ft)	2.11	1.81	3.92	1.01	4.93
Average Let Square Feet per store (k sq ft)	27	30	28	33	29
Average Store Capacity (k sq ft)	38	47	41	42	41
Closing Occupancy %	72.8%	63.9%	68.6%	79.4%	70.9%
Average Rate (£ per sq ft)	29.34	18.74	24.82	29.97	26.02
Revenue (£'m)	27.8	13.3	41.1	13.0	54.1
Average Revenue per Store (£'m)	0.50	0.34	0.43	0.54	0.45

In the UK, 68% of our revenue is generated by our stores in London and the South East. On average, our stores in London and the South East are smaller than in the rest of the UK but the rental rates achieved are higher enabling these stores to typically achieve similar or better margins than stores outside the South East. In London we operate 41 stores within the M25, more than any other competitor.

In France, we have a leading position in the heart of the affluent City of Paris market with eight stores branded as Une Pièce en Plus ("UPP") ("A spare room") with more than twice the number of stores of our two major competitors combined. 75% of the UPP stores are located in a cluster within a five-mile radius of the city centre, which facilitates strong operational and marketing synergies as well as options to differentiate and channel customers to the right store subject to their preference for convenience or price affordability. The Parisian market has attractive socio-demographic characteristics for self-storage and we believe that UPP enjoys strategic strength in such an attractive market.

Together, London, the South-East and Paris represent 67% of our owned stores, 75% of our revenues, as well as 55% of our available capacity.

In addition, Safestore has the benefit of a leading national presence in the UK regions where the stores are predominantly located in the centre of key metropolitan areas such as Birmingham, Manchester, Liverpool, Bristol, Glasgow and Edinburgh.

In the UK we own three development sites which are now under construction at Chiswick and Wandsworth in London and in central Birmingham. We plan to open all three sites during the 2016 calendar year. The sites will add c.117,000 square feet of incremental space to our portfolio (net of existing space in Wandsworth). In addition, we have exchanged contracts on a site in Altrincham and expect to open a 39,000 square foot store before the end of the calendar year. Finally, we plan to extend our Acton site adding a further 4,900 square feet of space.

In Paris, we have secured a site in Marnes-la-Vallée in the town of Emerainville, east of the city centre, and expect to open a 60,000 square foot store in the coming months. In addition, we plan to extend our Longpont store by 22,600 square feet.

Market

The self-storage market in the UK and France remains relatively immature compared to geographies such as the USA and Australia. The Self-Storage Association ("SSA") Annual Survey (June 2016) confirmed that self-storage capacity stands at 0.59 square feet per head of population in the UK and 0.15 square feet per capita in France. Whilst the Paris market density is greater than France, we estimate it to be significantly lower than the UK at around 0.36 square feet per inhabitant. This compared with 7.8 square feet per inhabitant in the USA and 1.8 square feet in Australia.

While capacity increased significantly between 2007 and 2010 with an average of 32 stores per annum being opened, new additions have been limited to an average of 9 stores per annum between 2011 and 2014. In 2015, expansion was greater but the capacity increase was limited to 2.2% excluding container storage operations.

New supply in London and Paris is likely to be limited in the short and medium term as a result of planning restrictions and the availability of suitable land.

The supply in the UK market, according to the SSA survey, remains relatively fragmented. Safestore is the leader by number of stores with 95 wholly owned sites, followed by Big Yellow with 70 wholly owned stores, Access with 58 stores, Lok'n Store with 26 stores, Shurgard with 25 stores and Storage King with 24 stores. In aggregate, the six leading brands account for 28% of the UK store portfolio. The remaining c.800 self-storage outlets (including 195 container based operations) are independently owned in small chains or single units.

The Paris market is significantly more concentrated with three main operators. Our French Business, UPP, is mainly present in the core wealthier and more densely populated inner Paris and first belt areas, whereas our two main competitors, Shurgard and Homebox, have a greater presence in the outskirts and second belt of Paris.

Consumer awareness of self-storage is increasing but remains low, providing an opportunity for future industry growth. The SSA survey indicated that 10% (15% in 2015) of consumers had not heard of self-storage at all. A further 48% (40% in 2015) had heard of self-storage but knew nothing about the product. The opportunity to grow awareness, combined with limited new industry supply and improving economic conditions, makes for an attractive industry backdrop.

There are numerous drivers of self-storage growth. Both domestic and business customers need storage either temporarily or permanently for different reasons at any point in the economic cycle, resulting in a market depth that is in our view the reason for its exceptional resilience. The growth of the market is driven both by the fluctuation of economic conditions, which has an impact on the mix of demand, and by growing awareness of the product.

Our domestic customers' need for storage is often driven by lifestyle events such as births, marriages, bereavements, divorces or by the housing market including house moves and developments and moves between rental properties. It is estimated that UK owner-occupied housing transactions drive around 10-15% of new lets.

Our business customer base includes a range of businesses from start-up online retailers through to multi-national corporates utilising our national coverage to store in multiple locations while maintaining flexibility in their cost base.

Business and Personal Customers	UK	Paris
Personal Customers		
Numbers (% of total)	72%	81%
Square feet occupied (% of total)	51%	64%
Average Length of Stay (months)	20.8	27.5
Business Customers		
Numbers (% of total)	28%	19%
Square feet occupied (% of total)	49%	36%
Average Length of Stay (months)	30.2	30.5

The SSA survey also highlighted the increasing importance for operators of a strong online presence. C.68% of those surveyed (similar to 2014) confirmed that an internet search would be their chosen means of finding a self-storage unit to contact, whereas knowledge of a physical location of a store as reason for enquiry was around 28% of respondents.

Safestore's customer base is resilient and diverse and consists of 48,300 domestic, business and National Accounts customers across London, Paris and the UK regions.

Business Model

Portfolio

Safestore operates in a market with relatively low consumer awareness. It is anticipated that this will increase over time as the industry matures. To date, despite the financial crisis and the implementation of VAT on self-storage in 2012, the industry has been exceptionally resilient. With more favourable economic conditions combined with growing awareness of self-storage, the industry is well positioned for further growth.

With more stores inside London's M25 than any other operator and a strong position in central Paris, Safestore has leading positions in the two most important and demographically favourable markets in Europe. In addition, our regional presence in the UK is strong and contributes to the success of our industry leading National Accounts business. In the UK, Safestore is the leading operator by number of wholly owned stores.

Our capital-efficient portfolio of 119 wholly owned stores in the UK and Paris consists of a mix of freehold and leasehold stores. In order to grow our business and secure the best locations for our facilities we have maintained a flexible approach to leasehold and freehold developments.

Currently, one-third of our stores in the UK are leaseholds with an average remaining lease length at 30 April 2016 of 13.7 years (H1 2015: 13.4 years). Although our property valuation for leaseholds is conservatively based on future cash flows until the next contractual lease renewal date, Safestore has a demonstrable track record of successfully re-gearing leases several years before renewal whilst at the same time achieving concessions from landlords.

In England, we benefit from the Landlord and Tenant Act that protects our rights for renewal except in case of redevelopment. The vast majority of our leasehold stores have building characteristics or locations in industrial or trade parks and we observe that our Landlords, who are property investors, value the quality of Safestore as a tenant and typically prefer to extend the length of the leases that they have in their portfolio, enabling Safestore to maintain favourable terms.

In Paris, where 46% of stores are leaseholds, our leases typically benefit from the well enshrined Commercial Lease statute that provides that tenants own the commercial property of the premises and that they are entitled to renew their lease at a rent that is indexed to the National Construction Index published by the state. Taking into account this context, the valuer values the French leaseholds based on an indefinite property tenure, similar to freeholds.

Our experience is that being flexible in its approach has enabled Safestore to operate from properties that would have been otherwise unavailable and to generate strong returns on capital invested.

Enquiry generation

Safestore excels in the generation of customer enquiries which are received through a variety of channels including the internet, telephone and 'walk-ins'. In the early days of the industry, local directories and store visibility were key drivers of enquiries.

The Internet is now by far the dominant channel, accounting for 80% of our enquiries in the UK and 62% in France. Telephone enquiries comprise 13% of the total (28% in France) and 'Walk-ins' amount to only 7% (10% in France). This key change favours operators like Safestore that are prepared to invest in digital marketing activities.

Although mostly generated online, our enquiries are predominantly handled directly by the stores and, in the UK, we have a Customer Support Centre ("CSC") which now handles 17% of all enquiries when the store staff are busy handling calls or outside of normal store opening hours.

Pricing

The management team's goal is to strike the right balance between occupancy growth and rate management which optimises revenue growth over the long term.

Our pricing platform provides the store and CSC staff with system-generated real time prices managed by our centrally based yield management team. Local staff have certain levels of discretion to flex the system-generated prices but this is continually monitored.

Despite the relative transparency of pricing, the relationship between pricing and sales volume is not straightforward and volumes depend on many factors including:

- The store location and proximity to customers;
- The sales skills of the staff and their capacity to sell using discounting tools in a disciplined manner;
- The level of customer service and the unique selling points of the store relative to each customer needs;
- The intensity of local competition;
- The number of enquiries; and
- The size of the store in relation to local demand as bigger facilities may need greater discount policies to attract customers from a wider catchment area.

In line with peers we offer industry standard introductory offers for the initial 8 weeks of stay and our lowest price guarantee for similar types of competing product. Self-storage is a demand driven market and pricing will be one of several elements in the customer selection process between the various storage suppliers.

Customer Segments

Customer service standards are high and customer satisfaction feedback is consistently very positive. Over the last 12 months we have achieved over 96% customer satisfaction, based on 'excellent' or 'good' ratings as collected by Feefo via our customer website.

The key drivers of sales success are the capacity to generate enquiries in a digital world, the capacity to provide storage locations that are conveniently located close to the customers' requirements and the ability to maintain a consistently high quality, motivated retail team that is able to secure customer sales at an appropriate storage rate, all of which can be better provided by larger, more efficient organisations.

We remain focused on business as well as domestic customers. The business now has in excess of 48,300 business and domestic customers with an average length of stay of 30 months and 23 months respectively.

Our national network means that we are strongly placed to further grow the business customer market and in particular National Accounts. Business customers in the UK now constitute 49% of our total space let and have an average length of stay of 30 months. Within our business customer category, our National Accounts business continues to grow with storage revenue increasing by 56% compared with 2014. The space let to National Accounts customers has increased by 39% compared with 2014 and, at 339,000 sq ft, constitutes 13% of our total occupied space in the UK business. Two-thirds of the space occupied by National Accounts customers is outside London, demonstrating the importance and quality of our well invested national estate.

Cost Base and Capital Structure

The cost base of the business is relatively fixed. Each store typically employs three staff. Our Group Head Office comprises business support functions such as Yield Management, Property, Marketing, HR, IT and Finance.

Since the completion of the rebalancing of our capital structure in early 2014 and the subsequent amendment and extension of our banking facilities in Summer 2015, Safestore has secure financing, a strong balance sheet and significant covenant headroom. This provides the Group with financial flexibility and the ability to grow organically and via carefully selected new development or acquisition opportunities.

At 30 April 2016 we had 1.23m sq ft of unoccupied space in the UK and 0.21m sq ft in France, equivalent to around 30 full new stores. Our main focus is on filling the spare capacity in our stores at optimally yield-managed rates. The operational leverage of our business model will ensure that the bulk of the incremental revenue converts to profit given the relatively fixed nature of our cost base.

The opportunity to grow consumer awareness of self-storage, combined with limited new industry supply and improving economic conditions, makes for an attractive industry backdrop.

Frederic Vecchioli
15 June 2016

Financial Review

Underlying Income Statement

The table below sets out the Group's underlying results of operations for the six months ended 30 April 2016 and the six months ended 30 April 2015.

	H1 2016 £'m	H1 2015 £'m	Mvmt %
Revenue	54.1	50.4	*7.3%*
Underlying costs	(24.8)	(23.5)	*5.5%*
Underlying EBITDA	**29.3**	**26.9**	***8.9%***
Leasehold rent	(3.9)	(4.5)	*(13.3%)*
Underlying EBITDA after leasehold rent	**25.4**	**22.4**	***13.4%***
Depreciation	(0.2)	(0.2)	*0.0%*
Finance charges	(5.0)	(5.8)	*(13.8%)*
Underlying profit before tax	**20.2**	**16.4**	***23.2%***
Current tax	(1.6)	(0.6)	*166.7%*
Cash tax earnings	**18.6**	**15.8**	***17.7%***
Underlying deferred tax	-	(1.3)	*(100.0%)*
EPRA Earnings	**18.6**	**14.5**	***28.3%***
Average shares in issue (m)	207.8	207.3	
Underlying (cash tax adjusted) EPS (p)	**9.0**	**7.6**	***18.4%***
EPRA EPS (p)	**9.0**	**7.0**	***28.6%***

Management considers the above presentation of earnings to be representative of the underlying performance of the business.

Underlying EBITDA increased by 8.9% to £29.3m (H1 2015: £26.9m) reflecting a 7.3% increase in revenue less a 5.5% increase in the underlying cost base (see below). The leasehold rent charge has decreased by 13.3% from £4.5m in H1 2015 to £3.9m, principally reflecting two fewer leases (at New Malden and High Wycombe), recent lease re-gears and the favourable settlement of outstanding rent reviews.

Finance charges reduced by 13.8% from £5.8m in H1 2015 to £5.0m in H1 2016 reflecting the benefit of the Group's August 2015 refinancing, as well as lower average borrowings.

Given the Group's REIT status in the UK, tax is normally only payable in France. The current tax charge for the period increased to £1.6m (H1 2015: £0.6m). The prior year benefitted from the utilisation of £1.3m of tax losses, which was not repeated in H1 2016. However, this is offset by an equivalent reduction in the underlying deferred tax charge.

Management considers that the most representative earnings per share ("EPS") measure is cash tax adjusted EPS[4], which increased by 18.4% to 9.0p (H1 2015: 7.6p). EPRA EPS also reflects the deferred tax on underlying trading and increased by 28.6% to 9.0p from 7.0p in H1 2015.

Reconciliation of Underlying EBITDA

The table below reconciles the operating profit included in the income statement to underlying EBITDA.

	H1 2016 £'m	H1 2015 £'m
Operating profit	56.9	70.3
Adjusted for		
- gain on investment properties	(28.2)	(43.9)
- depreciation	0.2	0.2
- contingent rent	0.1	0.5
- change in fair value of derivatives	-	(0.2)
- costs incurred relating to corporate transactions	0.3	-
Underlying EBITDA	29.3	26.9

The main reconciling item between operating profit and underlying EBITDA is the gain on investment properties, which has decreased from £43.9m in H1 2015 to £28.2m in H1 2016. Whilst the rate of growth in value is slower than in the prior year, it continues to reflect the benefit of our trading performance improvements. The Group's approach to the valuation of its investment property portfolio at 30 April 2016 is discussed below.

During H1 2016, the Group incurred £0.3m of costs relating to corporate transactions, which are unrelated to the Group's trading performance, so have been excluded from underlying EBITDA.

Underlying Profit by geographical region

The Group is organised and managed in two operating segments based on geographical region. The table below details the underlying profitability of each region.

	H1 2016			H1 2015		
	UK	Paris	Total	UK	Paris	Total
	£'m	£'m	£'m	£'m	£'m	£'m
Revenue	41.1	13.0	54.1	38.2	12.2	50.4
Underlying cost of sales	(15.4)	(3.6)	(19.0)	(15.3)	(3.3)	(18.6)
Store EBITDA	25.7	9.4	35.1	22.9	8.9	31.8
Store EBITDA margin	*63%*	*72%*	*65%*	*60%*	*73%*	*63%*
Underlying administrative expenses	(4.9)	(0.9)	(5.8)	(4.1)	(0.8)	(4.9)
Underlying EBITDA	20.8	8.5	29.3	18.8	8.1	26.9
EBITDA margin	*51%*	*65%*	*54%*	*49%*	*66%*	*53%*
Leasehold rent	(2.1)	(1.8)	(3.9)	(2.6)	(1.9)	(4.5)
Underlying EBITDA after leasehold rent	18.7	6.7	25.4	16.2	6.2	22.4
EBITDA after leasehold rent margin	*45%*	*52%*	*47%*	*42%*	*51%*	*44%*

Certain costs previously reported as administrative expenses, primarily relating to marketing and the customer service centre, are now reported within cost of sales. The prior period has been restated, but the restatement has had no impact on previously reported profit.

Underlying EBITDA after leasehold rent in the UK increased by £2.5m to £18.7m (H1 2015: £16.2m). A £2.9m increase in revenue was partly offset by cost increases totalling £0.4m, which are explained further below.

In Paris, underlying EBITDA after leasehold rent increased by £0.5m to £6.7m (H1 2015: £6.2m), with the impact of the Sterling to Euro exchange rate broadly neutral for the period, however, as previously reported, the prior year benefitted from £0.4m income from currency hedging arrangements which was not repeated in the current year. In local currency, revenue improved by 6.8% to €17.3m (H1 2015: €16.2m), and underlying EBITDA after leasehold rent (excluding any prior year benefit from the currency swap income) improved by 12.8% to €8.8m (H1 2015: €7.8m).

Further details in respect of the UK and Paris results are discussed above, under Trading Performance in the Strategy Update section.

Revenue

Revenue for the Group is primarily derived from the rental of self-storage space and the sale of ancillary products such as insurance and merchandise (e.g. packing materials and padlocks) in both the UK and France.

The split of the Group's revenues by geographical segment is set out below for H1 2016 and H1 2015.

		H1 2016	% of total	H1 2015	% of total	% change
UK	£'m	41.1	76%	38.2	76%	7.6%
Paris						
Local currency	€'m	17.3		16.2		6.8%
Average exchange rate	€:£	1.325		1.325		
Paris in sterling	£'m	13.0	24%	12.2	24%	6.6%
Total revenue		54.1	100%	50.4	100%	7.3%

The Group's revenue increased by 7.3% or £3.7m during the period. The Group's occupied space was 23,000 sq ft higher at 30 April 2016 (3.49 million sq ft) than at 30 April 2015 (3.47 million sq ft), with average occupancy during the period 1.8% higher at 3.47 million sq ft (H1 2015: 3.41 million sq ft), and the average rental rate for the Group for the period was 4.7% higher at £26.02 than in H1 2015 (£24.86).

On a like-for-like basis, adjusting for the impact of store closures, the Group's revenue has increased by 10.4% since the comparative period. The impact of Sterling against the Euro is broadly neutral, so revenue also increased by 10.4% on a constant currency basis.

In the UK revenue increased by £2.9m or 7.6%, reflecting a strong improvement in average rental rates. On a like-for-like basis, adjusted for the 2015 closures of Whitechapel and New Malden and the temporary closure of Wandsworth, revenue increased by £4.3m or 11.7%. UK occupancy at 30 April 2016 was 2.69 million sq ft, the same as at 30 April 2015 despite the closure of the three stores. The average space occupied during the period was up 0.7% compared with H1 2015 at 2.67 million sq ft (H1 2015: 2.65 million sq ft) and the average rental rate increased 5.6% to £24.82 (H1 2015: £23.51).

In Paris, revenue increased by €1.1m or 6.8%. The average Euro exchange rate for H1 2016 was €1.325:£1, the same as for the comparative period last year, so has only a negligible impact on the revenues of the Paris business when reported in Sterling.

Paris closing occupancy at 30 April 2016 has increased by 2.6% since 30 April 2015 to 0.80 million sq ft and average occupancy for the period of 0.80 million sq ft is a 4.7% increase compared to H1 2015. The average rental rate in France was €39.71 for the period, an increase of 1.9% on H1 2015 (€38.97).

Analysis of Cost Base

Cost of sales

The table below details the key movements in cost of sales between H1 2015 and H1 2016.

Cost of sales	**H1 2016 £'m**	**H1 2015 £'m**
Reported cost of sales	(19.3)	(19.3)
Adjusted for:		
Depreciation	0.2	0.2
Contingent rent	0.1	0.5
Underlying cost of sales	(19.0)	(18.6)
Underlying cost of sales for H1 2015		(18.6)
Foreign exchange net of swap income		(0.4)
Store maintenance		(0.1)
Store employee headcount and incentives		0.4
Other volume related cost of sales		(0.3)
Underlying cost of sales for H1 2016		(19.0)

Note: Certain costs previously reported as administrative expenses, primarily relating to marketing and the customer service centre, are now reported within cost of sales.

In order to arrive at underlying cost of sales adjustments are made to remove the impact of depreciation and contingent rent.

Underlying cost of sales has increased by £0.4m, to £19.0m (H1 2015: £18.6m). £0.4m of foreign currency swap income earned in H1 2015 was not repeated in the current year as a result of our allowing the hedge arrangements to lapse, and increases in store maintenance (£0.1m) and volume related costs (£0.3m) were offset by savings in employee costs (£0.4m), which arose primarily due to higher incentives paid in the prior period.

Administrative Expenses

The table below reconciles reported administrative expenses to underlying administrative expenses and details the key movements in underlying administrative expenses between H1 2015 and H1 2016.

Administrative expenses	**H1 2016 £'m**	**H1 2015 £'m**
Reported administrative expenses	(6.1)	(4.7)
Adjusted for:		
Exceptional items and transactions costs	0.3	-
Changes in fair value of derivatives	-	(0.2)
Underlying administrative expenses	(5.8)	(4.9)
Underlying administrative expenses for H1 2015		(4.9)
Employee remuneration		(0.4)
Share-based payments (including national insurance)		(0.2)
Property professional fees		(0.2)
Other professional fees		(0.1)
Underlying administrative expenses for H1 2016		(5.8)

Note: Certain costs previously reported as administrative expenses, primarily relating to marketing and the customer service centre, are now reported within cost of sales.

In order to arrive at underlying administrative expenses adjustments are made to remove the impact of exceptional items, corporate transaction costs and changes in the fair value of derivatives. During the period, the Group incurred £0.3m of costs relating to corporate transactions.

Underlying administrative expenses increased by £0.9m to £5.8m (H1 2015: £4.9m). The increase arose primarily in the UK, and is due to increased employee remuneration (£0.4m), primarily reflecting timing differences associated with the recognition of employee incentives, and share-based payments (£0.2m), plus an increase in property professional fees (£0.2m), arising from lease renegotiations and prospective projects.

Investment Properties

A full external valuation of the store portfolio is undertaken by the Group on an annual, rather than a bi-annual, basis. At 30 April 2016, a sample of the Group's largest properties, representing approximately 45% of the value of the Group's investment property portfolio at 31 October 2015, has been valued by the Group's external valuers, Cushman & Wakefield LLP ("C&W"). In addition, at the same date, the directors have prepared estimates of fair values for the remaining 55% of the Group's investment property portfolio, updating 31 October 2015 valuations to incorporate latest assumptions for estimated absorption, revenue growth and capitalisation rates to reflect current market conditions and trading.

As a result of this exercise, the net gain or loss on investment properties during the period was as follows.

	H1 2016 £'m	H1 2015 £'m
Revaluation of investment properties	30.5	45.4
Revaluation of investment properties under construction	(0.2)	0.6
Depreciation on leasehold properties	(2.1)	(2.1)
Gain on investment properties	28.2	43.9

The movement on investment properties reflects the increased value of the Group's store portfolio as a result of the continuing trading performance improvement. The UK business contributed £25.9m of the £30.3m net revaluation gain, with £4.4m arising in France.

Operating profit

Reported operating profit decreased by £13.4m from £70.3m in H1 2015 to £56.9m in H1 2016, primarily reflecting the lower investment property gain, partly offset by the £2.4m improvement in underlying EBITDA.

Net finance costs

Net finance costs consist of interest payable, interest on obligations under finance leases, fair value movements on derivatives and exchange gains or losses.

	H1 2016 £'m	H1 2015 £'m
Net bank interest payable	(5.0)	(5.8)
Interest on obligations under finance leases	(1.7)	(1.9)
Fair value movement on derivatives	2.8	2.5
Net exchange losses	(4.0)	(3.0)
Unwinding of discount on Capital Goods Scheme receivable	0.1	0.1
Net finance costs	(7.8)	(8.1)

Underlying finance charge

The underlying finance charge (net bank interest payable) has benefitted from a lower blended interest rate following the re-financing undertaken by the Group in August 2015, as well as the benefit of net repayments of £7m of borrowings in the UK and €5m in France since April 2015, which drove a £0.8m decrease to £5.0m (H1 2015: 5.8m).

Based on the drawn debt position as at 30 April 2016, the effective interest rate is analysed as follows:

	Facility £/€/$'m	Drawn £'m	Hedged £'m	Hedged %	Bank Margin	Hedged Rate	Floating Rate	Total Rate
UK Term Loan	£126.0	£126.0	£90.0	71%	1.50%	1.45%	0.59%	2.70%
UK Revolver	£125.0	£23.0	-	-	1.50%	-	0.58%	2.08%
UK Revolver- non-utilisation	£102.0	-	-	-	0.60%	-	-	0.60%
Euro Revolver	€70.0	£31.4	£23.5	75%	1.50%	0.31%	(0.20%)	1.68%
Euro Revolver- non-utilisation	€30.0	-	-	-	0.60%	-	-	0.60%
US Private Placement 2019	$65.6	£44.9	£44.9	100%	5.52%	-	-	5.83%
US Private Placement 2024	$47.3	£32.4	£32.4	100%	6.29%	-	-	6.74%
Unamortised finance costs	-	(£2.0)	-	-	-	-	-	-
Total	£383.2	£255.7	£190.8	75%				4.08%

The UK term loan of £126m is fully drawn as at 30 April 2016 and attracts a bank margin of 1.50%. The Group has interest rate hedge agreements in place to June 2020 swapping LIBOR on £90.0m at an effective rate of 1.447%.

The Group increased the committed UK revolver facility, from £80m to £125m, in advance of the anticipated exercise of the option to acquire Space Maker, by utilising £45m of the uncommitted £60m credit facility. The amount drawn under the UK revolver has increased by a net £3m during the period, to £23m as at 30 April 2016. The drawn amounts also attract a bank margin of 1.50%, and the Group pays a non-utilisation fee of 0.6% on undrawn balances.

The Euro revolver of €70m has €40m (£31.4m) drawn as at 30 April 2016, following the repayment of €5m during the period, and attracts a bank margin of 1.50%. The Group has interest rate hedges in place to June 2020 swapping EURIBOR on €30m at an effective rate of 0.309%. In addition, the Group pays a non-utilisation fee of 0.6% on undrawn balances.

The US Private Placement Notes are fully hedged at 5.83% for the 2019 notes and 6.74% for the 2024 notes.

The hedge arrangements provide cover for 75% of the Group's drawn debt. Overall, the Group had an effective interest rate on its outstanding borrowings of 4.08% at 30 April 2016 (H1 2015: 4.38%). The increase in the effective interest rate since 31 October 2015 (3.90%) has arisen due to commitment fees on the increased committed UK revolver facility, as well as a greater weighting towards the higher interest rate on the US Private Placement Notes due to the strengthening of the US dollar.

Non-underlying finance charge

Interest on finance leases was £1.7m (H1 2015: £1.9m) and reflects part of the leasehold rental payment. The balance of the leasehold payment is charged through the gain or loss on investment properties line and contingent rent in the income statement. Overall, the leasehold rent charge is down from £4.5m in H1 2015 to £3.9m in H1 2016, principally reflecting two fewer leases (at New Malden and High Wycombe), recent lease re-gears and the favourable settlement of outstanding rent reviews.

Net finance costs includes £4.0m (H1 2015: £3.0m) of net exchange losses arising primarily on the Group's US dollar denominated borrowings. This is partly offset by the net fair value gain on derivatives of £2.8m (H1 2015: £2.5m) which includes a £4.4m (H1 2015: £3.1m) gain in respect of cross currency swaps taken out by the Group to hedge against movements in the US dollar denominated borrowings.

Tax

The tax charge for the period is analysed below:

Tax charge	H1 2016 £'m	H1 2015 £'m
Underlying current tax	(1.6)	(0.6)
Current tax	(1.6)	(0.6)
Underlying deferred tax	-	(1.3)
Tax on investment properties movement	(1.9)	(0.6)
Tax on revaluation of interest rate swaps	0.1	-
Other	-	0.1
Deferred tax	(1.8)	(1.8)
Tax charge	(3.4)	(2.4)

The income tax charge in the period was £3.4m (H1 2015: £2.4m).

In the UK the Group is a REIT, so the tax charge relates to the Paris business. The current tax charge for the period amounted to £1.6m (H1 2015: £0.6m). The prior year benefitted from the utilisation of £1.3m of tax losses, which was not repeated in H1 2016, however this is offset by an equivalent reduction in the underlying deferred tax charge, which reduced to £nil for the period (H1 2015: £1.3m).

Profit after tax

The profit after tax for the period was £45.7m as compared with £59.8m in H1 2015. Basic EPS was 22.0 pence (H1 2015: 28.8 pence) and diluted EPS was 21.8 pence (H1 2015: 28.6 pence). Management considers cash tax adjusted EPS to be more representative of the underlying EPS performance of the business and this is discussed above.

Dividends

The Board has announced an interim dividend of 3.6 pence per share, an increase of 20% on the interim dividend paid last year of 3.0 pence. This will amount to £7.5m (H1 2015: £6.2m). The dividend will be paid on 12 August 2016 to shareholders who are on the Company's register at the close of business on 8 July 2016. The ex-dividend date will be 7 July 2016. 50% (H1 2015: 100%) of the dividend will be paid as a property income dividend ("PID").

Property Valuation

As discussed above, a sample of the Group's largest properties, representing approximately 45% of the value of the Group's investment property, has been valued by the Group's external valuers and the directors have prepared estimates of fair values for the remaining 55% of the Group's investment property portfolio.

	UK £'m	Paris £'m	Total £'m	Paris €'m
Value as at 1 November 2015	597.6	177.9	775.5	249.3
Currency translation movement	-	17.7	17.7	-
Additions	2.2	0.7	2.9	1.0
Revaluation	26.1	4.4	30.5	5.8
Value at 30 April 2016	625.9	200.7	826.6	256.1

The table above summarises the movement in the valuations.

The exchange rate at 30 April 2016 was €1.28:£1 compared to €1.40:£1 at 31 October 2015. This movement in the foreign exchange rate has resulted in a £17.7m favourable currency translation movement in the period, reversing some of the adverse translation movements experienced in recent prior periods. This impacts 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 property portfolio valuation has increased by £51.1m from the valuation of £775.5m at 31 October 2015. This reflects the gain on valuation of £30.5m plus capital additions of £2.9m, primarily in respect of the redevelopment of our Wandsworth store, and the £17.7m exchange gain described above.

The Company's pipeline of expansion stores is valued at £12.0m as at 30 April 2016, and includes the acquisition of our new freehold site in eastern Paris at Marnes-la-Vallée in the town of Emerainville.

The adjusted EPRA NAV per share is 278.1 pence, an increase of 8.5% since 31 October 2015, mainly due to the revaluation and exchange gains reported for the period.

Gearing and Capital Structure

The Group's borrowings comprise bank borrowing facilities, made up of a UK term loan and revolving facilities in the UK and France, as well as a US Private Placement.

Net debt (including finance leases and cash) stood at £293.6m at 30 April 2016, an increase of £10.8m during the period from £282.8m at 31 October 2015. Total capital (net debt plus equity) increased from £773.4m at 31 October 2015 to £827.5m at 30 April 2016. The net impact is that the gearing ratio has reduced from 37% to 35% in the period.

Management also measures gearing with reference to its loan to value ("LTV") ratio defined as gross debt (excluding finance leases) as a proportion of the valuation of investment properties and investment properties under construction (excluding finance leases). At 30 April 2016 the Group LTV ratio was 30% compared with 32% at 31 October 2015.

The Group's £126m UK term loan facility and £125m UK revolver both run to June 2020 and currently attract a margin of 1.50%. The UK revolver facility was increased by £45m during the period, from £80m, in anticipation of exercise of the option to acquire Space Maker. The amount drawn under the UK revolver has increased by a net £3m during the period, from £20m at 31 October 2015 to £23m at 30 April 2016.

The Group's Euro revolver is €70m, of which €40m had been drawn as at 30 April 2016, following the repayment of €5m during the period. It also runs to June 2020 and currently attracts a margin of 1.50%.

Of the US private placement debt which totals $113 million issued in 2012, $66 million was issued at 5.52% (swapped to 5.83%) with 2019 maturity and $47 million was issued at 6.29% (swapped to 6.74%) with 2024 maturity.

Borrowings under the existing loan facilities are subject to certain financial covenants. The UK bank facilities and the US private placement share interest cover and LTV covenants. The interest cover requirement is currently set at a level of EBITDA:interest of 2.2:1, and in July 2016 this will increase to 2.4:1 where it will remain until the end of the facilities' term. Interest cover for the period to 30 April 2016 was 5.1:1, providing material headroom to the impending increased covenant level. The LTV covenant is 60% in both the UK and France, where it will remain until the end of the facilities' term. As at 30 April 2016, there is significant headroom in both the UK LTV and the French LTV covenant calculations.

The Group is in compliance with its covenants at 30 April 2016 and, based on forecast projections, is expected to be in compliance for a period in excess of twelve months from the date of this report.

Cash flow

The table below sets out the cash flow of the business in H1 2016 and H1 2015.

	H1 2016 £'m	H1 2015 £'m
Underlying EBITDA	29.3	26.9
Working capital/exceptionals/other	(0.1)	0.2
Operating cash inflow	29.2	27.1
Interest payments	(4.7)	(6.7)
Leasehold rent payments	(3.9)	(4.5)
Tax payments	(0.9)	(0.2)
Free cash flow (before investing and financing activities)	19.7	15.7
Capital expenditure - investment properties	(9.2)	(4.3)
Capital expenditure - property, plant and equipment	(0.4)	(0.1)
Net inflow after investing activities	10.1	11.3
Dividends paid	(12.1)	(10.3)
Net repayment of borrowings	(0.8)	(3.0)
Debt issuance costs	(0.4)	-
Net decrease in cash	(3.2)	(2.0)

Operating cash flow increased by £2.1m in the period, principally reflecting the £2.4m increase in underlying EBITDA.

Free cash flow (before investing and financing activities) grew by 25.5% to £19.7m (H1 2015: £15.7m) reflecting stronger trading performance, lower interest costs and reduced leasehold rent payments arising from the August 2015 re-financing and favourable rent charges.

Investing activities has increased by £5.2m to £9.6m (H1 2015: £4.4m), primarily reflecting capital expenditure on our three UK development sites plus the purchase and development of our new freehold site in eastern Paris at Marnes-la-Vallée in the town of Emerainville. The prior period included the purchase of the High Wycombe freehold for £1.8m.

Dividends paid to shareholders increased from £10.3m in H1 2015 to £12.1m in H1 2016, and the Group made a net £0.8m of borrowings repayments.

Consolidated income statement
for the six months ended 30 April 2016

	Note	**Six months Ended 30 April 2016 (unaudited) £m**	Six months Ended 30 April 2015 (restated) (unaudited) £m	Year Ended 31 October 2015 (restated) (audited) £m
Revenue	4	**54.1**	50.4	104.8
Cost of sales		**(19.3)**	(19.3)	(38.3)
Gross profit		**34.8**	31.1	66.5
Administrative expenses		**(6.1)**	(4.7)	(11.2)
Underlying EBITDA	4	**29.3**	26.9	57.1
Costs incurred relating to corporate transactions		**(0.3)**	-	-
Change in fair value of derivatives		**-**	0.2	(0.3)
Depreciation and contingent rent		**(0.3)**	(0.7)	(1.5)
Operating profit before gain on investment properties		**28.7**	26.4	55.3
Gain on investment properties	10	**28.2**	43.9	78.9
Operating profit		**56.9**	70.3	134.2
Finance income	5	**4.5**	3.2	3.2
Finance expense	5	**(12.3)**	(11.3)	(19.2)
Profit before income tax	4	**49.1**	62.2	118.2
Income tax charge	6	**(3.4)**	(2.4)	(9.5)
Profit for the period		**45.7**	59.8	108.7
Earnings per share for profit attributable to the equity holders				
- basic (pence)	9	**22.0**	28.8	52.4
- diluted (pence)	9	**21.8**	28.6	52.0

All items in the income statement relate to continuing operations.

Certain costs previously reported as administrative expenses, primarily relating to marketing and the customer service centre, are now reported within cost of sales, as the directors believe this provides a fairer presentation. Prior periods have been restated, but the restatement has had no impact on previously reported profit (see note 3).

Underlying EBITDA is defined as operating profit before exceptional items, corporate transaction costs, change in fair value of derivatives, gain/loss on investment properties, contingent rent and depreciation.

An interim dividend of 3.6 pence per ordinary share has been declared for the period ended 30 April 2016 (30 April 2015: 3.0 pence).

Consolidated statement of comprehensive income
for the six months ended 30 April 2016

	Six months Ended 30 April 2016 (unaudited) £m	Six months Ended 30 April 2015 (unaudited) £m	Year Ended 31 October 2015 (audited) £m
Profit for the period	**45.7**	59.8	108.7
Other comprehensive income:			
Items that may be reclassified subsequently to profit and loss			
Currency translation differences	**10.8**	(9.3)	(9.9)
Total other comprehensive income, net of tax	**10.8**	(9.3)	(9.9)
Total comprehensive income for the period	**56.5**	50.5	98.8

Consolidated balance sheet
as at 30 April 2016

	Note	**30 April 2016 (unaudited) £m**	30 April 2015 (unaudited) £m	31 October 2015 (audited) £m
Non-current assets				
Investment properties	10	**826.6**	737.6	775.5
Interests in leasehold properties	10	**49.1**	49.1	47.1
Investment properties under construction	10	**12.0**	5.9	6.0
Property, plant and equipment		**1.8**	1.5	1.6
Derivative financial instruments	14	**4.3**	0.8	0.6
Deferred tax assets	7	**0.2**	0.9	0.1
Other receivables		**3.5**	4.9	3.4
		897.5	800.7	834.3
Current assets				
Inventories		**0.2**	0.2	0.2
Trade and other receivables		**22.4**	22.3	19.4
Derivative financial instruments	14	**-**	0.5	-
Cash and cash equivalents		**11.2**	13.1	13.8
		33.8	36.1	33.4
Total assets		**931.3**	836.8	867.7
Current liabilities				
Bank borrowings	13	**-**	(10.0)	-
Trade and other payables		**(40.8)**	(38.3)	(36.5)
Current income tax liabilities		**(1.5)**	(0.2)	(0.7)
Obligations under finance leases		**(7.8)**	(7.5)	(7.2)
		(50.1)	(56.0)	(44.4)
Non-current liabilities				
Bank borrowings	13	**(255.7)**	(251.2)	(249.5)
Derivative financial instruments	14	**(2.4)**	(3.0)	(1.4)
Deferred tax liabilities	7	**(47.9)**	(37.0)	(41.9)
Obligations under finance leases		**(41.3)**	(41.6)	(39.9)
		(347.3)	(332.8)	(332.7)
Total liabilities		**(397.4)**	(388.8)	(377.1)
Net assets		**533.9**	448.0	490.6
Shareholders' equity				
Ordinary shares	15	**2.1**	2.1	2.1
Share premium		**60.0**	60.0	60.0
Translation reserve		**(2.0)**	(12.2)	(12.8)
Retained earnings		**473.8**	398.1	441.3
Total equity		**533.9**	448.0	490.6

The notes set out below form an integral part of this condensed consolidated interim financial information.

Condensed consolidated statement of changes in equity
for the six months ended 30 April 2016

	Share capital £m	Share premium £m	Translation reserve £m	Retained earnings £m	Total equity £m
At 1 November 2015	2.1	60.0	(12.8)	441.3	490.6
Total comprehensive income for the period	-	-	10.8	45.7	56.5
Transactions with owners in their capacity as owner:					
Dividends (note 8)	-	-	-	(13.8)	(13.8)
Employee share options	-	-	-	0.6	0.6
At 30 April 2016	**2.1**	**60.0**	**(2.0)**	**473.8**	**533.9**

Condensed consolidated statement of changes in equity
for the six months ended 30 April 2015

	Share capital £m	Share premium £m	Translation reserve £m	Retained earnings £m	Total Equity £m
At 1 November 2014	2.1	60.0	(2.9)	348.8	408.0
Total comprehensive income for the period	-	-	(9.3)	59.8	50.5
Transactions with owners in their capacity as owner:					
Dividends (note 8)	-	-	-	(11.0)	(11.0)
Employee share options	-	-	-	0.5	0.5
At 30 April 2015	**2.1**	**60.0**	**(12.2)**	**398.1**	**448.0**

Condensed consolidated statement of changes in equity
for the year ended 31 October 2015

	Share capital £m	Share premium £m	Translation reserve £m	Retained earnings £m	Total Equity £m
At 1 November 2014	2.1	60.0	(2.9)	348.8	408.0
Total comprehensive income for the year	-	-	(9.9)	108.7	98.8
Transactions with owners in their capacity as owner:					
Dividends (note 8)	-	-	-	(17.2)	(17.2)
Employee share options	-	-	-	1.0	1.0
At 31 October 2015	**2.1**	**60.0**	**(12.8)**	**441.3**	**490.6**

Consolidated cash flow statement
for the six months ended 30 April 2016

	Six months Ended 30 April 2016 (unaudited) £m	Six months Ended 30 April 2015 (unaudited) £m	Year Ended 31 October 2015 (audited) £m
Profit before income tax	**49.1**	62.2	118.2
Gain on the revaluation of investment properties	**(28.2)**	(43.9)	(78.9)
Depreciation	**0.2**	0.2	0.4
Change in fair value of derivatives	**-**	(0.2)	0.3
Finance income	**(4.5)**	(3.2)	(3.2)
Finance expense	**12.3**	11.3	19.2
Employee share options	**0.6**	0.5	1.0
Increase in trade and other receivables	**(2.4)**	(2.6)	0.2
Increase in trade and other payables	**2.0**	2.3	0.6
Cash flows from operating activities	**29.1**	26.6	57.8
Interest paid	**(6.4)**	(8.6)	(15.8)
Tax paid	**(0.9)**	(0.2)	(0.6)
Net cash inflow from operating activities	**21.8**	17.8	41.4
Cash flows from investing activities			
Expenditure on investment and development properties	**(9.2)**	(4.3)	(7.5)
Proceeds in respect of Capital Goods Scheme	**-**	-	1.6
Purchase of property, plant and equipment	**(0.4)**	(0.1)	(0.5)
Proceeds from disposal of investment properties	**-**	-	1.5
Net cash outflow from investing activities	**(9.6)**	(4.4)	(4.9)
Cash flows from financing activities			
Equity dividends paid	**(12.1)**	(10.3)	(17.2)
Proceeds from borrowings	**5.0**	-	-
Debt issuance costs	**(0.4)**	-	(1.4)
Hedge breakage payments	**-**	-	(2.0)
Finance lease principal payments	**(2.1)**	(2.1)	(4.1)
Repayment of borrowings	**(5.8)**	(3.0)	(13.0)
Net cash outflow from financing activities	**(15.4)**	(15.4)	(37.7)
Net decrease in cash and cash equivalents	**(3.2)**	(2.0)	(1.2)
Exchange gain/(loss) on cash and cash equivalents	**0.6**	(0.2)	(0.3)
Opening cash and cash equivalents	**13.8**	15.3	15.3
Closing cash and cash equivalents	**11.2**	13.1	13.8

Reconciliation of net cash flow to movement in net debt
for the six months ended 30 April 2016

	Six months Ended 30 April 2016 (unaudited) £m	Six months Ended 30 April 2015 (unaudited) £m	Year Ended 31 October 2015 (audited) £m
Net decrease in cash and cash equivalents (after exchange adjustments)	**(2.6)**	(2.2)	(1.5)
(Increase)/decrease in debt financing	**(8.2)**	5.3	19.0
(Increase)/decrease in net debt	**(10.8)**	3.1	17.5
Net debt at start of period	**(282.8)**	(300.3)	(300.3)
Net debt at end of period	**(293.6)**	(297.2)	(282.8)

Notes to the interim report for the six months ended 30 April 2016

1 General information

The Company is a public limited company incorporated in Great Britain 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 15 June 2016.

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 2015, 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, were filed with the Registrar of Companies on 4 April 2016.

This condensed consolidated interim financial information for 30 April 2016 and 30 April 2015 is unaudited. The interim financial information for 30 April 2016 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 2016 has been prepared in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority (previously the Financial Services Authority) and with International Accounting Standard 34 'Interim Financial Reporting' (IAS 34) as adopted by the European Union.

The directors are satisfied that the Group has sufficient resources to continue in operation for the foreseeable future, a period of not less than 12 months from the date of this report. Accordingly, they continue to adopt the going concern basis in preparing this condensed consolidated interim financial information.

The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 October 2015, 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 2016 applicable to companies under IFRS. The IFRS and IFRIC interpretations as adopted by the European Union that will be applicable at 31 October 2016, 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 15 June 2016 and publication of the annual IFRS financial statements for the year ending 31 October 2016.

The accounting policies and presentation applied are consistent with those in the annual financial statements for the year ended 31 October 2015, as described in those financial statements. There are no new or revised accounting standards or IFRIC interpretations which are applicable for the first time in the year ended 31 October 2016.

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 2015. There have been no significant changes in accounting estimates in the period.

Certain costs previously reported as administrative expenses, primarily relating to marketing and the customer service centre, are now reported within cost of sales, as the directors believe this provides a fairer presentation. Prior periods have been restated, resulting in an increase to cost of sales of £2.8m at 30 April 2015 and £6.1m at 31 October 2015, with an equal reduction to administrative expenses. This restatement has had no impact on previously reported profit.

Notes to the interim report for the six months ended 30 April 2016 (continued)

4 Segmental information

The segmental information for the six months ended 30 April 2016 is as follows:

	United Kingdom £m	**France £m**	**Total £m**
Continuing operations			
Revenue	41.1	13.0	54.1
Underlying EBITDA	20.8	8.5	29.3
Costs incurred relating to corporate transactions	(0.3)	-	(0.3)
Change in fair value of derivatives	-	-	-
Depreciation and contingent rent	(0.2)	(0.1)	(0.3)
Operating profit before gain on investment properties	20.3	8.4	28.7
Gain on investment properties	25.0	3.2	28.2
Operating profit	45.3	11.6	56.9
Net finance expense	(6.8)	(1.0)	(7.8)
Profit before tax	38.5	10.6	49.1
Total assets	704.8	226.5	931.3

The segmental information for the six months ended 30 April 2015 is as follows:

	United Kingdom £m	France £m	Total £m
Continuing operations			
Revenue	38.2	12.2	50.4
Underlying EBITDA	18.8	8.1	26.9
Change in fair value of derivatives	-	0.2	0.2
Depreciation and contingent rent	(0.4)	(0.3)	(0.7)
Operating profit before gain on investment properties	18.4	8.0	26.4
Gain on investment properties	43.2	0.7	43.9
Operating profit	61.6	8.7	70.3
Net finance expense	(6.8)	(1.3)	(8.1)
Profit before tax	54.8	7.4	62.2
Total assets	652.4	184.4	836.8

Underlying EBITDA is defined as operating profit before exceptional items, corporate transaction costs, change in fair value of derivatives, gain/loss on investment properties, contingent rent and depreciation.

During H1 2016, the Group incurred £0.3m of costs relating to corporate transactions, which are unrelated to the Group's trading performance, so have been excluded from underlying EBITDA.

Notes to the interim report for the six months ended 30 April 2016 (continued)

5 Finance income and costs

	Six months Ended 30 April 2016 (unaudited) £m	Six months Ended 30 April 2015 (unaudited) £m	Year Ended 31 October 2015 (audited) £m
Finance income			
Fair value movement of derivatives	**4.4**	3.1	3.1
Unwinding of discount on Capital Goods Scheme receivable	**0.1**	0.1	0.1
Total finance income	**4.5**	3.2	3.2
Finance costs			
Interest payable on bank loans and overdrafts	**(4.8)**	(5.7)	(11.2)
Amortisation of debt issuance costs on bank loans	**(0.2)**	(0.1)	(0.2)
Underlying finance charges	**(5.0)**	(5.8)	(11.4)
Interest on obligations under finance leases	**(1.7)**	(1.9)	(3.8)
Fair value movement of derivatives	**(1.6)**	(0.6)	(1.2)
Net exchange losses	**(4.0)**	(3.0)	(2.8)
Total finance costs	**(12.3)**	(11.3)	(19.2)
Net finance costs	**(7.8)**	(8.1)	(16.0)

Included within interest payable of £4.8m (April 2015: 5.7m) is £0.5m (April 2015: £0.5m) of interest relating to derivative financial instruments that are economically hedging the Group’s borrowings. The change in fair value of derivatives for the period is a net credit of £2.8m (April 2015: credit of £2.5m).

6 Income tax charge

	Six months Ended 30 April 2016 (unaudited) £m	Six months Ended 30 April 2015 (unaudited) £m	Year Ended 31 October 2015 (audited) £m
Current tax	**(1.6)**	(0.6)	(1.6)
Deferred tax	**(1.8)**	(1.8)	(7.9)
	(3.4)	(2.4)	(9.5)

Income tax is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year.

The Group is a Real Estate Investment Trust ("REIT"), and as a result is exempt from UK corporation tax on the profits and gains from its qualifying rental business in the UK provided that it meets certain conditions. Non-qualifying profits and gains of the Group remain subject to corporation tax as normal. The Group monitors its compliance with the REIT conditions. There have been no breaches of the conditions to date.

7 Deferred income tax

	As at 30 April 2016 (unaudited) £m	As at 30 April 2015 (unaudited) £m	As at 31 October 2015 (audited) £m
The amounts provided in the accounts are:			
Revaluation of investment properties and tax depreciation	**47.2**	36.3	41.2
Other timing differences	**0.7**	0.7	0.7
Deferred tax liabilities	**47.9**	37.0	41.9
Tax losses	**-**	(0.6)	-
Interest rate swap instruments	**(0.2)**	(0.3)	(0.1)
Deferred tax assets	**(0.2)**	(0.9)	(0.1)
Deferred tax – net	**47.7**	36.1	41.8

As at 30 April 2016, the Group had trading losses of £10.7m (April 2015: £4.1m) and capital losses of £36.4m (April 2015: £36.4m) in respect of its UK operations. No deferred tax asset has been recognised in respect of these losses.

8 Dividends

	Six months Ended 30 April 2016 (unaudited) £m	Six months Ended 30 April 2015 (unaudited) £m	Year Ended 31 October 2015 (audited) £m
For the year ended 31 October 2014:			
Final dividend – paid 8 April 2015 (5.30p per share)	**-**	11.0	11.0
For the year ended 31 October 2015:			
Interim dividend – paid 14 August 2015 (3.00p per share)	**-**	-	6.2
Final dividend – paid 8 April 2016 (6.65p per share)	**13.8**	-	-
Dividends in the statement of changes in equity	**13.8**	11.0	17.2
Timing difference on payment of withholding tax	**(1.7)**	(0.7)	-
Dividends in the cash flow statement	**12.1**	10.3	17.2

An interim dividend of 3.6 pence per ordinary share (April 2015: 3.0 pence) has been declared. The ex-dividend date will be 7 July 2016 and the record date 8 July 2016, with an intended payment date of 12 August 2016.

It is intended that 50% (April 2015: 100%) of the interim dividend of 3.6 pence per ordinary share (April 2015: 3.0 pence) will be paid as a REIT Property Income Distribution ("PID") net of withholding tax where appropriate.

The interim dividend, amounting to £7.5m (April 2015: £6.2m), has not been included as a liability at 30 April 2016. It will be recognised in shareholders' equity in the year to 31 October 2016.

Notes to the interim report for the six months ended 30 April 2016 (continued)

9 Earnings per ordinary share

Basic earnings per share has been calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period/year excluding ordinary shares held by the Safestore Employee Benefit Trust. 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 2016 (unaudited)			Six months ended 30 April 2015 (unaudited)			Year ended 31 October 2015 (audited)		
	Earnings £m	**Shares million**	**Pence per share**	Earnings £m	Shares million	Pence per share	Earnings £m	Shares million	Pence per share
Basic	**45.7**	**207.8**	**22.0**	59.8	207.3	28.8	108.7	207.5	52.4
Dilutive share options	-	**1.5**	**(0.2)**	-	1.5	(0.2)	-	1.6	(0.4)
Diluted	**45.7**	**209.3**	**21.8**	59.8	208.8	28.6	108.7	209.1	52.0

9 Earnings per ordinary share (continued)

Adjusted earnings per share

Adjusted earnings per share represents profit after tax adjusted for the valuation movement on investment properties, exceptional items, change in fair value of derivatives and the associated tax thereon. As an industry standard measure, European Public Real Estate Association ("EPRA") earnings are presented below. Cash tax adjusted earnings are also presented by deducting all deferred taxation from the EPRA earnings. The Directors consider that these alternative measures provide useful information on the performance of the Group.

	Six months ended 30 April 2016 (unaudited)			Six months ended 30 April 2015 (unaudited)			Year ended 31 October 2015 (audited)		
	Earnings /(loss) £m	**Shares million**	**Pence per share**	Earnings/ (loss) £m	Shares million	Pence per share	Earnings/ (loss) £m	Shares million	Pence per share
Basic	**45.7**	**207.8**	**22.0**	59.8	207.3	28.8	108.7	207.5	52.4
Adjustments:									
Gain on investment properties	**(28.2)**	**-**	**(13.6)**	(43.9)	-	(21.1)	(78.9)	-	(38.0)
Costs relating to corporate transactions	**0.3**	**-**	**0.1**	-	-	-	-	-	-
Unwinding of discount on CGS receivable	**(0.1)**	**-**	**-**	(0.1)		-	(0.1)	-	-
Net exchange losses	**4.0**	**-**	**1.9**	3.0	-	1.4	2.8	-	1.3
Change in fair value of derivatives	**(2.8)**	**-**	**(1.3)**	(2.7)	-	(1.3)	(1.6)	-	(0.8)
Tax adjustments	**1.4**	**-**	**0.7**	0.1	-	-	5.7	-	2.7
Adjusted	**20.3**	**207.8**	**9.8**	16.2	207.3	7.8	36.6	207.5	17.6
EPRA adjusted:									
Depreciation of leasehold properties	**(2.1)**	**-**	**(1.0)**	(2.1)	-	(1.0)	(4.1)	-	(2.0)
Tax on leasehold depreciation adjustment	**0.4**	**-**	**0.2**	0.4	-	0.2	0.8	-	0.4
EPRA basic	**18.6**	**207.8**	**9.0**	14.5	207.3	7.0	33.3	207.5	16.0
Adjustment for underlying deferred tax	**-**	**-**	**-**	1.3	-	0.6	1.2	-	0.6
Adjusted cash tax earnings	**18.6**	**207.8**	**9.0**	15.8	207.3	7.6	34.5	207.5	16.6

Notes to the interim report for the six months ended 30 April 2016 (continued)

10 Property portfolio

	Investment properties	Interest in Leasehold properties	Investment properties under construction	Total Investment Properties
	£m	£m	£m	£m
At 1 November 2015	775.5	47.1	6.0	828.6
Additions	2.9	3.0	6.1	12.0
Revaluation movement	30.5	-	(0.2)	30.3
Depreciation	-	(2.1)	-	(2.1)
Exchange movements	17.7	1.1	0.1	18.9
At 30 April 2016	**826.6**	**49.1**	**12.0**	**887.7**

	Investment Properties	Interest in leasehold properties	Investment properties under construction	Total Investment Properties
	£m	£m	£m	£m
At 1 November 2014	704.0	51.0	5.3	760.3
Additions	2.4	5.0	-	7.4
Disposals	-	(2.8)	-	(2.8)
Purchase of freehold	1.8	(0.7)	-	1.1
Revaluation movement	45.4	-	0.6	46.0
Depreciation	-	(2.1)	-	(2.1)
Exchange movements	(16.0)	(1.3)	-	(17.3)
At 30 April 2015	737.6	49.1	5.9	792.6

11 Valuations

External valuation

A sample of the Group's largest properties, representing approximately 45% of the value of the Group's investment property portfolio at 31 October 2015, has been valued by the Group's external valuers, Cushman & Wakefield LLP ("C&W"), as at 30 April 2016. The valuation has been carried out in accordance with the current UK edition of 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. 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 has confirmed that:

- of the members of the RICS who have been the signatories to the valuations provided to the Group for the same purposes as this valuation, one has done so since October 2006 and the other has done so since October 2014;
- C&W has been carrying out regular 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 property and is not contingent on the appraised value.

Market uncertainty

C&W's valuation report comments on valuation uncertainty resulting from low liquidity in the market for self-storage property. C&W notes that in the UK since the start of 2013 there have only been six transactions involving multiple assets and 13 single asset transactions, and C&W is unaware of any comparable transactions in the Paris market. C&W states that due to the lack of comparable market information in the self-storage sector, there is greater uncertainty attached to its opinion of value than would be anticipated during more active market conditions.

Brexit Risk

The UK is set to hold a referendum on 23 June on whether or not to remain a member of the European Union.

C&W's valuation report comments on reduced transaction volumes in the real estate markets in the run up to the referendum date as major decisions are postponed until after the referendum vote is known. Should the vote be for the UK to exit, then C&W expects there to be continued uncertainty in the real estate markets while the UK renegotiates its relationships with the EU and other nations.

Portfolio premium

C&W's valuation report further confirms that the properties have been valued individually but that if the portfolio was to be sold as a single lot or in selected groups of properties, the total value could be different. C&W states that in current market conditions it is of the view that there could be a material portfolio premium.

Further details of the valuation carried out by C&W as at 31 October 2015, including the valuation method and assumptions, are set out in note 11 to the Group's annual report and financial statements for the year ended 31 October 2015. This note should be read in conjunction with note 11 of the Group's annual report.

11 Valuations (continued)

Directors' valuation

In addition, at the same date, the directors have prepared estimates of fair values for the remaining 55% of the Group's investment property portfolio, incorporating assumptions for estimated absorption, revenue growth and capitalisation rates to reflect current market conditions and trading.

Assumptions

The key assumptions incorporated into both the external valuation and the directors' valuation, calculated on a weighted average basis across the entire portfolio, are:

- 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 either straight line absorption from day one actual occupancy or variable absorption over years one to four of the cash flow period, to an estimated stabilised/mature occupancy level. In the valuations the assumed stabilised occupancy level for the trading stores (both freeholds and all leaseholds) open at 30 April 2016 averages 79.70% (31 October 2015: 77.87%). 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 29.98 months (31 October 2015: 23.93 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 valuations included in the accounts assume rental growth in future periods. If an assumption of no rental growth is applied to the valuations, the net initial yield pre-administration expenses for the 109 mature stores (i.e. excluding those stores categorised as "developing") is 7.49% (31 October 2015: 7.89%), rising to stabilised net yield pre-administration expenses of 9.20% (31 October 2015: 9.08%).

- 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 all leaseholds) is 10.80% (31 October 2015: 10.79%).

- Purchaser's costs of approximately 6.0% to 6.8% (for the UK) and 6.2% to 6.9% (for France) have been assumed initially, reflecting the new progressive SDLT rates brought into force in March 2016 in the UK, and sales plus purchaser's costs totalling approximately 8.0% to 8.8% (UK) and 8.2% to 8.9% (France) are assumed on the notional sales in the tenth year in relation to freehold and long leasehold stores.

As a result of these exercises, as at 30 April 2016, the Group's investment property portfolio has been valued at £826.6m (April 2015: £737.6m), and a revaluation gain of £30.5m (April 2015: £45.4m) has been recognised in the income statement for the period.

A full external valuation of the Group's investment property portfolio will be performed at 31 October 2016.

Notes to the interim report for the six months ended 30 April 2016 (continued)

12 Net assets per share

Analysis of net asset value	As at 30 April 2016 (unaudited) £m	As at 30 April 2015 (unaudited) £m	As at 31 October 2015 (audited) £m
Net assets	**533.9**	448.0	490.6
Adjustments to exclude:			
Fair value of derivative financial instruments (net of deferred tax)	**(2.1)**	1.4	0.7
Deferred tax liabilities on the revaluation of investment properties	**47.2**	36.3	41.2
EPRA net asset value	**579.0**	485.7	532.5
Basic net assets per share (pence)	**256.4**	215.8	236.2
EPRA basic net assets per share (pence)	**278.1**	233.9	256.4
Diluted net assets per share (pence)	**254.6**	214.2	234.4
EPRA diluted net assets per share (pence)	**276.1**	232.2	254.4
	Number	**Number**	**Number**
Shares in issue	**208,210,529**	207,625,418	207,682,712

Basic net assets per share is shareholders' funds divided by the number of shares at the period end. The number of shares in issue at the period end excludes 80,420 shares (April 2015: 18,218 shares) held by the Safestore Employee Benefit Trust. Diluted net assets per share is shareholders' funds divided by the number of shares at the period end, adjusted for dilutive share options of 1,462,774 shares (April 2015: 1,523,363 shares). As an industry standard measure, European Public Real Estate Association ("EPRA") net asset values are presented.

Notes to the interim report for the six months ended 30 April 2016 (continued)

13 Borrowings

Current	**As at 30 April 2016 (unaudited) £m**	As at 30 April 2015 (unaudited) £m	As at 31 October 2015 (audited) £m
Bank loans and overdrafts due within one year or on demand:			
Secured – bank loan	**-**	10.0	-
	-	10.0	-

Non-current	**As at 30 April 2016 (unaudited) £m**	As at 30 April 2015 (unaudited) £m	As at 31 October 2015 (audited) £m
Borrowings:			
Secured - bank loans	**180.4**	178.3	178.1
Secured - US Private placement notes	**77.3**	73.4	73.2
Debt issue costs	**(2.0)**	(0.5)	(1.8)
	255.7	251.2	249.5

The bank loan facility agreement expires in June 2020. The private placement notes have $65.6m (31 October 2015: $65.6m) due for repayment in 2019 and $47.3m (31 October 2015: $47.3m) due for repayment in 2024.

The borrowings are secured by a fixed charge over the Group's investment property portfolio.

13 Borrowings (continued)

Borrowings are stated before unamortised issue costs of £2.0m (31 October 2015: £1.8m). The bank loans and private placement notes are repayable as follows:

	As at 30 April 2016 (unaudited) £m	As at 30 April 2015 (unaudited) £m	As at 31 October 2015 (audited) £m
In one year or less	**-**	10.0	-
Between one and two years	**-**	10.0	-
Between two and five years	**225.3**	210.9	220.6
After more than five years	**32.4**	30.8	30.7
Borrowings	**257.7**	261.7	251.3
Unamortised issue costs	**(2.0)**	(0.5)	(1.8)
	255.7	261.2	249.5

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

	As at 30 April 2016 (unaudited)	As at 30 April 2015 (unaudited)	As at 31 October 2015 (audited)
Bank loans	Quarterly or monthly LIBOR plus 1.50%	Monthly LIBOR plus 2.25%	Quarterly or monthly LIBOR plus 1.50%
Bank loans	Quarterly EURIBOR plus 1.50%	Quarterly EURIBOR plus 2.25%	Quarterly EURIBOR plus 1.50%
Private placement notes	Weighted average rate of 6.21%	Weighted average rate of 6.21%	Weighted average rate of 6.21%

Borrowing facilities

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

	Floating rate		
	As at 30 April 2016 (unaudited) £m	As at 30 April 2015 (unaudited) £m	As at 31 October 2015 (audited) £m
Expiring beyond one year	**125.5**	67.9	77.8

14 Financial instruments

IFRS 13 requires disclosure of fair value measurements by level of the following measurement hierarchy:

Level 1 – unadjusted quoted prices in active markets for identical assets or liabilities.
Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset of liability, either directly or indirectly.
Level 3 – inputs for the asset of liability that are not based on observable market data.

The table below shows the level in the fair value hierarchy into which fair value measurements have been categorised:

	As at 30 April 2016	As at 30 April 2015	As at 31 October 2015
	(unaudited)	(unaudited)	(audited)
Assets per the balance sheet	**£m**	£m	£m
Derivative financial instruments – Level 2	**4.3**	1.3	0.6

	As at 30 April 2016	As at 30 April 2015	As at 31 October 2015
	(unaudited)	(unaudited)	(audited)
Liabilities per the balance sheet	**£m**	£m	£m
Derivative financial instruments – Level 2	**2.4**	3.0	1.4

The fair value of financial instruments that are not traded in an active market, such as over-the-counter derivatives, is determined using valuation techniques. The Group obtains such valuations from counterparties who use a variety of assumptions based on market conditions existing at each balance sheet date. The valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the asset or liability is included in level 3. The Group has no disclosable level 3 financial instruments.

There have been no transfers of assets or liabilities between levels of the fair value hierarchy.

15 Share capital

	As at 30 April 2016	As at 30 April 2015	As at 31 October 2015
	(unaudited)	(unaudited)	(audited)
Called up, issued and fully paid	**£m**	£m	£m
208,290,949 (30 April 2015: 207,643,636) ordinary shares of 1p each	**2.1**	2.1	2.1

16 Capital commitments

The Group had capital commitments of £18.7m as at 30 April 2016 (30 April 2015: £2.6m).

17 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 2015, the level of self-storage revenues represented 48.1% (April 2014: 47.9%) of the annual level of self-storage revenue in the year ended 31 October 2015.

Principal risks and uncertainties

The principal risks and uncertainties which could affect the Group for the remainder of the financial year are consistent with those detailed on pages 13 and 14 of the Annual Report and Financial Statements for the year ended 31 October 2015, a copy of which is available at www.safestore.com, and include:

- Strategy risk
- Finance risk
- Treasury risk
- Property investment and development risk
- Valuation risk
- Occupancy risk
- Real estate investment trust ("REIT") risk
- Catastrophic event risk

The Company regularly assesses these risks together with the associated mitigating factors listed in the 2015 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 and depth of management, as well as our retail expertise and infrastructure, help mitigate the effects of fluctuations the economy or the housing market. Furthermore, the UK self-storage market remains immature with little risk of supply outstripping demand in the medium term.

Our prudent approach on 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.

Statement of directors' responsibilities for the six months ended 30 April 2016

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.

The directors of Safestore Holdings plc are listed in the Safestore Holdings plc Annual Report for 31 October 2015. There have been no changes of director since the Annual Report. A list of current directors is maintained on the Safestore Holdings plc website, www.safestore.com.

The directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

By order of the Board

Frederic Vecchioli	Andrew Jones
15 June 2016	15 June 2016
Chief Executive Officer	Chief Financial Officer

INDEPENDENT REVIEW REPORT TO SAFESTORE HOLDINGS PLC

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 April 2016 which comprises the consolidated income statement, the consolidated balance sheet, the consolidated statement of changes in equity, the consolidated cash flow statement and related notes 1 to 17. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the company 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. Our work has been undertaken so that we might state to the company those matters we are required to state to it in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our review work, for this report, or for the conclusions we have formed.

Directors' responsibilities

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

As disclosed in note 2, the annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting," as adopted by the European Union.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

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 inquiries, 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 set of financial statements in the half-yearly financial report for the six months ended 30 April 2016 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 Conduct Authority.

Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom
15 June 2016