18 June 2019

Safestore Holdings plc
("Safestore", "the Company" or "the Group")

Interim results for the 6 months ended 30 April 2019

Solid H1 performance, on course to meet full year expectations

Key Measures	**6 months ended 30 April 2019**	**6 months ended 30 April 2018**	**Change[1]**	**Change-CER[2]**
Underlying and Operating Metrics- total				
Revenue	£73.1m	£69.2m	5.6%	5.9%
Underlying EBITDA[3]	£41.4m	£39.1m	5.9%	6.1%
Closing Occupancy (let sq ft- million)[4]	4.65	4.50	3.3%	n/a
Closing Occupancy (% of MLA)[5]	73.0%	71.5%	+1.5ppts	n/a
Average Storage Rate	£26.30	£25.91	1.5%	1.7%
Adjusted Diluted EPRA Earnings per Share[6]	13.5p	12.6p	7.1%	n/a
Free Cash flow[7]	£27.6m	£23.1m	19.5%	n/a
EPRA Basic NAV per Share	£4.06	£3.57	13.7%	n/a
Underlying and Operating Metrics- like-for-like[8]				
Revenue	£72.1m	£68.3m	5.6%	5.9%
Underlying EBITDA[3]	£41.2m	£38.7m	6.5%	6.7%
Closing Occupancy (let sq ft- million)[4]	4.60	4.47	2.9%	n/a
Closing Occupancy (% of MLA)[5]	74.3%	72.1%	+2.2ppts	n/a
Average Occupancy (let sq ft- million)[4]	4.57	4.40	3.9%	n/a
Average Storage Rate	£26.22	£25.78	1.7%	1.9%
Statutory Metrics				
Profit before tax	£38.2m	£81.9m	-53.4%	n/a
Basic Earnings per Share	16.4p	40.3p	-59.3%	n/a
Dividend per Share	5.5p	5.1p	7.8%	n/a

Highlights

Solid Financial Performance

- Group revenue up 5.6% (5.9 % at CER[2])
- Group like-for-like[8] revenue at CER[2] up 5.9% with UK up 5.6% and Paris up 6.3%
- Adjusted Diluted EPRA EPS[6] up 7.1% at 13.5p
- 7.8% increase in the interim dividend to 5.5p
- Statutory Profit before tax down to £38.2m from £81.9m in 2018 driven by reduced gain on investment properties of £7.9m (2018: gain of £51.8m)

Operational and Strategic Progress

- Continued balanced approach to revenue management drives returns
    - Like-for-like[8] closing occupancy of 74.3% (up 2.2ppts on 2018)
    - Like-for-like[8] average occupancy for the period up 3.9%
    - Like-for-like[8] average storage rate for the period up 1.9% in CER[2]
- Peterborough site acquired for new 42,000 sq ft store to be opened at the end of 2019
- Further new store openings scheduled in Paris Pontoise in Summer 2019, London Carshalton and Birmingham Merry Hill in the second half of 2019, and Paris Magenta, subject to planning, in the 2019/20 financial year
- Extension of Bedford and Barking stores in early 2020, adding 29,000 sq ft

Strong and Flexible Balance Sheet

- Group loan-to-value ratio ("LTV"[9]) at 31%, interest cover ratio ("ICR"[10]) at 8.7x

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

"Safestore's performance has been robust in the first half of the year and continues to build on the strong earnings and dividend growth achieved over the last five years. Since we recommenced our store acquisition and development programme in 2016, we have added 38 stores, including our new store pipeline of three sites in the UK in London Carshalton, Birmingham Merry Hill and Peterborough (subject to planning) and two sites in Paris at Pontoise and Magenta (subject to planning). Going forward, we expect to be able to continue to seize consolidation opportunities as well as new development sites that can be turned relatively quickly into new stores.

The self-storage market remains resilient to macroeconomic uncertainty and we continue to capture growing levels of demand in the UK and in Paris, with double digit new let growth on a like-for-like basis on both markets. As we enter our peak trading period we are well-placed to meet this demand with our 1.72m sq ft of currently unlet, fully invested space, and our pipeline of five stores that will add a further 252,000 sq ft.

Our scale continues to allow us to invest in our digital marketing platforms and service proposition, and this remains a key competitive advantage in a fragmented industry. Our balance sheet remains strong and efficient, with a low cost of debt. Our existing financing capacity, combined with the strong free cash generation of the business, allows us to continue to target selected development and acquisition opportunities. With our leading market positions across the UK and in Paris, the Company is in a strong position with significant low-cost growth potential. We remain on-course to meet the Board's full year expectations."

Notes

1 – Where reported amounts are presented either to the nearest £0.1m or to the nearest 10,000 sq ft, the effect of rounding may impact the reported percentage change.

2 – CER is Constant Exchange Rates (Euro denominated results for the current period have been retranslated at the exchange rate effective for the comparative period, in order to present the reported results on a more comparable basis).

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

4 – Occupancy excludes offices but includes bulk tenancy. As at 30 April 2019, closing occupancy includes 14,000 sq ft of bulk tenancy (30 April 2018: 27,250 sq ft).

5 – MLA is Maximum Lettable Area. Group MLA at 30 April 2019 is 6.37m sq ft (30 April 2018: 6.29m sq ft).

6 – Adjusted Diluted EPRA EPS is based on the European Public Real Estate Association's definition of Earnings and is defined as profit or loss for the period after tax but excluding corporate transaction costs, change in fair value of derivatives, gain/loss on investment properties and the associated tax impacts. The Company then makes further adjustments for the impact of exceptional items, IFRS 2 share-based payment charges, exceptional tax items, and deferred tax charges. This adjusted earnings is divided by the diluted number of shares. The IFRS 2 cost is excluded as it is written back to distributable reserves and is a non-cash item (with the exception of the associated National Insurance element). Therefore neither the company's ability to distribute nor pay dividends are impacted (with the exception of the associated National Insurance element). The financial statements will disclose earnings both on a statutory, EPRA and Adjusted Diluted EPRA basis and will provide a full reconciliation of the differences in the financial year in which any LTIP awards may vest.

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

8 – Like-for-like adjustments have been made to remove the 2018 openings of Mitcham, Paddington Marble Arch and Poissy and the closures of Leeds Central, Merton and Paddington.

9 – LTV ratio is Loan-to-Value ratio, which is defined as gross debt (excluding finance leases as a proportion of the valuation of investment properties and investment properties under construction (excluding finance leases).

10 – ICR is interest cover ratio. It is calculated in accordance with the requirements of our borrowings covenants, which is the ratio of underlying EBITDA after leasehold rent to underlying finance charges (excluding the amortisation of debt issue costs) on a rolling twelve-month basis.

Reconciliations between underlying metrics and statutory metrics can be found in the financial review and financial statements sections of this announcement.

Summary

Safestore has delivered a solid financial performance in the first half of the year, driven by organic growth. Reported Group revenue increased 5.9% at CER[2] with like-for-like[8] revenue growing at a similar rate. The Group's like-for-like closing occupancy increased by 2.2 percentage points ("ppts") to 74.3% with the average storage rate up 1.9% at CER[2]. Like-for-like Store EBITDA margin[3], on a CER basis, grew by 0.4ppts to 65.3% (2018: 64.9%).

Our operational performance across the UK has been robust in the period resulting in a 5.6% increase in like-for-like revenue. Enquiry generation and store team conversion have been strong across all regions of the UK, resulting in like-for-like closing occupancy growing by 1.6ppts to 72.6% in the period. The UK like-for-like average rate grew by 2.6% in the period continuing its strong performance of the last four quarters.

In Paris, our trading performance has been strong with like-for-like revenue growing by 6.3%. This was driven by our average like-for-like occupancy performance which increased by 8.0% compared to the prior year. Like-for-like closing occupancy ended the period up 4.7ppts at 81.7% (2018: 77.0%). We are now in the twenty first consecutive year of revenue growth in Paris. Our new store at Poissy, which opened in the second half of 2018, is trading ahead of our business plan. Our like-for-like average storage rate in the period was down 0.8% although, excluding our recently opened lower price suburban Emerainville and Combs la Ville stores (opened in September 2016 and June 2017 and, therefore, defined as like-for-like), average rate was up 1.1% for the period.

Group underlying EBITDA of £41.4m increased 6.1% at CER[2] on the prior year and 5.9% on a reported basis, reflecting the impact of the 0.8% weakening of the average Euro exchange rate compared to the prior period, on the profit earned on our Paris business. Rent costs benefited from favourable rent reviews in the period and, as a result, adjusted diluted EPRA EPS[6] grew by 7.1% in the period to 13.5p (2018: 12.6p).

Our property portfolio valuation, before the impact of the 3.1% weakening in the Euro closing exchange rate, has increased by 1.6% since 31 October 2018. Overall, the portfolio is up £10.3m to £1,226.5m, the increase comprising a £14.5m revaluation gain and £5m of additions offset by a negative currency impact of £9.2m.

Reflecting the Group's good trading performance, the Board is pleased to recommend an 7.8% increase in the interim dividend to 5.5p per share (2018: 5.1p).

Outlook

Entering into Q3, we are continuing to progress our sales and generate year on year like-for-like new lets growth in what was a strong quarter last year. Safestore has a strong market presence in both the UK and Paris which continues to be strengthened by new store developments and acquisitions. Trading in the stores that we have opened since 2016 continues to be strong. Our recently opened stores in London Mitcham, Paddington Marble Arch and Paris Poissy have started well and are performing in line with or ahead of their business plans. We look forward to further openings, spread over the rest of the year, in Paris Pontoise, London Carshalton and Birmingham Merry Hill. In addition, subject to planning permission, we hope to open stores in central Paris at Boulevard Magenta in 2020 and in Peterborough in late 2019. With 1.72m sq ft of fully invested unlet space available at 30 April 2019 (the equivalent of c.40 stores) and a pipeline of 0.25m sq ft, we have significant but low-cost growth potential ahead.

As ever, our priority remains the ongoing improvement of the operational performance of the business and leveraging our leading market positions to full effect. We will continue our strategy of managing revenue growth, with our central pricing team leveraging our dynamic pricing systems to optimise tactical store level rate and occupancy decisions. Our strong and flexible balance sheet, healthy cash generation sufficient to fund the building of 2-4 new stores per annum, and proven management expertise, provides us with the opportunity to take advantage of further selective development and acquisition opportunities in our key markets, subject to our rigorous investment criteria.

Our business model remains highly resilient. Combined with our scale, geographical diversity, strong balance sheet and marketing expertise, we believe that we are well placed for continued future growth in what remains a young and expanding industry where consumer awareness is growing steadily. As we progress into our peak Q3 trading period, we are on course to meet the Board's full year expectations.

For further information, please contact:

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A presentation for analysts will be held at 09:30am today at:

Instinctif Partners, 65 Gresham Street, London EC2V 7NQ

For dial-in details of the presentation please contact:

Guy Scarborough (guy.scarborough@instinctif.com or telephone on 020 7457 2020).

Notes to Editors

- Safestore is the UK's largest self-storage group with 146 stores at 30 April 2019, comprising 119 wholly owned stores in the UK (including 67 in London and the South East with the remainder in key metropolitan areas such as Manchester, Birmingham, Glasgow, Edinburgh, Liverpool and Bristol) and 27 wholly owned stores in the Paris region.

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

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

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

- The Group provides storage to around 64,000 personal and business customers.

- As at 30 April 2019, Safestore had a maximum lettable area ("MLA") of 6.37 million sq ft (excluding the expansion pipeline stores) of which 4.65 million sq ft was occupied.

- Safestore employs around 650 people in the UK and France.

Our Strategy

The Group's strategy remains unchanged. We believe that the Group has a well-located asset base, management expertise, infrastructure, scale and balance sheet strength to exploit the healthy industry dynamics of the self-storage sector. As we look forward, we consider that the Group has the potential to significantly increase its earnings per share by:

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

Optimisation of Existing Portfolio

Since 2016, Safestore has strengthened its market-leading portfolio in the UK and Paris with the Space Maker and Alligator acquisitions as well as the organic development of new sites. In total, 38 stores have been added including 24 existing stores, nine new developments and our current pipeline of five stores. We have a high quality, fully invested estate in both the UK and Paris. Of the Group's 146 stores, 94 are in London and the South East of England or in Paris with 52 in the other major UK cities. The Group now operates 44 stores within the M25, which represents a higher number of stores than any of our competitors.

In the last year, our MLA has increased by 1.3% to 6.37m sq ft at 30 April 2019. At the current occupancy level of 73.0%, we have 1.72m sq ft of unoccupied space, of which 1.44m sq ft is in our UK stores and 0.28m sq ft in Paris. This is the equivalent of c.40 stores located across the estate. The available space is fully invested and the related operating costs are essentially fixed and already included in the Group's cost base. Our continued focus will be on ensuring that we drive occupancy to utilise this capacity at carefully managed rates.

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

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

Digital Marketing Expertise

Awareness of self-storage is increasing each year but still remains relatively low with 52% (FY2018: 54%) of the UK population either knowing very little or nothing about self-storage (source: 2019 SSA Annual Report). In the UK around 75% of our new customers are using self-storage for the first time. It is largely a brand blind purchase with, typically, customers requiring storage starting their journey by conducting online research using generic keywords in their locality (e.g. "storage in Borehamwood", "self-storage near me").

We believe there is a clear benefit of scale in the generation of customer enquiries, specifically the ability to invest in, and optimise appearance in search engines for relevant user searches. In an increasingly competitive online environment, the ability to invest in technical advances to consumer websites and continually improve advertising targeting logic provides larger operators with a significant advantage over smaller rivals. The Group has continued to develop its leading digital marketing platform with increased efficiency delivering at Group level a 10.4% like-for-like new let growth at a reduced marketing costs in revenue percentage (4.8% of revenue in H1 2019 versus 5.5% in H1 2018).

Online enquiries represent over 82% (2018: 83%) of our enquiries in the UK, and over 74% in France (2018: 74%). Approximately 55% of our online enquiries in the UK now originate from smartphones, compared to just over 50% last year, highlighting the need for continual investment in improving customer experiences as behaviour and expectations evolve.

In 2019, Safestore achieved a Feefo customer service rating of 95% based on the customers who rated their experience as "Excellent" or "Good". Having achieved this service level online, in the store and on the phone, Safestore was again recognised with a "Gold Trusted Merchant" award – given to businesses achieving over 95% – for the sixth year running. In France, more than 93% of customers are satisfied with their customer service experience, rating it 4 stars and above.

High quality training and coaching drives store teams' motivation and performance

Our enthusiastic, well-trained and customer-centric sales team remains a key differentiator and a strength of our business. Understanding the needs of our customers and using this knowledge to develop in-store trusted advisers is a fundamental part of driving revenue growth and market share.

Safestore has been an "Investors in People" (IIP) organisation since 2003 and our aim is to be an employer of choice in our sector, as we passionately believe that our continued success is dependent on our highly motivated and well trained colleagues. In April 2018, Safestore was awarded the Gold accreditation under the IIP programme, a significant improvement from the Bronze accreditation awarded in 2015. This puts Safestore as one of the top employers of 14,000 IIP accredited companies. In addition, Safestore was subsequently shortlisted as a finalist for the IIP Gold Employer of the year 250+ category, putting us in the top ten of all companies that have achieved Gold accreditation. Investors in People enables organisations to benchmark against the best in the business on an international scale. We are proud to have our colleagues recognised to such a high standard not only in our industry but across 14,000 organisations in 75 countries.

We are committed to growing and rewarding our people and tailor our development, reward and recognition programs to this end. Our IIP recognised coaching program, launched in 2018, was upgraded in 2019 to reflect the increase in the calibre and performance of our teams and was well received by our colleagues in January of 2019. Our internal sales training framework also received its 2019 enhancements to reflect the elevated performance of 2018 and target our high expectations of 2019. The program was rolled out in May in preparation for the third and fourth quarters' selling seasons.

The training and development of our store and customer facing colleagues is an essential part of our daily routines. In 2018, we delivered a further 29,000 hours of training through face-to-face sessions and via our internally developed online learning tool. In 2019, we continue to build on this commitment. This Learning Management System also provides the opportunity for team members to receive rigorously enforced health and safety, fire and compliance training, ensuring that our staff are up-to-date in relation to their technical knowledge and continue to operate a safe environment for both our colleagues and customers. These tools, systems and resources have allowed us to effectively communicate changes quickly and manage compliance robustly.

All new recruits to the business benefit from enhanced induction and training tools which have been developed in-house and enable us to quickly identify high potential individuals and increase their speed to competency. They receive individual performance targets within four weeks of joining the business and are placed on the 'pay-for-skills' programme which allows accelerated basic pay increases dependent on success in demonstrating specific and defined skills. The key target of our programme remains that close to 100% of our store manager appointments are from within the business via our Store Manager Development programme, and we are pleased with our progress to date.

November 2016 saw the launch of our internal Store Manager Development programme designed to provide the business with its future store managers. Our most recent programme delegates have the opportunity to gain a nationally recognised qualification from ILM (Institute of Leadership & Management) at Level 3 with candidates due to graduate this year.

Our performance dashboard allows our store and field teams to focus on the key operating metrics of the business providing an appropriate level of management information to enable swift decision making. Reporting performance down to individual employee level enhances our competitive approach to team and individual performance. We continue to reward our people for their performances with bonuses of up to 50% of basic salary based on their achievements against individual new lets, occupancy, ancillary sales and pricing targets. In addition, a Values and Behaviours framework is overlaid on individuals' KPI performance in order to assess team members' performance and development needs on a quarterly basis.

February 2019 saw the launch of our "Make The Difference Forum" when 15 of our colleagues were voted to be the "people champions" and attend our peoples forum. This new initiative allows our champions to be the representative voice for each of the 12 Regions and Head Office in order to influence change and drive improvement for 'Our Business, Our Customers and Our Colleagues'.

People Champions will:

- Consult and collect the views and suggestions of all colleagues that they represent;
- Engage in the bi-annual 'Make the difference' forum, raising and representing the views of their colleagues;
- Consult with and discuss feedback with management and the leadership team at Safestore.

Our Values and behaviours framework concentrates our culture on our Customers. Customers continue to be at the heart of everything we do, whether it be in store, online or in their communities. Our Gold standard Feefo customer service score along with our “Excellent” Trustpilot rating reflects our ongoing commitment to their satisfaction.

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

Central Revenue Management and Cost Control

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

Average rates are predominantly influenced by:

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

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

Costs are managed centrally with a lean structure maintained at the Head Office. Enhancements to cost control are continually considered and the cost base is challenged on an ongoing basis.

Strong and Flexible Capital Structure

Since 2014 we have refinanced the business on three occasions, each time on improved terms, and believe we now have a capital structure that is appropriate for our business and which provides us with the flexibility to take advantage of carefully evaluated development and acquisition opportunities.

At 30 April 2019, based on the current level of borrowings and interest swap rates, the Group’s weighted average cost of debt is 2.25% and 83% of our debt facilities are at fixed rate or hedged. The weighted average maturity of the Group’s drawn debt is 5.7 years at the current period end and the Group’s LTV ratio is 31% as at 30 April 2019.

This LTV and interest cover ratio of 8.7x for the rolling twelve month period ended 30 April 2019 provide us with significant headroom compared to our banking covenants. We have £83m of undrawn bank facilities at 30 April 2019.

Taking into account the improvements we have made in the performance of the business and the reduction in underlying finance charges of c.£10m per annum over the last five years, the Group is now capable of generating free cash after dividends sufficient to fund the building of two to four new stores per annum, depending on location and availability of land.

The Group evaluates development and acquisition opportunities in a careful and disciplined manner against rigorous investment criteria. Our investment policy requires certain Board approved hurdle rates to be considered achievable prior to progressing an investment opportunity. In addition, the Group aims to maintain a Group LTV ratio of between 30% and 40% for the foreseeable future.

Portfolio Management

Our approach to store development and acquisitions in the UK and Paris continues to be pragmatic, flexible and focused on the return on capital.

Our property teams in both the UK and Paris continue to seek investment opportunities in new sites to add to the store pipeline. However, investments will only be made if they comply with our disciplined and strict investment criteria. Our preference is to acquire sites that are capable of being fully operational within 18- 24 months from completion.

Since 2016, the Group has opened nine new stores. Chiswick, Wandsworth, Mitcham, Paddington Marble Arch (all in London), Birmingham and Altrincham in the UK and Emerainville, Combs-la-Ville and Poissy in Paris. We have also completed the extensions and refurbishments of our Acton and Longpont (Paris) stores. All of these stores are performing in line with or ahead of their business plans.

New Stores

In January 2019, we completed the acquisition of a freehold former retail building in Peterborough. The site is one mile east of the City Centre. Subject to planning permission, we will convert the existing building into a 42,000 sq ft self-storage facility and currently estimate that the store will open in the final calendar quarter of 2019.

In October 2017, we completed the freehold acquisition of a 1.34 acre industrial site at Merry Hill. The site is about ten miles west of the centre of Birmingham, in a very prominent location close to Merry Hill regional shopping centre. We subsequently received planning consent and have commenced construction. We expect to open this new purpose-built 55,000 sq ft store towards the end of 2019.

In the second half of 2018, we obtained planning for and completed the acquisition of a site in Carshalton in South London. Construction is underway and we anticipate opening this 40,000 sq ft store at the end of 2019.

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

In June 2018, we exchanged contracts on a freehold 4.2 acre site in Pontoise, North West of Paris and have now received planning permission and completed the acquisition of the site in December 2018. We anticipate converting the existing building into a 65,000 sq ft store and that opening will be in the second half of 2019.

In April 2018, we agreed a lease on a site at Magenta in central Paris. Subject to planning, we aim to open a 50,000 sq ft store here in the 2019/20 financial year.

We believe there will be further opportunities to develop new stores in the outer suburbs of Paris and are actively reviewing the market for new opportunities.

Lease Extensions and Assignments

As part of our ongoing asset management programme, we extended the leases on our Edinburgh Gyle, Edinburgh Fort Kinnaird and Portsmouth Fratton stores in the period.

At Edinburgh Gyle we extended the lease by ten years and secured a six-month rent-free period. The lease now has 17 years remaining and expires in 2036.

At Portsmouth Fratton, we extended the lease to 2042 and agreed a 12-month rent-free period as part of the negotiations.

At Edinburgh Fort Kinnaird, we exercised an existing option to extend the lease by ten years to 2030.
We have now extended the leases on 21 stores or 58% of our leased store portfolio in the UK since 2012 and our average lease length remaining now stands at 12.6 years as compared to 12.5 years at FY2018.

As announced in our 2018 Results, we closed our Merton store in July 2018 and consolidated the majority of customers into our new Mitcham site. We have now assigned the leases on the Merton store to a third party.

Existing Store Extensions and Refurbishments

In the UK we plan to redevelop a small number of our older stores. Currently, our Leeds Central store is closed as part of this programme and most of the store's customers have been relocated, mainly to our other two Leeds stores. We are also considering options for our Sheldon store, as anticipated on acquisition of the Alligator portfolio.

Our Newcastle store is midway through a full refurbishment and remains open during the course of the works. This refurbishment will conclude in December 2019.

During the period, we also received planning permission to extend both our Bedford and Barking stores.

Bedford has an existing MLA of 35,300 sq ft and occupancy peaked at 94% in 2018. We have now started construction of the additional storage building on land already in our ownership adjacent to the existing store. This will provide additional MLA of 24,900 sq ft which we expect to open in early 2020.

Barking currently has an MLA of 48,000 sq ft and its occupancy also peaked at 94% in 2018. The extension, which should be completed early 2020, will add another 4,400 sq ft. Both stores will remain open during the construction.

We continue to look at opportunities to add additional MLA to existing stores as we seek opportunities to enhance our return on invested capital.

Portfolio Summary

The self-storage market has been growing consistently for over 20 years across many European countries but few regions offer the unique characteristic of London and Paris, both of which consist of large, wealthy and densely populated markets. In the London region, the population is 13 million inhabitants with a density of 5,200 inhabitants per square mile in the region, 11,000 per square mile in central London and up to 32,000 per square mile in the densest boroughs.

The population of the Paris urban area is 10.7 million inhabitants with a density of 9,300 inhabitants per square mile in the urban area but 54,000 per square mile in the City of Paris and first belt, where 69% of our French stores are located and which has one of the highest population densities in the western world. 85% of the Paris region population live in central parts of the city versus the rest of the urban area, which compares with 60% in the London region. There are currently c.245 storage centres within the M25 as compared to only c.90 in the Paris urban area.

In addition, barriers to entry in these two important city markets are high, due to land values and limited availability of sites as well as planning regulation. This is the case for Paris and its first belt in particular, which inhibits new development possibilities.

Our combined operations in London and Paris, with 71 stores, contribute £42.4m of revenue and £28.9m of store EBITDA in the first half of the financial year and offer a unique exposure to the two most attractive European self-storage markets.

Owned Store Portfolio by Region	**London & South East**	**Rest of UK**	**UK Total**	**Paris**	**Group Total**
Number of Stores	67	52	119	27	146
Let Square Feet (m sq ft)	1.94	1.74	3.68	0.97	4.65
Maximum Lettable Area (m sq ft)	2.63	2.49	5.12	1.25	6.37
Average Let Square Feet per store (k sq ft)	29	33	31	36	32
Average Store Capacity (k sq ft)	39	48	43	46	44
Closing Occupancy %	73.9 %	69.8%	71.9%	77.7%	73.0%

Average Rate (£ per sq ft)	29.30	18.56	24.23	34.17	26.30
Revenue (£'m)	34.9	20.3	55.2	17.9	73.1
Average Revenue per Store (£'m)	0.52	0.39	0.46	0.66	0.50

The reported totals have not been adjusted for the impact of rounding

We have a strong position in both the UK and Paris markets operating 119 stores in the UK, 67 of which are in London and the South East, and 27 stores in Paris.

In the UK, 63% of our revenue is generated by our stores in London and the South East. On average, our stores in London and the South East are smaller than in the rest of the UK but the rental rates achieved are materially higher enabling these stores to typically achieve similar or better margins than the larger stores. In London we operate 44 stores within the M25, more than any other competitor.

In France, we have a leading position in the heart of the affluent City of Paris market with eight stores branded as Une Pièce en Plus (“UPP”) (“A spare room”) with more than twice the number of stores of our two major competitors combined. 69% of the UPP stores are located in a cluster within a five-mile radius of the city centre, which facilitates strong operational and marketing synergies as well as options to differentiate and channel customers to the right store subject to their preference for convenience or price affordability. The Parisian market has attractive socio-demographic characteristics for self-storage and we believe that UPP enjoys unique strategic strength in such an attractive market.

Together, as at 30 April 2019 London, the South East and Paris represent 64% of our stores, 72% of our revenues, as well as 56% of our available capacity.

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

Market

The self-storage market in the UK and France remains relatively immature compared to geographies such as the USA and Australia. The Self-Storage Association (“SSA”) Annual Survey (May 2019) confirmed that self-storage capacity stands at 0.68 square feet per head of population in the UK and 0.19 square feet per capita in France. Whilst the Paris market density is greater than France, we estimate it to be significantly lower than the UK at around 0.36 square feet per inhabitant. This compares with 9.4 square feet per inhabitant in the USA and 1.8 square feet in Australia. In the UK, in order to reach the US density of supply would require the addition of around another 17,000 stores as compared to c.1,200 currently. In the Paris region, it would require around 1,800 new facilities versus c.95 currently opened.

While capacity increased significantly between 2007 and 2010 with respondents to the survey opening an average of 32 stores per annum, new additions were limited to an average of 19 stores per annum between 2011 and 2016 (including container storage openings).

The volume of new store openings increased in 2017 and 2018. In 2018, the SSA reported 70 stores as having been opened across the industry in 2017. However, our own analysis of these openings shows that many were container-based operators and only c.30 of the sites represent self-storage sites that are comparable with Safestore’s own portfolio. In the 2019 SSA Survey, it is estimated that c. 40 traditional self-storage stores were opened in 2018 (excluding container storage) with less than half competing directly with Safestore.

The 40 comparable sites represent around 3.4% of the traditional self-storage industry in the UK. These figures represent gross openings and do not take into account storage facilities closing or being converted for alternative uses.

The SSA 2019 Survey also reported that operators remain relatively cautious in terms of new store openings and site acquisitions and have revised their estimates down from last year. For 2019, operators are estimating the completion of around 40 developments (last year estimate for 2019 was 47 stores) and around 37 in 2020 (last year estimate was 42 stores). Traditionally, operators have opened or acquired far fewer stores than originally estimated. Based on these estimates, and adjusting for historical inaccuracy, we estimate that around 25-30 stores per annum will be developed over the coming years.

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

The supply in the UK market, according to the SSA survey, remains relatively fragmented despite a number of acquisitions in the sector in the last three years. Safestore is the leader by number of stores with 119 wholly owned sites followed by Big Yellow with 75 wholly owned stores, Access with 57 stores, Lok'n Store with 31 stores, Shurgard with 31 stores and Storage King with 26 stores. In aggregate, the top ten leading operators account for 27% of the UK store portfolio. The remaining c.1,160 self-storage outlets (including 381 container-based operations) are independently owned in small chains or single units. In total there are 765 storage businesses operating in the UK.

Safestore's French Business, UPP, is mainly present in the core wealthier and more densely populated inner Paris and first belt areas, whereas our two main competitors, Shurgard and Homebox, have a greater presence in the outskirts and second belt of Paris.

Consumer awareness of self-storage is increasing but remains relatively low, providing an opportunity for future industry growth. The SSA survey indicated that 52% (54% in 2018) of consumers either knew nothing about the service offered by self-storage operators or had not heard of self-storage at all. Over the last 6 years this statistic has only fallen 12 percentage points from 64%. Therefore, the opportunity to grow awareness, combined with limited new industry supply makes for an attractive industry backdrop.

Self-storage is a brand-blind product. 57% of respondents were unable to name a self-storage business in their local area (2018: 61%). The lack of relevance of brand in the process of purchasing a self-storage product emphasises the need for operators to have a strong online presence. This requirement for a strong online presence was also reiterated by the SSA survey where 72% of those surveyed (67% in 2014) confirmed that an internet search would be their chosen means of finding a self-storage unit to contact, whilst knowledge of a physical location of a store as reason for enquiry was only c.26% of respondents (c.25% in 2014).

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

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

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

Business and Personal Customers	UK	Paris
Personal Customers		
Numbers (% of total)	74%	83%
Square feet occupied (% of total)	53%	66%
Average Length of Stay (months)	20.6	27.0
Business Customers		
Numbers (% of total)	26%	17%
Square feet occupied (% of total)	47%	34%
Average Length of Stay (months)	30.8	32.8

Safestore's customer base is resilient and diverse and consists of around 64,000 domestic, business and National Accounts customers across London, Paris and the UK regions.

Business Model

Safestore's business model remains unchanged.

The Group operates in a market with relatively low consumer awareness. It is anticipated that this will increase over time as the industry matures. To date, despite the financial crisis in 2007/08 and the implementation of VAT on self-storage in 2012, the industry has been exceptionally resilient. In the context of uncertain economic conditions as the UK approaches Brexit, the industry remains well positioned with limited new supply coming into the self-storage market.

With more stores inside London's M25 than any other operator and a strong position in central Paris, Safestore has leading positions in the two most important and demographically favourable markets in Europe. In addition, our regional presence in the UK is unsurpassed and contributes to the success of our industry leading National Accounts business. In the UK, Safestore is the leading operator by number of wholly owned stores. With 75% of customers travelling for less than 20 minutes to their storage facility (2019 SSA Survey) Safestore's national store footprint represents a competitive advantage.

The Group's capital-efficient portfolio of 146 wholly owned stores in the UK and Paris consists of a mix of freehold and leasehold stores. In order to grow the business and secure the best locations for our facilities we have maintained a flexible approach to leasehold and freehold developments.

Currently, around 30% of our stores in the UK are leaseholds with an average remaining lease length at 30 April 2019 of 12.6 years (FY2018: 12.5 years). Although our property valuation for leaseholds is conservatively based on future cash flows until the next contractual lease renewal date, Safestore has a demonstrable track record of successfully re-gearing leases several years before renewal whilst at the same time achieving concessions from landlords.

In England, we benefit from the Landlord and Tenant Act that protects our rights for renewal except in case of redevelopment. The vast majority of our leasehold stores have building characteristics or locations in retail parks that make current usage either the optimal and best use of the property or the only one authorised by planning. We observe that our Landlords, who are property investors, value the quality of Safestore as a tenant and typically prefer to extend the length of the leases that they have in their portfolio, enabling Safestore to maintain favourable terms.

In Paris, where 41% of stores are leaseholds, our leases typically benefit from the well-enshrined Commercial Lease statute that provides that tenants own the commercial property of the premises and that they are entitled to renew their lease at a rent that is indexed to the National Construction Index published by the state. Taking into account this context, the valuer values the French leaseholds based on an indefinite property tenure, similar to freeholds but at a significantly higher exit cap rate.

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

Safestore excels in the generation of customer enquiries which are received through a variety of channels including the internet, telephone and 'walk-ins'. In the early days of the industry, local directories and store visibility were key drivers of enquiries. However, the internet is now by far the dominant channel, accounting for 82% (2018: 83%) of our enquiries in the UK and 74% (2018: 74%) in France. Telephone enquiries comprise 11% of the total (16% in France) and 'walk-ins' amount to only 7% (10% in France). This dynamic is a clear benefit to the leading national operators that possess the budget and the management skills necessary to generate a commanding presence in the major search engines. Safestore has developed a leading digital marketing platform that has generated 18% enquiry growth over the last five years (excluding Alligator). Towards the end of 2015, the Group launched a new dynamic and mobile-friendly UK website, which has achieved its aim of providing the customer with an even clearer, more efficient experience. A similar website was launched in our Paris business at the end of 2016.

Although mostly generated online, our enquiries are predominantly handled directly by the stores and, in the UK, we have a Customer Support Centre ("CSC") which now handles 14% of all enquiries, in particular when the store staff are busy handling calls or outside of normal store opening hours.

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

Customer service standards are high and customer satisfaction feedback is consistently very positive. Over the last twelve months, we have achieved over 95% customer satisfaction, based on ‘excellent’ or ‘good’ ratings as collected by Feefo via our customer website.

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

We remain focused on business as well as domestic customers. Our national network means that we are uniquely placed to further grow the business customer market and in particular National Accounts. Business customers in the UK now constitute 47% of our total space let and have an average length of stay of 31 months. Within our business customer category, our National Accounts business represents around 436k sq ft of occupied space (around 12% of the UK’s occupancy). Approximately two-thirds of the space occupied by National Accounts customers is outside London, demonstrating the importance and quality of our well invested national estate.

The business now has in excess of 64,000 business and domestic customers with an average length of stay of 31 months and 22 months respectively.

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

Since the completion of the rebalancing of our capital structure in early 2014, the subsequent amendment and extension of our banking facilities in summer 2015 and the refinancing of all facilities in May 2017, Safestore has secure financing, a strong balance sheet and significant covenant headroom. This provides the Group with financial flexibility and the ability to grow organically and via carefully selected new development or acquisition opportunities.

At 30 April 2019 we had 1.44m sq ft of unoccupied space in the UK and 0.28m sq ft in France, equivalent to c.40 full new stores. Our main focus is on filling the spare capacity in our stores at optimally yield-managed rates. The operational leverage of our business model will ensure that the bulk of the incremental revenue converts to profit given the relatively fixed nature of our cost base.

Trading Performance

UK – continued solid performance

UK Operating Performance- total	2019	2018	Change[1]
Revenue (£’m)	55.2	52.4	5.3%
EBITDA (£’m)[3]	30.0	28.4	5.6%
EBITDA (after leasehold costs) (£’m)	27.0	25.2	7.1%
Closing Occupancy (let sq ft- million)[4]	3.68	3.60	2.2%
Maximum Lettable Area (MLA)[5]	5.12	5.12	-
Closing Occupancy (% of MLA)[5]	71.9%	70.3%	+1.6ppts
Average Storage Rate (£)	24.23	23.66	2.4%

UK Operating Performance- like-for-like[8]	2019	2018	Change[1]
Revenue (£’m)	54.4	51.5	5.6%
EBITDA (£’m)[3]	29.8	28.0	6.4%
Closing Occupancy (let sq ft- million)[4]	3.65	3.57	2.2%
Closing Occupancy (% of MLA)[5]	72.6%	71.0%	+1.6ppts
Average Occupancy (let sq ft- million)[4]	3.62	3.52	2.8%
Average Storage Rate (£)	24.09	23.47	2.6%

Revenue in the UK has grown by 5.3% in the period, whilst, on a like-for-like basis, revenue grew by 5.6%. Performance was strong across all of the UK with London and the South East up 4.7% and regional UK up

7.4%. Like-for-like average occupancy grew by 2.8% in the period and like-for-like closing occupancy increased by 1.6ppts to 72.6% (2018: 71.0%). Given the usual cyclicality of the industry, we saw an outflow of occupancy of 53,000 sq ft in the period (2018: 3,000 sq ft) reflecting a particularly strong performance in the previous year.

Our occupancy performance was complemented by an improvement in the like-for-like average rate of 2.6% for the period, continuing the momentum seen over the last three quarters.

Our total closing occupancy was up 1.6ppts at 72.6% (2018: 71.0%). Total occupancy is lower than like-for-like occupancy due to the impact of recently opened stores. Total rate grew by 2.4% to £24.23 (2018: £23.66).

We remain focused on our cost base. During the period, our cost base increased by 4.7% or £1.1m on a like-for-like basis largely driven by the variable costs related to incremental revenue and planned maintenance expenditure incurred earlier in the year. Excluding the maintenance expenditure, costs grew by 2.6%. Total costs increased by £1.2m reflecting recently opened stores.

As a result, EBITDA for the UK business was £27.0m (2018: £25.2m), an increase of £1.8m or 7.1%.

Paris – another year of strong growth

Paris Operating Performance- total	2019	2018	Change[1]
Revenue (€'m)	20.5	19.0	7.9%
EBITDA (€'m)[3]	13.1	12.1	8.3%
EBITDA (after leasehold costs) (€'m)	10.5	9.6	9.4%
Closing Occupancy (let sq ft- million)[4]	0.97	0.90	7.8%
Maximum Lettable Area (MLA)[5]	1.25	1.17	6.8%
Closing Occupancy (% of MLA)[5]	77.7%	77.0%	+0.7ppts
Average Storage Rate (€)	39.01	39.58	(1.4%)
Revenue (£'m)	17.9	16.8	6.5%

Paris Operating Performance- like-for-like[8]	2019	2018	Change[1]
Revenue (€'m)	20.2	19.0	6.3%
EBITDA (€'m)[3]	13.1	12.1	8.3%
Closing Occupancy (let sq ft- million)[4]	0.95	0.90	5.6%
Closing Occupancy (% of MLA)[5]	81.7%	77.0%	+4.7ppts
Average Occupancy (let sq ft- million)[4]	0.95	0.88	8.0%
Average Storage Rate (€)	39.25	39.58	(0.8%)

Our Paris business had a strong first half of the year growing like-for-like revenue by 6.3%. Our like-for-like average occupancy for the period was 8.0% ahead of 2018 and the like-for-like closing occupancy ended the half-year up 4.7ppts at 81.7% (2018: 77.0%). The occupancy performance was partially offset by a 0.8% reduction in the like-for-like average rate in the period.

Excluding our lower price suburban Emerainville and Combs-la-Ville stores, which opened in September 2016 and June 2017 respectively, from the like-for-like portfolio, the average rate was up 1.1% throughout the period.

Total revenue was up 7.9% in the period. We opened a new store at Poissy in the summer of 2018 and its lower occupancy levels mean that our total occupancy was 77.7%, up 0.7 ppts on the first half of 2018. All our recently opened stores at Emerainville (2016) and Combs-la-Ville (2017) and Poissy (2018) are trading in line with or ahead of our initial expectations.

The impact of Sterling being 0.8% stronger than in the comparative period resulted in Sterling equivalent revenue growing by 6.5% for the period.

We continue to pursue our proven strategy of growing the revenue of our market leading Parisian portfolio by flexing the balance of rate and occupancy growth and we are now in the twenty-first year of uninterrupted revenue growth in local currency.

The like-for-like cost base in Paris remained well controlled during the year and grew by 2.9% or €0.2m. As a result, like-for-like EBITDA grew to €13.1m (2018: €12.1m), an improvement of €1.0m or 8.3% on 2018.

Frederic Vecchioli
17 June 2019

Financial Review

Underlying Income Statement

The table below sets out the Group's underlying results of operations for the six months ended 30 April 2019 and the six months ended 30 April 2018.

	H1 2019 £'m	H1 2018 £'m	Mvmt %
Revenue	73.1	69.2	*5.6%*
Underlying costs	(31.7)	(30.1)	*5.3%*
Underlying EBITDA	**41.4**	**39.1**	***5.9%***
Leasehold rent	(5.3)	(5.4)	*(1.9%)*
Underlying EBITDA after leasehold rent	**36.1**	**33.7**	***7.1%***
Depreciation	(0.4)	(0.3)	*33.3%*
Finance charges	(4.2)	(4.0)	*5.0%*
Underlying profit before tax	**31.5**	**29.4**	***7.1%***
Current tax	(2.3)	(2.1)	*9.5%*
Adjusted EPRA earnings	**29.2**	**27.3**	***7.0%***
Share-based payments charge	(2.7)	(2.7)	*0.0%*
EPRA basic earnings	**26.5**	**24.6**	***7.7%***
Average shares in issue (m)	210.1	209.7	
Diluted shares (for ADE EPS) (m)	216.6	216.8	
Adjusted diluted EPRA EPS (pro forma) (p)	**13.5**	**12.6**	***7.1%***

Notes:
1. Adjusted Diluted EPRA EPS is defined in note 2 to the financial statements.
2. Adjusted EPRA earnings excludes share-based payment charges and, accordingly, the underlying EBITDA, underlying EBITDA after leasehold rent and underlying profit before tax measures have been restated to exclude share-based payment charges for consistency.

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

Underlying EBITDA increased by 5.9% to £41.4m (H1 2018: £39.1m) reflecting a 5.6% increase in revenue offset by a 5.3% increase in the underlying cost base (see below). The leasehold rent charge has decreased by 1.9% from £5.4m in H1 2018 to £5.3m, reflecting favourable rent settlements in the UK in the year to date.

Finance charges increased by 5.0% from £4.0m in H1 2018 to £4.2m in H1 2019. This principally reflects an increase in borrowings to finance acquisition and construction works for our development sites.

Given the Group's REIT status in the UK, tax is normally only payable in France. The current tax charge for the period increased by 9.5% to £2.3m (H1 2018: £2.1m).

As explained in note 2 to the financial statements, management considers that the most representative earnings per share ("EPS") measure is Adjusted Diluted EPRA EPS which has increased by 7.1% to 13.5 pence (H1 2018: 12.6 pence).

Reconciliation of Underlying EBITDA

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

	H1 2019 £'m	H1 2018 £'m
Operating profit	45.9	87.3
Adjusted for		
- gain on investment properties	(7.9)	(51.8)
- depreciation	0.4	0.3
- contingent rent	0.3	0.6
- share-based payments	2.7	2.7
Exceptional items		
- costs incurred relating to corporate transactions	-	-
Underlying EBITDA	41.4	39.1

The main reconciling item between operating profit and underlying EBITDA is the gain on investment properties, which was £7.9m in H1 2019 (H1 2018: £51.8m). The Group's approach to the valuation of its investment property portfolio at 30 April 2019 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 2019			H1 2018		
	UK	**Paris**	**Total (CER)**	**UK**	**Paris**	**Total (CER)**
	£'m	**€'m**	**£'m**	**£'m**	**€'m**	**£'m**
Revenue	55.2	20.5	73.3	52.4	19.0	69.2
Underlying cost of sales	(20.6)	(5.8)	(25.7)	(19.5)	(5.5)	(24.4)
Store EBITDA	34.6	14.7	47.6	32.9	13.5	44.8
Store EBITDA margin	*62.7%*	*71.7%*	*64.9%*	*62.8%*	*71.1%*	*64.7%*
Underlying administrative expenses	(4.6)	(1.6)	(6.1)	(4.5)	(1.4)	(5.7)
Underlying EBITDA	30.0	13.1	41.5	28.4	12.1	39.1
EBITDA margin	*54.3%*	*63.9%*	*56.6%*	*54.2%*	*63.7%*	*56.5%*
Leasehold rent	(3.0)	(2.6)	(5.3)	(3.2)	(2.5)	(5.4)
Underlying EBITDA after leasehold rent	27.0	10.5	36.2	25.2	9.6	33.7
EBITDA after leasehold rent margin	*48.9%*	*51.2%*	*49.4%*	*48.1%*	*50.5%*	*48.7%*

	UK	**Paris**	**Total**	**UK**	**Paris**	**Total**
	£'m	**£'m**	**£'m**	**£'m**	**£'m**	**£'m**
Underlying EBITDA after leasehold rent (CER)	27.0	9.2	36.2	25.2	8.5	33.7
Adjustment to actual exchange rate	-	(0.1)	(0.1)	-	-	-
Reported underlying EBITDA after leasehold rent	27.0	9.1	36.1	25.2	8.5	33.7

Note: CER is Constant Exchange Rates (Euro denominated results for the current period have been retranslated at the exchange rate effective for the comparative period in order to present the reported results on a more comparable basis).

Underlying EBITDA in the UK increased by £1.6m, or 5.6%, to £30.0m (H1 2018: £28.4m), reflecting a 5.3% increase in revenue offset partially by 5.0% increase in the underlying cost base largely reflecting an acceleration in our planned maintenance program that is not expected to repeat in the second half the year. Underlying UK EBITDA after leasehold rent increased by 7.1% to £27.0m (H1 2018: £25.2m) with the margin increasing to 48.9% from 48.1% in H1 2018. On a like-for-like basis underlying EBITDA margin after leasehold costs increased to 49.8% (H1 2018: 48.7%).

In Paris, underlying EBITDA increased by €1.0m, or 8.3%, to €13.1m (H1 2018: €12.1m), reflecting a €1.5m increase in revenue, arising from a 9.1% increase in average occupancy partly offset by a 1.4% decrease in the average storage rate. The EBITDA after leasehold costs margin in Paris grew from 50.5% in H1 2018 to 51.2% in H1 2019, reflecting the improving profitability of the newly opened Paris stores. On a like-for-like basis the EBITDA after leasehold costs margin increased to 52.0% (H1 2018: 50.5%). Underlying EBITDA after leasehold rent in Paris increased by 9.4% to €10.5m (H1 2018: €9.6m).

The combined results of the UK and Paris delivered a 7.4% increase in underlying EBITDA after leasehold rent at constant exchange rates at Group level. Adjusting for an unfavourable exchange impact of £0.1m in the current year, Group reported underlying EBITDA after leasehold rent has increased by 7.1% or £2.4m to £36.1m (H1 2018: £33.7m).

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 Paris.

The split of the Group's revenues by geographical segment is set out below for H1 2019 and H1 2018.

		H1 2019	% of total	H1 2018	% of total	% change
UK	£'m	55.2	76%	52.4	76%	5.3%
Paris						
Local currency	€'m	20.5		19.0		7.9%
Average exchange rate	€:£	1.142		1.133		(0.8%)
Paris in Sterling	£'m	17.9	24%	16.8	24%	6.5%
Total revenue		73.1	100%	69.2	100%	5.6%

The Group's reported revenue increased by 5.6% or £3.9m during the period. The Group's occupied space was 150,000 sq ft higher at 30 April 2019 (4.65 million sq ft) than at 30 April 2018 (4.50 million sq ft). Average occupancy during the period was 3.8% higher at 4.61 million sq ft (H1 2018: 4.44 million sq ft), and the reported average rental rate for the Group for the period was 1.5% higher at £26.30 than in H1 2018 (£25.91).

On a like-for-like basis, adjusting for the impact of new and closed stores, the Group's revenue has increased by 5.6% since H1 2018. Adjusting for an unfavourable exchange impact in the current year, revenue increased by 5.9% on a constant currency basis.

In the UK, reported revenue increased by £2.8m or 5.3%. Closing occupancy increased by 2.2% to 3.68 million sq ft at 30 April 2019 (H1 2018: 3.60 million sq ft) and the average rental rate increased by 2.4% to £24.23 (H1 2018: £23.66). The average space occupied during the period was up 2.5% compared with H1 2018 at 3.65 million sq ft (H1 2018: 3.56 million sq ft).

On a like-for-like basis, adjusting for new and closed stores, UK revenue increased by £2.9m or 5.6% arising from a 2.8% increase in average occupancy and a 2.6% increase in the average store rate.

In Paris, revenue increased by €1.5m or 7.9%. The average Euro exchange rate for H1 2019 was €1.142:£1 compared with €1.133:£1 in H1 2018 resulting in a negative impact on revenue of £0.2m and growth of 6.5% to £17.9m (H1 2018: £16.8m). Adjusting for the impact of new stores in Paris, like-for-like revenue increased by €1.2m or 6.3%.

Paris closing occupancy at 30 April 2019 has increased by 7.8% compared to 30 April 2018 to 0.97 million sq ft and average occupancy for the period of 0.96 million sq ft is a 9.1% increase compared to H1 2018. The average rental rate in Paris was €39.01 for the period, a decrease of 1.4% on H1 2018 (€39.58) largely reflective of the dilutive impact of our newer suburban stores at Emerainville and Combs-La-Ville. Adjusting to remove this impact, LFL average rate excluding these two stores increased by 1.1% to €41.11 (H1 2018: €40.68),

Analysis of Cost Base

Cost of Sales

The table below details the key movements in cost of sales between H1 2018 and H1 2019.

Cost of sales	**H1 2019 £'m**	**H1 2018 £'m**
Reported cost of sales	(26.4)	(25.3)
Adjusted for:		
Depreciation	0.4	0.3
Contingent rent	0.3	0.6
Underlying cost of sales	(25.7)	(24.4)

Underlying cost of sales for H1 2018	(24.4)
Closed and new store cost of sales	0.4
Underlying cost of sales for H1 2018 (Like-for-like)	(24.0)
Volume related cost of sales including debt and merchandise	(0.4)
Facilities include store maintenance	(0.5)
Other cost of sales	(0.2)
Underlying cost of sales for H1 2019 (Like-for-like; CER)	(25.1)
Closed and new store cost of sales	(0.6)
Underlying cost of sales for H1 2019 (CER)	(25.7)
Foreign exchange	-
Underlying cost of sales for H1 2019	(25.7)

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

Adjusting for the impact of new and closed stores, underlying cost of sales increased by 4.6% or £1.1m, to £25.1m (H1 2018: £24.0m) on a constant currency basis, principally due to a £0.5m increase in spending on store maintenance and facilities in a planned programme that will see costs disproportionately fall into the first half of the year.

The cost of sales attributable to new and acquired sites at Mitcham, Paddington Marble Arch in London and Poissy in Paris is £0.6m. Reported underlying cost of sales increased by £1.3m or 5.3% to £25.7m in H1 2019.

Administrative Expenses

The table below reconciles reported administrative expenses to underlying administrative expenses and details the key movements in underlying administrative expenses between H1 2018 and H1 2019.

Administrative expenses	**H1 2019 £'m**	**H1 2018 £'m**
Reported administrative expenses	(8.7)	(8.4)
Adjusted for:		
Share-based payments	2.7	2.7
Underlying administrative expenses	(6.0)	(5.7)

Underlying administrative expenses for H1 2018	(5.7)
Closed and new store administrative expenses	0.1
Underlying administrative expenses for H1 2018 (Like-for-like)	(5.6)
Employee remuneration	(0.2)
Professional fees and administration costs	(0.1)
Underlying administrative expenses for H1 2019 (Like-for-like; CER)	(5.9)
Closed and new store administrative expenses	(0.2)
Underlying administrative expenses for H1 2019 (CER)	(6.1)
Foreign exchange	0.1
Underlying administrative expenses for H1 2019	(6.0)

In order to arrive at underlying administrative expenses, adjustments are made to remove the impact of exceptional items, corporate transaction costs and changes in the fair value of derivatives.

Underlying administrative expenses increased by 5.3% or £0.3m to £6.0m (H1 2018: £5.7m). The increase arose from a £0.1m favourable currency impact offset by increased employee remuneration (£0.2m), increases in professional services and administrative costs (£0.1m) and administration costs relating to our closed stores (£0.1m).

Investment Properties

A full external valuation of the store portfolio is undertaken by the Group on an annual, rather than a bi-annual, basis. At 30 April 2019, a sample of the Group's largest properties, representing approximately 36% of the value of the Group's investment property portfolio at 31 October 2018, has been valued by the Group's external valuers, Cushman & Wakefield Debenham Tie Leung Limited ("C&W"). In addition, at the same date, the Directors have prepared estimates of fair values for the remaining 64% of the Group's investment property portfolio, updating 31 October 2018 valuations to incorporate latest assumptions for estimated absorption, revenue growth and capitalisation rates to reflect current market conditions and trading.

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

	H1 2019 £'m	H1 2018 £'m
Revaluation of investment properties	14.5	54.2
Revaluation of investment properties under construction	(3.9)	0.1
Depreciation on leasehold properties	(2.7)	(2.5)
Gain on investment properties	7.9	51.8

The movement on investment properties reflects the increased value of the Group's store portfolio as a result of the continuing strong trading performance. The UK business contributed £3.0m of the £10.6m net revaluation gain (including investment properties under construction), with £7.6m arising in Paris. The valuation gain has arisen due to improving trading cash flow forecasts driven by a combination of storage rate and occupancy growth.

Operating Profit

Reported operating profit decreased by £41.4m from £87.3m in H1 2018 to £45.9m in H1 2019, primarily reflecting the decrease in the gain on investment properties offset by a £2.3m improvement in underlying EBITDA.

Net Finance Costs

Net finance costs includes interest payable, interest on obligations under finance leases, fair value movements on derivatives, exchange gains or losses, unwinding of discounts and exceptional refinancing costs. Net finance costs increased by £2.3m to £7.7m in H1 2019 (H1 2018: £5.4m). The main driver of the increase was the loss on fair value movement on derivatives of £1.2m (2018: gain of £0.8m).

	H1 2019 £'m	H1 2018 £'m
Net bank interest payable	(4.1)	(3.9)
Amortisation of debt issuance costs on bank loans	(0.1)	(0.1)
Interest on obligations under finance leases	(2.3)	(2.3)
Fair value movement on derivatives	(1.2)	0.8
Unwinding of discount on Capital Goods Scheme receivable	-	0.1
Net finance costs	(7.7)	(5.4)

Underlying Finance Charge

The underlying finance charge (net bank interest payable) increased to £4.2m, from £4.0m in H1 2018. The increase reflects interest arising from net borrowings in the year to fund acquisition and construction works on development sites. Net bank interest payable also includes the amortisation of debt issue costs of £0.1m as at 30 April 2019 (H1 2018: £0.1m).

Based on the drawn debt position as at 30 April 2019, the effective interest rate is analysed as follows.

	Facility £/€'m	Drawn £'m	Hedged £'m	Hedged %	Bank Margin	Hedged Rate	Floating Rate	Total Rate
UK Revolver	£250.0	£190.0	£135.0	71%	1.25%	0.94%	0.81%	2.15%
UK Revolver- non-utilisation	£60.0	-	-	-	0.50%	-	-	0.50%
Euro Revolver	€70.0	£37.1	£25.9	70%	1.25%	0.16%	(0.37%)	1.25%
Euro Revolver- non-utilisation	€27.0	-	-	-	0.50%	-	-	0.50%
US Private Placement 2024	€50.9	£43.9	£43.9	100%	1.59%	-	-	1.59%
US Private Placement 2027	€74.1	£63.9	£63.9	100%	2.00%	-	-	2.00%
US Private Placement 2029	£50.5	£50.5	£50.5	100%	2.92%	-	-	2.92%
Unamortised finance costs	-	(£0.9)	-	-	-	-	-	-
Total	£468.7	£384.5	£319.2	83%				2.25%

As at 30 April 2019, £190m of the £250m UK revolver and €43m (£37.1m) of the €70m Euro revolver were drawn. The drawn amounts attract a bank margin of 1.25%, and the Group pays a non-utilisation fee of 0.50% on the undrawn balances of £60m and €27m.

The Group has interest rate hedge agreements in place to June 2022, swapping LIBOR on £135m at a weighted average effective rate of 0.94% and EURIBOR on €30m at an effective rate of 0.16%.

The 2024 and 2027 US Private Placement Notes are denominated in Euros and attract fixed interest rates of 1.59% (on €50.9m) and 2.00% (on €74.1m) respectively. The Euro denominated borrowings provide a natural hedge against the Group's investment in the Paris business.

The £50.5m 2029 US Private Placement Notes are denominated in Sterling and attract a fixed interest rate of 2.92%.

83% of the Group's drawn debt is effectively at fixed rates of interest, as a result of the hedging arrangements and fixed interest loan notes. Overall, the Group has an effective interest rate on its borrowings of 2.25% at 30 April 2019, compared to 2.28% at the previous year end, as a result of increased weighting of bank borrowing in the overall mix of debt.

Non-Underlying Finance Charge

Interest on finance leases was £2.3m (H1 2018: £2.3m) and reflects part of the leasehold rental payment. The balance of the leasehold payment is charged through the gain or loss on investment properties line and contingent rent in the income statement. Overall, the leasehold rent charge decreased from £5.4m in H1 2018 to £5.3m in H1 2019, principally reflecting favourable rent settlements in the UK. A net loss of £1.2m was recognised on fair valuation of derivatives (H1 2018: net gain of £0.8m).

The Group undertakes net investment hedge accounting for its new Euro denominated loan notes, so the income statement is less exposed to fluctuations in the Euro exchange rate.

Tax

The tax credit for the period is analysed below.

Tax charge	H1 2019 £'m	H1 2018 £'m
Underlying current tax	(2.3)	(2.1)
Current tax charge	(2.3)	(2.1)
Tax on investment properties movement	(1.6)	(0.8)
Tax on revaluation of interest rate swaps	0.1	-
Impact of tax rate change in France	-	5.6
Other	-	(0.1)
Deferred tax (charge)/credit	(1.5)	4.7
Net tax (charge)/credit	(3.8)	2.6

Income tax in the period was a net charge of £3.8m (H1 2018: £2.6m net credit).

In the UK, the Group is a REIT, so the current tax charge relates to the Paris business. The current tax charge for the period amounted to £2.3m (H1 2018: £2.1m).

In France, the 2018 Finance Bill, which was adopted in December 2017, extended the reduction in the main income tax rate announced in the 2017 Finance Bill such that this will now reduce progressively from 33.33% to 25.0% by 2022. As a result, the net deferred tax charge in the prior year reflects an exceptional deferred tax credit of £5.6m (H1 2019: £nil) relating to these changes.

Profit after Tax

The profit after tax for the period was £34.4m, compared with £84.5m in H1 2018, a decrease of £50.1m which arose principally due to the lower gain on investment properties (contributing £43.9m of the decrease) and the higher net finance expense (contributing £2.3m of the decrease), both of which are explained above.

Basic EPS was 16.4 pence (H1 2018: 40.3 pence) and diluted EPS was 16.4 pence (H1 2018: 40.2 pence). As explained in note 2 to the financial statements, management considers adjusted diluted EPRA EPS to be more representative of the underlying EPS performance of the business.

Dividends

The Board has announced an interim dividend of 5.5 pence per share, an increase of 7.8% on the interim dividend paid last year of 5.1 pence. This will amount to a dividend payment of £11.6m (H1 2018: £10.7m). The dividend will be paid on 16 August 2019 to shareholders who are on the Company's register at the close of business on 12 July 2019. The ex-dividend date will be 11 July 2019. 100% (H1 2018: 50%) of the dividend will be paid as a property income dividend ("PID").

Property Valuation

As discussed above, a sample of the Group's largest properties, representing approximately 36% of the value of the Group's investment property, has been valued by the Group's external valuers and the Directors have prepared estimates of fair values for the remaining 64% of the Group's investment property portfolio.

	UK £'m	Paris £'m	Total £'m	Paris €'m
Value as at 1 November 2018	916.4	299.8	1,216.2	337.2
Currency translation movement	-	(9.2)	(9.2)	-
Additions	4.0	1.0	5.0	1.2
Revaluation	6.9	7.6	14.5	8.7
Value at 30 April 2019	927.3	299.2	1,226.5	347.1

The table above summarises the movement in the valuations of the Group's investment property portfolio excluding investment properties under construction.

The exchange rate at 30 April 2019 was €1.1598:£1 compared to €1.1246:£1 at 31 October 2018. This movement in the foreign exchange rate has resulted in a £9.2m adverse currency translation movement in the period. This affects 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 Group's property portfolio valuation has increased by £10.3m from the valuation of £1,216.2m at 31 October 2018. This reflects the gain on valuation of £14.5m, which is explained above, plus additions of £5.0m relating to store refurbishments and fit out works, offset by £9.2m of foreign exchange movements on the translation of the Paris portfolio.

The value of the Company's pipeline of expansion stores of £12.2m as at 30 April 2019 includes the development sites at Birmingham Merry Hill, Peterborough and Carshalton in the UK and Pontoise in Paris.

Adjusted basic EPRA net assets per share is 406 pence, an increase of 1.0% since 31 October 2018.

Gearing and Capital Structure

As at 30 April 2019, the Group's borrowings comprised bank borrowing facilities, made up of a UK term loan and revolving facilities in the UK and France, as well as a US Private Placement.

Net debt (including finance leases and cash) stood at £425.7m at 30 April 2019, an increase of £10.2m during the period from £415.5m at 31 October 2018 that is principally due to increased net drawings for development property acquisition and construction costs. Total capital (net debt plus equity) increased from £1,204.1 at 31 October 2018 to £1,224.2m at 30 April 2019. The net impact is that the gearing ratio has remained unchanged at 35% in the period.

Management also measures gearing with reference to its loan to value ("LTV") ratio defined as gross debt (excluding finance leases, but adjusted for the fair value of the US dollar cross currency swaps) as a proportion of the valuation of investment properties and investment properties under construction (excluding finance leases). At 30 April 2019, the Group LTV ratio was 31% compared with 30% at 31 October 2018. The Board considers that the current level of gearing is appropriate for the business to enable the Group to increase returns on equity, maintain financial flexibility and to achieve our medium-term strategic objectives.

As at 30 April 2019, £190m of the £250m UK revolver and €43m (£37.1m) of the €70m Euro revolver were drawn. Including the US Private Placement debt of €125m (£107.8m) and £50.5m, the Group's borrowings totalled £385.4m (before adjustment for unamortised finance costs). As at 30 April 2019, the weighted average remaining term for the Group's committed borrowing facilities is 5.3 years.

Borrowings under the existing loan facilities are subject to certain financial covenants. The UK bank facilities and the US Private Placement share interest cover and LTV covenants. The interest cover requirement of EBITDA:interest is 2.4:1, where it will remain until the end of the facilities' terms. Interest cover for the rolling twelve month period to 30 April 2019 is 8.7x, calculated on the basis required under our financial covenants.

The LTV covenant is 60% in both the UK and France, where it will remain until the end of the facilities' terms. As at 30 April 2019, there is significant headroom in both the UK LTV and the French LTV covenant calculations. The Group is in compliance with its covenants at 30 April 2019 and, based on forecast projections, is expected to be in compliance for a period in excess of twelve months from the date of this report.

Cash Flow

The table below sets out the cash flow of the business in H1 2019 and H1 2018.

	H1 2019 £'m	H1 2018 £'m
Underlying EBITDA	41.4	39.1
Working capital/exceptionals/other	(1.4)	(2.2)
Operating cash inflow	40.0	36.9
Interest payments	(4.3)	(4.1)
Leasehold rent payments	(5.3)	(5.4)
Tax payments	(2.8)	(4.3)
Free cash flow (before investing and financing activities)	27.6	23.1
Acquisition of subsidiary, net of cash acquired	-	(55.9)
Capital expenditure - investment properties	(17.3)	(13.7)
Capital expenditure - property, plant and equipment	(0.5)	(0.4)
Net cash flow after investing activities	9.8	(46.9)
Dividends paid	(20.4)	(17.7)
Net drawdown of borrowings	19.0	5.0
Debt issuance costs	-	(0.6)
Net (decrease)/increase in cash	8.4	(60.2)

Note: Free cash flow is a non-GAAP measure, defined as cash flow before investing and financing activities but after leasehold rent payments.

Operating cash flow increased by £3.1m in the period, principally reflecting the £2.3m increase in underlying EBITDA, and a reduction in working capital outflows in the first half of the year.

Interest payments were £0.2m higher than the prior half year, principally as a result of increased net borrowings. Tax paid during the period decreased by £1.5m due to timing differences caused by the settlement of tax liabilities in the six months to 30 April 2018. As a result, free cash flow (before investing and financing activities) grew by £4.5m to £27.6m (H1 2018: £23.1m).

Investing activities experienced a net outflow of £17.8m (H1 2018: £70.0m) from capital expenditure relating to the new sites at Carshalton in London, Peterborough, Merry Hill in Birmingham and Pontoise in Paris. In H1 2018, the net cash outflow was largely attributed to the £55.9m (net of cash acquired) paid for the acquisition of Alligator. Of the £17.8m cash outflow on investment properties, £2.0m (H1 2018: £3.2m) was spent on capital maintenance and store fit-outs, with the balance principally spent on new stores and development of the existing portfolio.

Dividends paid to shareholders increased from £17.7m in H1 2018 to £20.4m in H1 2019, and the Group drew a net £19.0m of borrowings, primarily to finance capital expenditure.

Consolidated income statement
for the six months ended 30 April 2019

	Note	**Six months ended 30 April 2019 (unaudited) £m**	Six months ended 30 April 2018 (unaudited) £m	Year ended 31 October 2018 (audited) £m
Revenue	4	**73.1**	69.2	143.9
Cost of sales		**(26.4)**	(25.3)	(51.7)
Gross profit		**46.7**	43.9	92.2
Administrative expenses		**(8.7)**	(8.4)	(16.7)
Underlying EBITDA	4	**41.4**	39.1	82.9
Share-based payments		**(2.7)**	(2.7)	(5.3)
Depreciation and contingent rent		**(0.7)**	(0.9)	(2.1)
Operating profit before gain on investment properties		**38.0**	35.5	75.5
Gain on investment properties	10	**7.9**	51.8	122.1
Operating profit		**45.9**	87.3	197.6
Finance income	5	**-**	1.0	0.7
Finance expense	5	**(7.7)**	(6.4)	(13.0)
Profit before income tax	4	**38.2**	81.9	185.3
Income tax (charge)/credit	6	**(3.8)**	2.6	(8.1)
Profit for the period		**34.4**	84.5	177.2
Earnings per share for profit attributable to the equity holders				
- basic (pence)	9	**16.4**	40.3	84.4
- diluted (pence)	9	**16.4**	40.2	84.2

All items in the income statement relate to continuing operations.

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

An interim dividend of 5.5 pence per ordinary share has been declared for the period ended 30 April 2019 (30 April 2018: 5.1 pence).

Consolidated statement of comprehensive income
for the six months ended 30 April 2019

	Six months ended 30 April 2019 (unaudited) £m	Six months ended 30 April 2018 (unaudited) £m	Year ended 31 October 2018 (audited) £m
Profit for the period	**34.4**	84.5	177.2
Other comprehensive income:			
Items that may be reclassified subsequently to profit and loss:			
Currency translation differences	**(6.3)**	-	2.0
Net investment hedge	**3.2**	-	(1.2)
Total other comprehensive income, net of tax	**(3.1)**	-	0.8
Total comprehensive income for the period	**31.3**	84.5	178.0

Consolidated balance sheet
as at 30 April 2019

	Note	**30 April 2019 (unaudited) £m**	30 April 2018 (unaudited) £m	31 October 2018 (audited) £m
Non-current assets				
Goodwill		**-**	1.0	-
Investment properties	10	**1,226.5**	1,120.8	1,216.2
Interests in leasehold properties	10	**59.8**	59.5	56.1
Investment properties under construction	10	**12.2**	8.4	4.7
Property, plant and equipment		**2.4**	2.2	2.2
Derivative financial instruments	14	**0.7**	1.6	1.4
Deferred tax assets	7	**0.1**	-	0.2
Other receivables		**0.5**	1.1	0.5
		1,302.2	1,194.6	1,281.3
Current assets				
Inventories		**0.2**	0.2	0.2
Trade and other receivables		**28.1**	26.6	22.5
Cash and cash equivalents		**18.6**	5.4	10.5
		46.9	32.2	33.2
Total assets		**1,349.1**	1,226.8	1,314.5
Current liabilities				
Trade and other payables		**(47.1)**	(44.7)	(40.3)
Current income tax liabilities		**(2.3)**	(2.7)	(3.0)
Obligations under finance leases		**(9.1)**	(10.2)	(8.9)
		(58.5)	(57.6)	(52.2)
Non-current liabilities				
Bank borrowings	13	**(384.5)**	(368.6)	(369.9)
Derivative financial instruments	14	**(0.7)**	(0.1)	(0.2)
Deferred tax liabilities	7	**(56.2)**	(47.5)	(56.4)
Obligations under finance leases		**(50.7)**	(49.3)	(47.2)
		(492.1)	(465.5)	(473.7)
Total liabilities		**(550.6)**	(523.1)	(525.9)
Net assets		**798.5**	703.7	788.6
Shareholders' equity				
Ordinary shares	15	**2.1**	2.1	2.1
Share premium		**60.5**	60.4	60.5
Translation reserve		**10.4**	12.7	13.5
Retained earnings		**725.5**	628.5	712.5
Total equity		**798.5**	703.7	788.6

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

Condensed consolidated statement of changes in equity for the six months ended 30 April 2019

	Share capital £m	Share premium £m	Translation reserve £m	Retained earnings £m	Total equity £m
At 1 November 2018	2.1	60.5	13.5	712.5	788.6
Total comprehensive income for the period	-	-	(3.1)	34.4	31.3
Transactions with owners in their capacity as owner:					
Dividends (note 8)	-	-	-	(23.4)	(23.4)
Employee share options	-	-	-	2.0	2.0
At 30 April 2019	**2.1**	**60.5**	**10.4**	**725.5**	**798.5**

Condensed consolidated statement of changes in equity for the six months ended 30 April 2018

	Share capital £m	Share premium £m	Translation reserve £m	Retained earnings £m	Total Equity £m
At 1 November 2017	2.1	60.4	12.7	562.5	637.7
Total comprehensive income for the period	-	-	-	84.5	84.5
Transactions with owners in their capacity as owner:					
Dividends (note 8)	-	-	-	(20.6)	(20.6)
Employee share options	-	-	-	2.1	2.1
At 30 April 2018	**2.1**	**60.4**	**12.7**	**628.5**	**703.7**

Condensed consolidated statement of changes in equity for the year ended 31 October 2018

	Share capital £m	Share premium £m	Translation reserve £m	Retained earnings £m	Total Equity £m
At 1 November 2017	2.1	60.4	12.7	562.5	637.7
Total comprehensive income for the year	-	-	0.8	177.2	178.0
Transactions with owners in their capacity as owner:					
Dividends (note 8)	-	-	-	(31.3)	(31.3)
Increase in share capital	-	0.1	-	-	0.1
Employee share options	-	-	-	4.1	4.1
At 31 October 2018	**2.1**	**60.5**	**13.5**	**712.5**	**788.6**

Consolidated cash flow statement
for the six months ended 30 April 2019

	Six months ended 30 April 2019 (unaudited) £m	Six months ended 30 April 2018 (unaudited) £m	Year ended 31 October 2018 (audited) £m
Profit before income tax	**38.2**	81.9	185.3
Gain on the revaluation of investment properties	**(7.9)**	(51.8)	(122.1)
Depreciation	**0.4**	0.3	0.6
Net finance expense	**7.7**	5.4	12.3
Employee share options	**2.0**	2.1	4.1
(Increase)/decrease in trade and other receivables	**(5.8)**	(2.2)	1.5
Increase/(decrease) in trade and other payables	**5.1**	0.6	(1.5)
Cash flows from operating activities	**39.7**	36.3	80.2
Interest paid	**(6.6)**	(6.4)	(13.2)
Tax paid	**(2.8)**	(4.3)	(6.4)
Net cash inflow from operating activities	**30.3**	25.6	60.6
Cash flows from investing activities			
Acquisition of subsidiary, net of cash acquired	**-**	(55.9)	(55.9)
Expenditure on investment and development properties	**(17.3)**	(13.7)	(27.7)
Proceeds in respect of Capital Goods Scheme	**-**	-	1.1
Purchase of property, plant and equipment	**(0.5)**	(0.4)	(0.8)
Net cash outflow from investing activities	**(17.8)**	(70.0)	(83.3)
Cash flows from financing activities			
Issue of share capital	**-**	-	0.1
Equity dividends paid	**(20.4)**	(17.7)	(31.3)
Proceeds from borrowings	**23.0**	17.0	24.0
Repayment of borrowings	**(4.0)**	(12.0)	(19.0)
Debt issuance costs	**-**	(0.6)	(1.1)
Finance lease principal payments	**(2.7)**	(2.5)	(5.2)
Net cash (outflow)/inflow from financing activities	**(4.1)**	(15.8)	(32.5)
Net (decrease)/increase in cash and cash equivalents	**8.4**	(60.2)	(55.2)
Exchange loss on cash and cash equivalents	**(0.3)**	-	0.1
Opening cash and cash equivalents	**10.5**	65.6	65.6
Closing cash and cash equivalents	**18.6**	5.4	10.5

Reconciliation of net cash flow to movement in net debt
for the six months ended 30 April 2019

	Six months ended 30 April 2019 (unaudited) £m	Six months ended 30 April 2018 (unaudited) £m	Year ended 31 October 2018 (audited) £m
Net increase/(decrease) in cash and cash equivalents (after exchange adjustments)	**8.1**	(60.2)	(55.1)
(Increase)/decrease in debt financing	**(18.3)**	(8.3)	(6.2)
(Increase)/decrease in net debt	**(10.2)**	(68.5)	(61.3)
Net debt at start of period	**(415.5)**	(354.2)	(354.2)
Net debt at end of period	**(425.7)**	(422.7)	(415.5)

Notes to the interim report for the six months ended 30 April 2019

1 General information

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

The Company is listed on the London Stock Exchange.

This interim report was approved for issue on 17 June 2019.

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 2018, 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 9 April 2019.

This condensed consolidated interim financial information for 30 April 2019 and 30 April 2018 is unaudited. The interim financial information for 30 April 2019 has been reviewed by the auditors and their Independent Review report is included within this financial information on page 53.

2 Basis of preparation

The condensed consolidated interim financial information for the six months ended 30 April 2019 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 twelve 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 2018, which have been prepared in accordance with IFRS as adopted by the European Union.

Non-GAAP financial information

The Directors have identified certain measures that they believe will assist the understanding of the performance of the business. The measures are not defined under IFRS and they may not be directly comparable with other companies' adjusted measures. The non-GAAP measures are not intended to be a substitute for, or superior to, any IFRS measures of performance but they have been included as the Directors consider them to be important comparables and key measures used within the business for assessing performance. The following are the key non-GAAP measures identified by the Group:

- The Group defines exceptional items to be those that warrant, by virtue of their nature, size or frequency, separate disclosure on the face of the income statement where, in the opinion of the Directors, this enhances the understanding of the Group's financial performance.

- Underlying EBITDA is defined as operating profit before exceptional items, share-based payments, corporate transaction costs, change in fair value of derivatives, gain/loss on investment properties, contingent rent and depreciation. Management considers this presentation to be representative of the underlying performance of the business, as it removes the income statement impact of items not fully controllable by management, such as the revaluation of derivatives and investment properties, and the impact of exceptional credits, costs and finance charges.

2 Basis of preparation (continued)

The reconciliation of statutory operating profit to underlying EBITDA can be found in the financial review section on page 17 of this announcement.

- Adjusted Diluted EPRA EPS is based on the European Public Real Estate Association's ("EPRA") definition of earnings and is defined as profit or loss for the period after tax but excluding corporate transaction costs, change in fair value of derivatives, gain/loss on investment properties and the associated tax impacts. The Company then makes further adjustments for the impact of exceptional items, IFRS 2 share-based payment charges, exceptional tax items and deferred tax charges. This adjusted earnings is divided by the diluted number of shares. The IFRS 2 cost is excluded as it is written back to distributable reserves and is a non-cash item (with the exception of the associated National Insurance element). Therefore neither the Company's ability to distribute nor pay dividends are impacted (with the exception of the associated National Insurance element). The financial statements disclose earnings both on a statutory, EPRA and Adjusted Diluted EPRA basis and will provide a full reconciliation of the differences in the financial year in which any LTIP awards may vest. A reconciliation of statutory basic earnings per share to Adjusted Diluted EPRA EPS can be found in note 9.

- EPRA basic net assets per share is an industry standard measure recommended by the EPRA. The basis of calculation, including a reconciliation to reported net assets, is set out in note 12.

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 2019 applicable to companies under IFRS. The IFRS and IFRIC interpretations as adopted by the European Union that will be applicable at 31 October 2019, 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 and IFRIC interpretations and pronouncements issued between 17 June 2019 and publication of the annual IFRS financial statements for the year ending 31 October 2019.

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 2018. There have been no significant changes in accounting estimates in the period.

The same accounting policies, presentation and methods of computation are followed in the condensed set of financial statements as applied in the Group's latest financial statements apart from a number of new standards and amendments to IFRSs that became effective for the financial year beginning on 1 November 2018. These new standards and amendments are listed below:

IFRS 9	Financial Instruments;
IFRS 15	Revenue from Contracts with Customers;
IAS 40 (amendments)	Transfers of Investment Property;
IFRS 2 (amendments)	Classification and Measurement of Share-based Payment Transactions;
IAS 28 (amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture;
IFRIC 22	Foreign Currency Transactions and Advance Consideration; and

Annual improvements to IFRSs 2014–2016 Cycle

The most significant of these, and their impact on the Group's accounting, are set out below:

IFRS 9 Financial Instruments
On 1 November 2018, the Group adopted IFRS 9 Financial Instruments. The standard applies to the classification and measurement of financial assets and liabilities, impairment provisioning and hedge accounting. The standard also introduced an expected credit losses model, which replaced the incurred loss impairment model. The changes in accounting policies resulting from the adoption of IFRS 9 have been applied retrospectively. The adoption, however, has not had a material impact on the recognition and measurement of income and costs in the Income Statement or of assets and liabilities on the Balance Sheet. The Directors have assessed the impact of impairment losses recognised for trade receivables under IFRS 9 at 31 October 2018 based on actual losses experienced over the past two years and consider the impact to the Group's bad debt provision is immaterial. The Group has not identified any changes in how it accounts for its effective hedging against foreign exchange movements for its investment in operations in France.

There will be incremental disclosures included in the Annual Report for the year ended 31 October 2019 to notes that have not been included in the interim statement.

IFRS 15 Revenue from Contracts with Customers
On 1 November 2018, the Group adopted IFRS 15 Revenue from Contracts with Customers. The requirements of the Standard have been applied retrospectively to each prior reporting period presented in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

IFRS 15 establishes the principles that the Group applies when reporting information about the nature, amount, timing and uncertainty of revenue and cash flows from a contract with a customer. Applying IFRS 15, the Group recognises revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

Prior to its adoption, and as disclosed in the Group's Annual Report for the year ended 31 October 2018, the Group completed a review of the requirements of IFRS 15 against its current accounting policies. The Group concluded that there was no material change in the amounts and timing of revenue recognised following the adoption of the Standard and no transition adjustments have been made. In making this assessment, the Group considered its timing of revenue recognised based on discrete performance obligations, accounting for opening offer discounts and principal versus agent relationships. Each customer contract contains discrete performance obligations and revenue is recognised over the period of the contract. The opening discount offers and principal versus agent relationship were also assessed under IFRS 15 and the accounting for these has remained unchanged. It was identified that income streams relating to Tenancy and Office Space fall outside the scope of IFRS 15 and fall under IAS 17, Leases, but this does not impact the accounting treatment.

There will be incremental disclosures included in the Annual Report for the year ended 31 October 2019 to notes that have not been included in the interim statement.

4 Segmental information

The segmental information for the six months ended 30 April 2019 is as follows:

	United Kingdom £m	Paris £m	Total £m
Continuing operations			
Revenue	55.2	17.9	73.1
Underlying EBITDA	30.0	11.4	41.4
Share-based payments	(2.4)	(0.3)	(2.7)
Depreciation and contingent rent	(0.3)	(0.4)	(0.7)
Operating profit before gain on investment properties	27.3	10.7	38.0
Gain on investment properties	1.7	6.2	7.9
Operating profit	29.0	16.9	45.9
Net finance expense	(6.7)	(1.0)	(7.7)
Profit before tax	22.3	15.9	38.2
Total assets	1,016.5	332.6	1,349.1

The segmental information for the six months ended 30 April 2018 is as follows:

	United Kingdom £m	Paris £m	Total £m
Continuing operations			
Revenue	52.4	16.8	69.2
Underlying EBITDA	28.4	10.7	39.1
Share-based payments	(2.7)	-	(2.7)
Depreciation and contingent rent	(0.7)	(0.2)	(0.9)
Operating profit before gain on investment properties	25.0	10.5	35.5
Gain on investment properties	51.8	-	51.8
Operating profit	76.8	10.5	87.3
Net finance expense	(4.7)	(0.7)	(5.4)
Profit before tax	72.1	9.8	81.9
Total assets	936.4	290.4	1,226.8

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

5 Finance income and costs

	Six months ended 30 April 2019 (unaudited)	Six months ended 30 April 2018 (unaudited)	Year ended 31 October 2018 (audited)
	£m	£m	£m
Finance income			
Fair value movement of derivatives	**-**	0.9	0.6
Unwinding of discount on Capital Goods Scheme receivable	**-**	0.1	0.1
Total finance income	**-**	1.0	0.7
Finance costs			
Interest payable on bank loans and overdrafts	**(4.1)**	(3.9)	(8.3)
Amortisation of debt issuance costs on bank loans	**(0.1)**	(0.1)	(0.1)
Underlying finance charges	**(4.2)**	(4.0)	(8.4)
Interest on obligations under finance leases	**(2.3)**	(2.3)	(4.5)
Fair value movement of derivatives	**(1.2)**	(0.1)	(0.1)
Exceptional finance expense	**-**	-	-
Total finance costs	**(7.7)**	(6.4)	(13.0)
Net finance costs	**(7.7)**	(5.4)	(12.3)

Included within interest payable of £4.1m (April 2018: £3.9m) is £0.2m (April 2018: £0.2m) 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 net loss of £1.2m (April 2018: net gain of £0.8m).

6 Income tax (charge)/credit

	Six months ended 30 April 2019 (unaudited)	Six months ended 30 April 2018 (unaudited)	Year ended 31 October 2018 (audited)
	£m	£m	£m
Current tax	**(2.3)**	(2.1)	(4.7)
Deferred tax	**(1.5)**	4.7	(3.4)
	(3.8)	2.6	(8.1)

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

In France, the 2018 Finance Bill, which was adopted in December 2017, extended the reduction in the main income tax rate announced in the 2017 Finance Bill such that this will now reduce progressively from 33.33% to 25.0% by 2022 regardless of the size of the company. As a result of these changes a non-recurring deferred tax credit of £5.6m was recognised in the six months ended 30 April 2018 (April 2019: £Nil).

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

7 Deferred income tax

	As at 30 April 2019 (unaudited)	As at 30 April 2018 (unaudited)	As at 31 October 2018 (audited)
	£m	£m	£m
The amounts provided in the accounts are:			
Revaluation of investment properties and tax depreciation	**55.9**	47.0	56.0
Other timing differences	**0.3**	0.5	0.4
Deferred tax liabilities	**56.2**	47.5	56.4
Interest rate swap instruments	**0.1**	-	-
Deferred tax assets	**0.1**	-	-
Net deferred tax liability	**56.1**	47.5	56.4

As at 30 April 2019, the Group had income losses of £30.6m (April 2018: £29.7m) and capital losses of £36.4m (April 2018: £36.4m) in respect of its UK operations. All losses can be carried forward indefinitely. No deferred tax asset has been recognised in respect of these losses.

Notes to the interim report for the six months ended 30 April 2019 (continued)

8 Dividends

	Six months ended 30 April 2019 (unaudited)	Six months ended 30 April 2018 (unaudited)	Year ended 31 October 2018 (audited)
	£m	£m	£m
For the year ended 31 October 2017:			
Final dividend – paid 6 April 2018 (9.8p per share)	**-**	20.6	20.6
For the year ended 31 October 2018:			
Interim dividend – paid 17 August 2018 (5.1p per share)	**-**	-	10.7
Final dividend – paid 10 April 2019 (11.15p per share)	**23.4**	-	-
Dividends in the statement of changes in equity	**23.4**	20.6	31.3
Timing difference on payment of withholding tax	**(3.0)**	(2.9)	-
Dividends in the cash flow statement	**20.4**	17.7	31.3

An interim dividend of 5.5 pence per ordinary share (April 2018: 5.1 pence) has been declared. The ex-dividend date will be 11 July 2019 and the record date 12 July 2019, with an intended payment date of 16 August 2019.

It is intended that 100% (April 2018: 50%) of the interim dividend of 5.5 pence per ordinary share (April 2018: 5.1 pence) will be paid as a REIT Property Income Distribution ("PID") net of withholding tax where appropriate.

The interim dividend, amounting to £11.6m (April 2018: £10.7m), has not been included as a liability at 30 April 2019. It will be recognised in shareholders' equity in the year to 31 October 2019.

9 Earnings per ordinary share

Basic earnings per share has been calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period/year excluding ordinary shares held by the Safestore Employee Benefit Trust. Diluted earnings per share are calculated by adjusting the weighted average numbers of ordinary shares to assume conversion of all dilutive potential shares. The Company has one category of dilutive potential ordinary shares: share options. For the share options, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market price of the Company's shares) based on the monetary value of the subscription rights attached to the outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

	Six months ended 30 April 2019 (unaudited)			Six months ended 30 April 2018 (unaudited)			Year ended 31 October 2018 (audited)		
	Earnings £m	**Shares million**	**Pence per share**	Earnings £m	Shares million	Pence per share	Earnings £m	Shares million	Pence per share
Basic	**34.4**	**210.1**	**16.4**	84.5	209.7	40.3	177.2	209.9	84.4
Dilutive share options	**-**	**0.1**	**-**	-	0.7	(0.1)	-	0.6	(0.2)
Diluted	**34.4**	**210.2**	**16.4**	84.5	210.4	40.2	177.2	210.5	84.2

Notes to the interim report for the six months ended 30 April 2019 (continued)

9 Earnings per ordinary share (continued)

Adjusted earnings per share

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

	Six months ended 30 April 2019 (unaudited)			Six months ended 30 April 2018 (unaudited)			Year ended 31 October 2018 (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	**34.4**	**210.1**	**16.4**	84.5	209.7	40.3	177.2	209.9	84.4
Adjustments:									
Gain on investment properties	**(7.9)**	**-**	**(3.8)**	(51.8)	-	(24.7)	(122.1)	-	(58.2)
Unwinding of discount on CGS receivable	**-**	**-**	**-**	(0.1)	-	-	(0.1)	-	-
Change in fair value of derivatives	**1.2**	**-**	**0.6**	(0.8)	-	(0.4)	(0.5)	-	(0.2)
Tax on adjustments	**1.1**	**-**	**0.5**	(5.2)	-	(2.5)	2.4	-	1.1
Adjusted	**28.8**	**210.1**	**13.7**	26.6	209.7	12.7	56.9	209.9	27.1
EPRA adjusted:									
Depreciation of leasehold properties	**(2.7)**	**-**	**(1.3)**	(2.5)	-	(1.2)	(5.2)	-	(2.5)
Tax on leasehold depreciation adjustment	**0.4**	**-**	**0.2**	0.5	-	0.2	1.0	-	0.5
EPRA basic	**26.5**	**210.1**	**12.6**	24.6	209.7	11.7	52.7	209.9	25.1
Share-based payment charge	**2.7**	**-**	**1.3**	2.7	-	1.3	5.3	-	2.5
Dilutive shares	**-**	**6.5**	**(0.4)**	-	7.1	(0.4)	-	6.8	(0.8)
Adjusted Diluted EPRA EPS	**29.2**	**216.6**	**13.5**	27.3	216.8	12.6	58.0	216.7	26.8

The definition of Adjusted Diluted EPRA EPS can be found in note 2 to the financial statements.

10 Property portfolio

	Investment properties	Interest in leasehold properties	Investment properties under construction	Total investment properties
	£m	£m	£m	£m
At 1 November 2018	1,216.2	56.1	4.7	1,277.0
Additions	5.0	7.5	11.4	23.9
Disposals	-	(0.7)	-	(0.7)
Revaluation movement	14.5	-	(3.9)	10.6
Depreciation	-	(2.7)	-	(2.7)
Exchange movements	(9.2)	(0.4)	-	(9.6)
At 30 April 2019	**1,226.5**	**59.8**	**12.2**	**1,298.5**

	Investment Properties	Interest in leasehold properties	Investment properties under construction	Total investment properties
	£m	£m	£m	£m
At 1 November 2017	999.2	56.2	7.8	1,063.2
Additions	6.5	4.4	5.6	16.5
On acquisition of subsidiary	55.9	1.4	-	57.3
Reclassification	5.1	-	(5.1)	-
Revaluation movement	54.2	-	0.1	54.3
Depreciation	-	(2.5)	-	(2.5)
Exchange movements	(0.1)	-	-	(0.1)
At 30 April 2018	**1,120.8**	**59.5**	**8.4**	**1,188.7**

The Group has classified investment property and investment property under construction, held at fair value, within Level 3 of the fair value hierarchy. There were no transfers to or from Level 3 during the period. The fair valuation exercise undertaken at 30 April 2019 is explained in note 11.

11 Valuations

External valuation

A sample of the Group's largest properties, representing approximately 36% of the value of the Group's investment property portfolio at 31 October 2018, has been valued by the Group's external valuers, Cushman & Wakefield Debenham Tie Leung Limited ("C&W"), as at 30 April 2019. The valuation has been carried out in accordance with the requirements of the RICS Valuation – Global Standards which incorporate the International Valuation Standards ("IVS") and the RICS Valuation UK National Supplement (the "RICS Red Book") edition current at 30 April 2019. The valuation of each of the investment properties has been prepared on the basis of fair value as a fully equipped operational entity, having regard to trading potential. The valuation has been provided for accounts purposes and, as such, is a Regulated Purpose Valuation as defined in the Red Book. In compliance with the disclosure requirements of the Red Book, C&W has confirmed that:

- the member of the RICS who has been the signatory to the valuations provided to the Group for the same purposes as this valuation, has done so since October 2006;
- C&W has been carrying out regular valuations for the same purpose as this valuation on behalf of the Group since October 2006;
- C&W does not provide other significant professional or agency services to the Group;
- The proportion of fees payable by the Group to C&W to the total fee income of C&W's last financial year to 31 December 2018, was less than 5%. We anticipate that the proportion of fees for the financial year to 31 December 2019 will remain at less than 5%; and
- the fee payable to C&W is a fixed amount per property and is not contingent on the appraised value.

Market uncertainty

C&W's valuation report comments on valuation uncertainty resulting from low liquidity in the market for self-storage property. C&W notes that in the UK since the start of 2015 there have only been fifteen transactions involving multiple assets and fifteen single asset transactions, and C&W is aware of only one recent comparable transaction in the Paris market. C&W states that due to the lack of comparable market information in the self-storage sector, there is greater uncertainty attached to its opinion of value than would be anticipated during more active market conditions.

Portfolio premium

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

Further details of the valuation carried out by C&W as at 31 October 2018, 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 2018. This note should be read in conjunction with note 11 of the Group's annual report.

11 Valuations (continued)

Directors' valuation

In addition, at the same date, the Directors have prepared estimates of fair values for the remaining 64% of the Group's investment property portfolio, incorporating assumptions for estimated absorption, revenue growth and capitalisation rates to reflect current market conditions and trading.

Assumptions

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

- Net operating income is based on projected revenue received less projected operating costs together with a central administration charge of 6% of the estimated annual revenue subject to a cap and collar. The initial net operating income is calculated by estimating the net operating income in the first twelve months following the valuation date.

- The net operating income in future years is calculated assuming either straight line absorption from day one actual occupancy or variable absorption over years one to four of the cash flow period, to an estimated stabilised/mature occupancy level. In the valuations the assumed stabilised occupancy level for the trading stores (both freeholds and all leaseholds) open at 30 April 2019 averages 85.26% (31 October 2018: 85.31%). The projected revenues and costs have been adjusted for estimated cost inflation and revenue growth. The average time assumed for stores to trade at their maturity levels is 28.46 months (31 October 2018: 27.23 months).

- The capitalisation rates applied to existing and future net cash flows have been estimated by reference to underlying yields for industrial and retail warehouse property, yields for other trading property types such as student housing and hotels, bank base rates, ten year money rates, inflation and the available evidence of transactions in the sector. The valuations included in the accounts assume rental growth in future periods. If an assumption of no rental growth is applied to the valuations, the net initial yield pre-administration expenses for the mature stores (i.e. excluding those stores categorised as "developing") is 7.21% (31 October 2018: 7.54%), rising to stabilised net yield pre-administration expenses of 8.47% (31 October 2018: 8.47%).

- The future net cash flow projections (including revenue growth and cost inflation) have been discounted at a rate that reflects the risk associated with each asset. The weighted average annual discount rate adopted (for both freeholds and all leaseholds) is 10.18% (31 October 2018: 10.17%).

- Purchaser's costs in the range of approximately 3.0% to 6.8% for the UK and 7.5% for France have been assumed initially, reflecting the progressive SDLT rates brought into force in March 2016 in the UK, and sales plus purchaser's costs totalling approximately 5.0% to 8.8% (UK) and 9.5% (France) are assumed on the notional sales in the tenth year in relation to freehold and long leasehold stores.

All other factors being equal, higher net operating income would lead to an increase in the valuation of a store and an increase in the capitalisation rate or discount rate would result in a lower valuation, and vice versa. Higher assumptions for stabilised occupancy, absorption rate, rental rate and other revenue, and a lower assumption for operating costs, would result in an increase in projected net operating income, and thus an increase in valuation.

As a result of these exercises, as at 30 April 2019, the Group's investment property portfolio has been valued at £1,226.5m (April 2018: £1,120.8m), and a revaluation gain of £14.5m (April 2018: £54.2m) has been recognised in the income statement for the period.

A full external valuation of the Group's investment property portfolio will be performed at 31 October 2019.

12 Net assets per share

Analysis of net asset value	**As at 30 April 2019 (unaudited) £m**	As at 30 April 2018 (unaudited) £m	As at 31 October 2018 (audited) £m
Net assets	**798.5**	703.7	788.6
Adjustments to exclude:			
Fair value of derivative financial instruments (net of deferred tax)	**(0.1)**	(1.5)	(1.2)
Deferred tax liabilities on the revaluation of investment properties	**55.9**	47.0	56.0
EPRA net asset value	**854.3**	749.2	843.4
Basic net assets per share (pence)	**380**	335	376
EPRA basic net assets per share (pence)	**406**	357	402
Diluted net assets per share (pence)	**379**	334	374
EPRA diluted net assets per share (pence)	**406**	356	400
	Number	**Number**	**Number**
Shares in issue	**210,374,508**	210,008,901	210,008,901

Basic net assets per share is shareholders' funds divided by the number of shares at the period end. The number of shares in issue at the period end excludes 2,316 shares (April 2018: 2,316 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 125,885 shares (April 2018: 650,770 shares). As an industry standard measure, European Public Real Estate Association ("EPRA") net asset values are presented.

13 Borrowings

The tables below set out the Group's borrowings position as at 30 April 2019:

Non-current	**As at 30 April 2019 (unaudited) £m**	As at 30 April 2018 (unaudited) £m	As at 31 October 2018 (audited) £m
Borrowings:			
Secured - bank loans	**227.1**	208.8	209.2
Secured - US Private placement notes	**158.3**	160.3	161.7
Debt issue costs	**(0.9)**	(0.5)	(1.0)
	384.5	368.6	369.9

13 Borrowings (continued)

The Group's borrowings consist of bank facilities of £250 million and €70 million. Following a loan extension exercise whereby the majority of our facilities were extended by one year, £26 million of the £250 million facility still runs to June 2022 with £224 million now running to June 2023, and €13.3 million of the €70 million facility still runs to June 2022, with €56.7 million now running to June 2023. The US private placement notes of €125 million, with maturities extending to 2024 and 2027, and £50.5 million, maturing in 2029.

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

Borrowings are stated before unamortised issue costs of £0.9m (31 October 2018: £1.0m). The bank loans and private placement notes were repayable as follows:

	As at 30 April 2019 (unaudited)	As at 30 April 2018 (unaudited)	As at 31 October 2018 (audited)
	£m	£m	£m
Between two and five years	**227.1**	208.8	209.2
After more than five years	**158.3**	160.3	161.7
Borrowings	**385.4**	369.1	370.9
Unamortised issue costs	**(0.9)**	(0.5)	(1.0)
	384.5	368.6	369.9

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

	As at 30 April 2019 (unaudited)	As at 30 April 2018 (unaudited)	As at 31 October 2018 (audited)
Bank loans (Sterling)	**Quarterly or monthly LIBOR plus 1.25%**	Quarterly or monthly LIBOR plus 1.25%	Quarterly or monthly LIBOR plus 1.25%
Bank loans (Euro)	**Quarterly EURIBOR plus 1.25%**	Quarterly EURIBOR plus 1.25%	Quarterly EURIBOR plus 1.25%
Private placement notes (Euro)	**Weighted average rate of 1.83%**	Weighted average rate of 1.83%	Weighted average rate of 1.83%
Private placement notes (Sterling)	**2.92%**	2.92%	2.92%

13 Borrowings (continued)

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 2019 (unaudited)	As at 30 April 2018 (unaudited)	As at 31 October 2018 (audited)
	£m	£m	£m
Expiring beyond one year	**83.3**	102.7	103.0

14 Financial instruments

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

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

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

	As at 30 April 2019 (unaudited)	As at 30 April 2018 (unaudited)	As at 31 October 2018 (audited)
Assets per the balance sheet	**£m**	£m	£m
Derivative financial instruments – Level 2	**0.7**	1.6	1.4

	As at 30 April 2019 (unaudited)	As at 30 April 2018 (unaudited)	As at 31 October 2018 (audited)
Liabilities per the balance sheet	**£m**	£m	£m
Derivative financial instruments – Level 2	**0.7**	0.1	0.2

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 for the six months ended 30 April 2019 (continued)

15 Share capital

Called up, issued and fully paid	**As at 30 April 2019 (unaudited) £m**	As at 30 April 2018 (unaudited) £m	As at 31 October 2018 (audited) £m
210,376,824 (30 April 2018: 210,011,217) ordinary shares of 1p each	**2.1**	2.1	2.1

16 Capital commitments

The Group had capital commitments of £14.9m as at 30 April 2019 (April 2018: £5.6m).

17 Seasonality

Self-storage revenues are subject to seasonal fluctuations, with peak sales occurring in the second and third quarters of the year. This is due to seasonal weather conditions and holiday periods leading to less demand for storage. For the six months ended April 2018, on a like-for-like basis adjusting for the impact of changes to the Group's store portfolio, the level of self-storage revenues represented 48.0% (April 2017: 48.1%) of the annual level of self-storage revenue in the year ended 31 October 2018.

18 Contingent liabilities

As part of the Group banking facility, the Company has guaranteed the borrowings totalling £385.4 million (31 October 2018: £370.9 million) of fellow Group undertakings by way of a charge over all of its property and assets. There are similar cross guarantees provided by the Group companies in respect of any bank borrowings which the Company may draw under a Group facility agreement. The financial liability associated with this guarantee is considered unlikely to crystallise and therefore no provision has been recorded.

Following a tax audit carried out on the Group's operations in Paris, elements of tax were challenged by the French Tax Administration ("FTA") for financial years 2011 to 2013. Similar challenges from the FTA have also been made to other operators within the self-storage industry. The Company and its legal advisers are of the opinion that there are no valid grounds for these challenges and intend to strongly contest the findings of the FTA. In March 2019 the FTA commenced audit proceedings for financial years 2016 to 2019, the duration and outcome of this dispute cannot be anticipated at this stage of the proceedings as no further assessments have yet been received. Based on our analysis of the relevant information, any potential exposure in relation to the tax audit issues is not likely to be material, and no provision for any potential exposure has been recorded in the consolidated financial statements. Bank guarantees to cover that part of the total disputed tax assessed for which guarantee notices have been received from the FTA as at 30 April 2019, totalling £0.4 million, have been put in place as at 30 April 2019 (31 October 2018: £0.4m).

Notes to the interim report for the six months ended 30 April 2019 (continued)

Principal risks and uncertainties

The principal risks and uncertainties which could affect the Group for the remainder of the financial year are consistent with those detailed on pages 13 to 15 of the Annual Report and Financial Statements for the year ended 31 October 2018, a copy of which is available at www.safestore.com, and include:

- Strategy risk
- Finance risk
- Treasury risk
- Property investment and development risk
- Valuation risk
- Occupancy risk
- Real estate investment trust ("REIT") risk
- Catastrophic event risk
- Regulatory compliance risk
- Marketing risk
- Consequences of the UK's decision to leave the EU ("Brexit")

The Company regularly assesses these risks together with the associated mitigating factors listed in the 2018 Annual Report. The levels of activity in the Group's markets and the level of financial liquidity and flexibility continue to be the areas designated as appropriate for added management focus.

We continue to believe that our market leading position in the UK and Paris, our strong brand and depth of management, as well as our retail expertise and infrastructure, help mitigate the effects of fluctuations the economy or the housing market. Furthermore, the UK self-storage market remains immature with little risk of supply outstripping demand in the medium term.

Our prudent approach on new stores reduces our dependence on the number of non-trading investment properties in relation to the established and mature stores that provide relatively stable and growing cash flow. The Board regularly reviews the cash requirements of the business, including the covenant position although given the nature of the product, customer base and lack of working capital requirements, liquidity is not considered to be a significant risk.

The Outlook section of this half yearly report provides a commentary concerning the remainder of the financial year.

Forward-looking statements

Certain statements in this interim results announcement are forward-looking statements. By their nature, forward-looking statements involve a number of risks, uncertainties or assumptions that could cause actual results or events to differ materially from those expressed or implied by the forward-looking statements. These risks, uncertainties or assumptions could adversely affect the outcome and financial effects of the plans and events described herein. Forward-looking statements contained in this interim results announcement regarding past trends or activities should not be taken as a representation that such trends or activities will continue in the future. You should not place undue reliance on forward-looking statements, which speak only as of the date of this interim results announcement. Except as required by law, the Company is under no obligation to update or keep current the forward-looking statements contained in this interim results announcement or to correct any inaccuracies which may become apparent in such forward-looking statements.

Statement of Directors' responsibilities for the six months ended 30 April 2019

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 2018. There have been no changes of director since the Annual Report. A list of current Directors is maintained on the Safestore Holdings plc website, www.safestore.com.

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

By order of the Board

Frederic Vecchioli	Andrew Jones
17 June 2019	17 June 2019
Chief Executive Officer	Chief Financial Officer

INDEPENDENT REVIEW REPORT TO SAFESTORE HOLDINGS PLC

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30th April 2019 which comprises the consolidated income statement, the consolidated statement of comprehensive income, the consolidated balance sheet, the condensed consolidated statement of changes in equity, the consolidated cash flow statement and related notes 1 to 18. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the company in accordance with International Standard on Review Engagements (UK and Ireland) 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Financial Reporting Council. Our work has been undertaken so that we might state to the company those matters we are required to state to it in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our review work, for this report, or for the conclusions we have formed.

Directors’ responsibilities

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

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

Our responsibility

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

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Financial Reporting Council for use in the United Kingdom. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30th April 2019 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure Guidance and Transparency Rules of the United Kingdom’s Financial Conduct Authority.

Deloitte LLP
Statutory Auditor
London, United Kingdom
17th June 2019