Safestore Holdings plc

Interim report for the six months ended 30 April 2014

Safestore the things you love

Market leaders in self-storage

With 122 stores, Safestore and Une Pièce en Plus are the self-storage market leaders in the UK and Paris.

Operational Progress and improving trading trends

Key measures

	Six months ended 30 April 2014	Six months ended 30 April 2013	Change
Underlying and Operating Metrics			
Revenue- like-for-like[1] (CER) [9]	**£46.9m**	£46.1m	+1.7%
Underlying EBITDA- like-for-like[2] (CER) [9]	**£25.1m**	£23.8m	+5.5%
Cash tax adjusted earnings per share[3]	**6.0p**	5.0p	+20.0%
Dividend per share	**2.15p**	1.85p	+16.2%
Closing occupancy[4]	**65.3%**	63.1%	+2.2ppts
Statutory Metrics			
Revenue	**£46.9m**	£47.1m	(0.4%)
Profit before tax	**£6.9m**	£12.8m	(46.1%)
Basic earnings per share	**2.4p**	39.8p	(94.0%)

Highlights

For the six months ended 30 April 2014

Operational delivery

- Positive enquiry growth in the period with improving conversion, gathering momentum on new lets (up 8.8%) and closing occupancy up 2.2 ppts
- Revised pricing policy driving significant increase in move-in rates
- Operational transformation progressing well with senior team already in place
- National Account UK business customers space let up 15%
- Acquisition of St Denis, Paris freehold in May 2014

Improving Financial Performance

- Group like-for-like revenues up 1.7% and like-for-like EBITDA up 5.5%
- UK revenue up year-on-year for last three months after 8 months of improving trend
- Continuing strong French performance growing occupancy, rate and revenue
- Tight cost control across the Group
- Strengthened balance sheet and cost savings underpins 20% EPS growth
- Interim dividend of 2.15p increased by 16%

Strong and flexible balance sheet

- Refinancing and equity placing completed rebalancing of capital structure in the period
- Group LTV[7] lowered to 39% and finance costs reduced by at least £5m[8] per annum (on a full year basis)

Notes

1 - Adjusted to reflect the closure of Enfield South and the loss of tenancy income following the sale and short term leaseback of our Whitechapel site

2 - Underlying EBITDA is defined as Operating Profit before exceptional items, change in fair value of derivatives, gain/loss on investment properties and 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, overdrafts and cash

3 - Cash tax adjusted earnings per share is defined as Profit or Loss for the period before exceptional items, 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)

4 - Closing occupancy excludes offices but includes 74,100 sq ft of bulk tenancy as at 30 April 2014 (30 April 2013: 79,100 sq ft)

5 - RevPAF (Revenue per available square foot) is calculated as Total Revenue divided by total MLA

6 - MLA is Maximum Lettable Area- following a review of MLA in 2013 across the estate and adjusting for the closure of Enfield South, Group MLA has been adjusted to 5.08m sq ft

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

8 - Based on levels of hedging concluded in Q2 2014

9 - Constant Exchange Rates

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

"With the rebalanced capital structure completed in the first half of the year, the focus remains on our operational transition which is well underway.

Many of our recent operational initiatives are starting to come through with improvements in enquiries, conversion and new lets driving occupancy growth whilst our new pricing policy is resulting in a positive rental rate trend.

As a result, our trading performance has been encouraging and, combined with the improvements to the capital structure and tight cost control, has translated into strong growth in both earnings and dividends in the half year.

Going forward we are excited about the opportunity and, although the benefits of the recent improvements made across the business will take some time to be fully reflected in our financial performance, we are confident in delivering the strategy and generating earnings in line with the Board's expectations."

Overview

Safestore has delivered a solid performance for the first half of the year. Group like-for-like revenue is up 1.7% and underlying like-for-like EBITDA is up 5.5%, supported by tight cost control.

The operational improvement strategy is well progressed although, given the nature of the self-storage business and the relatively low customer churn, the benefits will take time to be reflected fully in our financial performance.

UK like-for-like revenue is up 0.6%[1] and we are currently moving new customers in at a significantly higher rate than last year. Although our average rate in the period remains 3.4% down on the same period last year, the trends in rate are showing improvement and our Q2 rate was ahead of our Q1 rate for the first time in three years. We are confident that our new pricing policy in the UK is enabling us to reverse the previously declining rate trend and to already move the average rate back onto an upward trajectory. As a result, UK revenue has been up year-on-year for the last three months after 8 months of improvement in the year-on-year variance. Cost control in the UK has been strong, reducing head office and store costs by an aggregate £0.7m.

In France, conversion and rate improvements have driven a strong revenue performance (up 4.7% CER[9]). Control over costs has also been tight helping to drive the increase in French profitability.

Our improved capital structure has driven significant reductions in finance costs which have helped to generate a 20% increase in EPS in the period. In the second quarter we completed the hedging arrangements relating to our renewed facilities and now expect our underlying finance costs to reduce by at least £5m per annum (pro forma) rather than the £4m per annum previously indicated.

Our focus in recent months has been on transforming operational performance to drive improved occupancy and on selling at a more appropriate rental rate. In the period we have revised our pricing policy and discipline, implemented a new store incentive scheme, changed the operational leadership of the business and enhanced the efficiency of our online marketing efforts.

Following the disposal of our Whitechapel store in November 2013 for net proceeds of £40.5m our focus on asset management opportunities continues. In May 2014, as previously indicated, we acquired the freehold of our St Denis store in Paris for €3.8m. We intend to close and consolidate our nearby leasehold Landy site into the St Denis store during 2015. In the UK we have, in June, sold our vacant former Southend site to Lidl for £1.1m. Finally, we plan to proceed with the development of a new store on our prime Chiswick site.

The Board has declared an interim dividend of 2.15p per share, an increase of 16.2% on the prior year (2013: 1.85p).

Outlook

Our operational delivery strategy is progressing to plan but will take some time to be fully realised. The early results are encouraging and are being reflected in improving conversion and rate trends.

There will continue to be a strong focus on strengthening the operational performance of the existing business. Combined with the operational leverage offered by our business model, as well as a strengthened balance sheet, we remain confident of delivering earnings and dividend growth to shareholders.

Chief Executive Officer's Review

Strategy Update

In January 2014 we identified three phases to our future strategy:

- Establish a more appropriate capital structure for the business.
- Operational delivery.
- Selective portfolio management opportunities.

Capital Structure

During the period we have established a more flexible and appropriate capital structure for the business. The actions we have taken are as follows:

- Raised net proceeds of £31.6m in an equity placing in January 2014
- Sold our Whitechapel site for net proceeds of £40.5m in November 2013
- Repaid £75m of debt
- Amended and extended our bank facilities providing us with lower interest margins and a further two year term to our bank facilities whilst at the same time allowing the Group to benefit from improved covenants
- Finalised the hedging in relation to the renewed facilities resulting in an estimated effective blended rate of interest of 4.5% across all our facilities (5.3% in 2013)
- Reduced pro forma annual underlying interest charges by at least £5m compared with 2013

The above actions have enabled us to achieve a Group Loan-To-Value ratio (Group LTV) of c.39%, which we believe is an appropriate medium term level for the business.

The rebalanced capital structure will underpin an improved return on equity, provide financial flexibility and support our medium term strategic objectives.

Operational Delivery

We have a strong, fully invested estate in both the UK and France. Of our 122 stores, 83 are in London and the South East of England or in Paris and 39 in the other UK regions. We operate more self-storage sites inside the M25 than any competitor.

Whilst occupancy has improved by 2.2 ppts over the period, we still have 1.5 million sq ft of space that is currently unlet in the UK and 0.3 million sq ft in Paris. Our operational focus is on improving occupancy in our store portfolio at more appropriate rates.

Our experience is that customers requiring storage now predominantly start their journey by conducting detailed online research in their locality to assess all the available options. It is therefore important to appear on the top rankings in each location for each search entry keyword of which we manage close to 95,000 combinations in the UK. There is a clear benefit of scale and the size of our organisation allows us to employ the appropriate skills and to dedicate a significant budget to this end. The vast majority of our enquiries are generated online and our annual marketing budget of £3m, similar to last year, is mainly directed towards the generation of pay-per-click enquiries. Enquiry growth has been strong in the period and our skilled in-house marketing team has successfully decreased the average cost per enquiry.

Safestore has also invested in Search Engine Optimisation (SEO) expertise resulting in improved results in enquiries generated from organic search. Our consumer website for desktop and mobile has been further improved with richer content designed to assist online customers in establishing their storage requirements. We now have an industry leading website in the UK. We continue to monitor all channels of enquiry generation and will adapt our marketing strategy to optimise responses.

Our main focus remains to improve the operational performance of our well invested estate through a combination of strengthening of operational leadership, improving the store teams' selling and management skills and revising the pricing policy.

Our operational strategy is underpinned by the strong conviction that our store teams play a decisive role in winning the trust of customers and converting them into new lets at an appropriate rate and in the delivery of a premium, professional and friendly service that entices customers to stay longer and to refer Safestore to friends and family. Whilst Safestore benefits from a well-established and dedicated store team, actions have been initiated to further support its development.

- New executive level appointments in the UK have been made. Our new Operations Director and Head of Human Resources have joined in recent months bringing significant experience in the retail industry where they have had previous success in driving enhanced store level performance and a strong sales culture.
- Reorganised the UK regional structure of the business to add regional manager positions to enable closer store support.
- Invested in store training and sales skills to ensure performance consistency across our portfolio while maintaining our already strong customer service offering.
- Reorganised the store incentive scheme. All members of staff are now incentivised on a monthly basis that is focused on locally controllable and understandable measures such as revenue generation, net new let performance and selling prices achieved.
- Revised the pricing policy.

The above actions will take some time to become embedded in the business and reflected in the financial results. However, we are confident that they will ultimately result in improved enquiry conversion rates and higher occupancy and rental rates, consequently improving revenues and driving greater profitability due to the operating leverage in our business.

In France, internal succession has resulted in the appointment of a new CEO, Laurent Judas, who has a successful track record, over an eight year period, of driving revenue in the business.

We remain focused on business as well as domestic customers. Our national network means that we are well placed to further grow the business customer market and in particular National Accounts. Business customers in the UK now constitute 50% of our total space let and have an average length of stay of 31 months. Within our Business customer category, our centrally managed National Accounts business continues to grow with revenue increasing by 14% compared with H1 2013. The space let to National Accounts customers has increased by 15% compared with H1 2013 and, at 254k sq ft, constitutes 10% 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 of a national estate.

Our centrally located customer support centre in the UK provides ongoing support to the stores as well as actioning enquiries that are outside store hours and handles 18% of all enquiries. Our central pricing team is responsible for the management of our dynamic pricing policy and for the implementation of promotional offers and our centrally based National Accounts team is focused on driving growth in our base of Business customers who store at multiple locations. Our central IT and Finance teams provide day-to-day support to the store operations and ensure that our pricing and marketing policies are effectively implemented and monitored.

Cost control across our business remains a key priority. We will continue to ensure that our Head Office functions remain lean and efficient and focused on supporting the business.

Selective portfolio management opportunities

Our approach to store development in the future will be pragmatic, flexible and focused on return on equity.

In January 2014 we highlighted the possibility of realising a small number of demonstrably value creating investments from within the current estate, as well as laying the foundations for longer term growth. To realise these near term opportunities from within the estate we indicated a maximum capital expenditure of £10m-£15m over the next two years over and above our ongoing annual capital expenditure.

The growth opportunities from the existing estate will remain the Group's primary focus. As we realise the organic growth opportunity we will consider further selective and disciplined investment in our portfolio.

In Paris, we completed the acquisition of the freehold of our leasehold St Denis store for €3.8m in May 2014, as previously indicated. In addition, we have a further leasehold store in the St Denis area (Landy) which has been loss-making. We plan, in 2015, to close this store and to consolidate its customers into our freehold St Denis store.

In Southend, we operate out of a purpose built new store. We are pleased to have completed the unconditional sale of the site of the previous store to Lidl for £1.1m in June 2014.

We believe that the land we own on the A4 at Chiswick represents an attractive opportunity and we plan to proceed with the development of a new store on this site. Our other pipeline sites in Wandsworth and Birmingham continue to be evaluated for potential development.

We continue to seek other asset management opportunities in our store portfolio. Further lease re-gearing and income generation opportunities will be explored on an ongoing basis.

We believe that this strategy, combined with positive market and economic dynamics and the quality of our property portfolio, means that we are well positioned to deliver strong returns to our shareholders.

Portfolio Summary

We have a strong position in both the UK and Paris markets operating 97 stores in the UK, 58 of which are in London and the South East, and 25 stores in Paris.

Owned store portfolio by region

	London and south-east	Rest of UK	UK total	Paris	**Group total**
Number of Stores	58	39	97	25	**122**
Let Square Feet (m sq ft)	1.46	1.10	2.55	0.76	**3.32***
Maximum Lettable Area (m sq ft)	2.18	1.84	4.02	1.06	**5.08**
Average Let Square Feet per store (k sq ft)	25	28	26	30	**27**
Average Store Capacity (k sq ft)	38	47	41	42	**42**
Closing Occupancy %	66.7%	59.5%	63.4%	72.1%	**65.3%**
Average Rate (£ per sq ft)	26.02	16.27	21.87	31.45	**24.14**
Revenue (£'m)	23.1	10.8	33.9	13.0	**46.9**
Average Revenue per Store (£'m)	0.40	0.28	0.35	0.52	**0.38**

* Total occupancy to 3 decimal places is 3.316m sq ft; the reported totals have not been adjusted for the impact of rounding

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 occupancy levels and rental rate achieved are higher. In London we operate 43 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 under our Une Pièce en Plus ("UPP" - "A spare room") brand with more than twice the number of stores than our two major competitors combined. 76% of the UPP stores are located in a cluster within a 5 mile radius of the city centre, which provides 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 unique strategic strength in such an attractive market.

Together, London, the South-East and Paris represent 68% of our owned stores, 77% of our revenues, as well as 58% of our available additional capacity.

Additionally, 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. This regional strength is supporting the strong growth in National Accounts.

Trading Performance

Group

Group Operating Performance	**H1 2014**	**H1 2013**	**Change**	**Change- CER[9]**
Revenue (£'m)	46.9	47.1	(0.4%)	(0.2%)
Revenue- like-for-like (£'m)	46.9	46.2	+1.5%	+1.7%
Closing Occupancy (let sq ft- million) [4]	3.32	3.22	+3.1%	n/a
Closing Occupancy (% of MLA)	65.3%	63.1%	+2.2ppts	n/a
Average Storage Rate (£)	24.14	24.67	(2.1%)	(2.0%)

Group revenue was up 1.7% on a like-for-like basis (on a constant currency basis) and occupancy increased by 2.2 percentage points compared with a year ago. Our average rate continues to recover and is now only 2% behind the prior year on a constant currency basis.

UK – improving trends

Group Operating Performance	**H1 2014**	**H1 2013**	**Change**
Revenue (£'m)	33.9	34.6	(2.0%)
Revenue - like-for-like (£'m)	33.9	33.7	+0.6%
EBITDA (£'m)	16.6	16.6	-
EBITDA – like-for-like (£'m)	16.6	16.0	+3.8%
Closing Occupancy (let sq ft- million) [4]	2.55	2.48	+2.8%
Closing Occupancy (% of MLA)	63.4%	60.8%	+2.6ppts
Average Storage Rate (£)	21.87	22.64	(3.4%)

Our UK revenue was down 2.0% on the prior year. However, after adjusting for the fact that our Enfield South store was still open in the first half of 2013 and for the impact of lost sub-let tenancy revenue at our Whitechapel store, which was sold in November 2013, like-for-like revenue was 0.6% ahead of the prior year.

EBITDA was flat compared to H1 2013 but, on a like-for-like basis, was up 3.8% driven by strong cost control.

Our UK business (owned stores) ended the period at closing occupancy of 2.55m sq ft or 63.4% of our Maximum Lettable Area ("MLA")[6] which represented an increase on 2013 of 68,000 sq ft, despite the closure of Enfield South in the second half of 2013. During the second quarter of 2014 we increased occupancy by 49,000 sq ft.

We are currently moving customers in at a rate which is significantly above last year. However, due to the normal dynamics of our storage customer base, during the period older customers have still been vacating at higher rents than those paid by the customers acquired in 2012 and 2013. As a consequence, the average self-storage rate per sq ft in the UK for the period was £21.87, which is 3.4% down on 2013. However, the average rate achieved in Q2 2014 represented a small improvement on the rate achieved during Q1 2014. This is the first time that our Q2 rate has been greater than our Q1 rate in three years. We are encouraged by the positive quarter-on-quarter trends and we are confident that the pricing policy applied has enabled us to reverse the previously declining trend and to already move the average rent back onto an upward trajectory.

France – continued strong performance growing revenue, rate and occupancy

France Operating Performance	**H1 2014**	**H1 2013**	**Change**	**Change- CER[9]**
Revenue (£'m)	13.0	12.5	+4.0%	+4.7%
EBITDA (£'m)	8.5	7.9	+7.6%	+8.3%
Closing Occupancy (let sq ft- million) [4]	0.76	0.74	+2.7%	n/a
Closing Occupancy (% of MLA)	72.1%	72.7%	-0.6ppts	n/a
Average Storage Rate (£)	31.45	31.17	+0.9%	+1.5%

Our French business has performed strongly throughout the period. Revenue has increased by 4.7% over 2013 to €15.7m (2013: €15.0m) which equates to a 4.0% increase in sterling, reflecting the weakening of the euro against sterling.

The revenue improvements, combined with strong cost control, resulted in a 7.6% improvement in underlying EBITDA.

Closing occupancy was 0.76m sq ft, an increase of 26,000 sq ft on the closing half year position in 2013. This represents 72.1% of MLA[6] at 30 April 2014.

The average self-storage rate per sq ft for 2013 in Paris was €37.86, 1.5% higher than at 30 April 2013.

Cost of Sales and Administrative Costs

During the period, further cost savings have been made in both the UK and Paris to establish a lean and efficient operational and central structure:

- Employee costs were reduced in the Head Office
- More efficient expenditure on utilities
- Reduced professional fees

Further analysis of the cost base is included in the Finance Review.

Customers

Safestore has a balanced mix of business and personal customers. 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.

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	France
Personal customers		
Numbers (% of total)	70%	79%
Square feet occupied (% of total)	50%	60%
Average Length of Stay (months)	21.8	26.7
Business customers		
Numbers (% of total)	30%	21%
Square feet occupied (% of total)	50%	40%
Average Length of Stay (months)	30.9	31.2

Market

The self-storage market in the UK and France remains relatively immature compared to geographies such as the USA and Australia. The recently published Self Storage Association (SSA) Annual Survey (April 2014) confirmed that, in the UK, self-storage capacity remains in line with 2013 at 0.5 square feet per head of population as compared with 7.3 square feet in the USA and 1.4 square feet in Australia. While capacity increased significantly between 2006 and 2009 with an average of 34 stores per annum being opened, new additions have been limited to an average of 9 stores per annum between 2010 and 2013.

In the Paris market, we estimate the density to be even lower at around 0.36 square feet per inhabitant.

New supply in London and Paris is likely to be limited in the short term as a result of planning restrictions and availability of suitable land. Respondents to the SSA survey indicated that the majority of the limited future anticipated development of new stores will take place outside these markets. In fact, capacity in London is expected to contract in the short term as the limited planned openings are offset by site closures as alternative use opportunities have been realised.

The supply in the UK market, according to the SSA survey, remains relatively fragmented. Safestore is the leader by number of stores with 97 wholly-owned sites, followed by Big Yellow with 67 wholly-owned and managed stores, Access with 55 stores, Storage King and Lok'n Store with 24 stores each and Shurgard with 22 stores. Altogether, the six leading brands account for less than 30% of the UK store portfolio. The remaining c.700 self-storage outlets (including 141 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 have a greater presence in the outskirts and second belt of Paris.

Consumer awareness of self-storage is increasing but is still low, providing an opportunity for future industry growth. The SSA survey indicated that 62% of consumers either knew nothing about the service offered by self-storage operators or had not heard of self-storage at all. The opportunity to grow awareness, combined with limited new industry supply and improving economic conditions, makes for an attractive industry backdrop.

The survey also highlighted the increasing importance for operators of a strong online presence. 67% of those surveyed confirmed that an internet search would be their chosen means of finding a self-storage unit to contact.

Industry participants in the survey demonstrated an increasing level of confidence in the trading outlook for 2014 with 79% anticipating an increase in profitability, 87% expecting increasing rental rates and 99% expecting similar or reduced levels of customer incentives in the year ahead.

Frederic Vecchioli
25 June 2014

Financial Review

Underlying Income Statement

The table below sets out the Group's underlying results of operations for the six months ended 30 April 2014 and the six months ended 30 April 2013.

	H1 2014 (£'m)	H1 2013 (£'m)	Mvmt %
Revenue	46.9	47.1	(0.4%)
Underlying Costs	(21.8)	(22.6)	(3.5%)
Underlying EBITDA	**25.1**	**24.5**	**2.4%**
Leasehold Rent	(5.0)	(5.3)	(5.7%)
Underlying EBITDA after leasehold rent	**20.1**	**19.2**	**4.7%**
Depreciation	(0.2)	(0.3)	(33.3%)
Finance Charges	(7.5)	(9.2)	(18.5%)
Underlying profit before tax	**12.4**	**9.7**	**27.8%**
Current tax	(0.5)	(0.3)	66.7%
Cash tax earnings	**11.9**	**9.4**	**26.6%**
Underlying deferred tax	(1.4)	(1.2)	16.7%
EPRA Earnings	**10.5**	**8.2**	-
Average Shares In Issue (m)	197.3	187.6	
Underlying (Cash Tax Adjusted) EPS (p)	**6.0**	**5.0**	**20.0%**
EPRA EPS (p)	**5.3**	**4.4**	**20.5%**

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

Underlying EBITDA increased by 2.4% to £25.1m (H1 2013: £24.5m) as the 0.4% reduction in revenue was more than offset by 3.5% savings in the underlying cost base (see below).

A significant reduction in finance charges, as a result of management actions taken to strengthen the Group's capital structure earlier this year, has been primarily responsible for a 27.8% increase in underlying profit before tax to £12.4m (H1 2013: £9.7m).

Given the Group's REIT status in the UK, tax is only paid in France and the current tax due in the period increased to £0.5m (H1 2013: £0.3m).

Management considers that the most representative Earnings Per Share ("EPS") measure is cash tax adjusted EPS which increased by 20.0% to 6.0p (H1 2013: 5.0p). EPRA EPS also reflects the deferred tax on underlying trading and increased by 20.5% to 5.3p from 4.4p in H1 2013.

Reconciliation of Underlying EBITDA

The table below reconciles the operating profit included in the Income Statement to Underlying EBITDA.

	H1 2014 (£'m)	H1 2013 (£'m)
Operating Profit	17.8	24.7
Adjusted for		
- loss/(gain) on investment properties	6.8	(3.1)
- depreciation	0.2	0.3
- contingent rent	0.4	0.7
- change in fair value of derivatives	(0.7)	1.5
Exceptional Items		
- insurance proceeds	-	(0.3)
- VAT and REIT related costs	-	0.1
- restructuring costs	0.4	0.6
- other	0.2	-
Underlying EBITDA	25.1	24.5

The main reconciling items between operating profit and underlying EBITDA are the gain or loss on investment properties which moved from a £3.1m gain in H1 2013 to a £6.8m loss in H1 2014, and exceptional items which marginally increased from a £0.4m cost in H1 2013 to £0.6m in H1 2014.

The Group's approach to the valuation of its Investment Property portfolio at 30 April 2014 is discussed below.

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 2014			H1 2013		
	UK (£'m)	France (£'m)	Total (£'m)	UK (£'m)	France (£'m)	Total (£'m)
Revenue	33.9	13.0	46.9	34.6	12.5	47.1
Underlying Cost of Sales	(12.2)	(3.2)	(15.4)	(12.7)	(3.0)	(15.7)
Gross Profit	21.7	9.8	31.5	21.9	9.5	31.4
Gross Margin	64%	75%	67%	63%	76%	67%
Underlying Administrative Expenses	(5.1)	(1.3)	(6.4)	(5.3)	(1.6)	(6.9)
Underlying EBITDA	16.6	8.5	25.1	16.6	7.9	24.5
EBITDA Margin	49%	65%	54%	48%	63%	52%

EBITDA in the UK was flat at £16.6m (H1 2013: £16.6m). Revenue reductions of £0.7m were offset by cost savings of £0.7m.

In France, EBITDA increased by £0.6m or 7.6% to £8.5m (H1 2013: £7.9m). Revenue improvements of £0.5m as well as a cost reduction of £0.1m contributed to this improvement.

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 2014 and H1 2013.

		H1 2014	% of total	H1 2013	% of total	% change
UK	£'m	33.9	72%	34.6	73%	(2.0%)
France						
Local currency	€'m	15.7		15.0		4.7%
Average Exchange Rate	€:£	1.204		1.196		
France in sterling	£'m	13.0	28%	12.5	27%	4.0%
Total Revenue		46.9	100%	47.1	100%	(0.4%)

The Group's revenue decreased by 0.4% or £0.2m during the period. The Group's occupied space was 94,000 sq ft higher at 30 April 2014 (3.32 million sq ft) than at 30 April 2013 (3.22 million sq ft), with average occupancy during the period 2.8% higher at 3.29 million sq ft (H1 2013: 3.20 million sq ft). However, the average rental rate for the Group for the period was 2.1% lower at £24.14 than in H1 2013 (£24.67).

When the Group's revenue is adjusted for the closure of the Enfield South store in H2 2013 and for the loss of tenancy income subsequent to the sale of the Whitechapel store in November 2013, like-for-like revenue increased by 1.7%[9].

In the UK revenue decreased by £0.7m or 2.0% although like-for-like revenue was up 0.6%. The let sq ft was 68,000 sq ft higher at 30 April 2014 than at 30 April 2013, and the average sq ft occupied during the period was up 2.4% compared with H1 2013 at 2.53 million sq ft (H1 2013: 2.47 million sq ft). However the average rental rate was down 3.4% at £21.87 (H1 2013: £22.64).

The French business continues to perform strongly, and in H1 revenue increased by 4.7% on a constant currency basis. There was a small adverse currency impact during the period, compared with the same period last year, with an average Euro exchange rate in H1 2014 of €1.204:£1, 0.7% weaker than the average rate in H1 2013 of €1.196:£1, and this decline in the exchange rate has reduced consolidated Group revenues for the period by £0.1m. In France closing occupancy at 30 April 2014 has increased by 2.7% since 30 April 2013 to 0.76 million sq ft and average occupancy for the period was up 4.1% at 0.76 million sq ft (H1 2013: 0.73 million sq ft). The rental rate in France was €37.86 for the period, an increase of 1.5% on H1 2013 (€37.30).

Analysis of Cost Base

Cost of sales

The table below details the key movements in cost of sales between H1 2013 and H1 2014.

Cost of sales	H1 2014 (£'m)	H1 2013 (£'m)
Reported Cost of Sales	(16.0)	(16.7)
Adjusted for		
- Depreciation	0.2	0.3
- Contingent Rent	0.4	0.7
Underlying Cost of Sales	(15.4)	(15.7)
Underlying cost of sales for H1 2013		(15.7)
Foreign exchange (including currency swaps)		(0.3)
Other cost improvements		0.6
Underlying Cost of Sales for H1 2014		(15.4)

In order to arrive at Underlying Cost of Sales adjustments are made to remove the impact of Depreciation and Contingent Rent.

During the period, management took a number of actions to reduce the cost base to mitigate the anticipated revenue reduction in the UK business. The reduction in other costs of £0.6m resulted largely from these actions.

Administrative Expenses

The table below reconciles reported administrative expenses to underlying administrative expenses and details the key movements in underlying administrative expenses between H1 2013 and H1 2014.

Administrative Expenses	**H1 2014 (£'m)**	**H1 2013 (£'m)**
Reported Administrative Expenses	(6.3)	(8.8)
Adjusted for		
- Exceptional Items	0.6	0.4
- Changes in Fair Value of Derivatives	(0.7)	1.5
Underlying Administrative Expenses	(6.4)	(6.9)
Underlying Administrative Expenses for H1 2013		(6.9)
Share based payments incl NI		(0.4)
Other cost improvements		0.9
Underlying Administrative Expenses for H1 2014		(6.4)

In order to arrive at Underlying Administrative Expenses adjustments are made to remove the impact of Exceptional Items and changes in the fair value of derivatives.

Exceptional items in the period are costs principally associated with the restructuring of the Group's senior management team during the period.

Underlying administrative expenses were reduced by 7.2% to £6.4m (H1 2013: £6.9m). The cost of share based payments (including related national insurance) of £0.5m was £0.4m higher (H1 2013: £0.1m) than last year. However, this was more than offset by underlying cost improvements, in part driven by the cost reduction programme, of £0.9m in the half year.

Investment Properties

The directors have made the decision that a full external valuation of the store portfolio shall be undertaken on an annual rather than a bi-annual basis. Therefore, at 30 April 2014, a full external valuation of the store portfolio has not been performed. For the purposes of interim financial reporting, following consultation with the Group's external valuers, Cushman & Wakefield LLP ("C&W"), the directors have concluded that the valuation of the store portfolio at 30 April 2014 is in line with the valuation as at 31 October 2013.

The gain / loss on investment properties during the period is therefore calculated as follows.

	H1 2014 (£'m)	**H1 2013 (£'m)**
Movement on Investment Properties	(4.4)	5.3
Depreciation on Leasehold Properties	(2.4)	(2.2)
(Loss)/gain on Investment Properties	(6.8)	3.1

Movement on investment properties during the period represents adjustments for additions during the period which were not reflected in the values attributed to the portfolio as at 31 October 2013 and adjustments to leasehold properties to reflect that the remaining lease terms are now 6 months shorter.

Operating Profit

Operating profit decreased by £6.9m from £24.7m in H1 2013 to £17.8m in H1 2014. The movement predominantly reflects the swing in the movement on Investment Properties from a gain of £3.1m to a loss of £6.8m partially offset by the change in the fair value movement in derivatives from a loss of £1.5m to a gain of £0.7m and the improvement in underlying EBITDA

Net Finance Costs

Net finance costs consist of interest receivable on bank deposits, interest payable and interest on obligations under finance leases.

	H1 2014 (£'m)	H1 2013 (£'m)
Fair value movement on derivatives	0.7	-
Unwinding of discount on CGS receivable	0.2	-
Finance Income	0.9	-
Net bank interest payable	(7.5)	(9.2)
Interest on finance lease obligations	(2.2)	(2.4)
Fair value movement on derivatives	-	(0.3)
Exceptional finance expenses	(2.1)	-
Finance Costs	(11.8)	(11.9)
Net Finance Costs	(10.9)	(11.9)

The decrease in bank interest payable reflects the lower blended interest rate following the January 2014 refinancing of the Group's UK bank facilities, and the reduction in borrowings after the Whitechapel property disposal and the share placing.

Exceptional finance costs of £2.1m were incurred in the rebalancing of the Group's capital structure in January 2014. In addition, hedge breakage payments of £4.9m, associated with the refinancing, were made. As a result of this restructuring of the balance sheet we expect our full year underlying finance costs to reduce by at least £5m per annum (pro forma).

Based on the drawn debt position as at 30 April 2014, 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	£156.0	£156.0	£80.0	51%	2.50%	1.64%	0.52%	3.59%
UK Revolver	£50.0	£2.5	-	-	2.50%	-	0.52%	3.02%
UK Revolver- non-utilisation	£47.5	-	-	-	1.13%	-	-	1.13%
Euro Revolver	€70.0	£40.3	£37.0	92%	2.50%	0.81%	0.28%	3.27%
Euro Revolver- non-utilisation	€21.0	-	-	-	1.13%	-	-	1.13%
US Private Placement 2019	$65.6	£39.0	£39.0	100%	5.52%	-	-	5.83%
US Private Placement 2024	$47.3	£28.1	£28.1	100%	6.29%	-	-	6.74%
Unamortised Finance Costs (US PP)	-	(£0.6)	-	-	-	-	-	-
Total	£330.7	£256.3	£184.1	69%				4.49%

The UK term loan of £156m is fully drawn as at 30 April 2014 and attracts a bank margin of 2.50%. The Group has interest rate hedge agreements in place to June 2018 swapping LIBOR on £80.0m at an effective rate of 1.64%.

As at 30 April 2014, £2.5m of the £50m UK revolver facility had been drawn, which has been repaid subsequent to the period end. The Group pays a non-utilisation fee of 1.125% on undrawn balances.

The Euro revolver of €70m has €49m (£40.3m) drawn as at 30 April 2014 and attracts a bank margin of 2.50%. The Group has interest rate hedges in place to June 2018 swapping Euribor on €45m at an effective rate of 0.8085%. Subsequent to the period end, a further €3.5m of the revolver was drawn in order to finance the acquisition of the freehold of the St Denis site.

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 69% of the drawn debt. Net Interest payable includes a fair value gain on derivatives of £0.7m (H1 2013: loss of £0.3m).

Overall, the Group had an effective interest rate on its outstanding borrowings of 4.5% at 30 April 2014, reflecting the benefit of the refinancing undertaken during the period, which is discussed in further detail below.

Interest on finance leases was £2.2m (H1 2013: £2.4m) and reflects part of the leasehold rental payment. The balance is charged through the gain/ loss on investment properties line and contingent rent in the income statement. Overall, the leasehold rent charge is down from £5.3m in H1 2013 to £5.0m in H1 2014 reflecting the closure of the Enfield South store and the benefit of other rent reductions negotiated during the year ended 31 October 2013.

Tax

The tax credit for the period is analysed below:

Income Tax Charge / Credit	H1 2014 (£'m)	H1 2013 (£'m)
Exceptional Deferred Tax Credit	-	65.4
Current Tax	(0.5)	(0.3)
Underlying Deferred Tax	(1.4)	(1.2)
Tax on Investment Properties Movement	0.6	(2.0)
Tax on Exceptional Finance Costs	0.2	-
Tax on revaluation of Interest Rate swaps	0.1	-
Other	(1.1)	-
Tax (Charge) / Credit	(2.1)	61.9

The income tax charge in the year is £2.1m (H1 2013: £61.9m credit). The decrease in the income tax credit is driven by a deferred tax credit of £65.4m arising in H1 2013 from the release of the UK deferred tax provision following the REIT conversion.

In the current year the current tax charge all relates to the French business and amounted to £0.5m (H1 2013: £0.3m). Underlying deferred tax related to the French business and amounted to a charge of £1.4m. In the prior year underlying deferred tax related to the French business and amounted to a charge of £1.2m.

Profit after tax

The profit after tax for the period was £4.8m as compared with £74.7m in H1 2013. Basic EPS was 2.4 pence (H1 2013: 39.8 pence) and diluted EPS was also 2.4 pence (H1 2013: 39.5 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 2.15 pence per share, an increase of 16% on the interim dividend paid last year. This will amount to £4.4m (H1 2013: £3.5m). The dividend will be paid on 15 August 2014 to shareholders who are on the Company's register at the close of business on 11 July 2014. The ex-dividend date will be 9 July 2014. The Property Income Dividend ("PID") element of the dividend payable for the period is 2.15 pence per share (April 2013: 0.18 pence).

Property Valuation

As discussed above, following consultation with external valuers the directors have taken advice and reviewed the valuation of a sample of the Group's investment property portfolio and have concluded that the valuation is in line with the full valuation performed as at 31 October 2013.

	UK £'m	France £'m	Total £'m	France €'m
Value as at 1 November 2013	542.2	182.4	724.6	213.0
Currency Translation Movement	-	(7.2)	(7.2)	-
Additions	1.3	0.5	1.8	0.6
Disposals	(40.5)	-	(40.5)	-
Revaluation	(2.7)	(1.7)	(4.4)	(2.1)
Value at 30 April 2014	500.3	174.0	674.3	211.5

The table above summarises the movement in the valuations.

The exchange rate at 30 April 2014 was €1.22:£1 compared to €1.17:£1 at 31 October 2013. This movement in the foreign exchange rate has resulted in a £7.2m adverse currency translation movement in the period. This will impact Net Asset Value ("NAV") but has no impact on the Loan to Value ("LTV") covenant as the assets in Paris are tested in Euro.

The revaluation line reflects adjustments for additions during the period which were not reflected in the values attributed to the portfolio as at 31 October 2013 and adjustments to leasehold properties to reflect that the remaining lease terms are now 6 months shorter.

The Company's pipeline of expansion stores was valued at £5.6m as at 31 October 2013.

The property portfolio valuation has reduced by £50.3m from the valuation of £724.6m at 31 October 2013 which principally reflects the disposal of the Whitechapel store for £40.5m in November 2013.

The adjusted EPRA NAV per share is 201.6 pence, down 4.2% on 31 October 2013, mainly due to the additional shares in issue following the placing of 18.6m shares in February 2014.

Gearing and Capital Structure

Net debt stood at £311.5m at 30 April 2014, a reduction of £71.3m during the period from £382.8m at 31 October 2013. Total Capital reduced from £728.7m at 31 October 2013 to £681.9m at 30 April 2014. The net impact is that the gearing ratio has reduced from 53% to 46% 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 2014 the Group LTV ratio was 39% compared with 47% at 31 October 2013. Management considers that an LTV of c.40% represents an appropriate capital structure objective for the Group.

The reduction in Group LTV since 31 October 2013 was principally a result of the above reduction in net debt. During the period the Group sold its Whitechapel property for net proceeds of £40.5m. At the 31 October 2013 year end, the Whitechapel property had been valued within Investment Properties at £40.5m. The Group used the disposal proceeds to pay down debt under the existing UK Term Facility. In addition, during the period the Group paid down a further £9m of the UK Term loan from cash.

Following the de-leveraging described above, the Group extended its existing bank facilities from June 2016 to June 2018. As a result the £230m UK Term Loan facility was reduced to £181.2m, and the UK revolver was increased to £50m, of which £2.5m had been drawn as at 30 April 2014. The Euro revolver remains at €70m, of which €49m had been drawn as at 30 April 2014, and the US Private Placement reduced from $115m to $113m.

As a result of the bank refinancing, the margin ratchet was reduced by 0.25% to a range of 2.25% to 3.25%, based on the interest cover ratio. The initial margin payable following the refinancing was 2.75%, compared with the margin paid through most of 2013 of 3.25%, and by the end of the period this had reduced further to 2.50%. Repayments of £5m will be made on the UK Term Facility every six months commencing on 31 October 2015, with the balance due on expiry in June 2018.

Subsequent to the bank refinancing, the Group raised net proceeds of £31.6m by way of a successful share placing. £25.2m of these proceeds were used to reduce the UK Term Loan further, to £156m.

The UK bank facilities and the US Private Placement share interest cover and Loan To Value covenants. As part of the Amendment and Extension of the bank facilities the Interest Cover requirement commenced at a level of EBITDA: Interest of 2.0:1. In July 2015 this will increase to 2.2:1 and in July 2016 the covenant ratchets to 2.4:1 where it remains until the end of the facilities. The French LTV covenant remains at 60% throughout the life of the facility and the UK LTV covenant reduces from 62.5% to 60.0% in April 2015 where it remains until the end of the facilities.

There is no amortisation on the US Private Placement debt of $113m. $66m was issued at 5.52% (swapped to 5.83%) with 2019 maturity and $47m was issued at 6.29% (swapped to 6.74%) with 2024 maturity.

Cash flow

The table below sets out the cash flow of the business in H1 2014 and H1 2013.

	H1 2014 (£'m)	H1 2013 (£'m)
Underlying EBITDA	25.1	24.5
Working Capital/ Exceptionals/ Other	(2.7)	1.4
Operating Cash inflow	22.4	25.9
Capital Expenditure- investment properties	(1.6)	(2.3)
Capital Expenditure- property, plant and equipment	(0.1)	(0.1)
Capital Goods Scheme Receipt	-	3.1
Proceeds from disposal- investment properties	40.5	-
Net inflow from Investing Activities	38.8	0.7
Interest Payments	(9.1)	(9.1)
Leasehold Rent Payments	(5.0)	(5.3)
Tax Payments	(1.1)	(0.1)
Free Cash flow (before Dividends and Financing Activities)	46.0	12.1
Dividends Paid	(6.9)	(7.1)
Issue of Share Capital	31.6	-
Net (repayment of) / proceeds from Borrowings	(72.8)	2.0
Debt Issuance Costs	(2.1)	-
Hedge breakage payments	(4.9)	-
Net Cash flow from Financing Activities	(55.1)	(5.1)
Net (decrease) / increase in cash	(9.1)	7.0

Operating cash flow reduced by £3.5m in the period. The improvement in underlying EBITDA was reduced by the impact of movement on working capital and an increase in exceptional costs in the year.

The £38.8m cash inflow from investing activities reflects the benefit of the receipt of the sale proceeds of the Whitechapel property. There were no Capital Goods Scheme ("CGS") receipts in the period (H1 2013: £3.1m). There were significant movements in cash flow from financing activities in the period. Net repayment of borrowings of £72.8m (H1 2013: net proceeds of £2.0m) and costs relating to refinancing and replacement of hedging instruments of £7.0m (H1 2013: £nil) were partly funded by the share placing, which generated net proceeds of £31.6m.

Consolidated income statement

for the six months ended 30 April 2014

	Note	**Six months ended 30 April 2014 (unaudited) £'m**	Six months ended 30 April 2013 (unaudited) £'m	Six months ended 31 October 2013 (audited) £'m
Revenue	4	**46.9**	47.1	96.1
Cost of sales		**(16.0)**	(16.7)	(31.8)
Gross profit		**30.9**	30.4	64.3
Administrative expenses		**(6.3)**	(8.8)	(16.6)
EBITDA before exceptional items, fair value movement of derivatives, contingent rent and (loss)/gain on investment properties	4	**25.1**	24.5	50.8
Exceptional items	5	**(0.6)**	(0.4)	(0.7)
Fair value movement of derivatives		**0.7**	(1.5)	(1.3)
Contingent rent and depreciation		**(0.6)**	(1.0)	(1.1)
Operating profit before gain on investment properties		**24.6**	21.6	47.7
(Loss)/gain on investment properties	11	**(6.8)**	3.1	21.5
Operating profit		**17.8**	24.7	69.2
Finance income before change in fair values of derivatives		**0.2**	-	-
Fair value movement of derivatives		**0.7**	-	2.8
Total finance income	6	**0.9**	-	2.8
Finance expense		**(9.7)**	(11.9)	(23.4)
Exceptional finance expense		**(2.1)**	-	-
Total finance expense	6	**(11.8)**	(11.9)	(23.4)
Profit before income tax	4	**6.9**	12.8	48.6
Income tax (charge)/credit*	7	**(2.1)**	61.9	59.9
Profit for the period		**4.8**	74.7	108.5
Earnings per share for profit attributable to the equity holders				
- basic (pence)	10	**2.4**	39.8	57.8
- diluted (pence)	10	**2.4**	39.5	57.3

All items in the income statement relate to continuing operations.

*Includes an exceptional credit of £nil (April 2013: £65.4m; October 2013: £63.2m) (see note 7).

An interim dividend of 2.15 pence per ordinary share has been declared for the period ended 30 April 2014 (30 April 2013: 1.85 pence).

Consolidated statement of comprehensive income

for the six months ended 30 April 2014

	Six months ended 30 April 2014 (unaudited) £'m	Six months ended 30 April 2013 (unaudited) £'m	Year ended 31 October 2013 (audited) £'m
Profit for the period	**4.8**	74.7	108.5
Other comprehensive income:			
Items that may be reclassified subsequently to profit and loss			
Cash flow hedges	**(3.3)**	2.2	-
Recycling of hedge reserve	**3.2**	(3.0)	(0.5)
Currency translation differences	**(4.1)**	4.5	6.0
Tax on items taken to other comprehensive income	**-**	(1.1)	(1.1)
Items that may be reclassified subsequently to profit and loss	**(4.2)**	2.6	4.4
Total other comprehensive income, net of tax	**(4.2)**	2.6	4.4
Total comprehensive income for the period	**0.6**	77.3	112.9

Consolidated balance sheet

as at 30 April 2014

	Note	**30 April 2014 (unaudited) £'m**	30 April 2013 (unaudited) £'m	31 October 2013 (audited) £'m
Non-current assets				
Investment properties	11	**674.3**	697.8	724.6
Interests in leasehold properties	11	**52.8**	50.1	55.7
Investment properties under construction	11	**5.6**	5.4	5.6
Property, plant and equipment		**1.7**	3.6	1.8
Derivative financial instruments	15	**0.1**	-	-
Deferred tax assets	8	**2.7**	4.1	3.3
Other receivables		**6.4**	6.4	6.4
		743.6	767.4	797.4
Current assets				
Inventories		**0.2**	0.2	0.1
Trade and other receivables		**21.8**	20.9	17.1
Derivative financial instruments	15	**-**	1.3	-
Cash and cash equivalents		**6.6**	14.1	15.8
		28.6	36.5	33.0
Total assets		**772.2**	803.9	830.4
Current liabilities				
Financial liabilities				
- Borrowings	14	**-**	-	(5.0)
- Derivative financial instruments	15	**(0.1)**	(1.7)	(0.4)
Trade and other payables		**(36.8)**	(38.5)	(34.8)
Current income tax liabilities		**(0.1)**	-	(0.8)
Obligations under finance leases		**(8.4)**	(8.3)	(8.6)
		(45.4)	(48.5)	(49.6)
Non-current liabilities				
Bank borrowings	14	**(265.3)**	(350.1)	(337.9)
Derivative financial instruments	15	**(8.0)**	(11.8)	(10.6)
Deferred tax liabilities	8	**(38.7)**	(38.1)	(39.3)
Obligations under finance leases		**(44.4)**	(41.8)	(47.1)
		(356.4)	(441.8)	(434.9)
Total liabilities		**(401.8)**	(490.3)	(484.5)
Net assets		**370.4**	313.6	345.9
Shareholders' equity				
Ordinary shares	16	**2.1**	1.9	1.9
Share premium		**59.8**	28.3	28.4
Reserves		**308.5**	283.4	315.6
Total equity		**370.4**	313.6	345.9

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

Consolidated statement of changes in equity
for the six months ended 30 April 2014

	Share capital £'m	Share premium £'m	Retained earnings £'m	Translation reserves £'m	Hedge reserves £'m	Total equity £'m
At 1 November 2013	1.9	28.4	313.5	5.5	(3.4)	345.9
Total comprehensive income for the period	-	-	4.8	(4.1)	(0.1)	0.6
Transactions with owners in their capacity as owner:						
Issue of share capital	0.2	31.4	-	-	-	31.6
Dividends (note 9)	-	-	(8.1)	-	-	(8.1)
Employee share options	-	-	0.4	-	-	0.4
At 30 April 2014	2.1	59.8	310.6	1.4	(3.5)	370.4

Consolidated statement of changes in equity
for the six months ended 30 April 2013

	Share capital £'m	Share premium £'m	Retained earnings £'m	Translation reserves £'m	Hedge reserves £'m	Total equity £'m
At 1 November 2012	1.9	28.3	215.4	(0.5)	(1.8)	243.3
Total comprehensive income for the period	-	-	74.7	4.5	(1.9)	77.3
Transactions with owners in their capacity as owner:						
Dividends (note 9)	-	-	(7.1)	-	-	(7.1)
Employee share options	-	-	0.1	-	-	0.1
At 30 April 2013	**1.9**	**28.3**	**283.1**	**4.0**	**(3.7)**	**313.6**

Consolidated statement of changes in equity
for the year ended 31 October 2013

	Share capital £'m	Share premium £'m	Retained earnings £'m	Translation reserves £'m	Hedge reserves £'m	Total equity £'m
At 1 November 2012	1.9	28.3	215.4	(0.5)	(1.8)	243.3
Total comprehensive income for the year	-	-	108.5	6.0	(1.6)	112.9
Transactions with owners in their capacity as owner:						
Dividends (note 9)	-	-	(10.6)	-	-	(10.6)
Increase in share capital	-	0.1	-	-	-	0.1
Employee share options	-	-	0.2	-	-	0.2
At 31 October 2013	**1.9**	**28.4**	**313.5**	**5.5**	**(3.4)**	**345.9**

Consolidated cash flow statement

for the six months ended 30 April 2014

	Six months ended 30 April 2014 (unaudited) £'m	Six months ended 30 April 2013 (unaudited) £'m	Year ended 31 October 2013 (audited) £'m
Profit before income tax	**6.9**	12.8	48.6
Loss/(gain) on the revaluation of investment properties	**6.8**	(3.1)	(21.5)
Change in fair value of derivatives	**(0.7)**	1.5	1.3
Depreciation	**0.2**	0.3	0.4
Impairment of non-current assets	**-**	-	0.5
Finance income	**(0.9)**	-	(2.8)
Finance expense	**11.8**	11.9	23.4
Employee share options	**0.4**	0.1	0.2
Decrease in inventories	**-**	0.1	-
Increase in receivables	**(4.7)**	(4.6)	(0.6)
Increase in payables	**2.2**	6.2	2.1
Cash inflows from operating activities	**22.0**	25.2	51.6
Interest paid	**(11.3)**	(11.5)	(22.5)
Tax paid	**(1.1)**	(0.1)	(0.1)
Net cash inflows from operating activities	**9.6**	13.6	29.0
Investing activities			
Expenditure on investment and development properties	**(1.6)**	(2.3)	(4.7)
Purchase of property, plant and equipment	**(0.2)**	(0.1)	(0.2)
Proceeds in respect of Capital Goods Scheme	**-**	3.1	3.1
Proceeds from disposal of investment properties	**40.5**	-	-
Proceeds from sale of property, plant and equipment	**0.1**	-	-
Net cash inflows/(outflows) from investing activities	**38.8**	0.7	(1.8)
Financing activities			
Issue of share capital	**31.6**	-	-
Equity dividends paid	**(6.9)**	(7.1)	(10.6)
Proceeds from borrowings	**4.0**	2.0	2.9
Debt issue costs	**(2.1)**	-	-
Hedge breakage payments	**(4.9)**	-	-
Repayment of borrowings	**(76.8)**	-	(6.3)
Finance lease principal payments	**(2.4)**	(2.2)	(4.5)
Net cash outflows from financing activities	**(57.5)**	(7.3)	(18.5)
Net (decrease)/increase in cash and cash equivalents	**(9.1)**	7.0	8.7
Exchange (loss)/gain on cash and cash equivalents	**(0.1)**	0.2	0.2
Opening cash and cash equivalents	**15.8**	6.9	6.9
Closing cash and cash equivalents	**6.6**	14.1	15.8

Reconciliation of net cash flow to movement in net debt
for the six months ended 30 April 2014

	Six months ended 30 April 2014 (unaudited) £'m	Six months ended 30 April 2013 (unaudited) £'m	Year ended 31 October 2013 (audited) £'m
Net (decrease)/increase in cash and cash equivalents in the period	**(9.2)**	7.2	8.9
Decrease in debt financing	**80.5**	0.9	2.5
Movement in net debt in the period	**71.3**	8.1	11.4
Net debt at start of period	**(382.8)**	(394.2)	(394.2)
Net debt at end of period	**(311.5)**	(386.1)	(382.8)

Notes to the interim report
for the six months ended 30 April 2014

1 General information

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

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

This interim report was approved for issue on 25 June 2014.

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 2013, 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 21 March 2014.

This condensed consolidated interim financial information for 30 April 2014 and 30 April 2013 is unaudited. The interim financial information for 30 April 2014 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 2014 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 2013, 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 2014 applicable to companies under IFRS. The IFRS and IFRIC interpretations as adopted by the European Union that will be applicable at 31 October 2014, 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 25 June 2014 and publication of the annual IFRS financial statements for the year ending 31 October 2014.

The accounting policies and presentation applied are consistent with those in the annual financial statements for the year ended 31 October 2013, as described in those financial statements. The following accounting standard is applicable for the first time in the year ended 31 October 2014:

- IFRS 13, Fair Value Measurement provides consistency by making available a single source of guidance on how fair value is measured. IFRS 13 is applied when fair value measurements or disclosures are required or permitted by other IFRSs.

There has been no significant impact from the adoption of this accounting standard.

Notes to the interim report (continued)
for the six months ended 30 April 2014

3 Accounting policies (continued)

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 2013. There have been no significant changes in accounting estimates in the period.

Notes to the interim report (continued)

for the six months ended 30 April 2014

4 Segmental information

The segmental information for the six months ended 30 April 2014 is as follows:

	United Kingdom £'m	France £'m	Total £'m
Continuing operations			
Revenue	33.9	13.0	46.9
EBITDA before exceptional items, fair value movement of derivatives, contingent rent and loss on investment properties	16.6	8.5	25.1
Exceptional items	(0.6)	-	(0.6)
Fair value movement of derivatives	-	0.7	0.7
Contingent rent and depreciation	(0.3)	(0.3)	(0.6)
Operating profit before gain on investment properties	15.7	8.9	24.6
Loss on investment properties	(3.7)	(3.1)	(6.8)
Operating profit	12.0	5.8	17.8
Net finance expense	(8.6)	(2.3)	(10.9)
Profit before tax	3.4	3.5	6.9

The segmental information for the six months ended 30 April 2013 is as follows:

	United Kingdom £'m	France £'m	Total £'m
Continuing operations			
Revenue	34.6	12.5	47.1
EBITDA before exceptional items, fair value movement of derivatives, contingent rent and loss on investment properties	16.6	7.9	24.5
Exceptional items	(0.5)	0.1	(0.4)
Fair value movement of derivatives	-	(1.5)	(1.5)
Contingent rent and depreciation	(0.6)	(0.4)	(1.0)
Operating profit before gain on investment properties	15.5	6.1	21.6
(Loss)/gain on investment properties	(1.1)	4.2	3.1
Operating profit	14.4	10.3	24.7
Net finance expense	(9.8)	(2.1)	(11.9)
Profit before tax	4.6	8.2	12.8

The segmental information has been revised to reflect that movements in derivatives and finance expenses relate wholly to the UK or France segment. This has resulted in an amended presentation of the segmental information for the six months ended 30 April 2013.

Notes to the interim report (continued)

for the six months ended 30 April 2014

5 Exceptional items

	Six months ended 30 April 2014 (unaudited) £'m	Six months ended 30 April 2013 (unaudited) £'m	Year ended 31 October 2013 (audited) £'m
Insurance proceeds	-	0.3	1.6
Restructuring costs	(0.4)	(0.6)	(1.7)
VAT implementation and REIT conversion costs	-	(0.1)	(0.3)
Other exceptional Items	(0.2)	-	(0.3)
Total exceptional items	**(0.6)**	(0.4)	(0.7)

The restructuring costs primarily relate to organisational changes.

The insurance proceeds recognised in the comparative periods relate to claims for property damage and consequential losses arising from the December 2010 fire at the La Défense store in Paris.

Notes to the interim report (continued)

for the six months ended 30 April 2014

6 Finance income and costs

	Six months ended 30 April 2014 (unaudited) £'m	Six months ended 30 April 2013 (unaudited) £'m	Year ended 31 October 2013 (audited) £'m
Finance costs			
Interest payable on bank loans and overdrafts	**(7.5)**	(9.2)	(18.3)
Amortisation of debt issue costs on bank loans	**-**	-	(0.1)
Interest on finance lease obligations	**(2.2)**	(2.4)	(5.0)
Fair value movement of derivatives	**-**	(0.3)	-
Exceptional finance expense	**(2.1)**	-	-
Total finance cost	**(11.8)**	(11.9)	(23.4)
Finance income			
Fair value movement of derivatives	**0.7**	-	2.8
Unwinding of discount on CGS receivable	**0.2**	-	-
Total finance income	**0.9**	-	2.8
Net finance costs	**(10.9)**	(11.9)	(20.6)

Included within interest payable of £7.5m (April 2013: £9.2m) is £0.9m (April 2013: £1.2m) 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 credit of £0.7m, recognised as finance income (April 2013: finance expense of £0.3m).

Exceptional finance costs of £2.1m were incurred in respect of the Group's debt refinancing in January 2014.

Notes to the interim report (continued)

for the six months ended 30 April 2014

7 Income tax (charge)/credit

	Six months ended 30 April 2014 (unaudited) £'m	Six months ended 30 April 2013 (unaudited) £'m	Year ended 31 October 2013 (audited) £'m
Current tax	**(0.5)**	(0.3)	(0.9)
Deferred tax	**(1.6)**	62.2	60.8
	(2.1)	61.9	59.9

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

As a result the Group's conversion to a REIT in the prior year, the Group will no longer pay 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.

The deferred tax charge in the six months ended 30 April 2014 relates to the French business. The deferred tax credit of £62.2m for the six months ended 30 April 2013 comprises an exceptional credit of £65.4m arising from the release of UK deferred tax following REIT conversion and a charge of £3.2m in respect of the French business.

8 Deferred income tax

	As at 30 April 2014 (unaudited) £'m	As at 30 April 2013 (unaudited) £'m	As at 31 October 2013 (audited) £'m
The amounts provided in the accounts are:			
Revaluation of investment properties and tax depreciation	**38.7**	38.1	39.3
Deferred tax liabilities	**38.7**	38.1	39.3
Tax losses	**(2.6)**	(3.7)	(3.0)
Interest rate swap instrument	**(0.1)**	(0.4)	(0.3)
Deferred tax assets	**(2.7)**	(4.1)	(3.3)
Deferred tax – net	**36.0**	34.0	36.0

Following the conversion to a REIT on 1 April 2013, the net deferred tax liability in respect of the UK business of £65.4m was released and no further tax has been recognised in the UK. French deferred tax has been provided at the Corporation tax rate in France of 33% (2013: 33%).

As at 30 April 2014, the Group had trading losses of £3.1m (April 2013: £3.0m) and capital losses of £36.4m (April 2013: £4.0m) in respect of its UK operations. No deferred tax asset has been recognised in respect of these losses.

Notes to the interim report (continued)

for the six months ended 30 April 2014

9 Dividends

	Six months ended 30 April 2014 (unaudited) £'m	Six months ended 30 April 2013 (unaudited) £'m	Year ended 31 October 2013 (audited) £'m
For the year ended 31 October 2012:			
Final dividend – paid 12 April 2013 (3.80p per share)	**-**	7.1	7.1
For the year ended 31 October 2013:			
Interim dividend – paid 15 August 2013 (1.85p per share)	**-**	-	3.5
Final dividend – paid 11 April 2014 (3.90p per share)	**8.1**	-	-
Dividends in the statement of changes in equity	**8.1**	7.1	10.6
Timing difference on payment of withholding tax	**(1.2)**	-	-
Dividends in the cash flow statement	**6.9**	7.1	10.6

An interim dividend of 2.15 pence per ordinary share (April 2013: 1.85 pence) has been declared. The ex-dividend date will be 9 July 2014 and the record date 11 July 2014, with an intended payment date of 15 August 2014.

It is intended that the full amount of the interim dividend will be paid as a REIT Property Income Distribution ("PID") net of withholding tax where appropriate (2013: 90% non-PID, 10% PID). The conversion to REIT status was completed on 1 April 2013 and the Group now benefits from an exemption from UK corporation tax on its UK property rental income and gains from its qualifying property portfolio.

The interim dividend, amounting to £4.4m (April 2013: £3.5m), has not been included as a liability at 30 April 2014. It will be recognised in shareholders' equity in the year to 31 October 2014.

Notes to the interim report (continued)

for the six months ended 30 April 2014

10 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 2014 (unaudited)			Six months ended 30 April 2013 (unaudited)			Year ended 31 October 2013 (audited)	
	Earnings £m	**Shares million**	**Pence per share**	Earnings £m	Shares million	Pence per share	Earnings £m	Shares million	Pence per share
Basic	**4.8**	**197.3**	**2.4**	74.7	187.6	39.8	108.5	187.9	57.8
Dilutive share options	-	**0.1**	**-**	-	1.4	(0.3)	-	1.3	(0.5)
Diluted	**4.8**	**197.4**	**2.4**	74.7	189.0	39.5	108.5	189.2	57.3

Notes to the interim report (continued)

for the six months ended 30 April 2014

10 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 2014 (unaudited)			Six months ended 30 April 2013 (unaudited)			Year ended 31 October 2013 (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	**4.8**	**197.3**	**2.4**	74.7	187.6	39.8	108.5	187.9	57.8
Adjustments:									
Loss/(gain) on investment properties	**6.8**	**-**	**3.4**	(3.1)	-	(1.7)	(21.5)	-	(11.4)
Operating exceptional items	**0.6**	**-**	**0.3**	0.4	-	0.2	0.7	-	0.3
Exceptional finance costs	**2.1**	**-**	**1.1**	-	-	-	-	-	-
Unwinding of discount on CGS receivable	**(0.2)**	**-**	**(0.1)**	-	-	-	-	-	-
Change in fair value of derivatives	**(1.4)**	**-**	**(0.7)**	1.8	-	1.0	(1.5)	-	(0.8)
Tax adjustments	**(0.3)**	**-**	**(0.2)**	(64.0)	-	(34.1)	(63.6)	-	(33.9)
Adjusted	**12.4**	**197.3**	**6.2**	9.8	187.6	5.2	22.6	187.9	12.0
EPRA Adjusted									
Depreciation of leasehold properties	**(2.4)**	**-**	**(1.2)**	(2.2)	-	(1.2)	(4.5)	-	(2.4)
Tax on leasehold depreciation adjustment	**0.5**	**-**	**0.3**	0.6	-	0.4	0.6	-	0.3
EPRA- basic	**10.5**	**197.3**	**5.3**	8.2	187.6	4.4	18.7	187.9	9.9
Adjustment for cash tax	**1.4**	**-**	**0.7**	1.2	-	0.6	2.2	-	1.2
Adjusted cash tax earnings	**11.9**	**197.3**	**6.0**	9.4	187.6	5.0	20.9	187.9	11.1

Notes to the interim report (continued)

for the six months ended 30 April 2014

11 Property portfolio

	Investment properties £'m	Investment in leasehold properties £'m	Investment properties under construction £'m	Total Investment Properties £'m
At 1 November 2013	724.6	55.7	5.6	785.9
Additions	1.8	-	-	1.8
Disposals	(40.5)	-	-	(40.5)
Revaluation movement	(4.4)	-	-	(4.4)
Depreciation	-	(2.4)	-	(2.4)
Exchange movements	(7.2)	(0.5)	-	(7.7)
At 30 April 2014	**674.3**	**52.8**	**5.6**	**732.7**

	Investment properties £'m	Investment in leasehold properties £'m	Investment properties under construction £'m	Total Investment Properties £'m
At 1 November 2012	685.1	58.0	5.4	748.5
Additions	1.9	4.5	-	6.4
Disposals	-	(4.9)	-	(4.9)
Capital goods scheme adjustment	(2.1)	-	-	(2.1)
Adjustment to present value	-	(5.8)	-	(5.8)
Revaluation movement	5.3	-	-	5.3
Depreciation	-	(2.2)	-	(2.2)
Exchange movements	7.6	0.5	-	8.1
At 30 April 2013	697.8	50.1	5.4	753.3

The adjustment to present value of interest in leasehold properties reflects the improved recoverability of input tax following the implementation of VAT on UK self-storage sales from 1 October 2012.

Notes to the interim report (continued)

for the six months ended 30 April 2014

12 Valuations

	Deemed cost £'m	Valuation £'m	Revaluation on deemed cost £'m
Freehold stores			
As at 1 November 2013	360.0	591.1	231.1
Movement in period	(43.7)	(45.2)	(1.5)
As at 30 April 2014	**316.3**	**545.9**	**229.6**
Leasehold stores			
As at 1 November 2013	75.5	133.5	58.0
Movement in period	(2.2)	(5.1)	(2.9)
As at 30 April 2014	**73.3**	**128.4**	**55.1**
All stores			
As at 1 November 2013	435.5	724.6	289.1
Movement in period	(45.9)	(50.3)	(4.4)
As at 30 April 2014	**389.6**	**674.3**	**284.7**

	Deemed cost £'m	Valuation £'m	Revaluation on deemed cost £'m
Freehold stores			
As at 1 November 2012	350.2	560.1	209.9
Movement in period	6.7	12.0	5.3
As at 30 April 2013	356.9	572.1	215.2
Leasehold stores			
As at 1 November 2012	71.6	125.0	53.4
Movement in period	3.0	0.7	(2.3)
As at 30 April 2013	74.6	125.7	51.1
All stores			
As at 1 November 2012	421.8	685.1	263.3
Movement in period	9.7	12.7	3.0
As at 30 April 2013	431.5	697.8	266.3

Notes to the interim report (continued)

for the six months ended 30 April 2014

12 Valuations (continued)

The valuation of £674.3m (April 2013: £697.8m) excludes £0.8m (April 2013: £0.8m) in respect of owner occupied property.

As at 30 April 2014, for the purposes of interim financial reporting, in consultation with the Group's external valuers, Cushman & Wakefield LLP ("C&W"), the directors have reviewed the valuation of a sample of the Group's investment property portfolio and considered changes to current market conditions and trading in order to perform a directors' valuation. As a result of this review, the directors have concluded that the valuation of the store portfolio at 30 April 2014 is in line with the full external valuation performed at 31 October 2013.

Details of the valuation carried out by C&W as at 31 October 2013, 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 2013.

The movement on investment properties reported for the period represents adjustments for additions during the period which were not reflected in the values attributed to the portfolio as at 31 October 2013, the disposal of the Whitechapel store for net proceeds of £40.5m during the period and adjustments to leasehold properties to reflect that the remaining lease terms are now 6 months shorter. A full external valuation of the Group's investment property portfolio will be performed at 31 October 2014

Notes to the interim report (continued)

for the six months ended 30 April 2014

13 Net assets per share

	As at 30 April 2014 (unaudited)	As at 30 April 2013 (unaudited)	As at 31 October 2013 (audited)
Analysis of net asset value	**£'m**	£'m	£'m
Basic and diluted net asset value	**370.4**	313.6	345.9
Adjustments:			
Fair value of derivatives (net of tax)	**7.9**	11.8	11.0
Deferred tax assets	**38.7**	38.1	39.3
EPRA net asset value	**417.0**	363.5	396.2
Basic net assets per share (pence)	**179.1**	166.7	183.7
EPRA basic net assets per share (pence)	**201.6**	193.2	210.4
Diluted net assets per share (pence)	**179.0**	165.4	182.4
EPRA diluted net assets per share (pence)	**201.5**	191.7	208.8
	Number	**Number**	**Number**
Shares in issue	**206,797,919**	188,192,236	188,345,784

Basic net assets per share are shareholders' funds divided by the number of shares at the period end. The number of shares in issue at the period end excludes 142,852 shares (April 2013: 142,852 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 135,613 shares (April 2013: 1,422,182 shares). As an industry standard measure, European Public Real Estate Association ("EPRA") net asset values are presented.

Notes to the interim report (continued)

for the six months ended 30 April 2014

14 Borrowings

Current	As at 30 April 2014 (unaudited) £'m	As at 30 April 2013 (unaudited) £'m	As at 31 October 2013 (audited) £'m
Bank loans and overdrafts due within one year or on demand:			
Secured – bank loans	**-**	-	5.0
	-	-	5.0

Non-current	As at 30 April 2014 (unaudited) £'m	As at 30 April 2013 (unaudited) £'m	As at 31 October 2013 (audited) £'m
Borrowings:			
Secured – bank loans	**198.8**	276.7	266.9
Secured - US Private placement notes	**67.1**	74.1	71.7
Debt issue costs	**(0.6)**	(0.7)	(0.7)
	265.3	350.1	337.9

The bank loans are repayable with £5.0m bi-annual instalments commencing on 31 October 2015. The bank loan facility agreement expires in June 2018.

The private placement notes have $65.6m (31 October 2013: $67.0m) due for repayment in 2019 and $47.3m (31 October 2013: $48.0m) due for repayment in 2024.

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

Notes to the interim report (continued)

for the six months ended 30 April 2014

14 Borrowings (continued)

Borrowings are stated before unamortised issue costs of £0.6m (31 October 2013: £0.7m). The bank loans and private placement notes are repayable as follows:

	As at 30 April 2014 (unaudited)	As at 30 April 2013 (unaudited)	As at 31 October 2013 (audited)
	£'m	£'m	£'m
In one year or less	**-**	-	5.0
Between one and two years	**10.0**	10.0	10.0
Between two and five years	**188.8**	266.7	256.9
After more than five years	**67.1**	74.1	71.1
Borrowings	**265.9**	350.8	343.6
Unamortised issue costs due within one year	**-**	(0.1)	-
Unamortised issue costs due after one year	**(0.6)**	(0.6)	(0.7)
	265.3	350.1	342.9

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

	As at 30 April 2014 (unaudited)	As at 30 April 2013 (unaudited)	As at 31 October 2013 (audited)
Bank loans	Quarterly LIBOR plus 2.50%	Quarterly LIBOR plus 3.25%	Quarterly LIBOR plus 3.25%
Bank loans	Quarterly EURIBOR plus 2.50%	Quarterly EURIBOR plus 3.25%	Quarterly EURIBOR plus 3.25%
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 2014 (unaudited) £'m	As at 30 April 2013 (unaudited) £'m	As at 31 October 2013 (audited) £'m
Expiring beyond one year	**64.8**	42.3	58.0

Notes to the interim report (continued)

for the six months ended 30 April 2014

15 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 2014:

	Level 1	**Level 2**	**Level 3**	**Total**
	£'m	**£'m**	**£'m**	**£'m**
Assets				
Derivative financial instruments	-	0.1	-	0.1
Total assets	-	0.1	-	0.1
Liabilities				
Derivative financial instruments	-	(8.1)	-	(8.1)
Total liabilities	**-**	**(8.1)**	**-**	**(8.1)**

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.

Notes to the interim report (continued)

for the six months ended 30 April 2014

16 Share capital

Called up, issued and fully paid	**As at 30 April 2014 (unaudited) £'m**	As at 30 April 2013 (unaudited) £'m	As at 31 October 2013 (audited) £'m
206,940,771 (2013: 188,335,088) ordinary shares of 1p each	**2.1**	1.9	1.9

17 Capital commitments

The Group had capital commitments of £4.3m as at 30 April 2014 (30 April 2013: £2.1m).

18 Seasonality

Self-storage revenues are subject to seasonal fluctuations, with peak sales occurring in the second and third quarters of the year. This is due to seasonal weather conditions and holiday periods leading to less demand for storage. For the six months ended April 2013, the level of self-storage revenues represented 49.0% (April 2012: 49.0%) of the annual level of self-storage revenue in the year ended 31 October 2013.

19 Post balance sheet events

In May 2014, the Group purchased the freehold of its St Denis store in Paris, which had previously been operated as leasehold, for €3.8m.

Notes to the interim report (continued)

for the six months ended 30 April 2014

Principal risks and uncertainties

The principal risks and uncertainties which could affect the Group for the remainder of the financial year are consistent with those detailed on page 10 of the Annual Report and Accounts for the year ended 31 October 2013, a copy of which is available at www.safestore.com, and include:

- Strategy risk
- Finance and Treasury risk
- Property investment and development risk
- Valuation risk
- Occupancy risk

The Company regularly assesses these risks together with the associated mitigating factors listed in the 2013 Annual Report. The levels of activity in the Group's markets and the level of financial liquidity and flexibility continue to be the areas designated as appropriate for added management focus.

We continue to believe that our market leading position in the UK and Paris, our strong brand, depth of management as well as retail expertise and infrastructure helps mitigate the effects of the weaker economy and housing market. Furthermore, the UK self-storage market 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 these interim results 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 these interim results 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 these interim results. Except as required by law, the Company is under no obligation to update or keep current the forward-looking statements contained in these interim results 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 2014

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 2013. 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
25 June 2014
Chief Executive Officer

Andrew Jones
25 June 2014
Chief Financial Officer

Independent review report to Safestore Holdings plc

Report on the consolidated interim financial statements

Our conclusion

We have reviewed the condensed consolidated interim financial statements, defined below, in the Interim report of Safestore Holdings plc for the six months ended 30 April 2014. Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated interim financial statements are 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.

This conclusion is to be read in the context of what we say in the remainder of this report.

What we have reviewed

The condensed consolidated interim financial statements, which are prepared by Safestore Holdings plc, comprise:

- the consolidated balance sheet as at 30 April 2014;
- the consolidated income statement and statement of comprehensive income for the period then ended;
- the consolidated cash flow statement for the period then ended;
- the consolidated statement of changes in equity for the period then ended; and
- the explanatory notes to the consolidated interim financial statements.

As disclosed in note 2, the financial reporting framework that has been applied in the preparation of the full annual financial statements of the Group is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

The condensed consolidated interim financial statements included in the Interim report have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

What a review of condensed consolidated financial statements involves

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the consolidated interim financial statements.

Responsibilities for the condensed consolidated interim financial statements and the review

Our responsibilities and those of the directors

The interim report, including the condensed consolidated interim financial statements, is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the Interim report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Our responsibility is to express to the company a conclusion on the condensed consolidated interim financial statements in the Interim report based on our review. This report, including the conclusion, has been prepared for and only for the company for the purpose of complying with the Disclosure and Transparency Rules of the Financial Conduct Authority and for no other purpose. We do not, in giving this conclusion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

PricewaterhouseCoopers LLP

Chartered Accountants

London

25 June 2014

Safestore Holdings plc

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