

Full Year Results

20 January 2009



Preliminary Results Highlights



- A strong performance across key metrics despite a difficult economic climate
- Revenue up 11.5% to £82.9m
 - Average rate per sq ft up 11.6% to £24.06
 - Closing occupancy down 6.7%
 - Ancillary sales up 5.2%
- EBITDA up 10.9% to £45.1m
- Adjusted EPS up 21.8% to 9.84 pence per share
- Adjusted NAV marginally up to 202.1 pence per share
- Final dividend per share of 3p, giving total dividend of 4.65p
- Strong operating cash flow and bank facilities in place to July 2011
- New €60m bank facility raised in France since the year end
- Nine new stores opened in the year
- A positive start to trading in 2009

Financial Review

Richard Hodsdon, Chief Financial Officer



Summary IFRS Income Statement



	Year ended 31 October 2008	Year ended 31 October 2007
	£m	£m
Revenue	82.9	74.3
Operating expenses (excluding exceptionals)	(37.8)	(33.6)
EBITDA before exceptional items and investment gain	45.1	40.7
Exceptional items (net)	-	0.8
Depreciation	(0.1)	(0.1)
Operating profit before investment (loss)/gain	45.0	41.4
Investment (loss)/gain	(8.3)	81.3
Operating profit	36.7	122.6
Net financing costs	(21.8)	(19.0)
Profit before tax	14.9	103.6
Income tax	(2.4)	(25.4)
Profit for the year	12.5	78.2
Basic EPS	6.68p	43.02p
Adjusted EPS*	9.84p	8.08p

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

Earnings Per Share



	Year ended 31 October 2008	Increase/ (decrease)	Year ended 31 October 2007
	£m		£m
Profit after Tax (Earnings)	12.5		78.2
<i>Basic EPS</i>	<i>6.68</i>	<i>(84.5%)</i>	<i>43.02</i>
<u>add</u>			
(Loss)/gain on investment properties	8.3		(81.3)
Exceptional items	-		(0.8)
Tax effect of the above	(2.4)		21.9
Tax rate change	-		(3.4)
Adjusted Earnings	18.4		14.7
<i>Adjusted EPS</i>	<i>9.84</i>	<i>21.8%</i>	<i>8.08</i>
<u>less</u>			
Revaluations on leaseholds	(4.0)		(5.8)
Tax thereon	1.1		1.7
EPRA Adjusted Earnings	15.6		10.6
<i>EPRA Adjusted EPS</i>	<i>8.32</i>	<i>42.2%</i>	<i>5.85</i>
Number of shares	187.4m		181.8m

Cash Flow Reconciliation



	Year ended 31 October 2008	Year ended 31 October 2007
	£m	£m
Operating profit (before investment gain)	45.2	41.5
Working capital and non-cash movements	0.4	(1.7)
Operating cash flow	45.6	39.8
Non-discretionary cash flow		
Maintenance capex (including signage)	(3.0)	(4.3)
Net interest payments	(17.3)	(14.4)
UK GAAP rental payments	(10.7)	(9.1)
Term facility repayments	(4.0)	(4.0)
Total non-discretionary cash flow	(35.0)	(31.8)
Discretionary cash flow		
Maintenance capex (including signage)	(2.0)	(2.0)
Expansion capex	(39.3)	(39.2)
Acquisition of freehold interest of existing leasehold store	(6.0)	-
Dividends paid	(8.7)	(2.8)
New cash raised/Borrowings drawn	38.0	45.6
Total discretionary cash flow	(18.0)	1.6
Net (decrease)/increase in cash	(7.4)	9.6

Summary - Net Debt



	Year ended 31 October 2008	Year ended 31 October 2007
	£m	£m
Available facilities at the year end	<u>302.0</u>	<u>302.0</u>
Total bank borrowings (gross of FRS 4 Adjustment)	(282.0)	(246.2)
Cash	11.1	18.6
Net debt	(270.9)	(227.6)
Proportion of net debt covered by interest hedge	65%	78%

- Facilities at 31 October 2008 secured against UK assets only
- €60m of new debt raised against French assets since the year end
- All facilities are term facilities and run to July 2011
- UK has a repayment profile of £4m per annum until July 2011



- Loan to Value Covenant
 - LTV (UK assets only) at 52% at 31 October 2008
 - LTV covenant set at 70% at 31 October 2008
 - LTV covenant moves to 65% from 31 July 2009 until July 2011
- Interest Cover Ratio Covenant
 - ICR in excess of 2.00x at 31 October 2008
 - ICR covenant set at 1.60x at 31 October 2008
 - ICR covenant moves to 1.75x from July 2009 until July 2011

New French Bank Facility



- Term facility of up to €60m secured against French assets (freeholds only currently)
- Facility runs in line with UK facilities to July 2011
- No repayments due between now and July 2011
- Costs of debt 175bps above EURIBOR year one
- Subsequent years margin ratchets between 125bps and 175bps based on interest cover
- Loan to Value covenant 60% year 1 and 65% thereafter
- Interest Cover Ratio:
 - Year 1 – not less than 1.50x EBITDA
 - Year 2 – not less than 2.00x EBITDA
 - Year 3 – not less than 2.50x EBITDA

Cost of Banking Facilities (including new French Facility)



	Debt at January 2009	Weighted Average Interest at January 2009	Weighted Average Interest at October 2008
	£m	%	%
Fixed rate debt (UK only)	177.5	6.11	6.10
Floating rate debt (UK only)	90.5	3.90	6.00
French Facility	24.0	4.25	-
	<hr/> 292.0	<hr/> 5.27	<hr/> 6.07

- UK margin at 90bps
- French margin at 175bps
- Reduction in interest rates based on current LIBOR should deliver considerable cost benefit
- Basis swap in place for 2009 which will deliver a further £0.5m saving (one year only)

Portfolio Summary Under IFRS



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

	October 2008				October 2007			
	Developing	Established	Mature	Total	Developing	Established	Mature	Total
Number of Stores	15	62	35	112	14	54	35	103
	Sq ft '000	Sq ft '000	Sq ft '000	Sq ft '000	Sq ft '000	Sq ft '000	Sq ft '000	Sq ft '000
MLA (self storage only)	693	2,485	1,582	4,760	660	2,101	1,566	4,327
Occupancy (self storage only)	172	1,453	1,091	2,716	256	1,429	1,226	2,911
Occupancy (%age)	24.8%	58.5%	69.0%	57.1%	38.8%	68.0%	78.3%	67.3%
	October 2008				October 2007			
	Developing	Established	Mature	Total	Developing	Established	Mature	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Average rate £ per sq ft	17.78	23.60	25.73	24.23	20.87	20.54	22.87	21.56
Self storage income	3,250	35,204	29,569	68,023	3,551	29,101	27,863	60,515
Ancillary income	839	6,042	4,070	10,951	794	5,444	4,051	10,289
Other income	25	2,388	1,488	3,901	45	1,810	1,644	3,499
Total Income	4,114	43,634	35,127	82,875	4,390	36,355	33,558	74,303
Store EBITDA (IFRS)	1,303	26,722	24,405	52,430	1,803	22,211	22,723	46,737
Store EBITDA margin (%age)	32%	61%	69%	63%	41%	61%	68%	63%
Central overhead allocation	362	3,835	3,088	7,285	355	2,942	2,715	6,012
Store Net Operating Income	941	22,887	21,317	45,145	1,448	19,269	20,008	40,725
NOI margin (%age)	23%	52%	61%	54%	33%	53%	60%	55%
Rent Charge	1,485	6,243	2,954	10,682	1,550	4,927	2,641	9,118
UK GAAP EBITDA	(544)	16,644	18,363	34,463	(102)	14,342	17,367	31,607

Operational Review

Steve Williams, Chief Executive Officer





- A customer led retail focused business
- The Safestore model provides vital flexibility to respond rapidly in current environment
 - A conservative approach to new store acquisition costs
 - A good degree of discretionary costs
 - Targeted investment towards increasing enquiries and improving conversion rates
- Clear but flexible operational strategy
 - Balancing rate per sq ft and occupancy
 - Focusing on a diverse and changing customer mix
 - Maintaining and building a stable customer base
- Balanced portfolio with presence across the UK and Paris

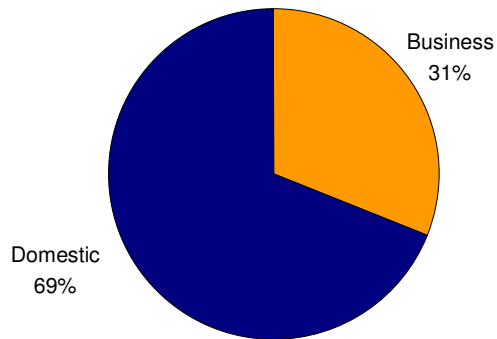


- The type of demand, unit size and customer mix is changing although many of the drivers for storage remain essentially the same
- Less demand from home movers, but increasing demand from people requiring extra space
 - Demand for smaller units has risen
 - Negative impact on occupancy, but positive impact on length of stay and rental rates
- Rising demand from customers moving into rental accommodation
 - Downsizing
 - Repossessions
- Demand from business customers remains strong
 - No long term leases or expensive legal costs
 - Flexibility of agreement
 - Upsize or downsize to suit demand
- Flexibility and micro management are key to success

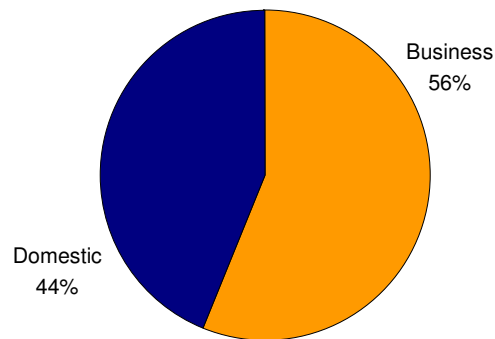
Changing Customer Mix - UK



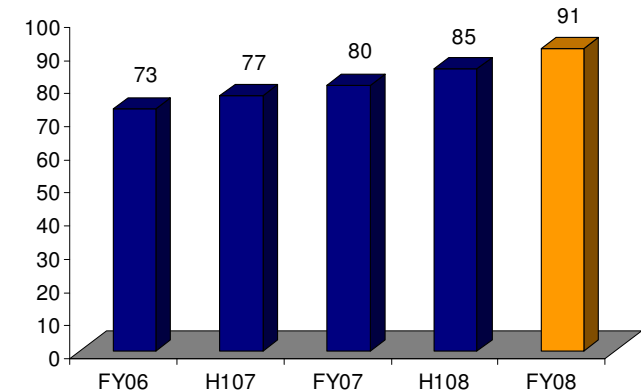
Breakdown of Business and Domestic Customers



Percentage of Space Occupied by Customer Type



Average Length of Stay



- Domestic customers represent 69%, using storage for a wide variety of socio-economic factors:
 - Storage is becoming more of a necessity
 - Length of stay split in two groups:
 1. Up to 26 Weeks 35%
House moves fall into this category demonstrating that self storage is not entirely dependent on the housing market
 2. Over 26 Weeks 65%
Near to 75% of the total occupied sq ft is >26 weeks
- Business customers provide a stable customer base on a national level
 - Now represent 31% of overall customer base and occupy 56% of space
- Average length of stay increased to 91 weeks from 80 weeks year on year
 - Greater stability and improved quality of earnings

Rate and Occupancy

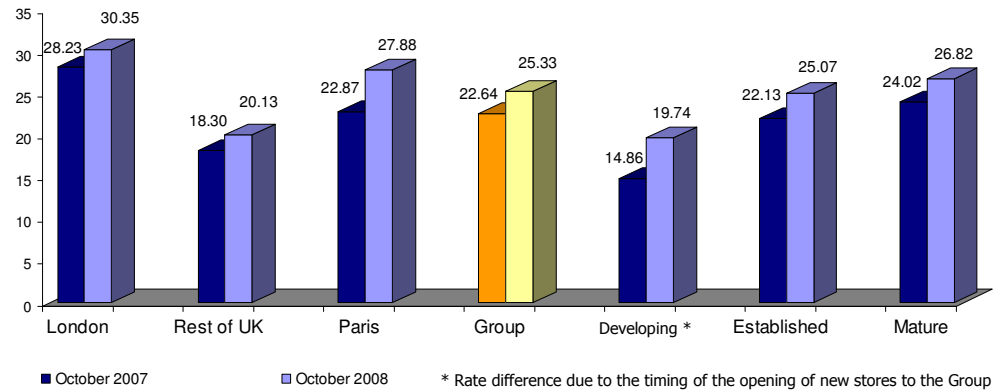


- Focus in 2008 has been on rate protection
- Good rate growth across all store classes, despite lower occupancy
 - Rate growth not solely based on price increases
- Occupancy has softened across the Group but grown in France and new stores
- Important to balance rental rate and occupancy in 2009
- Average rent per sq ft in Paris has increased by 8.5% in constant currency

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

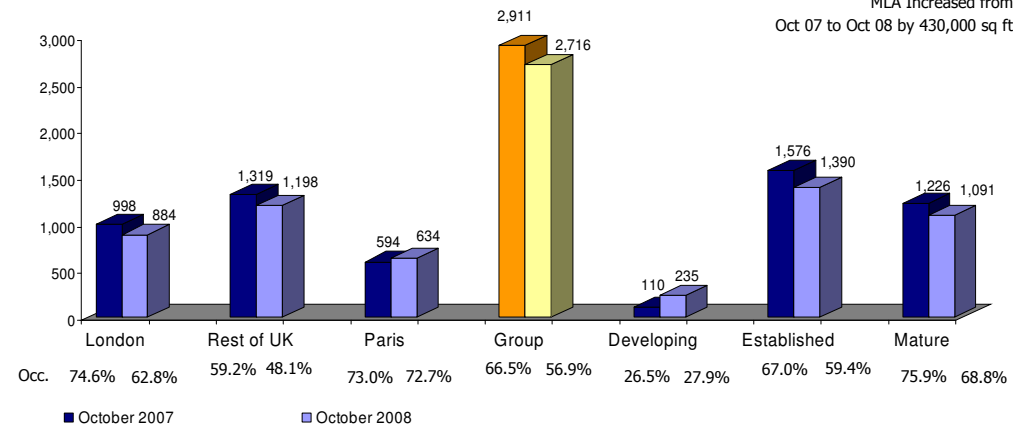
Rate at period end (£/sq ft)

Note
 Inner London Stores: 8
 Oct 2008 £39.45
 Oct 2007 £34.80



Area Let ('000 sq ft)

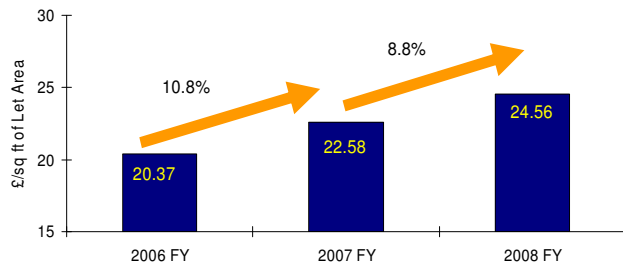
Note
 MLA Increased from Oct 07 to Oct 08 by 430,000 sq ft



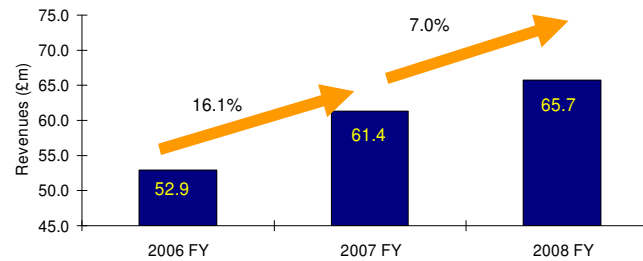
Sales Mix and Contribution Analysis



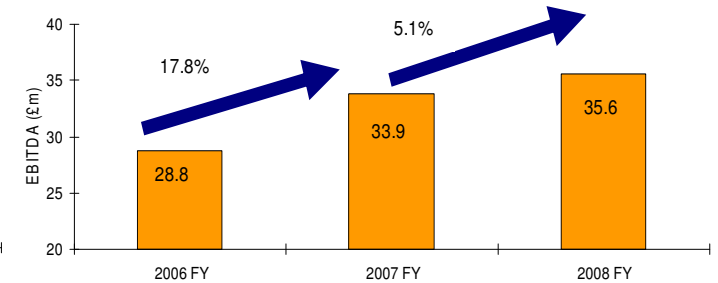
**Rental Rate Improvement – UK Stores
(year end rate)**



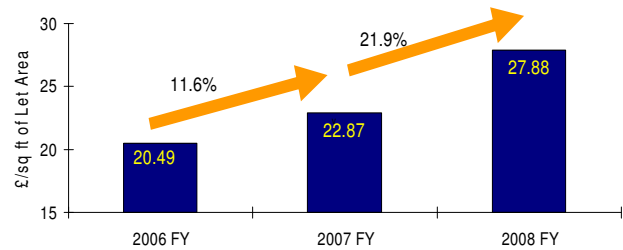
Total Revenue Growth - UK



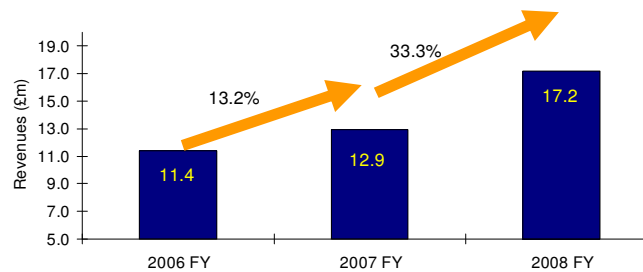
EBITDA Growth - UK



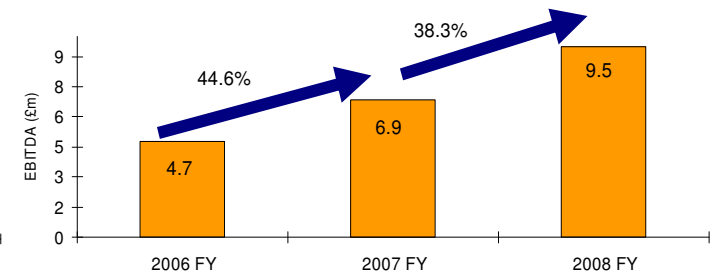
**Rental Rate Improvement – French Stores
(year end rate)**



Total Revenue Growth - France



EBITDA Growth - France





- Continue to see significant improvement in Safestore brand recognition and awareness of self storage
- Total planned investment in advertising and marketing for 2009 in line with 2008, including:
 - Search engine optimization
 - Sponsored links
- The Web is the highest driver of enquiries - increased online market share and web enquiries
- Signage still contributes the greatest volume of new business
- Promotional affiliations and alliances with Tesco, Wickes, ebay, Europcar and DHL
- Focus in 2009 is to continue with targeted marketing with minimal mass media advertising outside of the web



Wickes



Property Review

Richard Hodsdon, Chief Financial Officer



Property Portfolio Valuations



Key Variables	Oct-08	Apr-08	Oct-07
Average Rate per Sq Ft	£24.06	£23.55	£21.56
Exit Cap Rate	7.88%	7.14%	7.12%
Weighted average stabilised occupancy	79.30%	80.15%	80.11%
Average number of months to stabilised occupancy	43	31	20

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

Freehold

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

Leasehold

- No asset sale in year 10 – DCF to lease expiry
- Average unexpired term at October 2008 of 14.75 years (October 2007: 15.9 years)

Property Portfolio Valuation – Cushman & Wakefield



Location	Tenure	Stores	Maximum Lettable Area ('000 sq ft)*	Valuation**	Movement since April 2008
UK	Freehold	51	2,259	£396m	(£20m)
	Long Leasehold	5	280	£39m	(£2m)
	Short Leasehold	35	1,489	£104m	(£2m)
France	Freehold	7	290	£54m	£10m
	Short Leasehold	14	572	£46m	£8m
Total		112	4,890	£639m	(£6m)

* For valuation purposes MLA includes offices ** Valuation as at 31 October 2008

- Exit yields have moved out 74bps since April 2008 reflecting underlying 62.5bps movement in prime yield in the UK and 50bps in France
- Minimal Foreign Exchange impact against April 2008 valuations (£0.5m only)
- Like for like property values (excluding new stores and Foreign Exchange) down circa 3% since April 2008
- Like for like movement driven by -8.8% capital movements partly offset by 5.8% cash flow movements

Revaluation Movement in the Year



	Year ended 31 October 2008	Year ended 31 October 2007	Movement
	£m	£m	£m
Like for Like portfolio			
UK portfolio	502	519	(17)
French portfolio	87	65	22
Gain from change in tenure (one store in France)	6	-	6
Like for Like total	595	584	11
New stores	44	-	44
Valuation	639	584	55

- UK like for like portfolio valuation down 3.3% year on year
- French like for like portfolio valuation up 25.7% (same currency) but 33.8% including impact of foreign exchange
- A 9.3% capital reduction over the year has been broadly offset by an 8.8% cash flow improvement

Expansion Stores



	Tenure	Full Planning	Pipeline MLA Sq. ft	Opened MLA Sq ft	Opened / Estimated Opening
Stores opened in year					
Glasgow (Dobbies Loan)	FH	✓		77,000	Jan 2008
Glasgow (Rutherglen)	FH	✓		56,000	Mar 2008
Cheltenham	LH	✓		43,000	Mar 2008
Crayford	LH	✓		42,000	Mar 2008
Sunderland	LH	✓		49,000	Mar 2008
Bristol – Filton	FH	✓		54,000	Apr 2008
Paris (Rocroy)	FH	✓		32,000	Jun 2008
Chingford	FH	✓		44,000	May 2008
Hanworth	LH	✓		35,650	May 2008
Total Sq Ft opened 07/08				432,650	
Development Stores acquired/under contract					
Clapham	FH	✓	52,000		2009
Cardiff	FH	✓	78,000		2009
Paris (Longpont)	FH	✓	40,500		2009
Leicester	FH	✓	54,000		2009
Ipswich	FH	✓	53,600		2009
Bolton	FH	✓	48,900		2010
Staines	FH	In Progress	43,450		2010
Southend	FH	✓	49,400		2010
Barking	FH	In Progress	48,000		2010
Anerley	LL	✓	42,350		2010
Friern Barnet	FH	In Progress	48,000		2011
Total Current Sq Ft			558,200	432,650	

- Pipeline of 11 expansion stores which will add 558,200 sq ft of MLA by 2011. Of these:
 - 10 are freehold
 - 1 is long leasehold
 - 8 have planning permission
- Pipeline will increase store portfolio from 112 to 121 (Note: Sites with unconfirmed planning not certain)
- Associated Capex for UK of £66.5m, of which £27.7m has been spent as at 31 October 2008
- Associated Capex for France of €5.9m of which €3.8m has been spent as at 31 October 2008

Costs to Complete Pipeline



	Year ended 31 October 2008
	£m
Costs of stores spent to date	30.7
Estimated costs to complete	40.5
Total Estimated Cost	71.2
Estimated net sq ft added	558,200
Cost per sq ft (freehold/long leasehold)	£128

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

Outlook

Steve Williams, Chief Executive Officer





- Trading conditions are likely to remain challenging
- Safestore positioned to increase market share and maintain competitive advantage due to:
 - Scale
 - Market leadership
 - Geographic spread
- A balanced approach to rate and occupancy will maintain margins
- A clear but flexible strategy is key
- Expenditure will predominantly be discretionary as we manage the business conservatively
- Safestore is well positioned to deliver solid EPS growth
- A positive start to trading in 2009

Appendix



Summary IFRS Balance Sheet



	Year ended 31 October 2008	Year ended 31 October 2007
	£m	£m
Assets		
Non-current assets		
Investment properties	712.9	647.1
Development properties	31.5	31.9
Other non-current assets	7.1	9.9
Non-current assets	751.5	688.9
Current assets	25.9	34.6
Liabilities		
Current liabilities	(56.0)	(53.9)
Non-current liabilities		
Bank and institutional borrowings	(276.5)	(240.4)
Deferred tax liabilities	(123.0)	(124.0)
Obligations under finance leases	(64.6)	(55.5)
Other non-current liabilities	(1.5)	(1.8)
Non-current liabilities	(465.6)	(421.7)
Net assets	255.8	247.9
Adjusted NAV per share*	202.1p	198.8p

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

New Stores Opened in the Year



Dobbies Loan



Rutherglen



Crayford



Cheltenham



Sunderland



Bristol Filton



La Fayette (Paris)

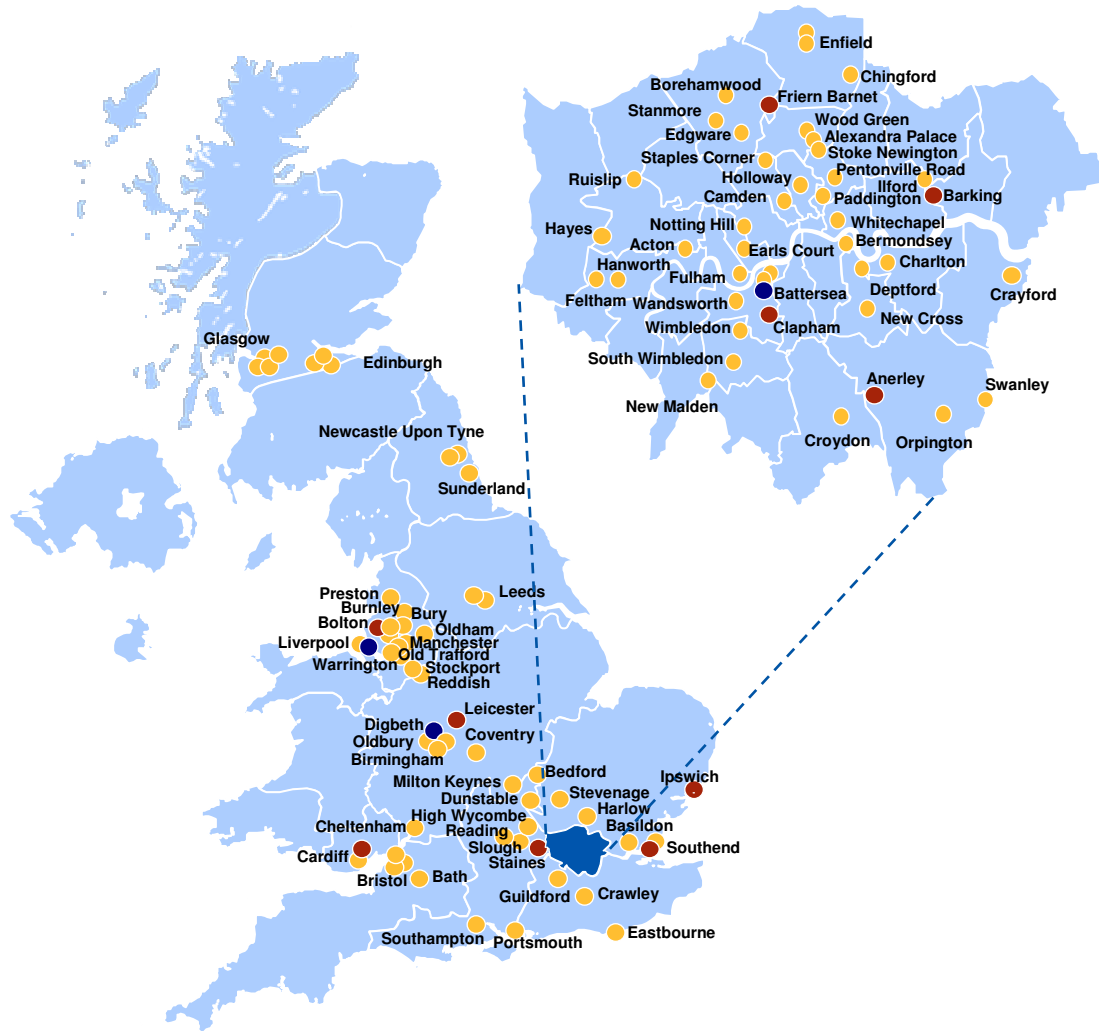


Chingford



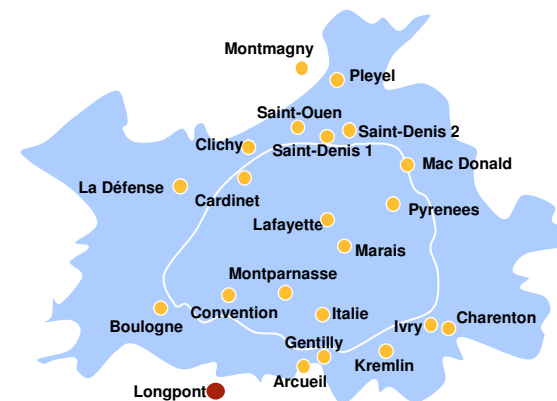
Hanworth

Market Leadership & Cluster Strategy



As at 31 October 2008:

- 109 Current stores
- 3 Current Business Centres
- 11 Expansion stores



Investment Property Valuation



	Deemed Cost	Valuation	Revaluation on deemed cost
	£m	£m	£m
Freehold Centres			
As at 1 November 2007	212.2	449.6	237.4
Movement in Year	42.1	39.3	(2.8)
As at 31 October 2008	254.3	488.9	234.6
Leasehold Centres			
As at 1 November 2007	56.8	133.2	76.4
Movement in Year	8.4	15.6	7.1
As at 31 October 2008	65.2	148.8	83.6
All Stores			
As at 1 November 2007	268.9	582.7	313.8
Movement in Year	50.6	54.9	4.4
As at 31 October 2008	319.5	637.7	318.2

Occupancy and EBITDA vary by store size



	Established 2-5 years	Established 6-9 years	Mature Pre - 1998	Established & Mature
Average Occupancy § below 60,000 sq ft	65%	68%	77%	71%
Target Occupancy				87%
Average EBITDA* below 60,000 sq ft	£279K	£356K	£516K	£399K
Average MLA occupancy § over 60,000 sq ft	48%	59%	69%	61%
Target Occupancy				77%
Average EBITDA* over 60,000 sq ft	£476K	£588K	£898K	£734K

Note:

* For the last 12 months ending 31 October 2008

§ As at 31 October

Customer Average Length of Stay in the UK



Age of Store		< 1year		1-2 Years		2-5 Years		> 5 Years		Portfolio		As at 31/10/2007 Portfolio	
N° of Stores		8		5		9		66		88		80	
		(wks)	(mths)	(wks)	(mths)	(wks)	(mths)	(wks)	(mths)	(wks)	(mths)	(wks)	(mths)
Business 30%	Existing	14	3.2	31	7.1	61	14.1	127	29.3	113	26.1	107	24.8
	Vacated	7	1.6	14	3.2	25	5.8	41	9.4	40	9.2	38	8.8
	Total	11	2.6	24	5.5	34	7.7	51	11.8	50	11.4	48	11.1
Domestic 70%	Existing	13	3.0	29	6.6	49	11.3	93	21.4	81	18.7	69	15.9
	Vacated	9	2.0	15	3.4	20	4.5	30	6.9	29	6.6	29	6.7
	Total	11	2.5	19	4.5	24	5.5	35	8.0	34	7.7	33	7.6
All	Existing	13	3.0	29	6.7	53	12.2	103	23.9	91	21.0	80	18.5
	Vacated	8	1.9	15	3.4	21	4.8	32	7.4	31	7.2	31	7.1
	Total	11	2.5	20	4.6	26	6.0	39	8.9	37	8.6	37	8.5

Notes:

Age of store @31/10/2008

Excluded:

BC Queens Dock
BC Digbeth
BC Battersea

France



Operational Overview



- A solid performance across all metrics in a burgeoning market
- 2 new stores opened in the period
- 1 freehold interest purchased in an existing leasehold store (Arcueil)
- 1 expansion store contracted with full planning. Due to open in 2009

New Stores Opened in 2008



Kremlin (H1)



Lafayette (H2)

Market Leadership & Cluster Strategy



	Stores Operating at 31/10/08	Shurgard	Homebox	Others
City of Paris (3 miles radius)	8	3	3	1
Paris "first belt" (5 miles radius)	12	6	4	1
Greater Paris (15 miles radius)	1 (+1)	25	5	6
Paris Area	21 (+1)	34	12	8
Rest of France	0	21	32	40 *
Total France	21 (+1)	55	40	48

- Market leader in Paris
- More stores in Central Paris than any other operator

Note
Pipeline not available
* estimates



- Parisian cluster strategy designed to maximize marketing efficiency
- Permanent metro billboards and site signage are the principal drivers of brand awareness
- The Web is the highest driver of enquiries, reflecting our targeted marketing spend; circa 25% of web searchers directly type the company name in the search engine (i.e. they are specifically looking at Une Pièce en Plus for a solution to their problem)
- Total €1 million planned investment in advertising & marketing in 2009
- Marketing costs per new customer below target of 5% of average income/customer
- Enquiries increased by 16%
- New lets up 20% year on year (+13% on same store portfolio)

Customer Average Length of Stay in France



Age of Store		< 1year		1-2 Years		2-5 Years		> 5 Years		Portfolio		As at 31/10/2007 Portfolio	
N° of Stores		1		1		2		17		21		20	
		(wks)	(mths)	(wks)	(mths)	(wks)	(mths)	(wks)	(mths)	(wks)	(mths)	(wks)	(mths)
Business	Existing	12	2.7	22	5.2	45	10.3	123	28.4	116	26.8	114	26.3
25%	Vacated	6	1.3	11	2.4	20	4.6	50	11.5	49	11.2	46	10.7
	Total	11	2.4	17	3.9	28	6.5	63	14.5	61	14.2	60	13.9
Domestic	Existing	8	1.8	17	4.0	42	9.6	118	27.1	108	25.0	110	25.5
75%	Vacated	7	1.6	10	2.3	19	4.5	48	11.1	47	10.9	45	10.5
	Total	8	1.8	14	3.3	27	6.3	60	13.9	58	13.5	59	13.5
All	Existing	9	2.1	18	4.1	42	9.8	119	27.5	110	25.5	111	25.7
	Vacated	7	1.6	10	2.3	20	4.5	48	11.2	47	10.9	46	10.5
	Total	8	1.9	15	3.4	27	6.3	61	14.0	59	13.6	59	13.6

Notes:

Age of store @31/10/2008

Stores within Paris City limits (3 miles radius)



Marais



Italie



Pyrénées



Montparnasse



Cardinet



Mac Donald



Convention



Lafayette

Stores Paris "first belt" (additional 2 miles radius)



La Défense



Ivry



Saint-Ouen



Arcueil



Saint-Denis 1



Saint-Denis 2



Clichy



Gentilly



Charenton



Pleyel



Kremlin



Boulogne

Stores Greater Paris (additional 10 miles)



Longpont (2009)



Montmagny

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